

# Philanthropy in Asia

## Its changing face and evolution.

by Naina Subberwal Batra



Over the last two decades, personal wealth across Asia Pacific has seen around a 70 percent net increase.<sup>1</sup> The region now has the fastest growth of ultra-high-net-worth-individuals (UHNWIs), more than any other continent in the world.<sup>2</sup> Given its exponentially growing population with associated social and economic issues, it is more important than ever for Asian philanthropists to lead the way. At the same time, as more Asian countries move into the middle-income bracket, development institutions are shifting their funding away from Asia to other more ‘deserving’ countries. With several Asian governments unable to step up and fill the gap, there is an urgent need for philanthropists and private wealth players to do so. After all, the privilege of being a philanthropist is the ability to take risks on programmes that have been untested and provide upfront capital for innovation that holds the potential for systemic change.

Asia has only one third of the social investors that the US or Europe has, despite having a population four times more than the combined population of the latter. Hence, we should be able to do much better. If Asians were to donate the equivalent of two percent of their gross domestic product, more than US\$580 billion worth of resources would become available.<sup>3</sup> This represents 12 times the net foreign aid and nearly 40 percent of the additional US\$1.5 trillion that we need to spend as a region to achieve the United Nations Sustainable Development Goals (SDGs) by 2030.

### EMERGING TRENDS IN ASIAN PHILANTHROPY

We believe that the COVID-19 pandemic has pushed at least 75 million more people in developing Asia into extreme poverty as of 2021,<sup>4</sup> compared to what would have happened without the pandemic. This is a time when hidden cracks are surfacing, not just in healthcare systems, but also in supply chains and gender norms. When women and girls are empowered, we not only achieve gender equality but also accelerate the adoption of solutions to accomplish the rest of the SDGs, including access to education, poverty alleviation, climate change, and more. Asian philanthropists have started

to lead the way to address these issues, and some of the emerging trends we see are highlighted below.

#### Greater awareness of the importance of giving

The pandemic motivated many philanthropists—including first-time ones—to give. But philanthropy has to be a strong part of civil society at all times, not just in emergency situations. Philanthropists have shown during this pandemic that they are willing to not only take risks and step out of their comfort zones, but also to go beyond programmatic funding and look at root causes, thus transforming the value chain in the process.

Even in the best of cases, philanthropic capital tends to make up a very small proportion of a person’s wallet. No matter how rich or generous the philanthropists are, most of their money is spent outside of philanthropy. So, if we do not look closer at tapping into the rest of their portfolio, say 95 percent of that individual’s income, then we will always be reliant on the five percent to create social impact. It is therefore encouraging to see how some philanthropists, especially the UHNWIs, are looking at how they invest. They now scrutinise their investments through a social or environmental lens.

#### Rising importance of climate change

We are seeing a lot more interest from philanthropists in tackling climate change and funding nature-based solutions, which we had not seen before. Before the pandemic, we found that our members funded the following key areas in descending order of importance: education, health, livelihoods, gender, and youth empowerment. Climate came in at number six. That has changed: climate has now become much more important.

#### Rise of blended finance

Blended finance structures—models that combine public or philanthropic capital with private sector funds—not only provide an option to expand the pool of accessible funding, but also attract private investors with varying return expectations to participate in social financing. In Asia

today, climate finance is a particularly promising area for blended finance projects, with China, India, and Japan leading the call for more renewable energy solutions.

There has been a recent uptick in interest across different groups in blended finance. One example is the Hong Kong-based RS Group, a family office which launched what it calls a natural capital design funding window in partnership with Convergence, an Indonesia-based venture capital firm. Grantees get funding to conduct feasibility studies to provide proofs of concept for blended finance solutions across Asia, which look at supporting upstream solutions that protect natural ecosystems and resources. In Singapore, for instance, they have explored ways to increase employment and education among youth at risk.

#### The emergence of intertwined issues

As philanthropists uncover and target root causes, and become more willing to innovate, they are increasingly funding efforts aimed at the intersection of issue areas. For example, the Tanoto Foundation is primarily committed to funding education and has done a lot of good work in partnership with the Ministry of Education in Indonesia. But it has recently extended its focus to include nutrition, after concluding that nutrition and education are intimately intertwined. It is therefore looking at not just funding education, but also working with partners that are funding nutrition to examine interwoven themes and issues.

In fact, nutrition is one of the least funded sectors in the world, even in Asia where the number of children suffering from malnutrition-related stunting issues in their first three years of life is among the highest in the world. In September 2021, the Bill & Melinda Gates Foundation announced a commitment of US\$922 million over the next five years to improve global nutrition, stating that “the foundation will continue to invest in proven approaches to improve nutrition for the world’s most vulnerable, including a focus on the 1,000-day window of opportunity from conception through age two.”<sup>5</sup>

### ASIAN PHILANTHROPY NEEDS TO EVOLVE

There are two key issues for Asian philanthropists to address: the quantum of capital that flows towards impact, and how the money gets there. At the beginning of this article, we made the point regarding the relative lack of giving in Asia versus the US and Europe. That is not to say that we do not give. If you look at the ‘giving’ or ‘doing good’ indexes compiled around the world, Asian countries come up among the top annually.

As Asians, we have been giving our whole lives; for example, we give to temples, we give to mosques, we give to churches.

But while Asians do give, we do not give—not yet anyway—in structured or systematic ways. Giving continues to be ad hoc. One day, it may be helping children to return to schools; another day, it could be supporting the homeless following a typhoon in the Philippines. So it is not something that produces recognisable change on the ground.

At the same time, the effectiveness of the capital that is deployed is diminished by the fact that wealth holders continue to define the agenda. Given the complex issues this region faces, we must have a more inclusive and equitable approach to philanthropy. If there is anything we have learned from the West, it is this: how do we include the voices of the end-beneficiaries that this philanthropic capital is meant to reach? How do we include their voices on the table? Unless we do that, we can never address the root cause of the issues that manifest in the symptoms that we see on the surface.

Finally, we need to talk about what is currently an abused word: ‘partnership’. Philanthropists are not the ones going out and making change happen; it is the organisations that are doing that on the ground. We are now seeing more funders rethinking the way they define collaboration. It is less about ‘what I can achieve’ and more about ‘what we can achieve together’. This enables philanthropic collaborators to develop more effective solutions to address complex problems that no single funder will be able to accomplish alone.

Philanthropy needs to go beyond transactional relationships to adopt a more transformational approach, built on the premise of trust, empathy, and deeper connections. When Asia’s philanthropists are able to do so, they will be in a strong position to usher in a new era of giving. 

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#### Endnotes

- <sup>1</sup> Net wealth per adult, as derived from the Global Wealth Databook 2021. The figure does not consider inflation. Credit Suisse, “Global Wealth Databook 2021”, 2021.
- <sup>2</sup> From 2016 to 2021, Asia’s UHNWI population grew by 99.5 percent and that of Australasia increased by 126.7 percent, according to The Wealth Report 2022. Knight Frank, “The Wealth Report 2022”, 2022.
- <sup>3</sup> The Centre for Asian Philanthropy and Society, “Doing Good Index (DGI2020)”, June 17, 2020.
- <sup>4</sup> Asian Development Bank, “COVID-19 Threatens Asia and Pacific’s Progress on SDGs, ADB Data Show”, August 24, 2021.
- <sup>5</sup> The Bill & Melinda Gates Foundation, “The Bill & Melinda Gates Foundation Commits \$922 Million to Advance Global Nutrition to Help Women and Children”, September 23, 2021.