



The Road Ahead: Philanthropy's Evolving Role in Asia

An Economist Intelligence Unit report, commissioned by Credit Suisse

Written by the Economist Intelligence Unit

Welcome and Introduction

Dear Reader,

We are pleased to present to you the latest Credit Suisse commissioned report written by the Economist Intelligence Unit (EIU), entitled 'The Road Ahead: Philanthropy's Evolving Role in Asia'. Credit Suisse has been in the privileged position of advising some of the world's wealthiest families and individuals since 1856. We continue to be deeply committed to supporting our clients in achieving their goals of contributing towards the needs of the communities in which we all live and work. This paper aims to provide you with insights on how you may best use your wealth to achieve social change efforts.

As individual wealth generation continues its meteoric growth in the region, Asian philanthropy has seen a corresponding growth and maturity as these individuals and families step up their support for the less privileged. This paper aims to map out several key developments within this evolution of Asian philanthropy and highlight lessons that may better buttress your philanthropic endeavors for maximum benefit.

Taking into account the various cultural, religious and social sensitivities unique to Asia, this paper identifies improvements that have been made to philanthropic giving, such as:

- More formalized structures that incorporate professional management, monitoring and measurement of impact
- Greater accountability, transparency and regulatory oversight
- The use of modern technological tools and new media

In addition, this paper identifies several challenges that continue to exist, especially in terms of the uneven development of regulatory and taxation systems in the region, as it strives to provide you with a balanced and comprehensive look into the philanthropic space.

The paper also features a series of case studies that showcases new models of philanthropy that have recently emerged. Apart from corporate foundations, you can expect case studies on single-issue and strategic philanthropy, and how these philanthropists have adopted Western models and made them their own.

Overall, this paper points to an increasingly sophisticated ecosystem of Asian philanthropy emerging, in what is proving to be an exciting time of growth and development for the region. We hope that you will find this paper and research an inspirational read as you continue or begin your philanthropic journey.

Francesco de Ferrari
Head of Private Banking Asia Pacific
Credit Suisse

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About the Report

The Road Ahead: Philanthropy's evolving role in Asia is an Economist Intelligence Unit (EIU) report commissioned by Credit Suisse. The report explores the current state of philanthropy in Asia by examining the regulatory environment, the ecosystem which exists to support philanthropic activities and what lessons, if any, Asia takes from the rest of the world. The EIU bears sole responsibility for the contents of this report.

The report was written by Rupert Walker and edited by Charles Ross. Our thanks are due to the following people for their time and insights (listed alphabetically by foundation):

- **Dato' Lee Chung Han**, Director, Foundation for Developing Compassion and Wisdom
- **Victor Hartono**, President Director, Djarum Foundation
- **Terry Weir**, Founder, Giving Back
- **David Yeung**, Founder, Green Monday
- **Chompan Kunrides**, Vice President of Investment, Minor Holdings (Thai) Limited
- **Pamela Srivastava**, Founder, Shiv Nadar Foundation
- **Tan Sri Dr Jeffrey Cheah**, Founder and Chairman, Sunway Group
- **Jennifer Yeo**, Founder, VIVA Foundation

Philanthropy, defined as the organised process of making, monitoring and evaluating financial donations to achieve specific objectives, is at a nascent stage in the region.



Executive Summary

Asia has a long tradition of charity based on cultural, religious and social responsibilities, but it has tended to be informal, often anonymous and usually unsystematic. Philanthropy, defined as the organised process of making, monitoring and evaluating financial donations to achieve specific objectives, is at a nascent stage in the region. However, it is developing rapidly as individual wealth rises and awareness of prominent Western philanthropic organisations (such as the Gates Foundation) increases, and as the benefits of targeted donations become more apparent.

In addition, a large global industry has evolved to support philanthropic endeavours, providing practical expertise and logistics as well as advice and theoretical instruction.

The maturing industry also brings improvements in transparency with greater accountability and oversight of philanthropic activities. But this also adds costs and complexity, meaning more time and expertise is needed from management, stretching the resources of many family firms.

This briefing paper explores how Asian philanthropic activity is evolving, and how donors deal with the region's unique characteristics. The key findings of the research are as follows:

- **Regulatory and taxation systems in the region have an uneven impact on philanthropy.** Some are unsupportive either because philanthropic activities might conflict with state objectives, while others are merely inefficient. Several of the region's wealthier countries—such as Singapore—already provide comprehensive incentives, while developing economies such as India (for instance through the Corporate Social Responsibility (CSR) provisions in its 2013 Companies Act) are making positive strides towards enhancing the environment for philanthropy.

- **There is room for all types of philanthropy in the region.** Nevertheless, donor requirements for good governance, transparency and tangible results are likely to increase the prevalence of strategic philanthropy ahead of less formalised (more traditional) giving.

- **New models of philanthropy are evolving.** One catalyst is the cosmopolitan background of the younger generation, which is employing cutting-edge techniques and measurement tools (rather than merely copying Western models). David Yeung's Green Monday enterprise is a good example of how

Asian Philanthropy: The Current State of Play

Rising Asian wealth

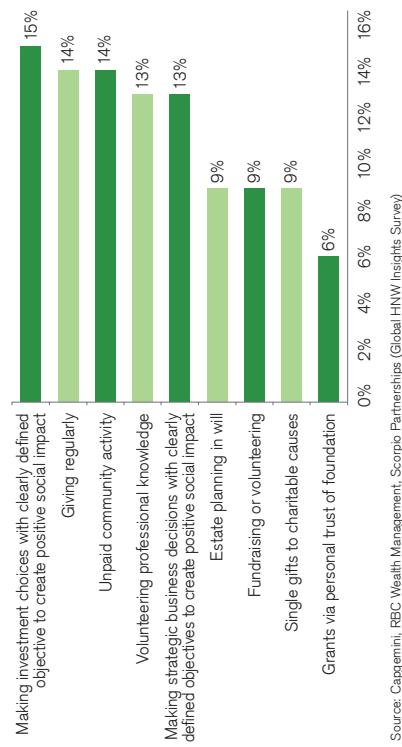
In the Asia-Pacific region the rich are wealthier and more numerous than at any other time in history. In 2013, the region recorded a huge year-on-year increase in high-net-worth individuals (HNWIs), rising 17%, according to consultancy Capgemini's 2014 World Wealth Report. The total number of people in Asia with investible assets of more than US\$1m now totals over four million, and Capgemini expects the region's population of HNWIs to exceed the number in North America this year.

That report also found that the growth in the value of investible wealth in Asia in 2013 was the highest of any region, surging 18.2% to US\$14.2bn, with this sum also set to overtake North America in 2015. The increase was led by Japan, supported by strong equity and real estate markets, but the rising trend is also being fuelled by rapid economic growth in China, India and South-east Asian countries—and the continued prosperity of Hong Kong and Singapore as financial centres.

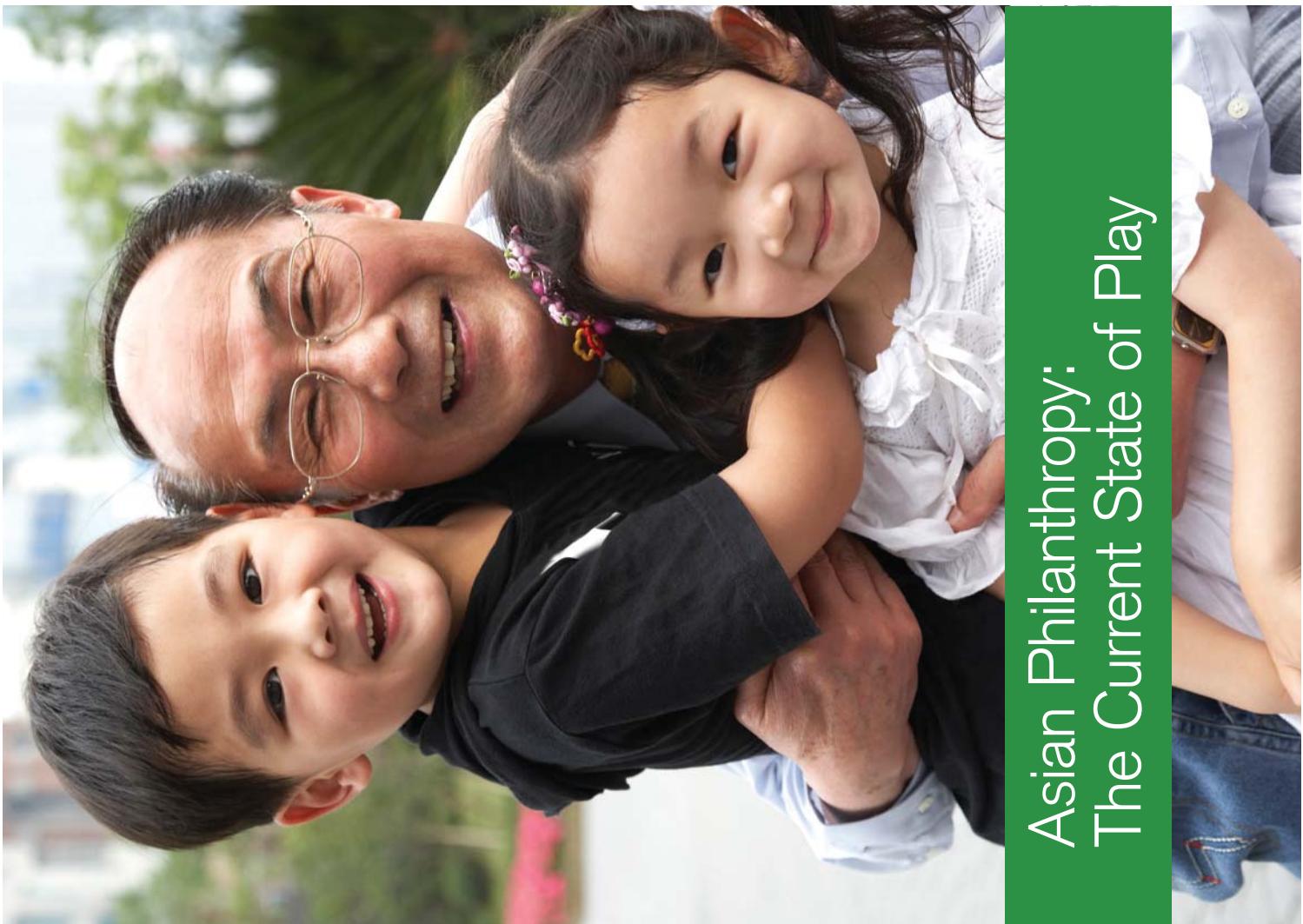
The newly affluent are placing greater value on achieving more than just monetary gain: they also want to make a positive impact on society.

Figure 1: Don't just give it away!

How the world's HNWIs choose to be charitable



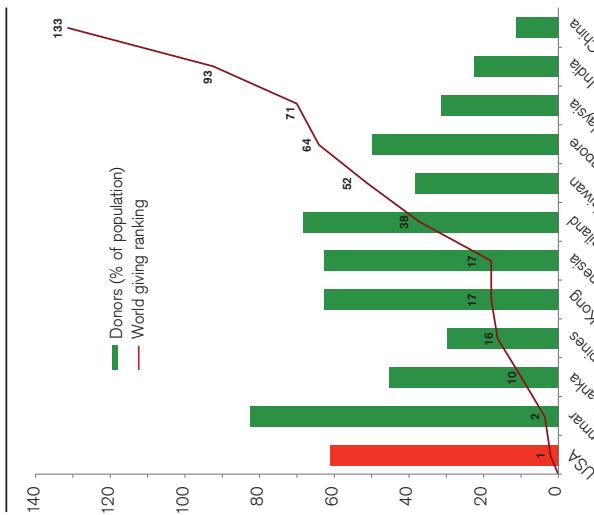
Source: Capgemini, RBC Wealth Management, Scropio Partnerships (Global HNW Insights Survey)



Nevertheless, in Asia it is not just the rich who give. According to the UK-registered Charities Aid Foundations' World Giving Index 2013, Myanmar was the country with the largest proportion of people donating money to a charity (85%), and Thailand was tied for fourth place (70%), with Ireland (Figure 2). As the report notes, this "highlights the fact that giving is about more than just wealth". In the case of Myanmar and Thailand, their high level of giving has religious underpinnings. In both countries the major faith is Buddhism, which promotes a culture of fitting, or donating, to temples.

The index also showed that the sheer number of people in Asia donating is significant. Last year more people donated money to charity in India than anywhere in the world, with over 244 million people putting their hand in their pocket. Pakistan also entered the top ten for the number making donations. In addition, China emphasised that it is not just about money, topping the list for helping strangers, with more than 373 million people coming to the aid of a stranger in a typical month.

Figure 2: Generous Asia
Percentage of population who give



Source: World Giving Index, 2013, Charities Aid Foundation: Asian countries

Evolving global philanthropic strategies

of this approach include setting specific social objectives, finding expert partners, measuring the effects of contributions and enabling the conditions for projects to be self-sustaining.

The underlying tenet of strategic philanthropy is that an emphasis on innovation, scalability and results can help achieve social and developmental progress, for instance in education and health. The methods of strategic philanthropy vary.

For instance, impact philanthropy aims to maximise social good and achieve the best possible effect from the cash spent. Philanthropists who act in this way are less concerned about which organisation receives their donations and more interested in ensuring that the money yields a specific, desired result. In practice it means they must understand the context of their targeted area and aim to measure the benefits of their contributions.

In venture philanthropy, techniques used in venture capital finance to promote commercial start-ups, growth and risk-taking firms are applied to non-profit social enterprises. The objective is to build capacity, spur growth and boost their long-term viability.

Much of the impetus for this trend has come from the spectacular wealth earned by financiers and IT entrepreneurs during the past three decades, as well as the influence of a burgeoning, more professional non-government organisation (NGO) sector. In 2010 Bill and Melinda Gates, along with Warren Buffet, launched the "Giving Pledge", a commitment to dedicate most of the wealth they had earned, to philanthropy.

How has this affected Asia? Long-standing foundations set up by successful Asian business people, or newer ventures created by idealistic social entrepreneurs, have always needed to operate with defined objectives and with efficient management. Arguably, the most significant influence from the West is an apparent requirement to articulate and advertise a mission statement.

Stretching the definition further, making investment choices with the clear aim of achieving a positive social impact (socially responsible investing, or SRI), either by avoiding certain sectors such as tobacco and armaments, or by incorporating an assessment of environmental, social and governance (ESG) factors in the investment analysis process, can satisfy both financial return objectives and social criteria, and can conceivably be included in the same definition.

Giving strategically

However, neither selfless behaviour in the form of charitable donations, nor ESG-directed return-seeking in the form of SRI fit the criteria for the type of philanthropy that has evolved in the West during the past two decades. Charitable giving often fails to assess effectiveness (and donors do not always insist on accountability), while SRI is an investment style whose primary aim is to make a financial return for investors, albeit within defined ethical parameters.

Instead, a form of "strategic philanthropy" has emerged in the West that aims to make contributions to social or economic improvement with defined benefits, and uses some of the practices of profit-oriented enterprises best exemplified by the Gates Foundation, established in 1994).

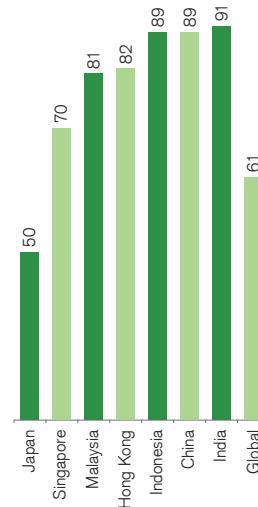
Characteristics

of this newfound wealth, Asia continues to be beset by serious social and environmental issues. This has contributed to a growing awareness of the role of philanthropy. This could be defined as an organised process of making, monitoring and evaluating financial donations to achieve specific objectives, rather than simply writing cheques and hoping that the money will do some good.

Various social benefits can be gained from allocating resources in this way, but defining what constitutes philanthropy is not easy. Charitable donations and volunteering time or expertise are traditional methods of helping others or supporting a cause. Donors often expect no financial reward, though they may gain personal recognition, positive brand associations for their businesses and other intangible benefits. Similar benefits, which are often deliberately intended, accrue from companies' corporate social responsibility (CSR) schemes. It is not always appropriate to categorise them as philanthropy when they form part of a firm's marketing or public relations strategy, but—properly done—CSR can and arguably should have similar goals as philanthropic activity.

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Figure 3: Asia leading the way in social impact
Asian HNWIs that consider social impact important



Source: Capgemini, RBC Wealth Management, Scorpio Partners Global HNW Insights Survey



A good environment in which to give?

HNWIs in Asia are clearly determined to engage in philanthropy, but regulatory and tax regimes as well as inadequate mechanisms for giving can be a hindrance. The following summarises the enabling environment in key economies for wealthy individuals to maximise their philanthropic giving.

Greater China

Private wealth accumulation in China is recent, so philanthropy is at a nascent stage, although support following the 2008 Wenchuan earthquake in Sichuan is widely considered a watershed moment. The number of private foundations doubled within a year of this disaster.

However, private giving remains difficult with China's central, regional, provincial and municipal governments exerting control over philanthropy and social welfare, as well as providing programmes of their own. It is hard to register private philanthropies, charities and NGOs, and most are not allowed to raise money publicly in China, so donations tend to go to government-affiliated organisations, which are often accused of lacking transparency. However, a comprehensive new charity law—drafted in 2011 but not yet enacted—covering the taxation, formation, registration, management and fund-raising activities of domestic and overseas charities might change the environment.

In Hong Kong, there is a widely reported culture of giving among wealthy families, motivated largely to ensure the continuity of family values such as compassion and responsibility, and also the creation of a personal legacy to be maintained by future generations. People in Hong Kong respond generously and quickly to natural disasters in mainland China, where they also support poverty relief.

The Hong Kong Inland Revenue Ordinance allows tax exemptions for registered charitable organisations involved in poverty alleviation, education and religious activities both in Hong Kong and overseas. Low personal and corporate taxes also mean there is more disposable income to be allocated for charitable donations.

In Taiwan, philanthropy tends to be directed towards family or friends or for religious purposes. It is also quite recent, having been boosted by the end of martial law in 1987. That led to the growth of civil society organisations and government initiatives to private social welfare services through the non-profit sector. Notably, the Himalaya Foundation provides a database of philanthropic activities,

research and IT advice for non-profit organisations. However, tax incentives are weak. Corporate donations to non-profit bodies are tax exempt up to 30% of annual revenue, and the tax exemption ceiling for individuals is 10% of income.

South-east Asia

Charity in much of South-east Asia is grounded on a tradition of religious obligation and sentiment. Islam in Indonesia and Malaysia, Christianity in the Philippines and Buddhism in Thailand are potent forces that have shaped a culture of alms giving and donations of time as well as money across the region. However, Singapore aside, regulatory initiatives are largely undeveloped to support more formalised personal and institutionalised philanthropy.

Zakat, an Islamic system of tithes, makes up a large amount of charitable giving in Indonesia and much of this is directed at poverty alleviation. In addition, there is a tradition of rural volunteerism, while companies are increasingly developing corporate social responsibility (CSR) programmes, often involving the setting up of foundations and forming partnerships with NGOs.

However, official incentives for philanthropy are weak in Indonesia. Non-profit organisations are mostly subject to income tax, but there are five distinct charitable categories that are tax deductible in Indonesia: natural disasters, education, public infrastructure, sports, and research and development. These determine how, for example, The Djarum Foundation (see Case Study 1) allocates its funds, although Victor Hartono, its President Director, points out that only 5% of taxable profits can be offset.

In addition, he notes that the regulatory and tax environment for charitable donations is inconsistent. For example, there is no tax deduction for direct donations to hospitals—so his foundation has to make them indirectly, often using universities as a conduit.

Zakat is well-established in Malaysia as well, but Chinese and Indian minority communities also engage in charitable giving, often directed towards their own communities, with education a common focus. The government offers tax incentives for CSR, which many firms use to enhance their reputation and hope for an improvement in financial performance. Private philanthropy tends to be anonymous, partly for cultural reasons, but also to avoid political controversy.

There are tax incentives for donations made under Islamic law, including for the construction of religious buildings. In addition, the government provides a 10-year tax exemption for foreign colleges to set up campuses in designated education zones.



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Government support in the form of matching outright grants is also valuable, says Jennifer Yeo, who set up the VIVA Foundation to help children with cancer (see Case Study 3).

There is a long history of faith-linked philanthropy in the Philippines which dates back to the Spanish occupation. Wealthy families often maintain a tradition of giving to specific causes, although among Filipinos in general, education is widely regarded as one of the most worthwhile sectors, along with healthcare and general poverty alleviation for individual donations. However, charitable bodies, including NGOs, can struggle to attract funding because tax incentives are weak, with restricted tax deductions available for companies and very limited deductions for individuals.

Generous tax incentives favour charities active within Singapore. Donations to qualifying charities receive a 250% tax exemption on income. The government also matches donations to specific programmes, especially for education.

The Commissioner of Charities within the Ministry of Culture, Community and Youth regulates the philanthropic sector, and the National Volunteer and Philanthropy Centre is the main facilitating organisation for Singapore charities, matching donations to causes, for instance. It also operates "SG Gives", an internet portal for direct online donations to non-profit enterprises.



India

Tax treatment of charitable donations in Singapore is supportive, she says. Tax exemptions up to two hundred and fifty percent of donations are allowed for "charities and institutions of public character", which helps when VIVA seeks donations from companies and individuals.

Donating in Thailand, meanwhile, is firmly rooted in Buddhism, and children learn about the importance of giving at an early age. The royal family is a good role model for giving, having been actively engaged for decades in charitable projects across the country. Many companies in Thailand now include CSR as part of their organisational (and sometimes public relations) strategy, which includes donations to charity. Wealthy families also engage in philanthropic activities, normally as part of their business activities and usually in an informal manner.

Thailand's Ministry of Finance grants tax exemptions to charitable bodies that have been registered with the government for at least three years, and have spent no more than a quarter of their budget on overheads for the prior two years. Individuals are allowed to deduct up to 10% of their taxable income for contributions to tax-exempt foundations and associations.

Charities approved by the revenue department can gain tax deductible status, but in practice it means only those run by the government or patronised by the Royal Family, says Terry Weir, who runs the "Giving Back" website registry of children's charities in South-east Asia. "The unfortunate consequence is that some deserving charities miss out," he adds.

Social entrepreneurship is a potential growth sector, and there exists a focus on education, exemplified by the Shiv Nadar Foundation (see Case Study 2), and other forms of social development.

Philanthropists can donate through charitable societies, trusts and non-profit firms (so-called Section-25 companies). Some states also have specific acts controlling the registration of charitable bodies. Tax deductions vary for sectors of the economy. For instance, contributions for rural development programmes are 100% deductible and they are 175% deductible for education.

India is estimated to have more than three million NGOs of varying sizes and capabilities, and many more associations and networks for collecting and distributing donations.

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Evolving Forms of Asian Philanthropy

Philanthropy takes several forms in Asia. The range of regulatory regimes, cultural backgrounds and socio-economic environments that exist have spurred a vast array of philanthropic activities, many of which differ significantly to those in the West.

What follows is a series of illustrative case studies that show the various forms of philanthropy in Asia – highlighting the extremes along the spectrum from well-organised and monitored to ad-hoc and piecemeal.

Corporate foundations

A common route for family firms to spread their wealth and give back to society is through the establishment of a foundation. Some, such as the Djaurum Foundation in Indonesia (see Case Study 1), concentrate their donations close to home and over the years have gradually developed a more precise vision about what they want to achieve. Many have hired professional managers and recognise the need to improve measurement and monitoring.

The foundation employs a programme director for each of its five distinct operating areas: community development, sports, education, environment and cultural development. They bring professional management skills and are assured of a career path. The foundation sets out clear goals, such as developing better educated students or creating world class badminton players, but is flexible as to how its goals are achieved and how its money is allocated.

Djarum Foundation sponsors plays and musicals, pays for cataract operations for the poor, and has planted millions of trees along highways to support the country's green environment policy and boost its public infrastructure.

Nevertheless, education is the core feature and generally receives the largest allocation of funds. The foundation annually awards over 500 scholarships to students in 83 Indonesian universities and also finances the construction of school and university buildings. In addition to universities, vocational institutions such as culinary schools and engineering schools also receive assistance from the foundation. Djarum Foundation also sponsors plays and musicals, pays for cataract operations for the poor, and has planted millions of trees along highways to support the country's green environment policy and boost its public infrastructure. Many future projects will focus on providing clean water and sanitation to local communities.

Mr Hartono shares a passion for badminton with his father, who set up the Djarum Badminton Club in 1969. "Badminton is the only sport where Indonesia has reached world class [status]. We have competed at a high level for a long time," says Mr Hartono. Despite their success, the number of players continues to decline, as other pastimes attract them away from the sport. Djarum, however, still hopes to produce future champions by identifying talented Indonesian children from any background and introducing them to the sport at a young age.

Sport is especially important, because "people can unite in sport glory," he says. It is a way to prevent the archipelago from dividing violently along ethnic, tribal, religious or sectarian lines, and Mr Hartono describes Nelson Mandela as an "inspiration" in this regard.

If there is a philosophy underlying the foundation's activities, then it is probably Confucian, says Mr Hartono. The aim should be to create a better world, he explains, to which people can contribute by helping themselves first, then their families, surroundings and country.



CASE STUDY 1

The Djarum Foundation (Indonesia)

The Djarum Foundation seeks to foster 'excellence through community initiatives, sport – especially badminton, environmental conservation, education and cultural expression programmes', says Victor Hartono, its President Director. The foundation is the charitable arm of PT Djarum, one of Indonesia's leading krieket (clove) cigarette makers, and was established by his father and uncle in 1986, although their charitable activities began in 1961.

"We want to help Indonesia fulfil its promise as a well-rounded world citizen," explains Mr Hartono. "Our country shouldn't only be a supplier of coal, gas, energy and oil. We should also excel in sports, education and [protecting] our environment."

Djarum collaborates with the national and local governments, non-government organisations and private companies. "We leverage our corporate network," says Mr Hartono. A few months ago, for example, a German manufacturer donated machines to a polytechnic to which the foundation had provided funding. Djarum also regularly partners leading state-owned banks to co-donate cash for school facilities.

Increasingly, the foundation uses web and mobile technology to communicate information about its programmes (in Bahasa Indonesia only), flag special events and advertise for recruiting academic scholarship students and athletic scholarship recipients.

The foundation, like the company that Mr Hartono also runs, is a paternalistic operation and concentrates most of its activities in its home city of Kudus, which has a population of around 850,000. "It is easier to identify and monitor suitable projects by focusing on the local area," he says. The foundation identifies people who are willing and able to improve themselves, but who also "appreciate Djarum's support and the benefits of working with the foundation. They should not take us for granted," says Mr Hartono.

There is no expectation of any monetary returns from donations, but instead, "success is measured by the ability of recipients to make a living", although there is no formal mechanism to monitor the life achievements of its scholarship students.

In contrast to the Djarum Foundation, the Shiv Nadar Foundation in India (see Case Study 2) has had a tightly defined and focused purpose since its creation two decades ago. Since its inception, the foundation has always been concerned with developing and funding schools on a sustainable basis because Mr Nadar believes that education has a critical role in both helping individuals improve their standard of living and also raising the level of national prosperity.



The Shiv Nadar Foundation (India)

The foundation set up in 1994 by Shiv Nadar, the founder of the Indian technology firm HCL, has had a clearly articulated guiding principle and a tightly identified purpose since its launch. It emphasises what it calls "creative" in contrast to "corrective" philanthropy, and points to early 20th century multi-millionaire benefactors John D. Rockefeller and Andrew Carnegie as its inspirations. It is an approach that allows sustained institutionalised philanthropy for long-term, high impact socio-economic transformation.

The foundation's focus is to fund the construction and maintenance of top-quality schools and provide financial assistance to motivated, academically bright students. The foundation's premise is that education is both life-transforming for the individual and has long-term benefits for India's economic and civil development.

It is committed to the "creation of a more equitable, meritocracy-based society by empowering individuals in order to bridge the socio-economic divide," according to Pamela Srivastava, Head of Sustainability and Global Partnerships at the foundation and HCL. It

aims to achieve this through setting up lasting "iconic educational institutions".

Ms Srivastava estimates that more than 15,000 children have benefited from the foundation's activities since its establishment in 1994. The foundation made a five-year, US\$1bn commitment in 2009, of which US\$491m has been spent so far on setting up schools that range across the age-spectrum from kindergarten to high school, in rural and urban locations. The curriculum is the same as at national-funded schools, but there is a special emphasis on teaching the children personal and social responsibility, nurturing their personal development in addition to book-learning. "Merit is the only criteria and there are equal opportunities regardless of sex, income or faith," says Ms Srivastava.

Three stages of examination filter the number of successful applicants who attend residential campuses built with funding from the foundation. It also pays teachers' salaries and provides scholarships or free education to children from poor families.

According to Ms Srivastava, the government is highly supportive and there are no roadblocks. "There is little direct collaboration. Instead, we complement the work of the Government, which helps provide logistical support," she says.

The foundation's initiatives also include the VidyAyan Leadership Academy, which aims to foster leadership among highly gifted rural poor children in Uttar Pradesh. Established in 2009, VidyAyan runs two schools and houses over 1,600 students. In 2012, the foundation set up a technology-driven primary school programme in partnership with the government, called "Shiksha", which aims to eradicate illiteracy, and is currently being tested in rural Uttar Pradesh.

The foundation also has two not-for-profit schools in the National Capital Region and has set up higher education institutions for engineering and management across the country, and the Shiv Nadar University, a private philanthropic institution, that offers a full range of academic programmes at the undergraduate, post-graduate and doctoral level.

The foundation produces annual reports and accounts that are available on Shiv Nadar's comprehensive website, in order to ensure full transparency and good governance. Yet the foundation, like HCL, is a family enterprise. When Shiv Nadar's daughter Roshi Nadar Malhotra became Chief Executive Officer of HCL Corporation and Trustee of the Foundation seven years ago, she brought new vigour to the enterprise, according to Ms Srivastava. "Philanthropy is more effective if generations of the family are involved," she says.

Shiv Nadar himself believes that philanthropy is a state of mind, according to the foundation's website. His mother prompted him to use his skills for social causes, and he chose education because he believes that education can be the best tool for large-scale, high impact transformation. More than a philanthropist, Mr Nadar believes he is a social entrepreneur and sees enormous potential in the rural population of India.

The foundation produces annual reports and accounts that are available on Shiv Nadar's comprehensive website, in order to ensure full transparency and good governance.

At the other end of the traditional spectrum, the philanthropic activities of William Heinecke in Thailand are altogether more informal and are closely aligned to the CSR activities of Minor Holdings, the company that the American-born Thai billionaire founded 30 years ago (see Case Study 3).



CASE STUDY 3

The Heinecke Foundation (Thailand)

The Heinecke Foundation focuses on disbursing scholarships to children in need. It is a discrete, formalised family foundation that complements the separate personal and corporate philanthropic activities of William Heinecke, the US-born Thai billionaire.

Mr Heinecke's personal charitable donations tend to be ad hoc and fragmented. The Foundation, which also grants scholarships to the children of low-earning staff at his listed company, Minor International, and poor children in communities close to the company's hotels, is his structured, legacy organisation.

A third foundation under Minor International's umbrella is being established and will focus on youth education and development.

"There is no intention to separate these three foundations out of the listed company as they are aligned to the company's operations. The Heinecke Foundation, on the other hand, is positioned as the family's legacy entity and hence separated from the listed company because the funds will come from the family rather than the company," says Ms Kulnides.

Sustainability is part of the company's strategy, which gets endorsed by the Board of Directors annually, and reports on its activities quarterly. Minor International has recently been included in the Dow Jones Sustainability Indices for Emerging Markets.

The company's strategy emphasises "people development, end-to-end customer engagement, long-term partnerships, and management of environmental impacts," says Ms Kulnides. "In addition, it is important to inculcate a sense of social responsibility in an employee's mindset to ensure the company's sustainability," she adds.

As well as disbursing scholarships, Minor International sponsors a book club programme and cooperates with universities to give students hands-on experience in business through internships and accreditation.

There are also two other foundations that are administered under the sponsorship of the company: the Golden Triangle Asian Elephant Foundation in Chiangrai, north of Thailand, which concentrates on improving the livelihoods of Asian Elephants (and their mahouts) and the MaiKhao Marine Turtle Foundation in Phuket, which supports turtle conservation.

The company's charitable focus extends beyond corporate social responsibility (CSR) to sustainability, explains Chompan Kulnides, Vice President of Investment at Minor Holdings (Tha) Limited, a private firm that houses the family office and is one of Minor International's main shareholders.

"Meanwhile, Minor International intends to expand the monitoring of performance, and to further professionalise its philanthropic activities in the future," says Ms Kulnides. She is emphatic that the company's philanthropy must have an impact, and that it should not be about "writing a cheque".

It has Buddhist roots, with a foundation learning programme in development that cultivates inner happiness, a good heart and a clear mind. This will complement existing programmes such as the 16 Guidelines for Life, which include humility, honesty, respect and courage.

At the other end of the single-issue spectrum is the VIVA Foundation, set up by Jennifer Yeo (see Case Study 4). It too has a single issue, the treatment of child cancer, but the expected benefits are more empirical. However, both charities emphasise the deployment of modern professional techniques and fully exploit new media.

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Single-issue philanthropy

Single-issue philanthropy, whether for a narrowly focused tangible objective or for advocating a particular world-view, has been a common feature of Western philanthropic activities for some time. Pressure groups using media outlets effectively have espoused special interest causes since the 1960s. They are now becoming more prevalent in affluent Asia.

Dato' Lee Chung Han is an example of an Asian philanthropist who volunteers part of his time to spreading his personal beliefs to other people. He could be described as a missionary, proselytising a world-view that aims to have an impact on individual and eventually collective behaviour.

Based in Malaysia, Dato' Lee is a director of the Foundation for Developing Compassion and Wisdom, a UK-registered charity set up in 2006. The foundations philosophy is guided by its honorary president, Lama Zopa, who states that the most important education in life is learning how to achieve happiness and peace.

It is an idealistic cause, perhaps evocative of a "New Age" or "self-help" creed. The premise is that

by acquiring these qualities, individuals can attain inner-happiness, a good heart and clear mind, which is necessary before they can make substantive improvements in the world.

"You must first start with the individual. The motivation for actions is important, so these virtues must be engrained," says Dato' Lee, who started his working life as an investment banker, and now combines his philanthropic role with interests in mining and property development.

The foundation relies on donations to pay for its operating costs, which include salaries for six full-time staff as well as fees for corporate or scientific experts brought in for specific projects. A recently upgraded website, videos and social media are key tools for spreading its message.

Dato' Lee says that the foundation is happy to form partnerships with companies who want something in return, whether it is publicity or to improve staff productivity from training programmes.



The VIVA Foundation for Children with Cancer (Singapore)

Jennifer Yeo was inspired to set up the VIVA Foundation for child cancer sufferers by the harrowing experience of having her youngest son diagnosed with leukaemia at a young age. His eventual cure, after a bone marrow transplant following years of chemotherapy and two relapses, was due to a large extent to the work and care of the world-famous St Jude Children's Research Hospital in Memphis, Tennessee, under the guidance of Dr Ching-Hon Pui, now Chair of Oncology.

"The foundation for children with cancer was established in Singapore eight years ago with the help of kind friends after my return from St Jude as my thanksgiving to God," she says. VIVA is a lean operation. It employs two full-time staff and its directors work *pro bono*. The foundation's aim is to raise the survival rate in the region to a similar level to St Jude which cures 94% of its childhood leukaemia patients. VIVA hopes to achieve this through collaboration and training,

Expansion in the region is based on the building of networks of doctors, nurses and administrators, largely through the VIVA St Jude annual forum in paediatric oncology. Growth opportunities exist in other parts of Asia.

"However, each country needs a champion, someone who has identified the need for improved child cancer treatment and can marshal the support of local communities and institutions," says Ms Yeo. A high level of transparency is needed to maintain the trust of donors, sponsors and volunteers, and the foundation hopes to tap into government funding to

deploy technology and professional management methods to help VIVA build that trust. There are opportunities for private philanthropic partnerships, and Philip Ng's Far East Organisation, Singapore's largest private property developer, donated to VIVA a floor of the new Novena Specialist Center in Singapore. VIVA shares this space with other childhood cancer-related charities and a school it helped to set up serving children with cancer.

Gift agreements for research are negotiated with universities and hospitals by VIVA's external scientific advisory board, chaired by Dr Pui, ensuring appropriate research programmes are funded and that they achieve their objectives.

Together with the National University Health System (NUHS), VIVA recently raised S\$2m (US\$1.6m) to fund further research into "Natural Killer" cells (which can be activated to destroy chemotherapy-resistant leukaemia), which could be used to treat other types of cancers—potentially saving not only children but adults as well.

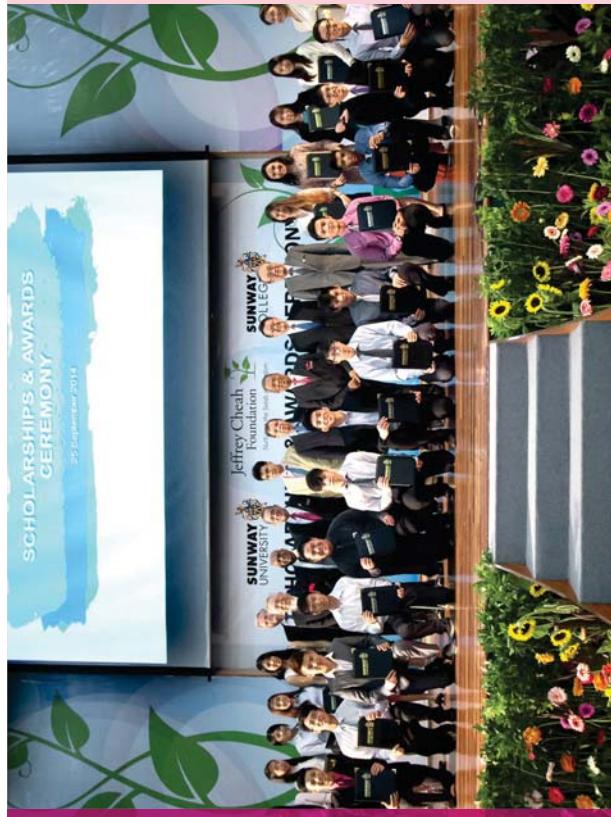
"We try to focus on impact to achieve a multiplier effect," says Ms Yeo. "I realised from the beginning that our limited money will run out very fast if we paid for treatment one patient at a time. Furthermore, the cure rate is unlikely to go up without intervention through training and translational and clinical research," she adds.

VIVA recognises that being sustainable means relying on the continuing goodwill of its donors. "VIVA is like a venture capital business. We raise seed funding to kick-start projects and ask our supporters to participate through financial contributions. Even though we are not doctors we can still help save lives," says Ms Yeo. It costs more than US\$100,000 to treat a child with cancer and venture capital style initiatives can help build capacity in hospitals.

"Our donors include a diverse range of successful corporations and individuals. We always hope for their sustained success so that they can continue to be stakeholders in our business of saving children with cancer. The dividends are great and can be measured in terms of lives that are saved, yet the benefits are immeasurable because so many lives are involved," she adds.

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The Jeffrey Cheah Foundation in Malaysia, which was set up by the founder of the Sunway Group, Dr Jeffrey Cheah, also focuses on a single issue for its philanthropic activities—education. Both the VIVA Foundation and the Jeffrey Cheah Foundation draw on the support of partners, but for the Jeffrey Cheah Foundation, its partnerships with Western institutions lie at the heart of most of its activities (See Case Study 5).



CASE STUDY 5

The Foundation has had to spend time extolling the virtues of the social enterprise model to the government and the public. "The non-profit trust arrangement transforms private education institutions from profit-maximising enterprises to social service organisations providing high-quality education with a focus on access for underprivileged students through scholarships," says Dr Cheah.

However, he believes that having both public and private organisations in the education sector is good for competition: more non-profit private schools and universities should encourage the improvement of all institutions.

Indeed, he adds the Foundation's activities complement the Malaysian government's plans to make the country a global hub for education by 2020. In partnership with Harvard University, it recently set up Jeffrey Cheah Research Institute on South-east Asia, Malaysia's first university-based public policy think tank to support research on South-east Asia studies.

It also cooperates with non-government organisations, notably "Teach for Malaysia", to broaden educational opportunities for the poor and Hearts of Gold Foundation to help students with learning disabilities.

Jeffrey Cheah Foundation (Malaysia)

Dr Jeffrey Cheah believes that to lead a fulfilling life, one must have a "higher and constancy of purpose". His higher purpose is to support education because it can enrich and improve lives, as well as raise the quality of Malaysia's human capital.

The Jeffrey Cheah Foundation provides scholarships "to the deserving" and selection is based on merit regardless of race, gender, economic background, or religion, he says. His inspiration was John Harvard, founder of Harvard University, and the long-term objective is to bequeath a legacy that will enrich the nation. The Jeffrey Cheah Foundation has now established academic ties with Cambridge, Harvard and Oxford universities.

"It has always been my dream to create the 'Boston of the East' in this part of the world, and to bring together a collection of eminent Ivy-League universities," says Dr Cheah.

The intention is to create a crucible for new ideas to flourish, challenge the status quo and help the nation's prosperity. Dr Cheah's vision is derived from gratitude that his parents were able to pay for a tertiary education that "has brought me to where I am today".

The Foundation is Malaysia's largest education-focused social enterprise, the first-of-its-kind for the private sector and is structured to last in perpetuity. The ownership and equity rights of Sunway Education Group, valued at more than US\$925m, have been endowed to the Foundation, which is governed by a board of nine trustees with HRH Sultan of Selangor of Malaysia as its Royal Patron.

Annual operating surpluses of around US\$22m are reinvested into Sunway Education Group for scholarships, grants, research and development, and expansion of faculty and facilities. So far, the Foundation has disbursed over US\$50m in scholarships to more than 20,000 students at the Group's 12 institutions, which include Sunway's university, college and international school, as well as Monash University, Malaysia and the Jeffrey Cheah School of Medicine and Health Sciences.

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Strategic philanthropy

Strategic philanthropy is a dynamic, hands-on process where participants are directly involved, often providing seed capital or using their business expertise and networks to help meet lasting, self-sustaining objectives. The methods can resemble those of a commercial enterprise and are the opposite of passive donation.

Impact investing is a specific form of strategic philanthropy, which is a broad category that also includes charitable foundations, venture philanthropy or even a commercial firm's CSR policies. The intention is to make effective contributions to social, ethical or environmental causes, usually by setting long-term goals, aligning philanthropic projects with the values of the individual or company—and in the case of the latter, even its products and services.

A good example of impact investing is the Green Monday organisation run by David Young in Hong Kong. It combines the pure charitable behaviour of a not-for-profit foundation with the income-generating activities of a venture capital firm (see Case Study 6).





CASE STUDY 6

possible viable projects include an online portal with nutritional advice and a vegan enterprise.

Green Monday is a "holistic platform" that promotes a general green lifestyle, according to Mr Yeung. The main obstacle is peoples' lack of awareness of the damage caused by the livestock industry, although many firms now use the enterprise in their CSR budgets.

The government supports Green Monday because it is a catalyst to inspire changing habits, according to Mr Yeung. And companies do not feel threatened because the organisation is encouraging people to take "baby steps" towards becoming greener, "which explains why even burger and barbecue chains are partnering with Green Monday," he adds.

It has advised a variety of firms in Hong Kong such as Great Eagle, Link Reit, Bank of China, Wheelock, Google and Sogo, and partners with more than 1,000 restaurants, over 800 schools, as well as the University of Hong Kong, the Chinese University of Hong Kong, Tsinghua University and organisations such as the Airport Authority and the Hong Kong Police, by helping devise and promote vegetarian meal options.

David Yeung, Green Monday (Hong Kong)

Hong Kong-based David Yeung is one of a new breed of Asian philanthropists. Mr Yeung, who is 38, operates his charity like a venture capitalist and his cause is single-issue advocacy.

Green Monday is a social enterprise group that promotes a green sustainable lifestyle. It has set up a platform for restaurants, schools, individuals and government organisations to adopt vegetarianism, food rescue, and other green and sustainable practices. It sprang from the global "Meatless Monday" movement that started in the US a decade ago, and has spread to around 40 countries, launching in Hong Kong in April 2012.

Its premise is that the livestock industry is one of the main sources of greenhouse gases¹. Methane emissions from cattle, sheep and pigs are responsible for more greenhouse gases than transport, with one year's emissions from a cow equivalent to those of a car driving 86,000 km¹, says Mr Yeung.

The meat industry also consumes a lot of land and water, and is an inefficient way to produce food, especially as the world's population is increasing whereas the stock of land and water is finite, argues Mr Yeung. If everyone gave up meat for one day each week, there would be tangible benefits for the environment and the message would gain traction in a world where millions experience famine yet 40% of children in the US (and 25% in Hong Kong) are overweight.

possible viable projects include an online portal with nutritional advice and a vegan enterprise.

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Green Monday's few staff members have professional backgrounds in the corporate sector and Yeung, who started his career as an entrepreneur, describes the enterprise as just like a Silicon Valley start-up, with everyone connecting, building new channels and partnerships.¹

Social media is an important proselytising tool, and Mr Yeung estimates that 20m-30m people follow Green Monday's "ambassadors", individuals who share the enterprise's mission and regularly provide updates on news, research and data on Facebook and Weibo.

In June, Green Monday was officially launched in China at a make-up exhibition called "Enlighten Our Green Senses" with Liu Xuan, a former top gymnast, helping to promote it. "It is important to attract celebrities to the cause because they have followers so they have a social influence," says Mr Yeung.

Green Monday will eventually target the wealth of multi-millionaires and attract business decision makers in Hong Kong to support its green vision. Rich individuals could become donors to the foundation or investors in Solutions or Ventures; they could also use their networks for advocacy, says Mr Yeung.

Green Monday Ventures is specifically an impact investor, he adds. So far it has 10 investors who target a monetary return on a project-by-project basis, but also expect to see environmental and social benefits. Although it has yet to complete its first investment, Yeung receives several proposals every week, and

¹ http://www.unep.org/pdf/UNEP-GEAS_OCT_2012.pdf



Using new media tools

The internet has a key role to play in publicising philanthropic activities, and it is also a valuable tool for making opportunities accessible to potential donors.

Terry Weir, the Chief Financial Officer of Hana Microelectronics in Thailand, began donating to charities two decades ago, first supporting a foundation for the education of poor children. However, over the years, his best intentions were often frustrated by a lack of information. "Each time I looked to support a particular cause, I could not easily find information on the various charities for that cause. And when I did find a charity, it was not easy to determine if they were effective and efficient," he says.

To fill this gap, about 18 months ago Mr Weir set up a website, called "Giving Back" (<http://www.givingbackassoc.org/>), to gather details about charities active in Thailand as well as Cambodia, Laos and Myanmar that support disadvantaged people. The goal was to help his own philanthropic decisions and also be a useful tool for other individual, corporate and NGO donors.

It is a simple model, employing one person to collect the information and maintain the website using a web-builder programme, so its running costs are less than US\$10000 a year. The website, which now receives more than 2000 visitors a month, is basically an information portal for providing information of interest to charity supporters, such as charity database, ratings, reviews, corporate CSR information and volunteer opportunities.

"While we believe that charities should be reporting on their governance, transparency and efficiency, they will only do so if they see that providing such information will provide a benefit to them through increased donor support. It is a lot of administrative work for them and they are also concerned about providing detailed information on their finances to the general public," says Mr Weir. He does not plan to turn "Giving Back" into a profit-driven social enterprise, but to become sustainable would expect contributions to its running costs from other donors that benefit from its services and advocacy.

The charities include "Child's Dream" in Chiang Mai, "Education for Development Foundation" and the "Bangkok Post Foundation".

Mr Weir says that the website will eventually provide more detailed reviews about the work of the charities and introduce ratings on their efficiency and governance. For the moment it is a simple, easily accessible information source for potential donors to find charities that seem to meet their criteria—although they still need to perform their own due diligence.

Nevertheless, "Giving Back" shows the potential internet technology has to bring philanthropic causes to a wide audience in an easy manner. And once started, it can be developed with new functions and capabilities added with little additional investment. Mr Weir has already launched a page for corporate CSR staff so that they can both show how their company is supporting charitable and other social causes and also learn from what other firms are doing.

Conclusion

A strategic approach to philanthropy is most commonly identified with Western models, especially the Gates Foundation and its imitators. Although informal giving remains prevalent in Asia—as it does in the West, too—many philanthropic activities in the region can be described as strategic or impact investing without necessarily attributing their methods to a self-conscious adoption of Western techniques.

The Djarum Foundation in Indonesia, for example, was set up long before new styles of philanthropy were articulated in the West and has pursued its own agenda since inception. Although the guiding philosophy of the Shiv Nadar Foundation in India was derived from early 20th century US philanthropists, its activities and operational methods are appropriate to local conditions. Even Jennifer Yeo's VIVA Foundation, which was inspired by the work of a hospital in the US, adapts to the charitable traditions and idiosyncrasies of Singaporean benefactors.

Nevertheless, Western models are becoming more influential. David Yeung's Green Monday enterprise adopts the financing techniques of venture philanthropy and the public relations methods of Western advocacy groups. Meanwhile, the application of social media and other new technologies is increasingly integrated into the methodologies of many formalised philanthropic endeavours as well as being the principal driver of other enterprises, such as Terry Weir's "Giving Back" information portal in Thailand.

In addition, as philanthropy becomes more mainstream and it is recognised as an essential activity of the region's newly affluent with accepted benefits to society, several governments in Asia-Pacific are becoming more receptive. However, tax laws and the regulatory environment in many countries still need to be more accommodating.

The region is diverse and the manner of philanthropy is eclectic, ranging from *ad hoc* to highly formalised. Both types of philanthropy can co-exist, but as wealth increases further and a younger generation with more direct exposure to the West inherit family fortunes, or build their own, professional methods and strategic giving are likely to become more prevalent.



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