

The background of the slide is a golden-yellow color with a dense, repeating pattern of various currency symbols (including the dollar sign, euro, pound, yen, and rupee) rendered in a 3D, embossed style. The symbols are scattered across the entire background, creating a textured, financial-themed aesthetic.

Webinar on NGO Reserves & Investment

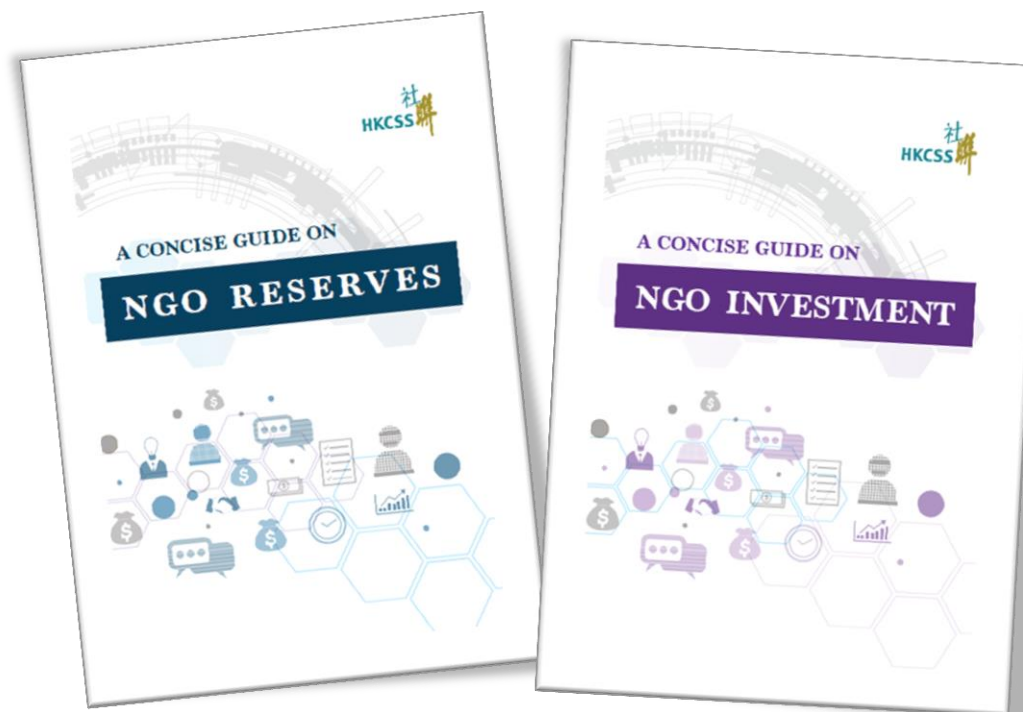
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Managing NGO Reserves & Investment

2 Concise Guides on:

- NGO Reserves
- NGO Investment



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Session Objectives

- Recap of main points
- Opportunity for elaboration
- Discussion of concerns
- Sharing of experience

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Managing Reserves & Investment

- **What** are we managing
- **Why** should we manage
- **How** do we manage
- **When** should it be done

What are we managing

Reserves

- Surplus funds (Unrestricted vs. Restricted)
- Different types of reserves:
 - Operating reserves
 - Building & capital asset reserve
 - Development reserve
 - Lump sum grant reserves
- Level of reserve

Investment

- Investable financial resources
- Investment result
- Cash flow projection
- Spending need and timing

Why should we manage

Reserves

- Save for rainy days
- Continuity in bumpy times

Investment

- Investment portfolio (size & mix)
- Affordable risk (risk appetite)
- Balance risk & reward
- Resources availability

How do we manage

- Setting a policy
- Involve senior management & Board of Director (Board)
- Investment committee (for investment management)
- BOD is ultimately responsible
- Delineation of responsibilities
- Proper assignment of authority



When should it be done

- A continuous process
- Management is responsible for execution
- The Board has an oversight role
- The Board to approve, review and update the policy

A reserve policy should specify ...

- Types of reserve to be set up
- Level of reserve to be maintained
- Use of reserve – how and when
- Replenishment of reserve – how and when
- Frequency of review and update

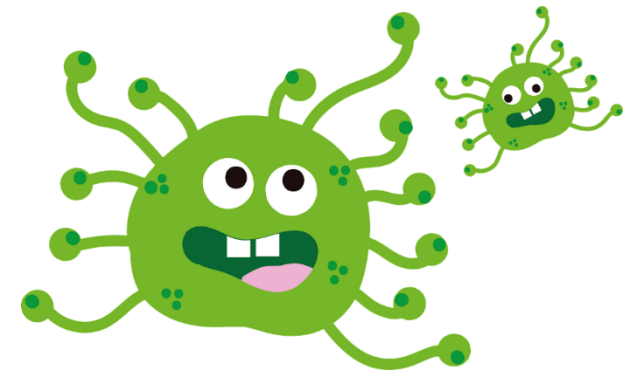
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An investment policy should specify ...

- Investment objective
- Investment guidelines for execution
- Permitted and prohibited investments
- Specific policy on conflict of interests
- Monitoring and internal controls
- Performance measurement and review
- Policy review and update

The Apocalypse of COVID-19

“What have we learned?”





Challenges of NGOs

- Service activities reduced or stopped
- Increasing difficulty in income generation
- Operating expenses continued to be incurred
- Investment market is exceptionally volatile
- Reserves, if any, are depleted at a fast pace
- Uncertainty when operation will return to normal
- Sustainability at risk



Reinforcing the need for ...

- Effective management of reserves and investment
- Prudent financial planning and projection
- Proper allocation of resources
- Determining own risk appetite
- Risk rating of investment portfolio
- Planning the investment period
- Diversity in Board composition

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A Common Question

“How can we overcome the present difficult situation?”



My Humble Response

- No one solution that fits all
- Assess own situation and identify the most critical issue(s)
- Find a way out



Possible Actions

- Explore ways to expand funding source
- Explore ways to contain expenses
- Use technology in revamping your mode of operation
- Think beyond the current horizon
- A combination of the above

“Staying put is not an option!”