Something’s gotta give
The state of philanthropy in Asia
A report from the Economist Intelligence Unit
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Preface

Something’s gotta give: The state of philanthropy in Asia is an Economist Intelligence Unit (EIU) report, sponsored by HSBC Private Bank. The findings and views expressed in this report do not necessarily reflect the views of the sponsor. To gain insight into the field of philanthropy in Asia Pacific, the EIU consulted extensive published research on the topic and conducted in-depth interviews with academics, consultants and prominent Asian philanthropists. Anna Morris was the author of the report and David Line and Sudhir Vadaketh were the editors. Gaddi Tam was responsible for design. The cover image is by David Simonds.

We would like to thank all interviewees for their time and insights.

May 2011

Interviewees (listed alphabetically)

- Jaime Augusto Zobel de Ayala, chairman and chief executive of the Ayala Corporation and co-vice chairman of the Ayala Foundation
- Chen Guangbiao, chief executive, Jiangsu Huangpu Renewable Resources
- Elim Chew, founder, 77th Street retail
- Grace Chiang, chairman of the board, Social Venture Group
- Jonathan Choi, chairman, Sun Wah Group
- Nellie Fong, founder and chairman, Lifeline Express (Hong Kong and China) and the Fongs Foundation
- Melissa Aratani Kwee, vice-president for human capital, Pontiac Lands
- Laurence Lien, National Volunteer and Philanthropy Center, Singapore
- Shi Zhengrong, founder and chairman, Suntech Power
- Edwin Soeryadjaya, founder, Saratoga Investments
- Tao Ze, chief operating officer, China Foundation Center
- Wang Zhenyao, director, Beijing Normal University, One Foundation Philanthropy Research Institute
- Erna Witoelar, chairman of the board of directors, Asia Pacific Philanthropy Consortium
- Dien Yuen, chief philanthropy officer, Give2Asia
Executive summary

In Asia venerable traditions of charity have existed for ages, rooted in strong religious and cultural beliefs about people’s responsibilities to their communities and the needy. However the concept of philanthropy—an organised approach to making large financial donations to achieve specific benefits for society—is far less established in the region, where informal donations have often been the norm.

However, as Asian societies become wealthier, they are also becoming increasingly sophisticated in their charitable giving, moving away from chequebook charity to philanthropy. These signs bode well for the development of Asian philanthropy, which if cultivated and channelled could have a real impact on Asia’s many social challenges—such as growing inequality and environmental degradation—and serve as a force multiplier for the economic development that has lifted millions out of poverty in recent decades.

This report, sponsored by HSBC Private Bank, examines the state of philanthropy in five countries in Asia-Pacific—China, Hong Kong, Indonesia, the Philippines and Singapore—which each represents a different charitable culture and stage of philanthropic development. It considers levels of philanthropic giving, attitudes toward and challenges to philanthropy in Asia, and the future of the field in the region.

The key findings of the report are:

• **Philanthropic giving in Asia is still low compared with the West, but is rising rapidly along with growing wealth.** Although no comprehensive data exist on philanthropic giving across the whole of Asia, the available evidence suggests that it is lower than in the West, particularly the US. For example, in 2009, China’s 50 biggest philanthropists donated a total of US$1.2bn, less than a third of the US$4.1bn donated by the biggest 50 US philanthropists. Philanthropy is thus very much in its infancy in Asia.

  However, philanthropy appears to be rising along with wealth in Asia. Charitable and philanthropic giving have been increasing in places with developed and underdeveloped charity sectors alike. In Singapore, individual charity contributions, which signal a willingness to give across all strata of society, have increased every year since 2006. China, meanwhile, has seen explosive growth in private foundations, a function of both recent liberalisation of the sector and low public trust in existing charities. This rise in philanthropic giving is almost certainly linked to increasing wealth in the region, which is now home to more than 3.3m high net-worth individuals.
• **Cultural and systemic factors have restrained the growth of philanthropy in Asia.** Charity in Asian cultures has often been inspired by a bond with a clan or religious grouping. It has traditionally been carried out informally and often anonymously by donors reluctant to call attention to their actions. Public displays of wealth, often implicit in philanthropy, are also frowned upon. As a result, data on charitable donations in Asia are likely to underreport actual levels of giving.

Systemic factors also impact levels of giving, such as under-development and corruption in some NGOs, which engender widespread mistrust of charities among potential donors. Lack of understanding of philanthropy is another—many of Asia’s wealthy are only newly rich, and have only recently become exposed to the idea of philanthropy.

• **Strategic philanthropy is now making its mark in Asia.** A number of leading Asian philanthropists are pursuing “strategic philanthropy”, which emphasises innovation, scale and measurable results in its execution, and aims to make long-term impacts on social issues. Nellie Fong’s work is representative of this trend—Ms Fong’s organisation, Lifeline Express, which began as a train-based mobile eye clinic delivering cataract surgeries in rural China, now also trains doctors to perform the surgeries themselves, broadening patients’ access to care throughout the country.

• **To realise the full potential of Asian philanthropy, new philanthropists must coordinate their efforts with other stakeholders.** Asian philanthropists have an opportunity to learn from the mistakes of the past, bypassing the developmental stage of chequebook charity and taking up strategic philanthropy right away. However, they must also resist the entrepreneurs’ impulse to go-it-alone in their philanthropy. By coordinating their efforts with other stakeholders, they can magnify the impact of their time and money.

• **Despite challenges ahead, Asian philanthropists have an enormous opportunity to make an impact.** The growing ranks of Asia’s wealthy are poised to take up the mantle of philanthropy and to do so in a strategic, considered way. Rising wealth and levels of giving point to the considerable potential of philanthropy in the region, which, if cultivated and channelled, could both accelerate the economic development that has lifted millions of people out of poverty in the past 30 years and help address other serious social challenges that Asia still faces.
Introduction: Can philanthropy find a home in Asia?

Chen Guangbiao, a Chinese recycling magnate, billionaire and philanthropist, evokes mixed responses to his sensational, public style of giving. Consider his trip to Taiwan in January 2011, where he handed out hundreds of thousands of dollars in cash in red envelopes directly to the needy, or to Japan in the wake of the devastating tsunami of March 2011, where Mr Chen, under close media watch, personally distributed over US$150,000 and 30 tonnes of relief supplies to victims.

Critics say that Mr Chen’s philanthropy is merely an ostentatious display of wealth. Others laud him for raising the profile of philanthropy in China. Although Asian cultures have long and venerable traditions of charity, philanthropy—commonly understood to be an organised approach to making large financial donations to achieve specific benefits for society—is a relatively new concept in much of the region.

This partly explains why charitable donations in Asia tend to lag behind the West. For example, in 2008 individual giving as a percentage of GDP in Hong Kong and Singapore trailed the UK and the US (see Figure 1). Similarly, in 2009, China’s economy was more than a third the size of the US economy, yet charitable donations in China were less than two per cent of those in the US (see Figure 2). The same year, China’s 50 biggest philanthropists pledged a total of only US$1.2bn, less than a third of the US$4.1bn pledged by the biggest 50 US philanthropists.¹

There are some straightforward reasons for these discrepancies. China’s per-capita income, for example, is one-tenth of that in the US. China also has far fewer wealthy citizens. But there are also cultural, political and systemic reasons for the gap, including lack of exposure to philanthropy, underdevelopment of the charity sector in many places and cultural norms that frown on public displays of wealth. These partly explain the lower levels of charitable donations even in wealthy places such as Hong Kong and Singapore.
There is also a strong culture of informal charity throughout Asia.² People frequently make unrecorded donations directly to extended families, communities and religious organisations, which means that most of the data on giving in Asia underestimate true levels of charitable donations.

Nonetheless, while comprehensive data on philanthropy in Asia as a whole are scarce, anecdotal evidence suggests that charitable and philanthropic giving are on the rise in the region, both in developed and developing economies. For example, in Singapore, individual contributions to charity have increased every year since 2006.

In China, private foundations are being established at a rapid pace—according to Qiao Dong, secretary-general of the China Private Foundation Forum, which organises an annual conference for the sector, there were only a few hundred private foundations before 2005; but by 2010, there were more than 1000.³

Furthermore, individual philanthropic gifts get larger every year. This is almost certainly linked to increasing wealth: there are now more than 3.3m high net-worth individuals (HNWI) in the Asia-Pacific region.
region (see Figures 3 and 4), and that figure is growing. In China, the number of US-dollar billionaires almost doubled between 2010 and 2011, from 64 to 115.

Finally, many parts of Asia have experienced or are experiencing cultural, political and social shifts, whereby individual rights are becoming more pronounced. This shift is being catalysed by, among other things, rising incomes, levels of education, and technology. In line with that, individual responsibilities are also becoming greater, partly because some governments have been unable to keep pace with rising citizen expectations. This could provide more space for the non-profit sector, including philanthropic activities, around Asia. Wealthy individuals will feel even more empowered to enact positive change in their societies.

The combination of cultural shifts, rising wealth and rising levels of giving points to the considerable potential of philanthropy in Asia, which, if cultivated and wisely channelled, could have a lasting impact on economic and social issues, particularly where public provision has fallen short. Growing inequality, food insecurity, rapid urbanisation and environmental degradation are some of the pressing challenges facing Asia. Despite the remarkable economic development that has lifted hundreds of millions of people out of poverty in the last 30 years, many are still in need of basic services. Rising wealth and the strong tradition of charity suggest that philanthropy could make an impact on the many challenges Asia still faces, and in doing so accelerate and deepen this development.

What are the motivations and priorities of philanthropists in Asia? Will philanthropy grow as even more of their citizens become wealthy? Does philanthropy have the potential to find effective ways to improve the quality of life for Asia’s poor and needy?

To better understand the future of Asian philanthropy, this report examines the phenomenon in five countries that represent different charitable cultures and stages of development: China, Hong Kong, Indonesia, the Philippines and Singapore.
Although informal charity has long been an integral part of social and community life throughout Asia, philanthropy is less well established.

Data show low levels of charitable and philanthropic giving in Asia relative to the West, as well as a low prioritisation of philanthropy by wealthy individuals.

Due to a traditional emphasis on anonymous and informal charitable giving, data on donations in Asia often underreport actual levels of giving. Nevertheless, actual giving is still probably lower than in the West.

This gap in giving is due to a number of cultural, political and systemic factors, including the underdevelopment of the charity and philanthropic sector.

1. Giving in Asia: Room to grow

Charity has deep roots, but philanthropy is still taking hold

The field of philanthropy may be relatively new in Asia, but the notion of charity certainly is not—informal charity has long been an integral part of community and social life throughout Asia. Buddhist and Confucian traditions, amongst others, emphasise mutual help and charity within communities and among kin. Religion also plays an important role in determining an individual’s charitable obligations to his or her community.

Extreme poverty, such as that seen in many parts of Asia in the 20th century, reinforced charitable traditions, as people often depended on the generosity of family and neighbours to survive. For those who have escaped poverty, like many of China’s rich entrepreneurs, these experiences left a lasting impression and often are an important motivation for charitable giving today.

“I remember seeing my mum putting my crying younger brother to bed and [then] feeding milk to our neighbor’s child,” says Chen Guangbiao, chief executive of recycling company Jiangsu Huangpu Renewable Resources, and one of China’s richest men (see Case study: Chen Guangbiao). “When she saw beggars in the street, she would ask them to join us for lunch.”

Even in Hong Kong, which has been prosperous for longer than mainland China, people remember their families’ humble circumstances. “A lot of our parents or grandparents started in Hong Kong being very poor,” says Nellie Fong, founder and chairman of the Fongs Foundation and Lifeline Express, an innovative train-based eye hospital that delivers cataract surgeries in rural China. “As they got a little bit better off they thought that there is a need to share.”

Almsgiving in times of hardship may be commonplace in Asia, but the concept of philanthropy is less well established.

In recent years philanthropy has experienced something of a renaissance in the West. This is largely due to a new generation of ambitious philanthropists, many of whom built their fortunes on the back of the IT boom of the past 30 years. Their efforts are characterised by a belief that strategic philanthropy—
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borrowing from business an emphasis on innovation, scale and results—has the power to drive progress on intractable social problems. This is an approach that Matthew Bishop, New York bureau chief of The Economist, and Michael Green, an author, call “philanthrocapitalism” in their book of the same name.\(^5\)

Warren Buffett and Bill Gates are perhaps the exemplars of this movement. Since 1994 the Gates Foundation, of which Mr Buffett is a trustee and major donor, has spent US$24.8bn, more than half of which has gone to global health and development issues. Recently, the two billionaires embarked on what has been called “the biggest fundraising drive ever”, the Giving Pledge, a campaign to convince the world’s richest people to give the majority of their wealth to philanthropic causes. In September 2010 they brought their message to China, inviting 50 of the country’s wealthiest people to a banquet outside of Beijing to discuss philanthropy.

The invitation made headlines, but not for the desired reasons—the press reported that guests were reluctant to attend for fear of being asked to donate money. Many waited until the last minute to accept and several declined altogether, including Zong Qinghou, China’s richest man. Accusations of stinginess were raised in the media, sparking a national debate on philanthropy.

CASE STUDY  Chen Guangbiao: Philanthropy, informally

“My dream is to become the number one philanthropist in the world. I think that position is still vacant,” says Chen Guangbiao, chief executive of recycling company Jiangsu Huangpu Renewable Resources, and one of China’s richest men.

By this Mr Chen does not mean that he will give away the most money. Warren Buffett and Bill Gates—whose well-publicised philanthropy dinner in Beijing in September 2010 Mr Chen attended—already have a head start on that. “The standard to become the number one philanthropist is not how much you’ve donated,” he says, “but whether you’ve joined in the philanthropy work yourself, had the media covering your deeds and motivated more people to do the same thing.”

Inspiring others to take up the cause of philanthropy is Mr Chen’s principal mission, and as China’s most visible philanthropist, he is certainly raising the profile of philanthropy. In January 2011, Mr Chen sparked a media frenzy when he arrived in Taiwan with US$17m for the poor, some of which he donated in the form of cash in red envelopes, a traditional symbol of good luck in Chinese culture and Mr Chen’s signature form of philanthropy.

The Taiwanese press accused him of everything from fostering dependency to clandestinely promoting reunification with the mainland. But there is no doubt that he got people talking.

Mr Chen says his philanthropy started early: having lost his elder sister and brother to starvation, at 10 years old Mr Chen began selling water at a village several miles away from his hometown outside Nanjing. “I saved RMB4 by selling water. And I used RMB1.8 to help a kid in my neighbourhood to pay for his tuition,” he says. In 2010 he was named China’s fourth-largest philanthropist of the past five years.

He may not, however, be one of the country’s most strategic philanthropists. “I don’t think all the people who have received cash from me are necessarily very poor,” he says. “There might be someone out there who doesn’t need help who has received my donation. But that’s not what I care about.” More important to him is inspiring other Chinese to be charitable.

This is a worthy goal, but to prioritise it above achieving a lasting impact suggests that Mr Chen’s money could be better spent. By his estimate, he has already donated RMB1.1bn (worth US$162m in 2010) and he has pledged all of his assets, an estimated US$675m, to charity after he dies.\(^6\) Both sums are of a sufficient size to make a real mark on challenging social issues.

As a relatively new entrant to the world of philanthropy, Mr Chen’s approach may still be maturing. But his contributions have the potential to be much larger than the sum of their parts. No other Chinese philanthropist has publicly expressed the same level of ambition. If his enthusiasm can be channelled into clear, measurable and achievable philanthropic goals, ones that improve lives in a more lasting way than handing out cash, Chen Guangbiao might actually realise his dream of becoming “the number one philanthropist in the world”.


Low levels of giving

The lukewarm reception Messrs Buffett and Gates received points firstly to the fact that in China, as in much of Asia, philanthropy is not a well established practice.

When it comes to charitable giving generally, China falls behind not just the US, which has perhaps the world’s most developed charitable sector and a high per-capita GDP, but also Brazil, India and the UK (see Figure 5). Compared with these countries, donations in China were the smallest in absolute terms and as a percentage of GDP, according to the Chinese Academy of Social Sciences, a government research organisation.7

There are no comparable data on large philanthropic gifts for the other countries considered in this report—Hong Kong, Indonesia, the Philippines and Singapore. However, anecdotal evidence on general levels of charity suggests that philanthropic giving levels in these places are also lower than in the West.

Consider Singapore, which has a much more developed charity sector than China; generous tax incentives to encourage formal donations; and a high per-capita GDP. It also falls behind when it comes to giving among the general public. In 2008, individual giving in Singapore stood at 0.5% of GDP, compared with 0.7% in the UK and 1.7% in the US (see Figure 1).8 “Singapore has the highest proportion of millionaire families in the world,” Lee Poh Wah, chief executive officer at Singapore’s Lien Foundation, a prominent charitable organisation, told Agence France Presse recently. However, he added, “if I compare…Singapore and America, and I normalise the population, the Americans give five times more than Singaporeans.”9

Hong Kong too has a very developed charity sector, yet individual giving was just 0.4% of GDP in 2008 (see Figure 1). According to a recent survey by Barclays Wealth, only 16% of HNWI in Hong Kong and 23% of HNWI in Singapore counted philanthropy in their top three spending priorities, compared with 41% in the US.10

Furthermore, in a 2010 ranking of charitable behaviour around the world, Asia was again found lagging. The UK-based Charities Aid Foundation surveyed people in 153 countries about whether they had donated time or money or helped a stranger in the past month. Hong Kong ranked the highest in Asia, in 18th place; Indonesia and the Philippines both ranked 50th; and Singapore did surprisingly poorly, in 91st place. China was near the bottom of the list, in 147th place (see Figures 6a and 6b).

The data here are somewhat imprecise though: the index measured actions only in the previous month, but in some of these societies charitable activities may be clustered around religious or cultural festivals, skewing the results. In Indonesia, for example, Islamic religious obligations to donate to
charity, like *zakat*, ensure that a majority of the population makes annual charitable gifts. This is probably not captured by this survey, which estimated that only 25% of Indonesians donated money in the prior month. The survey does nonetheless illuminate regional differences, showing Hong Kong way ahead in terms of regular giving.

It is important to point out that data on charitable donations in Asia are generally imprecise. Given strong Asian traditions of charity that emphasise anonymous and informal giving, most data are likely to underreport actual donations, including large philanthropic gifts.

Dien Yuen, chief philanthropy officer at Give2Asia, a US-based philanthropic advisory organisation that matches donors with charities in Asia, contrasts Asia’s informal channels with the long-established infrastructure that supports giving in the US, including specific tax laws, complex charitable trusts and private foundations.

“In Asia, it’s all very informal,” says Ms Yuen. “It’s giving to support family, temples, churches, religious organisations and it’s usually cash gifts. Donors don’t mind carrying 10,000 packets [of cash] and handing them to a temple. In the US, donors want to know where their money is going. They want to write a cheque, they want to get security.” But in Asia, some large donations most certainly go unrecorded in official estimates of overall charitable giving.

While it is difficult to draw conclusions from such diffuse data, the available statistics do imply that levels of philanthropic giving are likely to be lower in Asia than they are in the West.

**Eager to help**

**Figure 6a: Asia-Pacific - World Giving Index**

<table>
<thead>
<tr>
<th>World Giving Index Rank</th>
<th>Country</th>
<th>Donated money</th>
<th>Donated time</th>
<th>Helped a stranger</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Hong Kong</td>
<td>70%</td>
<td>13%</td>
<td>50%</td>
</tr>
<tr>
<td>50</td>
<td>Indonesia</td>
<td>25%</td>
<td>36%</td>
<td>48%</td>
</tr>
<tr>
<td>50</td>
<td>Philippines</td>
<td>45%</td>
<td>27%</td>
<td>35%</td>
</tr>
<tr>
<td>91</td>
<td>Singapore</td>
<td>35%</td>
<td>10%</td>
<td>35%</td>
</tr>
<tr>
<td>147</td>
<td>China</td>
<td>11%</td>
<td>4%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: “The World Giving Index 2010,” Charities Aid Foundation

**Figure 6b: Percentage of respondents who donated money, time or helped a stranger in the past month**

Source: “The World Giving Index 2010,” Charities Aid Foundation
2. Constraints and challenges

Keeping a fortune quiet, keeping it at home

Relatively low levels of charitable giving—and by implication philanthropy—in Asia likely result from a variety of factors, including cultural views on wealth and charity, under-development of the sector, lack of exposure to philanthropy and lower levels of affluence. Though not all apply equally to the countries considered in this report, one factor is prevalent throughout: the distaste for overt displays of wealth.

In places such as Indonesia and the Philippines, there is a strong religious undercurrent to charity. Publicising one’s giving, some believe, will undermine what is meant to be a selfless act. “Asian cultures have a lot of religious undertones to them that encourage being very quiet about how you give,” says Ms Yuen. “And being quiet means being very informal—just doing good without getting recognition.”

While the spiritual nature of charitable acts is a powerful incentive to keep them private, there may be equally strong practical reasons for doing so, especially when it comes to large donations. For many overseas Chinese communities, including those in Indonesia, the Philippines and Singapore, family wealth has often been built against the backdrop of a hostile environment. As one recent report on family enterprises in China for HSBC Private Bank (the sponsor of this research) puts it, “[Wealthy patriarchs] have survived revolutions, confiscations, nationalisations and repeated migrations to communities that were (and are still) often unwelcoming and ultimately envious of their success.” These experiences have taught them to be very private about their wealth, a trait they pass on to their heirs.

Privacy can also ward off unwanted scrutiny. According to the China Reform Foundation, an economic research group based in Beijing, the wealthiest 10% of China’s population may be holding as much as US$870bn in undeclared wealth. Calling attention to one’s fortune could result in a visit from the taxman, a corruption investigation or even the risk of imprisonment.

There may also be elements of parochialism in traditional Asian modes of giving—religious or community-oriented charity may prioritise extending aid to those inside the faith or community at the...
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expense of those outside.

Other constraining factors are tied to the level of development of the charity sector and how it is perceived by the public. In China, the general underdevelopment of the NGO sector (see Box: Challenges on the mainland) means that many charities do not have in place professional structures that ensure their accountability to donors. As a result, charities are frequently mistrusted. In Indonesia, perceptions of corruption can hamper the professionalisation of NGOs, says Edwin Soeryadjaya, founder of Jakarta-based Saratoga Investments and a prominent philanthropist. “In social organisations the perceived lack of transparency can really frustrate development and discourage philanthropic giving”, he says.

Meanwhile, unlike the US, where tax incentives are an important motivator for philanthropy, China, Indonesia and the Philippines offer limited, and often opaque, tax credits that do little to promote

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**Challenges on the mainland**

In mainland China, particular legal, political and social constraints have severely restricted the development of the charity sector, and by extension, the development of philanthropy.

Public charities in China are heavily scrutinised by the Communist Party, which fears that they could act as vehicles for civil society and political opposition. To prevent them from potentially undermining the government, the Communist Party appoints most of the management of these charities and provides most of their funding, making them, in effect, quasi-governmental organisations.

As a result, these organisations have long lacked professionalism and accountability: according to a survey by the Chinese Academy of Social Sciences, a government research organisation, 80% of the staff at China’s oldest federation of charitable organisations have no formal training in charity work, such as how to manage volunteers, distribute funds or donate goods. In addition, three-quarters of the charitable organisations in China disclose either limited or no information on their activities, including how donations are spent.

According to Dien Yuen, chief philanthropy officer at Give2Asia, a US-based philanthropic advisory organisation that matches donors with charities in Asia, “It’s not that there aren’t good groups in China, it’s just that donors have a difficult time finding them and establishing trust.” This lack of trust is the main reason why there was an explosion of new private foundations in 2004 following their legalisation. Many were set up by wealthy entrepreneurs who desired both anonymity and sufficient oversight of the foundations’ programs. This growth occurred despite the regulatory obstacles to establishing and running such organisations, which must have RMB 2m (worth US$295,421 in 2010) in initial registered capital and pay corporate tax rates of 33% on all disbursements and capital gains.

Wang Zhenyao, director of the Beijing Normal University One Foundation Philanthropy Research Institute, China’s first research centre dedicated to philanthropy, mentions a related problem: communication. “NGOs have to be better mediators for those they serve and for those who [donate],” Mr Wang says. “They need to understand the thinking of the rich; to communicate with them.” He says these organisations do not understand that they are responsible to both the communities they serve and their donors, and so are failing to make the case for why they deserve funding.

Things are changing in China however. A devastating earthquake in Sichuan province in 2008 prompted unprecedented levels of public donations, and the event seems to have marked a sea change for giving in China. The establishment of Beijing Normal University’s new philanthropy research centre and the China Foundation Center, a clearinghouse for information on foundations that aims to increase transparency in the sector and encourage donations, are indications that the field is developing and moving toward greater professionalism.

In addition, China is now moving forward in drafting a law on charity and improving regulation of the sector. And the authorities seem poised to loosen their grip on charities, aware that the social challenges China faces could benefit from an approach that includes a greater number of concerned parties.

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14 Private foundations in China are distinguished from public foundations in that they are established by individuals or businesses, rather than the government, and cannot raise funds from the general public.
greater giving among individuals. (The absence of fiscal incentives for charity does however speak to the deeply altruistic and generous nature of much of the giving that takes place in these countries.)

In addition to cultural and structural constraints, philanthropy in Asia suffers in a fundamental way from the public’s lack of exposure to the concept. Erna Witoelar, chairman of the board of directors for the Asia Pacific Philanthropy Consortium, an association of philanthropic institutions dedicated to promoting philanthropy in Asia, says the concept of philanthropy in Indonesia, as in many parts of Asia, is not well understood. “We need development education,” says Ms Witoelar. “In the West people know how to give,” but a lack of understanding of philanthropy in Asia results in low participation. “The trigger to make the generally affluent give in a sustainable manner is not there yet.”

Finally, a related and important reason that philanthropy is not yet common in Asia is because some of these societies have only recently become wealthy. The per-capita GDP of China, Indonesia and the Philippines are still considerably below that of the UK and the US (and Hong Kong and Singapore), so the wealthy in these places are often only just coming to terms with their good fortune. “A lot of people are still getting used to what being wealthy means,” says Ms Yuen. “They’re still building their wealth at this stage and thinking about the next generation and how to take care of their elders and dependents. So the idea of giving away money, just to a general cause, is still relatively new.”

**Philanthropy is looking up**

Notwithstanding these constraints, philanthropy seems to be taking root in Asia, and there are several indications that it will boom in the next decade. Giving, both in the form of large donations from the wealthy and modest ones from the general public, have been on the rise in places with developed and underdeveloped charity sectors alike. Studies have also suggested a growing awareness of the importance of philanthropy in Asian societies.15

Singapore has made an effort to establish itself as a philanthropy-friendly city, streamlining the process for establishing a charity and offering generous tax deductions to individuals who donate to registered organisations. To promote charitable giving during the global financial crisis, in 2009 the amount taxpayers could legally deduct was raised from 200% of the donated amount to 250%—this policy

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will remain in place until the end of 2015.

The effort appears to be paying off: individual charitable donations have more than doubled in Singapore in less than a decade, from US$348m in 2004 to US$847m in 2010 (see Figure 7). The same is true for the average amount donated, which grew from US$123 per giver to US$263 per giver over the same period (see Figure 8).

There have also been a number of large philanthropic gifts reported in recent years. For example, in 2011 the Lee Foundation donated US$120m to the new medical school at Nanyang Technological University. Chew Hua Seng, founder and chief executive of Raffles Education, a private education provider, donated S$100m (US$76m) in 2009 to educate disadvantaged youth in Singapore and in Asia. The Khoo Foundation, which received US$1.5bn when its founder, Khoo Teck Puat, died in 2004, has reportedly given away S$345m (US$278m) since 2005, mostly in support of healthcare.

Hong Kong has a vibrant, established charity sector, numerous family foundations and a well-known history of philanthropy, much of it directed at improving conditions in China, a practice that shows no sign of slowing. In 2009, of the RMB10bn (US$1.5bn) China received in overseas donations, more than one-third, RMB3.5bn (US$512m), came from Hong Kong. “I think Hong Kong people are very much into giving,” says Nellie Fong, who has placed all of her assets into the Fongs Foundation (see Case study: Lifeline Express).

Hong Kong’s most famous philanthropist—and greater China’s wealthiest man—Li Ka-Shing has also pledged much of his fortune to philanthropy, allocating one-third of his assets, currently estimated at US$26.5bn, to his eponymous foundation. He has also encouraged Asia’s rich to also “transcend [the]
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Mr Li, of the traditional belief of passing all of their wealth onto their children. Mr Li has given away US$1.6bn, mostly to education and healthcare, since he established his foundation in 1980.

Data for Indonesia and the Philippines are sparse, but the strong role religion plays in both countries implies a social acknowledgement of the importance of charitable giving. This provides a solid foundation for the development of philanthropy. “In Indonesia, the giving culture is already strong,” says Ms Witoelar. A 2009 survey by Indonesia’s Public Interest Research and Advocacy Center estimated that nearly all Indonesians give donations, and religion plays a big role in this: Indonesia is home to the world’s largest Muslim population, for whom charitable giving is a religious obligation. “People here, even the less affluent, make charitable donations regularly, especially during religious events,” says Ms Witoelar.

And large-scale, strategic philanthropy is indeed making its mark in Indonesia. Putera Sampoerna, an Indonesian billionaire, aims to permanently raise the level of the country’s human capital through education. To do so, in 2006 he pledged US$150m over the next decade to the Putera Sampoerna Foundation, which funds education projects that are scalable and that make a measurable impact, a key element to ensuring their effectiveness.

Of the countries in this report, the Philippines has the longest recorded history of organised giving. Data from 2002 showed that almost all middle- to high-income households had made charitable donations in the preceding twelve months. Furthermore, the Catholic Church—which established formal philanthropy here during the Spanish occupation as it directed a share of personal fortunes to its charities—is not the only prominent advocate of charity. The 1987 Philippines Constitution explicitly recognises the right of the non-profit sector as a stake-holder in decision-making, an indication of the sector’s importance to society. Here too large donations have been reported in recent years—in 2006, John Gokongwei, chairman of JG Summit Holdings, one of the Philippines’ largest conglomerates, pledged US$200m, the country’s largest recorded gift, to the Gokongwei Brothers Foundation to support education.

It is in China, however, where changing attitudes to philanthropy are most visible, the effect of a rapidly growing affluent class, increasing interest in philanthropy and a regulatory climate that is gradually growing friendlier to charities. Tao Ze, chief operating officer at the China Foundation Center, a clearinghouse for information on public and private foundations established in 2010, says his organisation now counts over 2200 registered foundations, and expects 300 more to register every year. The Chinese Academy for Social Sciences reported that giving in China in 2010 totalled RMB70bn (US$10.3bn), more than double the RMB33bn (US$4.9bn) donated in 2009. The size of philanthropic gifts also appears to be on the rise—in 2010 China’s top ten donors pledged US$1.2bn in donations, which was more than 50% more than a year before (see Figure 9).

Moreover, in what used to be a culture of

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quiet giving, a number of philanthropists are being very public about their donations, including Chen Guangbiao, hotelier Yu Pengnian, industrialist Cao Dewang and movie-star Jet Li. In 2010 Mr Yu was widely hailed in the press as China’s first billionaire philanthropist when he pledged his remaining fortune of US$470m to his Hong Kong-based foundation, bringing the total amount of his philanthropy to US$1.2bn.

Mr Yu told the press that he hoped his actions would inspire other Chinese billionaires, many of whom are much richer than he is, to take up the mantle of philanthropy. “My fortune is just a drop in the bucket compared to them, but I hold different views from them: I will not leave my fortune to my children,” he has been quoted as saying.17

17 “Hotelier Yu makes room for charity,” Olivia Chung, Asia Times Online, May 5th 2010
3. The rise of strategic philanthropy in Asia

One of the benefits of being new to philanthropy is that Asia’s newly rich have the opportunity to avoid some of the mistakes of earlier generations of philanthropists, chief among which was a tendency to donate to worthy causes without knowing whether such donations actually made any impact. Often donors would be content with simply having made a donation, oblivious to the effectiveness, goals or accountability of the beneficiary organisation.

Today, experts in this field place a high premium on “strategic philanthropy”, an approach that aims to make effective contributions to social change by adopting some of the practices of successful profit-oriented businesses. These include setting specific and often long-term goals, seeking professional, experienced partners, carefully measuring the impact of investments, and often pursuing projects that can be scaled up to achieve success without duplicating efforts. According to Messrs Bishop and Green, socially conscious entrepreneurs do not want to just write cheques; they want to invest their own time and energy in developing innovative ideas for solving problems. Their approaches may come in different forms—from foundation-based giving to venture philanthropy to impact investing—but they all share an emphasis on efficiency and results.

While informal charity is likely to persist in Asia given its deep cultural roots, Asian philanthropy does appear to be evolving from chequebook charity to a more visionary, strategic approach. This is particularly notable in countries with more mature charity and philanthropic sectors, where donors are increasingly focused on specific goals, impact measurement and effective use of resources. The Fongs Foundation and Sun Wah Foundation in Hong Kong, the Ayala Foundation in the Philippines, and the work of Shi Zhengrong, discussed below, are good examples of an emerging trend of philanthrocapitalism in Asia.

The entrepreneur’s approach to problem-solving

Jonathan Choi, chairman of Hong Kong conglomerate the Sun Wah Group, has spent more than 30 years working to improve education in mainland China. Over the course of this time his approach has evolved...
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from building educational infrastructure to promoting wholesale reform of basic education in China.

Mr Choi first became involved with education in China in the late 1970s. Deeply affected by a visit to his ancestral town of Zhongshan in 1975 after the Cultural Revolution, he returned to Hong Kong eager to help. “China at that time and today are two different worlds,” he says. “Most of the schools then were closed.”

Mr Choi and his father, Sun Wah founder Choi Kai Yau, were given the opportunity to help in 1979, as China began to open up to the world under leader Deng Xiaoping. Their first effort was to rebuild the Zhongshan Overseas Chinese Middle School, one of the area’s most prominent schools.

Since then, the Choi family, through the Sun Wah Foundation, has built dozens of schools, universities, and research centres, trained teachers, and sponsored scholarships. And while many of the these commitments are ongoing, Mr Choi says he has moved away from building schools and refocused his efforts on preparing Chinese students to compete in a globalised world. “In the past we just helped to rebuild schools, and students from these schools have done very well,” says Mr Choi, who also counts on advisors on the ground to advise him on the progress of each of the foundation’s projects and their impact.

However, just providing the infrastructure wasn’t enough. “What we then turned to,” Mr Choi says, “was the model of the education itself.” Despite their high level of subject proficiency, Chinese educators wondered why Chinese students were less innovative and creative than their American counterparts. Seeking an answer to this question, Mr Choi provided US$5m to fund research at Beijing Normal University and Michigan State University in the US. The result was a primary school curriculum that integrated the strengths of Eastern and Western educational practices.

“Because I am a businessman, I think relying on theory alone is not good,” says Mr Choi. So to test the model, he built the 3e (short for “explore, express, experiment”) International School in Beijing, which now counts children from 25 countries among its students. The school’s bilingual curriculum is also being implemented in a number of public schools in Michigan.

Mr Choi now aims to have his curriculum implemented all over China, a development that he believes would create a new class of globally-minded Chinese, prepared to compete in an international economy.

Doing well by doing good

Like Hong Kong and Singapore, the Philippines also has an established and vibrant non-profit sector and here too important donors are moving away from traditional chequebook giving to embrace strategic approaches to philanthropy.

One of these donors is the Ayala Foundation, the philanthropic arm of the Ayala Corporation and one of the country’s most famous philanthropic groups, with a history that dates back to the 19th century. However, Jaime Zobel Augusto de Ayala, chairman and chief executive of the Ayala Corporation and co-vice chairman of the Ayala Foundation, says he is not inclined to undertake traditional charity where money is simply given to a good cause. Scalable, market-oriented solutions, he believes, are far more effective at raising living standards in the Philippines.

“The scale and magnitude of socio-economic problems we face, particularly in a developing economy like ours, need more sustainable solutions to make a continuing and lasting impact to society,” Mr Zobel
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says. Businesses can be a transformational force in this regard. “Private investment capital, which is far more abundant and self-sustaining than aid or donations, can be more effective in reaching segments of the market that have the greatest need for basic goods and services.”

Mr Zobel’s approach reflects a second facet of “philanthrocapitalism,” which is that capitalism itself can be philanthropic by driving innovation, ultimately benefitting everyone. Mr Zobel’s mission as an entrepreneur, he says, is to bring to underserved communities products and services that both address their needs and allow them to create value for society.

With its considerable scope, the Ayala Group is able to do just this. In 2010 the Group’s bank and telecom business launched BPI Globe BanKO, a mobile microfinance bank that uses mobile phones to deliver financial services to poor groups across the Philippines. The Group’s water business, Manila Water, also launched a program, Water for the Poor (Tubing Para Sa Barangay), which has brought a 24-hour water supply to 1.5m low-income people. As a result they no longer have to queue for hours to purchase expensive vended water. Better still, it is a profitable venture—in 2010 Manila Water reported a record net income of almost PHP4bn (around US$93m).

“We have continuously aligned many of our business undertakings to the development goals of the nation,” says Mr Zobel. “Ultimately, it is also in our own interest to serve this segment of the market because businesses rely on healthy and dynamic societies to grow and thrive sustainably.”

Notwithstanding the focus on market-oriented solutions, the Ayala Foundation is still very much engaged in what Mr Zobel terms “pure corporate philanthropy”, but here too he places a high importance on a strategic, multi-stakeholder approach, which is key to achieving a significant impact. Mr Zobel points to one initiative to improve public education, the Gearing Up Internet Literacy and Access for Students project (Gilas), where private companies, local government and civic organisations have collaborated to connect 3,000 of the country’s 6,350 public high schools to the Internet. Gilas aims to connect 500 more this year. “No one enterprise or sector can do it alone,” says Mr Zobel.

An evangelist for the environment

Shi Zhengrong, founder and chief executive of Suntech Power, is perhaps China’s most famous example of the philanthrocapitalist principle of “doing well by doing good.” At the Suntech Power headquarters in Wuxi, about an hour and a half’s drive from Shanghai, no lights are switched on during the day. Visitors would be hard pressed to find a bottle of water or a paper cup, or much paper at all really. At closing time, somebody walks around making sure all electronics, computers included, have been turned off. The campus, which is 80% energy self-sufficient, is a model of environmentally sustainable design.

Sustainability is, of course in its DNA—Suntech is the world’s largest manufacturer of silicon solar panels and Dr Shi is an evangelist for the environment. “Because I got involved with solar at a very early stage, probably more than 20 years ago, I became one of the few people to know the crisis human beings are facing much earlier than most people.”

Like many of China’s rapidly expanding wealthy class, Dr Shi was born in humble circumstances, but he excelled academically, eventually earning a doctorate in electrical engineering from the University of New South Wales in Australia. The promise of US$6m from Wuxi authorities to found a solar company in their city lured him back to China, and in 2001 Suntech was born. Today, just ten years later, the firm has a
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As Dr Shi’s wealth has grown, so has his focus on philanthropy. Since 2006 Dr Shi’s donations have included US$5m to Al Gore’s Alliance for climate change protection, funding for renewable energy research for the University of New South Wales, and solar systems for schools in remote areas of Lebanon, Tanzania and Tibet.

But Dr Shi believes the best way to use his considerable influence is to raise awareness about the environment, particularly among decision makers, an effort that takes a lot of his time. “Many people ask if the reason I do it is because it somehow relates to the business. But actually, honestly speaking, I never saw it that way.”

Dr Shi says he is motivated instead by the worry that in 20 years the terms of the energy-policy debate—fossil fuels versus renewable energy—will not have changed. “I question whether any government has an overall energy plan for our children for the future,” he says. “Humans really need to think hard [about all these issues].”

Whether he considers the collateral benefits to his business of promoting his green agenda or not, he is perhaps the poster child in China for philanthrocapitalism— building a successful, immensely profitable business whose product can deliver material and environmental benefits to people all across the globe.

While it is hard to say with certainty that these cases are representative of an emerging and distinct Asian philanthropy, they are certainly leaders in their field and well positioned to inspire their peers to take up the cause. They also have in common a focus on the issues that tend to receive the most attention throughout Asia: education, healthcare and disaster relief—areas in which development is thought to have the greatest long-term beneficial effects, and for which a strategic approach is most vital. But they are also representative of the diversity of Asian philanthropists, with their differing approaches to and philosophies about giving.
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4. Conclusion: The future of Asian philanthropy

Despite the widening, deepening and maturing of philanthropy in Asia, there are challenges ahead in addition to some of the formidable ones already described above.

The first is that, as is often said, good intentions are not enough. While the rapid expansion of private giving in China may herald a new age of Chinese philanthropy, there is also a real risk of coordination failure.

The entrepreneurs who became rich thanks to their vision, dedication and persistence may tend to want to go it alone when it comes to tackling social problems. They might work in silos, and pursue their philanthropic agendas without collaborating with stakeholders who could allow them to magnify their impact.

“Lots of your high net worth individuals are control freaks,” says Ms Yuen of Give2Asia. “They always think that they can do better than the other groups.”

These are attitudes that could genuinely undermine the potential impact of emerging Asian philanthropy. Even in the West, in the words of one study, “demand for philanthropy advice is modest at best, and few donors actually receive professional advice about their giving. Good advice can help philanthropists to clarify their objectives.”

Because the field of philanthropy in general is immature in Asia, new philanthropists may be even less aware than others of the benefits of seeking input from advisors, experts and stakeholders.

It remains to be seen how long it will take for philanthropy to become a widely understood concept among Asia’s wealthy, and whether it will ever be one that is widely embraced. Asian philanthropists today can avoid the mistakes of the past by approaching problems with a clear plan and a willingness to be adaptable right out of the gate. Pioneers such as Jonathan Choi and Nellie Fong are leading by example.

Asia’s wealthy have an enormous opportunity ahead of them, and the signs are positive that they will both take up the mantle of philanthropy and endeavour to do so in a strategic, considered way.

Key points

- Despite good intentions, philanthropy in Asia is at risk of a failure of co-ordination, given some donors’ silo mentalities—especially newly wealthy entrepreneurs.
- Asia’s growing numbers of wealthy have the opportunity to take up the mantle of philanthropy in a strategic, considered and effective way.

Philanthropy can be a force multiplier for the economic development that has improved so many lives in Asia in recent years. Asian families have driven enterprise and innovation, turning Asian economies into some of the strongest in the world, and under their direction the future of philanthropy in Asia can be similarly bright.
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