Innovating Times for Asian Philanthropy

by Rob John

Wealth is being created across Asia Pacific with unprecedented speed. There are now more high net worth individuals in Asia than in either North America or Europe. Economic development is creating huge middle classes in emerging economies like India, Indonesia, and Thailand. But half of Asia’s 1.63bn people live on less than US$2 a day. Rapid development burdens the environment and widens the gap between rich and poor. While Asia has many historical and cultural practices of giving, new, innovative expressions of philanthropy must rise to the social and environmental challenges in the region.

At the Asia Centre for Social Entrepreneurship & Philanthropy, we are studying how innovative philanthropy and social entrepreneurship are supporting each other’s growth in Asia. Our report, Innovation in Asian Philanthropy, profiles a number of impactful developments and highlights how the ‘philanthropy ecosystem’ must evolve to effectively connect capital and ideas.

Entrepreneurial Philanthropy

Social entrepreneurship is today a truly global phenomenon; virtually every country in Asia has individuals and organisations addressing social problems entrepreneurially - innovators with an eye on creating impact at scale. This approach fits well with a new generation of philanthropist, often entrepreneurs, who see themselves as investors in social change rather than donors to charity. In India EdelGive Foundation is a venture philanthropy fund that uses grants to help ambitious NGOs become stronger organisations and reach more people. The Foundation was created when Edelweiss Capital, a successful Indian financial services company went public in 2007, by founding entrepreneurs who wanted their philanthropy to mirror the ‘entrepreneurial DNA’ that grew the company. Former investment banker Darius Yuen wanted to avoid traditional charitable giving and set up SOW Asia as an impact investment fund that would support Hong Kong’s social enterprises with a business like discipline. The fund is now investing in a pioneering recycling enterprise on the island city.

Dr Rob John has been researching philanthropy at the Asia Centre for Social Entrepreneurship & Philanthropy at NUS Business School, Singapore since 2011. He was co-founder of the Asian Venture Philanthropy Network, executive director of the European Venture Philanthropy Association and the first visiting fellow at the Skoll Centre for Social Entrepreneurship at Said Business School, Oxford.
Giving Circles

The pooling of donations by individuals to form a giving circle is well known in the USA, where there are thought to be over 600 today. While recent unpublished research suggests there may be up to 80 circles in UK and Ireland, the phenomenon seems to have spread little beyond US and Canada.

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This is an exciting time for philanthropy in Asia

At ACSEP we have started tracking a growing trend in collective philanthropy activity in Asia. Several USA and UK giving circle networks have recently seeded initiatives in Asian cities – Social Venture Partners (SVP) now has affiliates in India, China and Australia, adding to one set up in Tokyo in 2005. Impact100, The Funding Network (TFN) and the Awesome Foundation have also replicated giving circles in Asia. Several Asian giving circles are not linked to external models, although may have been inspired by them. Dasra is a Mumbai-based venture philanthropy fund and social entrepreneur support organisation that initiated its own giving circle targeting high net worth individuals and grantmakers as members. A circle of ten members, focused on a particular social issue, is formed only after extensive market research and the shortlisting of ‘best in class’ non-profits. Financial commitment is high, with each member pledging US$60,000 over the 3-year lifetime of the giving circle. By contrast, the giving circle New Day Asia in Hong Kong requires its 80 or so members to give a minimum of HK$500 (US$65) to support non-profits in Cambodia, China, Nepal and India. The low financial barrier to joining encourages young professionals to experience the collective impact of giving and volunteering their time. New Day Asia has raised US$563,000 in donations and co-funding since 2007. Giving circles are as much about educating donors as funding non-profits, and in Asia they offer the wealthy and middle classes opportunities to grow in their own philanthropic journeys.

Strategic Philanthropy

Institutional grantmaking is in its infancy in Asia compared to the USA or Europe. Grantmaker networks that abound in the west have helped professionalise the sector and set benchmarks in good practice and transparency, but are virtually non-existent across in Asia. The high profile of impact investing and venture philanthropy can overshadow the need for a vibrant ‘traditional’ grantmaking sector, playing its key part in the spectrum of financing for non-profits, social enterprises and mission-driven businesses. Our paper reported several highly innovative private and family foundations that serve as good models not only for Asia, but globally. The Zuellig Family Foundation (ZFF) is a story of philanthropic evolution since 1901 when Swiss émigré and entrepreneur, Fredrick Zuellig, put his roots down in the Philippines. Today the Zuellig Group is one of the largest privately owned health care businesses in Asia. The family’s foundation is highly focused and results-driven, and independent of the numerous CSR initiatives of the business group. ZFF addresses maternal mortality with the goal of improving health equity for the poorest Filipinos. An innovative programme of civic leadership development in rural municipalities had led to a reduction in maternal death so striking that government now plans to roll out the programme nationally.

An Ecosystem for Philanthropy

Philanthropy should not operate in isolation but preferably in an ecosystem where research, information and brokerage connect capital to ideas with maximum efficiency. The dearth of grantmaking support networks mentioned above is just one example of gaps in the Asian philanthropy ecosystem. There are signs that the ecology is evolving – particular with the arrival of venture philanthropy and impact investing networks in the region. One innovation that is bringing transparency to grantmaking is, perhaps counter intuitively, to be found in China. The Beijing-based China Foundation Center (CFC) has tracked the rapidly growing Chinese foundation sector since 2010, publishing a level of detail online that would be hard to find outside of the high-disclosure jurisdictions of the USA or UK. CFC’s Transparency Index is an innovation that could well be replicated throughout Asia.

Philanthropy in Asia is a melting pot of traditional, cultural giving and western models imported by a highly mobile and educated class of new philanthropists. It took 100 years to shape American philanthropy and Asians are doing what they do best – taking what works and adapting to meet their own needs. This is an exciting time for philanthropy in Asia.

2 Angela Eikenberry (University of Nebraska, Omaha) and Beth Breeze (University of Kent), unpublished research 2014. Personal communication with the author.
3 Our report on giving circles in Asia will be published in May 2014 and available at http://bschool.nus.edu/ResearchPublications/ResearchCentres/ACSEPHome/ResearchandPublications.aspx