

## **PHILANTHROPY IN THE ASIA PACIFIC:**

### **TRENDS, CHALLENGES AND OPPORTUNITIES**

**Presented by Rory Francisco-Tolentino, Chair, Asia Pacific Philanthropy Consortium at WINGSForum 2002, March 13, 2002, Sydney, Australia**

Ladies and Gentlemen, Good Morning. It is indeed an honor to have been invited to address you today, and I thank the WINGSForum organizers for that privilege.

I have been asked to speak about the state of philanthropy in the Asia Pacific region—its trends, challenges and opportunities. Before I do that, however, I wanted to introduce the Asia Pacific Philanthropy Consortium, the network which I chair. APPC is an informal network of like-minded organizations dedicated to promoting the flow and effectiveness of philanthropy in the region. It was founded about eight years ago, after a series of workshops on philanthropy in East Asia. At the last of that series held in Seoul in 1994, a group of us decided that beyond just talking about philanthropy, perhaps there was a need for a broader set of activities designed to promote the flow of philanthropy within the region and to the region.

APPC grew from a 7 person Executive Committee to now, an 18 person Governing Council, representing 13 countries. While it started with East and Southeast Asia, it now also covers South Asia, China, Hongkong, and Taiwan. APPC acts as a CATALYST, CONVENOR and NETWORK BUILDER to fulfill its mission to increase the quality and quantity of philanthropic giving within and to Asia by strengthening the institutional infrastructure and improving the operating environment for philanthropy and the non-profit sector.

**What have we done?** APPC has focused its efforts primarily at the level of policy development, human resource development and increased public understanding of the potential role of philanthropy in addressing significant national problems. Specifically, we have worked in four major areas:

The first area we have worked in is:

- Improving the legal and regulatory framework by sponsoring research and advocacy efforts in several countries. We published a book called Philanthropy and Law in Asia, covering the legal and regulatory framework for non-profit development in ten countries in East and Southeast Asia. A second book, Philanthropy and Law in South Asia, is currently under development.

The second major area of APPC work is in:

- Increasing public awareness and support by sponsoring an internet-based information service, research and conferences. The **Asia Pacific Philanthropy Information Network**, operated primarily out of the Australian Institute of Technology, right here in Sydney, hosts the service, and its website is [www.asianphilanthropy.org](http://www.asianphilanthropy.org). I hope you will have a chance to check it out, as it contains material on philanthropy efforts in most countries in the region, as well as research materials on the non-profit sector. We have also held regional conferences, the last one in Bali, Indonesia last year, in order to set the agenda for APPC work for the next three years.

The third area is in:

- Facilitating resource mobilization in and to Asia, by sponsoring research on resource mobilization strategies, training and by conferencing on networking. The research on resource mobilization strategies, primarily **Investing in Ourselves: Giving and Fundraising in Asia**, is about to be published by the Asian Development Bank, surveys individual giving in seven countries, and features over 100 case studies of non-profit organizations which have undertaken successful and innovative public fundraising projects.

APPC has also made

- Contributions to the development of organizational and human resources for philanthropic institutions in the region. We have encouraged and supported the efforts of institutions such as the Philippine Business for Social Progress, Venture for Fundraising and others, to offer regional training programs on a broad range of issues affecting the management and organization of non-profits. We have also initiated the cross study visits of new philanthropic institutions to other countries, to learn from more established philanthropies.

In preparing for our conference entitled **STRENGTHENING PHILANTHROPY IN THE ASIA PACIFIC: AN AGENDA FOR ACTION** which was held in Bali, Indonesia last year, representatives of philanthropic organizations from 11 countries held consultations and prepared reports on the state of philanthropic and the non-profit sectors in the region. These eleven countries were:

Australia

Korea

Bangladesh  
China  
Hongkong  
India  
Indonesia

Japan  
Philippines  
Taiwan  
Thailand

And we utilized a report on Indigenous Philanthropy in Pakistan that was commissioned by the Aga Khan Development Network.

Ladies and gentlemen, I am happy to inform you that indeed, **Philanthropy is alive and growing in the Asia Pacific Region!**

**What are some of the trends that we are seeing?**

We noted that in Asia Pacific, despite the economic downturn in the late 1990s, the philanthropic and NGO sectors have continued to grow.

In most of the countries that we looked at, it was clear that it was giving by individuals that registered continued growth. In this country for instance, within the 5 year period from 1994, the number of Australians who made gifts for charitable causes increased from 69% of the adult population to 74%. Individual volunteerism rose from 19% to 30% in the same years, and after the Sydney Olympics, this has probably risen even more significantly. In an Islamic country such as Pakistan, for instance, given the expectation of *zakah*, or a compulsory 2.5% giving, and where government deducts the *zakah* at source, individuals gave another 4 times as *voluntary zakah*. In Thailand, where 95% of the population is Buddhist, almost all Thai families gave an average of Bt 742/year to the Buddhist temples or to the projects of the Royal Family. In addition, Thai families earning \$500/month give an average of BT 30,000 a year in philanthropic contributions. In the Philippines, the giving level is about P1,250, much of it going to Churches or community associations. In Japan, a country which does not have a strong tradition of individual giving because of a very strong government presence, 77% of Japanese households claim to have given contributions for various charitable causes, this figure being higher than the U.S. average of 70%. And as Noshir Dadrawala reminded us yesterday, in India, the concept of *daana* or giving, dates back to the Vedic period, over 4,000 years ago.

In many countries in the region, deeply rooted traditions, cultural and religious beliefs in the importance of helping others has created a culture of individual giving to religious organizations, and to the needy.

In most of the countries in Asia Pacific, giving to religious organizations, whether temples, mosques or churches, is high. In Australia in 1997, religious organizations received 37.2% of all donations, while welfare organizations received only 17.3% of donations. In Indonesia, more than 90% of all individual giving is for religious organizations. Religious organizations in that country, as a matter of fact, are able to operate 100% from domestic funding sources, and raise 90% of their funds from the public.

However, in most of the countries we studied, the individuals who gave to religious organizations did not care where their donations went, did not demand accountability from these religious organizations. While giving in the name of religion is high, it was also relatively unstructured, with individuals preferring to support the needy in direct ways rather than through institutionalized mechanisms.

In other countries, however, the longtime dependence on the government has inhibited understanding of the importance of philanthropy and the role of the individuals vs. the government.

This is particularly true of countries such as China, where, since the takeover of the Communist Party in 1949, philanthropy all but disappeared. In China, until the 1980s, government was the sole source of revenues for welfare and charitable work. Since then, however, the state has begun to encourage diversification of revenues for social associations. The Chinese people, while more involved now than ever before in the past, still give their contributions mainly to organizations closely affiliated with government agencies.

In countries like Japan, on the other hand, it was only with the earthquake that happened a few years ago in Kobe that people began to realize that government, which had provided all these services for the longest time, was not as agile and versatile in responding to the needs of the victims as quickly as non-profits, and citizen associations.

The role of media is increasingly important in helping to create an enabling environment that encourages giving.

In more and more countries all over the region, it was felt that media was increasingly becoming more important in helping to create an atmosphere and awareness among citizens of the role of non-profits and of the need to help. This was felt in most countries where natural disasters struck, such as the Kobe and the

Taiwan earthquakes, when it was media that was used to appeal to individual giving. In the Philippines, the foundations affiliated with broadcasting and media corporations routinely use the media time and exposure that they have access to to raise funds for their programs and projects, as well as other projects that they wish to get public support for.

Intersectoral coalitions for causes and fund raising increasingly becoming preferred mode of engagement.

In countries such as Korea and Hongkong, institutional models are coming up that bring government, business and non-profits together to do major fundraising campaigns for specific causes—supporting environmental projects, women's projects, and others. The intersectoral cooperation mode is seen to be more desirable, both to raise funds and to raise public awareness for the causes that are supported.

In the Philippines, informal but sustained mechanisms such as the Trisectoral Conference on Governance and Development allow for the three sectors of state, market and civil society to continue the dialogue process in pursuit of a common agenda and priority action for the agenda.

Increasing interest of academe in NGO studies/rise of centers for the support and study of philanthropy/training of non-profit managers.

Because of the rising influence of non-profits in many societies in the region, the academic community has become much more interested in the study of non-profits and the study of philanthropy. In Australia alone, there are now two new academic institutions focused on understanding the non-profit sector—the Queensland University of Technology Center for Philanthropy and the Asia Pacific Center for Philanthropy and Social Investment at Swinburne University. The deans of business schools in East and Southeast Asia are looking into how to include more business ethics and corporate social responsibility courses into their curricula, hopefully to mainstream philanthropic initiatives into the training of business managers and future leaders of the business sector in the region. The University of the Philippines has opened up a Masteral Program on Voluntary Sector Management.

Innovations on developing financial sustainability mechanisms for NGOs

Financial sustainability for NGOs and the work that they do has been an ongoing discussion for at least ten years. While NGOs in many countries in the region

have relied heavily on funding from bilateral programs, or funding from foreign private foundations in the past, the fact is that in most countries, these traditional sources of funds are drying up. In some other countries, government, which had in the past, assumed the bulk of the financing for the work of citizen associations and non-profit institutions through contracts or purchase of services, have indicated that they are now unwilling or unable to finance this work in the degree that they have in the past. There has developed an urgent need for NGOs to find other sources of funds to continue the work that they do.

In the Philippines, the NGO community has been able to create a new grantmaking foundation with an endowment of P1.4 B through their involvement in the capital markets, and their purchase of P35 B in zero coupon bonds. The P1.4 B was their gain from the subsequent sale of the bonds on the secondary market. This has become quite controversial in the Philippines, and among others, has raised the issue of whether NGOs should be earning money by becoming players in the market. In other countries, the involvement of NGOs in commercial enterprises has created intense debate on the appropriateness and the capability of NGOs to manage both social service provision and commercial activities with equal dedication.

In other situations within the region, non-profits have begun to look at tapping remittances and donations from overseas citizens of their country, many of whom have expressed interest in supporting worthwhile projects in their hometowns or places of birth.

**Despite some of the good news that I have shared, there remain many challenges for the promotion and growth of philanthropy and the non-profit sector.**

A major challenge remains the improvement of

**The legal and regulatory environment for philanthropy**

While the legal and regulatory environment has improved in many countries in the region, we still have a long way to go to encourage more giving by individuals and by corporations. In Japan, for instance, despite the passage of the Non-profit Law as a result of government's recognition of the value of non-profit organizations, the fact is that it continues to be difficult for non-profit organizations to gain recognition from the government as a separate sector, as government continues to exercise undue control over non-profits. In Hongkong, because of government dominance as a major source or revenues for non-profits, government treats non-profits as subsidiaries rather than as partners. In

Bangladesh, while the government in general is positive in its relationship with non-profits, it is also becoming increasingly threatened by the fact that non-profit institutions now receive about 1/6 of official development assistance.

Government has not provided any tax exemption for income of non-profits and has not provided incentives for the corporate sector to make donations to non-profits. In China, because of the two- tiered registration and supervision by state agencies of non-profits or social associations, it has been extremely difficult for these institutions to be autonomous of government. In New Zealand, we learned yesterday in our regional group, there are no tax incentives for philanthropy.

In all countries, there is a need to **work with governments to create enabling environments**, including the enactment of laws that support the formation of NGOs and provide incentives to individuals, corporations and foundations to make donations.

Another challenge to our sector is

### Public Education

There is emerging a critical need to educate the public about what non-profits do and the causes that they work for. In a giving survey run in the Philippines, less than 50% of the respondents of the survey knew what NGOs were, nor were they familiar with the causes NGOs espoused, and the work that they did. In all the countries that were surveyed, a key challenge identified by philanthropic and non-profit leaders was the need to increase and to heighten public awareness of public goods causes, and the non-profit sector's role in responding to social needs on a sustained basis. While media has been identified as a potent tool for raising public awareness, media has done that in situations such as disasters. A long term relationship, and coverage by the media, of NGOs and their causes, has not happened in any country in the region. As there is a need to develop higher public awareness for philanthropy and its causes, non-profits have to be able to prove their added value and trustworthiness to the public.

There is also an increasingly felt need to develop a much bigger constituency among the public for NGO causes, as a way to promote philanthropy. Perhaps the mainstreaming of volunteerism in the school curriculum, the inclusion of business ethics and corporate social responsibility courses in business schools are good first steps to developing deeper cultures of giving in our societies.

There is a continuing need to **engage the media** as a means of promoting transparency and educating the public, creating greater awareness about the roles of the non-profit sector, government, individuals and corporations.

### Resource Mobilization

While there have been some examples of innovative ways to mobilize resources that have been identified and cited, there is a need to develop more innovative ways to find sustainable financing mechanisms. It is important to begin thinking “out of the box” and perhaps to use the skills and technical resources of other sectors, to help develop other, more viable ways to survive.

There is a serious need for NGOs to learn to raise resources from the public, and from individual giving, because, whether we like it or not, those traditional sources of funds we had relied on are dwindling, and indigenous philanthropy, and the value of communities responding to their own needs, is ultimately the long term solution to problems. The emergence of community foundations in New Zealand and Australia may be the institutional mechanisms for this.

In this light, there is a need to **link fundraising strategies, particularly as related to individual donors, to program activities.**

### Capacity Building

Philanthropic leaders in all the countries studies strongly advocate for programs and resources to improve NGO capacity. This longstanding need is reflected in non-profit organizations that often lack the business, leadership and planning, technological and coalition building capacity to impact social issues at significant scale. The typical types of capacity issues mentioned in the background papers included the need for philanthropic and NGO leaders to :

- Become both more strategic and more thoughtful about fundraising
- Create effective and independent minded governing Boards
- Hire well trained and professional staff with an understanding of business principles
- Improve technology systems
- Develop effective program assessment techniques to demonstrate the value of services to the public and to the government

There is a need to dramatically **improve the organizational capacity** of the NGOs and foundations throughout the region as a strategy for improving their

effectiveness and demonstrating value to external parties, at the same time creating a well trained pool of NGO and foundation leaders.

### Corporate Social Responsibility

In all of the countries studied, the potential for tapping corporate resources in a more systematic and effective way, was identified. However, NGOs have to be innovative and flexible in learning how to develop **strong business cases to unlock corporate resources**. Increasingly, for instance, “new wealth” philanthropists, while a potentially rich resource, are beginning to think of “venture philanthropy: as a more effective way of using their philanthropic monies. NGOs are going to have to learn to work with these donors in a more synergistic, more intimate way, with the donors taking a much more active role in the design and implementation of the projects, rather than the traditional donor-grantee relationships we have been used to in the past. In countries where models of relationships have been developed between the non-profit and the business sectors, business also begins to understand the language of the non-profits, and in the relationship, begins to develop a healthy appreciation of the value of non-profit work.

### Internal Governance of NGOs

In most of the countries studies, philanthropic and NGO leaders expressed the need for **internal reform** of NGOs and non-profits, to develop **self-regulatory mechanisms**. As NGO influence has grown and has become more pronounced in many societies in the region, and as NGOs have begun to utilize government funds and to do public fundraising, we have also come under increasing scrutiny, to hold our own governance systems up to the light. Board governance, financial transparency and accountability, program implementation and assessments of impact, and standards of behavior, are issues that hound the NGO sector in the region. Discussions in some countries have been initiated to either develop a code of ethics for the sector, or to develop self-regulatory mechanisms. In the Philippines, the largest coalitions of NGOs have had a Code of Ethics, and a Covenant for Development, that has bound the members of these networks, and an Ethics Commission has been created to handle issues that have arisen with regard to upholding the Code of Ethics.

The NGO community in the Philippines has also created, with a mandate given by the Department of Finance of the Republic of the Philippines, the Philippine Council for NGO Certification or PCNC, a self-regulating mechanism that

certifies governance, financial management and accountability and programs of non-profits in order for them to get Donee Institution status, and for their donors to be able to get tax deductions on their contributions. This mechanism is increasingly being seen by foreign and corporate donors as a viable mechanism to vet NGOs they wish to give donations to.

For the NGOs, PCNC certification serves as a benchmark for good governance for the sector. Discussions are underway in some other countries for some of the same types of mechanisms.

### Creation of Stronger Partnerships

In the different countries studied, there is a strong need to **create and continue to create partnerships among government, NGOs, corporations and academic institutions**, ultimately, in order for all these sectors to become more skilled in synergizing efforts for the public good. It is also a challenge to find opportunities to create stronger **partnerships across borders**, in the same way that the Community Chest of Hongkong helped create the China Charities Federation, now the only umbrella organization of social associations in China, an organization which hopefully, will have the capacity to raise funds from the public in China as well as Community Chest and United Way have done in Hongkong.

### **In all of this, what are the opportunities to promote philanthropy in the region?**

Yesterday, in our regional grouping, I asked the people around the table what the challenges and opportunities were in their countries, and it surprised me that most of them phrased their answers as challenges. Indeed, depending on our attitude, challenges can be transformed into opportunities, and in the philanthropic sector, I believe there are many.

When I look at the surveys on giving, I think one of the distinct opportunities is to look at the givers in each country and study their motivations, their patterns of giving more deeply. Specifically, there is an opportunity to capture the resources that come out of individual giving, religious giving and diaspora giving.

There is also an opportunity to undertake a more long term public awareness and public education campaign by working more systematically with the media to enable the media to understand the causes and the value of non-profit work. Work with volunteers helps to develop a constituency for our causes, thereby deepening the philanthropic culture in our countries.

A further opportunity is to begin building the technology capacity of NGOs to use information technology for fundraising. As more and more societies become more adept at using information technology for almost everything, NGOs have the opportunity as well to be able to use the technology both to promote their work, their causes and at the same time to raise funds.

Another important opportunity is to develop more innovative ways to encourage greater corporate support for NGOs. Working with business in trisectoral or multisectoral concerns and social problems, working with them in public fundraising campaigns, working with business around venture philanthropy initiatives, are all very good ways to get business to know the non-profit sector better, and to be able to mutually enrich the process of dialogue.

**As I participated in the discussions and activities of the last few days, I was struck by the level of energy and interest and commitment all the participants had. It was obvious that this work is taken seriously by all of us. And yet, perhaps the most touching session for me was the Panel on Current Issues in Australian Philanthropy. The presence and perspectives of the Indigenous Peoples reminded me of how many urgent and critical issues we are all facing—within our countries, in our regions and throughout the world—issues of inclusion, of social justice and of human rights--- and it came home to me that this is what we are all working for—as we develop ways to improve the environment for giving, what we are ultimately looking for is solutions that come from all of us, working in community and as communities, and guided by the vision of all peoples, living together in equality, and with equity.**

Thank you and Good Day!

