



**NUS**  
National University  
of Singapore

asia  
Centre for  
Social  
Entrepreneurship &  
Philanthropy

# **Corporate Philanthropy in Asia**

## **Innovations that Unlock the Resources of Business for the Common Good**

Entrepreneurial Social Finance in Asia: Working Paper No. 5

**Rob John  
Audrey Chia  
Ken Ito**

*May  
2017*

*acsep: knowledge for good*

## ACSEP

The Asia Centre for Social Entrepreneurship and Philanthropy (ACSEP) is an academic research centre at the National University of Singapore (NUS) Business School, staffed by an international multi-disciplinary research team. Formally established in April 2011, the centre has embraced a geographic focus spanning 34 nations and special administrative regions across Asia.

ACSEP aims to advance understanding and the impactful practice of social entrepreneurship and philanthropy in Asia through research and education. Its working papers are authored by academia and in-house researchers, providing thought leadership and offering insights into key issues and concerns confronting socially driven organisations.

For full details of ACSEP's work, see <http://bschool.nus.edu/acsep>

## ABOUT THE AUTHORS

### Rob John

Rob John is visiting senior fellow at the Asia Centre for Social Entrepreneurship & Philanthropy, NUS Business School. His research interest is entrepreneurial models of social finance in Asia. John was trained as a synthetic organic chemist, receiving his PhD from Oxford University, followed by research posts at universities in the United States, Switzerland and Ethiopia. Following a career spanning 15 years in international development, he directed an Oxford-based venture philanthropy fund. From 2005 to 2009, John was the first visiting fellow at the newly established Skoll Centre for Social Entrepreneurship at the University of Oxford's Said Business School, researching the development of venture philanthropy in Europe. John was the founding executive director of the European Venture Philanthropy Association, and in 2010 co-founded the Asian Venture Philanthropy Network to build a community of venture philanthropy practitioners serving Asia's social entrepreneurs.

Email: [rob.john@nus.edu.sg](mailto:rob.john@nus.edu.sg)

### Audrey Chia

Audrey Chia is associate professor at NUS Business School, with a joint appointment at the Saw Swee Hock School of Public Health. Using leadership and change as theoretical foundations, she studies how social and health problems can be addressed by social entrepreneurship and innovative philanthropy. She directs the NUS Initiative to Improve Health in Asia (NIHA) Healthcare Leadership Programme for senior leaders in the public, private and NGO sectors across Asia. Chia has served as invited expert on social entrepreneurship, philanthropy, innovative financing and inclusive growth at meetings of the Asian Development Bank, OECD, United Nations and the European Union. Her work has been presented at conferences of the Academy of Management, the Integrated Care Foundation and the World Health Summit. Her work on social entrepreneurship was published in JAMA and her report on philanthropy was published by ADB and cited by the United Nations.

Email: [bizchiaa@nus.edu.sg](mailto:bizchiaa@nus.edu.sg)

## **Ken Ito**

Ken Ito is project assistant professor at the Graduate School of Media and Governance at Keio University in Tokyo, Japan. He spent 10 years in the private sector. His last position was with GE Capital before he joined the Institute for Strategic Leadership (ISL) to launch the Center for Social Innovation to promote social innovation through its leadership training programmes. Ito has been teaching at Keio University as lecturer since 2012 and has conducted research programmes as project assistant professor from April 2016. He also works for the Asian Venture Philanthropy Network as regional head (East Asia). Ito is the founding executive director of SROI Network Japan which he established in 2012.

Email: itok@sfc.keio.ac.jp

## **ACKNOWLEDGEMENTS**

We are particularly grateful to the many individuals listed in the appendix who generously gave their time to be interviewed face-to-face, by telephone or email, and reviewed drafts of our case studies. We benefitted from helpful discussions with Pauline Tan, Roshini Prakash-Nair and Arthur Gautier.

ISBN: 978-981-11-2708-3 (e-book)



## OPEN ACCESS

## SOME RIGHTS RESERVED

Copyright 2017 National University of Singapore. Some Rights Reserved – see copyright licence for details.

As the publisher of this work, the Asia Centre for Social Entrepreneurship and Philanthropy has an open access policy which enables anyone to access our content electronically without charge.

We want to encourage the circulation of our work as widely as possible without affecting the ownership of the copyright, which remains with the copyright holder. Users are welcome to download, save or distribute this work electronically or in any other format, including in foreign language translation without written permission subject to ACSEP's open access licence.

Please read carefully and consider the full licence. The following are some of the conditions imposed by the licence:

- The Asia Centre for Social Entrepreneurship and Philanthropy and the author(s) are credited.
- ACSEP website address ([bschool.nus.edu/acsep](http://bschool.nus.edu/acsep)) is published together with a copy of this policy statement in a prominent position.
- The text is not altered and is used in full (the use of extracts under existing fair usage rights is not affected by this condition).
- The work is not resold.
- A copy of the work or link to its online usage is sent to the address below for our archive.

Copyright Department  
Asia Centre for Social Entrepreneurship and Philanthropy  
NUS Business School BIZ2 Building  
#05-13, 1 Business Link  
Singapore 117592  
Tel +6516 5277  
Email: [acsep@nus.edu.sg](mailto:acsep@nus.edu.sg)

You are welcome to ask for permission to use this work for purposes other than those covered by ACSEP's open access licence.

ACSEP circulation licence is used with permission from Skoll Centre for Social Entrepreneurship's Open Access Licence, adapted from the 'attribution/no derivatives/non-commercial' version of the Creative Commons licence.

To find out more about Creative Commons licence, go to [www.creativecommons.org](http://www.creativecommons.org)

# TABLE OF CONTENTS

<b>CHAPTER 1:</b>	<b>INTRODUCTION</b>	<b>7</b>
<b>CHAPTER 2:</b>	<b>CORPORATE PHILANTHROPY</b>	<b>14</b>
<b>CHAPTER 3:</b>	<b>GRANTS</b>	<b>18</b>
	SAMMAAN (INDIA)	20
	DASRA (INDIA)	22
<b>CHAPTER 4:</b>	<b>SKILLS-BASED VOLUNTEERING</b>	<b>26</b>
	OLSWANG (SINGAPORE)	32
	ASIAN CHARITY SERVICES (HONG KONG)	34
	CONJUNCT CONSULTING (SINGAPORE)	37
	TOOLBOX INDIA	38
	<b>NONPROFIT TRACK</b>	<b>42</b>
<b>CHAPTER 5:</b>	<b>GIVING CIRCLES</b>	<b>43</b>
	THE FUNDING NETWORK (AUSTRALIA)	46
	MITSUBISHI UFJ RESEARCH AND CONSULTING (JAPAN)	47
	UBS 20/20 SOCIAL IMPACT LEADERS GROUP IMPACT CIRCLE INITIATIVE (HONG KONG)	49
<b>CHAPTER 6:</b>	<b>PERFORMANCE-BASED FUNDING – IMPACT BONDS</b>	<b>51</b>
	EDUCATE GIRLS DEVELOPMENT IMPACT BOND	56
<b>CHAPTER 7:</b>	<b>VENTURE PHILANTHROPY</b>	<b>60</b>
	EDELWEISS GROUP & EDELGIVE FOUNDATION (INDIA)	62
	ADM CAPITAL FOUNDATION (HONG KONG)	67
	NONPROFIT INCUBATOR (SHANGHAI)	70
	<b>ENTERPRISE TRACK</b>	<b>73</b>
<b>CHAPTER 8:</b>	<b>AWARDS AND COMPETITIONS</b>	<b>74</b>
	THE ASIA SOCIAL INNOVATION AWARD	76

<b>CHAPTER 9:</b>	<b>ENTERPRISE PHILANTHROPY</b>	<b>79</b>
	SHELL FOUNDATION	81
	DBS (SINGAPORE)	83
<b>CHAPTER 10:</b>	<b>ACCELERATORS AND ANGELS</b>	<b>87</b>
	SINGTEL FUTURE MAKERS (SINGAPORE)	90
	INDIAN ANGEL NETWORK – IAN IMPACT	92
<b>CHAPTER 11:</b>	<b>CORPORATE VENTURE CAPITAL</b>	<b>95</b>
	CLEARMEDI HEALTHCARE (INDIA)	98
	PEARSON AFFORDABLE LEARNING FUND	100
<b>CHAPTER 12:</b>	<b>BUSINESS PROCESS OUTSOURCING (BPO)</b>	<b>103</b>
	HONG KONG BROADBAND NETWORK	105
<b>CHAPTER 13:</b>	<b>CREATING SHARED VALUE</b>	<b>108</b>
	GODREJ GROUP (INDIA)	110
	AYALA CORPORATION (PHILIPPINES)	113
<b>CHAPTER 14:</b>	<b>CONCLUSIONS AND RECOMMENDATIONS</b>	<b>118</b>
	<b>REFERENCES</b>	<b>127</b>
	<b>LIST OF INTERVIEWEES</b>	<b>130</b>
	<b>GLOSSARY</b>	<b>132</b>

## LIST OF BOXED TEXT

Box 1:	TFN's Crowdfunding Process	46
Box 2:	ADM Capital Foundation's Approach & Impact	70
Box 3:	UBS Social Innovators	89
Box 4:	iEnterprise – A Sustainable Work Integration Social Enterprise	107
Box 5:	Good knight Fast Card	113
Box 6:	Godrej ChotuKool Refrigerator	114

## LIST OF FIGURES

Figure 1:	Three Forms of Corporate Philanthropy	14
Figure 2:	Carroll's CSR Pyramid	15
Figure 3:	Simplified SIB Structure	52

## LIST OF TABLES

Table 1:	Asian Companies by Total CSR Spend	17
Table 2:	A Typology of Volunteering Models	25
Table 3:	Overview of Volunteering Exemplified by Our Case Studies	28
Table 4:	Representative Giving Circles in Asia	44
Table 5:	DIB Participants	57
Table 6:	DIB Payments	58
Table 7:	A Selection of Social Enterprise Awards in Asia with Corporate Involvement	78
Table 8:	Examples of Investments by DBS Foundation	85
Table 9:	IAN Impact Investments During First Year of Operations (2013 - 2014)	94
Table 10:	Sectors of Interest to Corporate Venture Capital and Impact Investors	96
Table 11:	PALF Portfolio Investments in Asia	102
Table 12:	Examples of Corporations' CSV Programmes	109
Table 13:	Godrej Good & Green Targets and Products	112



# Chapter 1: Introduction

---

## Entrepreneurial Social Finance in Asia

This is the fifth in a series of working papers on Entrepreneurial Social Finance (ESF) in Asia. We introduced the term ESF to capture a growing number of financing models that focus on providing capital and non-financial support to social entrepreneurs and entrepreneurial social ventures.

ESF is a canopy of practices that include venture philanthropy and impact investing, characterised by an investment-minded approach that is focused on helping build a well-managed, resilient organisation rather than supporting its discrete projects. Venture philanthropists and impact investors actively work alongside an organisation's management team, providing technical advice and mentoring as well as finance.

Previous working papers have examined the ESF ecosystem in overview and some of its components in more depth.

- The emerging ecosystem of entrepreneurial social finance in Asia (John, 2013) describes the ecosystem as a marketplace for social finance comprising the supply of and demand for capital, intermediation and a policy environment.
- Innovation in Asian philanthropy (John, Tan, & Ito, 2013) explores the development of contemporary philanthropy in Asia through the lens of innovation in three areas: entrepreneurial philanthropy, strategic philanthropy, and the philanthropy ecosystem.

- Virtuous circles: New expressions of collective philanthropy in Asia (John, 2014) examines the innovation of giving circles by documenting 35 circles in eight Asian countries.
- Asia's impact angels: How business angel investing can support social enterprise in Asia (John, 2015) reports on angel investing for social impact in four Asian countries.

Social enterprise is generally described as an organisational form that seeks to deliver positive social impact through the mechanism of a trading activity. By contrast, traditional nonprofit organisations are not primarily centred on trading activity and typically create social value by donating a subsidised good or service, or undertaking an activity such as advocacy without payment from beneficiaries. In our studies we are disinterested whether social value is created by a social enterprise or a nonprofit, viewing both broad approaches as legitimate and appropriate channels of public benefit.

We see social entrepreneur as an individual with the skill, outlook and ability to build an organisation that creates social value. The entrepreneur's choice to use the medium of a social enterprise or a nonprofit to deliver impact is generally pragmatic and situational rather than ideological. Even so, the potential for a business to deliver impact sustainably through trading without the long-term need for grant subsidy is a compelling reason to explore the trading model when building an organisation that seeks to have social impact.

## The Framework for this Study

The early stages of developing an idea into a viable business (whether an explicitly social or purely commercial enterprise) are fragile and usually rely on access to soft funding including family and friends, personal savings, concessionary loans, enterprise grants and awards, or business plan competitions.

Subsidy through grants is a vital source of funds for both social enterprises and nonprofits in the conception and infancy stages. We found that much of the support came from grants and volunteering that did not distinguish whether an initiative was structured as a nonprofit or a social enterprise. The financial, human and intellectual resources offered by grantmakers and volunteers in these case studies can be just as easily absorbed and applied by charities or business-orientated ventures.

Figure 1 (found in Chapter 2 of this working paper) represents the framework for this study of the role of the corporation in Asian entrepreneurial social finance. It illustrates the shared funding pathway for social enterprises and nonprofits in their early stages until their separation into what we describe as enterprise and nonprofit tracks.

Throughout our series of studies, our working definition of philanthropy has been the deployment of financial and human capital for primarily social impact. Therefore the sharing of skills and know-how and volunteering time are as much acts of philanthropy as giving a grant; venture philanthropy and related models emphasise the synergy of combining finance and non-financial advisory support in support of nonprofits and social enterprises.

In previous studies in this series we saw how a diverse range of players provided resources in the philanthropy ecosystem, including individuals, collectives, family and private grantmaking foundations, angel networks, governments and corporations. In this study we have chosen to explore, with sharper focus, how the corporation, as an actor in the philanthropy ecosystem, is being influenced by innovations in philanthropy and the inexorable rise of the social enterprise as a creator of social value.

## Structure of this Paper

The constraints of a working paper study mean that we can only point towards what we consider interesting developments and innovations, and illustrate through short case studies. After an opening chapter on the language and practices of corporate philanthropy, we examine the use of grant and volunteering for both nonprofit organisations (nonprofits) and social enterprises at their very earliest stages of development. In Chapters 5 to 7 we look at corporate philanthropy along the nonprofit track where the primary focus of support is towards charitable organisations. In Chapters 8 to 12 we examine how corporate philanthropy and related commercial practices support primarily social enterprises that use a trading model to create social value. Chapter 13 describes a model of the corporate where commercial and social value are integrated in creating shared value. Finally, in Chapter 14, we conclude this working paper with a summary of topics we believe warrant further study.

## Chapter 2: Corporate Philanthropy

Our report begins with an introduction to the terminology and general practices of corporate philanthropy and corporate social responsibility (CSR) in an area where language can be confusing or contested. Corporate businesses have long engaged with communities and wider society to fund charitable causes, sponsor art, culture or sport, or facilitate volunteering. The place of the corporate in society is in a state of flux after successive crises in financial services, changing public attitude towards the extractive and petrochemical industries, and other shocks or trends that continue to challenge the practices of capitalism around the world. We examine the terminology and general practices of corporate philanthropy by drawing on a thorough and timely review of academic literature by French researchers.

## Chapter 3: Grants

Grants are the mainstay of traditional corporate philanthropy as they are for institutionalised philanthropy in general. All the corporations mentioned in this report use grants to a greater or lesser degree in their corporate philanthropy. We present, from India, two case studies that exhibit innovations in corporate grantmaking.

The Bombay Stock Exchange – Asia’s oldest trading platform for public equities – is at the cutting edge of support for the Indian nonprofit sector. The 2013 Companies Act requires qualifying Indian corporations to allocate two percent of their average next profits to CSR activity, which provided the exchange an opportunity to help its listed members identify pre-selected Indian nonprofit organisations. Sammaan was created as a platform, analogous to an exchange, where pre-selected nonprof-

its could be listed for potential support by member corporations of the Bombay Stock Exchange.

In the second case study, the Indian philanthropy and social entrepreneurship intermediary, Dasra, has encouraged corporate partners to participate collaboratively in addressing highly intractable and complex social issues. Dasra’s interventions are preceded by rigorous sector research, with research grants provided by corporate foundations such as Godrej or Bank of America Merrill Lynch. Dasra Girl Alliance illustrates that corporate foundations have an important role to play in providing the funding for research and can contribute effectively in collaborative alliances.

## Chapter 4: Skills-based Volunteering

It is now commonplace in the corporate environment to find corporate employers encouraging staff to offer their time (or the company’s time) and skills for charitable activities. In Singapore a third of individuals who regularly volunteer do so through their workplace. While much volunteerism comprises low-skill activities such as street fundraising, decorating, or environmental clean-up campaigns, the advent of more strategic approaches to philanthropy is leading to models of volunteering that utilise the core business skills of employees to support nonprofit capacity.

This study broadly categorises skills-based volunteering as direct or intermediated. In the direct model a business manages the volunteer programme itself, as we saw with the law firm Olswang during the launch of its Singapore practice. Employees at Mitsubishi URJ Research & Consulting (see Chapter 5) provide free consulting to nonprofits they select. Edelweiss Group (see Chapter 7) leverages executive business skills to complement the venture philanthropy approach of the company’s

foundation. Hong Kong Broadband Network (see Chapter 12) is strategically focused on supporting social enterprises in Hong Kong with a variety of interventions, including skills-based volunteering.

Volunteering can also be intermediated by specialist organisations that match individuals with business skills to nonprofits seeking support. The case studies of Asia Charity Services in Hong Kong and ToolBox India illustrate this brokering of skills by intermediaries. Conjoint Consulting in Singapore began as a university-based scheme through which students offered consulting for nonprofits. It has now developed an innovative hackathon for social good through which a team of corporate employees work intensively with a nonprofit on critical problem solving.

All of the companies we interviewed and profiled for this study have staff volunteering programmes of one sort or another as this form of community engagement grows in popularity.

## **Nonprofit and Social Enterprise Tracks**

For the purpose of this study we suggest that nonprofit organisations and social enterprises separate into two tracks for their organisational development beyond the stages of awards, small grants, and volunteering programmes. We are interested in how corporates support traditional nonprofits with grants, sometimes adding value with skills-based volunteering, as well as how they support social enterprises from early stage to late stage business development.

### ***Nonprofit Track***

On the nonprofit track we examine the funding initiatives of corporate donors that are largely focused on charitable, nonprofit organisations beyond the earliest stage of their growth and

development. Finance is provided using grants and some of the initiatives also involve skills-based volunteering. This track will draw from case studies on giving circles, impact bonds and venture philanthropy.

## **Chapter 5: Giving Circles**

In an earlier study in this working paper series, we examined collective philanthropy, explaining how individuals pool donations and together choose nonprofits to support. We revisit the model in this paper to explore how corporations are supporting giving circles and live crowdfunding events. Giving circle members are often from the corporate sector, but act in an individual capacity. The Funding Network Australia is a unit in a global network of giving circles that raise money for nonprofits at crowdfunding events and has configured the way it works to provide philanthropic opportunities for corporate businesses. MURC is the research arm of Japan's largest financial services group and has organised its corporate giving by adapting the giving circle methodology to offer corporate donations and employee volunteering. Working with UBS Optimus Foundation, a group of next generation Asian philanthropists convened the UBS 20/20 Group Impact Circle Initiative.

## **Chapter 6: Performance-based Funding – The Development Impact Bond**

Traditional grantmaking, in the corporate sector or generally, does not link operational performance to the release of funds. Funding based on performance requires both a relatively high engagement in the project on the part of the funder and contractual arrangements that measure continuing performance against agreed metrics.

Social Impact Bonds (SIBs) were developed in the United Kingdom over the last 10 years as a novel outsourcing mechanism through which national

or local governments commission nonprofits and social enterprises to provide social services. The bonds are an example of performance-based payment by success and seek to encourage the flow of private capital into the provision of public service. While SIBs have since been launched in other developed economies, they are still being evaluated and their permanence on the funding landscape is unclear.

The Educate Girls Development Impact Bond is an early attempt to adapt the social impact bond methodology for international development projects. One of the key players in this complex funding model benefitting Indian girls is the corporate-linked grantmaker UBS Optimus Foundation.

## **Chapter 7: Venture Philanthropy**

Venture philanthropy is a high engagement investment-minded approach that provides a mix of grants and non-financial advisory to promising nonprofits that are scaling their operations. We profile two young financial services companies that adopted venture philanthropy as the preferred tool of their corporate foundations. The case studies of Edelweiss Group in Mumbai and ADM Capital in Hong Kong illustrate how entrepreneurial companies such as these two feel a close affinity with the venture philanthropy model. Nonprofit Incubator was the first intermediary to use the venture philanthropy model to build a more robust nonprofit sector in China.

## ***Enterprise Track***

Along the nonprofit track, we explore charitable organisations whose operating model predominantly requires subsidy and where little to no revenue is generated from a trading activity. Along the enterprise track we present case studies of corporate involvement with organisations that seek to create intentional social value through a revenue-generating business model.

## **Chapter 8: Awards and Competitions**

The funding and recognition that come from participating in and winning a business plan competition are often the first institutional support a social entrepreneur receives. While corporations are seldom the organiser of venture awards and business plan competitions, they are often keenly involved as sponsors, funders and providers of coaching support. The Hong Kong-based Asia Social Innovation Awards organise a selection weekend for social entrepreneurs competing in the annual award scheme. The centrepiece of the weekend is intensive training and coaching from the staff of private equity firm CVC, which is a tangible contribution of business skills in the competition process.

## **Chapter 9: Enterprise Philanthropy**

Beyond award funding and before an enterprise becomes attractive to investors, it will require continued access to grant funding. Enterprise philanthropy was described by Monitor Institute as providing “grants and non-financial support to help an enterprise progress from design stage to the point where it is ready to embark on scaling up.”

The strategic use of grants is critical to help young enterprises grow to the point where they are deemed investable by socially motivated and commercial investors. This chapter highlights enterprising grant funding by two corporate foundations – Shell Foundation and DBS Foundation.

## **Chapter 10: Accelerators and Angels**

Accelerators move beyond the benefits to social enterprises of one-time and short-lived awards to a prolonged and intense period of support that mixes grant finance and skilled input from training and coaching. Our case study on Singtel Future Makers explores how a major telecom corporation is accelerating the prospects of a cohort of social ventures and helping build a more effective enterprise ecosystem.

Business angel investing is useful, and often critical, when early stage commercial enterprises grow beyond the realm of enterprise grants but before they are attractive to venture capital funds. Angel investors are typically high-net-worth individuals with business acumen and the experience of growing small companies.

In the previous paper in this series we reported on the potential for angel investing in Asian social enterprises. By definition angel investors are individuals, not corporations, even when acting in networks. But almost all angels have strong corporate backgrounds as business builders or senior corporate employees. Here, we reproduce our case study on IAN Impact, the impact investing group within India's oldest and largest business angel network.

## **Chapter 11: Corporate Venture Capital**

Corporations may operate their own investment funds for financing innovations within the company (corporate venturing) or externally in early stage enterprises that are aligned strategically with the corporation's current or future interests (corporate venture capital). Such investments are usually driven to the design of new products or services, or it may help a company break into new consumer segments or geographical markets. Investment in an early stage venture thus meets one or more strategic requirements of the company. We are beginning to see a convergence of such corporate investment and early stage businesses that create social value or reach underserved markets.

This chapter explores the use of corporate venture capital to invest in socially orientated early stage ventures through two case studies. Pearson, the world's largest education company, created the Pearson Affordable Learning Fund to invest in innovative private enterprises delivering low-cost education in developing economies. The Italian healthcare company, Medipass, was able to expand its European medical equipment business into India by forming the joint venture, ClearMedi, to bring affordable cancer diagnosis and treatment to rural Indian populations.

## **Chapter 12: Business Process Outsourcing**

In corporate venture capital the corporation takes the role of investor in a fledgling business, but this is not the only way that a social enterprise can receive support. A social enterprise can also receive custom from a corporate client. Corporations



may outsource specific business processes to third-party suppliers, most commonly in areas such as human resources, accounting or customer services, to obtain additional flexibility in their operations. Hong Kong Broadband Network has outsourced part of its customer helplines and staff catering to social enterprises, which strengthens the company's strategic support for the social enterprise sector in Hong Kong.

## **Chapter 13: Creating Shared Value**


The plethora of approaches and practices of corporates in engaging wider society through philanthropy, volunteering or investment in social businesses is complex. A single unifying theory of everything for the corporation is a beguiling prospect if the pursuit of profit and shareholder value did not, even by perception, conflict with the creation of social value with the corporation's stakeholders – employees, the supply chain, customers, communities and wider society.

Creating Shared Value (CSV) is an attempt by Michael Porter and Mark Kramer to argue a framework that will “reinvent capitalism and unleash innovation and growth” by focusing on three key connections between societal and economic progress. CSV has been vigorously marketed and adopted by many large and prominent corporations including a number in Asia.

Chapter 13 describes what CSV is and why it is the object of criticism by some academic authors. We present the case studies of two Asian corporations that have embraced the creation of shared value in their business practice and community engagement – Godrej Group in India and the Ayala Corporation in the Philippines.

## **Chapter 14: Conclusion**

We end this paper with a summary of conclusions from our study and suggest avenues for future research to strengthen our understanding of how corporate philanthropy is innovating across Asia.



# Chapter 2: Corporate Philanthropy

Like the language of philanthropy, corporate philanthropy is a minefield of definitional ambiguity and inconsistency. Only very recently has some order been brought to the chaotic terminology of giving by companies, most notably by way of a major review and assessment of the academic literature of corporate philanthropy by Gautier and Pache (2013), which we will return to throughout this chapter. This body of research literature is very heavily based on the study of Anglo-Saxon businesses (87 percent of the papers reviewed by Gautier and Pache are by authors in the United States and United Kingdom) with very little on the Asian corporate environment (two percent of the papers are by Hong Kong-based researchers and one percent from Australia, with no other Asian countries represented).

The literature review shows many terms are used loosely and interchangeably – corporate philanthropy, corporate social responsibility, corporate responsibility, community engagement, community investment, strategic philanthropy (as applied to corporations), cause-related marketing, corporate social performance, Creating Shared Value, sustainability, corporate citizenship, as well

as terms related to the donation of employee skills and time with or without a financial contribution.

At the root of this complex lexicon is the unresolved understanding about the very nature or essence of corporate philanthropy. We readily accept that individuals, acting alone or in an organised group or institution, act altruistically in the act of giving, but does a corporation with its fiduciary responsibility to shareholders have the capacity for philanthropy?

The assertion that discretionary giving or CSR is a distraction from the primary purpose of creating shareholder wealth was propagated by Milton Friedman nearly half a century ago (Friedman, 1970), but over the last decade this neoclassical approach has not been viewed so dogmatically. Indeed, some now argue that corporate generosity is a legitimate avenue for increasing profits, with long-term benefit outweighing short-term cost (Abzug & Webb, 1996).

Gautier and Pache see this evolving framework of the essence of corporate philanthropy as a spectrum with altruism and for-profit at the two extremes (see Figure 1). They point out that this typology is echoed by the U.S.-

based Committee Encouraging Corporate Philanthropy (CECP, 2012), which identifies three forms of corporate philanthropy – charitable, community investment, and commercial.

Corporate philanthropy in the form of charitable giving is an altruistic act without expectation of reciprocity, but it raises the question of



Figure 1: Three Forms of Corporate Philanthropy (adapted from the CECP, 2012, with additional analysis from Gautier and Pache)



whether a corporation can act like an individual in being able to make discretionary gifts. Gautier and Pache review several publications in which scholars “recognise that there are at least some elements of selflessness in corporate philanthropy.” These include non-reciprocity, non-evaluation of the impact of the gift on the beneficiary, and giving that is for the common good to a wide range of stakeholders, not simply consumers and shareholders.

The founders of ADM Capital (profiled in Chapter 7) admitted that they were diffident about establishing a charitable foundation. Indeed some of their investors thought it a potential distraction to the prime objective of wealth creation. Ten years later they are far more confident and see the foundation’s work as fully integrated with its asset management business and a reflection of its core ethical values.

The literature review by Gautier and Pache suggests a broad consensus that corporate philanthropy can and does serve a company’s business interests, directly or indirectly. This is evident when a business invests in the community in which it operates; the logic being an educated and healthy workforce living within an effective community infrastructure contributes to the well-being of the company. Porter and Kramer assert that the quality of a business’ environment advances its competitive advantage and underpins their CSV framework, which we shall explore in Chapter 13. The enlightened self-interest of community investment seeks a return, though not explicitly financial. This may take the form of soft returns like enhanced reputation or employee satisfaction, with the business executing its philanthropy in a more planned and intentional way.

At the for-profit end of the spectrum, a business will make philanthropic donations to create goodwill and enhance its standing with consumers, regulators and other stakeholders who hold the key to its licence to operate and ultimately impact its profitability. Cause-related marketing has been practised for nearly 30 years. Here, the purchase of a company’s product is linked to a donation to a charitable cause, usually a small percentage of the purchase cost. Gautier and Pache point out that the body of research indicates such a consumption-led approach can risk alienating the public or contribute to marketizing the nonprofit sector through commercial tie-ins.

In 1979 Archie Carroll proposed what is now considered the classic pyramidal conceptualisation (see Figure 2) of corporate social responsibility (Carroll, 1979). A corporation has three obligatory responsibilities. A business has an economic responsibility to create and trade goods and services, and in doing so maximise the profitability to shareholders. Society expects a company to pursue its economic mission within a framework of laws and regulations. And society expects a business to exhibit ethical behaviour even though this is unlikely to be codified in laws. Beyond these three responsibilities, a company may engage

in discretionary activities – desirable yet not mandatory – such as philanthropy and other forms of community engagement.

Our definition of private philanthropy in the series of working papers is the deployment of financial and human resources for primarily social impact, a deliberately broad term that allows for

flexibility in all directions for in these fuzzy areas innovation flourishes. For this reason, we offer



Figure 2: Carroll’s CSR Pyramid

the same definition for corporate philanthropy, i.e., a business uses its discretionary financial and human resources for primarily public benefit, while recognising that impact might also accrue for the company's shareholders and employees.

Carroll completes his conceptual model by introducing "corporate social responsiveness" to address the degree of managerial action in response to social issues on a continuum from "no response" to "proactive" – a pragmatic framework that works around a preoccupation with ethical or moral threads inherent in CSR.

A corporation's managers are clearly key in the execution of CSR, including philanthropy. Gautier and Pache review a body of research that explores individual and company-level drivers of corporate giving. A point raised by researchers is the inherent tension between a corporation's owners and managers, an area conceptualised as agency theory as applied to the discretionary actions of corporate philanthropy. In a narrow sense, corporate philanthropy is a diversion of a company's resources from its owners to activities that might enhance its executives' standing as business leaders amongst their peers or wider society.

The businesses profiled in this study represent a variety of ownership/manager models, including privately held (owner or executive managed), partnerships, and public companies. While it is beyond the scope of our study to compare a company's philanthropic activity with ownership structure, we consistently see that owners and owners/managers play a key role in setting a culture of giving and operational style.

A major criticism of corporate philanthropy by scholars is the general lack of a strategic approach to giving, i.e., it is unfocused and disconnected from its core business, and unengaged with the nonprofits it supports. These are not characteristics evident in the companies we profile in this study; strategic alignment and employee engagement are valued traits or aspirations for these companies.

Scholars have noted that since the mid-1980s, companies have followed the trend of professionalising their philanthropic operations by recruiting dedicated and suitably experienced managers, sometimes using the vehicle of a corporate foundation. Several of the companies in our case studies established foundations (Edelweiss Group, ADM Capital, UBS, Shell and DBS); even when legally independent from the parent company, these foundations remain joined at the hip in terms of strategic partnership and funding. The law firm Olswang (see Chapter 4) embeds philanthropy – largely in the form of pro bono professional advice provided by teams of senior staff and partners – throughout its globally scattered offices.

To answer the question of "so what?" if a company decides to channel resources away from profits to corporate philanthropy, consider the outcomes that giving brings in terms of ultimate benefit to the firm and its stakeholders. Gautier and Pache note the "elusive link between corporate social performance or CSR (including corporate philanthropy) and financial performance is one of the most researched and frustrating questions among scholars interested in the business and society relations." Recognising a much broader and complex impact beyond financial value to the company's shareholders, the reviewers point to various stakeholders – consumers, employees, local communities and governments – who potentially may be impacted by the actions of a company's giving.

Studies show that the relationship between consumers of a company's products and its philanthropy is complex with consumers sensitised to the sincerity of corporate motive especially in the practice of cause-related marketing. While there is consensus that a company may enjoy better staff morale and recruitment prospects when actively engaged in philanthropy, there is also criticism, notably by Porter and Kramer (2002) who view the attempt to generate goodwill among employees through philanthropy (especially matching grant schemes) as misplaced and ineffective, and a symptom of phi-

lanthropy disconnected from the firm's business strategy.

All businesses take place within a regulatory environment controlled by government, making the state a uniquely influential stakeholder especially in Asia where the hand of government is firmer than the laissez-faire approach found in the United States or Europe. A recent research of 3,837 firms in China provided evidence that those engaged in philanthropy do so "to better protect property rights and nurture political connections and, in turn, lead to better enterprise profitability" (Su & He, 2010). In China and, most likely, other Asian countries with emerging economies and heavy state influence, philanthropy is one mechanism for the corporation to gain political favour.

The survey of CSR spending commissioned by Business Backs Education (Dattani, Still, & Porter, 2015) placed 16 Asian corporations amongst the top 100 global companies by total CSR spend (see Table 1). The 16 corporations are spread across five countries with Australia and South Korea dominating with six and five companies respectively. The

six Australian companies together were the most generous with CSR spending of more than US\$890 million.

The authors of the survey report point out the challenges of presenting comparative data, including a lack of consistent reporting, companies not aggregating CSR across business units, and a gap between pledges and actual spending. The data included in-kind donations as well as grants, which accounted for 62 percent of global spending on CSR. For some businesses in-kind donations are a significant proportion of their philanthropy, particularly software contributions to educational institutions and free pharmaceutical products. Removing these two industries from the data, the proportion of in-kind donations globally is 24 percent of all CSR spending. Cash donations from corporations make up 28 percent while the value of volunteering has been assessed at 10 percent of CSR spending.

In the chapters that follow, we explore examples of the corporation as philanthropic actor supporting nonprofits and social enterprises by utilising financial, human and intellectual capital.

Corporation	Country	Sector	Total CSR Spend (US\$ millions)
Samsung Electronics	South Korea	Consumer	315.7
Telstra	Australia	Technology	244.4
BHP Billiton	Australia	Materials	226
Toyota Motor	Japan	Industrials	205.2
Westpac Banking	Australia	Financials	139.6
Commonwealth Bank of Australia	Australia	Financials	133.7
China National Petroleum	China	Energy	96.1
Westfarmers	Australia	Consumer	82.3
Hyundai Motor	South Korea	Industrials	73.5
National Australia Bank	Australia	Financials	66.1
China Minsheng Banking Group	China	Financials	61.4
POSCO	South Korea	Materials	56.8
Samsung Life Insurance	South Korea	Financials	51.1
Pertamina	Indonesia	Energy	49.4
GS Caltex	South Korea	Energy	48
Guangzhou Automobile Industry Group	China	Industrials	45.7

Table 1: Asian Companies by Total CSR Spend (adapted from Dattani et al., 2015)

## Chapter 3: Grants

---

Grants are the most used tool in the philanthropy toolbox. For many foundations, private and corporate, grants are the tool of choice for supporting nonprofit organisations. All of the corporates and intermediaries profiled in this study – except for some that are exclusively focused on volunteering – use grants to support nonprofits and social enterprises.

The global survey of CSR spending over the period 2011 – 2013 by Dattani et al. (2015) revealed that the top 10 most generous companies worldwide gave US\$17.7 trillion towards CSR spending annually. An estimated 28 percent of this sum (nearly US\$5 trillion) was in the form of grants rather than in-kind donations or volunteering.

As we will see in the next chapter, the law firm Olswang believes in engaging its staff and clients to volunteer time and skills. Even so, the firm will use discretionary funding in the form of grants in carrying out its corporate social responsibility.

Large and prominent Asian corporations primarily discharge their CSR through an associated grantmaking foundation. Jardine Matheson, one of Hong Kong's oldest trading houses, was imbedded in the industrialisation of Hong Kong and mainland China. Today the multinational conglomerate's primary public listing is on the Singapore Exchange with the founding family still involved as owner managers.

The Jardine Foundation, an educational trust established in 1982 to mark the 150th anniversary of the Jardine Matheson Group, is typical of the corporate foundations of Asia's long established industrial houses. The foundation awards Jardine scholarships primarily to students attending

prestigious British universities. In China, Hong Kong and, more recently, Singapore, the group's companies are focusing their philanthropic efforts through MINDSET, a mental health charity linked to the corporation. In other territories where the company is active, the group's companies implement other philanthropic initiatives.

The scholarship programme is an example of relatively safe, low risk philanthropy whereas support for mental health programmes is certainly a much edgier approach in a region where the topic is still relatively stigmatised in society.

Grant programmes across the risk spectrum play out in the region as corporations use grants as their primary tool of engagement with nonprofits and communities. As we saw in Table 1 in Chapter 2, 16 Asian-based corporations are amongst the 100 most generous global corporations when measured by "CSR spend" (Dattani et al., 2015). Much of this spend is in the form of grants for arts and culture sponsorship, social welfare, and humanitarian assistance.

India's Tata Group is a corporation of global importance with deep experience in CSR and grantmaking over its 150-year history. The founders were early adopters of Gandhi's trusteeship principle, which aligned the country's 19th century industrial progress with nationalism. The Tata Group pioneered the introduction of humane working principles, including working hours, insurance and other worker welfare innovations, across the group's companies. Today, Tata Trusts owns 66 percent of Tata Sons, the holding company controlled by the family. The complex web of individual family trusts are major grantmakers in India and, increasingly, internationally.

Samsung Electronics reported a CSR spend averaging more than US\$315 million annually over the period 2011 – 2103. This large sum is spent on cultural projects, child and eldercare centres, and awards for public service.

The Australian retailer Woolworths spends US\$55.3 million annually on food bank donations, school and hospital equipment, agricultural sustainability and emergency relief.

In China where the field of organised philanthropy is less than 20 years old, the corporate sector is developing fast with several well-publicised initiatives in corporate funding. For example, Tencent, the Internet technology company, has increased the distribution by its foundation from one percent of profit in 2007 to two percent in 2016. Even so, as many more entrepreneurial Chinese companies develop corporate philanthropy and wider CSR programmes, few operate managed grant programmes, preferring to directly fund capital intensive projects such as school building.

It is beyond the scope of this study to investigate the wide range of corporate grant programmes in Asia, a region where full public disclosure of CSR activity is relatively uncommon (Chambers, Chapple, Moon, & Sullivan, 2003).<sup>1</sup> However, we want to highlight innovations in grantmaking by corporates and so offer two Indian grant-based initiatives that we feel demonstrate innovation – the use of alliances to address complex problems and a new online platform to facilitate grantmaking by listed companies.

A major reform of the Indian Companies Act in 2013 requires qualifying corporations to allocate two percent of net profits to CSR activities. An estimated 8,000 companies in India may be obliged to participate in what is called a CSR tax, generating US\$2 billion annually to be spent on projects run

directly by companies through nonprofits or directed to government social programmes.

While there are many nonprofits in India, the majority are professionalised initiatives with only modest, local impact. Very few Indian nonprofits have the management and operational capacity to absorb large grants, and the relatively weak ecosystem means it is difficult for high potential nonprofits to connect with the appropriate source of finance.

A stock exchange is the market mechanism for connecting businesses with capital in the commercial sector. Therefore it is appropriate that an initiative of the Bombay Stock Exchange (BSE) is providing corporations with a platform to channel their donations to appropriate nonprofits.

Sammaan was launched in 2015 by the BSE, the Confederation of Indian Industry, and the Indian Institute of Corporate Affairs (see case study on Sammaan: An initiative of the Bombay Stock Exchange). The online platform had listed over 500 nonprofits with commitments made by 209 corporations just four months after its launch. This initiative uses the methodology of an exchange platform to connect pre-screened nonprofits with corporate donations and help companies fulfil new, mandatory CSR obligations. One apparent, if yet untested, strength of Sammaan is the pre-selection of a small number of Indian nonprofits from a large pool, which demonstrates basic eligibility.

One notorious weakness of philanthropy is a general reluctance for collaboration between funders, which often results in multiple, sub-optimal interventions to address a complex

---

<sup>1</sup> Disclosure may be improving with later studies by KPMG (2013) citing companies in Malaysia, Indonesia and Japan as having higher reporting rates than companies in the United Kingdom and United States.

social issue, resulting in duplication and wasted resources. Hopkins (2005) states that “societal problems, of the kind typically addressed by private foundations, are usually so complex that no organisation can hope to resolve them alone. A panoramic array of interventions is required, as well as a corresponding array of funding streams, to support these interventions.”

Such resistance to partnerships may even be greater for corporate foundations with the added dimension of competitive peer relationships. A recent review of Indian corporate philanthropy (Mukerjee, Poduwal, & Mehta, 2015) found that 55 percent of corporations interviewed did not collaborate with other companies or corporate foundations,<sup>2</sup> citing that it is the “biggest challenge to bring together foundations of other companies in harmony and work together. Everybody’s got their (sic) agenda.”

Philanthropy intermediaries have a role to play in lowering the instinctive barriers to cross-company collaboration. Dasra is a nonprofit philanthropy intermediary in Mumbai, India, with a 13-year track record of pioneering support for both social entrepreneurs and philanthropists. Dasra has created a giving environment that encourages and nurtures collaboration amongst donors – wealthy individuals, and private and corporate foundations.

Early on in the development of its giving circles, Dasra persuaded corporate foundations, such as Godrej Group and Bank of America India, to sponsor sector research on social issues that would become the subject of giving circle support. One asset management company, DSP Blackrock, became an institutional giving circle member (John, 2014).

The Dasra Girl Alliance was launched in 2013 to help build an “ecosystem that empowers adolescent girls and improves health outcomes for mothers and children.” Dasra brought together the

U.S. Agency for International Development (USAID), a U.K. private foundation, and Piramal Foundation (the philanthropic arm of one of India’s largest industrial conglomerates) to fund the alliance (see case study on Dasra Girl Alliance).

The collaboration acts as an umbrella for multiple initiatives that enhance the well-being of Indian girls and adolescents with the goal of raising US\$42 million over five years and expecting to impact the lives of five million women, girls and children. The individual project initiatives are supported by other private and corporate funders, including GSK and Bank of America Merrill Lynch.

Dasra has used its trusted standing as a philanthropic intermediary to convene and create collaboration. This is a potentially far reaching innovation that resembles the “Collective Impact” framework<sup>3</sup> first described by Kania and Kramer (2011) in which complex social issues should be addressed by convening multiple organisations from different sectors to adopt a harmonised agenda, shared measurement and aligned effort.

Unlike a partnership, the initiative has its own organisational infrastructure or backbone. The Dasra Girl Alliance utilises the existing infrastructure of Dasra to curate the actions of alliance members, including corporate donors, to make a collective impact on the lives of girls and women in India.

## **Sammaan (India)**

### **A CSR initiative of the Bombay Stock Exchange**

The 2013 Companies Act is the most significant reform of Indian corporate law in 50 years, modernising a sector that has led the country’s econom-

---

<sup>2</sup> It is likely that the percentage is higher amongst those corporations that did not respond to the survey.

<sup>3</sup> See <http://www.collaborationforimpact.com/collective-impact/> for information on Collective Impact



ic development. Alongside provisions to improve governance and transparency is the so-called “two percent CSR tax.” The Corporate Social Responsibility rule embedded in the Act recognises that the private sector has a role to lead social development in India by deploying its financial, human and intellectual resources.

With the Act only in its first years of legal implementation, it is not yet clear just how mandatory or flexible the CSR rules are in practice. The rules apply to all Indian companies regulated by the Companies Act 2013 and are triggered in a year when a business, domestic or foreign, has greater than:

- 1,000 Crores Rupees (US\$150 million) in turnover
- 5,000 Crores Rupees (US\$750 million) net value
- Five Crores Rupees (US\$750,000) net profit during any of the three preceding years

The Act requires a qualifying company to set up a CSR board committee consisting of at least three directors; one of whom must be independent. The committee must ensure that the company allocates at least two percent of its average net profits made during the three immediately preceding financial years to CSR activities. If the company fails to spend this amount on CSR, the board must disclose why in its annual report.

An estimated 8,000 companies could potentially generate a total of US\$2 billion annually on socially responsible programmes in India. The Act is not completely prescriptive about what activity constitutes CSR, but has initially suggested seven areas although these are likely to expand in the future:

- Eradicate extreme hunger and poverty
- Promote education

- Promote gender equality and empower women
- Reduce child mortality and improve maternal health
- Combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases
- Ensure environmental sustainability
- Develop employment-enhancing vocational skills

The Act offers multiple channels for a company to implement its CSR spending – directly through its own managed projects, through a non-governmental organisation (NGO), or by contributions to government funds.

Many of the businesses now required to act according to this new provision, or demonstrate that their current CSR programmes comply with it, are listed on the BSE. Founded in 1875, BSE is Asia’s first stock exchange and the region’s oldest trading platform for public equity. Today, it is the world’s fastest with a median trade speed of six microseconds and a market capitalisation of US\$1.7 trillion in January 2015.

Praveen Chakravarty, a Mumbai business angel and former investment banker, has advised BSE on how to make the most impact out of this extraordinary policy on corporate responsibility. For Chakravarty the logic was compelling. “BSE is an exchange, a trustworthy intermediary that provides the information an investor needs to make the best possible decisions,” he said. “It was natural to use the same principles the exchange has used since it was founded. We would list pre-selected NGOs on an exchange, our eligible members would be investors, with transactions publically disclosed and fully transparent.”

Sammaan (which means respect in Hindi) CSR Exchange was launched as a nonprofit subsidiary of BSE in November 2015 in partnership with the Confederation of Indian Industry (CII) and the Indian Institute of Corporate Affairs (IICA). The Sammaan website listed 500 NGO projects at launch, a figure that has grown to 679 projects by 555 NGOs in 348 towns and cities across India.<sup>4</sup> By February 2016, 209 corporations had begun supporting listed NGOs. A growing number of screened NGOs are listed because they have been verified as legitimately registered after an approval process involving sign-offs from multiple government ministries.

Chakravarty is adamant that Sammaan is about offering neutral, high quality information, not judgments about the social impact one NGO might have compared to another. “We don’t ‘play god’ and offer advice on whether an NGO’s impact is ‘good’ or ‘bad’ because market forces will eventually determine such matters,” he said. He sees the role of Sammaan as developing an ecosystem where trustworthy information and independent analysis will drive capital to the most effective NGOs, thus mirroring the commercial role of a stock exchange.

Of the 5,500 companies listed on BSE, its own analysis suggests there are 1,294 that are required to spend up to US\$1.15 billion on CSR activities in the 2016 financial year. The majority of these companies have CSR budgets of less than US\$1 million – what Chakravarty calls “long tail of businesses with relatively small budgets who don’t really want to be burdened with managing their own CSR programmes” and for whom Sammaan offers an easy way to choose from a roster of projects.

While failing to establish a CSR committee or publically disclose reasons for spending less than two percent of average net profit on CSR would be in legal breach of the Act, Chakravarty maintains that companies are “encouraged to contribute” rather than forced to do so under penalty of law.

Forced disclosure is effectively a “name and shame” tactic that will leave companies to be judged by the court of public opinion if they appear to be less generous than their competitors.

## **Dasra (India)**

### **Multiplying impact through alliance**

In Sanskrit, Dasra means enlightened giving. Few individuals have done more to transform the modern face of enlightened giving in India than married couple Neera Nundy and Deval Sanghavi, founders of Mumbai-based Dasra. In 2003, after letting go of successful careers in banking and leaving North America, they launched a fund for supporting entrepreneurial Indian nonprofits that would grow and develop into a wide ranging organisation that has helped shape the ecosystem of modern Indian philanthropy.

In 2009 Dasra built on its reputation and experience as a provider of technical skills to launch Dasra Social-Impact, an executive education programme for a new generation of nonprofit and social business leaders in India. In the intervening years, the groundwork was laid for what was to become a powerful initiative of Dasra – the Indian Philanthropy Forum launched in 2010. The forum has grown to become a community of strategically minded givers who – through thought leadership and research-based action – are creating a platform for the development of modern philanthropy in India.

Dasra Giving Circles is an offshoot of the forum and grew to become India’s largest collaborative giving effort (John, 2014, p. 55). A circle generally comprises 10 individuals and organisations; each committing to donate up to US\$30,000 annually for the three-year lifetime of the circle. The starting

---

<sup>4</sup> These figures were retrieved February 2, 2016, from <http://www.bsesammaan.com/>



point for forming an issue-focused giving circle is rigorous sector research carried out by the Dasra team and published freely as market analysis documents.

Dasra's giving circles and its other programmes supporting social entrepreneurs growing their ventures have long tapped into the generosity and resources of business people and their companies, but more recently Dasra has recognised the key role that corporations can play in fulfilling its mission. Corporations have been instrumental in supporting Dasra through its giving circles, skills volunteering, and a major initiative, the Girl Alliance.

Godrej Group (see profile in Chapter 13) is one of India's most established conglomerates and owner of many well-known brands. Members of the Godrej family have long been personal supporters of Dasra and have spoken at its Philanthropy Forum. The group's sponsorship of Dasra's report on livelihood, *Leveraging the Dividend: Enhancing Employability in India*, is what Dasra believes to be "groundbreaking for corporate philanthropy in India."

Convincing a company to pay for a research report was challenging as it strays from the core activity of direct funding for social causes typical of most CSR activities. Godrej Group had the foresight to understand that only high quality research could credibly inform a giving circle and therefore catalyse the unlocking of significant philanthropy resources. The company has gone on to underwrite the costs of a further three sector reports in the areas of livelihood and female empowerment.

Another corporate that engaged with Dasra by taking a place on a giving circle is DSP BlackRock, an asset management company founded in 1996 as a joint venture between DSP Group and BlackRock.

Dasra's report on sanitation for adolescent girls, *Dignity for Her*, was sponsored by Bank of America India.

## Dasra Girl Alliance

Dasra seeks to address India's social challenges through building the capacity of nonprofits, social entrepreneur leadership development, research, advocacy and performance-based funding from giving circles. Such social problems are seldom simple and isolated. They are complex and interrelated, requiring multiple interventions by several stakeholders.

In 2013 Dasra launched the Dasra Girl Alliance (DGA) in partnership with USAID (official development assistance of the U.S. Government), Kiawah Trust (a private U.K. charitable foundation), and Piramal Foundation (the corporate foundation of an Indian conglomerate). DGA envisions "a world where girls are safe, seen and celebrated" by creating an "ecosystem that empowers adolescent girls and improves health outcomes for mothers and children."

Dasra's theory of change for this collaborative initiative starts with the fact that India has 120 million adolescent girls – nearly 10 percent of its population. Dasra's website states that "despite these numbers, they are a largely invisible group. They are discriminated against twice over: by gender and by age. Programmes are largely aimed either at children or at women, leaving adolescent girls in the gap. However, adolescent girls can become successful agents of change. When they are empowered, educated and kept healthy, a range of issues such as maternal mortality, child survival and gender-based violence can be resolved, and the cycle of poverty broken. Investing in girls translates into better future for women, children and families, which ultimately leads to intergenerational impact."

The alliance's target over five years is to mobilise US\$42 million to improve the lives of more than five million girls, women and children. The fund was initially capitalised with a grant of US\$14 million of which US\$7 million from USAID was matched by the other founding partners.

Dasra explains that the ecosystem is built by:

- raising awareness of girls' issues through research and the media
- unlocking local philanthropy to fund social organisations
- building these organisations so that they can impact more girls, mothers and children
- fostering collaboration among these players to achieve the common goal

Dasra's leadership in this alliance is not limited to its technical experience of the functional issues around female empowerment, but also includes its convening power, facilitation and coordination of a diverse set of stakeholders, reminiscent of the "collective action teams" of Social Venture Partners (John, 2014, p. 20) or "catalytic philanthropy" coined by the philanthropy consulting group FSG.<sup>5</sup>

The Piramal Group is a diversified global conglomerate of both listed and private businesses which has operated since the 1980s in multiple sectors including healthcare, life sciences, drug discovery, healthcare information management, specialty glass packaging, financial services and real estate. In 2006 the group founded its philanthropic arm, the Piramal Foundation, which is the corporate partner of the DGA.

The collaborative alliance acts as the overarching umbrella under which corporate and other funders can participate in individual project sectors, such as education, sanitation or health. In this way corporates such as GSK and Bank of America

Merrill Lynch have entered the alliance as key funders of specific programme areas. Such support includes specialised capacity building of nonprofits, sponsoring nonprofit leaders to attend executive education programmes at Harvard University, and the building of evidence through research and due diligence.

Alliance roundtable meetings are convened by Dasra for a variety of stakeholders including corporates, foundations, nonprofits, intermediaries, bilateral agencies and others to provide a learning platform and an opportunity for players to interact and forge collaborations. Dasra's corporate partners are increasingly offering both funds and staff volunteerism.

## Improving Newborn Survival

Twenty-one percent of the world's child mortality is in India, with more than half of these deaths being among newborn infants. Dasra has highlighted these bare facts and the need to address newborn survival as a cornerstone of India's human development. The report, *Birth Right: Saving Newborns is Everybody's Business*, argues for mobilising the business community in India to address newborn survival.


Dasra evaluated 30 companies with existing corporate initiatives in newborn survival; over half of these are outside the healthcare sector in businesses such as financial services, telecommunications, IT, consumer and industrial goods. The report lists imaginative ways in which corporations are experimenting with their role in

---

<sup>5</sup> Much of the intellectual underpinning of the alliance's collaborative approach was set out in an undated report, *Beyond Philanthropy: A Collaborative Approach in India*, published by Dasra, Deutsche Gesellschaft für Internationale Zusammenarbeit, and the Omidyar Network, which was downloaded on February 15, 2016, from <http://knowledge.dasra.org/research-reports-social>

filling healthcare gaps. For example, ICICI Foundation worked alongside the bank's insurance subsidiary to design outpatient insurance products for low-income families. Wipro developed IT solutions for community health workers who monitor and counsel pregnant women. GE Healthcare designed low-cost baby warmers.

Dasra sees significant potential for businesses to engage in neonatal care by financing the existing programmes of nonprofits or engaging more deeply with them with strategic and technical advice as well as grants. Dasra also believes corporates can choose to own and manage their own initiatives from end to end, or develop strategic business models along the lines of Creating Shared Value (see Chapter 13).



## Chapter 4: Skills-based Volunteering

---

It is common practice for corporates to permit or actively encourage employees to volunteer their time for charitable purposes, often alongside fundraising activity. Macquarie Group, the multinational financial services firm headquartered in Australia, encourages employees to “roll up their sleeves” to serve nonprofits and charity initiatives in their communities.

As an example, more than 330 employees in Macquarie’s offices across Asia partnered 20 nonprofits on community days in activities that included maintenance and improvements to community buildings in Beijing, Seoul and Shanghai; packing and distribution of essential food and personal items to local communities in Hong Kong and Singapore; sorting photos recovered from the 2011 tsunami in Japan; and blood donation drives in Manila and Hong Kong. Macquarie’s Manila office mobilised almost 1,000 staff, family, friends, clients and the Australian expatriate community at its second charity fun run, raising a significant amount of funds for an education charity.

Macquarie’s approach to engaging staff in community volunteerism is played out across Asia by countless businesses, large and small. Individuals may volunteer as part of a workplace activity, outside of their employment, or both.

In Singapore the National Volunteer and Philanthropy Centre (NVPC) 2014 annual giving survey found that a third of individuals engaged in volunteering did so through their employers<sup>6</sup> although in large corporations of more than 2,000 staff, the number was 53 percent. While 20 percent of companies organised volunteer activities, 50 percent of staff expressed an interest in such programmes organised by their

employers, particularly if there was a choice in volunteering activity and if paid time off was given for volunteering.

The advent of more strategic approaches to philanthropy contributes to the recognition that the donation of skills and time is as important as giving a grant. The venture philanthropy model, in particular, values the synergy of advice when offered together with funding. Indeed, the non-financial components, such as advice with strategy, operations, marketing or accounting, are sometimes valued more highly than grants given by venture philanthropists to social enterprises at critical stages in the lifecycle of these organisations (John, 2007).

In more traditional models of corporate philanthropy, a recent study by NVPC reported that, in general, Singaporean nonprofits preferred cash to volunteer time from corporate donors (NVPC, 2014). Whereas a cash donation is largely transactional for a nonprofit, volunteers are relational, requiring an ongoing effort to yield benefit to the organisation.

It is therefore reasonable that a volunteering programme should be able to demonstrate its usefulness to a nonprofit, weighed against the level of effort required to manage it. Ideally, volunteering provides benefit to the nonprofit, the volunteer and the corporation.

---

<sup>6</sup> A sample of 968 employees volunteering without expectation of financial reward (excludes compulsory community programmes).

All the businesses we spoke to during the course of this study have in place employee volunteering programmes. The majority are moving towards models of volunteerism that intentionally utilise the core business skills of staff to strengthen the strategic and operational capacity of nonprofit organisations. Such a skills-based approach can be implemented in a variety of ways, which we will explore in this chapter. We have tentatively categorised our examples of volunteering under a typology of four broad metrics (see Table 2).

Rodell (2012), whose research on volunteering is limited to the United States, draws on prior conceptualisations to define corporate volunteering as “giving time or skills during a planned activity for a voluntary group or organisation” in a planned rather than a spontaneous or reactive manner.

Rodell’s work adopts a behavioural perspective around employee decisions and motivations for volunteering as individuals look to volunteering to fulfil significance and value in their lives.

Much of her study of American volunteering explores if donating time and skills replaces what is lacking in jobs or positively builds on workplace culture and meaning, and whether volunteering benefits employment or distracts from it. Rodell’s research concluded that “volunteering is more beneficial for the work domain than it is harmful [through job interference].”

In other U.S.-based studies, Jones (2010) found that volunteering in a company programme was associated with organisational pride and identification, which positively impacted employee

<b>Skill Level</b>	<u>Low Skill</u> Volunteering activity such as reading, sports, decorating, and litter picking. Not involving general business skills.	<u>High Skill</u> Offering core business skills of the type a volunteer routinely uses in the course of his/her employment.
<b>High-skill Type</b>	<u>Technical</u> Functional, operational skills such as accounting, human resources, administration, technology, estate management, marketing, and public relations.	<u>Strategic</u> Strategic planning at senior management and board level, mentoring of CEO, and strengthening board governance.
<b>Integration</b>	<u>Skills Only</u> Skills are volunteered without being directly linked to financial support from the company or individual.	<u>Skills with Finance</u> Skills are volunteered as an integral component of financial support by the company.
<b>Delivery</b>	<u>Direct</u> The company internally manages its own volunteer programme.	<u>Intermediated</u> The company uses an intermediary organisation to manage and match employee volunteers to nonprofit organisations.

Table 2: A Typology of Volunteering Models

performance and job retention. These academic studies did not differentiate low- and high-skill volunteering activities and were limited to companies operating in the United States.

Our enquiry was primarily concerned with high-skill volunteering where individuals offer their technical or strategic business skills to support a non-profit organisation. We do not discount, however, the potential importance of low-skill volunteering in benefitting nonprofits or volunteers. These two broad types of volunteering are not necessarily exclusive and indeed it seems reasonable to assume that they may be mutually supportive.

In 2000 Keppel Volunteers was launched as the company’s platform for employee volunteering “to make meaningful contributions to local communities, social institutions and nonprofit organisations.” Funds raised by volunteers are matched by the company. The programme has a strong partnership with the Singapore Red Cross for blood donation drives, and places volunteers with the company’s adopted charity, the Association for Persons with Special Needs (APSN). Over time social projects with APSN were developed including hydroponics and recycling to help develop skills and income activities for people with special needs.

	Low Skill	High Skill	Direct	Intermediated	Exclusive	Packaged	Technical	Coaching
Asia Charity Services		✓		✓	✓		✓	✓
Conjunct Consulting		✓		✓	✓			
ToolBox India		✓		✓	✓			
Olswang	✓	✓	✓		✓		✓	
Edelweiss	✓	✓	✓	✓		✓	✓	✓
MURC		✓	✓			✓	✓	
HKBN		✓	✓				✓	✓
Keppel Volunteers	✓	(forming)	✓					

Table 3: Overview of Volunteering Exemplified by Our Case Studies

One hypothesis to be tested in future study is that low-skill volunteering projects may be a pathway to high-skill volunteering, or that their combination provides a more holistic heart and head satisfaction for volunteers.

Keppel Corporation is a Singaporean company that has evolved skills-based volunteering after 15 years of experience in providing low-skill volunteering opportunities for its employees. Keppel was formed in 1968 to manage the newly independent country’s shipping and harbour operations. Today, it employs more than 30,000 people.

In 2015 these longstanding volunteer activities were supplemented with skills-based volunteering so that the business skills of mid and senior managers could be utilised for nonprofit organisations.

This chapter highlights four businesses – Olswang, Hong Kong Broadband Network (HKBN), Edelweiss Group, and Mitsubishi URJ Research & Consulting (MURC) – that manage their volunteer programmes directly. We also profile Asia Charity Services, Conjunct Consulting and ToolBox India – nonprofit organisations that intermediate volunteer services on behalf of independent volunteers

or companies. EdelGive Foundation manages volunteers from the parent company, Edelweiss Financial Services, and also uses an intermediary to enhance its volunteer programme.

## **Directly Managed Volunteering Programmes**

Olswang is a British-headquartered legal firm operating in five countries whose corporate social responsibility is overseen by a group of partners and senior lawyers. The firm views CSR as integral to its launch in Singapore, “sending a clear signal to the market that we were not just about making money, but contributing in a wider sense.” All of Olswang’s staff and partners in Singapore participate in a mix of skilled and unskilled volunteering, inviting their families and clients to some activities.

The firm selected social enterprise as the area best suited to focus its skills-based volunteering, offering legal and business training to individual enterprises and the sector more generally. Olswang recognises volunteer time as the key asset the firm can contribute to social enterprises and other nonprofits, and so does not implement a formal grant programme (see case study on Olswang Singapore).

HKBN has also made social enterprise the focus of its community engagement through a comprehensive raft of activities that include skills-based volunteering. *Knowledge Volunteers for the Community* has mobilised 40 top and middle managers from the company to help selected social enterprises with general business advice, delivered through cross-departmental teams of three to four volunteers (see case study on HKBN in Chapter 12). The programme is evolving to incorporate lessons learnt from the pilot years of operation; it now includes more volunteers drawn from junior staff, offers expertise to charities as well as social enterprises, and more closely manages the selection of volunteers for a better fit with organisations.

MURC is the thinktank of Japan’s largest financial services group that supports social businesses with a mix of grant funding from the company and consulting advice donated by staff volunteers. The programme was inspired by the experiences of one senior employee who had been a member of the giving circle, Social Venture Partners (SVP) Tokyo, and wanted to see the model adapted at his workplace. Employees vote to select six nonprofits to be given grants by MURC, and then teams of volunteers sign up to provide free consulting services for each of the selected organisations (see case study on MURC in Chapter 5).

The programme has gained traction with staff and is expanding to other companies in the Mitsubishi group, but there were initial difficulties in launching the initiative. It took time for employees to understand the distinction between paid, client consulting and the offer of free services to nonprofits as an act of volunteerism.

While volunteering is linked to a package of grant support for beneficiary organisations, funding comes exclusively from the company rather than the volunteers.

Edelweiss Group is an Indian financial services company whose venture philanthropy approach to social responsibility is delivered through its EdelGive Foundation. The foundation and group always view their entrepreneurial values as strongly aligned. As the foundation’s model developed, it sought to leverage the human capital in the company to benefit the nonprofits it supported.

Volunteering by Edelweiss employees began when individuals were approached to help the foundation’s portfolio of nonprofits with technical advice as and when needed. Over time the volunteering became more structured and embedded throughout the group (see case study on EdelGive Foundation Volunteering Programme in Chapter 7). Volunteering became so popular that not all who



came forward could be matched with suitable nonprofits. This oversupply of volunteers and the remoteness of many of the nonprofits led EdelGive to partner with ToolBox India (see the case study in this chapter).

In these four examples of corporate volunteering, the company (through a department or foundation) directly manages the programme, which is essentially to match nonprofits and employees, provide guidance and training, and measure the impact that the engagement has on staff and the organisations. Strategic partnerships such as that of MURC with Social Venture Partners or EdelGive and ToolBox India assist with learning, advisory or supply issues.

## **Intermediated Volunteering**

Profiled in the preceding section are companies that design and manage their own volunteer programmes. Employees may participate in their company's programmes or choose volunteering opportunities outside the workplace. In this section, we profile skills-based volunteering intermediaries that match individuals from the corporate sector with nonprofits seeking skilled volunteers.

Asian Charity Services (ACS) was formed in 2007 to provide leadership and strategic advisory to small- and medium-sized charities in Hong Kong. ACS offers free services to charities through a structured curriculum of annual training workshops, resourced by a mix of staff and volunteers from Hong Kong's corporate sector (see case study on ACS in this chapter). These workshops are led by five or six volunteers, trained by ACS beforehand for specific roles in the workshops.

The training is intended to provide leadership development for senior staff or board members, which differentiates it from most nonprofit courses in Hong Kong that typically offer technically

orientated training to mid-level staff. ACS requires potential volunteers, who are drawn largely from blue-chip corporations, to commit to attending all three workshops over a five-week period. This can be a challenging demand on the time of individuals in corporate employment, which results in fewer than half of prospective volunteers being accepted by ACS.

Singapore-based Conjunct Consulting started as an initiative to mobilise university students for skills-based volunteering in the nonprofit sector. Students from campuses across Singapore are trained for one semester before joining a team for consulting assignments. The students work in teams alongside volunteer advisors from corporate businesses who act as mentors to the students (see case study on Conjunct Consulting in this chapter). Conjunct Consulting has expanded its roster of corporate volunteers to over 200 individuals; most donated their time in a personal capacity rather than being seconded from their companies.

To engage the companies, Conjunct Consulting developed a corporate-based consulting event, which they called a scalathon. During these all-day "hackathons for social good," a team of up to 40 volunteers from one corporate partner help solve a problem faced by a nonprofit organisation. Conjunct Consulting believes that such intense problem-solving events are an effective way for technically qualified volunteers to use their niche expertise. Each scalathon takes several months to plan, and sometimes results from a more traditional student consulting project that targets an organisational problem in the nonprofit.

So far four corporations – Edelman, Macquarie Bank, Deutsche Bank and DBS – have participated in the scalathons. Since its formation in 2011 Conjunct Consulting has completed 100 consulting projects with 70 nonprofit organisations in Singapore. Based



on standard consulting rates, Conjoint estimates that each project delivers US\$18,000 of value to each client (although student-led consulting is unlikely to have the same monetised value as professional services).

Our third example of intermediated volunteering is ToolBox India, a Mumbai-based nonprofit which adapted a volunteer consulting model from Belgium. An assignment with an Indian nonprofit begins with an initial diagnosis phase followed by a year-long consulting plan to address key organisational issues identified. A team of consultants works alongside the nonprofit's senior management during the engagement, with each volunteer committing up to eight hours to the project each month.

Since 2009 ToolBox India has built a roster of 75 volunteers; most were recruited by word of mouth and acting as individuals rather than sent by their employers. ToolBox India is expanding geographically beyond Mumbai to other cities and developing formal links with corporate employers. The partnership with EdelGive mentioned above has given the organisation access to Edelweiss employees and enabled ToolBox volunteers to work with nonprofits in locations where no Edelweiss staff are available. The partnership also enabled EdelGive's volunteering programme to learn from the consulting model used by ToolBox.

In these three examples of intermediated skills-based volunteering, the nonprofit organisations receiving the consulting support are not assessed fees. The intermediaries are themselves structured as not-for-profit organisations and must therefore raise funds to implement their programmes, usually through grants or imposing fees on participating corporate businesses.

If volunteering intermediary organisations can demonstrate that well-managed employee engagement programmes can yield benefits for employees and the company, then it is likely that funding will shift from CSR to human resources/training budgets.

iVolunteer, an Indian intermediary, uses a social enterprise model and offers companies a tailored solution for integrating their volunteering activities. With blue-chip clients such as IBM or ICICI Prudential, iVolunteer can sustain its operating costs through fees for services to corporate clients.

Indi@75 is a major initiative supported by the Confederation of Indian Industry that envisions India at the 75th year of independence in 2022. Its *Pro Bono Unplugged* platform is the largest initiative to encourage skills-based volunteering across the country's corporate sector. With an estimated 110 million skilled workforce in India, including more than a million in technology, consulting, law and engineering, there exists a large pool of talent to be mobilised to support India's 3.3 million nonprofits.

Intermediaries that connect corporate volunteers with nonprofits also exist in China (e.g., The Beijing Huizeren Enquiry Service Centre) and Japan (e.g., Service Grant Japan).

Impact 2030 is a major global initiative to tap the skills of corporate employees to serve the United Nation's Sustainable Development Goals<sup>7</sup> (SDGs) by supporting and complementing government institutions to better deliver essential services across multiple sectors.<sup>8</sup>

---

<sup>7</sup> In 2015, 193 world leaders committed to the United Nation's Sustainable Development Goals – a set of ambitious targets to end extreme poverty, fight inequality, and address climate change. These goals replace the Millennium Development Goals.

<sup>8</sup> See <http://impact2030.com/>

The initiative is led by the private sector and its founding members include GSK, The Ritz-Carlton, SAP SE, Medtronic and UPS. Impact 2030 members commit to focusing their volunteer programmes on development strategies that increase employability and utilise social entrepreneurship among women, young people and those in vulnerable situations.

Singtel (a Singapore-based telecom corporation profiled in Chapter 10) was the first Asian business to join the Impact 2030 initiative and align its volunteering programme with SDGs.

## **Olswang (Singapore)**

### **Community engagement: the glue that binds an office together**

Olswang, founded in London in 1981 as a media and corporate focused law firm, has grown to some 800 people, including 100 partners, in five countries. Rob Bratby is an international transactions lawyer specialising in telecoms, media and technology. He was part of the London team sent to establish Olswang's Singapore operations towards the end of 2011. Today, he is the firm's managing partner in Singapore.

Bratby is adamant that "putting in place a CSR programme was integral to our launch in Singapore, sending a clear signal to the market that we were not just about making money, but contributing in a wider sense." This balance of doing well and doing good is embedded in Olswang's culture.

A group of 17 partners and senior staff comprise the International Community Responsibility (CR) Group, which has overall responsibility for the firm's CR strategy and programmes. In addition, the head of CR reports to the firm's management board biannually and coordinates the CR groups in all of Olswang's offices. "Community

responsibility is taken very seriously in the company," Bratby said, adding "it is a core value of the partners for the company in any location." The firm's CSR is implemented locally across three themes called "volunteering, charity and green."

At the time Olswang's Singapore office was operational in 2012, its community engagement was a blank sheet. Bratby's colleague, Elle Todd, a senior lawyer and partner, was part of the original startup team from the London office and was responsible for setting up the firm's community responsibility programme in Singapore. Todd is a member of the International CR Group and leads its worldwide environmental initiatives.

Following a staff "pitching competition" where a number of local charities were presented by members of the new Singapore team, Willing Hearts was selected for initial support by the firm. Willing Hearts is a secular, non-affiliated charity run by volunteers apart from a handful of staff. The charity operates a soup kitchen that prepares, cooks and distributes some 4,500 meals daily to the elderly, the disabled, low-income families and migrant workers in Singapore.

All of Olswang's staff, senior and junior, were invited to volunteer at the soup kitchen, preparing food and serving breakfast to its beneficiaries. Bratby explained that the firm's clients were also invited to participate. "This was rather different from 'a beer after work with the clients' and it sets us apart somewhat," he said, adding that "because many of our clients are multinational companies, our style and commitment to community engagement come as no surprise to them." This kind of community involvement is relatively unskilled but inclusive – all of Olswang's staff including family and clients are invited to participate.

While the relationship with Willing Hearts was positive, Todd felt that most charities in Singapore were well supported through multiple corporate sponsorship and volunteer programmes. She felt that there “had to be something beyond donations and volunteering, something more strategic” for the firm’s contribution to the social sector in Singapore. A serendipitous encounter with a social enterprise led her to a meeting with the Social Enterprise Association (SEA). SEA has been the voice of social enterprise in Singapore since 2009 and a membership network for the growing number of social initiatives that use a trading model to create social value.<sup>9</sup>

Todd volunteered her time to help the association with its strategic planning and operations during a period when the social enterprise sector was young but rapidly evolving. This relationship exposed her to several of the enterprises that made up the association’s membership. Bratby observed that “many small and young social enterprises are doing very worthwhile work, but lack the resources of bigger enterprises and charities.” He and Todd felt that their small office could have a “disproportionately large impact” by supporting these social enterprises, and multiply that impact by continuing to work with their trade body, SEA.

Unlike the relatively well-resourced charity sector in Singapore, Todd realised that “with social enterprises we were clearly engaging with organisations that had not really had support before, and this was rewarding for them and us.” Through her role with the British Chamber of Commerce, Todd was able to advocate for the social enterprise sector and encourage other firms to support it.

One tangible area of support for the social enterprise movement offered by the Olswang team is an annual workshop in basic legal affairs for small enterprises. This is conducted by mid-

level legal staff and fills what Bratby described as a gap between the unskilled help at a soup kitchen and the professional business coaching of the kind Todd gave to SEA. This strengthens the intention to involve as many of the firm’s staff as possible across a range of volunteering opportunities. Today, Bratby is proud that “100 percent of our staff and partners have engaged in one volunteering project or another,” adding that this “is the glue that binds an office together.”

Edible Garden City is a social enterprise that champions the *Grow Your Own Food* movement in land-scarce and import-dependent Singapore by utilising spaces like rooftops and sidewalks to grow food. The enterprise designs, builds and maintains food for clients that include restaurants, hotels, schools and residences. Olswang volunteers worked with Edible Garden City and Willing Hearts to dig out an allotment that would provide fresh food for the soup kitchen they were already supporting with volunteer labour. The firm accessed grant funding from its global Green Fund to pay for seeds, and volunteers, family and clients would meet before or after working hours for a three- to four-hour gardening stint.

Olswang Singapore’s support for social enterprises through SEA included:

- Designing and running an annual, day-long training programme around issues such as contracting, obtaining investment, and managing disputes.
- Organising an event with the British Chamber of Commerce to educate businesses about social enterprise and provide an interactive social enterprise fair platform for networking and sharing.

---

<sup>9</sup> In 2015 SEA was superseded by raiSE, the Singapore Centre for Social Enterprise; Olswang continues to support this initiative.

- Designing and helping to launch a new programme to help match businesses with social enterprises and generate revenue to support SEA.
- Providing direct pro bono and other support to social enterprises themselves.

Crossover and experience sharing is relatively easy for a medium-sized multinational company such as Olswang. A longstanding programme that supports a state school in West London, the United Kingdom, inspired the collaboration between the Singapore office and Make the Change, a social enterprise promoting art and photography with Crossroads Youth Centre which serves young people from low-income families or referred by the police. Staff and partners from Olswang worked with young people during a photography competition to give specific advice on intellectual property law and confidence in public speaking.

Bratby views such examples of practical and skilled community engagement as more than “a good thing to do” or just a distinctiveness to clients. “Nobody wants to work in a place that is just about making money, but a firm you can feel proud to be a part of,” he said. He believes this makes good business sense in the “war for talent” especially among the new generation workforce who have very different “expectations of their work environment.”

But he does see benefits to the way the company is viewed by potential clients. While the firm does not overtly advertise what it does in the community, conversations with clients often touch on the firm’s culture and community engagement. “In a client meeting, any member of the team can talk with authenticity about how he or she volunteers or otherwise contributes to the office’s commitment to charity and the environment.”

Todd, who is now back in the London office, believes that building community responsibility into Olswang right from its startup in Singapore has been not just a good thing to do but beneficial to the company. “In the early days most of us had never lived in Singapore, so an immediate benefit [of community engagement] was to feel invested in the country. We began to gain an understanding of social issues; to see the colour and taste the flavour of the real Singapore. Later on the volunteering with local charities and social enterprises helped our networking with clients and was fun and a great out-of-hours ‘levelling activity’ for building the team,” she said.

## **Asian Charity Services (Hong Kong)**

### **Harnessing corporate talent for Hong Kong’s nonprofit sector**

The two founders of Asian Charity Services share a background in the corporate sector. While living in Hong Kong, they were struck by the passion and mission focus of the city’s many nonprofit organisations whose effectiveness, however, was constrained by poor strategic planning, operational management and access to funds. Nancy Yang, who became ACS’s first executive director, holds an MBA from the Kellogg School of Management, Northwestern University, and had co-founded a mobile gaming company in Beijing following a career as a management consultant with A.T. Kearney. David Sutherland relocated to Hong Kong in the 1990s to be Morgan Stanley’s CFO for Asia Pacific.

In 2007 Yang and Sutherland helped to create ACS to provide pro bono business consulting services and training to Hong Kong’s charities by leveraging the resources of its corporate sector. Gary Morris, who manages training programmes

at ACS, said its focus is on “the SME segment of Hong Kong’s nonprofits, [those] having an income of less than HK\$10 million (US\$1.5 million) where we feel they have the desire to be more effective, efficient and sustainable.”

ACS’s core offering is a *signature* training programme that stretches over a 10- to 12-month period, beginning with a telephone-based consulting and briefing session that follows a readiness assessment on the nonprofit. The training programme includes a series of three intensive three-hour workshops held over five weeks, with considerable preparatory work beforehand and research between the sessions.

The workshop programme is tightly structured and scalable which means it can be run multiple times over the year with new nonprofit groups and volunteer consultants. ACS holds eight rounds of workshops each year with four nonprofits at each round. Most of the 32 SME organisations in attendance are charities but from time to time a social enterprise will participate. Since 2007, more than 192 nonprofits have participated in the workshops in either Cantonese or English.

Unlike other nonprofit training programmes offered in Hong Kong, that provided by ACS is strongly focused on developing senior leadership at nonprofits to address their organisations’ strategic and operational priorities. “Our focus is on leadership,” said Michael Tse, a seasoned corporate consultant who volunteers with ACS. “We visit the charity’s executive director and some of the board before accepting the organisation into our programme,” he added.

The programme is to be attended by senior executives and at least one member of the charity’s board to demonstrate its commitment and readiness for change. The workshops are

typically led by five or six volunteers from the corporate sector with each taking a specified role that is planned in advance during the training of volunteers. Tse said “a lot happens behind the scenes in preparation for each workshop which is vital to achieving a high level of interaction and meaningful outcomes.”

The core themes of the workshops are strategic planning, fundraising strategy and board governance. The workshop venues are usually sponsored by corporations, typically corporate suites in the central business district. Tse believes that getting the workshop venue right is important “to help remove participants from their daily work environments” into something quite different from where they can work productively with the volunteers.

The talent needed to run a comprehensive round of workshops is drawn from the substantial corporate sector in Hong Kong. “We approach a lot of companies, many in financial services, who then market the drive for volunteers on company intranets,” said Morris. “Increasingly we see word of mouth referrals between businesses.” The pipeline of skilled volunteers appears strong, but “we select fewer than half who volunteer because we need their commitment to attend all three workshops over the five-week period which is a tough call for individuals in demanding corporate jobs,” he added.

ACS has formalised the feedback from volunteers about their experience of engaging with nonprofits through surveys carried out before, during and after assignments. “Several volunteers will visit the nonprofits they have worked with, but on their own time rather than through the programme,” Morris said. “We try to control the ‘away from desk’ time at the volunteer’s day job,” he added.



While the workshops are ACS's core activity, they have also run a series of half-day training seminars for a larger group of nonprofit leaders. These *Ignite* seminars convene up to 60 nonprofits and leading experts from the corporate or nonprofit sectors. These popular events are regularly oversubscribed and are action-orientated by going beyond expert presentations to breakout sessions of facilitated discussion and formulation of individual action plans. *Ignite* seminar topics have included branding, corporate partnership, employee engagement, organisational growth, and fundraising.

There is no charge to nonprofits for attending these seminars, with their cost having been met through a donation by a local grantmaking foundation. Such philanthropic donations are a major contribution to ACS's own financial sustainability along with a biannual fundraising gala. Approximately half of ACS's revenue comes from funding by corporate partners. For example, several corporates outsource aspects of their engagement with nonprofits to ACS which provides curriculum and event pre-presentations to the charities the businesses support.

In all its activities, ACS is a bridge between the private and nonprofit sectors, helping each to understand and appreciate its respective strengths, and build bridges to partnership. In 2015 ACS mobilised 175 volunteers and served 295 nonprofit organisations with all of its programmes. Volunteers are typically senior staff of local and multinational corporations with at least 10 years' work experience. Volunteers include bankers, business consultants, accountants, lawyers, human resources

managers and coaches, branding/communication/media executives and IT executives. ACS has assembled an impressive roster of corporate partners whose staff donate the skills and time to the workshop programme. Among the corporate partners listed on ACS's website are UBS, Goldman Sachs, State Street, PwC, Credit Suisse and Macquarie.

Nonprofit organisations in Hong Kong seldom benefit from the highly skilled and trained workforce of Hong Kong's private sector. While technical training opportunities may exist for mid-level staff, there is little that is focused on strategy and the development of senior executives and boards at nonprofits. As charity leader Christina Dean noted in the paragraph below, her engagement with corporate volunteers has been a catalyst for change for her organisation and her own leadership.

"Our ACS strategic planning session proved to be the catalyst for phenomenal change for our organisation and for myself personally. As a result, outwardly we changed our organisation name and radically reshaped our entire mission, and inwardly the ACS sessions sharpened my focus and decision-making abilities to new and unexpected levels. I can honestly say that prior to the ACS session we were working with blinkers on and ACS has both widened our horizons whilst also sharpening our focus at the same time. The experience was truly exceptional and a turning point in our organisation and in my personal career as well."

– Christina Dean, Founder, Redress (previously called Green2greener)

ACS website (2010)



## **Conjunct Consulting (Singapore)**

### **Utilising student and corporate talent for pro bono consulting**

Conjunct Consulting describes itself as “South-east Asia’s first social change consultancy [that focuses on] engaging, mobilising and empowering pro bono talent to strengthen social good organisations in Singapore.” It delivers its consulting through three channels – consulting projects, corporate skills-based volunteering programmes, and one-day corporate scalathons.

Conjunct Consulting’s President Samantha Lee has known the organisation since its startup in 2011, initially as one of its university campus volunteers. “Since the 2011 [general] election, there has been an increased focus on the social sector, the disadvantaged and poorest. While there are many big charities doing good work, the founders of Conjunct Consulting asked themselves ‘how can we help existing organisations do even better?’” she explained.

Lee admitted that charities and social enterprises on the island state can access government funding but “struggle to find private funds that would make them less dependent on government and more sustainable in the long term.” The reluctance of many donors to “spend on manpower means the sector is chronically under-capacity,” said Lee. These gaps are what Conjunct believes its consultancy can help fill.

The core of Conjunct Consulting’s offering is the Pro Bono Consulting Project during which a team of five university student consultants, mentored by two corporate professionals, volunteer their time and expertise to help nonprofit organisations solve an identified problem. The time commitment during these intense projects is significant for the students, with each offering up to 15 hours a week over 10 - 12 weeks.

The project operates across Singapore’s three major universities with each institution providing five student teams each semester. Conjunct Consulting trains all the student volunteers during one seven-week semester on the understanding they will give their time to consulting projects in the following two semesters. The student teams, working alongside their corporate advisors, help a nonprofit organisation scope an issue and then offer recommendations in the typical business areas: financial sustainability, human capital development, operations management, impact measurement, and strategic planning.

As the consulting project model developed, Conjunct Consulting grew a consultant roster of 430 students and 200 corporate professionals; the latter largely volunteering in a personal capacity. Many of these professional volunteers wanted to see their own companies involved in the consulting projects which led Conjunct Consulting to launch its first corporate-based consulting event or scalathon. The scalathon, what Lee calls “a hackathon for social good” is a one-day event during which a team of volunteers from a corporate partner help solve a previously identified problem faced by a nonprofit organisation. The event is well prepped by a consulting team working alongside the nonprofit in advance of the scalathon, identifying technical and functional challenges in a problem statement.

During the full-day exercise, up to 40 employees will work alongside one or two nonprofits to suggest concrete solutions. For example a team from the global marketing firm Edelman offered a worked through one-year public relations strategy to a nonprofit organisation weak in this area. Lee said that “such niche technical skills are more easily deployed in the one-day scalathon than through the student-led consulting projects.”

The two approaches can be successfully combined from time to time; one consulting project identified the need for a nonprofit to develop a corporate fundraising plan. A follow-on scalathon with employees from Deutsche Bank's high-performing sales & marketing team resulted in a playbook the nonprofit could use when approaching potential donor companies.

Each scalathon can take between three to six months to plan to maximise the effectiveness of the day and the quality of takeaway for each charity or social enterprise. Conjunct has since expanded to helping companies design and execute customised skills-based volunteering programmes.

Lee views most CSR in Singapore to be "quite conventional" with "soup kitchens, beach cleaning and one-off giving days" as normative but ultimately less impactful for society or the corporation. She argues that well-prepared consulting, scalathons and skills-based volunteering are more likely to benefit both the nonprofit and corporate sectors more deeply. "While volunteer activation models are useful they are limited, whereas our programmes take people further along the value chain of skills," Lee said.

Conjunct Consulting's website lists many potential benefits to corporates who engage in its programmes, including:

- Leadership development and the retaining of millennial talent.
- Team building and employee training.
- Employees' appreciation of the company and co-workers in an alternative, non-workplace context.
- Reputation and visibility in CSR.

To date Conjunct Consulting has engaged four blue-chip corporations in the scalathon programme – Edelman, Macquarie Bank, Deutsche Bank and DBS, a Singaporean bank active in Southeast Asia. Lee

would like to see more Singapore-based businesses giving staff "volunteering leave" in recognition that it makes long-term business sense for any company fighting to retain talent in a market of relatively low unemployment.

Conjunct Consulting's executive committee is made up of seven members, supported by student leaders from the three university campus chapters and a roster of over 600 volunteers. The monetised value of a consulting project is estimated to be worth S\$25,000 (US\$18,000) in consulting time to each charity or social enterprise supported. Since its inception, Conjunct Consulting, itself a nonprofit organisation, has raised revenue by charging participating corporates a fee, securing grants and awards, and charging a small fee for each student trained. Since 2011 Conjunct Consulting has completed 100 pro bono consulting projects with 70 nonprofit organisations in Singapore.

## **Toolbox India<sup>10</sup>**

### **Managing skilled volunteers**

In a bustling commercial capital like Mumbai, there is no shortage of high quality human talent in the city's many multinational corporations. Yet a few blocks from the corporate headquarters of countless well-known businesses, there will be many nonprofit organisations without the skills and human capacity to maximise their social mission.

Toolbox India is one initiative to redress that imbalance. It was started in 2009 by Charles Antoine Janssen (a Belgian national on the Board of UCB Pharma) and Sandeep Naik (an Indian private equity professional and managing director of General Atlantic Pvt Ltd). Janssen was a founder

---

<sup>10</sup> This profile is an expanded and updated version of that by John (2014, p. 68).



of Toolbox Belgium, a nonprofit set up in 2003 that pioneered the transfer of skills from the private sector to Belgian nonprofits.

During a period in India with his family's business, Janssen thought the approach would transfer well to the country. Toolbox offers the kind of consulting intervention that is well known and understood in the corporate world, and offered by numerous companies such as McKinsey, KPMG or Bain & Company for fees that are beyond the reach of nonprofit organisations. Toolbox Belgium refined its consulting model with the pro bono assistance of McKinsey & Company so that a basic, proprietary method is followed when engaging with a nonprofit for the first time.

Toolbox India (TBI) is registered as a Section 25 nonprofit organisation and provides NGOs in the Mumbai area with consulting advice by a dedicated team of volunteers with corporate backgrounds. In 2015 TBI worked with 34 nonprofit organisations and deployed more than 60 volunteers drawn from blue-chip corporations who provided free consulting. In most cases, the volunteer acts in a personal capacity but increasingly TBI is forging long term links with businesses that formally provide volunteer resources.

TBI's executive director, Vijaya Balaji, is quite clear that her volunteers "don't step in to do pieces of work for an organisation, no matter how much they might want them to." TBI's consulting team only begins to work with a nonprofit once it has real 'buy in' from the organisation's trustees and senior management – when expectations on both sides are clearly set and managed. As with a commercial consulting firm, TBI can work with a client on a range of potential organisational areas: mission & vision, strategy, business planning, human resources, financial management, fundraising, communications, governance and performance measurement.

A lead consultant will work with between two and seven other volunteers, depending on the scope of the assignment and the complexity of the nonprofit. The engagement starts with a 45-day long diagnosis phase followed by a plan for how the volunteer consultants will work with the NGO over the period of a year. Consultants pledge to volunteer eight hours each month to TBI's work with NGOs. They are often experienced individuals holding senior positions in multinational companies. Since 2011 a roster of 75 TBI consultants has donated over 9,500 hours of professional time to more than 50 projects. Fifteen capacity building workshops and more than 100 coaching sessions were held in the first four years.

Each One Teach One (EOTO) is an educational charity established in 1983 to encourage and enable academically gifted children from low-income families to continue their education. Over a period of six months, three TBI volunteer consultants worked with EOTO's management in areas of strategy, finance and operations to enable the organisation to grow from an outreach of 8,000 to 70,000 students. Specifically TBI's volunteers used interviews and focus groups to help the organisation align its mission and vision, coached managers in business planning and fundraising, helped develop performance measurement scorecards, and devised a human resource plan geared towards expansion.

Vijaya said that volunteers need "excellent technical skills and experience but also humility as they adjust from a well resourced corporate environment to the challenges of a nonprofit." This need to account for the cultural differences between the private and charity sectors requires TBI's volunteering process to be well managed. The consulting teams meet regularly and TBI staff monitor their assignments to ensure there is an open discussion about progress and problems. TBI does not want to grow too quickly so it limits

its consulting portfolio to a dozen or so nonprofits each year.

Shireen Mehta admits to an initial reluctance to volunteer for TBI, unsure if she could give the time needed in her busy professional career. She has decades of experience in marketing, communications and customer relations with firms such as J. P. Morgan, Reliance Equities and Credit Suisse. As a favour to a former colleague, she agreed to at least go to a TBI event to test the waters.

After an opening talk by TBI founder Sandeep Naik, she admitted to being “hooked.” She said, “I understood I had to be involved. I had wanted to ‘give back’ to society for years and had never actually carved out the time. To contribute my skill sets to a group of people who were already in the philanthropy business (and on such easy terms) seemed to be a no-brainer. Besides, I met Shweta Chari, the founder of Toybank, whose NGO idea was right up my street: help bring some joy to the lives of slum children through toys.”

In the subsequent two years Shireen has volunteered for Toybank and another NGO and has several more volunteering opportunities lined up. She is convinced that her communication and project management skills are a good fit with the needs of the NGOs alongside which she works. She and the team of fellow volunteers helped Toybank shape its plan to expand from urban slums to rural areas.

Shireen believes that teamwork is one of TBI’s great strengths. “I am just one in a team that Toolbox puts together to deliver solutions to its client NGOs. In a client meeting I may be listening to an NGO head talk about what issues she hopes to tackle. I am processing the information through my experience, but another volunteer is thinking of the financial side of it all. And someone else is thinking about the legal ramifications,” she explained.

Shireen feels richly rewarded by the experience of interacting with talented and passionate NGO leaders, the TBI team and other volunteers. She feels her positive experience is in no small part due to the excellent curating of the NGO/volunteer relationship, adding, “each project is right up my street due to the magic of the Toolbox staff who seem to know which people would best fit in with each project.”

Impact India Foundation has been working for 30 years to improve the lives of the disabled poor in rural India. TBI provided the NGO with several volunteer resources and introductions, including a team that worked intensively with Impact India Foundation’s management on the sustainable replication of a new Community Health Initiative. Zelma Lazarus, the foundation’s CEO, said she was attracted to TBI’s volunteers who “were senior corporate executives with a track record of advising nonprofits.” She added that volunteers “used their core business skills to help improve our strategies, and shape our fundraising approach to corporates.”

TBI now has more than 75 volunteers on its roster with most having heard about the organisation through word of mouth and referrals by friends. TBI’s operating costs are largely met through a small group of individual donors as well as free office space and pro bono professional services.

In 2014 TBI formed a partnership with EdelGive Foundation, the philanthropic arm of Edelweiss Group (see profile in Chapter 7), to provide skills-based volunteering with nonprofit organisations supported by EdelGive. EdelGive practises a venture philanthropy model that combines grants and consulting for nonprofits with the capacity for development and scaling. The partnership gave TBI the opportunity to place volunteers from its roster with EdelGive’s portfolio of grantees, and to offer Edelweiss employees volunteering posts with social organisations selected by TBI.

The Manitham Charitable Trust is an educational charity working with Dalit and tribal children in

a rural area of Tamil Nadu. Children in this low-income community of labourer workers suffer caste discrimination that affects their overall development. The Trust's programme "encourages children – adolescent girls and boys – to develop and share their opinions, build confidence, play, explore and contribute to a village life. It serves the dual purpose of educating students in formal subjects and empowering them to face discrimination."

The Trust articulated the needs to prioritise resources, develop a supportive board, and develop better organisational metrics to measure its programmatic outcomes. TBI and EdelGive staff designed a six-month engagement based on these needs that involved working alongside the Trust's staff and board as well as the beneficiaries and members of the community. Through this multi-stakeholder consultation TBI was able to offer Manitham Charitable Trust independent recommendations and supported the board with an action plan and performance metrics.

TBI presented its experience of working with an NGO in EdelGive's portfolio at EDGE, EdelGive's annual gathering of nonprofits, co-funders and capacity builder intermediaries, which celebrates social transformation and fosters mutual learning. TBI managed two projects during the first year of its partnership with EdelGive. This grew to five in the

second year. TBI has also entered into partnerships with other corporates in addition to developing its own roster of individuals from the business community. In 2015 eight of the 34 nonprofits provided with free consulting by TBI were direct investees of EdelGive.

TBI's volunteering programme now covers six major cities in India: New Delhi, Kol-kata, Pune, Alwar and Bangalore, in addition to its founding work in Mumbai. Its roster of more than 60 professionals are drawn from diverse private sector industries including financial services, advertising, banking and management consulting. Approximately a fifth of the roster are senior managers (more than 12 years' experience) and a fifth are junior employees (less than five years of experience), with the majority being middle managers with five to 10 years of business experience.

The principal areas for volunteer consulting are strategy (30 percent of consulting hours), monitoring and evaluation (25 percent), financial management and accounting (15 percent), and human resources (13 percent). From time to time a nonprofit will return to Toolbox after its first consulting project to receive advice on a different topic.



## Nonprofit Track

The universe of organisations that exist for a social purpose is a very diverse one, and the language used to describe and distinguish them fraught with difficulties and inconsistencies.

For the purpose of this series of working papers, we think of nonprofits (also called charities or NGOs) as organisations with a social mission, providing goods, services or activities for public benefit generally without cost at the point of delivery. They are dependent on grants and donations or other kinds of subsidy. Social enterprises also provide goods, services or activities for public benefit but choose a trading model with a transaction at the point of delivery.

Charities and social enterprises usually adopt different legal or constitutional identities, but much of that is dependent upon the local regulatory environment. Whether profits can be distributed to shareholders, whether charities can accept large contracts from government for delivering public services, and many other characteristics add to the elusiveness of pinning these organisations down in definitional terms.

Between the extremes of charity and social enterprise are many hybrid forms, including charities that may wholly own social enterprises as a means of diversifying their income and reducing their dependence on subsidy. We are agnostic about organisational form, whether there is clarity on how they create and measure social value, and how they resource operations and their development.

This section focuses on nonprofits – organisations at the charity end of the spectrum whose sustainability depends on long-term subsidy and are not primarily trading to create social value. Moving beyond grants and volunteering covered in the previous chapters, we will look at examples of how the corporate actor engages in three innovative practices of modern philanthropy. Nonprofits can benefit from collective giving, the performance disciplines of impact bonds, and the investment-like approach of venture philanthropy.

## Chapter 5: Giving Circles

---

One of our earlier studies in this series investigated innovation in Asian philanthropy (John, Tan, & Ito, 2013), which led us to a model of collective philanthropy called the giving circle. While giving circles – at least in their modern form – grew rapidly in America from the 1990s, they are a more recent phenomenon in Asia.

Intrigued by their potential in the development of Asian philanthropy, we studied 35 giving circles in eight Asian countries in a subsequent project (John, 2014, 2014/2). A website project<sup>11</sup> has been mapping – to the extent of available information – the growth of giving circles in Asia since 2014.

There are not yet any published quantitative studies on Asian giving circles, which would give us data on membership composition, operational details and social impact. However, we know from our qualitative studies that giving circles in Asia are typically composed of individuals from a variety of career and social backgrounds. Unsurprisingly, given the need for making donations from disposable income, many giving circle members are working in corporations or have family connections to the private sector,<sup>12</sup> reflecting philanthropy more generally.

Our interest in this study is to identify giving circle or related models with a more direct link to the corporate sector.

Dr Angela Eikenberry, the leading American researcher of collective philanthropy, said “giving circles are hard to define,” are flexible in form and nature, but typically exhibit five major characteristics – “they pool and give away resources, educate members about philanthropy and issues in the community, include a social dimension, engage members, and maintain their independence”

(Eikenberry, 2009, p. 57). A giving circle has dual objectives: (1) to provide resources to nonprofits through pooled giving and (2) to educate its members through the giving process; members learn from each other through the negotiation and collaboration of collective philanthropy.

Eikenberry’s research while based on U.S. circles is probably applicable to a large extent to other countries and cultures. Her work has shown that giving circle members give more generously and strategically, are civically engaged, and are better informed about philanthropy, nonprofits and social problems in their communities. Giving circles are not a passive model for engaging individuals in philanthropy. Many circles rely on the active involvement of their members in the administration of the circle and the whole grant management process. Some circles encourage members to donate time and skills to a nonprofit selected for financial support.

Our own analysis of giving circles in Asia (John, 2014) defined two broad categories relating to their origin. *Transplanted* giving circles are affiliates or chapters linked to giving circle networks outside Asia, predominantly in the United Kingdom or United States. *Indigenous* giving circles developed locally without direct connections to circles

---

<sup>11</sup> The observatory website [www.givingcircles.asia](http://www.givingcircles.asia) is a project to provide information about giving circles, encourage their formation, and enable circles to network. The site was founded by one of the authors (RJ).

<sup>12</sup> We saw that some giving circles in our previous studies attracted individuals of very modest means (e.g., international aid volunteers) or a public sector affinity group (e.g., a university department). Most giving circles were composed exclusively or made up of a large proportion of people working at mid to senior levels of corporations, or were high-net-worth business owners.

outside Asia. Table 4 shows a small number of representative giving circles in Asia, either transplanted or indigenous.

Some giving circles, such as the chapters of Social Venture Partners, appear to target the recruitment of professionals working in the corporate sector and business owners, while other circles are more diversely constituted. All are independent in the sense they are *owned* by their members who act collectively even though members may contribute to the well-being of the circle in different ways and

intensities. A number are operated in partnership with a community foundation – a synergy that may provide the circle with administrative support and access to pre-screened nonprofits, and the community foundation access to new donors. We also found that transplanted models are not slavishly replicated in a new geography, but rather adapt to meet local particularities.

In this chapter we profile three giving circles that are linked to corporate philanthropy. The Funding Network (TFN) Australia is a variation of the giving

Giving Circle	Location	Type	Characteristics
Social Venture Partners (SVP)	Chapters in India, China, South Korea, Japan and Australia	Transplanted from the United States	Members (partners) donate a fixed amount each year up to US\$5,000.  Chapters can grow to over 100 members. Venture philanthropy model where grants are linked to the offer of professional advice from members.
New Day Asia	Hong Kong	Indigenous	Expatriate or Hong Kong permanent resident community. Modest monthly minimum donation of US\$65. Each project has engaged a small number of members in visiting and supporting projects with advice. The circle receives funding and free consulting from corporates in Hong Kong.
Impact 100	Chapters in Australia	Transplanted from the United States	Model is 100 people; each donating A\$1,000 annually. The U.S. chapters have women members but in Australia the chapters are mixed gender. Usually only one nonprofit receives a donation from the pooled donations each year. Limited engagement of members in supporting the nonprofit with skilled volunteering.
Dasra Giving Circles	India	Indigenous	Circles form around research-led topics and exist for a three-year funding cycle. High entry donation (US\$60,000 over three years) attracts high-net-worth individuals and institutional members (foundations or corporations).
TFN Australia	Australia, with events held in several cities	Transplanted from the United Kingdom	Hybrid of a giving circle and crowdfunding. Strong corporate engagement, with companies offering funding, providing venues and encouraging employees and clients to participate.
100 Women who Care Singapore	Singapore	Transplanted from Canada	Target a membership of 100 women. Members donate S\$100 at each meeting when three charities will present their work. Low engagement with nonprofits.

Table 4: Representative Giving Circles in Asia (adapted with data from John, 2014/2)



circle that uses live crowdfunding, and engages individuals in the corporate sector as core participants and companies as partners. Our second example, Mitsubishi UFJ Research and Consulting (MURC), is the research arm of Mitsubishi UFJ Financial Group, Japan's largest financial corporation. MURC has adapted the giving circle model to engage employees in corporate philanthropy. The UBS 20/20 Group Impact Circle Initiative was convened by a group of next generation Asian philanthropists and UBS Optimus Foundation, a private foundation of the Swiss wealth management corporation.

TFN combines elements of a giving circle and crowdfunding. Since its inception in 2002, TFN has slowly expanded beyond London to other cities in the United Kingdom and internationally. Each TFN chapter is established by a group of committed individuals who organise fundraising events that are open to the public. Pre-selected nonprofits pitch to an audience of donors who make pledges of financial support, which are pooled and distributed by the TFN secretariat.

When TFN transplanted the model to Australia in 2013, many people working for large corporations participated in TFN's pilot events in Sydney, Perth and Melbourne, joining others to listen to nonprofit pitches and make pledges. This led local organisers to see a role for corporate partners in hosting events and engaging their employees in philanthropy (see case study on TFN Australia).

TFN Australia has since tailored events for clients and employees of corporations, and provided back office support by pre-screening nonprofits and managing the grant process end to end. Some corporate partners match funds pledged at the events or offer non-financial support to the successful nonprofits.

TFN has *commoditised* its hybrid model as an offering to corporate partners, providing

their employees or clients with a giving circle/crowdfunding experience that contributes to the professional development of their employees and strengthens client relationships.

An alternative approach is for a company to initiate and manage its own employee giving circle. When MURC was rethinking its CSR activities in 2013 it piloted a company philanthropy circle inspired by SVP Tokyo (see case study on Mitsubishi URJ Research & Consulting). In adapting the SVP model to a corporate environment the company provides funding to nonprofits selected by employees who then volunteer their skills and time. Skills-based volunteering is not commonly practised in Japan so the initiative has introduced new thinking into the CSR environment. The pilot was successful and the company plans to extend the model to other parts of the Mitsubishi group.

Philanthropy advisory is a service Swiss wealth management bank, UBS, provides to its clients. In 2013 the bank collaborated with a group of young, aspiring Asian philanthropists to launch the 20/20 Social Impact Leaders Group to help foster their giving journey. The group's first initiative was to create a giving circle with project and logistical support from UBS Optimus Foundation (see profile on The UBS 20/20 Social Impact Leaders Group).

These case studies highlight interesting and innovative ways corporations are applying the giving circle model to their corporate philanthropy. TFN Australia has *commodi-tised* its giving circle model so that it can be incorporated in any company's philanthropy and client engagement. MURC has adapted a giving circle model in Japan to a vehicle for employee volunteering, with the company providing the grants that are dispersed to nonprofits. UBS, through its foundation, supports the philanthropy journey of its potential future clients by supporting a giving circle of young professionals.



## The Funding Network (Australia)

### Corporate community engagement through crowdfunding

The Funding Network is a variation of a giving circle model based around public events where selected nonprofits “pitch” in front of an audience of donors (John, 2014). These “live crowdfunding” events were pioneered by the London-based founders of The Funding Network in 2002, then spread to other cities.

In 2005 the first group outside the United Kingdom was initiated in Canada. The network has inspired similar initiatives in continental Europe, North America, South Africa and Asia Pacific. Some of these identify as a “branch” of the U.K. organisation while others have no formal affiliation. The Funding Network ran pilot events in Sydney, Perth and Melbourne in 2013 and is today well established in a country where collective giving is growing rapidly.

TFN Australia’s General Manager Tom Hull said, “right from the start we intentionally engaged corporate partners as hosts and funders. We recognised business as a key partner.” In its first year of hosting events, the support from two high profile corporate foundations, Macquarie Group Foundation and AMP Foundation, was instrumental in establishing the network and helping it to gain traction. TFN’s crowdfunding process involves five steps (see Box 1).

Many of those who sign up to attend events as guests typically work in corporate businesses. Corporate partners provide TFN with facilities for hosting the pitching events and often invite their own senior executives to attend. Hull believes that hosting TFN events has helped some corporations see the potential for staff engagement in corporate philanthropy. “A company is very likely distributing grants to nonprofits and community groups but these efforts often don’t get exposure beyond the foundation or CSR team,” he said.

#### **Box 1: TFN’s Crowdfunding Process**

- Applications
  - ♦ Grassroot nonprofit organisations submit a standardised application form at least eight weeks before an event.
- Selection
  - ♦ Eight organisations are shortlisted through a due diligence process and then interviewed by a panel of TFN supporters and partners including sector experts. Four finalists are then invited to pitch. Presenters from the finalists all attend a professional pitch-coaching workshop, and profile stories about each programme are posted on TFN’s website.
- The event
  - ♦ The event is open to anyone who register online for a small attendance fee. After networking each nonprofit gives a six-minute pitch to the meeting followed by a Q&A. After the nonprofits leave the room, one TFN “advocate” explains why the network believes the nonprofit should be supported and offers the first financial pledge. Guests can then make their own pledges with a target of raising A\$10,000 (US\$7,000) for each of the four nonprofits.
- Funding
  - ♦ After the event, guests make their pledged donations online through TFN and funds are distributed to the nonprofits with 10 percent withheld to cover the network’s administration.
- Impact reporting
  - ♦ TFN tracks the progress of each project funded and maintains contact with each nonprofit, providing donors with an impact report after 12 months.

Hull sees the TFN platform as an opportunity to draw a greater number of executives into community engagement. TFN is experimenting with a menu of event options that draw executives into its collective giving model. For example, a company may host an event exclusively for its staff and clients to pledge support to nonprofits in a pitching session or the company might reserve a number of places, leaving the rest for public subscription.

TFN also envisages being contracted by a company to design an event for a roster of nonprofits already supported by its community investment programme. In this sense TFN has “packaged” its core crowdsourcing model in such a way it can be flexibly tailored to meet the specific needs of a company’s community investment and staff engagement programmes.

Hull sees TFN as a partner to corporates that “adds value by designing an event and working with in-house communications teams to market it across the company, and dealing with the administration of donations if required.” As usual TFN works with the shortlisted nonprofits at pitch coaching to ensure that they and the corporate sponsors maximise the value and enjoyment of the event.

Corporate-focused events give the company an opportunity to match funds pledged by its staff or offer gifts in kind to early stage nonprofits. The professional services company PwC pledged A\$15,000 (US\$11,000) during one pitching session, and other companies have offered desk space or volunteers to young nonprofits – a development Hull said he is keen to promote.

So far TFN has held four exclusive events. Two were designed for AMP, one of Australia’s oldest financial services companies. One aimed to promote AMP’s new community investment programme while the other was an opportunity for staff to crowdfund for charities with which they have had longstanding relationships.

The other two exclusive events held by TFN were for Macquarie Group. TFN’s sister network in Auckland, New Zealand, partnered with Macquarie’s wealth management practice. One event raised US\$68,000 and a Macquarie executive acted as a pitching coach for one of the four nonprofits presenting during the evening.

Mark Barnaba, chairman, Western Australia, Macquarie Group Limited, and chairman and global head, Resources Group, Macquarie Capital, became involved with the startup of TFN at the invitation of its co-founder, Lisa Cotton. After helping develop the concept of TFN, he has continued to support the network through his role at Macquarie. Barnaba views his involvement as “one of the most uplifting experiences in philanthropy that I have had.”

Barnaba has given personally at TFN events where “the feeling in the room is palpable and certainly different to mainstream giving.” He believes that the “magic of TFN is both the choice of entrepreneurs and the dynamic of people giving on the night. You really feel that if you pick a cause you are passionate about and give on the night, you know it will make a discernable difference.”

Hull believes that these initial experiments in corporate involvement will help TFN “offer turnkey solutions to companies looking to deepen staff experience of community engagement.” He believes that once a company recognises the team building and personal development benefits to its staff engaging in such innovative events there is a strong business case in “moving budgets from CSR to human resources.”

## **Mitsubishi UFJ Research and Consulting (Japan)**

### **A corporation’s circle of giving**

MURC is the thinktank arm of the Mitsubishi UFJ Financial Group – Japan’s largest financial group, the world’s second largest bank holding company,

and one of the main companies of the Mitsubishi Group. MURC, with bases in Japan's three largest cities: Tokyo, Nagoya and Osaka, offers corporate management consulting, strategic support for global businesses, policy research and consulting, economic research, employee training and business seminars.

In 2013 MURC launched a Social Business Support Programme to support the company's social responsibilities. The programme adopts an approach derived from venture philanthropy and works in partnership with the giving circle, Social Venture Partners Tokyo.<sup>13</sup> MURC has long played a role in addressing social challenges through its research and consulting business, yet its employees, particularly the more junior staff, have expressed a strong desire to volunteer for initiatives that would have a direct, positive impact on society.

After researching several socially orientated initiatives, the company began the Social Business Support Programme to offer both financial and consulting support to nonprofit organisations. Through this programme, the company donates one million yen (US\$8,000) annually which is distributed equally to six nonprofits selected by polling MURC employees. The nonprofits ranking in the top three receive an additional 500,000 yen (US\$4,000) each. MURC employees then sign up to donate their time and skills to the portfolio of selected nonprofits with each organisation receiving between five to 10 volunteers. The volunteers are drawn from all parts of the company – junior and mid level staff from consulting, research and back office. The programme aims to be a win-win initiative with nonprofits and MURC employees benefitting from working with each other.

The inspiration for the programme originated when Naoyuki Ieko proposed a CSR initiative based on his experience as a partner with SVP Tokyo. Ieko had been an active member of the giving circle since 2011 and wanted to see his workplace benefit

from the impact he witnessed at SVP Tokyo. "By just using their daily work skills, I believe my colleagues can create a positive social impact," he said.

However, the concept of volunteering time and skills took a while to be fully understood with employees unclear about the distinction between their paid work and volunteering. There was even some early scepticism that people would participate in consulting assignments that were unpaid. Eventually MURC's managers agreed to launch a two-year pilot programme from 2013-2014. This has since been adopted as an official company CSR activity. Over the last three years, the company contributed seven million yen (US\$56,000) with 79 employees volunteering their skills to nine nonprofit projects.

One of the selected nonprofits supported by a donation and volunteering is Kizuna Message Project which sends out a daily email to pregnant women and those who have recently given birth to help address social isolation. The project's vision is to encourage women and their partners to stay positive and healthy after delivery, working in partnership with the local council and medical institutions. As a result of the support from MURC the nonprofit doubled its annual revenue to over 14 million yen (US\$112,000), and the number of partnering local councils increased ninefold over two years.

The nonprofit Chance for Children (CFC) received support from MURC in the form of policy research. CFC aims to reduce the educational gap in areas affected by the Great East Japan Earthquake by distributing tutoring and education vouchers to affected families living under the poverty line. In 2014, the nonprofit's revenue was 140 million yen (US\$1.2 million) of which 60 million yen (US\$500,000) was allocated for vouchers. A white

---

<sup>13</sup> SVP Tokyo is an affiliate of the Social Venture Partners Network. A profile of this giving circle can be found in John (2014, p. 35); one of the authors of this paper (Ito) is a co-founder of SVP Tokyo.

paper policy report prepared by MURC to support CFC became a catalyst for social change by raising awareness of children living in poverty in Japan.

The MURC programme differs from the SVP Tokyo model in one distinct way. SVP Tokyo encourages its partners to volunteer in such a way that it is completely separate from the individual's professional life whereas MURC volunteers find they are engaged with nonprofits in activity that is more closely aligned with the core business of the company. Their participation offers new insights, experience and extended networks, and consequently benefits their professional work at MURC as well as increases motivation. Members of SVP Tokyo advise MURC from time to time on the running of the programme as a mutual commitment to learning.

Two years after the pilot started, the programme manager Ms Okuno said that MURC employees are positive about participating in the programme which "gives an opportunity to get to know co-workers better and benefit from hands-on volunteering."

However, there have been internal challenges in matching the expertise of volunteers with the needs of the nonprofits, getting all departments to participate equally, and striking the right geographic balance. MURC made effort to avoid geographic bias by selecting the appropriate nonprofit organisations in Nagoya or Osaka where its offices are located. MURC also launched a voting system to give those employees who cannot participate the opportunity to vote for the nonprofit organisation to be given a grant. This system has succeeded in engaging over 10 percent of the company's 700 employees in the screening of potential grantees.

The success of the initiative at MURC may be extended to other parts of the group. "We are planning to influence and mobilise other affiliate companies of MURC as part of Mitsubishi UFJ Financial to implement similar programmes," Okuno explained. She also plans to further embed the programme as well as expand [it] across the

company, but focusing more on outcomes rather than just measuring volunteer activities and outputs. "Continued communication and engagement with the nonprofits will be more beneficial and fulfilling for employees," she added.

## **UBS 20/20 Social Impact Leaders Group Impact Circle Initiative (Hong Kong)**

### **Next generation philanthropy**

Simon Feng Ou grew up in Taiwan, was educated at Bowdoin College in the United States, and spent time with his family's sports equipment business in China before pursuing a career in the sustainable energy sector. En Lee is a Singaporean who, having spent over a decade in London and Hong Kong working in finance and law, dedicated the last six years to pioneering impact investing in Asia.

Meeting at the UBS Global Philanthropy Forum in Switzerland, Feng recalled how he and Lee "lamented how few philanthropy events catered for the younger generation." Moreover, very few of them discussed innovative approaches like social entrepreneurship and impact investing. Deciding to change that, they gathered other like-minded individuals in their 20s and 30s who wanted their giving to create meaningful and sustainable impact.

In 2013 they started a group called UBS 20/20 Social Impact Leaders Group, hoping to "engage next-generation leaders through peer-to-peer learning for the purpose of collective action," Feng said. They also "wanted to have an issue-centric approach to provide an effective solution," he added. The wider purpose of the UBS 20/20 Group is to support and incubate at least 20 new "social impact leaders" in Asia by 2020, empowered by expertise, resources and networks to create positive, sustainable social impact through action.

After several workshops together, UBS Head of Philanthropy in Asia Pacific Christina Tung suggested the group form a giving circle in partnership with UBS Optimus Foundation (an independent grant-

making foundation set up by the bank in 1999 with a focus on child well-being). The giving circle is the group's first collective action. The group's 20 or so members, mostly in Hong Kong, Taiwan, Singapore and China, pooled their funds together and committed to attend at least three of the four physical meetings held each year.

## The First Project in Sichuan, China

For an international group of busy individuals in mid-career, the relationship with UBS Optimus Foundation has proven invaluable in providing focus and structure. "The foundation has expertise in early childhood development. Working with their advice we narrowed down to a shortlist of three nonprofit projects we might support in that field, finally choosing a grassroots organisation in Daliangshan (大凉山), a mountainous area in Sichuan province, China," Feng said. "As this was our first Impact Circle project, we decided to start with a philanthropic grant but be proactively involved and seek accountability in outcomes."

The UBS Optimus Foundation also helped the group by holding workshops on project design, grant management and impact assessment, and has matched project funds raised by members of the UBS 20/20 Group. The project aims to provide early childhood development to the Yi ethnic minority community in Daliangshan through a "public-private philanthropy partnership" involving local government and grassroots organisations with academic and international partners.

## Learning Together

A site visit to Daliangshan was organised in late 2014, giving the group an authentic on-the-ground experience and understanding for what the project aims to achieve. Group members originally intended to be actively engaged as the project progressed, but Feng admitted that "it has been difficult to coordinate all the different parties, so we rely more on

UBS Optimus Foundation providing us with project updates during our quarterly meetings."

Despite the logistical challenges, Feng felt it has been a more positive, insightful experience than just passive giving alone. "Although it's been time consuming and harder than we originally anticipated, it's been more fun and collaborative, and has given us a detailed analysis of the problem and the solution; we're also much more willing to go on a site visit when part of a group."

The circle's lead in supporting a grassroots organisation resulted in other potential donors showing interest in continuing and expanding this partnership with UBS Optimus Foundation. There is also encouraging policy news with the Chinese Government announcing a US\$370 million investment in early child development in Daliangshan, including a new teacher training college. The local charity supported by the circle is now officially registered as an NGO, and all early childhood development centres in the remote mountains now have legal status and are recognised by the government, removing a big threat for both the local charity and the children.

## Policy Impact

It is early days for the impact circle and the UBS 20/20 Social Impact Leaders Group, but Feng felt some valuable lessons have already been learnt. "Despite coordination difficulties, we were able to keep the impact circle members of the group fully engaged and updated on project progress. The positive changes in government policy mean that more than 30 percent of Yi children in Daliangshan have access to early childhood development centres or day care. With all these positive outcomes, it has been an amazing journey for all of us. We hope that our next project's timeline would be longer than 12 months so we can see it develop from start to finish," he said.



# Chapter 6: Performance-based Funding – Impact Bonds

---

While member states attending the U.N. Conference on Sustainable Development (Rio+20) called for prioritising the sustainable development agenda and making available adequate resources, it is estimated that unmet investment towards Sustainable Development Goals is US\$2.5 trillion in developing countries. Many of these resources will need to come from the private sector, including corporations and their foundations, and from individuals. The private sector will need to re-orientate towards inclusive and sustainable business models that go beyond philanthropy and voluntary corporate social responsibility without compromising profitability.

We will return to this theme later in the chapter on Creating Shared Value. Here we explore the Development Impact Bond (DIB), a novel form of partnership in international development assistance which is modelled on an evolving financing mechanism called the Social Impact Bond. While bond designers use the language of “investment,” these bonds are essentially based on flows of returnable grants to donors.

Many SIBs in developed economies focus on social enterprises while their development cousin, the DIB, targets nonprofits. We consider impact bonds, at this stage in their development, as examples of Nonprofit Track funding mechanisms although they may prove useful forms of funding for social enterprises.

## Social Impact Bonds

Social Finance U.K. (SFUK) is a nonprofit company limited by guarantee which is regulated by the Financial Conduct Authority. In 2010, SFUK pioneered the first Social Impact Bond as a means of improving the way that certain public services

are delivered in the United Kingdom by shifting government spending towards innovative, preventative services. In an arena where the costs of a social problem is seldom measured using data and evidence, the SIB separates paying for the implementation of a public service from paying for the success of the intervention, sometimes called “payment by success” financing.

The first pilot SIB funded rehabilitation of short-sentence offenders in Peterborough Prison, England, with the objective of reducing the rate of reoffending. The SIB is a financial mechanism commissioned by a government body in which investors pay a service provider for a set of interventions (usually implemented by a non-profit or social enterprise) to address a social problem. If outcome targets are met, the government commissioner (the outcome payer) repays the investors their initial investment plus a return for the risks they take. If the social outcomes are not met, the investors lose their investment.

Although the language of investment is used in describing the SIB, the investor is actually making a grant to the nonprofit, which will be returned together with a pre-determined additional payment if the project is successful. Other actors in the bond structure include those providing advisory services and those who independently monitor the project outcomes.

SFUK and other SIB designers and promoters do not claim that this new mechanism is appropriate for all social interventions or can replace traditional funding streams. In designing a SIB, the target group that is the subject of the intervention must be well defined; robust outcome metrics must

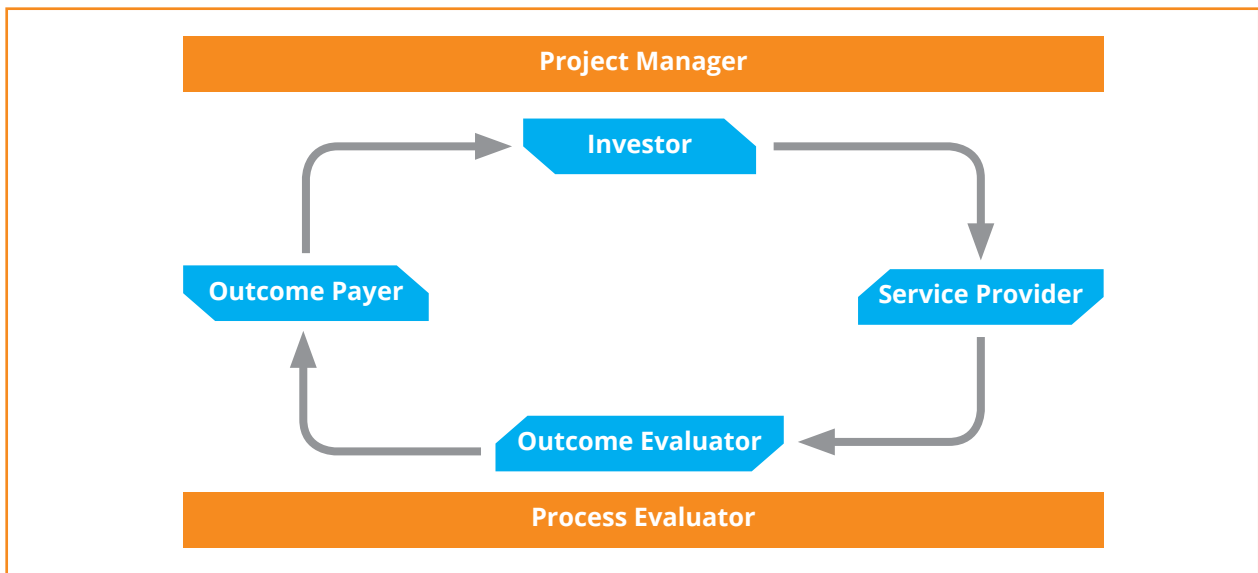


Figure 3: Simplified SIB Structure

be predefined and credibly measured; and the interventions should be innovative in addressing the root cause of the identified problem.

A comprehensive, independent review of the Peterborough SIB broadly found the intervention to be positive and innovative as a result of being structured as a bond mechanism (Disley, Glacomantonio, Kruithof, & Sim, RAND, 2015). By June 2016, 60 projects using the SIB mechanism have been established in 15 countries,<sup>14</sup> raising US\$216 million. Of these, 12 have made outcome payments, 21 indicated a positive social outcome, and four have fully repaid investor capital (Dear, Helbitz, Khare, Lotan, Newman, Crosby Sims, & Zaroulis, Social Finance, July 2016).

SFUK believes that SIBs have, at least in the United Kingdom, influenced government spending policy by shifting resources to interventions that have demonstrated successful outcomes.

Two SIBs with a combined investment of approximately US\$15 million in the out-of-home care sector are being implemented in New South Wales, Australia, where the state government is the commissioner and outcome payer.

Corporations have so far had only tangential engagement in SIBs. Financial institutions have been investors in American and Australian SIBs. Goldman Sachs Urban Development Group has invested in three U.S. bonds, including the Riker's Island Project (where it made a loss on investment). The philanthropic foundation of Westpac invested in an Australian bond in the car sector while Bank of America Merrill Lynch acted in the role of placement agent in a New York bond where investors were the bank's high-net-worth clients.

So far there is little evidence that non-finance corporations are entering the SIB space as investors. One mapping exercise by The Conference Board cites drinks company Brown-Forman (owner of brands including Jack Daniel's) as considering a bond structure to address a social issue critical to the company's core business – alcohol and substance abuse treatment (Parkinson, 2015). Parkinson notes an apprehension among corporations to support SIBs until they are a tested model of philanthropy or social

<sup>14</sup> Countries with known SIBs as at June 2016 are Australia, Austria, Belgium, Canada, Finland, Germany, India, Israel, the Netherlands, Peru, Portugal, Sweden, Switzerland, the United Kingdom, and the United States. Most countries have just one SIB while the United Kingdom has 31 and the United States 10.



investment, adding that “until SIB projects fall into companies’ community or corporate responsibility strategies, they might remain the purview of private social investors – or at the least, financial institutions.”

The strong promotion of SIBs by financial intermediaries, especially those involved in their design, is leading to greater critical scrutiny of this funding innovation (Corry, 2016), based on data now emerging after the first tranche of bonds have been operating for several years. The claim that SIBs “encourage innovation” by passing risk from commissioners to engaged investors seems optimistic, with Corry suggesting SIBs seek proven interventions rather than the new and innovative. There is also scant evidence that charitable enterprises are better able to finance scale up versus those without SIB funding in place.

The strength of the SIB approach is likely to be the use of rigorous data analysis and better project management – attributes that could just as well apply to more traditional funding models, without the need for the complex and expensive bond structure.

## Development Impact Bonds

SIBs are commissioned by government departments in developed economies who pay for the provision of public services with funds from investors, and ultimately repay capital to investors and make additional payments for services that exceed outcome targets. In developing countries where government services are weak and there is little commissioning of private sector or nonprofit service providers, the SIB model has been adapted to involve philanthropic capital investors. The bond designers and policy makers use the language of SIBs to refer to investors and outcome payers, but in reality these are examples of outcome-based grantmaking in the context of international development projects.

The report on Development Impact Bonds published jointly by the Center for Global Development and Social Finance suggests that these variants of SIB can “enable more impact investment in development” and that bond investors “are not passive sources of money; they have skin in the game, and so have reason to pursue innovation and excellence to drive better results” (Center for Global Development, 2013). This is a worthy sentiment, but probably just aspirational in this early stage of developing and executing such bond mechanisms.

We know there are DIBs being implemented or planned in a handful of developing countries, including India (Instiglio),<sup>15</sup> Mozambique (Dalberg), Palestine (by Social Finance’s international development team), South Africa, and Uganda.

Educate Girls is an Indian nonprofit whose innovative programmes address gender inequality in the Indian public education sector in Rajasthan. The organisation is the service provider in the country’s first DIB. The bond’s investor is UBS Optimus Foundation, a Swiss foundation established by the wealth management arm of UBS (see profile on Educate Girls Development Impact Bond).

Designed by Instiglio, a nonprofit intermediary based in Colombia, the bond was intended as a “proof of concept” to demonstrate the potential usefulness of a payment-by-results approach to an important human development challenge in a developing economy. Instiglio has placed the bond’s design documents in the public domain by posting on its website<sup>16</sup> to facilitate learning and transparency in the emerging DIB sector.

The intervention, which will run for three years to the end of 2018, requires Educate Girls to deliver pre-defined educational and enrolment outcomes during the project’s lifetime. The upfront funding,

---

<sup>15</sup> Instiglio provides a map of SIBs and DIBs globally at <http://www.instiglio.org/en/sibs-worldwide/>

which is the working capital required by Educate Girls, is provided in two tranches of grants by UBS Optimus Foundation. If targets are met or exceeded, UBS Optimus will get back the grants it provided together with “outcome payments” on a sliding scale linked to outcome achievements. This repayment of capital and “return” will be made by the Children’s Investment Fund Foundation (CIFF), a U.K.-based foundation with historical links to a London hedge fund. If Educate Girls fails to meet its outcome targets, then, in principle, UBS Optimus absorbs the risk and has no funds returned.

In addition to these key actors, the bond also engages an outcome evaluator, a process evaluator and two law firms. The complexity of so many moving parts, actors and the mathematical precision used in calculating outcome targets belies what in fact is a modest donation to Educate Girls. The US\$277,915 grant made by UBS Optimus Foundation is only five percent of the nonprofit’s estimated income during the bond period, and thus a relatively small project in a much larger canvas of its activities. The cost of designing, managing and evaluating the bond is unknown, but is likely to be high relative to the working capital grant.

The CEO of Educate Girls says the bond provides a light touch approach by the funders as “neither UBS nor CIFF is involved in defining our strategy or the operational plan for the project.” She views the strength of the bond in incentivising her team to innovate and create high impact through the discipline of performance-based funding.

Taken at face value, the Educate Girls DIB appears to be little more than a modest grant funding for an established nonprofit with a track record and innovative model. The funding is provided by a corporate-linked foundation and a private foundation for a project that is based upon the well-thought-out theory of change of a nonprofit and tightly defined project targets. It does not bring

“new money” to this intervention, but rather relies on funders who have established grantmaking programmes in international education.

While both UBS Optimus Foundation and CIFF have considerable in-house project management capabilities, according to Educate Girls these funders are not particularly engaged in strategy or operations, so their value add appears to be more modest compared to a typical venture philanthropy funder (John, 2007).

The database of global SIBs and DIBs reports that in its first year of implementation, Educate Girls had enrolled 44 percent of girls who had been identified as being out of school across 140 target villages. The intervention achieved 23 percent of target learning improvement outcomes during the first 12 months.<sup>17</sup> The database report further states that “UBS Optimus has recouped 40 percent of its investment with two years of the programme still to run.”

In a blog post,<sup>18</sup> the executive director of UBS Optimus Foundation commented on a field trip to Rajasthan when the bond was nine months into implementation. “I was delighted to see that not only are girls enrolling in bigger numbers, and boys and girls are learning more, but also that the DIB framework is enhancing Educate Girls’ ability to do that ... What’s clear from this DIB is how powerful [the] measurement focus can be when the DIB approach pushes measurement data to become performance analy-

---

<sup>16</sup> The authors contacted Instiglio with a request to answer written questions about the bond design and costs, but the organisation declined to participate. Other bond participants were also contacted. CIFF did not respond to an emailed request for interview. Educate Girls and UBS Optimus Foundation were interviewed and their views reflected in the case study.

<sup>17</sup> <http://www.socialfinance.org.uk/database/> accessed on July 20, 2016.

<sup>18</sup> John Fairhurst quoted from <http://instiglio.org/educategirlsdib/measurement-and-performance-theres-an-app-for-that/> accessed on July 20, 2016.

sis ... Armed with smartphones provided by Educate Girls, field officers in seven programme districts are using the app [developed by a Mumbai technology partner] to record and access real-time data," he reported.

UBS Optimus Foundation views the bond as "a financial tool that incentivises outcomes and encourages flexibility in order to refine and improve the delivery model to ensure success" and "attract a new form of investor to development." It seems intuitively reasonable that the project will succeed given the resources committed by the bond designers towards a nonprofit with a proven intervention model. The counterfactual argument is that it would succeed anyway, and that the value of structuring the intervention as a complex pay for results bond remains unproven.

Any return of capital and outcome payments that UBS Optimus Foundation will receive will be recycled into its grant programme as this is a foundation not seeking a return on investment. One key purpose of this DIB is to prove the concept that an investor can be refunded working capital plus make a return based on the project's performance for the risk taken. The potential for this may attract social investors who are not pure grantmakers but prefer to preserve their capital. Whether future bonds will attract commercial investors who are less socially minded awaits evidence.

The true "market building" costs of developing the Educate Girls bond are unknown and represent the R&D cost that will be met philanthropically in the hope that success will ultimately attract new financial players into international development as investors who will advance working capital needs and absorb the risk of project failure.

## Social Impact Incentives

The complexity (and thus cost) of SIBs and DIBs have led to a search for an adaptation of the bond model that is simpler in structure but preserves the emphasis on measuring and paying for outcomes. The Social Impact Incentive (SIINC) model was developed by the German Intermediary, Roots of Impact, in collaboration with the Swiss Agency for Development and Cooperation and others. An outcome payer (typically a philanthropic funder) makes premium payments to a social enterprise based on the "social contribution generated by its operations."<sup>19</sup>

The initiative focuses on "high-impact social enterprises" where the creation of social impact is favoured over generating market-rate returns. The SIINC makes incentive payments to the enterprise as a reward for social outcomes, increasing its financial sustainability. This is a simplified arrangement, when compared to a DIB, requiring at most an agreement between the outcome payer and the enterprise based on independent verification of social impact.

This incentive approach, while touted as "brilliance" and a "great innovation,"<sup>20</sup> is essentially performance-based philanthropic funding for enterprises that are committed to creating social impact. So far, SIINCs are being trialled only in Latin America, but they may have a wider applicability and encourage corporate foundations to participate as outcome payers.

Impact bonds are a rapidly growing area of performance-based philanthropy, and are recently being developed as mechanisms for funding capable nonprofits addressing social problems in

---

<sup>19</sup> <http://www.roots-of-impact.org/social-impact-incentive/> accessed on July 21, 2016.

<sup>20</sup> <https://www.clearlyso.com/rodney-schwartz-a-german-innovation-i-hope-we-dont-overlook/>

developing economies. So far corporate foundations have shown little interest in supporting either SIBs or DIBs as investors or outcome payers, but this may change if independent studies demonstrate that bonds offer an effective way of driving innovation while focused on tangible outcomes.

## **Educate Girls Development Impact Bond**

### **Performance-based funding for impact**

Three million girls are out of school in India with only one in a hundred in rural areas reaching Class 12 at school. To address this gender inequality in the Indian education system, Educate Girls, an Indian nonprofit organisation, was established in 2007 to “help communities assess their school situation, initiate action plans, and empower them to sustain positive results at the lowest cost.”

Educate Girls’ theory of change is the belief that “by empowering village communities to improve the quality of girls’ education and infrastructure in their government schools, more girls can be educated on larger scales. If more girls are educated, then their health, income levels and overall livelihoods improve, bringing about social transformation.” Girls who complete education marry four years later than their unschooled peers, are more likely to survive childbirth, earn more, and will send their own children to school.

Educate Girls started as a pilot project in 500 schools in the Pali district of Rajasthan. By June 2016, the project has been rolled out to 12,000 schools in 8,000 villages, enrolling over 140,000 girls in some of India’s most remote areas. The organisation has grown rapidly over nine years with assistance from a large number of private and corporate donors and partners, including support from a Dasra Giving Circle (John, 2014, p. 58).

The enormous size of the problem Educate Girls is addressing – the millions of girls who are out of school in India – means that the organisation’s Founder and Chief Executive Safeena Husain is always focused on scaling impact, a challenge particularly when the organisation is dependent on grant funding. Husain first encountered the concept of a social impact bond when the United Kingdom’s international development agency, DFID, invited her to pitch for its global Girls’ Education Challenge,<sup>21</sup> a funding programme that includes payments linked to the delivery of pre-agreed results.

Even though DFID reduced the size of its development programme in India, and Educate Girls did not receive a grant, Husain remained keen to explore this payment model with other funders. “Payment by Results was attractive because its ‘activities agnostic’ approach would help us maintain a razor sharp focus on impact without any distractions; we could innovate, adapt and tailor our programmes to achieve the best possible results for marginalised girls, and ensure that funders only pay for results achieved. It would expedite scale and help us leave a larger impact footprint.”

The Educate Girls Development Impact Bond is a joint project involving multiple partners detailed in Table 5 below. The dual purpose of the DIB is to (1) provide performance-based funding for the Educate Girls project, and (2) offer a proof of concept to promote the use of such tools more widely in other project contexts. For this reason, and running somewhat counter to standard practice, the design process has been well documented and made publicly available.<sup>22</sup>

---

<sup>21</sup> The Girls’ Education Challenge was launched in 2012 and will disburse £300 million (US\$433 million) to 37 individual projects across 18 countries. See DFID GEC.

<sup>22</sup> The Instiglio microsite at <http://instiglio.org/educategirlsdib/> provides information and key project documents. Other project partners also carry information on their own websites. Instiglio declined to respond to the authors’ detailed queries concerning the bond design, but referred us to documents on its website.

The DIB design document prepared by Instiglio comprehensively outlines the mechanism of the bond and responsibilities of all participants. Reduced to its bare essentials, the DIB is a payment mechanism for an educational intervention. UBS Optimus Foundation, referred to as the “investor,” makes grant payments directly to Educate Girls, the “service provider,” on the basis of a project proposal that commits Educate Girls to deliver very specific project outcomes. While the design document does not specify actual target learning and enrolment outcomes during the three

years of project implementation, the project has to date (a) enrolled 140,000 girls and (b) improved learning outcomes for 600,000 children.<sup>23</sup>

The size of this grant is stated in the project document as INR17,332,967 (US\$277,915), made in two advance instalments in 2015 and 2016. Parties monitor, evaluate and report on agreed outcomes

<sup>23</sup> Personal communication to the author by Educate Girls’ project managers.

Partner	Title/Role
Educate Girls	<b>Service Provider</b> A Mumbai-based nonprofit responsible for designing, implementing and managing the on-the-ground project.
UBS Optimus Foundation (UBS)	<b>Investor</b> The Zurich-based foundation linked to the wealth management arm of UBS will make upfront payments to Educate Girls to provide the working capital needed for the project to be implemented.
Children’s Investment Fund Foundation (CIFF)	<b>Outcome Payer</b> A London-based grantmaking foundation linked to TCI, the alternative asset manager (hedge fund), will repay UBS the advance payments it made together with additional payments if agreed outcomes are met.
Instiglio	<b>Project Manager</b> A nonprofit intermediary based in Colombia that provides technical assistance in the design, structuring and performance management of results-based finance programmes in developing countries. Instiglio designed the DIB and will offer performance management services to Educate Girls during the contractual period of the DIB.
IDinsight	<b>Outcome Evaluator</b> A U.S.-based impact evaluation company that will design and implement the outcome evaluation and deliver outcome reports to the DIB Working Group.
Dalberg Global Development Advisors	<b>Process Evaluator</b> An international development consulting firm that will document the DIB design process, follow implementation and disseminate learning.
Linklaters	<b>Drafting Counsel</b> An international law firm that will give legal counsel on the drafting of contract documents.
Reed Smith	<b>Review Counsel</b> An international law firm that will give legal counsel on the review of contract documents.
DIB Working Group	A group comprising the parties listed above.
DIB Advisory Group	A group of outside experts (all participants listed in the design document).

Table 5: DIB Participants

as the project is being implemented. When the project closes in 2018, assuming the outcome targets have been met or exceeded, UBS Optimus Foundation will be given an “outcome payment”, comprising reimbursement of the grant payments plus an additional sum based on the extent to which Educate Girls successfully delivered project outcomes.

The outcome payment is to be made by the London-based grantmaker Children’s Investment Fund Foundation. UBS Optimus Foundation will also make an incentive payment to Educate Girls, being an agreed percentage of the outcome payment above the original grant principal. If the project does not deliver the agreed outcomes, no reimbursement is made and UBS Optimus Foundation effectively loses its investment by making a grant that is not recovered. In essence, UBS Optimus Foundation takes the full risk of project failure while CIFF pays for project success.

The outcomes are “priced” on the basis that UBS Optimus Foundation will be rewarded with a net return of 32 percent on investment over a three-year period, equivalent to an expected Internal Rate of Return (IRR) of 10 percent per annum,<sup>24</sup> for the risk taken in funding the project.

The social impact or “outcomes” delivered by Educate Girls, through its project activities and which form the basis for the contractual payments tabulated above, are in the two broad categories of “enrolment” and “learning.” The interventions made by Educate Girls are the enrolment of girls into schools and the teaching of a child-centred curriculum by a corps of female community volunteers. The bond weighs the relative contribution of these two interventions as 80 percent learning and 20 percent enrolment outcomes.

The sophisticated structure of the DIB is justified as a “proof of concept” to provide evidence that such bonds could play a more general role in the financing of international development projects. Dr. Pierre-Guillaume Kopp, communications director at UBS Wealth Management in Zurich, said that “as a philanthropic foundation linked to the world’s biggest wealth management firm, UBS Optimus Foundation has an interest in developing innovative financing mechanisms for the development sector. The DIB is an innovative concept that could help draw in new non-traditional sources of finance in the form

<sup>24</sup> IRR is a standard method of calculating the annualised return an investor makes on an investment, and excludes externalities such as exchange rate fluctuations or inflation. It is an indicator of the efficiency, quality, or yield of an investment.

Payment From	Payment To	Amount (US\$)	Note
1. UBS Optimus Foundation	Educate Girls	277,915	Working capital grant paid in advance in two instalments. Specified in Indian Rupees (INR17,332,967), but the design document reveals the US\$ amount stated here.
2. CIFF	UBS Optimus Foundation	Between 367,000 and 422,000	(Lower figure: Expected on an IRR of 10 percent) (Higher figure: Capped maximum on an IRR of 15 percent) Maximum outcome payment set on exchange constant value of Swiss Franc.
3. UBS Optimus Foundation	Educate Girls	Between nil and 46,107	Maximum incentive payment, being 32 percent of the maximum outcome payment to UBS, above the value of the working capital grant.

Table 6: DIB Payments



of private investors and, importantly, a new way for governments and other funders to disperse their aid with greater accountability and transparency about results.” Any outcome payment that UBS Optimus Foundation receives from the bond will “be used for future grantmaking,” said Kopp.

For Educate Girls, the bond represents a grant paid in advance of project activity, giving the “working capital” needed to carry out the project. Educate Girls is a nonprofit organisation reliant on grant income and other forms of donation, and the DIB – at approximately five percent of its income over the project duration – is a relatively small proportion of its annual budget. Unlike, for example, an engaged venture philanthropy approach, the bond provides funds and a “light touch” from the donors.

Husain said “the beauty of this performance-based instrument is that it is ‘activities agnostic’ and gives us the leeway to strategise and operationalise the way we see fit, as long as it is within ethical boundaries. Neither UBS nor CIFF are involved in defining our strategy or the operational plan for the project.” She is adamant, however, that the bond structure has advantages over traditional donors by bringing the discipline of performance-based funding. “The DIB incentivises us to create high impact to achieve targets and innovate to improve programmes. My staff are incentivised via non-financial and financial rewards to strive towards achieving outcomes, and we have potential for increased project funding when outcomes are met.”

At the time of writing the DIB had operated for less than 12 months and no data was available publicly that reported project outcomes to date. The DIB is a complex instrument with many moving parts, multiple stakeholders, and a mathematical precision in its outcome payments formulae. UBS promoted the DIB at its Global Philanthropy Forum in St. Moritz in 2015 when Husain spoke about the challenges and opportunities of participating in India’s first development impact bond.<sup>25</sup>

“The challenges are, however, daunting. Because this is the first time ever (for a complex instrument like DIB), there is no pre-defined template for implementing this. There are no robust examples of best practice for us to assess ourselves against. The sheer complexity of a DIB and the number of parties involved in its creation mean that alignment and communication are key. The time commitment needed from all parties is vast, but, we believe, worth it,” Husain said.

---

<sup>25</sup> UBS Global Philanthropy Forum in St Moritz. DIBs, SIBs – fancy acronyms or revolutionary funding methods? at Educate Girls DIB News accessed on May 19, 2016.



# Chapter 7: Venture Philanthropy

---

The origin, development, global expansion and critique of venture philanthropy are now well documented (John & Emerson, 2015; Defourny, Nyssens, & Thys, 2016). In this series of working papers, we view venture philanthropy as primarily representing the grantmaking end of the entrepreneurial social finance spectrum. Venture philanthropists are largely content to use grants as the finance method of choice as they are not primarily concerned with recovering their capital or making a financial return on their investments.

Impact investment is the close cousin of venture philanthropy, using a similar *modus operandi* but investing in social enterprises in anticipation of recovering capital or even making a modest return.

Venture philanthropy is best distinguished from traditional grantmaking by the level of engagement rather than the kind of finance (grant, loan or equity) or the legal form of the organisation being supported (nonprofit or social enterprise). A typical private or corporate philanthropic foundation may disperse hundreds of grants each year, with each individual grant officer handling scores of grantee transactions without any expectation of a detailed knowledge of each grantee's day-to-day operations. By contrast, a venture philanthropy portfolio manager will most likely handle only three or four investments, usually maintaining each of the relationships over the investment lifecycle, which could be several years.

The second key characteristic of venture philanthropy is that finance is offered together with advice on strategy and operations, adding value above that of more traditional grantmaking and drawing a loose analogy with the way that a venture capital fund invests in a small enterprise with a blend of capital and strategic advisory (John, 2007; Boiardi & Hehenberger, 2015).

This investment-minded approach, with its small portfolio of nonprofits and hands-on engagement, focuses on helping build focused and resilient organisations rather than simply funding projects. The day-to-day relationship with the investee's management team distinguishes venture philanthropy from the traditional approach of most private and corporate foundations. Portfolio managers have a keener sense of how each investee is progressing (or not), with the frequency of contact varying from several times a week to at least monthly.

The portfolio manager curates non-financial, advisory and consulting inputs as agreed in the investment proposal. These inputs may include advice on strategy and operations as well as coaching the lead social entrepreneur, provided directly by the portfolio manager or other members of the fund's team, or externally through volunteer associates.

Unlike traditional funders, venture philanthropists usually take an option for formal or observer places on the investee's board – a practice common in private equity investment, but highly unusual, if not frowned upon, in the funding of nonprofit organisations by private foundations.

Since an objective of venture philanthropy is to help build stronger organisations, the investee and funder agree upon a planned, phased withdrawal of finance and other services beforehand as part of the investment plan even though the reality may change as the investment progresses. Some funds prefer to use the term *graduation* rather than the term *exit* to denote the next phase of relationship, which may no longer involve hard inputs. The investee organisation remains within the fund's *family* and may contribute to others through sharing the experience of mentoring.

## Venture Philanthropy in Asia

Much of the modern practice of venture philanthropy can be traced to a regeneration of American philanthropy during the 1990s, catalysed by *new economy* entrepreneurs who saw their giving as an extension of the skills and practices they used to build businesses and create wealth. A decade later, venture philanthropy stirred debate in Europe and was given a boost with the creation of the European Venture Philanthropy Association (EVPA) in 2004 that sought to promote the model amongst the financial services community and work collaboratively with more traditionally orientated grantmakers. In 2010 the Asian Venture Philanthropy Network (AVPN) was launched to create a community of venture philanthropists across the region.<sup>26</sup>

While it is likely that venture philanthropy has given way somewhat to the more fashionable practice of impact investment, it remains an important and globally developing approach to engaged, outcome-orientated grantmaking. There are no accurate data on the number of venture philanthropy funds active in Asia although our own mapping exercise in 2011 (John, 2013) estimated 58 funds, with the largest numbers in India (22) and Hong Kong (11). These funds included several that were headquartered outside Asia; some of which had investments in several countries.

Despite the expansion of venture philanthropy geographically, the model is not without its critics. Eikenberry and Kluver (2009), for example, feel that venture philanthropists impose a narrow, market-based regime on nonprofit organisations to the detriment of their broad civic role.

In this paper we present case studies on three corporate-linked venture philanthropy initiatives in Asia. Two are owned and operated by the corporate foundations of young, entrepreneurial financial services companies – Edelweiss Group in India and ADM Capital in Hong Kong. The third is a

case study on Nonprofit Incubator (NPI) in Shanghai, China – a capacity-building intermediary that works closely with Chinese corporations to practise the venture philanthropy model in a geographical context where nonprofits are generally under capacitated.

Edelweiss Group is a disruptive, entrepreneurial startup that grew into a major Indian financial services company. From the beginning its founders wanted the business to take social responsibility seriously. With its stock market flotation in 2007 the company launched its foundation, EdelGive, intent on infusing its philanthropy with the same entrepreneurial spirit that founded the business (see case study on Edelweiss Group & EdelGive Foundation).

In its venture philanthropy approach EdelGive's staff initiate a dialogue with a nonprofit, helping the organisation's senior staff and board articulate key challenges over the short-, medium- and long-term horizons, and exploring with them their strategic and social impact. For Indian nonprofits this was a radically new kind of relationship with a potential funder, and for many the first time they had taken stock of operations and thought beyond their immediate resourcing needs.

Overtime Edelweiss Group steadily imbedded philanthropy throughout its business by encouraging employees to volunteer their time and skills to the nonprofits supported by the foundation. As Edelweiss grew, volunteering was valued as a tool for developing staff leadership, with ideas gleaned from volunteering feeding back into business processes. Edelweiss's most senior C-Suite executives also volunteer their time as mentors to nonprofit leaders facing challenges with strategy or governance.

---

<sup>26</sup> One of the authors (RJ) was the first executive director of EVPA and a founder of AVPN.

Hong Kong-based ADM Capital is an investment company with US\$1.2 billion of assets under management. The three founders wanted its charitable activity to be a “natural extension of the values and principles of the business.” Choosing children at risk and protection of the natural environment as the two themes of its charitable work, ADM Capital Foundation was launched to fulfil the partners’ objective that their giving should have tangible outcomes.

The foundation’s team works closely with the management teams of 40 local nonprofits in 10 Asian countries and is focused on helping these organisations meet ambitious plans for growth and impact by offering a package of funding and advice. Foundation staff may even spend prolonged periods with a partner nonprofit on the ground, providing advice and acting as a sounding board for the organisation’s senior management as in the example of the foundation’s finance director who was temporarily based in Angkor Hospital for Children in Cambodia.

The foundation has operated for 10 years and the founding partners feel that the investment business and the charitable work of the foundation are “mutually reinforcing” and no longer separated and “out of view.” An activity that investors once viewed as a potential distraction to doing business is now seen as central to the company’s core business values.

Edelweiss Group and ADM Capital are businesses that manage venture philanthropy programmes through their corporate foundations. The practice of venture philanthropy was introduced to China in 2006 by Nonprofit Incubator, an intermediary organisation established to strengthen the capacity of the fledgling nonprofit sector. NPI has partnered with businesses to offer its own model of venture philanthropy, utilising the financial and human resources of the corporate sector (see case study on Nonprofit Incubator).

NPI and technology company Lenovo collaborated to provide funding and volunteer time to 30 small- to medium-sized nonprofits. A second partnership began when NPI helped Ford Motor China develop its environmental awards scheme into the Level Up! programme which provides award winners with the additional benefit of training support from NPI and Ford volunteers. The partnership with NPI has helped Ford take a successful awards programme and develop an integrated CSR programme that helps strengthen the ecosystem of China’s environmental nonprofits.

It is not necessary for a corporate foundation to directly engage in venture philanthropy; it can do so through an intermediary such as NPI. The European Venture Philanthropy Association has found that venture philanthropy funds in Europe raised 17 percent of their resources from corporations, the most significant source after wealthy individuals (Hehenberger, Boiardi, & Gianoncelli, 2014). EVPA acknowledges that corporations are already strong partners for venture philanthropy funds in Europe and there is scope to make these “stronger and more frequent.” Asian corporations can participate in venture philanthropy in multiple ways, including playing the role of “limited partners,” i.e., funders of venture philanthropy organisations.

## **Edelweiss Group & EdelGive Foundation<sup>27</sup> (India)**

### **Building a business with the value of social responsibility**

In 1995 Rashesh Shah and Venkat Ramaswamy decided to launch their own financial services company, named Edelweiss Capital, just when the booming Indian economy headed into a downturn. It was not the best time to raise capital and take the risk of a startup, so the venture began in small

---

<sup>27</sup> This profile from John, Tan, & Ito (2013, p. 46) is an edited and updated version of that published earlier.

offices near Mumbai's Fountain area with just three staff members. Despite the modest beginning, there were more setbacks to come as they rode the Indian economic rollercoaster.

Today Edelweiss Group is one of India's home-grown success stories. Now a wide ranging financial services giant, the group serves 630,000 clients through 5,937 employees based out of 248 offices (including eight international ones) in 128 cities. In 2007 the company went through a successful initial public offering (IPO).

At the time the chief financial officer was Vidya Shah (married to founder Rashesh Shah) who had been thinking about the fledgling company's social responsibilities and taking time out to visit NGOs and make modest donations from the company's social budget. "Around the time of the IPO it was very clear I would step down as CFO, but I wanted to remain connected with the firm. We'd been making philanthropic allocations for about three years. It was very ad hoc and unstructured: I met somebody, liked the project and we gave money. But the more I spoke with NGO leaders, the more I began to appreciate what they were achieving in very tough environments," Vidya explained.

She began to focus less on their projects and more on the NGOs themselves. "A lot of challenges I saw were around the organisations. Therefore it seemed more meaningful for Edelweiss to set aside a budget and support the best NGOs in a more proactive and thoughtful way."

Shortly after the IPO, Vidya presented her findings and suggestions to the Edelweiss Board and was given unanimous approval to "do something impactful" that reflected the company's entrepreneurial values and deep-rooted sense of giving back to society. The company would donate one percent of its pretax profits for this

new philanthropic venture. Vidya decided that like the company "we would start small, learn from our mistakes, and then decide where and how to focus. The DNA that created the company would be replicated in the foundation," she said. EdelGive Foundation was thus born.

## **A Venture Philanthropy Approach**

The foundation was deliberately set up in a small office that was removed from company headquarters (a decision they later reversed). It quickly grew to a team of six with a mix of commercial and social sector experience; all were committed to a fresh and entrepreneurial approach to giving.

At that time, Vidya and her team had not come across the term, venture philanthropy, or met its practitioners. "With hindsight, we made very simplistic decisions about our sector focus, so we set up a small investment committee comprising me and two company executives. We initially wanted to support education and livelihoods, and work in a way that resonates with Edelweiss employees, with an approach that is focused on strengthening organisations rather than just funding their projects," she recalled.

This was deeply intuitive for someone who knew how to grow effective commercial companies and had seen first hand that a poorly functioning nonprofit would struggle to deliver its mission, no matter how well-meaning the founder or dedicated its staff. Time and time again, Vidya had come up against the NGO cultural resistance to being constructively challenged about operational issues like cash flow and sustainable growth. "One NGO founder told me 'we are not a factory,'" Vidya said. "Was this just the way NGOs worked or could we, through some kind of gentle partnership, strengthen their operations and sustainability without interfering in their mission?"

Encouraged by positive responses from other social enterprises which embraced the business-like approach, Vidya and her team decided that building the capacity of organisations would be “core to what we do.” Explaining how they approached each new nonprofit, Vidya said, “we start with dialogue just like Edelweiss Capital does. Beginning with a ‘dashboard’ exercise, we set down on paper what the nonprofit sees as key challenges and ambitions over six-month, 24-month and long-term horizons. We explore strategy, fundraising, hiring and social impact.”

This was a radically new process for the groups EdelGive engaged with for “they had not learnt to think strategically. They just did good work and took life as it came, never beyond six months’ planning. But through this dialogue, ambitions and aspirations started pouring out,” Vidya said. Over time, the learning from this process helped EdelGive develop its current *vertical* advisory areas of human resources/leadership, systems, fundraising and social impact.

## **Skills-based Volunteering**

Two key objectives in developing the foundation’s model over time were (i) to align its way of working with the value creating, entrepreneurial style of the company, and (ii) to embed philanthropy throughout the business. A key outcome would be to leverage skills within the workforce that could assist the nonprofits being supported by the foundation. Vidya knew that Edelweiss staff had key skills that could be valuable to nonprofits, if managed and adapted to fit the culture of the organisations they worked with.

Even early on she had volunteer employees in mind. “It was not too difficult as I already knew which staff might be interested, and some early role models emerged, including one who was the chief operating officer of Edelweiss’ wholesale capital markets division. He willingly rolled up his sleeves

to help one nonprofit put together a three-year strategic plan, right down to training them on Excel, even the font colours that investment bankers like so much!”

Vidya found that most executives were excellent at adapting their skills, and feedback from nonprofits was good although sometimes the relationships did not gel. She recalled the Edelweiss in-house software team developing a payroll system for one NGO undergoing a major growth phase. “Eventually they got the payroll running but abandoned any wider systems development as the team was not getting buy-in from the NGO’s management or board,” she said.

Recalling another NGO which needed financial planning support, Vidya said, “we got our staff from treasury to work on this cash flow problem, but they used a technical language too difficult for the NGO which was working at a very basic level.” Frustrations developed “so we sat together and brokered the relationship and made compromises. We smoothed things out and in fact found that feedback from the NGO was valuable in helping shape these services.”

Nikhil Johari joined Edelweiss in 2001 as an intern and worked his way up to become executive vice president of Edelweiss Financial Services, specialising in legal and compliance. Johari put his day-time skills to work with the Rajasthan Shram Sarathi Association, a nonprofit that provides financial services to migrant labourers and their families in south Rajasthan. In order for the association to better explain its credit service, Johari said “it was imperative to put their numbers in a structure that made more intuitive sense, reflecting cost and income more akin to a typical financial services company.” He is working with his team to produce a compliance manual for the association, something that could be offered to other NGOs that EdelGive supports.



Johari recognised the need to adapt his skills and mindset from a business context to that of the nonprofit. “The first challenge was to appreciate the space in which the association works and be able to absorb the nuances of migration issues,” he said. “Then I needed to review their numbers, processes, systems and operational parameters without being influenced by the financial services background I come from.”

This was Johari’s first experience of working with a nonprofit and he said he was “happy I’ve helped them understand their numbers in a way that explains their work to current and potential investors, and I am more aware about migrant labourers and their issues. Only now am I able to appreciate the enormity of the challenges of migration for livelihood and how the association is working on it – brick by brick.”

Senior managers like Johari became increasingly involved with the foundation’s work by volunteering their time and skills. Human Resources units in each of the group’s businesses and at Enterprise Human Resources (responsible for senior recruitment and leadership development) worked with the foundation to design pathways for staff at all levels to participate in skills-based volunteering opportunities.

Meanwhile Edelweiss was growing rapidly as a business. Human Resources realised that the foundation was a tool for employee engagement and leadership development in a growing organisation. The feedback from staff confirmed that their involvement with the foundation more than led to the broadening of horizons; it was also making them better team managers. As staff engaged in community activity through the foundation, it was clear there was a business case for a volunteering programme. “When staff worked – with constrained resources – with people from very different backgrounds and utilised their core skills to fit a new situation, volunteering led to more creatively thinking employees which flowed

back into the business,” Vidya said. Volunteering became a high profile option for all staff with the home page of the company’s intranet advertising opportunities.

By 2014 more staff wanted to volunteer than could be accommodated in the foundation’s portfolio of nonprofits being supported by its venture philanthropy approach. Some of the nonprofits were in isolated locations which made it difficult for Edelweiss employees to reach for extended periods. These factors led to a partnership with Toolbox India (see profile in Chapter 4). EdelGive supported TBI with a grant to help build the organisation’s volunteer programme during its critical development stage as a skills intermediary. TBI’s model of adapting the McKinsey organisational development framework for nonprofits was useful in refining EdelGive’s capacity building programme for its grantees.

The foundation’s Head of Employee Engagement Priti Jaswaney spent time at TBI to better understand the mechanics of capacity building. “We learnt a lot from ToolBox how to better facilitate and manage employee engagement, converting our capacity building efforts into a more rigorous framework,” Jaswaney said. “We have institutionalised our volunteering, have built the ‘backend’ by tracking engagements, having weekly meetings with volunteers, and more active intermediation of them and the NGOs,” she added.

More and more mid level managers offered their technical skills through the employee engagement programme, but Jaswaney and her colleagues noticed that in several nonprofits the critical need was support for their founders and CEOs. “We saw NGO founders getting tired and hitting a wall, in need of coaching and mentoring rather than technical skills,” she said.

EdelMentors was launched to mobilise C-Suite executives from the group’s businesses to mentor individuals running nonprofits supported by the

foundation. “We now have seven senior executives signed up as mentors. The need is typically from NGOs where the founder is running operations but faces challenges with strategy and governance. An experienced mentor can help at this level, advising on when to push for change and when to hold back,” Jaswaney said.

With Edelweiss now operating in 128 cities across India, Jaswaney wants to ensure that volunteering is not head office centred, but embedded throughout the company’s scattered branch network. The initial focus was on the company’s biggest metro locations outside of Mumbai – Kolkata and Delhi. “One inspiring NGO leader gave a talk to our branches in Kolkata, and the next day a field trip to see his organisation at work was oversubscribed with 50 staff signing up,” Jaswaney said. “Now the branch employees are putting together a capacity building plan. The staff realised that this was not about giving money but using their business talent.”

## Collaboration

As EdelGive grew through experimentation and learning, the organisation realised that it had developed an operational model for venture philanthropy that could be a platform for collaboration. Vidya explained that collaboration “began with the desire to find co-funders, perhaps like-minded foundations inside or outside India. So we slowly developed multiple relationships with other grant-makers and corporate foundations. Additionally, entrepreneurs we knew from the wealth management side of Edelweiss sought advice for their own or their company’s philanthropy.”

EdelGive formalised this growing ecosystem of funders and high-potential NGOs by launching the Collaborative Philanthropy Platform. This is potentially a turnkey solution for corporate philanthropy and CSR initiatives by providing a menu including strategic philanthropy advice, sourcing of suitable NGO grantees, and grant management services.

This is a “zero cost” solution for EdelGive’s corporate partners by utilising the foundation’s own intellectual and administrative infrastructure. This contribution by EdelGive to the strengthening of a philanthropic culture in Indian-based corporates is timely given the CSR requirements of the 2013 Companies Act. EdelGive is able to receive contributions from eligible corporations, manage CSR funds, and ensure compliance under the Act.

EdelGive has leveraged its leadership in Indian philanthropy and the extensive private sector networks of Edelweiss Group to convene in October 2015 “@The Same Table,” a platform where members of the donor community can share success and failure and dig deep into issues of mutual concern. At the first Table discussion focused on capacity building of NGO grantees, presentations were made by Toolbox India and Nikhil Johari, an Edelweiss senior executive who had volunteered his skills for a nonprofit funded by EdelGive. Subsequent Tables covered the challenges of monitoring, evaluation and opportunities for investing in NGOs working in the criminal justice sector.

Vidya observed that the first @The Same Table event “brought together an overflowing room of trusts, high-net-worth individuals, and corporate foundations for a hardworking afternoon, giving us and our partners a unique opportunity to ‘evangelise’ capacity building.”

With EdelGive’s ever growing ecosystem of non-profits, co-funders and capacity builder intermediaries, the foundation launched EDGE as an annual gathering to celebrate social transformation, learn and network.

Today, EdelGive Foundation articulates its vision as such: “to build a strong, efficient and high-impact social sector for a better India.” Since 2008, EdelGive has committed US\$5.8 million in grants to its portfolio of investee organisations which in 2015 numbered 100. To this financial support, the



foundation has added 12,000 volunteer hours of expertise by engaging 40 percent of Edelweiss staff.

Reflecting on the early years of the foundation, Vidya Shah viewed it as experimental with much learnt through trial and error, including learning to appreciate the complexity and interconnectedness of the social issues addressed by the organisations they supported. “We need to think more about whether our way of working – micro selection in two sectors – is the best way to go. We are intrigued by concepts of collective impact and the power of collaborative working,” she added, “[and] perhaps also looking at investing in larger portfolio organisations, especially appropriate in India where scale is needed. We know that increasing leverage is going to be key to us as we look for greater social impact in the next five years.”

## **ADM Capital Foundation (Hong Kong)**

### **A financial services firm adopting a venture philanthropy model**

In 1998 Christopher Botsford, Robert Appleby and Denys Firth established ADM Capital, a Hong Kong-based investment management company. “We set up the company in the eye of the Asian financial crisis which might seem a strange timing when getting a new venture off the ground, but in fact was the right time to be in the business of solving problems, and helping promoters get their companies into financial health and people back into work,” said Appleby, now joint chief investment officer.

Today ADM Capital has approximately US\$1.2 billion under management in more than 15 countries with offices in Hong Kong, London, India and Central Asia. As the company successfully grew and developed, the partners wanted to create a charitable foundation that would be “a natural extension of the values and principles of the business,” Appleby said.

In 2005, the founding partners were approached by Lisa Genasci, a journalist by background, who at the time was helping M’Lop Tapang, a small Cambodian charity working with street children in Sihanoukville, raise funds for a new centre that would allow the organisation to meet expanding need. “The timing was perfect,” recalled Genasci. The ADM Capital founders “wanted to rationalise the firm’s philanthropy by being more strategic in a way that was closely aligned with the values of the company they’d created.”

Shortly thereafter, Genasci went on to help create ADM Capital Foundation (ADMCF) with M’Lop Tapang as a first partner organisation. “After many years living in Asia, the founders had a deep understanding of regional cultures and, as entrepreneurs, they understood risk and the need for thorough due diligence, monitoring and assessment. They wanted to apply business acumen to nonprofits where appropriate and to be as impact-driven on the nonprofit side as they were on the for-profit side. Impact was key. They wanted results; they didn’t want simply to dispense grants to large organisations. It was much more about seeing results from their own philanthropic giving,” said Genasci.

In setting up the foundation, Genasci was guided by the partners’ desire to see impact in two broad thematic areas – children at risk and the protection of the natural environment – with a geographical scope that could encompass any part of Asia.

Early on she established clear processes for evaluating nonprofit organisations. “Our starting point was an issue, a social or environmental challenge,” she said. “We didn’t want simply to take on unsolicited proposals, but instead actively work to address a particular social or environmental challenge. We wanted to make sure we were working where need was greatest and to build coalitions of local partners we thought would work effectively to

address that need. We're extremely engaged with our partners, so it's never about writing a cheque and walking away until it's report time."

Genasci and her team explored how best to address an identified social or environmental need – researching, interviewing key people on the ground, and evaluating potential nonprofit partners. If a lead nonprofit cannot be identified, then the foundation will consider seeding an initiative. This happened in Pattaya where the foundation team was looking for an intervention to address child sex abuse in the Thai tourist town. After an exhaustive search, the foundation identified an individual with a proven track record in community-based work with young people in Pattaya. "He was very well regarded, but had little relevant management experience," recalled Genasci. "So we identified a separate NGO with the management expertise, if not the experience of working with vulnerable kids. We built the project infrastructure around this hybrid team."

Whether seeding an initiative in this way or supporting a pre-existing nonprofit, ADM Capital Foundation has a classical *venture philanthropy* approach in its commitment to what has grown to more than 40 local operational partners in 10 Asian countries. "Our goal is not to be engaged with an organisation forever. We enter into an agreement with a local partner based on an understanding on both sides of the change we hope to see. We aim to make change and to build resilience. We don't focus on the term of the grant," Genasci explained.

"An exit involves seeing the objectives we have jointly established are met, that the organisation is secure, has a wide funding base, and is strong enough to be able to go off on its own. Only then do we step back," she added. "A big part of our commitment to an organisation is not just financial, but it's across the whole spectrum of capacity building – human resources, fundraising, accounting and so on. That's where we find that we

can really help solidify a nonprofit because we can't address a social or environmental need with a weak partner – you need to have a strong team."

The foundation occasionally uses external consultants to offer strategic and operational advice, but relies on its core Hong Kong-based team and field staff. Its highly engaged approach results in senior staff spending extended periods at field level.

While supporting the leadership team of Angkor Hospital for Children in Siem Reap, Cambodia, the foundation's finance director spent significant time helping to develop the hospital's financial systems as the organisation transitioned from a United States-registered nonprofit to an independent Cambodian institution. Having fully local management and accounting was a strategic move for the hospital, ensuring its long-term sustainability and enhanced impact on paediatric care in Cambodia. ADM Capital Foundation led the transition which included support to the new finance, development and human resources teams as well as policies and enhanced governance in the form of a Hong Kong-based board of directors.

ADM Capital Foundation's involvement with Angkor Hospital for Children is an example of its entrepreneurial, opportunity-seeking approach. The foundation initially had come to know about and supported the hospital with small grants because children from M'Loi Tapang were often referred there. Through this relationship, the foundation became familiar with how the hospital functioned – the organisational issues that held it back from maximum effectiveness – and its even greater potential for paediatric care.

In early 2011 the foundation's children at risk project manager met with medical staff and the hospital's executive director to explore options for the hospital's future. He detected a real appetite for independence, leading to the proposal that the hospital become an autonomous Cambodian institution rather than the project of a United States-registered nonprofit.

A former banker, the project manager recognised a new approach was needed to make the hospital sustainable and locally grounded which he likened to “something that looked more like a private equity deal not in a commercial sense, but in the way we saw the need for restructuring.” During the period of interim management support, ADMCF provided the know-how and finance required to help the hospital staff build a sustainable, effective and efficient institution that would better serve Cambodian children.

ADM Capital Foundation encourages other philanthropic initiatives in the financial services community. It does so through co-funding, collaborating and convening. Genasci said that some of the established corporate foundations “have limited staff. Co-funding with us is mutually beneficial. Leverage is an important part of our model.” Bringing people together is something the foundation can do because of the company’s and foundation’s strong networks across Asia. “We see ourselves very much as a convener, both of local operational partners and funders,” she added.

“We want to see philanthropy that leads to action,” Genasci said. The foundation offers “investing partners” the opportunity to make donations to projects that have the potential for “significant social or environmental impact.” Foundation staff also ensure the effectiveness and quality of each project, the organisation behind it, and its programmes. The foundation describes the donation as “an investment with a social rather than a financial return” that benefits from the foundation’s due diligence, monitoring and engagement.

ADM Capital Foundation also manages “strategic co-funding” from foundations and others to “widen the impact of grants, leverage knowledge and resources, and reduce the administrative burdens on both themselves and their grantees.”

The foundation recognises the need to be a direct advocate for change, particularly in its environmental programme. “Our marine programme initially was built around slowing the consumption of shark fin soup,” said Genasci. “Shark finning for us is not a single species issue, but more widely about marine biodiversity. Sharks are critical to the health of our oceans. We got involved because half the global trade in shark fin passes through Hong Kong where consumption of fin soup was viewed as entrenched culturally.”

The foundation started its involvement with a small grant in 2006 to World Wildlife Fund (WWF) to raise awareness among companies in Hong Kong around the issue. Most shark fin soup is consumed at official, corporate or wedding banquets. The WWF grant was followed by cultural, market and trade research to inform campaigns focused on the local hotel trade, companies and wedding couples, more specifically. Eventually, six different NGOs (with ADMCF playing the role of convener, and providing financial and strategic support) were involved in the targeted work which led to real results.

Starting in 2011 Hong Kong’s top hotels, led by the Peninsula, started to remove shark fin from menus or said they would serve it only upon request. By 2013 the Hong Kong and Chinese governments banned shark fin from official banquets, and 160 leading Hong Kong institutions had signed up to the WWF pledge not to serve shark fin at corporate events. By early 2016 more than 30 global airlines and 10 major shipping container lines had banned shark fin as cargo.

Appleby feels that ADMCF and the business have become increasingly aligned and integrated over the 10 years of the foundation’s existence. “When we set up the foundation our investors first thought it would be a distraction for the founders to be involved in anything besides the business,” he said. “In the early days we kept the foundation work

largely out of view, but that has since changed. Today our charitable investments are viewed as positive and core to our business values. Everything we do in the business and the foundation are mutually reinforcing; we are speaking the same language. Our investment decisions benefit from the advice we get from the foundation.”

## **Nonprofit Incubator (Shanghai)**

### **Building stronger Chinese nonprofit organisations**

Zhao Lv, a former journalist and serial entrepreneur, launched Nonprofit Incubator in Shanghai in January 2006 at a time when the nonprofit sector was only beginning to be recognised by the central and local governments in China. “It was absolutely clear to Zhao Lv that nonprofits needed intense and professional capacity building as well as resource mobilising,” said Ding Li, vice president of NPI.

It was challenging at first for Zhao Lv to find the funds to hire staff, but a breakthrough came when he persuaded Narada Foundation and Ford Foundation to provide RMB1.2 million (US\$190,000) in seed funding for the launch of the first incubator in Shanghai in early 2007.

Today NPI has grown to a family of dozens of initiatives serving more than 1,000 startups and the fast growing nonprofit and social enterprise sector in 40 major Chinese cities annually. At NPI’s heart is the incubation service for startups, offering shared office facilities plus seed financing, as non-returnable grants of typically RMB3,000 - RMB5,000 per month (US\$500 - US\$800), to nonprofits for up to 12 months.

NPI was the first organisation in China to use the term *venture philanthropy*, viewing the model as a natural progression of its pioneering incubation

#### **Box 2: ADM Capital Foundation’s Approach & Impact**

- Gain a clear understanding of local needs or an environmental challenge through solid and innovative research.
- Work locally to identify organisations and committed individuals with innovative ideas.
- Look beyond traditional philanthropy to provide strategic advice to local partners, strengthening their organisational capacity and expanding their donor and other partner networks.
- Take an innovative approach to promoting equity and conservation by forging alliances between investors and community-based initiatives.
- Work with partners to create performance benchmarks and identify impact.
- Aim to leverage the impact of work through partner “investing.”
- Take a long-term view.

ADM Capital Foundation tackles challenges in Asia in two main areas:

- Children at Risk
  - o Education
  - o Protection
  - o Healthcare
  - o Social enterprise & vocational training
- The Natural and Urban Environment
  - o Marine and terrestrial conservation
  - o Wildlife trafficking
  - o Water
  - o Air quality

In the 10 years since its inception in 2005, the foundation has facilitated donations of over US\$20 million to over 40 partners in 10 Asian countries.

work by investing in nonprofits' capacity to become resilient rather than dispense one-off donations which would pay for an activity but may have no lasting impact. In a creative partnership with the technology company Lenovo, NPI established the Lenovo Venture Philanthropy Programme which ran from 2008 until 2010. Lenovo provided RMB6 million (US\$800,000) and as much volunteer time as possible to support 30 small- to medium-sized nonprofits during the project. Non-financial support would be given by NPI or Lenovo staff, or could be outsourced to professional consulting firms paid for through the fund.

NPI has developed many activities and programmes outside of its core incubation and venture philanthropy initiatives. Its Community Service Platform strengthens community development and mobilises local resources. NPI's consulting arm, CSR Consulting, sells services to companies exploring CSR and volunteering, sometimes through partnerships with global CSR consulting agencies. The NGO Capacity Building Programme provides training and consulting services to third sector organisations which include the use of management tools such as Balanced Scorecard to drive strategic planning and assessment. In 2010 NPI established the Shanghai Social Innovation Park (the Nest) in partnership with local government and civil society groups.

## **Partnership with Ford Motor Company**

In 2012 NPI began a collaboration with Ford Motor Company China (Ford) that built on NPI's experience of strengthening the capacity of nonprofits. For the last 16 years, Ford's flagship CSR programme has been the Conservation and Environmental Grants China (CEGC) Award which has recognised 382 individuals and organisations in 31 provinces and regions of China and provided RMB20.1 million (US\$3.1 million) in financial

support. Ford's employees are recruited as volunteers to review projects shortlisted for the awards by making on-site visits.

The award has become a major event in the world of Chinese conservation and environmental action to fund projects that "spread the message of sustainability, biodiversity, ecosystem education, conservation and preservation." The high-profile award ceremony is preceded by a *Green Carnival Day* to showcase awardee projects and stimulate media interest in grassroots environmental issues. Several awardee organisations have become prominent leaders in the sector, for example, Green River, China Mangrove Conservation Network, and Shanshui Conservation Centre.

As CEGC gained momentum and prominence, Ford realised the value that could be added to the awards – by providing capacity building support to the individual and nonprofit awardees – and the need to provide support professionally for it to be most effective. Tina Zhang from Ford's Sustainability Communications said, "besides financial support, we realised that grassroots environmental nonprofits faced challenges that prevented their rapid growth and development. With that in mind we began a partnership with NPI to launch the Level Up! initiative in 2012 to give green NGOs based in China mainland the tools, skills and resources they need to grow their organisations."


During the first year NPI trained approximately 100 senior managers or founders from environmental nonprofits, including those who had won awards in previous years. To ensure relevance, NPI developed the training curriculum based on interviews with awardees. Topics including financial and project management and innovation were taught over five days. In partnership with NPI, Ford scaled up Better World as a strategic CSR programme, integrating CEGC, Level Up! and Ford employee volunteering initiatives.

By the end of 2015, Level Up! has provided capacity building for more than 520 groups and individuals who received training, mentoring or incubation support. The programme has spread geographically from tier one cities such as Beijing, Shanghai and Shenzhen to smaller urban centres like Nanjing and Chengdu and their surrounding areas.

Direct engagement with nonprofits by Ford volunteers has always been a hallmark of the company's CSR programme. Since 2015 there has been an increasing recognition that skills-based volunteering strongly complements the Level Up! programme. "So far 30 employees have joined Level Up! as NGO partners," said Zhang, "where they provide three to four months of customised, professional guidance to help selected nonprofits address current problems."

## **An Ecosystem Approach**

The partnership between NPI and Ford has been positive for both organisations. As a leader in the field of nonprofit capacity building with a deep knowledge of the sector, NPI has helped Ford take a successful environmental award programme and develop a comprehensive CSR programme that strengthens the whole ecosystem of environmental organisations. The CEGC awards identify and celebrate new and upcoming nonprofits, and engage the media and general public. Level Up! provides technical advice and mentoring to help high potential nonprofits grow and mature. Ford provides grant finance and leverages the skills of its workforce to provide additional knowledge resources.





## Enterprise Track

Social enterprises are a fast growing phenomenon in the 21st century. Their potential to sustainably create social impact without recourse to never-ending donations or grants has become the holy grail of social finance, piquing the interest of the social sector, funders, governments and businesses. Many traditional charities look to enterprising activities to provide earned income as an alternative to grants. Governments, including many in Asia, see in social enterprise an opportunity to deliver social services vicariously and at lower cost. Entrepreneurs who once may have started a business or a charity now choose the hybrid path of the social enterprise.

An early description of social enterprise as an organisation at “the intersection of business and traditional nonprofit” with a balance of “mission and market” (Alter, quoted by Huggett, 2010, p. 93) still holds well in a sector with confusing and contradictory language. Many self-styled social enterprises that generate earned income with trading activity at their core are legally structured as charitable/nonprofit organisations. Others adopt the identity of commercial businesses, e.g., an incorporated company limited by shares.

These choices may reflect each organisation’s origins, the local regulatory environment, or strategic ambitions. Certainly an enterprise that wishes to scale up will find it easier – or at least less difficult – to do so as a for-profit entity able to attract investment rather than a nonprofit dependent on subsidy. There are several stages in the lifecycle of a social enterprise wanting to grow from a concept to a viable business. Along the way, funding gaps must be bridged.

This section will explore the role of corporations in helping social businesses along the enterprise track. Business plan competitions reward ideas and business concepts. Enterprise philanthropy helps to bridge the gap between grant support and commercial investment. Accelerators and angels provide capital and business advice before early stage ventures are on the radar of venture capital funding.

Once a social enterprise can compete in the marketplace alongside purely commercial ventures, the opportunity opens up for some to take on business services that corporations outsource.

## Chapter 8: Awards and Competitions

---

Early stage ventures across the spectrum – from purely commercial to those with a social mission – benefit from the involvement of intermediaries that provide financial, technical, media or coaching support. These ecosystem *enablers* include organisations that offer awards and fellowships, sponsors of business plan competitions, and accelerators and incubators.

These enabling organisations were generally initiated with the objective of helping commercial ventures grow from the idea stage to the point when they could attract investment for later stages of growth. An increasing number of startups now intentionally blend social impact with the potential to be profitable. In doing so they become of interest to enablers that traditionally would have supported only commercially orientated businesses. A subset of enabling organisations focus exclusively on supporting nonprofits and social enterprises by giving significant weight to the potential social impact to be created (John, 2013).

In this chapter we will examine the role played by corporations that support awards and business plan competitions aimed primarily at social entrepreneurs in the early stages of their ventures. Awards from competitions are often the first institutional finance an entrepreneur may receive at the idea or earliest stage of an enterprise. Although such grants are usually modest in size, entrepreneurs have the opportunity to present their work at events with media exposure, raising their profile and ability to raise funds. Corporations are seldom the organisers of venture awards and business plan competitions, but play a vital role in sponsoring prizes and providing value added services such as coaching.

Echoing Green, one of the longest established award schemes, is an exception. It was launched by General Atlantic, a global private equity firm, in 1987 when its partners sought to maximise the company's philanthropic impact. They were early adopters of the venture philanthropy approach that aligns with the business experiences of investment professionals (John & Emerson, 2015) who instinctively sought to support social entrepreneurs by financing their ventures and offering personal support.

The Echoing Green Fellowship has been its cornerstone programme, which has grown to a global network of more than 700 *emerging leaders* who have initiated leading nonprofits and social enterprises including Teach for America, City Year, One Acre Fund and SKS Microfinance. The programme is highly selective, accepting less than two percent of up to 3,000 applications from 100 countries annually. Echoing Green's fellowship approach focuses on developing the leadership potential of the individual rather than the organisation. Skills building, networking and peer support continue as cohorts remain connected to one another long after the two-year funding of the fellowship.

In 2012 a survey of its entire cohort found that 75 percent of fellows remained active in the Echoing Green network, prompting the organisation to extend and deepen support for its alumni. In boosting support for alumni, one priority area was in helping fellows secure impact investment for the growth of their ventures. Between 2014 and 2015, an *Impact Investing Inflection Cohort* of 10 alumni spent 15 months raising capital with intensive support from Echoing Green staff, other fellows, investors and technical experts.

The initiative recognised that the award of a fellowship and its networking opportunities, while valuable, had limitations as fellows attempted to raise growth capital from impact investors. For this reason, the award programme has evolved characteristics of an accelerator for social entrepreneurs in the scaling up of their organisations (see Chapter 10).

In Asia, business plan competitions are becoming a popular way of promoting the idea of social business with many sponsored by corporations. Many of these competitions are based at university campuses and focused on encouraging student teams to devise credible social businesses or projects.

An example is the Yunus Centre at National Taiwan University which organises an annual social business plan competition open to several universities in the greater Taipei area. Student teams pitch short presentations of social business ideas they have researched, and a panel of judges select those with innovative solutions and credible business plans. Cash prizes and publicity in local media are tangible rewards, and overall the student body is sensitised to ways of doing business that place the creation of social value at the heart of their business models.

Two well established U.S.-based university student social business competitions have built a presence in Asia. Enactus (formerly Students in Free Enterprise) was established in the United States in 1975 as a citizenship programme for university students that encouraged the use of business methods to improve community life. The initiative has grown over 40 years to engage more than 70,000 students each year and 1,700 universities together with academics and business people in 36 countries. Student teams compete nationally to provide entrepreneurial solutions to problems identified in

their communities. National winners meet at an annual *World Cup* event with 3,500 participants where teams pitch their ideas competitively.

Enactus has scores of corporate sponsors; many being blue chip companies that give grants in excess of US\$1 million. Corporate sponsors are offered opportunities for their employees to volunteer at national competitions and mentor student teams. Enactus suggests that the tangible outcomes of sponsorship are a “valuable addition to a company’s CSR portfolio as well as the opportunity for employee involvement, student recruitment, executive networking and brand awareness.”

MBA students at UC Berkeley’s Haas School of Business founded the Global Social Venture Competition (GSVC) in 1999 to provide mentoring, exposure and prize money to social entrepreneurs. The competition has since evolved to include a global network of business schools, universities and programmes. Teams, which must include a university student or recent graduate, learn how to design scalable models through a process that emphasises “stakeholder discovery, business innovation, and social impact assessment.” Supporting each partner school and programme are regional and local networks that include other universities and organisations, students, judges, mentors, and investors focused on social impact, innovation and entrepreneurship.

The competition now has a strong presence in much of Asia, notably India, China, Korea and Thailand. In 2016, GSVC received nearly 500 entries from 50 countries. GSVC has helped launch social ventures such as Revolution Foods, d.light, Husk Power, Sanergy, Ethos Water, and World of Good. There is a lack of evidence that student award winners do develop viable and sustainable social enterprises, but it is likely such university-based competitions promote the social business concept rather than serve as a route for tangible enterprises.

DBS is a multinational banking group headquartered in Singapore. As we will see in the next chapter, DBS has made support of social enterprise, through its foundation, a strategic priority aligned to its core banking business. The bank's sponsorship of a major regional business plan competition for social enterprises helps publicly position its interest and provides it with access to early stage social businesses that it might consider for grant and volunteer support.

The DBS-NUS Social Venture Challenge Asia is a region-wide competition for social enterprises organised by the National University of Singapore in partnership with the DBS Foundation. This is a five-month long competitive platform that aims to identify and support new social ventures that have the potential to generate positive, scalable and sustainable social impact. Participants attend workshops across Asia when they are offered support and mentoring by experienced practitioners.

The challenge culminates in an awards ceremony in Singapore where over S\$100,000 (US\$75,000) is distributed to winning enterprises. In addition to a comprehensive package of technical support, networking, media promotion and funding, the finalists have privileged access to DBS Foundation's events.

The leading Swiss-headquartered agribusiness Syngenta sponsors the Syngenta Agriculture Social Enterprise Awards, which is a part of the DBS-NUS Social Venture Challenge Asia. The awards acknowledge the best agriculture social enterprise, and the social enterprise demonstrating the best use of technology and innovation for agriculture.

We are seeing corporations move beyond only the financial sponsorship of awards to engaging employees in the competition process and volunteer support. The Asia Social Innovation Awards

(ASIA) were launched by Social Ventures Hong Kong (SVhk) and Sonova Institute in 2008 to promote social entrepreneurship and new business concepts in Asia. The programme adds value to small cash awards through the participation of employees of private equity firm CVC (see case study on Asia Social Innovation Awards).

ASIA is an example of how a company adds value well beyond sponsorship by actively participating in the selection of winning teams, contributing to business training through the Entrepreneurs' Lab and coaching, and providing continued support through the company's regional offices.

In Chapter 7 we saw how Ford Motor Company China partnered with Nonprofit Incubator to provide venture philanthropy type support to environmental nonprofits as an extension of what had started as an environmental awards programme. Over time the awards have helped Ford understand the environmental nonprofit sector and how the lack of organisational capacity holds many environmentalists back. Building on the awards scheme and partnering with NPI enabled Ford to add value to the sector and more deeply engage employees in the support of environmental nonprofits.

Table 7 shows a selection of social enterprise awards in Asia with cash value ranging from a few hundred US dollars to as much as US\$60,000.

## **The Asia Social Innovation Award**

### **Rewarding innovative ideas**

The Asia Social Innovation Award<sup>28</sup> was created in Hong Kong in 2008 to "promote social entrepreneurship ... in Asia through a social innovation idea competition." The award was initiated by So-

---

<sup>28</sup> <https://www.socialinnovationaward.asia/index.html>

cial Ventures Hong Kong, the territory's first venture philanthropy fund under its Sonova Institute programme.<sup>29</sup> The award provides a platform for "idea-stage entrepreneurs" to launch projects with the help of cross-country networking and expertise exchange. The idea may lead to creating a new social enterprise or a social solution in an existing business.

The annual award process begins regionally across 23 eligible countries in Asia<sup>30</sup> when participants make an online submission that proposes an innovative business idea to address an urban social issue. Three entrepreneurs are selected from Hong Kong and one from each of the following countries: Indonesia, Singapore, South Korea, Taiwan, Thailand and Vietnam. A further two awardees are selected from the "other Asia region."

As part of the award, the ASIA runs an online citizen poll of Asia's "Top Social Needs." This and other online resources are offered to entrepreneurs as they prepare to submit their idea applications. Applications are judged regionally against equally weighted criteria – "creativity, social need solubility, feasibility, sustainability and scalability."

The winners of the regional phase are invited to Hong Kong for an intense "social start-up weekend" around a centrepiece workshop provided by the private equity firm CVC. At the first CVC Entrepreneurs' Lab in 2015, staff from CVC's Hong Kong and London offices provided the selected entrepreneurs with coaching and advice on presentations on topics that included business models, marketing and presentation skills. The workshop allowed young entrepreneurs to hone their presentations and gain constructive feedback prior to the competition's pitching event the following day.

The geographic spread of the awards in Asia matches the location of CVC's business centres so that ASIA winners can more easily connect with

CVC's local support. CVC staff participate in the regional judging panels, the Entrepreneurs' Lab, and the grand final selection. This high level of engagement in the process and with the competing entrepreneurs allows CVC staff to give ongoing advice to winning teams and connect with the company's own philanthropy programme.

"We support ASIA and other similar programmes not only as a way to give back to the local communities, but also to provide an opportunity for our staff to engage in CSR activities by leveraging the skills they use on the job every day. The CVC Entrepreneurs' Lab also exposes our staff to social entrepreneurs whom they otherwise may never have the chance to meet," said Senior Managing Director of CVC Capital Partners Alvin Lam.

CVC staff support other venture philanthropy organisations such as Impetus Trust Private Equity Foundation and NESsT through its European offices.

One grand final winner is selected at the pitching event following the coaching workshop. Cash awards to successful teams are modest (US\$250) and corporate sponsorship by Credit Suisse and CVC covers travel expenses from the Asia region to Hong Kong. In 2015 there were 380 submissions from 20 countries, with 12 shortlisted to participate in the start-up weekend and CVC Entrepreneurs' Lab (an additional winner, from Hong Kong, is selected for a special Multimedia Award category). Award winners from Hong Kong also participate for 12 months in the "House of Social Innovators," a network for social entrepreneurs that provides additional mentoring and an acceleration programme.

---

<sup>29</sup> Social Ventures Hong Kong was profiled in an earlier paper in this series (John, Tan, & Ito, 2013, p. 63). One of the authors (RJ) is an unpaid Global Advisor to SVhk.

<sup>30</sup> Bangladesh, Bhutan, Brunei, Burma, Cambodia, China, East Timor, India, Indonesia, Japan, Laos, Malaysia, Maldives, Mongolia, Nepal, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam.

The ASIA participants benefit by learning from their peers and receiving expert advice from CVC staff. The social start-up weekend helps sharpen their critical business thinking and presentation

skills. The Asia-wide recognition of the awards helps entrepreneurs leverage incubation and other support locally and gain media attention.

Organisation	Location	Corporate Involvement	Activities
Echoing Green	U.S. based with a global programme	The philanthropic arm of General Atlantic private equity firm	Fellowship awards leading to an accelerator programme
DBS-NUS Social Venture Challenge Asia	Asia	Privileged access to DBS social enterprise funding and volunteers	Training, mentoring, competitive prizes
Global Social Venture Competition	U.S. based with a global programme	Sponsorship (in 2016 by Dow Chemical and Janus Capital Group)	Business plan prizes, mentoring and publicity
Ford Motor Company China Conservation and Environmental Grants	China	A Ford Motor CSR initiative	Awards for environmental nonprofits coupled with venture philanthropy programme with partner NPI. Company volunteers.
Asia Social Innovation Awards	Hong Kong based with applicants from 23 Asian countries	CVC private equity staff provide training and mentoring. CVC and Credit Suisse provide sponsorship.	Awards for innovation and training
Enactus	U.S. based global programme  Asia: Korea, China, India, Singapore, Malaysia, Australia	Sponsorship: Three corporate sponsors giving over US\$1 million and dozens of others below US\$1 million Volunteering at competitions and advisors to student teams	Global network of university-based student teams National competitions and a global annual event
Yunus Prize: Social Innovation and Entrepreneurship Competition at the Yunus Social Business Center, National Central University, Taiwan	Taiwan	Sponsorship	Business plan prizes

Table 7: A Selection of Social Enterprise Awards in Asia with Corporate Involvement



## Chapter 9: Enterprise Philanthropy

---

Social enterprises trade goods and services and in doing so create social value. Unlike a pure charity they generate revenue from the trading activity. Some may do so profitably, and look like any other business. Others may require some degree of grant or in-kind subsidy in order to service commercially and absorb the drag of additional costs associated with their social mission.

Whichever revenue model a social enterprise adopts, virtually all will require soft finance such as grant subsidy in the early stages of their development. Indeed all businesses, even the most commercially minded, fund their initiation and early growth through subsidised finance (including, for example, friends, family, enterprise awards and tax breaks).

In Chapter 8 we saw how awards and competitions can provide some of the earliest financial support for a social enterprise, or even the idea of an enterprise before it takes shape as an organisation.

If the enterprise is successful in its early trading activity, it will need continuing financial support before it may become attractive to an angel investor or join an acceleration programme. But just as enterprises face challenges to secure appropriate funding, so do social investors struggle to find investable enterprises that have reached the right size and potential for growth financing.

In 2008 the high level of interest in social investment practices described as *impact investment* led Monitor Institute to suggest three challenges this inchoate industry would face during its first 10 years of “marketplace building” (Freireich & Fulton, 2009): little effective intermediation and therefore high transaction costs; the lack of an enabling infrastructure around a shared notion of impact

investing; and a lack of enterprises to absorb available impact capital.

This third challenge – difficulty experienced by impact funds in finding a good pipeline of investable social enterprises – became the focus of a second study by Monitor (Koh, Karamchandani, & Katz, 2012). While Monitor’s interest was largely around *inclusive businesses* that trade goods and services at the base of the economic pyramid in developing countries, its conclusions are more generally applicable to the social enterprise business model.

Using data from several impact investors, including Acumen Fund, Monitor argued that “modest margins, long time to scale up, and high risk add up to a tough proposition for (impact) investors” such that very few enterprises were investable by impact funds. Grantmaking, however, has both the means and appetite to play a “catalytic role in ways that investors of capital cannot.” To describe the strategic use of philanthropy to back high potential social enterprises in the early stage of development, Koh et al. coined the term *enterprise philanthropy*.

The authors explained that social enterprises shoulder a heavy burden as pioneers developing new business models – operating in low-margin markets while having to educate both customers and suppliers in fragmented distribution channels. Monitor suggested four stages of pioneer development in its research on such firms as they progress from idea to scaling up their businesses.

Pioneering social enterprises require funding and technical support at each of the four stages. In the *blueprint* and *validate* stages, impact investors are too constrained by their risk/return preferences to provide resources. This *pioneer gap* threatens

potentially successful social enterprises who are starved of funding and technical support at this early stage and thus far less likely to reach a position where they are attractive to impact investors.

The Monitor team concluded that philanthropic funding can play a critical role in addressing the pioneer gap by providing grant funding to help social enterprises “develop, validate and establish new business models, and even build entirely new markets to serve the [base of the pyramid].” Enterprise philanthropy provides grants and advice to help grow a social enterprise to a stage where it becomes attractive for more commercially orientated investors or accelerators.

In this chapter we look at corporate foundations that use grants as part of a wider strategy to support the social enterprise movement in Asia. Shell Foundation moved from a traditional approach to corporate grantmaking to one that is more focused on support for high potential social enterprises in the energy field. The relatively new DBS Foundation follows in the footsteps of its parent bank by providing grants for social enterprises, including a tiered programme for early stage to growth funding.

In 2003 Shell Foundation reorientated the way it implemented philanthropy after realising that its traditional grantmaking approach had very few successful outcomes. The foundation adopted an enterprise-based approach by funding a small number of social enterprises “with groundbreaking technologies and services that deliver social, environmental and economic value to low-income consumers.”

The foundation’s shift in practice placed it into the space that Monitor had described as enterprise philanthropy, using grants and advisory services to help early stage enterprises such as Husk Power Systems move successfully towards investment readiness (see case study on Shell Foundation).

Over three years Shell Foundation provided the Indian rural energy startup with over US\$2 million in grants for research, product development, and new power plants together with technical support from Shell Group volunteers. This validated Husk Power System’s business model and helped the enterprise secure Pre-Series A funding from impact investors.

Shell Foundation recently collaborated with Toniic (a global network of impact investors) in a “call to action” to promote their view that “venture philanthropists and impact investors actively collaborating can increase the amount of impact investment capital into early-stage impact enterprises” (Toniic Institute, 2016).

Although the terminology used by Toniic and Shell Foundation is slightly different from that preferred by Monitor, the argument is essentially the same. Strategically focused grants have a critical role to play in the early development of social enterprises to help these businesses reach a point where they are attractive to impact investors. This *priming* of the pipeline by grants, together with the availability of accelerators and incubators of high-potential social enterprises, helps build an ecosystem and unlock capital for scaling up.

Westpac Banking Corporation is one of Australia’s largest financial services businesses with roots dating back to 19th century colonial banking. Westpac was ranked the 28th most generous corporation by CSR spending globally (Dattani et al., 2015) during the period 2011 – 2013 with US\$139.6 million committed to a raft of philanthropic and community initiatives.

Through a family of grantmaking bodies, headed by Westpac Foundation, the bank provides grants for grassroots nonprofits, community organisations, and undergraduate scholarships. Westpac Foundation also provides grants of A\$300,000 (US\$230,000) and mentoring over three

years for social enterprises who are ready to scale up. The foundation favours social enterprises impacting the lives of indigenous Australians, refugees, women and youth at risk, people living with disability, or homeless populations.

Through its experience of financing small and medium enterprises Westpac has acquired an understanding of the challenges that social enterprises face, including procurement, staffing, governance, social finance, public policy, scaling, and measuring social impact. The foundation can leverage the knowledge and skill set of its banking talent to support social enterprises at the cusp of business growth.

This progressive development of Westpac's grantmaking is relatively recent. The banking group suffered from a poor public image during the 1990s, in common with other financial institutions in Australia. After 12 years of financial and reputational crisis the bank emerged in 2002 with a renewed sense of business ethics and corporate responsibility (Black, 2007). This renewal of the company's CSR, grounded in improved business practices, came at a time when social enterprise was being recognised in Australia as a key sector in social development.

DBS Bank, like Westpac, has used its commercial experience of SME banking to guide its corporate philanthropy towards a focused support of social enterprise. DBS has played an important role in the industrialisation of Singapore since its inception in 1968. A long-standing provider of specialist banking services to small and medium enterprises, DBS has also offered banking products to social enterprises since 2008.

In 2014 the bank launched DBS Foundation to strengthen and formalise its community engagement programmes. The foundation's key activity complements the bank's business offering by "helping social

enterprises grow through the three stages of their life cycle – startup, growth and scale" (see profile on DBS Foundation, Singapore). DBS Foundation is an advocate of the social enterprise movement across several Asian countries; it supports the region's major social enterprise competition, it is developing a skills-based volunteering platform for banking staff, and it has a tiered grant programme to address the *pioneer gap*.

Shell, Westpac and DBS exemplify corporations that have aligned their core business knowledge (energy or banking) to help social enterprises become better able to attract investment capital through enterprise philanthropy. Their interventions help bridge the pioneer gap – between grants and awards and the more commercially orientated investment of accelerators and angels – faced by social enterprises.

## **Shell Foundation**

### **Enterprise philanthropy in practice**

Royal Dutch Shell plc, commonly known as Shell, is an Anglo-Dutch multinational oil and gas company headquartered in the Netherlands and incorporated in the United Kingdom. In 2016 Shell was considered the world's second largest oil company and one of the largest corporations globally.

The corporation's primary vehicle for corporate philanthropy is the Shell Foundation, established in 2000 by Shell Group as an independent charity<sup>31</sup> with an endowment of US\$250 million. In 2014 the foundation made grants of almost US\$30 million across Asia, Latin America and Africa. During its first two years of operation, Shell Foundation pursued

---

<sup>31</sup> Shell Foundation is registered as a charity with the Charity Commission for England and Wales, and is also a company limited by guarantee. The foundation is also registered with the Netherlands and the U.S. tax authorities as a charitable, nonprofit organisation.

a conventional grantmaking approach, which it described as “multiple short-term projects that bought services from subsidy-dependent nonprofits; poor performance measurement; minimal staff cost; and limited sharing of lessons learnt.”

In 2003 the foundation transformed the way it worked by adopting a more focused and strategic approach, characterised by long-term partnerships with a smaller number of enterprises that sought sustainable market-based solutions to poverty. These enterprises would receive extensive business support in addition to funding, with project progress monitored more rigorously and the foundation committing to reporting success and failure transparently.

The foundation estimated that its original approach resulted in 80 percent of its projects failing whereas the new enterprise-based approach reversed the outcome with three quarters of the projects succeeding. The fundamental reorientation of the foundation was its support for potentially profitable social enterprises “with groundbreaking technologies and services that deliver social, environmental and economic value to low-income consumers at a price they can afford.”

Shell’s new approach resonated with a shift in thinking by philanthropic and social investment funds since 2008 with the advent of the impact investment movement. In its case for impact investing, the Monitor Institute suggested that philanthropy plays a critical role in developing scalable social businesses (Koh et al., 2012). Monitor described as “pioneers” the businesses that innovate by providing goods and services for clients at the bottom of the pyramid. These enterprises operate in a “low-margin marketplace” and so shoulder a heavy burden when scaling up.

Monitor identified four stages in the development of these pioneering social businesses:

- Blueprint – a compelling initial business plan resulting in a *proof of concept* such as a product prototype or novel technology
- Validate – demonstrating commercial viability and scalability
- Prepare – the conditions in the market and within the enterprise to support sustainable scaling
- Scale – reaching more customers or new geographies while controlling costs and managing new investors and stakeholders

Money and technical assistance are required at each of these four stages to ensure a healthy pipeline of enterprises. Monitor argued that impact investors are less likely to fund enterprises at the early stages, resulting in the *pioneer gap* when promising businesses are starved of early stage support and could not benefit from impact investment. *Enterprise philanthropy* was coined by Monitor to describe the grant support required by pioneering social enterprises to develop, validate and establish new business models before they become attractive to impact investors.

Over the last 12 years Shell Foundation has refined its enterprise-based approach to support a portfolio of 18 individual enterprises focused on energy, mobility and job creation, and *market-building* intermediaries by 2016. Shell’s support for Husk Power Systems (HPS) in the early stages of the renewable energy enterprise is one investment exemplifying the foundation’s successful use of enterprise philanthropy that has been well documented by Monitor (Koh et al., 2012, p. 20) and others (Alliance, 2011, p. 28).

Despite India’s impressive economic growth rates, 400 million citizens or a third of the population continue to have no access to electricity supply. In rural areas 45 percent of households have no access to any source of electrical power. The lack of power connection limits education and household

economic development, and necessitates the use of dangerous and polluting kerosene alternatives.

In 2007 entrepreneurs Gyanesh Pandey and Ratnesh Yadav succeeded in generating electricity from rice husk gasification – a readily available agricultural waste product. From a pilot in one remote village, HPS today serves over 200,000 people in 300 villages in the state of Bihar by deploying 84 mini power plants. By using rice husk to generate and sell electricity, this energy enterprise has avoided the use of an estimated nine million litres of kerosene. HPS's domestic customers typically pre-pay US\$3 per month for electricity, saving 30 percent of the cost of kerosene. Through a connected nonprofit organisation young people are being trained to secure jobs in rural electricity distribution.

In 2008 Shell Foundation began a long-term partnership with HPS during the *validation* stage of its business. An initial grant of US\$164,000 paid for research and development and the building of three mini power plants to test scalability. In the subsequent three years, further grants of nearly US\$2 million enabled HPS to build new plants, hire senior management, secure intellectual property rights, test metering technologies, develop the Husk Power University training initiative, and develop safety procedures.

The grants were all aligned with agreed business development objectives and supported with business and technical expertise from Shell Group and external consultants – all key attributes of a venture philanthropy approach focused on creating a sustainable social business. The enterprise philanthropy of Shell Foundation validated HPS's business model and prepared the business for impact investment for scaling.

The adage that “grants kill enterprise” – at least when misused – was mitigated so that grant funding did not compromise the commercial approach of HPS to sell power supply at a price and scale that was

potentially profitable. Shell's partnership helped HPS secure pre-series A funding of US\$1 million of capital from impact investors (including Acumen Fund, Oasis Fund and LGT Venture Philanthropy) and prize money for business plan competitions from Draper Fisher Jurvetson and Cisco.

## **DBS (Singapore)**

### **Supporting social enterprise through socially responsible banking**

DBS is a multinational banking group headquartered and listed in Singapore. Originally known as the Development Bank of Singapore, it was set up in 1968 by the Singapore Government to help finance the industrialisation of the country. In 1998, DBS acquired POSB, a large savings bank established in 1877. Today, DBS is a leading bank in Asia with 280 branches in 18 markets, and the largest bank in Southeast Asia by assets.

DBS Foundation, established ahead of the 50th anniversary celebrations of Singapore's nationhood in 2015, is exclusively focused on supporting social entrepreneurship with active projects in Singapore, Hong Kong, China, India, Indonesia and Taiwan. But the bank's interest in supporting social enterprises began some six years before the foundation was set up.

Already a leader in banking products for small and medium enterprises (SMEs), DBS took steps in 2008 to support the social enterprise sector by launching the Social Enterprise Banking Package offering substantive fee waivers and discounts to enterprises in Asia.

In subsequent years, more DBS leaders attended the Social Innovators' Forum as the groundswell for supporting social enterprises grew in the bank. Mythili Mamidanna, vice president of the CSR team, explained, “The bank's management recognised that social enterprises contribute to



inclusive economic and social development by coming up with innovative and commercially sustainable solutions to provide jobs, goods and services to the poor and disadvantaged. Such an approach resonated with DBS, given our roots as a development bank as well as our strengths in serving the SME sector.”

The bank further supported the sector by providing volunteers and sponsoring a student engagement programme in Hong Kong where social enterprises have been long established. Up to 2011, the bank has supported children and learning as the central thrust of its developing CSR programme. In 2012, the bank’s focus on social enterprise was formalised as a CSR strategy with three core elements:

- Increase awareness of social enterprises and the social entrepreneurship sector by working closely with academic institutions, government bodies, industry associations, sector developers and the media.
- Support social enterprises through seed funding, mentorship and volunteerism.
- Integrate support for social enterprises into the bank’s culture and operations through special banking packages, procurement of goods and services from social enterprises, and encouraging employees to volunteer for social enterprise-related initiatives.

The following year, specialised, low-cost banking services for social enterprises were rolled out in Hong Kong, Taiwan, India, Indonesia and Singapore. DBS also formed strategic partnerships with academic institutions and social sector intermediaries in its six key markets to further strengthen its understanding of and offering to social enterprises.<sup>32</sup> These partners help with knowledge sharing and capacity building of early stage social enterprises to enable them to achieve

commercial viability. They also provide incubation, boot camps, workshops and some financial support to social enterprises.

In February 2014, DBS Foundation launched with an initial fund of S\$50 million (US\$36 million). The founding Head of DBS Foundation Patsian Low said, “The establishment of the foundation reflects the bank’s strategic commitment to the social enterprise sector. This was a natural progression from offering banking services to CSR and more strategic giving via the foundation.”

Low described the foundation’s key activity as “helping social enterprises grow through the three stages of their life cycle – startup, growth and scale.”

DBS-NUS Social Venture Challenge Asia, the regional programme organised by the foundation in partnership with the National University of Singapore, also extends seed funding to social enterprises beyond the bank’s six key markets such as Myanmar and Thailand. DBS Foundation uses a tiered direct grant approach to provide capital to enterprises at different stages in their lifecycle:

- Pilot/prototype grants: Up to S\$50,000 (US\$36,000). Available to enterprises with innovative and scalable ideas that address social problems. Enterprises are at a “prototype ready for testing” stage needing start-up funding. DBS also supports strategic partners which run business plan competitions, workshops and boot camps for aspiring social entrepreneurs.
- Organisational grants: Up to S\$100,000 (US\$72,000). This is available to social enterprises that have been operational for at least two years and are looking to build

---

<sup>32</sup> Strategic partners include NUS Enterprise and HUB Singapore in Singapore, Village Capital and Tata Institute of Social Sciences in India, SE Insights and Fu Jen Catholic University in Taiwan, YouChange Foundation and Fudan University in China, Atma Jaya Catholic University in Indonesia, and the Hong Kong Council of Social Service (HKCSS).



organisational capacity. The grant may be used for core staff recruitment, product research and development, or fixed asset purchase leading to growth of the business, ensuring sustainability or furthering social impact.

- Scale-up grants: Customised funding for enterprises with full business plans, are scale-ready, and have a minimum of three years of operational track record.

With the foundation only operational since 2014, the pipeline of eligible social enterprises is still in relative infancy. See Table 8 for the investments DBS Foundation has made since its inception.

In addition to its direct grant programme, the bank also works with partners who provide funding and other capacity-building services such as

the Foundation for Social Entrepreneurship (You-Change) in China. “With a staff of just five at the foundation, we must partner with like-minded organisations aligned with our objectives and which have a shared understanding of our ‘pipeline’ approach,” Low said.

This strategic approach to selective partnership not only brings additional intellectual and financial resources to the table, it also provides DBS staff with exposure to social enterprises and commercial incubators, accelerators and academic research. DBS Foundation also leverages business angel networks associated with the bank’s client networks or accelerators, thereby increasing the potential for “impact angels” (John, 2015) to invest in early stage enterprises.

Organisational Stage	Example of Social Enterprise Funded
Startup	MicroX Labs (India): DBS-NUS Social Venture Challenge Asia award winner. The enterprise is a technological platform to make affordable, easy-to-use and accurate point-of-care diagnostic devices, starting with complete blood diagnostics. The small grant allowed the business to develop a field prototype. <a href="http://www.microxlabs.com">http://www.microxlabs.com</a>
Early Growth	Society Staples (Singapore): An inclusive sports enterprise running sporting activities for people with disability. A key income stream is providing employee training for corporate clients, especially for developing skills of empathy in customer care. The enterprise participated in the DBS-HUB Social Entrepreneurship Bootcamp which helped in strengthening its operating plan for engaging corporate clients. <a href="http://www.societystaples.com.sg">http://www.societystaples.com.sg</a>
Growth	Bettr Barista (Singapore): A social enterprise that trains disadvantaged youth and women to work in the specialty coffee industry. Founded in 2011, the enterprise has seen 50 graduates through its Bettr Holistic Training Programme. Eighty percent of the graduates have found jobs in the industry and – most significantly – 80 percent reported improved self-confidence and emotional management skills. This is the only organisation in Southeast Asia to offer international certifications from both the Specialty Coffee Association of America (SCAA) and the Specialty Coffee Association of Europe (SCAE). Staff from DBS Foundation worked closely with Bettr Barista to identify its organisational needs, then address through capacity-building services offered by DBS or third parties. <a href="http://www.betrbarista.com">www.betrbarista.com</a>

Table 8: Examples of Investments by DBS Foundation

## Skills-based Volunteering

DBS employees have skills that are valuable to young and growing social enterprises. “Volunteering can be at various levels – mass volunteering, task-based and strategic volunteering,” said Low, referring to the spectrum of staff engagement opportunities from “fun runs” to high level coaching for an enterprise’s CEO. DBS staff are encouraged to volunteer directly with social enterprises supported by the foundation, most commonly by sharing core business skills in areas such as financial planning or marketing.

Pamela Chng, who founded Bettr Barista (see Table 8) to use professional coffee making as a route to empowering the long-term unemployed, said, “DBS has been very helpful. We’ve worked with some volunteers from the bank to hone our financial skills.”<sup>33</sup> Low sees this project as exemplifying how task volunteering by DBS staff has helped a fledgling business become more “bankable” and

attract new funders. The foundation works closely with different units in the bank to offer volunteering opportunities that are aligned with the company’s commitment to develop leadership and top talent, she added.

Reflecting on what DBS has learnt over the past four years of helping foster and build social enterprises, Low said, “The key learning has been about patience. The kind of work we are doing now centres on laying the foundation and nurturing the whole ecosystem. It requires us to patiently collect data, analyse and reflect on what makes for the creation of successful social enterprises.”

---

<sup>33</sup> Quote taken from *Making the world a Bettr place, one barista at a time* [Portraits of Purpose online video featuring Bettr Barista published on YouTube] (DBS Foundation, 2015, July 22).

# Chapter 10: Accelerators and Angels

---

In the preceding chapter we saw how the pioneer gap prevents innovative, early stage social enterprises from finding the resources necessary for sustained growth. Enterprise philanthropy, the targeted and judicious use of grant funding, is one strategy for closing the gap and allowing high-potential enterprises to flourish. Other bridges increasingly recognised as closing the pioneer gap are incubators and accelerators. Business angel investing for impact, while still a young field, offers another promising means of nurturing early stage social enterprises.

## Accelerators

The terms *accelerator* and *incubator* are often used interchangeably, perhaps more so in the social enterprise sector than in the commercial world where they originated. Both business incubators and accelerators help enterprises at the earliest stages of their development, providing seed capital, working space and networking. The most fundamental difference between the two is “the limited duration of accelerator programmes as compared to the continuous nature of incubators and angel investments” (Cohen, 2013). The differences that stem from this distinction are generally less pronounced in the social enterprise sector so we will be using the term accelerator here.

While the role that accelerators play in nurturing for-profit ventures has been documented, particularly in the U.S. and European technology sector (Hackett & Dilts, 2004), there is far less independent research on developing economies and the body of knowledge especially thin on enterprises focused on social impact.

Since 2013 there has been intense interest in accelerators that nurture young social enterprises

that are believed to have the potential to reach scale and thus greater social impact. The key players in studying the role for impact-focused accelerators and promoting their use are the Aspen Network of Development Entrepreneurs (ANDE) in collaboration with Village Capital, and Monitor Deloitte in partnership with the Rockefeller Foundation.

Monitor and Rockefeller mapped 165 accelerators globally, including 36 in Asia (Monitor Deloitte, 2015), that typically offered early stage social enterprises office space, pro bono professional advice, introduction to investors, and seed funding. From information available on a selection of the Asia-based accelerators in the Monitor study, the role for corporates appears to be largely limited to sponsorship. For example, the Center for Social Initiatives Promotion (CSIP) in Vietnam, which provides incubation and acceleration for Vietnamese social enterprises, lists several multinational corporate partners on its website. Other accelerators are linked to philanthropic funds or family offices, indicating they are subsidised by grants in addition to assessing fees on social enterprises that are their clients.

ANDE and Village Capital surveyed 52 “impact-focused accelerators worldwide” (Baird, Bowles, & Lall, 2013) – including 34 percent in Asia and Oceania – in one of the first attempts to collect and interpret data on accelerator inputs and enterprise outcomes in the impact ecosystem. The early findings of the study reveal several interesting characteristics of impact-focused accelerators.

- **Organisational Structure:** Perhaps counterintuitively, impact accelerators were more likely than their business-orientated peers to develop earned revenue streams beyond grants. Thirty-

eight percent were structured as for-profits, 44 percent as nonprofits, with the remainder constituted as hybrids.

- **Funding Sources:** Nearly three quarters of accelerators relied on philanthropic support for their operations with 54 percent of the capital they deployed as seed funding philanthropic in origin. Earned income streams included fee levied on entrepreneurs, consulting contracts, returns from investment, and success fees for brokering investment by external investors.
- **Partnerships:** Accelerators typically have multiple partnerships with investors, universities, government, foundations and corporations. These partnerships may take the form of help with the deal flow, investments in social enterprises, or financial support for the accelerator. The report is not explicit about the role that corporations play in their partnership with accelerators; it is likely that some of this support is given as grants for the operational costs of the accelerator.

The ANDE/Village Capital study takes the first evidential steps in determining the factors that are most likely to lead an accelerator to help early stage enterprises flourish sustainably. Monitor Deloitte's study, funded by the Rockefeller Foundation, identified the best practices for impact-focused accelerators as summarised below:

- Develop customised services that meet the non-generic needs of early stage ventures from specific geographies or industries.
- Operate in a strong ecosystem of support utilising partnerships with mentors and investors.
- Careful screening of enterprises to ensure enterprise needs meet accelerator resources.

- Foster collaboration among social enterprises<sup>34</sup> for peer-to-peer support and sharing of best practices.
- Remain engaged with an enterprise for as long as possible, recognising that testing and scaling can be a long and unpredictable process.

One accelerator initiative that is directly promoted and managed by a corporate business is UBS Social Innovators (see Box 3), a multiregional competition for scalable social enterprises that leads to three finalists receiving a grant and participating in a 12-month accelerator programme involving UBS staff, clients and specialist partners.

Another corporate-linked accelerator is Singtel Future Makers, launched in 2016. At the time of writing, this accelerator is in the process of selecting the first cohort of seven enterprises that will receive a six-month acceleration using grants, mentoring and access to Singtel's extensive networks (see profile on Singtel Future Makers).

Future Makers is a result of the company's long experience in grantmaking, community engagement and support for social entrepreneurs. The initiative aims to address the "fragmented ecosystem" for social innovation and provides acceleration for either nonprofits or social enterprises seeking to address a social problem by leveraging technology, Singtel's core expertise.

## Angels

Angel investors invest both their money and time into early stage businesses with the objective of a financial return. They do so by acting either alone or in formal or informal syndicates called angel groups

---

<sup>34</sup> Monitor has painted a fresh coat of paint on social enterprises by calling them "impact enterprises" but these terms are essentially interchangeable.

### **Box 3: UBS Social Innovators**

In July 2016 the Swiss-headquartered wealth manager launched UBS Social Innovators across three of the regions where it operates – Switzerland (its domestic market); Europe, Middle East and Africa (EMEA); and Asia-Pacific. The purpose of the initiative is to search for and select social enterprises that would “benefit the most from access to the unique network and expertise of UBS.” The online application system sets out the selection criteria which include:

- A social enterprise with an innovative approach to addressing a social or environmental problem
- Evidence that the enterprise’s impact is measurable qualitatively and quantitatively
- A thought through financial strategy and evidence of strong partnerships that aid sustainability
- Evidence of some proven success and a demonstrable need for growth to achieve impact
- A strong team and leadership, and active engagement with stakeholders
- A good fit with what UBS can offer beyond grants

Ten to 12 social enterprises were shortlisted from each region and invited to regional boot camps and summits during October and November. The boot camps were designed with Ashoka, the social entrepreneurs network, and provided an opportunity for the shortlisted candidates from the regions to meet and network. UBS employees, partners and Ashoka experts attended these events, with Ashoka mentoring the social innovators.

During the boot camps four regional finalists would be selected to “pitch” their social enterprise for cash grants at the regional summits where a panel of judges would select the UBS Social Innovator and three runners-up in each region. The winning Social Innovator from each region would receive a grant of US\$40,000, attend and receive feedback at UBS philanthropy fora, and enrol in a 12-month accelerator programme. The nine runners-up from the three regions would each receive a US\$5,000 grant, mentoring, network access, and advice on becoming ready for impact investment.

At the time of writing, the details of the accelerator had not been fully disclosed on the initiative’s website, but the accelerator would be tailored to the individual needs of each Social Innovator and would include a mix of real and virtual events, all aiming to promote scaling and investment.

UBS intends to continue its relationship with the winning social enterprises at the conclusion of the year-long accelerator programme as its contribution to building a global community of social entrepreneurs.

UBS Social Innovators is an initiative of UBS and Society – the company’s cross-divisional, umbrella platform covering all its activities in sustainable investing and philanthropy, environmental and human rights policies that govern client and supplier relationships, its environmental footprint, and community investment.

or networks. Angels are typically high-net-worth individuals; many are successful entrepreneurs with first-hand knowledge of launching and growing companies, and help to cultivate entrepreneurship around them by drawing on their own business acumen and experience.

Some angels are returning diaspora who become key enablers of entrepreneurship in countries such as Cambodia, India or Vietnam after having built enterprises in the United States or Europe. Other angels come from successful corporate

business background whose capital and business connections are a resource for entrepreneurs starting their own ventures.

But funding is not the only critical asset business angels bring. Their business acumen, patience and understanding of the length of time required before a new business develops into a thriving venture are qualities valued by entrepreneurs. To this group, mentoring, expertise and access to business networks often mean more than cash.

In a previous paper in this series we explored how the business angel investment model is being utilised for supporting social enterprises in Asia (John, 2015), i.e., *impact angel investing*. That study offered an exploratory categorisation of angel models based on our initial observations. We observed the *migration* by traditional business angel groups into impact investing. We found *impact angel networks* (either independent or embedded within other organisations) and *individual angels* investing alone or in ad hoc association with others.

In the light of this present study on corporate philanthropy, we found that corporate involvement in impact angel investing is at most tangential. Individual angels have corporate or entrepreneurial backgrounds, but as angels do not act institutionally.

The Indian Angel Network (IAN) was formed in 2006 and has grown to over 400 individual angels and eight institutional investors who look for opportunities to invest up to US\$1 million in scalable business. The institutional investors are venture capital funds, a family office and business intermediaries. The angel network works in partnership with corporate bodies including India's National Association of Software and Service Companies (NASSCOM) and the Indian Venture Capital Association.

The growing interest by angels in supporting businesses with social objectives led to the network launching its impact group, IAN Impact, in 2013 (see case study on IAN Impact, India). The network screens over 400 deals a month, of which up to 75 are eligible for impact investment by IAN Impact. Seven investments were made during the first year with up to 40 angels collaborating to invest in some of the ventures. In 2014 IAN Impact partnered with the German official development agency and the Small Industries Development Bank of India to launch *iArise* – an incubator of 200 social enterprises that focus on the base of the economic

pyramid – with angels providing mentoring to entrepreneurs as they become investment ready.

While strictly speaking an independent network body, IAN is ultimately a part of the Indian corporate environment as reflected by the professional backgrounds of its members and through its strategic partnerships. IAN Impact draws on the corporate expertise and networks of individuals, and is an indirect example of corporate philanthropy by investing in scalable social businesses.

Angel investing (whether targeted at purely commercial or social enterprises) is largely the domain of individuals rather than an institution like a corporate, so it is not straightforward for a company to directly engage in angel investing. But as IAN Impact has shown, it is possible for corporate bodies to partner with angels in providing non-financial and ecosystem support to fledgling enterprises.

## **Singtel Future Makers (Singapore)**

### **Strengthening the startup ecosystem**

Singtel is one of the largest Singapore companies by market capitalisation on the Singapore Exchange. The communications group employs more than 23,000 people worldwide in a network of offices throughout Asia Pacific, Europe and the United States, which includes Optus, a major subsidiary in Australia. The company has more than 130 years of operating experience and played a pivotal role in Singapore's development as a major communications hub.

The Singtel Group is committed to responsible corporate citizenship in all the markets where it operates and does so by driving positive and sustainable changes in disadvantaged communities, especially among vulnerable children and youth, through corporate and workplace giving, staff volunteering, and leveraging its skills and ICT innovations.



Singtel Touching Lives Fund (STLF) is the company's internal philanthropic grant programme that raises funds for charities helping children and youth with special needs in Singapore. The fund has given over S\$33 million (US\$24 million) since its launch in 2002.<sup>35</sup> In Australia, the Optus Community Grant programme has given to projects supporting the inclusion and well-being of underprivileged youths through more than 200 grants totalling over A\$1 million (US\$750,000). In 2015 Singtel extended its philanthropic support of children with special needs by funding the establishment of the Singtel Enabling Innovation Centre in Singapore to provide training for people with disabilities that prepares them to join the workforce.

The Singtel Group's approach to corporate citizenship is evolving "beyond philanthropy" towards "Shared Value Creation." One step in this process was the launch of Future Makers in 2016. The initiative was born when Singtel drew several conclusions about the state of organisations creating social value in Singapore; many nonprofits (including those that provide social welfare programmes) did not fully utilise innovations and technology; start-up social enterprises struggled to sustain growth due to lack of capacity; and little collaboration and connectivity existed among players in the broader ecosystem of corporates, nonprofits, social services agencies and social entrepreneurs.

Future Makers is Singtel's response to the fragmented "social startup ecosystem" and builds on the company's experience of mentoring and funding support for social entrepreneurs in Singapore and Australia. At its core, Future Makers is a six-month long accelerator programme for startups, both social enterprises and nonprofits, which leverages technological or other innovative solutions that address challenges in the social sector in Singapore, Australia and potentially the wider region.

The programme funds startups whose products and service enable the "well-being of vulnerable communities," including people with disabilities, the vulnerable elderly or children, and youths at risk. In the first round of 2016 selections, more than 70 startup enterprises applied for funding online. These were then narrowed to a dozen ventures. A panel comprising Singtel staff, community partners, successful social entrepreneurs, venture capital and social funders chose the final seven candidates who were enrolled as the accelerator programme's first cohort.

Over six months the startups will participate in monthly workshops run by a mix of Singtel employees and external experts from its partner community. Monthly coaching sessions and regular mentoring will further strengthen the enterprises' capacity during six months of intense acceleration. Singtel volunteers are drawn from mid to senior management who commit up to four hours each month to face-to-face meetings, and phone and video conferencing with the staff of social enterprises.

Future Makers does not charge a fee for the acceleration service or take equity positions in the supported ventures, so it is essentially a philanthropic contribution to preparing selected enterprises for future investment readiness and growth. At the end of the accelerator programme some of the ventures may be invited to continue their relationship with Singtel, including additional funding rounds or collaboration with the business.

---

<sup>35</sup> Singtel's internal philanthropic programme, STLF raises funds from its staff and partners which are donated directly to Community Chest, the fundraising and engagement group of the National Council of Social Service in Singapore. Singtel also funds other community programmes over and beyond the reported STLF contributions. Each year the company makes community investments of over S\$20 million (US\$14.4 million) across Singapore and Australia.

The total number of Singtel and Optus employee hours volunteered grew 21 percent in the financial years 2015 and 2016 from 26,614 to 32,175 hours. The company sees skilled volunteering as a core component of developing staff leadership and reinforced this commitment by becoming the first Asia-Pacific corporate partner to join Impact 2030 – the global initiative to leverage workforce volunteering in support of the UN Sustainable Development Goals.

## **Indian Angel Network – IAN Impact<sup>36</sup>**

### **Business angels for social good**

The Indian Angel Network was founded in 2006 by entrepreneurs who rode the first wave of entrepreneurship that followed the liberalisation of the Indian economy 15 – 20 years earlier. These individuals, including creators of the Indian technology industry, wanted to invest close to the spirit of entrepreneurship, and were committed to creating jobs and wanting to improve the lives of the many Indians living at the base of the economic pyramid.

Today, the network has international coverage and comprises 432 business angels and eight institutions investing in start-up and early stage ventures as individuals and syndicates. IAN's investors are based in 10 countries and have invested in seven countries. The institutional investors include venture capital funds, the family office of a major Indian conglomerate and corporate intermediaries.

IAN angels typically invest up to US\$1 million over a three- to five-year investment period. IAN's President Padmaja Ruparel said "two conversations were happening in recent years amongst many of the network's angels." The first was around how the most talented entrepreneurs could use their industry-building skills to improve the lives of the poorest. The other was about the sustainability of

philanthropy – "good work stops when good money stops." Over the last seven years IAN has built a substantial resource of individual entrepreneurial talent, business know-how, capital and networks that can be leveraged for the underdeveloped sector of "businesses with a social cause."

In July 2013 the network announced the setting up of IAN Impact – a subgroup of angels seeking investments in businesses that would serve the base of India's economic pyramid. The impact group includes seasoned angels; among them are two of IAN's original founders and others who are active across the spectrum from commercial investing to impact investing and philanthropy.

Ruparel said the pipeline of potential social investments is strong despite the relative infancy of social business in India, adding that "in a batch of typically 400 potential ventures screened every month, 75 or so are candidates for impact investment." While it is still too early to fully understand how the angels will balance financial and social return on their investments, Ruparel believes the initiative can "divert money from champagne and diamonds into something useful for reaching India's poor."

Aaditeshwar Seth was an academic at the Indian Institute of Technology (IIT) and an entrepreneur who wanted to harness technology to empower millions of the rural poor. Using a grant from an American foundation, Seth and his colleagues in 2009 started Gram Vaani (*voice of the village*) – a low-cost technology provider for communities and rural NGOs. Today Gram Vaani has more than two million users in India, Afghanistan, Namibia, Pakistan and South Africa. Thirty rural radio stations are able to manage and share content over mobiles and the web; corrupt ration shop officials were arrested

---

<sup>36</sup> Adapted from the case study presented in John (2015)

due to citizen complaints; women's groups in Uttar Pradesh can share learning and opinions; and Delhi citizens monitor waste management.

While the early pioneering activities could use grant finance, Seth said "the only way we could grow the scale of our impact was by transforming the organisation into a media company." Before meeting IAN Impact angels at an IIT event, Seth had spoken with well known social investors like Omidyar and Acumen funds, only to find Gram Vaani was not yet the kind of *big ticket* investment they were seeking. Seth also points out that most venture capital type investors were "focused on verticals like education, health or sanitation whereas our company provides technology solutions horizontally across several sectors."

Gram Vaani became the first publicised investment of IAN Impact with 24 individuals pooling their capital and co-investing with the Digital News Ventures<sup>37</sup> in a round totalling US\$500,000. Gram Vaani and its investors have agreed on social impact metrics, which are presented and discussed at regular investor meetings alongside the more traditional reporting on business growth and profitability.

Seth values the angels' involvement in his business as they are "entrepreneurs who know how to grow a company, whose inputs are very useful in helping us overcome bottlenecks in our growth, and who open up their networks to bring us new business." The IAN Impact angels are represented on Gram Vaani's board by Srikant Sastri, a successful media entrepreneur, who also drives *Growth-for-All*, a movement that seeks to include all in India's development and prosperity.

In 2013 IAN Impact and Unitus Seed Fund, India's most active seed stage impact investor, announced an undisclosed investment in GoCoop Solutions and Services Pvt. Ltd., a Bangalore-based venture that provides a social marketplace for co-operatives and community-based enterprises to list and sell their produce online. India has over 600,000 co-ops with more than 240 million members, but they are exploited by middlemen offering poor terms and low payments. GoCoop developed a technology platform and marketing services that provide co-ops in India and around the globe with market access and fair trading.

After its first year as a niche group within the angel network, IAN Impact had a portfolio of seven social businesses which engaged 40 angels as active investors (see Table 9).

In June 2014 IAN collaborated with GIZ (the German development agency) and SIDBI (the bank serving Indian small and medium enterprises) to launch the iArise Incubator – an initiative to incubate close to 200 social enterprises that serve the bottom of the economic pyramid. IAN's intention through incubation is to help and guide entrepreneurs through the process of business scale up to ensure the widest possible geography and population are touched by social impact. The nine-month incubation will see IAN mentor the ventures in refining business plans and sales strategy, and helping with access to angel investors and other capital.

---

<sup>37</sup> Digital News Ventures is part of Media Development Investment Fund, an impact investment fund that specialises in independent media.

Investee Company	Business/Mission	Number of IAN Angel Investors
Consure	Consure is developing a new standard of care for the management of faecal incontinence (FI) in non-ambulatory patients. Faecal incontinence is a large latent clinical need that affects more than 16 million patients in India and over 100 million patients worldwide every year. FI is embarrassing for the patient, the family member and a major cost factor for hospitals. Consure's product allows family members to care for their loved ones in a clean, hygienic and dignified manner.	36
Ecosense	As the name suggests, Eco + Sense works with government, private organisations and civil societies to sensitise and help them adopt development mechanisms that are environment friendly.  Started by young technocrats, Ecosense is working towards bringing sustainable transformation in the lives of common people by providing basic infrastructural solutions for clean water, sanitation, energy and green habitat.	30
GoCoop	An online social marketplace platform for co-operative and community-based producers to list and sell their produce, enabling wider access to markets and helping co-ops and their members realise higher prices.	36
Gram Vaani	Meaning <i>voice of the village</i> , it is a social technology company incubated out of IIT Delhi. Gram Vaani aims to reverse the flow of information, i.e., make it bottom-up instead of top-down through the use of appropriate communication technologies and community-based processes to enable voice-based social media networks for the base of the pyramid. Using simple technologies and social context to design tools, they have been able to impact communities at large. Gram Vaani now boasts more than two million users in India, Afghanistan, Namibia, Pakistan and South Africa.	23
Stayzilla	The one place on the web for making peaceful, thoughtful and delightful stay arrangements across India. The name symbolises its gigantic reach that extends to hotels located in the remotest of zillas in India. Backed by the desire of the Stayzilla team to stay ahead of the pack, it offers a simple yet smart online service that helps to make hotel reservations in a jiffy with a series of quick clicks.	40
Uniphore	The leader in Indian language speech-based software solutions, Uniphore's solutions allow any machine to understand and respond to natural human speech, thus enabling humans to use the most natural of communication modes – speech – to engage and instruct machines. Uniphore has a roster of high profile customers across many industries, including banking, financial services, healthcare, agriculture, education and retail. These enterprises deploy Uniphore's solution to improve employee productivity and deliver superior customer service.	36
Vienova	A leader in live online education services, Vienova has grown aggressively by heavily leveraging technology to deliver highly customised live services to customers across the globe. It connects students to highly trained tutors who leverage the rich content library for high impact teaching.	10

Table 9: IAN Impact Investments During First Year of Operations (2013 - 2014)

# Chapter 11: Corporate Venture Capital

---

As social enterprises grow and develop along what we describe as the *Enterprise Track*, only a very small number will operate a business model that is of direct commercial interest to corporations. For this subset of enterprises, direct investment by a company using the venture capital model will offer a significant opportunity to create social value at scale. In this chapter we will explore the practice of corporate venture capital when directed towards investment in businesses that provide affordable healthcare or educational services.

Corporate venture capital (CVC) is an equity investment by a company in an external, independent venture that is usually new and in the early stages of development. A company may make such an investment to earn a substantial financial return if the venture is successful; for example through the sale of shares after an Initial Public Offering or by acquiring the venture outright.

However, financial reward is not the only driver for CVC. Knowledge that drives innovation often resides outside the intellectual resources of an individual company. A company uses CVC to invest in an entrepreneurial startup as the means by which knowledge transfer can take place (Dushnitsky & Lenox, 2005). Such knowledge may be technical – perhaps relating to the design of new products or services – or it may help a company break into new consumer segments or geographical markets. Investment in an early stage venture thus meets one or more strategic requirements of the company. The venture receives capital and management support from the investing company typical of the venture capital model.

With growth in the number of new CVC funds and new ventures that promise financial return and

social value, we may now have arrived at a point of convergence. The potential for CVC to “invest with impact” has been explored only recently, most notably by Volans, a certified B Corporation and *change agency*, and by Impact Economy, a Swiss-based strategy firm that coined the phrase “Corporate Impact Venturing” (Martin, 2014).

In 2014 Volans collaborated with Global Corporate Venturing in a research project – *Investing in Breakthrough: Corporate Venture Capital* – to better understand how some CVC funds were investing in deals with the potential to yield both financial return and social impact, and to encourage more activity in this space. Their initial findings (Volans, 2014) were “tested” before an audience of global firms with active CVC programmes boasting an aggregated value of “more than US\$20 billion” in order to build the business case for partnership between CVC funds and impact investors.

The Volans report described the *historical* waves in the development of CVC since it emerged as a subsector of the venture capital industry in the 1960s. *Sustainability* became a new driver for CVC from 2007 onwards. Volans argued that this heralded the “Breakthrough Decade” when forward-looking companies became responsive to market trends and open to new kinds of partnership, driven by a combination of forces: evolving consumer demand for ethical products, new market opportunity at the base of the pyramid, market-based public services, the pressure on natural resources, and the imbedding of social responsibility into the core of business strategy.

Volans identified six sectors that represent a common ground for corporate and impact investors where co-investment would lead to a potentially fertile partnership (see Table 10).

Sector	Examples of CVC Activity
<b>Cleantech</b> Renewable energy sources, Supply chain sustainability	<ul style="list-style-type: none"> <li>• BASF investment in Renmatrix to develop bio-based fuels</li> <li>• Shell's partnership with Husk Power Systems to expand rural biomass in India</li> <li>• Nike and IKEA investment in environmentally friendly textile dyeing company, Dye Co Textile Systems</li> </ul>
<b>Education</b> Online mass education content in developed markets, Access to low cost education in developing markets	<ul style="list-style-type: none"> <li>• Google Capital investment in Renaissance Learning's student assessment tracking technology</li> <li>• Benesse investment in InOpen Technologies, a content provider in Indian schools</li> <li>• Pearson Affordable Learning Fund investment in Omega Schools (Ghana)</li> </ul>
<b>Health</b> Technology innovations to reduce healthcare costs, Public-private healthcare partnerships, Healthcare access in developing economies	<ul style="list-style-type: none"> <li>• Intel Capital investment in online health portals such as HealthiNation</li> <li>• GE Ventures partnership with Clinton Health Matters in the citywide public health programme, Transforming Cities</li> <li>• Google's investment with Soros Economic Development and Omidyar Network (SONG) in Eye-Q, Indian eye care hospitals</li> </ul>
<b>Urban Infrastructure &amp; Transportation</b> Car sharing, traffic flow, carbon emissions, community cohesion	<ul style="list-style-type: none"> <li>• Google's acquisition of Waze, a data driven traffic information system</li> <li>• General Motors and others invested in RelayRides, an online peer-to-peer car sharing venture</li> </ul>
<b>Financial Inclusion</b> Access to financial services in low-income communities	<ul style="list-style-type: none"> <li>• Cemex investment in Patrimonio Hoy, inclusive financing for the purchase of building materials</li> <li>• Morgan Stanley investment in eleni, a commodity exchange ecosystem for emerging markets</li> </ul>
<b>Agriculture &amp; Food</b> Supply chain sustainability, Irrigation systems, IT solutions for rural entrepreneurs	<ul style="list-style-type: none"> <li>• Unilever Pakistan's investment in Micro Drip, affordable small scale irrigation systems</li> <li>• Intel Capital's partnership with Grameen Trust to form Grameen Intel Social Business to provide IT solutions in agriculture, education and health</li> </ul>

Table 10: Sectors of Interest to Corporate Venture Capital and Impact Investors (adapted from Volans, 2014)

The Volans study notes the ambition of corporations to enter new and underserved markets, either intentionally or serendipitously as in the case of Medipass, an Italian company founded in 1995. Since 2006 Medipass has operated within the KOS healthcare group which is controlled by CIR Group,

an Italian holding company listed on the Milan stock exchange. Medipass was expanding its managed, medical equipment business from Italy into U.K. public hospitals (in fact a public-private health-care partnership of the sort noted in Table 10). A chance introduction led to Medipass investing in



the Indian cancer treatment sector through a joint equity venture with Clearview Healthcare, an entrepreneurial startup company (see case study on ClearMedi Healthcare).

Clearview's founder, Shashi Baliyan, wanted to provide high quality nuclear medicine at affordable prices to low-income populations served by smaller *tier 2* and *tier 3* cities. The business model was unfamiliar to Medipass which was used to the European pricing model for cancer diagnostic equipment. Baliyan's business case rested on low operating costs, strategic partnerships, and high volume to provide affordable services.

Despite the fact that the Italian company was not seeking expansion into Asia, it saw the potential and committed to a 49 percent equity position in the joint venture company, ClearMedi. The joint venture was a success, growing over four years and yielding Medipass a sufficient return on investment so that it has greatly increased its stake in the business. The investment provided an opportunity for Medipass to learn about the economics of nuclear medicine at the base of the pyramid, and the company is now considering expansion into other emerging markets.

Baliyan created his company, Clearview, with an intentional social purpose – affordable cancer diagnostics for low-income families without the costs associated with travel to distant health facilities. To expand the business Baliyan needed an investor who understood the technical field. Medipass does not describe its business in terms of social impact, but through CVC has learned to serve the base of the pyramid sector.

Our second case study features Pearson PLC, the world's largest education company. Nearly 15 percent of its 2015 sales revenue came from *growth* markets including China and India. The company states that “commercial solutions can accelerate

access to quality education ... especially in places where education standards fall well behind the best in the world, [and] require us to challenge the way we think about our business.”

In 2012 Pearson launched a US\$15 million Affordable Learning Fund (PALF) which was topped up with an additional US\$50 million in 2015 to invest in “novel educational innovations with commercial potential” (see case study on Pearson Affordable Learning Fund). PALF has invested in 11 startup ventures in South Africa, Ghana, India, and the Philippines; half of which are led by female entrepreneurs.

The role of private enterprise in delivering affordable education – directly through privately owned, fee-paying schools or contracted by government to provide services in the public sector – is growing. There may be an ideological edge to the role of business in education, and the burgeoning number and models of private-public partnership in education in developed and developing countries is an area of intense debate and experimentation (Patrinos & Sosale, 2007). PALF quite deliberately wants to “transform how emerging markets see the role of private players in delivering a quality education for all citizens” in a pragmatic way based on evidence of “efficacy” – measurable outcomes in the life of learners.

PALF is an active venture capital investor taking double-digit equity positions and a board seat in the ventures. The fund is too young to have made an *exit* from an investment and Pearson does not want to second guess the trajectory of its experimentation in this space, but the firm appears to be committed to building a healthy ecosystem for private education in the long term rather than simply identifying potential for financial return on investment. PALF partners with ecosystem builders and impact funders like Village Capital and Omidyar Network.

PALF's support of the education venture ecosystem led to the fund identifying Sudiksha as a potential investment through its partnership with Village Capital's accelerator programme. Sudiksha provides affordable pre-school services to low-income communities in the Hyderabad area leveraging a franchise model, female entrepreneurs, and strong community buy-in. We noted the critical role of angel and impact investment in Sudiksha in a previous working paper (John, 2015, p. 36).

The founding entrepreneurs of Sudiksha and Clearview drew on their own savings and funding from family and friends for their startups before accessing investment by external investors. As the business grew, it needed access to capital at different stages of its development. For Clearview and Sudiksha, venture capital investment by corporations aligned to their respective core business came at the right time to fuel growth. Pearson is open minded about the *exit* options that may materialise once the PALF portfolio matures. Medipass chose the route of gradual acquisition as early shareholders divested.

So far, none of the entrepreneurs we interviewed felt that investment by a corporate had distorted the social mission embedded in their ventures. But one experienced angel investor in Asian social businesses cautioned that corporate venture capital investments in base-of-the-pyramid enterprises "are hard to pull off, as conflicts around mission arise. It's hard for corporates not to interfere negatively, unless they make such investments philanthropically and are completely disengaged."

While this angel advises entrepreneurs to work "at arm's length" from corporate investors to avoid conflicts of interest, we understand that CVC can be mutually beneficial if entered into with eyes wide open and expectations well managed.

## **ClearMedi Healthcare (India)**

### **Providing accessible and affordable healthcare**

Shashi Baliyan is an Indian-trained physician who built a successful career in the National Health Service in the United Kingdom where as an entrepreneur he founded his own health services company. A family visit back to India during Diwali set in motion a chain of events that would enable him to bring low cost, high quality cancer diagnosis and treatment to the poorest communities in India.

Baliyan had tagged along with a friend who was attending a medical conference in Hisar – India's "City of Steel," the country's largest producer of galvanised steel products and a fast growing industrial city to the west of New Delhi. Visiting the local hospital, built and maintained by the city's oldest steel company, Baliyan realised that "across hundreds of kilometres from Delhi to the Pakistan border there was not a single piece of equipment for the treatment of cancer."

"This was a stark reminder of the gaps in Indian healthcare I had so easily forgotten about after spending so many years in the United Kingdom," he said. Even if cancer facilities exist in the capital city, a person living in the small towns and rural areas will have to travel hundreds of kilometres with family members and live for lengthy periods far from home.

These thoughts remained with Baliyan after he returned to the United Kingdom. Driven by the desire to "make a difference," he discussed with friends and colleagues in the health service the idea of setting up an Indian company to provide cancer treatment in small towns and cities. After a year of research, shuttling between London and Delhi, he established Clearview Healthcare in 2010 with several British colleagues providing him with start-up capital.

Baliyan soon won a contract with Hisar Hospital to provide radiology facilities for cancer treatment. The hospital constructed a radiotherapy suite and Clearview supplied, operated and maintained specialist equipment under a revenue-sharing arrangement in a groundbreaking project to provide low cost cancer treatment at provincial level. Despite this early success Baliyan realised that this was not a problem isolated to Hisar, but a nationwide lack of provision in cancer care. He knew that real impact meant scaling up from a single city to many. That would require investment far beyond what he and his colleagues could personally provide.

Medipass is an Italian company founded in 1995 which has operated within the KOS healthcare group since 2006. KOS is controlled by CIR Group, an Italian holding company listed on the Milan stock exchange. Friends introduced Baliyan to representatives of Medipass at a time when the company was looking to expand its cancer care into the United Kingdom health system. Baliyan argued that the Indian market could provide Medipass with a business opportunity where scale would compensate for much lower treatment fees.

In 2010 Medipass and Clearview created the joint venture ClearMedi as a means to enter the Indian cancer treatment sector at a much larger scale with advanced turnkey financing, planning, development and management services for complex medical equipment provided to hospitals and public and private healthcare facilities. The business model, based on treatment fees 20 times lower than the European market, was unfamiliar to Medipass but the company recognised that the innovative model would have lower operating costs in India and would benefit from a volume of patients not found in Italy.

Baliyan met with the Managing Director of Medipass Guglielmo Brayda di Soleto to present his

business case. Following the meeting and after its own research, Brayda found the argument compelling. "We realised that Dr Baliyan's service model for India was similar to the recent European growth of Medipass. Importantly we saw the growth potential in India ... especially in cities with populations from 700,000 to 10 million."

Baliyan and his private investors controlled 51 percent of the new company and by September 2011 it had won its first hospital contract. In the following four years ClearMedi expanded to 16 facilities across India and diversified from radiotherapy to diagnostic nuclear medicine, including locating the first Positron Emission Tomography-Computed Tomography machine (PET/CT) in Bihar, India's poorest state.

ClearMedi's revenue model was adapted entrepreneurially according to local market and institutional needs. A contract with a teaching hospital in Delhi was negotiated with a 20-year term, charging patients a small fee and recouping the investment over a long time period. "In this hospital, 90 percent of patients are living in Delhi's slums," said Baliyan.

Over time the company developed bargaining power with instrument suppliers because of the volume of sales as the business expanded across India. Even Medipass' own European operations benefitted in this way from the volume of orders its joint venture placed for India.

In four years ClearMedi has grown a new market for high quality cancer diagnostics and treatment, and a full-service offering to charitable and public hospitals, mostly serving low income populations in "tier 2" and "tier 3" cities and surrounding rural districts. This expansion was made without a marketing team but "by word of mouth and through the instrument supplier networks," said Baliyan.

With Medipass seeing reasonable returns on investment and continued market potential in India, Baliyan and his initial investors began to disinvest. For Baliyan this cashing out yielded the capital he needs for new entrepreneurial healthcare ventures he has started up with family members. Brayda described the joint venture as “a very satisfactory experience for Medipass, with great potential for growth in the areas of oncology diagnostic imaging and therapy and a virtuous impact on the population.”

The collaboration with Clearview provided a learning opportunity for Medipass in considering potential business in other emerging markets. “The high clinical and technical levels of the Indian health service contributed to enriching the corporate know-how of Medipass so that we now feel ready to address some of the health markets of countries in the Middle East and South Asia,” said Brayda.

Baliyan is confident that Medipass’ ownership of the business will continue to uphold its inherent social mission. His business plan has demonstrated that serving low income communities is no barrier to a return on investment when delivered at scale and low cost base.

## **Pearson Affordable Learning Fund**

### **Equity investments in for-profit companies to meet the demand for affordable education across the developing world.**

Pearson PLC is the world’s largest education company. Founded in 1844 and headquartered in London, the company has been strategically focused on global education since 2015. In 2016, it organised into a single coursework product organisation. The company’s sales revenue of £4.78 billion (US\$6.66 billion) in 2015 was derived from three markets: North America (its largest market, accounting for 62 percent of sales), “Core” including

the United Kingdom, Italy and Australia (17.5 percent), and “Growth” including Brazil, China, India and South Africa (14.5 percent).

As a major public company and a global leader in education, Pearson reports extensively on its social responsibility. As a founder signatory of the UN Global Compact, it has committed to a responsible supply chain on over £2 billion (US\$2.9 billion) of goods and services purchased annually. The Pearson Charitable Foundation had been a major avenue for the company’s philanthropy, but following a major business review in 2014, funding of the foundation ceased and the charity wound down its operations. In 2014 the company announced that its major commitment to community investment would be implemented through Project Literacy, a five-year anchor social impact campaign to improve literacy globally.

Pearson’s 2014 Annual Report states, “Key to our social innovation approach is our belief that commercial solutions can accelerate access to quality education. Uncovering, developing and scaling solutions, especially in places where education standards fall well behind the best in the world, can require us to challenge the way we think about our business.” In 2012 the company launched the Pearson Affordable Learning Fund with US\$15 million of capital to explore novel educational innovations with commercial potential. In 2015 a further US\$50 million was injected into this corporate venture capital fund focused on “education for students from the poorest and most marginalised families.” PALF has invested in education startups in South Africa, Ghana, India and the Philippines. Half of the fund is currently invested in companies with female founders.

Arvind Nagarajan is investment director for PALF based in New York City. He identifies two key individuals whose thought leadership led to the creation of PALF. Sir Michael Barber was head of

the education practice at management consultants McKinsey with a deep understanding of education policy and reform in developing countries. Professor C. K. Prahalad, a distinguished Indian academic and author of *The Fortune at the Bottom of the Pyramid*, sat on Pearson's board before he died in 2010.

Prahalad's insights inspired Pearson and many other companies to find profits and growth by serving the world's five billion poorest people. When Barber joined Pearson in 2011, he and colleague, Katelyn Donnelly, spearheaded the creation of PALF, drawing on their experience of delivering radical education reform in the Punjab, Pakistan. "We worked with the Punjab government to focus on improving educational outcomes amongst the 70 percent of students who attended small, private schools, and learnt that such schools can potentially be a real solution for governments to overcome enormous educational challenges," said Donnelly.

Punjab now runs the largest school voucher system in the world with 1.5 million learners placed into the school system where "vouchers cost government one-third the price per pupil in a state school, yet learning outcomes as much as doubled. In creating PALF we were responding to the fact that low-cost private schools meet parent demand. We believed that chains of private schools could benefit from economies of scale and global best practice in proven educational methods," Donnelly added.

Nagarajan views PALF "as like a venture capital fund with a seven- to 10-year investment horizon, backing products, services or schools that 'deliver efficacy' or measurable outcomes in the lives of learners. We want the fund to reach more than a million learners during this time horizon." And pragmatically, Nagarajan wants the fund to help move beyond "ideological debate" about public and private education to "transforming how emerging markets see the role of private players in delivering a quality education for all citizens."

By early 2016 PALF has invested in a portfolio of 11 educational ventures in Africa and Asia (see Table 11 for the list of Asia-based investments). As with any venture capital fund, a healthy pipeline of potential investments is essential. Nagarajan said, "PALF identifies investment opportunities in three ways. First, by on the ground meetings with entrepreneurs, angels and other investors. Second, at ecosystem building events like accelerators, summits, one-day events that we convene or do so in partnership with other funds like Village Capital or Omidyar Network. And third, by referrals through our networks."

The selection of shortlisted businesses takes place in Pearson's investment committee composed of several of the company's senior executives, including the CEO, Chief Education Advisor, and heads of growth markets, corporate affairs, finance and legal. "Due diligence focuses on three areas: 'profitability' to catalyse the sector more broadly; 'efficacy' evidenced by data that demonstrates the journey of improvement; and 'reach' giving low income learners access to quality education," said Nagarajan.

Once the investment decision is made, PALF becomes an active investor, taking a board seat and a "substantive double-digit" minority equity stake in the venture. "We spend time on the ground," said Nagarajan, "offering both operational support and a thought partner for strategic decisions and governance." While "closeness to the investee" is a key value for PALF, it poses a challenge for global team members who are constantly on the road supporting the entrepreneurs they back and keeping the pipeline of potential ventures healthy. Pearson PLC is a large company and there are sometimes opportunities for local staff to support PALF portfolio companies by mentoring or taking a board seat. In South Africa the CEO of Pearson South Africa sits on the board of a PALF investee business.



Venture	Country	Description
APEC Schools	Philippines	Affordable secondary schools focusing on employment readiness. A joint venture with Ayala Corporation.
Karadi Path	India	Language learning.
Zaya	India	An adaptive learning product delivering digital content.
Experifun	India	Low-cost interactive science learning products.
Sudiksha	India	Low-fee pre-schools.
Avanti	India	Science and mathematics education for college entrance.

Table 11: PALF Portfolio Investments in Asia

PALF is still a young fund without plans yet on exiting an investment. Nagarajan said what an exit will look like is going to vary from one business and context to another. “We envisage some will be acquired by specialist education companies; in India there is an active private equity space looking for growth companies. But, we don’t want to over-define the end game too early on,” he added.

One of PALF’s Indian investments is Sudiksha, an educational business located in Hyderabad. Sudiksha was started up in 2010/2011 by entrepreneurs who wanted to offer a high quality, affordable pre-school service to low-income families for just US\$8 a month per child. There are now 23 schools in the Hyderabad area, of which six are franchisees. Most are already operationally breaking even at the school level. The founders relied on their own financing at startup, followed by angel investment (John, 2015, p. 36). Within two years, Sudiksha had attracted investment from two U.S.-based impact investment funds.

The PALF team identified Sudiksha as an investment not through the typical sourcing routes but through an accelerator programme held in India over a three-month period in partnership with Village Capital. Twelve teams from across India attended intensive training on weekends ending with a review of each other’s business model and peer selection of three winning ventures. Sudiksha was chosen and received a grant from PALF and Village Capital, eventually joining the PALF portfolio as an equity investment.

Sudiksha is PALF’s first investment in the early childhood sector which Nagarajan said, “has huge potential from an educational point of view while the brain is still developing. We liked that the Sudiksha model was very affordable, utilised female entrepreneurs, and had strong community buy-in.” PALF views these as a strong foundation for long-term success despite the financial challenge of early years schooling being a service for which people are less willing to pay. “Despite it being a tough area financially, we are keen that Sudiksha gets on top of the unit economics to find a model that can be successfully scaled,” he added.

While half of PALF’s current portfolio is in India, it is looking to expand over time into other parts of Asia, including Southeast Asia and China. In the meantime, PALF is building its brand in India and Nagarajan sees the “vocational space in India [as] a huge opportunity with a rising population of workers, but under educated and under utilised. The upskilling of these many is a once-in-a-generation opportunity for the country.”

Donnelly said, “Being close to the portfolio companies and working with them day in day out means we can feed learning back throughout the company. Investing in an early-stage company helps Pearson understand the risks of operating a sustainable business in that environment and is a cost-effective way for us to be exposed to new markets.”



# Chapter 12: Business Process Outsourcing (BPO)

---

In the previous chapters describing corporate venture capital and enterprise philanthropy we observed an *investor* relationship with the social enterprise – the corporation or its foundation offers funds to the social enterprise to seek a return on that investment that is purely social (philanthropy) or blends social and financial return (venture capital for impact).

An alternative relationship is that of *client* – when a corporation purchases goods or services from a social enterprise which is the supplier. This is a potentially important development for the social enterprise sector in its attempt to become *mainstream* and compete openly with traditional business for customers among corporate clientele.

For supply chain managers who are sourcing goods or business processes from outside their company, there is seldom any incentive to consider social enterprises as potential suppliers. Social enterprises seldom have the track record or profile of their traditional competitors and are likely to be viewed as risky or unreliable. For corporations that are already sensitised to social enterprises through, for example, their CSR programmes, there is potential to enter into a client relationship.

In 2016, Social Enterprise UK (an intermediary that promotes the sector in the United Kingdom) launched the *Buy Social Corporate Challenge*<sup>38</sup> as part of which a group of well-known corporations agreed to contact social enterprises for goods and services to the amount of £1 billion (US\$1.3 billion) by 2020. The founding corporate partners are Interserve, Johnson & Johnson, PwC, RBS Group, Santander, Wates, and Zurich, but the plan was to draw in many other businesses across diverse sectors to open their supply chains to the 70,000 social enterprises in the United Kingdom.

Social Enterprise UK will offer the following support to participating corporations to help them overcome barriers to sourcing from social enterprises:

- A review of supply chain and benchmarking existing social enterprise spend.
- Training for procurement teams.
- Brokerage support.
- Advice and support on how to measure the impact of outsource spending with social enterprises, and how to use this in sustainability reporting/bid writing.

Among the benefits accruing to companies outsourcing to social enterprises include “the opportunity to be a force for good in the communities in which they operate” and a means to “meet their supplier diversity aims” with social enterprises that “bring with them innovation and creativity,” this British-based initiative argues.

Hong Kong Broadband Network is the island’s largest supplier of residential high speed fibre broadband and is experimenting with outsourcing some of its business processes to social enterprises. A publicly owned company since 2015, it retains a strong entrepreneurial culture and has made the support of social enterprise the primary theme of its corporate social investment. HKBN’s strategy for supporting social enterprise is guided by the *MOVE* programme – marketing social mission, outsourcing business activities, skills-based volunteering, and ethical consumption.

---

<sup>38</sup> See <http://www.socialenterprise.org.uk/challenge>

Since 2014 the technology company has started to experiment with outsourcing business processes as a means to reach its social investment objectives (see case study on Hong Kong Broadband Network). Some of the company's customer helpline activities have been contracted to iEnterprise, an intermediary employing and providing training for individuals who would otherwise struggle to find mainstream employment in Hong Kong, i.e., adults with physical disability or learning difficulties.

The contract has been profitable for iEnterprise, which reached breakeven after three months, although it enjoyed in-kind subsidies from HKBN, such as free technology support services and call handling training from the company's human resources department. The contract provides iEnterprise employees flexibility of working hours, but this has not, according to HKBN, affected the quality of helpline services or agreed performance targets. A second trial, this time with a social enterprise providing the company's canteen services, has also proved successful.

In India many millions of rural youth lack appropriate training to equip them for the country's burgeoning need for business process outsourcing. Since 2008 RuralShores, an Indian social enterprise and employment intermediary, has provided focused training to rural youth for "rural shoring" – outsourcing business processes to a rural workforce.<sup>39</sup> RuralShores has 2,500 employees on its roster in 17 centres in 10 Indian states, delivering over 45 processes to more than 30 corporate clients. Half of the workforce are women and all are university graduates from impoverished, rural areas.

The initiative aims to help corporations access talent and markets of rural India as well as help integrate rural youth into the knowledge economy. RuralShores offers services in banking, insurance, telecom, microfinance and technology

companies, and government departments and counts blue-chip corporations among its clients.

The social enterprise iEnterprise was created to be an outsourcing vendor to corporate clients, specifically HKBN, and conceived from the start to be financially sustainable and independent of subsidy. In contrast, the Singapore-based Bizlink,<sup>40</sup> which provides training for people with disabilities, was started as a project within a government ministry in 1985, and later spun out as an independent nonprofit. Bizlink's wholly owned social enterprise division utilises its roster of people with disabilities to offer outsourced business services to corporate clients in areas such as data entry, cleaning, and order packing and fulfilment. DBS, a banking group that integrates its banking services and corporate philanthropy in support of social enterprises (see DBS profile in Chapter 9), engages Bizlink for the preparation of Appreciation Day items and gift-packing.

Company purchasing departments that have an understanding of social enterprise or organisations like DBS that have integrated social enterprise support across its business units are likely to consider social enterprises as potential vendors and BPO partners. A survey of corporations in 2013 by the Singapore Social Enterprise Association found that 66 percent were not yet prepared to purchase services from social enterprises either because purchasing managers did "not understand" social enterprise or because social enterprises did not yet have the service their businesses required.

The purchasing power of corporations and the desire of many to find new and creative ways to support social enterprises make outsourcing an attractive opportunity. For social enterprises that

---

<sup>39</sup> See <http://ruralshores.com>

<sup>40</sup> See <http://www.bizlink.org.sg>

are well managed and able to offer services in a competitive environment, there is no reason for such outsourcing to involve any sacrifice in quality. Campaigns like *Buy Social Corporate Challenge* in the United Kingdom, if run in Asia and targeted not only at CSR executives but also purchasing managers, would help raise awareness of the potential to outsource corporate business processes to social enterprises. This outsourcing could help position social enterprises as real businesses in corporate supply chains and establish them as vendors rather than grantees.

## **Hong Kong Broadband Network Supporting social enterprise through outsourcing**

HKBN was established in 1999 by the former City Telecom and grew rapidly to be the largest supplier of fibre high-speed residential broadband (symmetrical 100 Mbps and above) in Hong Kong SAR. The private equity fund CVC Capital Partners bought the company in 2012, leading to a broadly based management buyout later that year when 63 managers (co-owners) acquired 14 percent of the firm's equity.

HKBN retains a relatively flat management structure and articulates its core purpose as *Make our Hong Kong a Better Place to Live*. The company's entrepreneurial style guided its commitment to what it calls *corporate social investment* – the framework for the company's strategic support for Hong Kong's social enterprise sector. "A few years back we had a long list of quite diverse projects and volunteering," said Director of Talent Engagement and Corporate Social Investment (CSI) and Co-Owner Ivy Lau. "But when we heard about social enterprise it was a light-bulb moment for us – we knew this is where we should focus our resources in corporate social investment."

Since 2014, HKBN has delivered this commitment to social enterprise through the MOVE programme – marketing social mission, outsourcing business activities, skills-based volunteering, and ethical consumption. HKBN's outsourcing of a customer service call centre and in-house catering to social enterprises marked the move from a sponsorship model towards a business-based relationship with social enterprises.

HKBN's customer service helplines have long been offshored to neighbouring Guangzhou in mainland China in line with standard industry practices. Since February 2014 *iEnterprise* (see Box 1) has augmented the company's 1083 telephone customer enquiry service. With a modest capital base of only HK\$40,000 (US\$5,000), *iEnterprise* initiated a call centre with 13 employees with physical or mental disabilities or other employability challenges. The operation reached breakeven after three months and generated a profit of HK\$2,000 after six months although the business also benefitted from hidden subsidies in kind such as free IT services provided by HKBN that lowered startup costs. To improve the telephone skills of *iEnterprise* call handlers, HKBN's Talent Development Department provided free training and guidance.

Lau said that "around half of the calls to 1083 are handled by *iEnterprise*, and all performance targets for this service have been met." She is adamant that contracting out to a social enterprise does not compromise the quality of helpline services even though its staff members are offered flexible working hours to best cater to their needs. Employee surveys before and after six months of employment revealed a significant improvement in overall well-being, financial capability and self image (Lam, 2016).

The positive experience of outsourcing call centre activity to a social enterprise encouraged the HKBN team to nominate other potential opportunities. This led to the awarding of the contract for in-house catering at HKBN's office to *Hong Kong Joyking Enterprise*, which employs the hearing-impaired, semi-retired and the long-term unemployed. *Broadband Delight*, the in-house canteen, sources the majority of its supplies responsibly and works with HKBN on ethical consumption – one of the components of the firm's MOVE programme.

The second platform for supporting social enterprise is skills-based volunteering. *Knowledge Volunteers for the Community* has so far recruited 40 volunteers from HKBN's top and middle management who are placed into social enterprises in need of practical business acumen. This programme is still developing following lessons learnt in the pilot's first year during which 20 senior executives provided free coaching to six social enterprises over a six-month period.

In its second year the programme has been opened to a wider mix of company staff, including many at more junior levels. Teams of three to four staff drawn from a variety of departments offer business advice and coaching on presentational skills. HKBN staff typically volunteer four hours of their time a month. Lau is convinced that social enterprises are not the only ones to benefit, suggesting that “the engagement with social enterprises enhances staff creativity and is a team-building exercise.”

Elinor Shiu, associate director for marketing and co-owner, was a part of a three-person team advising the environmental enterprise, *HK Recycles*. Through her experience, she found that topics such as finance, sales & marketing, operations and logistics gave her the “opportunity to further consolidate the learning from my EMBA and take it to the next level.”

Each volunteering assignment begins with the HKBN staff and the social enterprise agreeing on quantifiable targets for six months with progress being regularly monitored. Feedback from early trials of the programme resulted in volunteers being selected for best fit rather than self nominating.

By its third year, the *Knowledge Volunteers for the Community* programme has extended its arm to offer assistance to both social enterprises and nonprofit organisations in need. Apart from the inaugural model of providing business guidance and sharing experience with social enterprises through the course of each six- to 12-month phase, HKBN also welcomes project-based requests that directly address specific needs identified by the organisations.

HKBN seeks multiple opportunities for supporting social enterprises, either directly through outsourcing and volunteer engagement, or indirectly by promoting the concept of social enterprise amongst its customers. Rather than send customers who renew their telecom contracts an incentive gift, the company distributes coupons that can be redeemed for goods or services from selected social enterprises. This helps raise awareness of the island's social enterprise sector amongst the company's 700,000 customers and 8,000 business partners.

As a co-organiser of Ethical Consumption Month from 2013 to 2015, the company continued to engage in efforts to change staff and consumer buying habits. HKBN has directly helped generate over HK\$4 million (US\$514,000) in the consumption of ethical goods and services since 2013.

When HKBN applied for its IPO in March 2015, it rejected the standard practice of spending up to HK\$1 million (US\$128,500) on a lucky stock exchange code. Instead it funded the Chicken Soup Foundation, a local nonprofit providing

#### **Box 4: iEnterprise – A Sustainable Work Integration Social Enterprise**

The development of social enterprise in Hong Kong was given a policy boost in 2001 by the Hong Kong Government's Enhancing Employment of People with Disabilities through Small Enterprises project. Despite a rapid rise in the number of enterprises, only 20 percent are funded through private investment; the remainder are being operated through parent charitable organisations, resulting in a lack of business acumen in the sector and an organisational culture dominated by subsidy-minded NGOs.

iEnterprise was founded in 2012 as a privately owned *work integration social enterprise* to create employment opportunities for people with disabilities (Lam, 2016). It did not seek government subsidy or donations but relied on private share capital and a sustainable, commercially minded business model. The enterprise tested an e-commerce consumer model for the sale of floristry products to the public.

In 2013 iEnterprise collaborated with HKBN and Hong Kong Rehabilitation Power (HKRP) – an NGO providing training for people with disabilities – to pioneer a B2B work integration model suitable for Business Process Outsourcing. HKRP has 20 years of experience in integrating people with disabilities into the workforce, including pioneering programmes in telemarketing and customer service. The offshoring of such activities to China by Hong Kong corporates had led to a downturn in demand and thus a lack of opportunity for HKRP members.

iEnterprise's co-founder, Dr Ilex Lam, has strong commercial credentials as an investment fund manager and does not wish to compromise on business discipline and the need to build a profitable business on private investment and earned income. The partnership among iEnterprise, HKBN and HKRP has been described by Lam (2016) as one whose synergy creates value individually and collectively for each of the partners in what he terms a *tripartite collaborative model*.

education and nourishment to Hong Kong's vulnerable children. The decision was made via staff consensus and the investment was used to hire experienced personnel to manage the day-to-day operations of four new service centres in Tseung Kwan O, Tin Shui Wai, Tung Chung, and Kwai Chung, benefitting over 700 needy children in their education, well-being and inspiration.

In 2014 senior staff launched the HKBN Talent CSI Fund – a HK\$5 million (US\$642,500) initiative which aims to provide staff with the capital to organise volunteering projects directly, benefitting the communities in which they live. Grants of up to HK\$250,000 (US\$32,000) are available if five or more staff create a project together. The projects are scored by sustainable impact, social value, feasibility, and the depth of staff involvement.

Running Mentors is one of the first community projects funded by the HKBN Talent CSI Fund. It was initiated by 12 HKBN staff who wanted to share the fun of running and career inspiration with youngsters in the community. The Hong Kong Playground Association partnered HKBN in the programme which matched 40 Kwai Chung youngsters with HKBN's Running Mentors who provided weekly training and life coaching for six months. The programme helped the youngsters complete two 10-km marathons. Lau believes that "the true beauty of the programme is offering youngsters early insights into their careers and life ahead via experience sharing by the volunteers, allowing them to emerge from the programme with many fresh new perspectives to see their future under a different light."

# Chapter 13: Creating Shared Value

---

In 2011 Porter and Kramer published an article in the Harvard Business Review that catapulted their notion of “Creating Shared Value” into the consciousness of business leaders and management academics (Porter & Kramer, 2011). Clearly envisaged as a major contribution to rethinking capitalism and the nature of the corporation, the paper boldly offered a framework on “how to reinvent capitalism and unleash innovation and growth.”

It described the capitalist system as “under siege” as corporations were viewed by the public as creating shareholder wealth at the expense of the broader community. Companies failed to respond by remaining “trapped in an outdated approach to value creation,” overlooking the “wellbeing of their customers, the depletion of natural resources vital to their businesses, the viability of key suppliers, or the economic distress of the communities in which they produce and sell.”

According to the authors, CSV focuses on the connection between societal and economic progress. A company can create shared value in three key ways by reconceiving products and markets, redefining productivity in the value chain, and enabling “local cluster” development. Porter and Kramer define shared value as “policies and operational practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.”

The conceptualisation of CSV came when Porter and Kramer met and together founded FSG, a consulting company, in 2000 to advise grantmaking foundations in strategy and value creation. Today FSG offers consulting to corporations interested in creating shared value and maintains

the Shared Value Initiative to provide shared learning for corporations implementing CSV.<sup>41</sup> As shown in Table 12, FSG has been advising large, multinational corporations on how to migrate their CSR programmes into the CSV framework.

CSV is a concept that has piqued curiosity in the academic community and influenced numerous corporate CSR strategies. It has been reported in the business and general press, and is required reading for several MBA and Executive MBA courses. It has also been the subject of trenchant criticism. In particular, Crane, Palazzo, Spence, and Matten (2014) have contested the “Value of Creating Shared Value” in a well-argued paper analysing the strengths and weaknesses of the framework.

Crane et al. affirm that through CSV, Porter and Kramer have unequivocally elevated “social goals to a strategic level,” highlighted the role that governments have in the social initiatives of companies, and brought “much needed conceptual development to debates about caring or conscious capitalism.” In their criticism the authors argue that CSV has three key shortcomings that undermine the credibility of Porter and Kramer’s framework:

- **CSV is unoriginal.** While portrayed as novel, it has similarities to existing concepts in CSR, stakeholder management and social innovation. CSV fails to acknowledge an existing body of academic literature and replaces CSR with an “unrecognisable caricature.”
- **CSV ignores tensions between social and economic goals.** The trade-offs between economic and social value creation are ignored and claims of what shared value will deliver are optimistic or distorted.

---

<sup>41</sup> See <http://www.sharedvalue.org/> and <http://www.fsg.org>



CSV Component	Corporation	Activity
Reconceiving Products and Markets	Intel	Use of digital intelligence to economise power usage
	IBM	
	Wells Fargo	Products and tools for consumer budgeting and debt control
	GE	Ecomagination range of products
	Vodafone Kenya	M-PESA mobile banking
	Thomson Reuters	Low cost agri-intelligence
Redefining Productivity in the Value Chain	Marks & Spencer	Overhaul of supply chain to reduce cost and carbon emissions
	Coca-Cola	Reduction in global water consumption by nine percent
	Dow Chemical	Reduced fresh water consumption
	Jain Irrigation	Growth in sales for drip irrigation for water conservation
	Nestle	Nespresso division helped support coffee procurement and good practices by small scale coffee farmers
	Unilever	Distribution system to provide microcredit and training for rural, women entrepreneurs
	Johnson & Johnson	Helping employees stop smoking has reduced company's medical insurance costs
Enabling Local Cluster Development	Nestle	Nespresso division built clusters of agricultural, technical, financial and logistical firms for more effective procurement
	Yara	Investment in roads and ports to create agricultural growth corridors in Mozambique and Tanzania

Table 12: Examples of Corporations' CSV Programmes (data from Porter and Kramer, 2011)

- **CSV is naïve about the challenges of business compliance.** The concept of CSV is “simply built on the assumption that compliance with ... moral and legal standards is a given.”

While Porter and Kramer responded to some of this criticism in the paper's appendix, there are reasonable doubts about the novelty and assumptions that underpin the CSV framework. Nevertheless, a large number of prominent corporations are reviewing their approaches to community engagement by choosing the CSV *brand* with Porter and Kramer documenting several examples as teaching case studies<sup>42</sup> at Harvard Business School.

We profile here two large Asian corporations in the Philippines and India that have developed their CSR into an approach that each describes as “shared value.” The Ayala Corporation is a prominent and long-established business group in the Philippines. This public company has retained the close involvement of the founding Ayala family. With two of the Ayala brothers, Fernando and Jaime, who are key executives in the group of companies having embraced CSV, the corporation's

<sup>42</sup> See a listing of case studies at <http://sharedvalue.org/academic-community-portal>

social engagement has progressed from “pure philanthropy” to a “CSR stage” and now to shared value. Three of the group’s businesses, in water, banking and education, illustrate how the company has adapted the shared value framework (see case study on Ayala Corporation).

As was the case with Ayala Corporation in the Philippines, Godrej Group was a key contributor to the early industrialisation of India with a long history of committed community engagement. Nearly a quarter of the group’s equity is held in charitable trusts that pursue philanthropic projects in health, education and the environment. In 2010 Godrej Industries Ltd commissioned FSG to help the company integrate its many CSR activities into its core business through the CSV model.

In the resulting Good & Green initiative, “Good” would incorporate activities that address the needs of underserved populations while “Green” would embrace environmental sustainability (see case study on Godrej Group). The company operationalises the CSV framework under three pillars: “Ensuring Employability,” “Creating a Greener India” and “Innovating for Good & Green Products.” It is extending the initiative beyond India to its operations in Latin America, Southeast Asia, South Africa and the United Kingdom. The Godrej Group’s employee volunteering programme – Brighter Giving – is integrated into the shared value activities.

Singtel, whose accelerator we profiled in Chapter 10 and which is the first Asian corporation to join the Impact 2030 volunteering initiative, views shared value as one “trend that could change community investment, forcing both corporations and charities to engage more strategically.” The company is one of a growing number in Asia that are reviewing their whole approach to corporate giving and moving to one that is “beyond philanthropy, material to our business, is collaborative, has most added value, and about shared value creation.”

## Godrej Group (India)

### A century of creating shared value

Godrej is one of India’s best known and most trusted businesses which traces its roots back to 1897. The group is an Indian-based multinational conglomerate, managed and largely owned by the Godrej family. The conglomerate comprises the listed company, Godrej Industries Ltd and its subsidiaries (known as GILAC), and the family’s private holding company, Godrej & Boyce. The group reaches over 1.1 billion consumers and has annual revenues in excess of US\$4 billion.

At the turn of the 20th century the company’s founder Ardeshi Godrej, a trained lawyer and serial entrepreneur, pioneered the *Swadesh* movement – literally *one’s own country* – that values goods made in India rather than rely on imports. Moving from locks, safes and the country’s first ballot boxes, his fledgling company developed the world’s first non-animal hand soap, made from vegetable oil. This innovation opened up an enormous potential market of millions of adherents of the Indian religious philosophy of *Ahimsa* or *non violence* to all things.

As the company prospered it won an auction of land in 1943 in the north east of Bombay (now Mumbai). Vikhroli Village became a sprawling industrial township “which cares for its people,” reminiscent of the worker towns built by the Cadbury or Lever families in England. Today the business group remains headquartered there amongst the largest privately managed mangroves that cleanse Vikhroli’s air, making it 30 to 40 percent cleaner than the rest of Mumbai.

Twenty-four percent of the shares of the group’s holding company are held in trusts like the Pirojsha Godrej Foundation, the Soonabai Pirojsha Godrej Foundation, and the Godrej Memorial Trust which contribute towards healthcare, educa-

tion and environmental sustainability, underscoring the Parsi Godrej family's deep sense of responsibility to society and the environment.

In 2010 GILAC and the Godrej family commissioned FSG Social Impact Advisors and Dasra to help integrate the group's social responsibility and business practices under the Creating Shared Value framework. This underpinned the Godrej commitment to "building a more inclusive and greener India" through the company's Good & Green initiative. "Good" would incorporate activities that address the needs of underserved populations while "Green" would embrace environmental sustainability.

Dr Vikas Goswami who heads Good & Green explained that "the consultancy led by FSG and Dasra was not limited to senior family members but took stock of views right across the company. The company has an ambitious goal to grow tenfold in the 10 years to 2020, but in a sustainable way that upholds the value embedded in Good & Green." The initiative assumes that the business can address social problems while strengthening the drivers of commercial competitiveness. Table 13 illustrates the ambitious goals set by Good & Green, with all three pillars "fuelled by local employee volunteering."

Goswami believes that the company holds itself accountable by publishing goals and progress online, and is keen to "globalise sustainability targets, collect data monthly at factory level, and ensure managers are not penalised if data are disappointing." Godrej is rolling out the Good & Green initiative beyond India to business operations and subsidiaries in Argentina, Philippines, Indonesia, South Africa, the United Kingdom and elsewhere. Godrej Industries has bases in more than 40 countries so embedding the Good & Green practices and collecting data globally is a significant challenge.

Volunteering is encouraged through the group's 26,000 workforce. *Brighter Giving* is the company's structured platform providing opportunities for "skills-based, longer-term volunteering projects with NGOs." In such volunteering projects employees might work with a service nonprofit's beneficiaries or provide support to the nonprofit itself.

The nonprofit Mentor Me India has a mission to help children in low-income communities grow to their full potential. Volunteers have taught children in subjects such as Mathematics, English, computing or sport, while providing mentorship for the child's personal development. Volunteers offered organisational capacity building for Shraddha, a nonprofit working with autistic and mentally challenged young adults. The Godrej team helped develop a better segmented and targeted fundraising strategy for the nonprofit, and provided hands-on training to the nonprofit's staff on the use of donor management software. On International Volunteering Day (December 5) Godrej employees worldwide are encouraged to spend time with local NGOs and their beneficiaries.

Godrej leverages its brand and the respect the group commands in the marketplace to convene its partners, academics and donors for thoughtful reflection and learning. The Good Conclave, an annual gathering first held in 2013, is designed to "initiate conversations ... to educate, share and learn about things that make a difference to our planet and us," and takes themes from the goals of Good & Green. The first conclave focused on addressing India's water challenges while the second explored the correlation between access to energy and poverty. In 2016, conclave participants discussed the importance of technology and collaboration to drive scale and achieve global standards in skill development.

The Godrej Leadership Forum gathers the top 40 or 50 of the group's most senior management.

	Ensuring Employability	Creating a Greener India	Innovating for Good & Green Products
Goals by 2020	Train one million rural and urban youth in skilled employment	<ul style="list-style-type: none"> <li>• 30 percent reduction in energy consumption</li> <li>• Zero waste to landfill</li> <li>• Carbon neutrality</li> <li>• Positive water balance</li> <li>• Renewable energy use</li> </ul>	<p>A third of portfolio revenues from Good &amp; Green products and services.</p> <p>“Good” products address social issues such as preventable diseases, safe drinking water, sanitation, affordable housing or education, or increasing household income. These goods target the 0-50th percentile of the Monthly Household Income group.</p> <p>“Green” products have targets for reducing by 20 percent energy or water consumption; greenhouse gas emissions; or packaging. The products and packaging must be 100 percent recyclable and eliminate the use of toxic materials.</p>
Illustrative Activity	<ul style="list-style-type: none"> <li>• <i>Godrej Sakhi</i>: a training programme for rural women to start microenterprises within their community</li> <li>• <i>Godrej Vijay</i>: training rural youth in sales for the fast-moving consumer goods (FMCG), agricultural, hospitality, security and retail sectors</li> <li>• <i>Godrej Prerna</i>: training retailers and retail associations for improving business practices</li> <li>• <i>Godrej Swadheen</i>: training senior secondary school students in animal husbandry and agriculture</li> <li>• <i>Godrej Nipun</i>: training for unskilled construction workers on GPL (the Godrej Group’s real estate business).</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce process and non-process energy consumption</li> <li>• Utilise wind, solar and biomass energy sources</li> <li>• Increase recycling and ensure soild waste is not burned or land filled</li> <li>• Sequester carbon through green cover</li> </ul>	<p><i>Godrej Properties</i>:</p> <ul style="list-style-type: none"> <li>• LEED or IGBC certified Green Buildings</li> </ul> <p><i>Godrej Consumer Products</i>:</p> <ul style="list-style-type: none"> <li>• Lower phosphates in liquid detergents</li> <li>• Low-cost mosquito coils</li> <li>• Non LPG based aerosol products</li> <li>• Switch from PVC to PET packaging (see Box 5: Good knight Fast Card and Box 6: Godrej ChotuKool Refrigerator)</li> </ul>

Table 13: Godrej Good & Green Targets and Products

### **Box 5: Good knight Fast Card**

More than three billion people are affected by malaria globally. Ninety percent of India's population live within malarial zones with 24 million cases of the disease counted each year. Good knight Fast Card is a slip of paper, folded and burned for three minutes to give four hours of household protection against mosquitoes. Developed by Godrej in Indonesia and adapted for the Indian market, a pack of 10 retails for 10 Rupees (US\$0.15), putting it well within the reach of the poorest households.

The innovative product is disruptive in a market where other solutions are costlier, require electricity or produce unpleasant smoke. PhillipCapital estimates the market size of this product to be more than US\$100 million. The Fast Card fits the criteria of a Godrej "Good" product: it is priced to reach low-income households at the base of the pyramid, addresses the spread of a major disease, and has commercial potential.

At one gathering the Indian Nobel Peace Prize winner and activist, Kailash Satyarthi, spoke about his lifelong work advocating child protection. The forum responded by supporting his organisation financially, the human resources team helped in talent acquisition, while other executives offered their skills in strategic planning.

## **Ayala Corporation (Philippines)**

### **The evolving philanthropy of a long-established family business**

Ayala Corporation is the holding company for one of the Philippines' oldest and largest business groups founded in 1834 by Domingo Roxas and Antonio de Ayala during Spanish colonial rule. Ayala and its subsidiaries – with business interests in real estate, financial services, telecommunications, water, electronics manufacturing services, automotive, power generation, transport infrastructure, business process outsourcing, education and healthcare – have a combined market capitalisation of US\$34.6 billion in 2015 which accounts for 20 percent of the Philippine Stock Exchange index. Its corporate sustainability arm, Ayala Foundation, has programmes that focus on education, youth leadership, sustainable livelihood, and arts and culture.

The company consistently enjoys a very good reputation – one of the best in Asia. In 2016, Finan-

ceAsia named Ayala Corporation the Best Managed Company, Most Committed to Corporate Governance, and Best at Corporate Social Responsibility in the Philippines.

The Ayala family remains keenly involved in the group's businesses as shareholders, board members and executive officers. Two brothers – Jaime Augusto Zobel de Ayala (JAZA) and Fernando Zobel de Ayala (FZA) – are prominent executive leaders of the corporation; in 2010 each was awarded the prestigious Philippine Legion of Honour. Each generation preserves and builds upon the business, ethical and societal values of the founding generations of the company. During a keynote presentation at the Philanthropy in Asia Summit, held in Singapore in 2014, FZA described<sup>43</sup> how the family's commitment to social responsibility developed over 180 years from one of "pure philanthropy" through a "CSR stage" and eventually to its current framework which he called "shared value."

From 1856 to 1961, members of the Zobel family established a school, hospital and literary awards; addressed post-war food shortages among its employees; and supported Filipino artists. In 1961 the family established the Filipinas Foundation,

---

<sup>43</sup> From notes taken by one of the authors (RJ) at the Philanthropy in Asia Summit in Singapore in October 2014.

## **Box 6: Godrej ChotuKool Refrigerator**

*This article is an edited version of unpublished text prepared by Alvin Seo, BBA (Hons.), as part of undergraduate course work requirements.*

Only 20 percent of India's 1.3 billion people have access to a refrigerator for their own personal use. Without a household refrigerator, one third of precious food ingredients go bad easily. Food preservation may be a solution, but it requires additional spices which results in a spice-filled unhealthy diet with an increase in the costs of food preparation. Godrej was determined to solve this problem. By 2010, the business had rolled out the ChotuKool refrigerator at a price of 3,250 Rupees (US\$69) that is targeted to benefit close to 100 million households in India.

The idea to address the basic refrigeration needs of rural families in India began in 2006 at a disruptive innovation workshop led by Professor Clayton Christensen of Harvard Business School through Innosight. Godrej Vice President G. Sunderraman led trips around rural India, observing the daily routines of villagers. Using their "jobs-to-be-done" approach, he and the Innosight team witnessed how rural consumers purchased, prepared, and stored food and drinks.

From their observations, they concluded that people needed an affordable way to keep milk, vegetables and leftovers cool for a day or two – both at home or away. In order to have more involvement and feedback from the villagers, Godrej decided to do a straw poll of 600 women and co-developed prototypes that eventually formed their first disruptive innovation – ChotuKool or little cool in Hindi.

Unlike traditional compressors, the ChotuKool is based on a thermoelectric chip that maintains a cool temperature on a 12-volt DC current or an external battery. Next, an unconventional opening ensures cold air settles down in the cabinet to minimise heat loss and power consumption, and maximise its energy efficiency. Also, this unit is highly portable as it only measures up to 45 litres of volume inside a fully plastic body weighing less than 4.5 kg. Godrej will cover all repairs in its warranty with no hidden costs.

Although the ChotuKool is a useful design at an affordable price point, Godrej needed to adopt a new business model to fit the profile of rural poor consumers and deliver an innovative product with social impact. Instead of collecting full payment for the product, Godrej opted for a unique financing scheme and economical distribution system, aiming for these to be sustainable by making a reasonable amount of profits to keep up with production costs. Using community networks (which also created jobs through hiring villagers as local vendors) as a key distribution channel, Godrej sold 100,000 ChotuKools in only the second full year.

Satisfied with its initial launch, the company successfully rolled out the refrigerator to other states in India. The early success of ChotuKool led to Godrej being named India's "most innovative company of the year" by Business Standard. BusinessWeek and Fast Company named Godrej one of the world's "most innovative companies." ChotuKool was also awarded the 2012 Edison Award Gold prize in the Social Impact category.

The ChotuKool not only puts refrigeration within the reach of India's low-income households, it also increases employment through community networks. Godrej's product is also popular among local enterprises in the hospitality sector (such as hotels, restaurants, flower shops and food stalls in rural locations). With the adoption of the ChotuKool, businesses are now able to increase their daily revenue by 15 to 20 percent (these enterprises have a daily revenue of between US\$4 to US\$5) by reducing critical production costs.

Following a successful pilot project in the western Indian state of Maharashtra, Godrej expanded the distribution of the ChotuKool for commercial purpose in the southern Indian states of Karnataka and Tamil Nadu. Godrej plans sales of approximately one million units of the ChotuKool in the next three to four years. Godrej believes the ChotuKool has potential in other geographies to deliver value to developing nations in Africa that are pursuing energy efficiency improvement initiatives.



the first corporate foundation in the Philippines, which was renamed the Ayala Foundation in 1990. The rebranding signified that corporate social responsibility had become imbedded throughout the Ayala group of companies with the foundation acting as lead agency.

Each of the group's business units managed its own CSR projects, either alone or in collaboration with the Ayala Foundation. The foundation helped shaped the CSR landscape in the Philippines over five decades and encouraged partnerships with other corporate foundations. The evolution to a "shared value" approach, described on the company's website as "beyond CSR," is an attempt to address what it views as the "natural capacity limitations" of CSR programmes, considering the magnitude of the country's socioeconomic and environmental challenges.

The early thinking on how Ayala Corporation could integrate its business and social objectives came when JAZA read the seminal article on Creating Shared Value by Michael Porter and Mark Kramer in the Harvard Business Review (Porter & Kramer, 2011). This was particularly pertinent for JAZA as Porter had been his professor while he was a student at Harvard Business School. In 2007 JAZA was the first Filipino and the youngest alumnus to be awarded the Harvard Alumni Achievement Award in recognition of his exemplary leadership as Ayala Corporation's chairman and CEO.

As the Ayala brothers' understanding of philanthropy developed beyond traditional grantmaking or sponsorship to a model that was more strategic and integrated with the company they ran, CSV offered them a compelling framework. The CSV argument that traditional thinking places business and society in separate silos resonated with JAZA.

Writing on Ayala's website, he said, "Many of us have sought to blur these lines of separation and align our profit goals more specifically with the needs of the communities we interact with ... Meeting social needs should be embedded in our business models and should be undertaken using the same disciplines as those of business. There are untapped opportunities across the base of the economic pyramid which, when addressed using market-orientated solutions, can become a viable market in itself. We are in a unique position as a business group to put resources to work to address this market effectively."

This embrace of CSV led each of the company's business units to see "the base of the economic pyramid as a legitimate market that needs to be served and which can be engaged profitably," JAZA said.

We will now explore three Ayala businesses that exemplify the company's interpretation of Porter and Kramer's CSV framework: Manila Water, Globe BPI BanKO, and Ayala Education.

## **Manila Water Company**

Ayala Corporation's interests in urban water supply and used water services began with the formation of Manila Water Company, Inc. in 1997, long before the corporation reorganised its social responsibility around CSV. "We knew very little about the water industry and about managing a water system. There weren't any set rules at that time. It was uncharted territory for us. But we wanted to fix the water system of Manila and we knew that would have an impact on a lot of people that had no water in the past. It was a mission to fulfil, not a business to run," said FZA (Rivera, 2014, p. 2).

Much of urban Manila's water and sanitation system was built in the 1870s and had long

suffered leaks and illegal connections, leaving a burgeoning population without an adequate water supply. The state-owned Metropolitan Waterworks and Sewerage System (MWSS) was debt-laden and overstaffed with years of underinvestment. In the middle to late 1990s, Metro Manila suffered a water crisis, paving the way for the enactment of the Water Crisis Act of 1995 and the privatisation of MWSS to address water security.

In 1997, Manila Water, a consortium led by Ayala Corporation won the 25-year concession to manage water and used water services in eastern Metro Manila and Rizal Province. In 2009, the Concession Agreement was extended by another 15 years up to 2037. Manila Water was publicly listed in 2005 and – in the 18 years since it took over operations of the East Zone – increased 24/7 water service coverage from only 26 percent to 99 percent as well as significantly reduced the level of water losses from 63 percent to 11 percent. Under Ayala's leadership, Manila Water aligned its sustainable development initiatives with commercial objectives, resulting in the provision of services to more people, especially those in low-income communities.

To make clean water available to the poorest communities in its concession area, Manila Water launched Tubig Para Sa Barangay (TPSB) – a Water for the Community programme. These low-income communities often bought water by the jerry can from street vendors, in effect paying many times above the regular price for water that is not subject to strict quality control. The Water for the Community programme mobilises local resident cooperatives who are responsible for metering and distribution to individual clients, deferred payments, shared infrastructure and community billing. The outcome is low-cost, safe drinking water and reduced non-revenue water which resulted from illegal connections. In 2015, more than 1.8 million of Manila Water's over six million customers benefited from the TPSB programme.

Manila Water also pursues numerous environmental initiatives including watershed management, groundwater protection, and used water treatment and management. The company has developed innovative initiatives to enhance economic development in its catchment including the use of local SME maintenance contractors and a microfinance programme in partnership with the group's banking subsidiary to provide capital for micro startup businesses.

The Ayala Group chose to enter the water industry because it is a “business that serves and impacts the poorest where we have developed an ecosystem in water [and] used cross subsidy for the poorest – with a greater impact than using philanthropy,” FZA said.

## **Globe BPI BanKO**

The Bank of the Philippine Islands (BPI), owned by the Ayala Corporation, is the oldest bank in Southeast Asia and the Philippines' largest by market capitalisation. In 2009 the Ayala Corporation, BPI and Globe Telekom jointly established Globe BPI BanKO – the first mobile-based savings bank to provide affordable and accessible microfinance services to low-income individuals who are otherwise “unbanked.”

Working with a network of partner outlets in small stores and pharmacies, BanKO offers low-cost, retail financial services such as savings, loan and insurance via the mobile phone. BanKO also offers loans to microfinance institutions such as rural banks, nonprofits and cooperatives. These loans can be in the form of wholesale institutional loans and capability-building developmental loans.

By leveraging what FZA calls “the professionalism of the bank” with a telecom partner, Ayala companies tried to “crack the microfinance sector with low interest, low transaction cost” to bring banking to “the 80 percent of Filipinos who have no relationship with a bank.”

In 2015 BPI took full control of BankO while Globe Telekom established a holding company called Mynt that focuses on financial services and explores opportunities to further accelerate grassroots and non-traditional financial services for the underserved and unbanked segments of the population. Mynt leverages its non-traditional telecommunications infrastructure to promote financial inclusion in the country. GCash, its mobile money platform operated by its subsidiary Global Exchange Inc. (GXI), continues to deliver holistic and end-to-end financial services to the underserved segments of the market, offering domestic and international remittances, payment services, and mobile money-based business solutions.

## Ayala Education

Alfredo (Fred) Ayala (no relation to the Zobel de Ayala family) leads Ayala Corporation's interests in BPO and education. As CEO of Ayala Education, he is acutely aware of the value of education in the economic development of the Philippines. "The big picture is we want to align business activities with nation building and national development while generating a return. We started with hard infrastructure like water and telecoms, and now we turn to the soft infrastructure of education and healthcare."

BPO is a growth business for Ayala Corporation but is constrained by an education system that does not fulfil the demand for a suitably trained workforce. The 2015 Labour Force Survey revealed that 70 percent of unemployed Filipinos have at least a high school diploma while many growing industries, such as BPO, technology, retail and tourism, are unable to find qualified young people. This skills mismatch must be addressed through education policy and innovation from the private sector.

"We are in a unique position to inject employability into education. Through all our corporate businesses we know what employers are looking for – capabilities in English, technical, service and

life skills as well as a strong work ethic and team playing ability," said Fred Ayala.

Ayala Education was established in 2012 with a vision to deliver affordable and high quality education at the high school and college levels in order to equip students with real world skills through programmes co-designed with prospective employers and leveraging the Ayala Corporation's extensive experience in services training. Ayala Education partnered with universities and provided courses on work skills in the students' senior year before graduation. These low-cost interventions "saw employability increase to 95 percent – compared to 65 percent in the control group – with an increase in starting salaries as well," said Fred Ayala.

Affordable Private Education Center, Inc. or APEC Schools is the company's fast growing chain of low-cost private secondary schools established in partnership with the Pearson Affordable Learning Fund (see case study in Chapter 11). APEC Schools provides junior and senior high school students with immersion courses in English and technology, and the opportunity to engage directly in work immersion simulations co-developed with employers who are partners of the programme.

APEC has grown from one site and 130 students in 2013 to 24 branches and 3,300 students across Metro Manila, Rizal, Cavite and Batangas in 2015. APEC's target is to grow to 27 sites and 9,000 enrolments by the 2016 school year. In support of the government's Senior High School Voucher programme, APEC Schools is providing free tuition (i.e., no top-up costs to parents) to as many as 3,500 high school students for the 2016 school year.

"We deliver high quality, affordable education because of scale and innovation," said Fred Ayala. "This is a win-win for government and students – since a better educational outcome results for no extra cost."

# Chapter 14: Conclusions and Recommendations

---

Corporations of all sizes contribute to the public good through the jobs they create, the taxes they pay, and the goods and services they sell. Beyond this they have a duty of care to their employees and the communities in which they operate. Some will go further, engaging in generous corporate philanthropy and volunteering programmes, or implementing business strategies that touch underserved and low-income communities.

Now, these basic notions of what makes a company *good* – better than just *do no evil* – are being challenged in the new digital economy where young companies with vast market capitalisations sell to virtual online communities using a *gig economy* workforce. This will captivate students of corporate philanthropy in the coming decade. It is not the purpose of this study to look that far ahead but rather to scan the practices of Asian corporations as they adapt to new models of philanthropy and the rise of social enterprise.

Aided by a timely and comprehensive literature survey from ESSEC Business School, we began our study by examining the meaning of corporate philanthropy in the wider and complex field of corporate social responsibility. The limited time and resources available to us in a working paper study precluded any comprehensive study of corporate philanthropy. Rather we looked to identify some innovative, informative and instructive examples of how the corporate actor can mobilise its financial, human and intellectual resources for public benefit, specifically by supporting nonprofits and social enterprises. The large amount spent by many corporations in funding arts, culture, scholarships, schools and hospitals as they respond to needs or seek a licence to operate is not the focus of our enquiry.

## Grantmaking

Grantmaking is the primary means a corporation offers tangible support for nonprofits, often through the company's own foundation. The whole area of corporate grantmaking – policies, grant management, and measuring impact – is one where good data is lacking and there is a clear need for independent research. As corporate giving moves into a more professionalised and sophisticated era there is greater expectation that a company's philanthropy is more intentional, strategically designed, expertly managed, and transparently reported.

In any geography or sector, grantmakers are notoriously reluctant to collaborate – a weakness magnified in the corporate sector where companies may be in commercial competition. Our case study from India highlights the role a philanthropy intermediary (Dasra) can play in convening funders (including corporate foundations) through an alliance to collaborate in addressing a major and complex social problem. Dasra worked alongside Piramal Foundation to create a structure that encouraged other corporate foundations to fund components of a comprehensive intervention promoting the well-being of Indian girls.

In the second case study we saw how the Bombay Stock Exchange, like Dasra, uses its power to convene corporates to promote corporate philanthropy. The major change in Indian company law has led to a surge in mandatory CSR in a country where the nonprofit sector is chronically under-capacitated. Sammaan is a platform that lowers the barrier to corporate grantmaking by providing listed companies with access to pre-screened nonprofits.

Conclusions	Recommendations
<p>Stock exchanges have existed for decades to provide information that leads to the efficient connection of capital with enterprise. They can play a leadership role in helping listed companies better allocate their funds for philanthropy to nonprofits.</p>	<p>We recommend that Asian stock exchanges take note of the Bombay Stock Exchange's Sammaan platform which provides listed companies a means to engage in strategic philanthropy.</p>
<p>Corporate philanthropy is an atomised activity with little inclination for corporate foundations to collaborate. The general lack of donor networks in Asia further compounds such isolated activity. Dasra has created a donor alliance as the means to address complex social problems. Fortunately, there is active recruitment of corporations to participate in philanthropy networks.</p>	<p>Corporate foundations that are not yet active in philanthropy networks (e.g., AVPN, Philippine League of Corporate Foundations, NVPC Singapore) would benefit from peer learning and opportunities to collaborate by becoming active network members.</p>

## Volunteering

Just like grants, volunteers can be a valuable resource for nonprofits and social enterprises at the early stages of their development and without the skill set that abounds in the corporate workforce. Even so, volunteers need to be managed to be effective – at a cost that must be offset by benefits. Skills-based volunteering, especially when managed by an intermediary, can be a powerful contribution to a young and ambitious nonprofit or social enterprise. We identified two broad approaches to skills-based volunteering – either managed directly by a corporation or a volunteer programme managed by an intermediary.

Virtually all the businesses mentioned in this report encourage their employees to volunteer time or business-orientated skills. Either approach is likely to have strengths and weaknesses. Edelweiss Capital readily admitted that learning to manage its own volunteer programme was

challenging and the collaboration with ToolBox (a volunteering intermediary) helped the firm shape effective practices.

We know from the literature review and the interviews in this study that effective volunteering has a positive impact on employees and the company in terms of employee motivation, leadership development, and staff retention. Volunteering is increasingly viewed as a *win-win* for nonprofits, social enterprises, employees and employers, and is nationally and internationally recognised as a powerful manifestation of corporate philanthropy. Corporations like Keppel in Singapore, which have long supported *low-skill* volunteering (such as spending time with adults with learning difficulties, reading to children, and blood donation drives), are seeing the value in adding skills-based programmes that support the strategy and operations of nonprofits and social enterprises.

Conclusions	Recommendations
<p>Almost all the companies we interviewed have committed to employee volunteering and several have developed their own programmes or partnered with intermediary volunteer platforms.</p>	<p>We recommend that all companies actively support their employees in volunteering and offer a menu of options including company or intermediated programmes. We recommend that volunteering should be encouraged across all levels of the company, including <i>C-Suite</i> executives.</p>
<p>Our study was concerned with volunteering skills relevant to the business planning processes of nonprofits and social enterprises and the mentoring of their senior staff. We concluded that businesses recognised the use of skills-based volunteerism in addition to <i>unskilled</i> or ad hoc volunteering.</p>	<p>We recommend that skills-based volunteering should be a component of any company's volunteering programme. Partnering with a volunteer intermediary or joining a national or international (e.g., Impact 2030) skills-volunteering initiative are entry points for companies without their own programmes.</p>

## Giving Circles

Giving circles appear to be growing in popularity in Asia and are an important innovation in the development of philanthropy in the region. They offer individuals the opportunity to pool resources, gain intelligence from their peers, and engage more deeply in their communities. While a few Asian giving circles we interviewed in our previous studies do support social enterprises, it appears that most giving circle activity is focused on funding nonprofits with grants.

We know from our previous studies that individual members of giving circles in Asia are linked to the private sector as corporate employees or entrepreneurs, and often contribute their business skills in addition to pooling financial capital. In this study we wanted to know if corporates are more directly linked to the giving circle model than simply through the professional backgrounds of individual members.

Our case studies illustrate three avenues by which corporates can foster and participate in the giving circle *movement*. The consulting division of the financial services corporation, Mitsubishi, adapted an established giving circle as a vehicle for the company's grantmaking, complemented with the consulting skills volunteered by employees. The wealth manager UBS fostered the creation of a *next-gen* giving circle in its leadership development of young philanthropists. And The Funding Network, the event-driven giving circle/crowdfunding hybrid, adapted its core model to offer a turnkey solution for corporations wanting to deepen their employees' experience of philanthropy.

These case studies suggest a broader potential for corporations to use the giving circle model as a part of their philanthropy strategy, either by organising their own employee circles or hosting the kind of crowdfunding events pioneered by The Funding Network. These collaborative models offer scope for employees to volunteer their skills as well as raise funds for nonprofits.



Conclusions	Recommendations
<p>The high level of participation and peer learning in giving circle models make them a device for engaging individuals in the process of intelligent giving. The social dimension makes giving collaboratively a fun and impactful activity.</p>	<p>We recommend that corporates consider incorporating giving circle methodology in their corporate philanthropy strategy, integrating the company's grantmaking, employee donations and skills volunteering.</p> <p>Research could be useful in helping us understand how participation in company-led giving circles affects the knowledge, attitude and practices of employees in their own philanthropy, and any benefits to the company of supporting giving circle initiatives.</p>

## Performance-based Funding – Impact Bonds

Social Impact Bonds were developed so that social enterprises could be commissioned by government departments to deliver public services under a *payment by results* mechanism and encourage private sector funding inflows. This innovative model was adapted for the philanthropic funding of international development programmes.

Our case study on the Educate Girls Development Impact Bond saw the participation of two corporate-linked foundations, UBS Optimus Foundation (covered in Chapter 5) and the Children Investment Fund Foundation. We saw that the bond structure for this project is complex and involves several parties besides the two corporate funders. The Educate Girls bond and a small number of similar development bonds in formation are experimental in nature. At this stage there is little evidence as to how innovative or effective they might be.

Conclusions	Recommendations
<p>Development Impact Bonds are an experimental initiative for performance-based funding in international development (including Sustainable Development Goals). Funding from corporate foundations has been used at the <i>proof of concept</i> stage for one development bond in India.</p> <p>Meeting Sustainable Development Goals will require the active participation of private sector resources in development. It is too early to know if development bonds will attract new, cost-effective funding into international development.</p>	<p>Until there is further evidence that the development impact bonds currently being piloted are a cost-effective means of funding development outcomes, we recommend that corporate foundations adopt a <i>wait-and-see</i> position.</p>

## Venture Philanthropy

Our case studies of Edelweiss Group and ADM Capital illustrate that these entrepreneurial financial services companies have an instinctive affinity with the venture philanthropy approach to grantmaking. They identify with social entrepreneurs who address social problems by starting up and growing nonprofit ventures, and see an opportunity to support them with investment-minded philanthropy.

An alternative route for corporate involvement in venture philanthropy is our case from China, where grants and volunteering support nonprofits through an intermediary, Nonprofit Incubator.

Whether the corporate implements venture philanthropy directly or via a specialist provider, it is a powerful model of value-added philanthropy that utilises funding and skills in a combined package to help nonprofits through a period of growth and development.

Conclusions	Recommendations
<p>Venture philanthropy, where nonprofits are supported in growth and development through a package of funding and operational advice, can provide corporate philanthropy with a model that combines a company's financial, human and intellectual resources.</p>	<p>We recommend that corporate foundations engage with and learn from the venture philanthropy community in Asia through AVPN.</p> <p>We recommend that corporations consider assigning a portion of their philanthropy to the venture philanthropy model, either directly or in partnership with an existing venture philanthropy fund.</p> <p>As the practice of venture philanthropy gains traction in Asia, aided by private and corporate foundations, we recommend research studies to better understand if and how this model adds sustained value to nonprofits beyond simple grantmaking.</p>

## Awards and Competitions

For entrepreneurs who choose the route of social enterprise to create social value through a sustainable trading model, awards and competitions can provide funding and recognition at the earliest stages of their endeavours. Traditionally, corporations have sponsored awards and business plan competitions. Others have been more fully engaged such as General Atlantic's own

competition, Echoing Green, which evolved into a *global fellowship* of social entrepreneurs. In Asia, DBS has a strong business and CSR focus on social enterprises and collaborates with the National University of Singapore's region-wide social venture competition. In Hong Kong, the private equity firm CVC provides workshops and coaching as an integral part of the Asia Social Innovation Awards.

Conclusions	Recommendations
<p>Awards and business plan competitions can be critical at giving a social entrepreneur access to cash, advice and media recognition at the earliest stages of creating an enterprise. Corporate sponsorship and branding help award organisers build recognised and generous competitions.</p>	<p>We recommend that corporations view the sponsorship of awards and business plan competitions as a valuable means of corporate grantmaking. We further recommend that businesses, particularly those with business skills relevant for supporting entrepreneurs with startup ventures, offer sponsorship and volunteers. Involvement in this early stage is a way we recommend corporates engage in the social enterprise sector.</p>

## Enterprise Philanthropy

There is a gap in the fortunes of social enterprises between winning awards and business plan competitions and receiving funding from angels and venture capitalists or getting the intense support of an accelerator. Enterprise philanthropy can provide the grants to bridge this gap and help

enterprises prepare for institutional investment. Chapter 9 describes how the corporate foundations of Shell, Westpac and DBS have led Asia in innovative enterprise philanthropy in India, Southeast Asia and Australia. A corporate foundation often has access to commercial acumen through its parent business which can add value to enterprise grantmaking.

Conclusions	Recommendations
<p>Social enterprises face unique pressures as they pioneer balancing economic sustainability and social impact. Philanthropy is an important resource as these ventures grow from startup to a point where they can attract commercial investment. Corporate foundations can play a role in providing enterprise philanthropy coupled with business advice.</p>	<p>We recommend that corporate foundations, with a strategic interest in supporting social enterprises beyond awards or one-off grants, consider enterprise philanthropy by blending the provision of multi-year grants with business advice.</p>

## Accelerators and Angels

Accelerators can resource enterprises at the earliest stages of their development, providing seed capital, working space and networking over a short but intense period of time. Like enterprise philanthropy they can bridge funding gaps and help ventures become ready for investment. We saw

how Singtel is accelerating its first cohort of social enterprises over six months, leveraging mentoring advice from the technology company's employees. UBS is launching a year-long accelerator for social enterprises by way of real and virtual events.

Angel investing is a next step for many enterprises that have achieved an initial level of

maturity but need equity and sound business counsel from experienced individuals. We saw how angel networks in Asia are seeking impact opportunities in addition to traditional commercial ventures. Most angels are entrepreneurs or

corporate employees acting as individuals, but there is scope for corporate support for angel investing through strategic partnerships as illustrated by the case study on IAN Impact in India.

Conclusions	Recommendations
<p>Accelerators are an important component of the social enterprise ecosystem, providing an intense, time-bound <i>greenhouse</i> for growing ventures. While corporate philanthropy is useful in sponsoring the costs of acceleration, we are now seeing corporates implement their own impact accelerator initiatives.</p> <p>Angel investors provide equity and business experience for entrepreneurs intent on growing their ventures, including social enterprises. Corporations can form partnerships with angel networks.</p>	<p>We recommend that corporates continue to sponsor social enterprise accelerators and add value through staff volunteering.</p> <p>We recommend that corporations that currently partner with angel networks encourage angel investment for social impact.</p>

## Corporate Venture Capital

Corporations use venture capital to invest in small businesses for strategic purposes such as product innovation or entry to new markets. Such investments are not motivated by altruism but to gain competitive advantage and grow commercial

value. When focused on social enterprises, these investments can make business sense and create social impact. Our case studies describe corporate investment in affordable health and education to help scale businesses that target underserved, low-income populations in India.

Conclusions	Recommendations
<p>For a small proportion of social businesses with strong commercial potential that provide affordable goods and services to <i>base of the pyramid</i> populations, there is the potential for equity investment by corporate venture capital funds.</p>	<p>We recommend that companies with their own venture capital funds actively seek to invest <i>with impact</i> by selecting startup companies that create social value.</p>
<p>Corporate venture capital investment <i>for impact</i> is a relatively new phenomenon. By nature an external company will take equity ownership of a much smaller venture. Such interventions are potentially beneficial for the scale and mission of the enterprise, or may influence mission negatively to produce <i>drift</i> through an emphasis on profitability.</p>	<p>We recommend research to better understand the dynamics of this investment model and its influence on social outcomes.</p>

## Business Process Outsourcing

Social enterprises operate in a competitive environment alongside mainstream businesses. They can, in principle, compete for the custom of corporates outsourcing business processes. Our case study from Hong Kong illustrates how a corporate has chosen social enterprise vendors to provide customer call centre activity and staff canteen services. This outsourcing aligns with the company's

much wider strategy of supporting the social enterprise movement in Hong Kong through multiple interventions. There is a lack of awareness by purchasing managers that social enterprises can stand alongside commercial vendors, without compromising quality, while enhancing company CSR. Such vendor relationships can utilise core business budgets rather than using up corporate philanthropy resources.

Conclusions	Recommendations
<p>Corporates can choose to outsource business processes to social enterprise vendors as part of a broader strategy to support the social enterprise sector.</p>	<p>Corporate purchasing managers should be sensitised to the opportunities for purchasing services from social enterprise vendors. CSR departments should interact with purchasing managers to identify opportunities.</p> <p>Social enterprise promoters should consider campaigns similar to the <i>Buy Social Corporate Challenge</i> in the United Kingdom to promote outsourcing to social enterprises.</p>
<p>BPO should not have to compromise on quality when the vendor is a social enterprise.</p>	<p>We recommend research studies to understand the relationship between a corporation and vendor in the social enterprise/BPO marketplace. How can social enterprises be equipped to compete effectively and how can corporations adapt to the strengths and weaknesses of a social enterprise vendor?</p>

## Creating Shared Value

In the chapters preceding the one on Creating Shared Value, we saw a plethora of approaches taken by corporations to go beyond the minimum requirement of *doing business* towards philanthropy and community investment. This touches on the nature of and motivations for CSR and associated activities as we saw in Chapter 2.

The bifurcation of *doing well, doing good* is implicit in much of the study of philanthropy and business at the level of individuals or institutions. Perhaps historically there was a wall between what a business did for its shareholders and the charitable activities it pursued for multiple and perhaps complex motives. But as companies became more *socially responsible* and charitable – intentionally and publicly – work became more *business-like*. Over

the last 30 years, the boundaries between business and charity have become blurred and fuzzy.

The emergence of social enterprise and the crisis of capitalism after the 2007 financial shocks demand a rethink of the fundamental relationship between the for-profit and nonprofit domains. It was in this context that Porter and Kramer have promoted Creating Shared Value as “policies and operational practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.”

Well known American and European multinational corporations have embraced the concept. The promise of a theory that integrates business practice and social value is now attracting the attention of the Asian corporate sector. Our case studies of Ayala Corporation in the Philippines and Godrej Group in India describe how two of the region’s most respected and long-established family-owned corporations have woven CSV into their business and philanthropic practices.

Conclusions	Recommendations
Creating Shared Value is an ambitious framework that enhances the competitiveness of a company while advancing the economic and social conditions of communities. CSV reconceives products, markets and the supply chain and develops local clusters. The concept has been embraced by several multinational corporations and is attracting the attention of Asian corporations. CSV has also attracted criticism from within the academic community.	We recommend that corporations reflect on their approach to CSR and corporate philanthropy in the broader context of their business practices, products and supply chains. CSV is one conceptualisation that can facilitate such a reflective exercise.



# References

---

- Abzug, R., & Webb, N. J. (1996). Rational and extra-rational motivations for corporate giving: Complementing economic theory with organization science. *New York Law School Law Review*, 41, pp. 1035.
- Alliance. (2011). *Interview with Gyanesh Pandey*, 16(2), 28– 32. Retrieved January 25, 2017, from <http://www.alliancemagazine.org/magazine/issue/june-2011/>
- Baird, R., Bowles, L., & Lall, S. (2013). Bridging the pioneer gap: The role for accelerators in launching high-impact enterprises. *Innovations*, 8(3/4). Boston, MA: MIT Press.
- Black, L. (2007). Westpac Australia and the Cape York indigenous partnership. In *Embedding human rights in business practice II*. New York, NY: UN Global Compact.
- Boiardi, P., & Hehenberger, L. (2015). *A practical guide to adding value through non-financial support*. Brussels, Belgium: EVPA. Retrieved October 26, 2016, from <http://evpa.eu.com/downloads/?pdf=2015/12/NFS-guide-English.pdf>
- Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *The Academy of Management Review*, 4(4), 497–505.
- CECP. (2012). *Giving in numbers*. New York, NY: Committee Encouraging Corporate Philanthropy. Retrieved January 25, 2017, from <http://cecp.co/home/resources/giving-in-numbers/?tid=92>
- Center for Global Development. (2013). Investing in social outcomes: Development impact bonds. *The Report of the Development Impact Bond Working Group*. Washington, DC. Retrieved August 19, 2016, from <http://www.cgdev.org/publication/investing-social-outcomes-development-impact-bonds>
- Chambers, E., Chapple, W., Moon, J., & Sullivan, M. (2003). CSR in Asia: A seven-country study of CSR in website reporting. *ICCSR Research Paper Series*, 09-2003.
- Cohen, S. (2013). What do accelerators do? Insights from incubators and angels. *Innovations*, 8(3/4). Boston, MA: MIT Press.
- Corry, D. (2016, August 15). Some ifs and buts around social impact bonds. *New Philanthropy Capital* blog. Retrieved August 19, 2016, from <http://www.thinknpc.org/blog/some-ifs-and-buts-around-social-impact-bonds/>
- Crane, A., Palazzo, G., Spence, L., & Matten, D. (2014). Contesting the value of creating shared value. *California Management Review*, 56(2), 130–153. University of California Press.
- Dasra. (2013). *Beyond philanthropy: Towards a collaborative approach in India*. Retrieved March 14, 2014, from <http://www.dasraphilanthropyforum.org/2013.html#panels>
- The report was privately distributed at the Dasra Philanthropy Week in March 2013 and for a limited period was available at the link above.
- Dattani, P., Still, A., & Pota, V. (2015). Business backs education: Creating a baseline for corporate CSR spend on global education initiatives. *Business backs education*. Retrieved September 23, 2016, from <http://businessbackseducation.org/research/>
- Dear, A., Helbitz, A., Khare, R., Lotan, R., Newman, J., Crosby Sims, G., & Zaroulis, A. (2016). Impact bonds: The early years. *Social Finance* (London, Boston and Tel Aviv). Retrieved January 25, 2017, from <http://www.socialfinance.org.uk/sib-white-paper/>

- Defourny, J., Nyssens, M., & Thys, S. (2016). Venture philanthropy: When philanthropy meets social entrepreneurship. In Jung, T., Phillips, S., & Harrow, J. (Eds.), *The Routledge companion to philanthropy*. Oxford, United Kingdom: Routledge.
- Disley, E., Glacomantonio, C., Kruithof, K., & Sim, M. (2015). *The payment by results social compact bond pilot at HMP Peterborough: Final process evaluation report*. RAND Europe. Retrieved January 25, 2017, from <https://www.gov.uk/government/publications/social-impact-bond-pilot-at-hmp-peterborough-final-report>
- Dushnitsky, G., & Lenox, M. J. (2005). *Research Policy*, 34, 615–639.
- Eikenberry, A. M. (2009). *Giving circles: Philanthropy, voluntary association, and democracy*. Bloomington, IN: Indiana University Press.
- Eikenberry, A. M., & Kluver, J. D. (2004). The marketization of the nonprofit sector: Civil society at risk? *Public Administration Review*, 64(2), 132–140.
- Freireich, J., & Fulton, K. (2009). *Investing for social & environmental impact*. Monitor Institute. Available at [www.monitorinstitute.com](http://www.monitorinstitute.com)
- Friedman, M. (1970). The social responsibility of business is to increase its profits. *The New York Times Magazine*, pp. 173–178.
- Gautier, A., & Pache, A.-C. (2015). Research on corporate philanthropy: A review and assessment. *Journal of Business Ethics*, 126 (3), 343–369.
- Hackett, S., & Dilts, D. M. (2004). A systematic review of business incubation research. *The Journal of Technology Transfer*, 29(1), 55–82.
- Hehenberger, L., Boiardi, P., & Gianoncelli, A. (2014). *European venture philanthropy and social investment 2013/2014 – The EVPA survey*. Retrieved January 10, 2017, from <http://evpa.eu.com/knowledge-centre/publications/evpa-survey-2013-2014-european-venture-philanthropy-and-social-investment>
- Hopkins, E. (2005). *Collaborative philanthropies: What groups of foundations can do that individual funders cannot*, pp. 33. Oxford, United Kingdom: Lexington Books.
- Huggett, J. (2010). Fulfilling the promise of social enterprise. In Cheng, W., & Mohamed, S. (Eds.), *The world that changes the world*. San Francisco, CA: Jossey-Bass.
- John, R. (2007). *Beyond the cheque: How venture philanthropists add value*. Oxford, United Kingdom: Skoll Centre for Social Entrepreneurship, Said Business School, University of Oxford.
- John, R. (2013). The emerging ecosystem of entrepreneurial social finance in Asia (Revised). *Entrepreneurial social finance in Asia: Working paper no. 1*, pp. 21. Singapore: Asia Centre for Social Entrepreneurship & Philanthropy, NUS Business School.
- John, R. (2014/2). Giving circles in Asia: Newcomers to the Asian philanthropy landscape. *Foundation Review*, 6(4), 79–95.
- John, R. (2014). Virtuous circles: New expressions of collective philanthropy in Asia. *Entrepreneurial social finance in Asia: Working paper no. 3*, pp. 72. Singapore: Asia Centre for Social Entrepreneurship & Philanthropy, NUS Business School.
- John, R. (2015). Asia's impact angels: How business angel investing can support social enterprises in Asia. *Entrepreneurial social finance in Asia: Working paper no. 4*. Singapore: Asia Centre for Social Entrepreneurship & Philanthropy, NUS Business School.
- John, R., & Emerson, J. (2015). Venture philanthropy: Development, evolution and scaling around the world, pp. 185–206. In Nicholls, A., Paton, R., & Emerson, J. (Eds.), *Social finance*. Oxford, United Kingdom: Oxford University Press.
- John, R., Tan, P., & Ito, K. (2013). Innovation in Asian philanthropy. *Entrepreneurial social finance in Asia: Working paper no. 2*. Singapore: Asia Centre for Social Entrepreneurship & Philanthropy, NUS Business School.

- Jones, D. A. (2010). Does serving the community also serve the company? Using organizational identification and social exchange theories to understand employee responses to a volunteerism program. *Journal of Occupational and Organisational Psychology*, 83, 857–878.
- Kania, J., & Kramer, M. (2011). Collective impact. *Stanford Social Innovation Review*, Winter 2011.
- Koh, H., Karamchandani, A., & Katz, R. (2012). *From blueprint to scale: The case for philanthropy in impact investing*. Mumbai, India: Monitor Inclusive Markets.
- KPMG. (2013). *The KPMG survey of corporate responsibility reporting, 2013*. Retrieved January 10, 2017, from <https://home.kpmg.com/xx/en/home/insights/2013/12/kpmg-survey-corporate-responsibility-reporting-2013.html>
- Kramer, M. (2009). Catalytic philanthropy. *Stanford Social Innovation Review*. Retrieved January 10, 2017, from <https://ssir.org/articles/entry/catalytic-philanthropy>
- Lam, K. K. I. (2016). Tripartite collaborative model – Value creation experience of iEnterprise with corporate and NGO. In T. Dudycz, G. Osbert-Pociecha, & B. Brycz (Eds.), *The essence and measurement of organizational efficiency*. Springer Proceedings in Business and Economics.
- Martin, M. (2014). Driving innovation through corporate impact venturing: A primer on business transformation. *Impact Economy Primer Series*, Vol. 3. The Italian language version can be downloaded for free at <http://www.impacteconomy.com/en/primer3.php>
- Monitor Deloitte. (2015). *Accelerating impact: Exploring best practices, challenges and innovations in impact enterprise acceleration*. New York, NY: Rockefeller Foundation. Retrieved September 21, 2016, from <https://www.rockefellerfoundation.org/report/accelerating-impact-exploring-best-practices-challenges-and-innovations-in-impact-enterprise-acceleration/>
- Mukerjee, A. S., Poduwal, S., & Mehta, V. M. (2015). *Study on corporate foundations: An emerging development paradigm?* Retrieved from CAF India at <http://cafindia.org/media-center/publications/study-on-corporate-foundations-an-emerging-development-paradigm>
- NVPC. (2014). *Bridging the expectations gaps in corporate giving*. Retrieved January 10, 2017, from <http://knowledge.nvpc.org.sg/bridging-the-expectations-gaps-in-corporate-giving-2014/>
- Parkinson, A. (2015). Making sense of social impact bonds for companies. Retrieved August 19, 2016, from *The Conference Board* blog at <http://tcbblogs.org/philanthropy/2015/10/28/giving-thoughts-series-making-sense-of-social-impact-bonds-for-companies/#sthash.8EQaJKQ2.dpbs>
- Patrinos, H. A., & Sosale, S. (Eds.). (2007). Mobilizing the private sector for public education. *A view from the trenches*. Washington, DC: World Bank.
- Porter, M., & Kramer, M. (2011). Creating shared value: How to reinvent capitalism – and unleash a wave of innovation and growth. *Harvard Business Review*, January – February 2011. Cambridge, MA: Harvard Business School.
- Porter, M., & Kramer, M. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review*, pp. 57–68.
- Rodell, J. B. (2013). *Academy of Management Journal*, 56(5), 1274–1294.
- Su, J., & He, J. (2010). Does giving lead to getting? Evidence from Chinese private companies. *Journal of Business Ethics*, 93, 73–90.
- Toniic Institute. (2016). *Venture philanthropists and impact investors*. Retrieved September 19, 2016, from <https://www.toniic.com/venture-philanthropists-and-impact-investors/>
- Volans. (2014). *Investing in breakthrough: Corporate venture capital*. Retrieved March 7, 2016, from <http://volans.com/project/investing-in-breakthrough-corporate-venture-capital/>

## List of Interviewees<sup>44</sup>

Name	Organisation	Location
Guglielmo Brayda di Soleto	Medipass	Bologna
Diana Tsui	JP Morgan	Hong Kong
Lisa Genasci	ADM Capital Foundation	Hong Kong
Michael Tse	Asian Charity Services	Hong Kong
Gary Morris	Asian Charity Services	Hong Kong
Ivy Lau	Hong Kong Broadband Network	Hong Kong
Ilex Lam PhD	iEnterprise	Hong Kong
Bonnie Chan	Hong Kong Broadband Network	Hong Kong
Melissa Wu	Social Ventures Hong Kong	Hong Kong
Rob Appleby	ADM Capital	London
Elle Todd	Olswang LLP	London
Fred Ayala	Ayala Education	Manila
Praveen Chakravarty	Sammaan (Bombay Stock Exchange)	Mumbai
Jaspreet Gurm	Dasra	Mumbai
Vidya Shah	EdelGive Foundation	Mumbai
Priti Jaswaney	EdelGive Foundation	Mumbai
Govind Iyer	SVP India and Egon Zehnder	Mumbai
Sagaika Bose	Godrej Industries	Mumbai
Vikas Goswami	Godrej Industries	Mumbai
Papiya Banerjee	Edelweiss Tokyo Life Insurance	Mumbai
Nikhil Johari	Edelweiss Group	Mumbai
Megha Jain	Dasra	Mumbai

<sup>44</sup> Most interviews were conducted face to face. A few interviews were by telephone or email.

Name	Organisation	Location
Vijaya Bilaji	Toolbox India	Mumbai
Harvey Koh	FSG	Mumbai
Safeena Husain	Educate Girls	Mumbai
Padmaja Ruparel	Indian Angel Network	New Delhi
Aaditeshwar Seth	Gram Vaani	New Delhi
Shashi Baliyan	ClearMedi Healthcare	New Delhi
Arvind Nagarajan	Pearson PLC	New York
Katelyn Donnelly	Pearson PLC	New York
Mark Barnaba	Macquarie Group Ltd	Perth
Simon Feng Ou	UBS 20/20 Social Impact Leaders' Group	San Francisco
Ding Li	Nonprofit Incubator	Shanghai
Tina Zhang	Ford Motor Company China	Shanghai
Samantha Lee	Conjunct Consulting	Singapore
Rob Bratby	Olswang LLP	Singapore
Mythili Mamidanna	DBS	Singapore
Patsian Low	DBS Foundation	Singapore
Sadeesh Raghavan		Singapore
Andrew Buay	Singtel Ltd	Singapore
Tom Hull	The Funding Network	Sydney
Naoyuki Ieko	Mitsubishi UFJ Research and Consulting	Tokyo
Pierre-Guillaume Kopp PhD	UBS	Zurich

# Glossary

The language of organisations that operate in the social domain is fluid, contested and still developing. The definitions here are for the purpose of this working paper series and are by the author unless otherwise acknowledged.

<p>Angel Investors (business angels, angels)</p>	<p>Business angels are wealthy, private investors who provide capital for young companies at the start-up phase or during a level of expansion. Unlike venture capitalists – whose money is often pooled by investment firms – business angels usually invest their own funds.</p> <p>Business angels are not only valuable for their financial contributions, but also for offering companies in which they invest their expertise and, in many cases, contacts. Many business angels have had success as an entrepreneur or held executive positions at well-established companies or corporations. – <i>Angel Investment Network</i></p> <p>Angel investors may operate alone, in informal groups, or as part of formal angel networks. Angel investors usually take a minority equity stake in the enterprise they support. Some angel investor networks in Asia are known to have interest groups focused on social entrepreneurship and impact investing. Experienced angels with several successful investments are sometimes called <i>super angels</i>.</p>
<p>Blended Value</p>	<p>The Blended Value Proposition states that all organisations, whether for-profit or not, create value that takes three forms – economic, social and environmental. Investors (be they market-rate, charitable or some mix of the two) simultaneously generate all three forms of value through providing capital to organisations. The outcome of all these activities is value creation and that value is itself non-divisible and, therefore, a blend of these elements. – <i>Jed Emerson</i></p>
<p>Collective Philanthropy (collective giving)</p>	<p>The practice of philanthropy when individuals pool their resources (financial and/or human) in support of nonprofit organisations.</p> <p>Passive models may include a company's employees making a pooled donation to a charity. Active models include giving circles and volunteering consulting.</p>
<p>Community Foundation</p>	<p>A community foundation is an independent, grantmaking organisation that derives its assets from, and disburses grants within, a defined geographical location, usually a city or other identifiable local community. Many community foundations operate specialised philanthropic vehicles such as donor-advised funds in managing the giving of their client members.</p> <p>More recently some community foundations are moving beyond geographical limits to offer grants for international development in what is seen as a new trend for community foundations.</p>



Corporate Philanthropy	<p>The use of discretionary financial and human resources for primarily public benefit, while recognising that impact might also accrue for the company's shareholders and employees.</p> <p>Many terms are used loosely and interchangeably – <i>corporate philanthropy, corporate social responsibility, corporate responsibility, community engagement, community investment, strategic philanthropy (as applied to corporations), cause-related marketing, corporate social performance, Creating Shared Value, sustainability, corporate citizenship</i>, as well as terms related to the donation of employee skills and time with or without a financial contribution.</p>
Creating Shared Value	<p>Policies and operational practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. – Porter and Kramer</p>
Corporate Social Responsibility	<p>CSR is a collection of practices where a business fulfils its shareholder responsibilities while adhering to laws and regulations, demonstrates ethical behavior, and engages in discretionary activities such as philanthropy and other forms of community engagement.</p> <p>Corporate social responsibility is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. – <i>Financial Times</i></p> <p>Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, the local community and society at large. – <i>World Business Council for Sustainable Development</i></p> <p>Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. – <i>Business for Social Responsibility</i></p>
Corporate Venture Capital	<p>An equity investment by a company in an external, independent venture that is usually new and in the early stages of development. A company may make such an investment to earn a substantial financial return if the venture is successful, e.g., through the sale of shares after an Initial Public Offering or by acquiring the venture outright.</p>
Enterprise Philanthropy (impact giving)	<p>Providing grants and non-financial support to help an enterprise progress from design stage to the point where it is ready to embark on scaling up. – <i>The Monitor Institute</i></p> <p>Enterprise philanthropy is a niche within venture philanthropy that is focused on providing grant-funding and advice to nonprofits or early stage social enterprises to help them become ready for investment by impact investors.</p>
Entrepreneurial Philanthropy	<p>Entrepreneurial philanthropy is the pursuit of social (not-for-profit) objectives by entrepreneurs through active investment of their economic, cultural, social and symbolic resources. – <i>CGAP</i></p> <p>Entrepreneurial philanthropy is about the active redistribution of wealth through harnessing the sum of resources accessible by the entrepreneur. – <i>Swinburne University</i></p> <p>Entrepreneurial philanthropy is an expression of philanthropy (where capital is deployed, primarily for the creation of social value) that is creative and pragmatic and thus entrepreneurial in nature. Entrepreneurial philanthropy has a strong affinity with social entrepreneurs, and primarily supports the enterprises of social entrepreneurs. Venture philanthropists, enterprise philanthropists and impact-first impact investors all fall under the umbrella of entrepreneurial philanthropy.</p>

Entrepreneurial Social Finance	An umbrella term that captures financing models particularly appropriate for nonprofit organisations that are entrepreneurial in nature and social enterprises that primarily trade in order to achieve social goals. ESF includes much of what is described as venture philanthropy and impact investing.
Foundation	<p>A private endowed foundation creates a principal, or endowment, for investment and pays out income from the endowment annually to charity. Only the investment income is typically spent, not the endowment, thus ensuring the foundation's growth and sustainability to meet future community needs. Private foundations are required by law [in some jurisdictions] to pay out annual grants and other qualifying distributions at a minimum percentage of the fair market value of their assets.</p> <p>A pass-through foundation is a private grantmaking organisation that distributes all of the contributions that it receives each year as opposed to just five percent of its assets. A foundation may make or revoke the pass-through option on a year-to-year basis.</p> <p>A private operating foundation uses the majority of its income to actively run its own charitable programmes or services. Some private operating foundations also choose to make grants to other charitable organisations. – <i>The Forum of Regional Associations of Grantmakers</i></p> <p>In many countries a foundation's legal status confers certain taxation privileges such as tax deductibility for contributions to the foundation and exemption from paying corporation tax.</p> <p>In some countries the term foundation is used by operating nonprofit organisations (also called NGOs or charities).</p> <p>A corporate foundation is a grantmaker linked to a company and is usually one vehicle for discharging the business' corporate social responsibility.</p>
Giving Circle	<p>A giving circle is a highly participative form of collective philanthropy in which members increase their impact of pooled charitable dollars. Groups of individuals organise themselves to pool financial resources and collectively decide where and how to donate their money. – <i>Resource Alliance</i></p> <p>Many giving circles are self-managed, where members perform assessment, administrative and reporting functions. Other circles, especially larger ones, employ professional staff for day-to-day grant management. Most circles encourage their members to contribute time and skills as well as money to the organisations being supported. Most giving circles use grants to support nonprofits, but some may use loans or equity in some circumstances.</p>
Hyperagency	<p>Individuals having the confidence that their giving can make a sustained, beneficial impact is what Paul Schervish calls the <i>hyperagency of the Modern Medici</i>.</p> <p>This is the underpinning of what Bishop and Green have coined <i>philanthrocapitalism</i> more recently.</p> <p>"While great expectations and grand aspiration exist across the financial spectrum," it is the wealthy who can make things happen. – <i>Paul Schervish (Boston College)</i></p>
Hyperangels	Hyperangels are impact angels who bring into the social sector the skills and experience that helped them shape commercial enterprises and industries. They exhibit the <i>hyperagency</i> described by Schervish and reinterpreted today as <i>philanthrocapitalism</i> .

Impact Angel Investors (impact angels, social angels)	Experienced individuals, acting alone or in groups or networks, who provide finance and business advice to early stage social enterprises. Impact angels usually have an entrepreneurial commercial background and are often engaged in angel investing. Depending on circumstances, including the legal form of the investee organisation, impact angels may or may not use equity as their financial tool.
Impact Investment	<p>Impact investments are investments into companies, organisations and funds made with the intention to generate measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending upon the circumstances. Impact investors actively seek to place capital in businesses and funds that can harness the potential of enterprise. – <i>Global Impact Investing Network</i></p> <p>Practically speaking, impact investors are broadly characterised into two overlapping communities, reflecting their desire to maximise either social or financial gain.</p> <p><i>Impact-first</i> impact investors prefer to maximise social or environmental impact and to do so are willing to cap any financial gains.</p> <p><i>Finance-first</i> impact investors are more commercially driven investors who want to optimise financial gain at the expense of social value created.</p>
Innovation	<p>Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or service. It is capable of being presented as a discipline, capable of being learned, capable of being practised. – <i>Peter Drucker</i></p> <p>Innovation is driven by entrepreneurship – a potent mixture of vision, passion, energy, enthusiasm, insight, judgement and plain hard work, which enables good ideas to become a reality.</p> <p>[The purpose of innovation] is creating value ... whether expressed in financial terms, employment or growth, sustainability or improvement of social welfare. – <i>Bessant and Tidd</i></p>
Intrapreneur	<p>An intrapreneur is a person who acts like an entrepreneur, in terms of taking risks, pursuing innovation, but does it inside of an existing business. – <i>The Wharton School</i></p> <p>Internal entrepreneurship. – <i>Bessant and Tidd</i></p> <p>Intrapreneurs innovate from within existing organisations rather than by creating new ones. They are committed to continuous improvement through risk-taking experimentation.</p>
Nonprofit Organisation (nonprofit, charity, NGO)	An organisation with a social mission, providing goods, services or activities for public benefit generally without cost at the point of delivery. They are dependent on grants and donations or other kinds of subsidy.
Outcome-orientated Philanthropy	<i>Outcome-orientated</i> is synonymous with result-orientated, strategic and effective. It refers to philanthropy where donors seek to achieve clearly defined goals; where they and their grantees pursue evidence-based strategies for achieving those goals; and where both parties monitor progress toward outcomes and assess their success in achieving them in order to make appropriate course corrections. – <i>Paul Brest</i>

Philanthrocapitalism	The word was coined in 2008 by Bishop and Green to describe the practices of individuals who wanted to apply to their philanthropy <i>the secrets behind their money-making</i> . They are characterised as very wealthy, committed to improving what they perceive as the failing of traditional philanthropy, and business-like in their approach to charitable giving.
Philanthropy	Philanthropy stems from the Greek word which means <i>love of humanity</i> . Popular interpretations today refer to <i>private initiatives for public good</i> (J. W. Gardner) or initiatives directed at the <i>improvement in the quality of human life</i> (Robert Bremner). Colloquially, philanthropy is most commonly used interchangeably with charitable giving. – <i>WINGS</i>  The deployment of financial and human capital for primarily social impact.
Private Equity (venture capital)	Private equity is medium- to long-term finance provided in return for an equity stake in potentially high growth companies, which are usually, but not always, unquoted. Investment opportunities are sourced and screened by private equity firms (also known as General Partners or GPs) in order to arrive at a valuation. The transaction will be financed using equity provided by Limited Partners (LPs) and, in some cases, debt raised from banks. The GP will then actively manage the investment for the holding period (typically five to 10 years), seeking to generate operational improvements in order to increase the value of the company. Returns are realised for investors through exiting the deal; this can be through floating the company on a public stock exchange (IPO – initial public offering) or a secondary buyout, whereby the portfolio company is sold to another private equity firm.  Venture capital firms back concepts or ideas brought to them by entrepreneurs or young companies looking for financing to help them grow. – <i>British Venture Capital and Private Equity Association</i>
Quasi-equity	Quasi-equity is a financial instrument that aims to reflect some of the characteristics of shares (preference or ordinary). However, it is neither debt nor equity and is usually structured as an investment whereby repayment is linked to the investee's financial performance, e.g., repayment is calculated as a percentage of the investee's future revenue streams. – <i>Venturesome</i>
Social Enterprise (social business)	Social enterprises are, first and foremost, businesses. The term refers to any nonprofit, for-profit or hybrid corporate form that utilises market-based strategies to advance a social cause. Like any other business, it aims to create surpluses, but seeks to reinvest those surpluses to achieve its social objectives. Social enterprises are not businesses driven by a need to maximise profit for their shareholders or owners. – <i>Social Enterprise Association, Singapore</i>  Social business is a for-profit enterprise whose primary objective is to achieve social impact rather than generating profit for owners and shareholders. Social businesses use market principles, produce goods and services in an entrepreneurial and innovative way, and typically reinvest any surpluses back into the enterprise to achieve the social mission. In addition, they are managed in an accountable and transparent way, in particular by involving workers, customers, and stakeholders affected by its business activity. – <i>European Commission</i>  Social enterprises can take many legal forms, such as company limited by guarantee or limited by shareholding, Community Interest Company or Low-Profit Limited Liability Company (L3C). Legal form can vary from one jurisdiction to another.

Social Entrepreneurship	Social entrepreneurship refers to the application of innovative, practical and sustainable approaches to benefit society in general, with an emphasis on those who are marginalised and/or poor. Regardless of whether the social enterprise is set up as a nonprofit or for-profit, fulfilment of the social mission is the primary objective while financial value creation is a secondary objective and a means to improve the organization's reach and impact. – <i>The Schwab Foundation for Social Entrepreneurship</i>
Social Finance	Social finance may be understood as a broad area wherein various forms of capital are structured in ways that consider and value both financial performance and social value creation. – <i>Emerson, Freundlich and Fruchterman</i>
Social Purpose Organisation (socially driven organisation)	An umbrella term for the universe of nonprofit organisations and social enterprises whose existential purpose is principally to create social value.
Socially Responsible Investment	Sustainable and responsible investing is a broad-based approach to investing that ... recognises that corporate responsibility and societal concerns are valid parts of investment decisions. SRI considers both the investor's financial needs and an investment's impact on society. SRI investors encourage corporations to improve their practices on environmental, social and governance issues. – <i>The Forum for Sustainable and Responsible Investment</i>
Strategic Philanthropy	Strategic philanthropy is a form of philanthropy using focused research, creative planning, proven strategies, careful execution and thorough follow-up to achieve the intended results. Ideally, it reflects and is driven by the philanthropist's core values and concerns. – <i>The Centre for Social Impact</i>
Theory of Change	A theory of change shows [an organisation's] path from needs to activities to outcomes to impact. It describes the change you want to make and the steps involved in making that change happen. Theories of change also depict the assumptions that lie behind your reasoning. Where possible, these assumptions are backed by evidence. – <i>New Philanthropy Capital</i>
Venture Philanthropy	Venture philanthropy offers a blend of capital and business advice to help entrepreneurial organisations achieve their ambitions for growth and development. – <i>AVPN</i>  Venture philanthropy works to build stronger social organisations by providing them with both financial and non-financial support to increase their social impact. The organisations supported may be charities, social enterprises or socially driven commercial businesses, with the precise organisational form subject to country-specific legal and cultural norms. – <i>EVPA</i>

# Asia Centre for Social Entrepreneurship and Philanthropy

## LICENCE TO PUBLISH

The wording of this Licence is used with the permission of The Skoll Centre for Social Entrepreneurship, Said Business School, University of Oxford.

The work (as defined below) is provided under the terms of this licence (“licence”). The work is protected by copyright and/or other applicable law. Any use of the work other than as authorized under this licence is prohibited. By exercising any rights to the work provided here, you accept and agree to be bound by the terms of this licence. Asia Centre for Social Entrepreneurship and Philanthropy grants you the rights contained here in consideration of your acceptance of such terms and conditions.

1. Definitions
  - a. “Collective Work” means a work, such as a periodical issue, anthology or encyclopaedia, in which the Work in its entirety in unmodified form, along with a number of other contributions, constituting separate and independent works in themselves, are assembled into a collective whole. A work that constitutes a Collective Work will not be considered a Derivative Work (as defined below) for the purposes of this Licence.
  - b. “Derivative Work” means a work based upon the Work or upon the Work and other pre-existing works, such as a musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which the Work may be recast, transformed, or adapted, except that a work that constitutes a Collective Work or a translation from English into another language will not be considered a Derivative Work for the purpose of this Licence.
  - c. “Licensor” means the individual or entity that offers the Work under the terms of this Licence.
  - d. “Original Author” means the individual or entity who created the Work.
  - e. “Work” means the copyrightable work of authorship offered under the terms of this Licence.
  - f. “You” means an individual or entity exercising rights under this Licence who has not previously violated the terms of this Licence with respect to the Work, or who has received express permission from ACSEP to exercise rights under this Licence despite a previous violation.
2. Fair Use Rights. Nothing in this licence is intended to reduce, limit, or restrict any rights arising from fair use, first sale or other limitations on the exclusive rights of the copyright owner under copyright law or other applicable laws.
3. Licence Grant. Subject to the terms and conditions of this Licence, Licensor hereby grants you a worldwide, royalty-free, non-exclusive, perpetual (for the duration of the applicable copyright) licence to exercise the rights in the Work as stated below:
  - a. to reproduce the Work, to incorporate the Work into one or more Collective Works, and to reproduce the Work as incorporated in the Collective Works;
  - b. to distribute copies or phonorecords of, display publicly, perform publicly, and perform publicly by means of a digital audio transmission the Work including as incorporated in Collective Works. The above rights may be exercised in all media and formats whether now known or hereafter devised. The above rights include the right to make such modifications as are technically necessary to exercise the rights in other media and formats. All rights not expressly granted by Licensor are hereby reserved.
4. Restrictions. The licence granted in Section 3 above is expressly made subject to and limited by the following restrictions:
  - a. You may distribute, publicly display, publicly perform, or publicly digitally perform the Work only under the terms of this Licence, and You must include a copy of, or the Uniform Resource Identifier for, this Licence with every copy or phonorecord of the Work You distribute, publicly display, publicly perform, or publicly digitally perform. You may not offer or impose any terms on the Work that alter or restrict the terms of this Licence or the recipients’ exercise of the rights granted hereunder. You may not sublicense the Work. You must keep intact all notices that refer to this Licence and to the disclaimer of warranties. You may not distribute, publicly display, publicly perform, or publicly digitally perform the Work with any technological measures that control access or use of the Work in a manner inconsistent with the terms of this Licence Agreement. The above applies to the Work as incorporated in a Collective Work, but this does not require the Collective Work apart from the Work itself to be made subject to the terms of this Licence. If You create a Collective Work, upon notice from any Licensor You must, to the extent practicable, remove from the Collective Work any reference to such Licensor or the Original Author, as requested.
  - b. You may not exercise any of the rights granted to You in Section 3 above in any manner that is primarily intended for or directed toward commercial advantage or private monetary.



*acsep: knowledge for good*

# Corporate Philanthropy in Asia: Innovations that Unlock the Resources of Business for the Common Good

*Entrepreneurial Social Finance in Asia: Working Paper No. 5*

Our Entrepreneurial Social Finance working papers explore the role of philanthropy in supporting entrepreneurial social ventures in Asia. We previously reported on the social finance ecosystem, innovative models of philanthropy including collective giving, and how angel investing for impact can benefit social enterprise. This paper examines the particular role of corporate business as provider of philanthropic capital – financial, human and intellectual. In addition to using traditional grant funding, we found that some corporations invest in early stage ventures that reach the poorest with affordable goods and services, or outsource their business processes to social enterprise vendors. Businesses increasingly see skilled volunteering and giving circles as new approaches to community engagement that motivate and retain employees.

By way of 23 case studies drawn from Australia, China, Hong Kong, India, Japan, the Philippines and Singapore, we illustrate in this report the various ways these businesses engage with high-potential social organisations and offer recommendations on ways the corporation can creatively deploy its resources for public good in Asia.



Asia Centre for Social Entrepreneurship & Philanthropy  
NUS Business School

ISBN 978-981-11-2708-3



9 789811 127083