

The Philippine Experience in Socially Responsible Investments

Presented by

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Introduction

- Long tradition of personal and corporate giving.
philanthropic spirit
eg.
 - specific cargo weight earmarked for orphans and widows in the galleon trade
 - schools and hospitals in haciendas

The evolution of the philanthropic spirit and mode of giving

- Alms
- Health and nutrition assistance
(e.g., safe water, free rice, free clinics)
- Countryside Development
(e.g., irrigation, free seeds/seedlings, coops)
- Community Development
(e.g., leadership training, adult educ., livelihood)
- Development of **Social Capital**
(integrated development projects with communities impacted by industry)

3 models to be discussed

- A. League of Corporate Foundations
- B. The Asian Conservation Company
- C. Caucus of Development NGO Networks(CODE-NGO Network)

Model #1: League of Corporate Foundations

- Forebear: The Phil. Business for Social Progress
 - development approach, professional staff, strong business ownership
- Corporate Foundations
 - more direct control by individual companies, more focused programs, long-term relationships with partner communities
- Formation of League of Corporate Foundations

Consolidated contribution of the League of Corporate Foundations and 6 other industry associations towards poverty reduction from 1997-2002

PhP 7,637,747,891
(>US\$ 152,754,957)

Examples of activities

- Building of schools, upgrading library and laboratory facilities, and strengthening of teachers in war-torn areas in Mindanao
- Nutrition and health programs
- IT education – “wiring” 110 public high schools, setting up computer labs, software training, and Internet connections
- Export craft training
- Entrepreneurial skills training

Total commitment to poverty reduction from 2002-2004:

PhP 1,324,158,360
(>US\$26,483,167)

Model #2: Asian Conservation Company

- Inherent policy: “by investing in environmentally sensitive companies you can not only provide an acceptable financial return to the investors, but you can also provide gainful employment and education that will create a willingness among the local community to protect the natural resources in the area.

Company mandate

- Invest in environmentally correct companies
- Further channel some of the returns back into actively funding conservation programs in the areas in which the portfolio companies operate

Stakeholders

- Investors – US\$12.5M
- Portfolio companies and their employees who are the beneficiaries of the investment
- The Asian Conservation Foundation – the recipient and manager of the conservation funds
- Local NGOs and communities – implement the long-term conservation efforts in their areas.

Two key partners

- Next Century Partners – *investment manager*
- World Wildlife Fund(Philippines) – *Environmental Adviser*

Investment Criteria

- Clear path to profitability
- Management and financial viability
- Will address conservation or improve efforts in preserving biodiversity
- Potential for industry leadership in promoting conservation efforts among other private enterprises within its industry sector

Current Investments

- Ten Knots Group – owns and operates El Nido Resorts
 - ACC will held ensure that resort development enhances the environment and supports biodiversity conservation
- Stellar Fisheries –2nd largest producer of canned blue crabmeat
 - currently working for certification by ISO and Marine Stewardship Council

Model #3

CODE-NGO Network

- A coalition of 12 NGO networks representing 2,500 NGOs, POs and cooperatives nationwide.
- After People Power I, there was abundant donor funds for development which progressively dwindled
- Early 2002, sought advise from investment bankers Seed Venture Capital, Inc on how to raise a huge trust fund to sustain development work of member organizations.

PEACe Bonds

- Poverty Eradication and Alleviation Certificates
- 10-year, zero coupon Treasury Notes serving as government certificates of indebtedness.
- Through underwriter RCBC, CODE-NGO submitted the winning bid for P35B worth of these Treasury notes at a Dutch auction by the Treasury Bureau
- RCBC Capital promptly sold these in the secondary market PhP11.996 billion for a net of PHP1.827B to CODE-NGO

Use of Proceeds

- P100M advisory fee of investment bankers
- P240M underwriting fee
- P148M Trust fund for strengthening CODE-NGO Network
- P1.34B(US\$26.8M) Trust fund for Anti-Poverty Projects of the PEACE AND EQUITY FOUNDATION

PEACE & EQUITY FOUNDATION

- Manages the capital and endowment fund of P1.38B
- Use the income(approx P70-100M/yr) for development projects of NGOs.
- Eligible Projects
 - respond to the problems of poverty and marginalization(e.g. safe water, livelihood)
 - show measurable impact within 3 to 6 months

Heartwarming Example: Barangay Chua in Mindanao

- A grant for 9 carabaos gave hope of a new life to a muslim community whose men were deterred from joining the MILF. Brought home the message that “Peace can work”
- The project became a model in the region.

Thank you!

I hope you found these Philippine examples useful.