



UBS Philanthropy Forum Highlights Singapore 29 – 30 April, 2010



Beyond the crisis – catalyzing recovery

The organizers of the UBS Philanthropy Forum 2010 would like to thank all the speakers, participants and members of staff who contributed to the richness and diversity of the debates that took place in Singapore.

Our thanks also go to the following individuals for their contribution to capturing the essence of the various debates and discussions of the Forum in this report.

Shiyin Cai	Nina Hoas
Mathieu Cantegreil	Olga Miler Christen
Dweep Chanana	Jenny Santi
Andrei Gidkoff	Kathryn Shih
Kai Grunauer Brachetti	Josef Stadler
Cecilia Ho	Mathias Terheggen

“[...] Rich in networking opportunities, but most importantly rich in practical and relevant content, the UBS Philanthropy Forum in Singapore has been the most rewarding philanthropic conference I attended so far.”

Forum participant

Table of Contents

Editorial	Mathias Terheggen	6	Workshops	
The UBS Philanthropy Forum Singapore 2010		8	Module A: Families and governance	
Overview of the program		10	A 1: Beyond business: Philanthropy, identity and family governance	50
Keynote speeches			A 2: Governing for uncertainty: Best practice in board governance	51
Welcome	Kathryn Shih	12	A 3: Foundation fundamentals for families: Matching models to objectives	52
Catalyzing growth and change	Hans Rosling	14	A 4: Measuring success: Building indicators for progress	53
A new role in the post crisis period	Sir Stelios Haji-Ioannou	18	Module B: Strategies and issues	
Giving back: My experience and vision	Jason Li	22	B 1: Diversifying innovation in education	56
Can Asia save the world?	Kishore Mahbubani	24	B 2: Responding to disaster: Humanitarian relief and philanthropy	57
A conversation with Cherie Blair	Cherie Blair	26	B 3: The merging of megacities: Sustaining environments	59
Impacting self and society: Philanthropy in action	Efren Peñaflorida	28	B 4: Innovation networks: Crowd intelligence for healthcare	60
Philanthropy, a pathway to happiness	Deepak Chopra	30	Module C: Financing for the future	
Philanthropy in Asia, an emergent order	Mechai Viravaidya	32	C 1: Robust giving: Philanthropy through economic cycles	62
A portfolio approach to philanthropy	Sir Michael Peat	34	C 2: Investing for endurance: Asset management for foundations	63
Panel 1: Transferring philanthropic values		38	C 3: Making big bets: From microfinance to impact investing	65
Panel 2: Building boundary conditions for progress		42	C 4: Contrarian moves: Philanthropists as countercyclical investors	66
Closing comments	Josef Stadler	46	Venture labs	68
A delegate's perspective on the Forum	Shiyin Cai	48	About UBS Philanthropy Services	70

Editorial

Mathias Terheggen, Head Philanthropy Services, UBS, Switzerland

Dear participants of the UBS Philanthropy Forum,

“Beyond the crisis – catalyzing recovery” was the theme of the recent UBS Philanthropy Forum in Singapore. Our aim with the Forum was to engage leading philanthropists in a discussion on how their efforts could support global economic recovery and how their role might change within society.

I am delighted to say that you eagerly took up our invitation. Animated conversations between the participants continued well beyond the plenary sessions and workshops, spilling over into the breaks, mealtimes and evening events. Many new contacts were made, both professional and personal.

I firmly believe that the Forum inspired and empowered participants. If I were to condense the lessons learned from the event into just a few lines, these would include:

- Family philanthropy will experience a boost globally because of the strong focus which Asia, a rising star in the world of philanthropic activity, is placing upon it.
- The application of business methodologies and mind-sets to social issues continues to grow in popularity but is also beginning to experience its first limitations. The controversial debate around the limitations of micro finance in fighting rural poverty is just one example. As a result, the broad spectrum of approaches currently assembled under the umbrella of philanthropy may soon desegregate into more traditional giving, which will always remain a pillar of social change, and more investment-related approaches, currently a very popular topic.
- Cross-sector exchange will remain at the heart of enhancing philanthropy's impact, an insight reiterated during the Forum's closing panel discussion.

As much as the theme of the Forum was chosen with private philanthropists in mind, it could just as well reflect the role of philanthropy as part of UBS's offering and commitment, too.

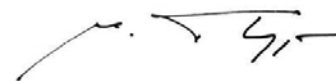
This most recent UBS Philanthropy Forum was the largest UBS has ever held, demonstrating how our commitment to philanthropy not only continues but is now stronger than ever.

Just as discussion, networking and exchange among Forum participants are reflections of philanthropists' willingness to play a more prominent role in society, so has UBS decided to grow philanthropy as a more integral part of its business.

Philanthropy Services is not only growing in size but since this year is part of a new unit, “Philanthropy & Values-Based Investing.” This unit gathers all UBS's philanthropy expertise and resources around the globe, from UBS Optimus Foundation, through Philanthropy Services to the newly established Values-Based Investing team, thereby creating a true competence center for philanthropy. This competence center supports clients through all the stages of the philanthropy lifecycle in a one-stop approach. It will allow the UBS Philanthropy Forum to even better bring the full wealth of philanthropy into a single signature event to inspire and enable its participants.

I very much thank all of you for your enthusiasm and contribution, and I look forward to welcoming you to the UBS Global Philanthropy Forum in Mexico on November 11 and 12, 2010, where we will continue and deepen the discussions we started in Singapore.

Sincerely,



Mathias Terheggen

The UBS Philanthropy Forum Singapore 2010

The UBS Philanthropy Forum, as our flagship philanthropic event, is designed to be an inspirational, informational, and action-oriented experience. Plenary discussions, keynotes, venture labs and workshops addressing highly relevant topics in philanthropy, as well as opportunities to enjoy meals and breaks together, enable participants to meet with peers and specialists in a highly interactive environment.

For its 7th edition, the topic of the event was *"Beyond the crisis – catalyzing recovery."* As philanthropy looks to learn from the recent economic crisis and prepare for the recovery, the Forum program was built as an exchange platform offering a unique mix of ideas, knowledge and perspectives.

The structure of the Forum was designed to give delegates maximum flexibility to enrich their thinking, to emphasize concrete problem solving and enhance relationship building. Recognizing the heterogeneity of participants, the program catered for those in the early stages of their philanthropic endeavors as well as for those looking to refine and further their activity.

The theme, *Beyond the crisis – catalyzing recovery*

The economic crisis of the past two years was preceded by sixty years of unprecedented wealth creation across the developed and developing world. Amid growing ambitions and the rise of family philanthropy, it temporarily threatened to stymie the ability of philanthropists to effect positive social change.

As philanthropy looks to learn from the crisis and prepares for the next economic cycle, the UBS Philanthropy Forum Singapore 2010 explored questions we believe are key to catalyzing recovery and ensuring that philanthropy lives up to its promise: How has the crisis altered the role of philanthropy? What lessons have we learned to better prepare for future shocks? And how does this crisis expand the need for innovation to catalyze recovery?

The topics

An important share of the Forum was delivered through workshops focusing on three topics:

- *Family and governance:* How can family foundations incorporate the changing aspirations of their founders and adapt to uncertainty in their environment?
- *Strategies and issues:* In a world where we cannot always foresee the outcomes of our actions, what innovations should philanthropists back?
- *Financing for the future:* What are the best mechanisms to maximize both financial and social returns?

The venue

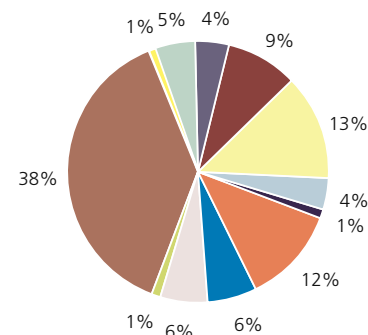
Singapore is a dynamic city-state that possesses an intriguing blend of cuisines, art and architecture, and forms a natural cultural bridge between the East and the West. Singapore's economic achievements have been remarkable. Capitalizing on its strength as a key financial centre and backed by conscious government efforts, Singapore is also emerging as a hub of philanthropy in the region. The city-state continues to attract philanthropic resources and organizations. The number of international non-profit organization based in Singapore has more than doubled since 2005, a transformation that UBS has actively supported.

The participants

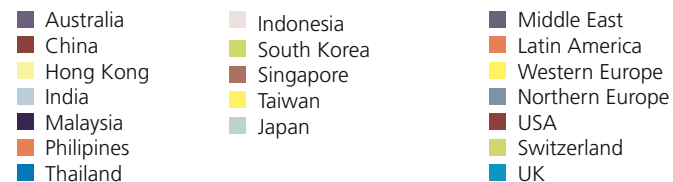
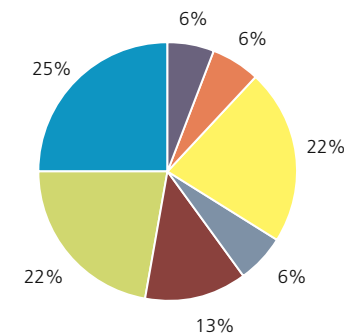
Delegates to the Forum were a melting pot of philanthropists, social entrepreneurs, business and community leaders, all with a keen interest in philanthropy. The vast majority of delegates came from Asia, in particular Singapore and nearby, with some having flown in from as far as Europe and Australia to attend the two-day event.

The Forum attracted an equal representation of women and men – a total of 200 philanthropists and social entrepreneurs shared their experiences and provided some food for thought.

Origin of delegates from Asia



Origin of delegates from the rest of the world



Program Overview Day 1

Thursday, April 29, 2010

09:00	Welcome breakfast and registration				
10:00	<p>Welcome address and keynotes:</p> <ul style="list-style-type: none"> • Opening Keynote: Catalyzing growth and change • Keynote II: A new role in the post crisis period • Keynote III: Giving Back: My experience and vision 				
12:00	The leaders' lunch I				
13:30	<p>Parallel workshops round 1: The role of philanthropist</p> <table border="1"> <tr> <td>Beyond business A-1</td> <td>Governing for uncertainty* A-2</td> <td>Diversifying innovation in education B-1</td> <td>Robust giving C1</td> </tr> </table>	Beyond business A-1	Governing for uncertainty* A-2	Diversifying innovation in education B-1	Robust giving C1
Beyond business A-1	Governing for uncertainty* A-2	Diversifying innovation in education B-1	Robust giving C1		
15:00	Break				
15:30	<p>Parallel workshops round 2: Lessons from the crisis</p> <table border="1"> <tr> <td>Foundation fundamentals for families A-3</td> <td>Measuring success* A-4</td> <td>Responding to disaster B-2</td> <td>Investing for endurance* C-2</td> </tr> </table>	Foundation fundamentals for families A-3	Measuring success* A-4	Responding to disaster B-2	Investing for endurance* C-2
Foundation fundamentals for families A-3	Measuring success* A-4	Responding to disaster B-2	Investing for endurance* C-2		
17:00	Break				
17:15	Panel discussion: The next generation challenge				
18:15	Break and transfer				
19:30	Forum dinner				

■ Families and governance ■ Strategies and issues ■ Financing for the future * Advanced topic

Program Overview Day 2

Friday, April 30, 2010

08:00	Breakfast and tea					
08:45	<p>Overview of the day and keynote:</p> <ul style="list-style-type: none"> • Keynote I: Impacting self and society 					
09:30	<p>Parallel workshops round 3: Innovation through recovery</p> <table border="1"> <tr> <td>The merging of megacities* B-3</td> <td>Innovation networks B-4</td> <td>Making big bets* C-3</td> <td>Contrarian moves* C-4</td> <td>Dialogue in the Dark</td> </tr> </table>	The merging of megacities* B-3	Innovation networks B-4	Making big bets* C-3	Contrarian moves* C-4	Dialogue in the Dark
The merging of megacities* B-3	Innovation networks B-4	Making big bets* C-3	Contrarian moves* C-4	Dialogue in the Dark		
11:00	Break					
11:30	<p>Venture Labs</p> <table border="1"> <tr> <td>Grantmaking opportunities V-1</td> <td>For-profit social investments V-2</td> <td>Dialogue in the Dark</td> </tr> </table>	Grantmaking opportunities V-1	For-profit social investments V-2	Dialogue in the Dark		
Grantmaking opportunities V-1	For-profit social investments V-2	Dialogue in the Dark				
13:00	The leaders' lunch II					
14:15	<p>Keynotes:</p> <ul style="list-style-type: none"> • Keynote II: Philanthropy in Asia • Keynote III: A portfolio approach to philanthropy 					
15:15	Break					
15:45	Closing panel: Building boundary conditions for progress					
17:00	Concluding remarks and farewell greeting					
17:30	End of program					
18:45	Farewell cocktails and dinner					

■ Strategies and issues ■ Financing for the future ■ Venture Labs ■ Dialogue in the Dark * Advanced topic

Welcome

Kathryn Shih, Group Managing Director; CEO, UBS Wealth Management Asia Pacific, Hong Kong

Ladies and Gentlemen,

As the host of the 2010 UBS Philanthropy Forum, I have the great pleasure to preface this publication which captures some of the atmosphere and the outcomes of the discussions held during the Forum, thereby enabling you to reflect back and share the inspiring debates we held.

Our theme for the Forum this year was *“Beyond the crisis – catalyzing recovery.”* The recent economic crisis has challenged some of our core beliefs, such as the conviction that markets will solve all social issues as long as they are allowed to develop freely. This has provoked public debate on the roles and responsibilities of the social, public, governmental and private sectors in addressing issues of social and environmental importance.

As part of this debate and the potential new order which it implies, private philanthropists around the world are asking themselves questions:

- Could this be an opportunity to grow their role in the social space?
- What could they do to live up to this new role?
- Might some of the causes close to our hearts now experience a higher level of public awareness?
- What opportunities could this offer for individual philanthropic strategies?
- Are new players now entering the stage, and does the potential exist to build new and more powerful networks?
- What lessons can we ourselves learn from the recent crisis?

There is no simple answer to many of these questions, yet one thing that all philanthropists share, as a starting base, is their unique ability to adapt and innovate, to respond and re-focus quickly. In short their ability to redirect their attention and efforts to where they can make the biggest difference. As such, they are ideally positioned to serve as catalysts for social and economic change.

Philanthropy is extremely important to our firm, and that importance is growing. As Asia has been a story of growth for the global economy, it has been no less of a success story for UBS, though our commitment to the region goes beyond financial considerations. The increase in regional wealth through continued economic growth in combination with greater awareness of Asia's role as a contributor to solving global challenges, like high population densities or environmental challenges, have led to a surge in philanthropy among Asia's wealthy.

Public awareness of and interest in philanthropy in the region is also growing. Philanthropy today is a regular topic in daily news and recently it is to be found in the business section as well.

At UBS, our undertaking is to provide clients the best in knowledge, advice, network and expertise, in short, true thought leadership. This dedication to excellence extends to all our clients' wants and needs, and of course also to philanthropy.

Asia has its own ideas, its own aims and its own agenda. What will philanthropy in Asia turn out to be like? Will it be a carbon copy of philanthropy as it developed in the US and Europe over the last decades?

Or will we see philanthropy with an Asian touch? A philanthropy that builds on a value set characteristic to the region? Will we see a closer exchange between private and corporate philanthropy? Might we even see philanthropy with double-digit growth as it has become the hallmark of the Asian economy for so many years?

Whatever the answer, it is clear that an exchange between existing philanthropy in the West and new philanthropy in the East will provide insights and benefits for both sides. This too makes it vital for us as a firm to approach philanthropy globally, harnessing all the resources which UBS can offer in the service of our clients' philanthropic aims.

I am very glad that we managed to gather in Singapore not only a large share of UBS friends from the region who will be today's and tomorrow's leading Asian philanthropists, but also a broad and balanced range of speakers, experts, academics and practitioners, from across the globe. I have no doubt that together we can help shape what may one day become known as *“Asian philanthropy.”*



Kathryn Shih

Imperatives for Innovation: Catalyzing Growth and Change

Hans Rosling, Professor of International Health, Karolinska Institutet; Co-founder, Gapminder Foundation, Sweden

When a leading Professor, from a leading university, asks for a 2 meter long bamboo pole to assist him in a presentation he is making, you know you are in for a treat.

Hans Rosling, Professor of International Health at the Karolinska Institutet in Sweden opened the Philanthropy Forum with an eye-opening presentation on the relationship between wealth and health in developing nations. One that highlighted the counter-intuitive nature of the stakes at hand, and provided interesting perspectives on the roles philanthropy can play.

Debunking the myths

Looking back home to his native Sweden, but this also applies to most Western countries, there is a warped perception of what makes a developing country, explained Hans Rosling. A conception that is based on the situation 20 or 30 years ago that was being taught to today's teachers and professors when they were back in school.

As a result, our students are being taught the situation back then, rather than the reality as it is on the ground today. They tend to have a distorted vision of the world as a bi-polar entity with "us," developed nations on the one hand, and "them," developing nations on the other. This vision already skews reality as it wipes off the map countries like Russia, Brazil or Turkey.

“How come we still think that the world has remained the same as it was 20, 30 years ago?”

If you dig a little further and ask a student how to spot the difference between "us" and "them," you will hear that developed countries are characterized by small families and a long life expectancy while developing countries are recognizable by their big families and short expectancy.

This is no longer the case, which begs the question: How come we still think that the world has remained the same as it was 20, 30 years ago? Thankfully there is now solid data to better illustrate how things have evolved around the world.

Did you know that families in Bangladesh and Vietnam are now made up of "2.4" children? Deciders still seem to think that family sizes in these two countries are following the trends of decades ago when they were very large. As regards life expectancy, in 2007 the US, China and Vietnam were neck and neck at respectively 78, 73 and 74 years.

Statistics teach us that in the 21st Century, bar a handful of exceptions, the difference nowadays between developed countries and the rest of the world is not life expectancy or the size of families; rather it lies mostly in wealth which is now a key determining element for access to medical infrastructure and treatment.

The relationship between disease and poverty has been turned up-side down. When Hans Rosling started to teach global health, diseases lead people to poverty, but now the problem is that poverty is leading to disease. Today, the data we have suggests that by 2015, most regions will have a majority of their population moving out of poverty, with still 15 to 20% of people unable to afford medicines.

What can philanthropy do?

Address lack of progress

Access to medical treatment will continue to be a sizeable issue in addition to other challenges faced by developing nations. Large parts of Asia have not seen progress and sit outside of the globalised world. People in these countries have very specific needs for information (e.g. to know the price of products), for schools, for transport (to take products to the markets), for credit etc. There is a whole pallet of needs that, as luck would have it, can provide philanthropists with a choice of areas of action, which is even compatible with their political affiliation.

There often is a lot to be done, and no one approach can be said to be better than the other; however, it is important to focus on the limiting factors that a community or region is facing in developing itself, rather than one's pet area.

Address the harm of progress

As development progresses, unexpected ills also arise to which one needs to be attentive. Suicide for example, particularly in Asia (including Korea and Japan) is a new trend that is accompanying development. In India for example, many men are now committing suicide to relieve their family from debt. Other issues such as increased deaths from traffic accidents or increased number of children moving to live in slums are examples of these new ills accompanying progress that governments and the corporate sector are often not efficient at addressing.

Address the holes of progress

Another issue is that progress and development are not uniform. Opportunities offered to women, and women's rights, have not benefited from the same momentum as economic growth, even in the wealthiest parts of Asia. These are further areas where governments and market forces have not been rising to the challenge.

Statistics and impact

In bringing his presentation to a close, Hans Rosling recalled a question that was once asked of Bill Gates, probably the most well known philanthropist of our day. He was asked what was the more difficult out of making a billion and giving it away. His response was that although there are many similarities in both (the need for strong infrastructure, competent people etc.) the main difference lies in measuring impact. When you are running a company you can look at your balance sheet, however when you are giving funds it is much more difficult to see and measure impact which often takes multiple forms that cannot be translated into statistics and numbers.



Hans Rosling

Wealth and Philanthropy: A New Role in the Post Crisis Period?

Sir Stelios Haji-Ioannou, CEO, easyGroup; Founder, Sir Stelios Philanthropic Foundation, UK

"I talk of myself as a serial entrepreneur; another way of saying I am unemployable..." says Stelios Haji-Ioannou who recently institutionalized his philanthropic activities under the umbrella of the Stelios Philanthropic Foundation, with a focus on the 3 E's: Education, Entrepreneurship and the Environment.

Stelios may not describe himself as a self-made businessman, but he is certainly a self-made philanthropist, having felt a duty to give back to the society which purchases and uses the products that made him the success he is. Interestingly in both philanthropy and business, he says, the same principles of entrepreneurship and risk apply.

The bedrock for Stelios's philanthropic work was set by reflecting on some challenging questions which ultimately involve making tough tradeoffs:

- **Do I take a high profile or discreet approach to my giving?**

Stelios chose to follow a high profile approach, which has inherent multiplier effects. Indeed, by ensuring the visibility of his actions, Stelios feels he is able to inspire more of his peers to consider philanthropy as a field to engage in.



Sir Stelios Haji-Ioannou

- **Do I act closer to home, or do I go to the world's poorest?**

With over one billion people living with under \$1 a day, there is a lot to do. However at the end of the day, with limited resources, Stelios chose to act closer to home where he has a better understanding of the people and issues at stake. In Cyprus, where his parents were born, Stelios launched a program – the Stelios Award for Business Cooperation in Cyprus – to support interaction and communication between the divided north and south of the island. He saw business as a means to bridge the divide between the two communities. To break the stigma from doing business with the other side, Stelios devised this Award to promote entrepreneurial business cooperation between the Greek-Cypriot and Turkish-Cypriot communities, which provides a £50,000 funding boost to each of the winning bi-communal teams. Although his support might appear small relative to government schemes and NGO spending in the area, Stelios hopes to have a significant impact on peace and rapprochement between the two communities by breaking down the barriers to doing business across the border.

- **Do I support the brightest or the neediest individuals?**

Stelios opted for supporting the brightest as this, once again, provided the opportunity for a multiplier effect to kick in when the brightest reach their potential and engage and thrive in society. The first thing he did was to return to his alma maters, the London School of Economics (LSE) and the Cass Business School, and their alumni networks to discuss how he could help support promising students to attend these institutions. These contacts laid the groundwork for setting up the Stelios Scholars program to support select students attending either institution.

Building on his strong belief in entrepreneurship, Stelios also partnered with the charity Leonard Cheshire Disability, not to give money but to create a new project supporting entrepreneurship among disabled business people. This partnership of equals, Stelios contributing his entrepreneurial experience and Leonard Cheshire their understanding of the disabled and the challenges they face, led to the creation of The Stelios Award for Disabled Entrepreneurs in the UK. Why? Well nearly half of the disabled population is self-employed so supporting entrepreneurship is a powerful force of change for the community. So far, three awards of £50,000 have been conferred to three exceptional entrepreneurs with disabilities. Partnering with the charity was crucial for ensuring the success of the award; indeed Stelios felt it was important to benefit from the expertise and credibility of an experienced partner to ensure he had a positive impact on the disabled community and that his actions were not counterproductive.

- **Do I give in my life time or should I plan for the longer term?**

This final question is another difficult one, with no easy clear-cut answer. However, in Stelios's case, he chose to give in his lifetime because he wanted to enjoy and see the results of his giving.

“Taking risks is all part of the game of being a philanthropist.”

The audience challenged Stelios on why he chose the role of philanthropist rather than that of an investor in light of the entrepreneurial and business nature of the projects he supports. Acknowledging that this could also have been a route to take, Stelios explained how the payback from philanthropy was much more fulfilling than dividends. The opportunity and pleasure from interacting with and monitoring the progress of beneficiaries, how their business evolves and how they can become inspirational for others is not as possible when building a relationship as an investor.

On the issue of risk, although all the projects which have benefited from Stelios's support so far have fared well, it is only a matter of time before one fails. However, as Stelios concluded in his presentation this is to be expected: taking risks is all part of the game of being a philanthropist, even more so when you seek to support entrepreneurship.



View of Singapore

Giving Back: My Experience and Vision

Jason Li, President, Pro-Health, China

As a prominent philanthropist in China, his own country, Jason Li is well placed to comment on the state of philanthropy in the People's Republic.

The Chinese GDP will soon surpass that of Japan, which is making the latter nervous. However remarked Jason Li, unlike Japan, there is still a large disparity in China between the rich and the poor. Up until 2000, charity and philanthropy were mostly unheard of in the country and were mostly the preserve of overseas Chinese and outside organizations.

There are three reasons for the low awareness of philanthropy in China:

- Citizens consider that public charity should be the preserve of the government. They have worked and paid their taxes to support the government, including in its social responsibility missions.
- Many local governments try to cover up social ills so as to not be perceived as ineffective, hence the needs for charity associated with these ills remain largely unknown to society.
- There is a lack of trust from the public on where donations would go and how they would be spent. Corruption is still very much a timely issue in China.

However, a number of natural and man-made disasters, combined with a high percentage of the population (85%) being of low income, have increased the awareness and need for charitable activity. This has been helped by the media breaking taboos: media communication about the 2008 earthquake in Sichuan was wide and led to large contributions from the public to the relief and reconstruction efforts, and to China accepting foreign donations for the first time.

At Pro-Health, which Jason Li founded, the company's Corporate Social Responsibility (CSR) and philanthropy strategy follows three principles.

- "We won't hurt you because we love you": An initial stage that translates into the company committing itself to producing high quality products for its clients.
- "We support you because we love you": A second stage, which is about creating jobs and transferring technology and knowhow to the local community.
- "We help you because we love you": A final dimension ensuring that the company engages in wider public welfare activities.

This three-tiered approach reflects the company's philosophy not to act like many others that make money through un-ethical or illegal means and then give money to charity, but to be responsible from the onset.

Mr Li's charitable giving, stems from his religious principles. His journey started in 1995 with a first interest in philanthropy. By 1997, he decided to give 10% of his income to charitable causes, and in 2004, he launched into building primary schools and set-up the Pro-Health independent foundation, which focuses on education and helping underprivileged youth.

"Philanthropists have a responsibility to ensure their work does not create more problems than they solve."

The Pro-Health company plays a critical role in supporting the actions of the foundation. One percent of the Pro-Health income is paid to the foundation, with employees given the opportunity of contributing 1% of their salary. Why 1%? Because 10% can be too much for some of the employees and 1% allows everyone to be on an equal footing. Some 86% of employees have chosen to take part in the program, in addition to which there are also opportunities for the company's agents to contribute.

Quality is an important factor to consider when dealing with philanthropy. Jason Li continued, with an example of how a Pro-Health Foundation built school survived the earthquake in Sichuan, while all the other schools, built to lower standards, crumbled down on their pupils. Philanthropists have a responsibility to ensure their work does not have the potential to create more problems than they solve in the short and long term. The experience of the Pro-Health school in Sichuan is a perfect example of this approach.

Testimony to the impact that the Pro-Health Foundation has had on people's lives, it is now starting to see examples of people going full circle: young people who, having benefited from scholarships provided by the Pro-Health Foundation, are now contributing 1% of their salary back to the foundation.

In concluding his intervention, Jason Li reminded delegates of the importance of charitable giving in China, in particular education on charitable giving, which he says is still at an early stage.

Can Asia Save the World?

Kishore Mahbubani, Dean, Lee Kuan Yew School of Public Policy, Singapore

"The answer is of course, yes," asserted Mahbubani. Asia's contribution will come in three phases, the first of which is well underway. Looking at the world population of 6.8 billion people, out of which more than 3.5 billion live in Asia – if Asia manages to lift its population out of poverty, that in itself will be a major contribution to saving the world. *"We are seeing remarkable transformations, and in some ways, the fastest growth in living standards ever seen in human history,"* he avowed.



"If Asia manages to lift its population out of poverty, that in itself will be a major contribution to saving the world."

Kishore Mahbubani

"In Asia today, we see an improvement in living standards in one lifetime – not of 50%, 100%, 200% but 10,000%. Believe me, this is historically unprecedented." China, for instance, had 800 million people living in poverty before it began its modernization program. This figure has now shrunk to 200 million. Six hundred million people – twice the population of the USA – have been lifted out of poverty.

Mahbubani then raised the question of how much philanthropic effort such a feat would require. *"That scale cannot be done. It has to be a result of development, of commitment on the part of the Asian countries, and what's happening in China is also happening in the rest of Asia."* Development in Asia is happening now as a result of Asian societies finally absorbing, understanding and implementing what Mahbubani calls the 7 pillars of Western wisdom: (1) free markets, (2) science and technology, (3) meritocracy, (4) pragmatism, (5) culture of peace, (6) rule of law, and (7) education.

Mahbubani argued that as Asia moves into the second phase, it can no longer succeed purely by copying the West. *"The time has come for Asia to come up with ideas of its own."* Good governance is an obvious area where Asia needs new ideas. Partially as a result of the economic crisis in the West, many Asian

societies are now asking whether they should be coming up with their own ideas. American and European regulations are not necessarily the best. Nor do they necessarily have the answers in the first place.

A case in point: climate change. It has been very difficult to find a solution to the climate change issue as the only way to prevent global warming is to cut down greenhouse gas emissions. This implies that China and India also have to cut down on emissions. Copenhagen failed because China and India deemed it inequitable for them to pay a high economic price when the huge stock of emissions by the West, since the Industrial Revolution, also contributed. Mahbubani highlighted the need to create an equitable formula that also imposes an economic price on Western economies for their stock of greenhouse gas emissions.

"Believe me – if any of you in this room can find that formula (with) a mathematical dimension in terms of allocating the burden of responsibility – and a political dimension of acceptability to the populations of the world – if you can find that magical formula, you would have literally saved the world. But we have to find that formula" said Mahbubani.

Mahbubani went on to describe phase three of Asia's development. If Asia can achieve a 10% increase in median income, the Asian middle class will double. This new middle class will also search for ways and means of making a difference – resulting in a natural increase in Asian philanthropy in future years.

Will Asian philanthropy just copy Western philanthropy, or come up with ideas of its own? There is no doubt a lot can be learned from the West. However, as Asian philanthropists rise, they must think of new ways to make a difference. They can either have an adversarial or independent relationship with the government, seeing their role as making up for its inefficiencies – or considering it a part of the solution. *"There is no way that Asia can develop without a major role played by the government,"* he argued before concluding *"There are enormous opportunities coming our way in the next few decades. We have the good fortune of living through some of the most amazing transformations ever in human history. All of us are very fortunate to have the opportunity to make a difference as these transformations occur."*

A Conversation with Cherie Blair

When Cherie Blair looked back at the opportunities she had – travelling with her husband the former British Prime Minister Tony Blair – to meet and discover some of the great work that was being done around the world to help and empower women, she couldn't just settle to reminisce on those days. She wanted to pursue the experience and so she set-up her own foundation which supports women entrepreneurs in Africa, the Middle East and Asia.

The Forum dinner was an opportunity for Cherie Blair to share with the delegates her thoughts and explain why she decided to support women in developing countries through her own foundation. She started with a reminder that if we are to address and overcome the challenges the world faces in the 21st Century, *"we ignore women at our peril."* Studies have shown that countries that don't tackle the gender gap and harness the potential of women fall behind in their development and there is a correlation between growth and literacy in women. In the new global economy human potential is the most important raw material. Nations which succeed are those which harness the potential of its entire people, which includes women.

Indeed, in Europe, 6 of the 8 million jobs created since 2000 have gone to women. Women are behind the majority of new start ups in America. In Africa and Asia it is those societies and economies that are eliminating gender imbalance that are doing best.

Educated women have fewer and healthier children. They are more likely to insist their children attend school. Also the more education a girl receives, the more likely she is to enter the labor market. The healthier and better educated the workforce is in general, the more productive it can be.

In this respect, education and access to education are great drivers for empowering women and driving development. Taking herself as an example, Cherie Blair explained that were it not for where and when she was born – in Western Europe, in the second half of the 20th Century – it would have been impossible for her to form a successful career in the practice of law. Without the springboard of education, her life would have been very different. She is living proof that education transforms lives, but her experience also shows how quickly things can change for women. It wasn't so long ago that opportunities for women in Europe were still limited.

Across the world hundreds of millions of women still look with wonder at the progress made for women's equality. A key priority for social change, and philanthropists, must therefore be to close the gender gap in education.

- Many girls drop out of school when they reach secondary stage. Why? Often because there are no separate toilet facilities. The cost of providing these is small, yet the impact of girls who then go to school is great.
- Educating girls is also about getting them into university. An awful lot of talent is wasted and because of that the countries are missing out the direct business and technical skills which these women would have learned at university.

An extraordinary initiative of which she is a Patron, Cherie Blair introduced the Asian University for Women (AUW) which hosts students selected from poor rural families from across Asia, and provides them with free education and board.



Cherie Blair

“[...] And I know that after these two days, the people in this room will change the world.”

Cherie Blair met some of the students, and heard many amazing stories. The confidence and leadership they showed was striking. At the end of their education at the AUW, these girls will return to their countries as leaders in their society and destined to become role models for the future.

However, as Cherie Blair reminded participants, the need is not just for education, it is also for giving women the opportunity of financial independence and control over their destiny through, for example, access to credit and information. The challenge of building up opportunity for women comes at a time when resources around the world are reduced. Yet what is interesting about philanthropy is that people are constantly digging deep in their pockets to support others. Philanthropists are making a difference in these difficult times. Philanthropy as a way of giving is not just about writing checks but also about giving time, business skills and expertise. It is about following one's passions and giving back not for gain, but for the reward of seeing one's passions put into actions and the difference which one person can make.

Cherie Blair concluded her presentation with a befitting quote from the anthropologist Margaret Mead: *"A small group of thoughtful people could change the world. Indeed, it's the only thing that ever has."*

Impacting Self and Society: Philanthropy in Action

Efren Peñaflorida, CNN Hero of the Year 2009; Member, Dynamic Teen Company, Philippines

Efren Peñaflorida made a moving introduction to the Forum's second day. He gave a first hand account of his story, growing up in a slum of the Philippines and overcoming adversity to dedicating himself to offering education to poor youths as an alternative to gangs. The story which Efren Peñaflorida shared with delegates is that which saw him recognized as CNN's Hero of the Year 2009.

Peñaflorida was born next to the dumpsite and the cemetery in the slums of Cavite in the Philippines. His father was a tricycle driver earning USD 2 per day and his mother earned a little by washing other people's clothes. As a young, poor boy he was bullied by gangs which subsequently led him to stop attending school. An encounter with the NGO 8586 and a mentor, whom he praises highly, encouraged Peñaflorida to go back to school and eventually complete his studies. This experience further changed him, brought back hope and gave him a passion to help others through what he calls "just simple actions of kindness."

"In the Philippines some 9% of the whole population of about 80 million people has not attended school because of poverty, exploitation, etc. As a consequence a lot of children are either living or working on the street without any responsible adults caring for their wellbeing" Peñaflorida reminded delegates.

In 1997, at 16 years of age, Peñaflorida started a youth group at his high school. Joined by other classmates, the group aimed to divert students' attention away from street gangs, and instead create an appetite for education. The group, which they called "Dynamic Teen Company," started as a friendship club of around 20 members. Subsequently they partnered with Club 8586, thus broadening their activities and the "Pushcart Classroom" was born.

Every Saturday teen volunteers push four carts stocked with school materials including books, pens, tables, and chairs. With these materials, the volunteers recreate a school setting in unconventional locations such as the cemetery or landfill dumps, and attract the nearby street children by handing out food and clean water, while offering lessons. By providing basic education, the Pushcart Classroom's main objective is to encourage children on the streets to return to formal school.

With a series of short video clips from CNN, among them his CNN Heroes Tribute, Peñaflorida managed to sweep away the audience with the touching story about how the Pushcart Classroom brings education to the street.

Peñaflorida's story is not unique and he introduced the audience to Kez Valdez, a young boy with a similar background, who volunteers his time to helping young kids on the street with their health. Valdez was pushed into a fire by other youngsters when he was five years old. In the process of having his burns treated, he learned how to take care of wounds and look after his own hygiene. These are skills that he now, as an 11-year-old boy, teaches to street-children from his own pushcart that is generally referred to as the "Nique" from the word "Clinique." In order to sustain his activity, Kez Valdez also sells candy.

To a standing ovation from the audience, Peñaflorida concluded his session highlighting the importance for people to team up, no matter their wealth or age, and reminded participants that everyone has a hero inside.



Efren Peñaflorida

Philanthropy, a Pathway to Happiness?

Deepak Chopra, Founder, The Chopra Foundation, USA

What defines happiness? Can philanthropy provide a pathway to happiness? Lunch during the second day of the Forum provided an opportunity for celebrated medical doctor, philosopher and philanthropist Deepak Chopra to share some insights into these seminal questions.

While stress and its effects on humans and the human body have been studied, happiness and the processes of happiness, on the other hand, have not been the object of much attention from the scientific community. Recent work in which Deepak Chopra has been involved is starting to shed light on the issue.

Based on his experience on the topic Chopra introduced participants to a "happiness formula" which reads:

$$H = S+C+V$$

According to Chopra, who has dedicated much time and research on the subject of happiness, Happiness (H) can be described as the sum of:

- One's Set Point (S), which is determined over the first three years in life;
- One's Condition of Living (C) that to a large extent has a financial dimension;
- And the Voluntary Choices (V) one makes in life whether these are to please oneself or others.

But what does all this mean?

The Set Point (S) affects your overall happiness to a level of 40%. It is defined by an individual's first three years in life. However, an unhappy childhood will not lead a person to be doomed to unhappiness for the rest of his or her life. This Set Point can be changed from a low point to a higher point of happiness through cognitive therapy or meditative practices.



Deepak Chopra

The Condition of Living (C) has a minor, yet an important effect on your overall happiness. About 10% of the happiness experience will be determined by your standard of living, though temporarily increasing your standard of living will only have diminishing effects. For example it is commonly known that winning the lottery will not make a person happier beyond the initial high, but rather the opposite.

“Long lasting happiness comes from the choices that give meaning to one’s life.”

The final half of your happiness experience will be determined by the Voluntary Choices (V) you make every day. These can be purely personal pleasures, such as shopping and sex, which generate short-lived satisfaction, or it can be activities yielding long-lasting happiness effects. The latter are found in voluntary actions that make other people happy. If for example you make another person smile every day, your own happiness experience will magnify.

Happiness and philanthropy

Long lasting happiness comes from the choices that give meaning to one's life or allow us to express our creativity. Most importantly, the one thing that will make us instantly happy is giving to others, which is where philanthropy, the love of man, of humanity, can provide a means of achieving a certain level of happiness.

Is happiness really within our grasp?

Given the above, you could assume that you can increase your well-being by (i) changing your Set Point, (ii) increasing your Condition of Living and (iii) enjoying the opportunity of making others happy. Unfortunately, it is not that simple as Deepak Chopra realized through his work. There is yet another dimension to happiness.

Indeed not content with being happy in the present, our human nature means we will worry and anguish about the past – things we might have said or done – and about the future. By worrying about one's future happiness or death, we are losing points in the overall happiness experience. The only remedy here is to realize that we are *“one with the source of all creation.”*

So if you are able to overcome this last hurdle and at the same time maximize the sum of your S+C+V, you will have the perfect prescription to be completely happy.

Philanthropy in Asia: An Emergent Order

Mechai Viravaidya, Founder and Chairman, Population and Community Development Association, Thailand

NGO Chairman, philanthropist, social activist and entrepreneur, Mechai Viravaidya, also known as the “Condom King” in his native Thailand, provided an engaging insight into philanthropy in Asia and how he believes philanthropy can foster change in the region. With just a few examples of innovative initiatives that he himself is supporting, Mechai Viravaidya illustrated how one can promote a new generation of philanthropists by engaging boys and girls at an early stage in their life, how companies can play an important role in poverty eradication, and how to set-up self sustaining philanthropic projects.

Mechai Viravaidya is the founder and Chairman of the Population and Community Development Association (PDA), one of Thailand’s largest NGOs. Since 1974, PDA has initiated community-based family planning services, innovative poverty reduction and rural education programs, as well as large-scale rural development and environmental programs. This is not to mention its groundbreaking HIV/AIDS prevention efforts, which have led to a dramatic reduction of AIDS in Thailand.

According to Mechai, Asia has up until now not had any real culture for philanthropy, with the exception of religious institutions. There are a number of reasons for this, he explained, including the fact that regulations in Asia are not conducive to philanthropy. A telling example is the absence of structures and policies for tax-effective giving. An illustration of the lack of philanthropic culture is that most of Asian civil society is today dependent on resources from abroad.

In order for philanthropy to also flourish in Asia, one has to support the creation of a new, young generation of philanthropists in the region, which Mechai refers to as “A Thousand Mini-Bill Gates.” At the same time, one must enact reforms duplicating, with an Asian twist, what has made philanthropy a success in the Western world in order to create philanthropy that addresses the needs of Asia.

The first example Mechai shared with the audience was *The Green Village Toy Library*, an initiative aiming to foster a new, young generation of philanthropists and environmentalists. It does so with a program, whereby with the help and encouragement of their parents and grandparents young urban children have the opportunity to donate their toys to toy libraries for rural children. In turn, by performing environmentally-focused community service in lieu of monetary payment, rural children are able to borrow and enjoy the toys from the toy library. Through this approach, children get to experience the joy and reward of doing public good and, as they grow older, they will hopefully become socially responsible citizens.

Concerning corporate social responsibility, Mechai described another of his innovative initiatives, the Village Development Partnership, which aims to promote partnerships between villagers and enterprises. The idea is for companies, foundations, or individuals to assist villagers in improving their quality of life and help them raise their income by introducing business skills and access to credit. In order for a village to benefit from the skills and credit, they must first form a Village Development Committee, at least half of which must be composed of women, and hold hearings where the citizens can articulate the needs of their community and then establish a development plan for the village. Funds for this micro-credit fund, known as the Village Development Bank, are then credited to the villagers in exchange for tree-planting at a rate of USD 1.25 per tree. While the villagers have no collateral, they must commit their labor to plant the trees. Mechai further explained how the program enables companies to calculate their social investment and impact. Principally, about USD 100 per villager is required to help a whole village on its way to self-help and sustainability over a 6-year period.

“Together, we can create massive resources and end poverty in Asia.”

While yet another beautiful initiative was depicted during his presentation, the *Business for Rural Education and Development* (B4READ), Mechai provided the audience with a few suggestions for what he called “the new aspiring generation of philanthropists.” These were all in line with ensuring financial sustainability, either through helping recipients to start their own sustainable business, combining education and skills training with loans and investments, or starting social enterprises.

With a final plea to the audience, Mechai Viravaidya concluded:

“Don’t follow the government, let the government follow us,” suggesting more philanthropists in Asia were needed in order to encourage governments to do more good. *“Together”* he went on, *“we can create massive resources and end poverty in Asia.”*



Mechai Viravaidya

A Portfolio Approach to Philanthropy

Sir Michael Peat, Principal Private Secretary to TRH The Prince of Wales and The Duchess of Cornwall; Previously Keeper of the Privy Purse and Treasurer to HRH The Queen, UK

This is London calling... In a virtual presentation, Sir Michael Peat, one of Prince Charles's most trusted aides, shared with the audience an insight into the portfolio of some 19 charities that make up the Prince's Charities, the largest charitable enterprise in the United Kingdom. Delegates got a taste of how the Prince went about deciding how to divide his social investments between various topic and geographical areas, particularly in the areas of economic empowerment, the environment and social entrepreneurship.

The charities in the Prince's portfolio are a response to issues and concerns that the Prince has witnessed during all his travels in the past 40 years. Almost all charities within the group were founded personally by the Prince, the first one in 1978 with his military severance pay of £7,400. Today, the charities raise a combined £100 million annually. The portfolio also includes 6 social enterprises that make a significant contribution to the charitable activities within the group.

The Prince's Trust was the first charity to be established in 1978. Its purpose is to empower young people, aged fourteen to thirty years old, who have struggled at school, been in care, are in long-term unemployment or have been in trouble with the law. As a beneficiary of this charity, young people are offered apprenticeships, are assisted in getting a first job or supported in setting up their own business. According to Sir Michael, the benefits from these activities which provide a cost-effective way to address social ills also have, beyond the beneficiaries, a positive impact on society as a whole.

Sir Michael continued with an example from Kabul, Afghanistan, where the charity Turquoise Mountain was founded with the three-fold objective of regenerating a historic area of Afghanistan's capital, training men and women in Afghan traditional arts, and spurring the sustainable development of the nation's craft industries. The initiative targeted a once vibrant area of the city suffocating under garbage, which had no clean water or proper sanitation, and saw historic houses collapse weekly from lack of maintenance. Through the project, this area was regenerated to become once again a centre for traditional arts and craft and an economic driver for the capital.

The Prince's Rainforests Project is another international initiative that recognizes the global role played by forests in mitigating climate change, and which seeks to address the acute pressure put on the rainforests by the worldwide population growth and the rise in commodity prices. Sir Michael highlighted the devastating effects the destruction of rainforests has in general and on the

world's poorest populations in particular. Working alongside other governmental and non-governmental initiatives, the Prince's Rainforests Project has shown remarkable achievements, in particular by leveraging the investment put into it many times over.

A project very close to the Prince's heart is the Prince's Foundation for the Built Environment. The Foundation looks at enhancing people's lives while at the same time minimizing environmental impact through, for example, reduced water consumption. Working in three major areas facing urban expansions, the project has four different topics of focus for its activity. First, it deals with urban planning – particularly regeneration of failing communities – second and thirdly it is active in urban extensions and public transport-related development strategies. Finally, the project offers educational events and provides architectural advice on individual buildings.

A final example provided by Sir Michael was that of a successful social enterprise, which has so far generated a profit of £7 million. The Duchy Originals is a food company which helps small farmers find a new market for their produce while offering consumers natural, high quality food, and promoting more sustainable production methods that improve and protect the environment. The income from the company is reinvested in the Prince's charities. This reflects the Prince's aim to create what he calls a "virtuous circle" of social enterprises supporting charities.

The portfolio as a whole has created social impact in its various areas of intervention. To maintain the portfolio, active but very careful fundraising is required, so as to avoid the different charities in the group stepping on each other when fundraising.

A Snapshot of the Forum



The Forum dinner



Forum farewell cocktail at the National Museum of Singapore



The Forum auditorium



Music for the delegates

The Next Generation Challenge: Transferring Philanthropic Values

Moderator:

Paul Palmer, Professor of Voluntary Sector Management, Cass Business School, UK

Discussants:

Laura Chen, Executive Chair, ZeSha Foundation, Hong Kong

Deepak Chopra, Founder, The Chopra Foundation, USA

Tracy Gary, Founder, Inspired Legacies, USA

Priscylla Shaw, Member, Shaw Foundation, Singapore

Philanthropy is not new. Philanthropy is not always easy. So was the message to delegates as they were reminded of Aristotle's thoughts on the topic: "To give away money is an easy matter in any man's power. But to decide to whom to give it, and how large and when, and for what purpose and how, is neither in every man's power nor an easy matter."

Looking at the city-state of Singapore, many could wonder whether there was a need for philanthropy in the country. After all, it is relatively wealthy, with no destitute residents and no one living in the street. In Singapore the onus is more on saving for security – the country is small and surrounded by larger more unstable and poorer neighbors – rather than to invest in philanthropy, which is why the practice is still relatively new to the country.

Family philanthropy in Asia is important, and Singapore is no exception being host to some important family foundations going back three generations. The government plays an important role as a driver for philanthropy both in its capacity as a legislator but also as a force for proposition in terms of what are the needs for philanthropy. Passion is seldom a driver for philanthropy which in Singapore focuses more on identified needs.

“Families should look to transfer not valuables but business values, philanthropy being one of these values.”

A specificity of Singapore, and Asia for that matter, is the importance of giving through temples and family. However there is a sense that the future model of philanthropy in the country will be moving away from old style charity to social enterprise. In Hong Kong the philanthropic landscape is similar to that in Singapore, a key focus point of philanthropists is teaching people how to fish rather than giving them a fish, as the saying goes.



The panel discussants

There are three types of wealth that philanthropists and their families can transmit to others:

- Financial wealth
- Intellectual capital and education
- Social capital and connections

As regards transmitting values to next generations, families should look to transfer not valuables but business values, philanthropy being one of these values, to form the basis of how future generations should manage the assets that are passed down.

Cultural background plays an important role. A foundation set-up by a first generation will often be built on the values of that same generation. These are the values that will generally be transmitted. However, the transmission of values to the foundation can also come from the children who will often have different values, passions or perspectives on society. Indeed the needs of society and causes to support will also have evolved.

The transferring of philanthropic values will also be impacted by the model of family philanthropy which is applied:

- The domineering model, where a patriarch or matriarch dictates the rules of the game so to speak;
- The collegial model, where decision making and responsibilities are shared between the members of the family;
- The management model, where experts are hired to run and manage the foundation.

A key lesson to take home about philanthropy, and family philanthropy, is that there is no right or wrong model, just one that is adapted to your ambitions and your family. Philanthropy is a means of bringing families together around a project, even if it is not always easy and there can be difficulties particularly in the early stages. Communication between family members is particularly important. Nothing can be more complicated than the relationship between husband and wife as some might say. One should also add to this the complicated parent versus children relationships.

Family philanthropy should be a platform for intergenerational learning, for sharing of collective intelligence and an opportunity to convince the new generations of the value of philanthropy. Storytelling plays an important role as a means of transmitting the story behind the family values and culture under which the foundation operates. In addition, you should be open to the children you can have fresh perspectives on values and causes.



View of Singapore

Building Boundary Conditions for Progress

Moderator:

Mathias Terheggen, Head Philanthropy Services, UBS, Switzerland

Discussants:

Sheikha Aisha bint Faleh bin Nasser Al-Thani, Member, Supreme Education Council; Founder, Al-Faleh Group

Matthew Bishop, New York Bureau Chief, The Economist; Author, *Philanthrocapitalism: How the rich can save the world*

Mark Kramer, Founder and Managing Director, FSG, USA

Mario Marconi Archinto, Head Philanthropy & Values-Based Investing, UBS, Switzerland

Jorge Quiroga, Former President of Bolivia; Member of the Club de Madrid

The two days of the Forum provided an opportunity for practical and in-depth discussions around philanthropy. Forum discussions came to a close with a debate on philanthropy and future perspectives for development.

Philanthropists operate in an environment within which three sectors function, each with its specificities and attributes:

- The business sector, which is characterized by its financial capacity, high efficiency, choice and competition;
- The public sector, which is characterized by its regulatory powers and human capacity;
- And the third sector, which is characterized by its great diversity and a focus on social and environmental issues.

Together, these three sectors make up the environment within which philanthropists conceive and realize their strategies for social and environmental impact.

“Are we at the stage where philanthropy is sufficiently understood?”

The value of philanthropists is that more often than not, they operate over several of these sectors through their personal and professional background. As such they can defy categorization, and with their financial independence they can follow their own agenda, choose their partners freely and hold themselves accountable only to the social and environmental impact they create.

There are many kinds of philanthropy and a lot of movement in the sector, as modern philanthropy is still relatively new. But are we at the stage where philanthropy is sufficiently understood? Philanthropy has been around from the dawn of time, but philanthrocapitalism (philanthropy applying principles from business practices) has been around for 10-15 years. For a new economic model to be successful it has to survive a crisis which might already be case

for philanthrocapitalism. Many had predicted that with the crash would also follow the demise of philanthropy. The vibrancy of this Forum suggests this is not the case.

Philanthropists see a problem and look to provide a solution through a strategy that is not based on gifting but on sustainable support to projects and initiatives. Like a business, philanthropy should consider exit strategies for projects. These should be made clear to grantees to avoid creating dependencies beyond the need for the philanthropist's intervention, at which point sustainability should be achieved or other actors should be responsible for stepping-up. Communications between the various actors to ensure all are on the same page as regards to their roles and responsibilities is therefore an important element of successful philanthropy.

As philanthropists we can be more effective if we create infrastructure to bridge the different actors and stakeholders addressing an issue rather than to identify the best projects. The good news is that there has been a shift from thinking about where and how one gives money, to how one solves a problem. Easy philanthropy makes you feel good in a temporary way, but the kind of philanthropy we are moving towards is about the satisfaction of using full capabilities to make long term and sustainable changes.



The panel discussants

As regards frameworks for encouraging giving, some countries have them, others don't, but a positive framework and government support of philanthropy, as we see in Singapore, is important for the development of philanthropy. In the developing world promoting philanthropy may not be a priority of the state. However, to the advantage of philanthropists, these countries have been studied, analyzed and evaluated by just about every agency under the sun. As a result social ills, needs and requirements are well known and understood, and now only need funding to be addressed.

We are now in a transition towards a new philanthropic world order that is also attracting new capital; of the USD50 trillion of assets managed across the globe there are more opportunities to use and invest this capital with a social perspective.

Yet, infrastructure and standards for philanthropy and social responsible investments are still limited. As long as there is no such structure in place, it will be difficult to tap into this capital. This is an area where the business community, and more specifically UBS, can play a role. The bank is exploring on how it can help clients go through the process of being philanthropists in its various dimensions, and as such is contributing in shaping the sector to the benefit of all. Philanthropy is a very individual effort, which can make it difficult for stakeholders to identify who is doing what in the philanthropic sphere. Here again, the bank can play a significant role by identifying individual philanthropists and their interest.

The recent crisis is still in the minds of many, even if parts of Asia were relatively immune. If there is lesson for philanthropy to take home, it is that lack of transparency, a critical factor in precipitating the crisis. Thus for philanthropy to continue down its road it must work to become more transparent.



UBS Philanthropy Forum Singapore media conference

From left to right:

Mathias Terheggen (Head Philanthropy Services), Kathryn Shih (CEO UBS Wealth Management Asia Pacific), Mrs Cherie Blair, Sir Stelios Haji-Ioannou, Christine Ong (CEO, UBS Wealth Management Singapore), Mario Marconi (Head Philanthropy & Values-Based Investing)

Closing Comments

Josef Stadler, Group Managing Director; Global Head UHNW, UBS, Switzerland

This was the first time I have taken part in a UBS Philanthropy Forum, but I can assure you it won't be my last. I have been very impressed, not only with the quality of our speakers over the last two days, but also with the degree and the caliber of the audience contributions.

I am very excited about the energy, commitment and drive I have seen at work during the Forum. This hasn't been a traditional conference setting. On the contrary: everyone attending has been involved in a highly interactive and productive exchange of thoughts and views.

Our Forum's theme was *"Beyond the crisis – catalyzing recovery."* We have reflected together on what role philanthropy can and ought to play in a world transformed by the financial crisis of the last two years. After hearing what has been discussed, it is clear to me that, as philanthropists, you are ready and willing to step up to the challenge and embrace a new role as *"catalysts for harnessing economic recovery in the service of social and ecological improvement."*

The fact that we are meeting in the vibrant and dynamic Singapore is no coincidence. The recent crisis provided final proof of the vital role which Asia plays as a driver of the global economy. As the rest of the world faltered, Asia continued to grow, increasing wealth in the region and broadening the platform on which private philanthropy could flourish.

Let me tell you this: UBS remains committed to Asia, committed to its clientele and committed to furthering the cause of philanthropy.

We recently underlined this commitment by adopting a new and innovative approach that takes our philanthropy and socially responsible investment services to an entirely new level. UBS recently launched a new and innovative approach to the whole concept of philanthropy. The term we have coined for our new approach is *"Values-Based Wealth Management Services."* I am very excited about the possibilities which it opens up for our clients.

Our clients have a wide range of motivations, views on and degrees of commitment to the philanthropic idea. Under the title Values-Based Wealth Management Services, UBS has now established a single, global team of 30 experts offering a *"one-stop"* professional approach to all aspects of philanthropy, charitable giving and values-based investing.



Josef Stadler

Whatever your motivation or personal focus, and whatever mix of charitable activities and investment products you want in your portfolio, UBS will in future be able to provide you with thought leadership and the highest quality of execution for all your philanthropic needs from this one single global unit. I am firmly convinced that this new offering reaffirms UBS's position as a leading provider of philanthropy services and enables us to offer a higher quality of service and execution for clients.

Finally, I would like to take this opportunity to thank some of the people who have made this event possible:

- Firstly, all the excellent speakers we've had the privilege to interact with over the last two days. Some of them have travelled from far away to offer us their extremely valuable expertise and insights.
- Secondly, of course a big thank you to our Philanthropy Services team, whose drive and passion have helped make this event a success.
- Thirdly, I want to thank our clients for the very active role they have played in making this a dynamic and animated event. Their contribution to the proceedings has been instrumental to the success of the event.

I hope that this event was helpful in raising awareness, ambitions, and capabilities to act on the philanthropic issue of your choice. The next UBS Global Philanthropy Forum will be held in Mexico in November. Please mark the date in your calendar. I would be delighted to welcome you there.

We Can Make this World a Better Place – A Delegate’s Perspective on the Forum

Shiyin Cai, Founder & CEO of Shiyin GmbH/Global Fashion Project and COO of the Dialogue in the Dark social enterprise, shares her experience of the Forum both as a delegate and organizer of the Dialogue in the Dark workshop.

“Making 1 million or giving away 1 million, which is more difficult?” – This question was asked to Bill Gates, whose answer, as reported by Professor Hans Rosling, was “surprisingly similar.” I believe most of the audience asked themselves the same question which was also why they were here at the 2010 UBS Philanthropy Forum in Singapore: finding the best way to use or give money away.

As a native Chinese growing up during the economic boom and market reform of the past 30 years, and then educated and working in the US and Europe, I struggle between the values of socialism and the West; as a corporate executive working all over the world for more than 10 years, I struggle between social responsibility and shareholder value; as an entrepreneur and second-generation family business owner, I struggle between traditional profit-driven culture and social mission; and, as I recently took on the role of manager in a 22-year old “Dialogue Social Enterprise,” I struggle between business professionalism and passion.

Wearing these multiple hats and filled with these doubts and questions, I came to the Forum and found myself not alone: I met many people transitioning from the business world to the social sector such as Patrick Cheung – from corporate executive to successful entrepreneur to social investor employing 25 visually impaired people full-time; also people being both entrepreneur and social leader such as Jason Li who has built 65 Hope schools all over China. As one of the social entrepreneur newsletters I picked up at the Forum says: *“Everyday is a different day to make a difference in somebody’s life.”* The participants’ enthusiasm and confidence inspired me big time and encouraged me to move forward.

“The participants’ enthusiasm and confidence inspired me and encouraged me to move forward.”

What touched me most was a participant at one of the “Dialogue in the dark” workshops: not only because of her beautiful voice, singing “Give thanks” in the dark, which brought tears to my eyes, but also because she asked us after stepping out of the dark room if she could keep a white cane – she had eye problem for a long time but was too afraid to show it. The experience in the dark helped her become brave enough to face herself and appreciate who she is.

The attentiveness and professionalism of the UBS staff also left a strong impression: Mathias, Andrei, Jenny, Nicole... Every one of them tried their best to make the

experience a memorable one for each participant. Not only did they try to fulfill every request, but also even the things that we didn’t ask for, such as ordering special food for our visually impaired trainers at lunch – it was very touching.

The forum also made the day for our blind trainers and encouraged them big time: they became the stars after the workshop – all participants were so impressed and were extremely thankful for what they’ve received from the trainers in the dark – a reverse role situation.

I wouldn’t say that I got answers for all my questions, but one thing is clear: people in this social world might work more and earn less, but they definitely receive a lot more in return in spirit!

I can’t think of a more perfect way to start my social enterprise life than this time’s UBS Philanthropy Forum. It confirmed my decision of transitioning from business to social entrepreneurship a right one and it made me believe that with the effort of these people, we can make this world a better place!



Dialogue in the Dark

Dialogue in the Dark

Forum delegates were offered the opportunity of a hands-on workshop to investigate and overcome the barriers between the abled and the disabled through a workshop held in darkness, during which participants were guided and supported by a team of blind enablers. These interactive workshops were aimed at those looking to challenge the way they think and act in unfamiliar territory. They provided participants with an opportunity to improve their ability to communicate and develop greater empathy and sensitivity.

Module A: Families and Governance

A1: Beyond Business: Philanthropy, Identity, and Family Governance

Moderator:

Cornelius Pietzner, Treasurer, Executive Council, General Anthroposophical Society, Switzerland

Discussants:

Laura Chen, Executive Chair, ZeSha Foundation, Hong Kong

Deepak Chopra, Founder, The Chopra Foundation, USA

James Riady, CEO, Lippo Group, Indonesia

Philanthropy reflects a passion. The most robust and sustainable philanthropy comes where the passion for an issue is the deepest. The key challenge here, which the workshop looked into, is trying to transfer one's passion on to the next generation, or to a previous one. This was illustrated by a panelist who reflected that a family foundation is like a marriage where passion is not something that is sustainable forever. Imagine then trying to sustain a passion throughout time, in a broader family and, even more challenging, trying to transfer it on to your children who will be in a different life-cycle and for whom new and different causes may have an emotional attachment.

The more generations involved in family philanthropy, the more difficult it becomes first to engage all the family members in a foundation, and secondly to agree upon a mission for the distribution of funds. Hence, an intellectual and strategic approach to philanthropy needs to be adopted. In some families for example, members set individual pots of philanthropic dollars aside for their own callings. While on the other hand, with the family foundation's funds, the family jointly makes decisions as to which concrete social gap they want to fill. The foundation's goal may not reflect each family member's strongest philanthropic passion or interest, but it brings the family together around one mission.

“Storytelling can be a good tool for passing on the values of a family.”

In order for a family foundation to be effective, good communication and family meetings become crucial; storytelling can be a good tool for passing on the values of a family. In addition, succession planning is a crucial point when making strategic decisions about a family foundation, such as when and how to engage the next generation and whether or not to include spouses.

In other families, the issue of passion can be solved by adopting a very broad mission statement within which everyone in the family can pursue his or her calling. At the

same time, family members need to dispose of their personal egos and instead join forces to harness a structured and meaningful philanthropy project. The private sector and family foundations can be the catalysts for change where governments fail to close social gaps. However, this needs to be a coordinated effort, with each foundation requiring a focused vision.

A2: Governing for Uncertainty: Best Practice in Board Governance

Moderator:

Bill Lexmond, Managing Director, UBS, Singapore

Discussants:

Bea Devlin, Head of International Secretariat, Charities Aid Foundation, UK

Christoph Schmocker, CEO, UBS Optimus Foundation, Switzerland

Terry Winters, Executive Chairman, Opportunity International, Australia

A key element in managing a philanthropic project in the long-run is the ability to manage change. As suggested by one of the workshop speakers, this can be summarized as follows: anticipate, review and fill-the-gap.

We are living in a fast changing environment where the needs of philanthropic institutions also evolve. It is therefore important for governance structures to be able, not only to react to change, but also to anticipate and prepare for it.

In this respect, the regular review of organizational structures and strategy is crucial, especially for a fast growing philanthropic institution. *“Be transparent and try to fill in the missing gaps for things that are not doing well.”* It can prove useful to call on people with a critical eye. Indeed, the difficulty of assessing the impact of philanthropy can make it easy to presume that you are doing well. Criticism can be a positive force for change and a driver for continuous improvement.

The workshop discussions also focused on reassessing governance, which is also of particular importance when responsibilities are being transferred to the next generation. If you want a philanthropic project to keep growing, it is important not to treat it as a single one-off gift, but as one that is reassessed and revisited as time goes by and as things change.

Flexibility is another important point, especially in identifying the best party to take over the family philanthropy. The second generation may not (yet) be well-placed to do so. It may not be practical or necessary to keep this within the family. In any case, the right management and communication tools are important in order to ensure that the vision and mission of the philanthropic undertaking can be carried forward.

As regards the choice of board structures, it really depends on the size and the cultural background of the donor. There are pros and cons of having either a big or a small board structure. You will face either a very hands-off or a micro-management style. At the end of the day, how the board is structured also depends on the nature of the philanthropy, e.g. whether it is a corporate set-up, a non-profit or a public organization. However, for family philanthropy, it is advisable to have external parties sitting alongside family members and acting as impartial parties in discussions. This might also prevent some family members from becoming inappropriately dominant.

A3: Foundation Fundamentals for Families: Matching Models to Objectives

Moderator:

Bill Lexmond, Managing Director, UBS, Singapore

Discussants:

Tracy Gary, Founder, Inspired Legacies, USA

Paul Palmer, Professor of Voluntary Sector Management, Cass Business School, UK

Duncan Power, CEO, Charities Aid Foundation, Australia

A philanthropic journey is about passion, vision and impact. Every individual, or family, follows a different path in establishing themselves as philanthropists. Often, the first step starts with a single question: “What is it that I would like to change or preserve in my lifetime?” Speakers and participants in the workshop agreed that the best starting point in philanthropy is that which is close to one’s heart, knowledge or experience. As donors build experience and confidence they will, and might, diversify their activities.

“What is it that I would like to change or preserve in my lifetime?”

The workshop focused on a number of issues which arise when a philanthropic project is carried by a family or through a family foundation.

- *Being experimental*: Donors should not be afraid to experiment in their giving to identify which approach works best for them, and best suits their objectives.
- *Developing partnerships*: Opportunities for exchanging experiences, for cooperating with experienced philanthropists who can act as mentors, was also seen as a crucial element for success. Indeed, the vast majority of donors do not have access to philanthropic advisors or peers.
- *Understanding*: It is important to research the infrastructure available and institutions operating in relation to the activities one wishes to support. One wants to avoid

replicating that which already exists and creating situations for example like in Sydney, where there are some 400 cancer charities.

- *Connecting with grantees*: Speakers in the session agreed on the importance of knowing the culture of, and developing a relationship of trust with grantees. Asking grantees what they need, and telling them what you expect from them are two important steps in this direction. Building trust takes time so a third recommendation would be to avoid committing to multi-year gifts early on.
- *Creating foundations*: It is important to stay flexible in this respect, to take into account where funds are coming from, where they are spent, and to appreciate the need that may arise for change over time as ambitions and missions evolve. One should also consider that under certain legal frameworks, trustees of a foundation may be personally liable.
- *Ensuring the intent survives the donor(s)*: With time, it can become more challenging to stick to the initial intent of the original gift. It is therefore important that the wish of the donor(s) is very clear and written down (perhaps in a will) and that trustees are well briefed as regards the intent of the donor(s).

A4: Measuring Success: Building Indicators of Progress

Moderator:

Marcus Orlovsky, Founder, Bryanston Square, UK

Discussants:

Robert Jourdain, Assistant Vice-President, SGS, Switzerland

Andreas Rickert, CEO, Phineo, Germany

Nicolas Sireau, Executive Director, Solar Aid, UK

Kim Wahl, Chairman, Voxtra Foundation, Norway

In philanthropy, as in business, knowledge is increasingly critical to success. This workshop discussed reasons, methods, and unintended consequences of analyzing impact in a sector that is characterized by its diversity; and how the process can be tempered with meaning.

Discussions kicked off looking at the issues faced when it comes to impact measurement. For one, good, reliable data is hard to come by, particularly when one is working in the developing world: information gathered from questionnaires and focus groups may be inaccurate due to cultural differences – and information lost as it is passed on. The experiences shared showed how the use of independent evaluators, and ethnographic studies, which involve spending time with the final beneficiaries on the ground to collect qualitative detail to form an accurate impression of a funder’s impact, are important tools in this respect.

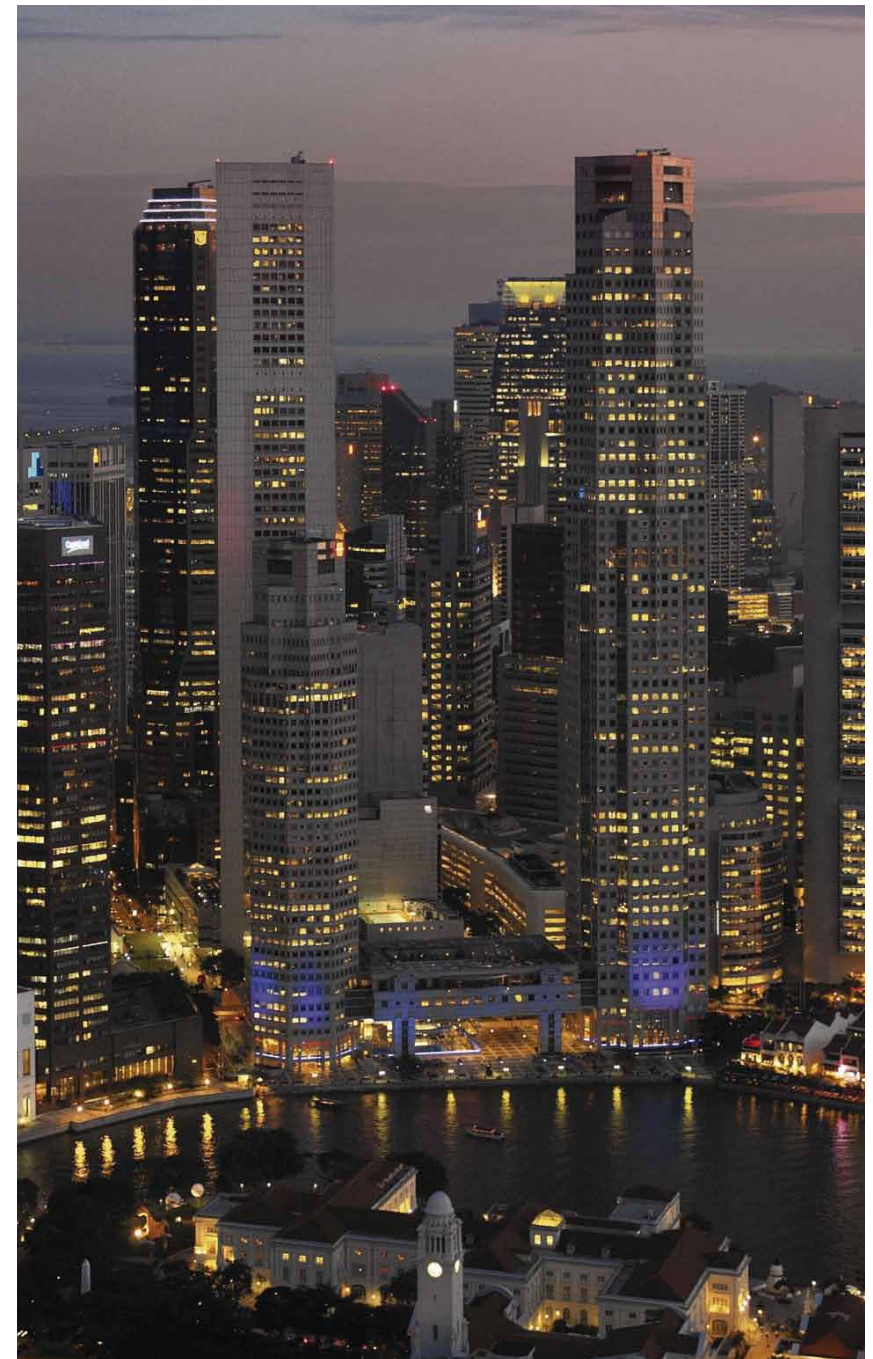
Other means at the disposal of funders include organizations, such as Phineo, that provide guidance for social investors. They publish research that identifies where and how giving achieves greatest impact, provide examples of best practice and make most of their work public through online portals.

Auditing was identified as another means to reduce the risks inherent to any transactions and processes in the social sector and benchmarking the performance of organization, big or small, among their peer group.

Finally, the monetization of impact can also be an important factor to consider when making social investments. A case presented in the workshop turned out to have a social value close to 36 times the initial capital. However, it is important that one should also be attentive to the fact that not all social return can be monetized or accounted for in numbers.

The debate also considered whether all this emphasis on impact measurement has allowed governance to overcome meaning. While sustainability and accountability are key elements of organizations, the importance is also that they have thought about whether they will have the opportunity to make an impact in the future.

Organizations at times can have a great impact in the short run, but can have the devastating effect of creating dependency in the long run. In the end, the panelists and audience agreed that the rigor of impact measurement be balanced with heart – and the passion to create a better world.



View of Singapore

Module B: Strategies and Issues

B1: Diversifying Innovation in Education

Moderator:

Randall Zindler, CEO, Medair, Switzerland

Discussants:

Sheikha Aisha bint Faleh bin Nasser Al-Thani, Member, Supreme Education Council;
Founder, Al Faleh Group, Qatar

Tony Tan Caktiong, Chairman, Jollibee Foods Corporation; Chairman, Jollibee Foundation,
Philippines

Marcus Orlovsky, Founder, Bryanston Square, United Kingdom

Close to 100 million children, aged 6-11, are not in school; more than half of them are girls; nine countries account for 70% of the world's illiterates. Yet education is a very powerful means that gives people the ability to make informed choices; that leads to healthier citizens; that creates economic opportunity; that can reduce fertility rates and increase earnings, particularly for women.

The importance of developing innovative approaches to promote quality education worldwide is an ever more present need.

It was made clear during the workshop that money alone is not enough to solve the education problem – innovative ideas are needed. In this regard, one of the new approaches that was brought to the table is the establishment of partnerships involving the government, civil society, philanthropists and other private sector actors. Through such partnerships, participants argued, it is possible to come up with more options to tackle effectively the education problem, guarantee quality solutions, and develop sustainable education models.

These multi-stakeholder partnerships should focus their efforts on the following areas: curriculum design; complementary education; design of new mechanisms to approach teacher training; establishment of best practice communities; and the use of loans and equity as instruments to finance educational initiatives.

Another subject matter that was considered during the discussions is the problem of undernourishment among young students in the developing world – this was identified as one of the main causes of poor academic performance and eventually school dropout. In order to be able to design effective solutions to this problem, the following principles have to be followed: comprehend the dimensions of the problem; seek support from other actors; understand the real needs of local governments, schools and parents; and conduct effective program monitoring and program improvement.

“Money alone is not enough to solve the education problem.”

The workshop discussions also looked at standardization as a way to ensure quality delivery. A project from India was cited as an example: in this private initiative, a team of education professionals with a long track record in the field of education designs a standardized curriculum and lesson plans. These lesson plans are supplemented by extensive learning aids and constant monitoring of classroom processes for regular staff feedback. The project had so far proved to be successful in primary schools, but it was not clear if the same results could be obtained in secondary schools.

B2: Responding to Disaster: Humanitarian Relief and Philanthropy

Moderator:

Luk Van Wassenhove, Academic Director, Social Innovation Centre;
Henry Ford Chaired Professor of Manufacturing, INSEAD, France

Discussants:

Stefan Germann, Director, Learning and Partnerships, World Vision International, Switzerland

Rey-Sheng Her, Spokesperson, Tzu Chi Foundation, Taiwan

Randall Zindler, CEO, Medair, Switzerland

Developing effective responses to natural disasters is a challenge. Historically, it has been the role of governments, NGOs, the UN and related organizations to implement relief actions when natural and man-made disasters occurred.

Yet in recent years business and philanthropists have also started to play a role in relief operations. These new actors can contribute tremendously in terms of best practice, resources and technology, which can be of great help when dealing with disasters of extreme magnitude and complexity, like the recent earthquake in Haiti or the 2004 tsunami in Asia. The challenge, however, is to make sure that resources are leveraged correctly.

One of the points addressed in the workshop was the recent increase in the human toll of disasters, mainly due to degradation/climate change and rapid population growth. In this regard, the importance of pre-disaster mitigation measures was highlighted – it has been estimated that for every USD 1 spent on mitigation there is a USD 10 reduction in post-disaster losses. While many natural disasters may not be directly related to environmental degradation, a number of them are. In these cases, measures can be taken to reduce environmental degradation and thus avoid the risk of related natural disasters. Preemptive measures to reduce floods, erosions, deforestation and other sources of natural disasters will pay high dividends.



A workshop

It was also pointed out during the session that an effective response will use the rehabilitation process as an opportunity to strengthen the affected local community. One of the speakers commented, however, that rehabilitation is not recognized as a main priority by the majority of relief organizations. It was mentioned that private philanthropists could fill this gap, engaging in long-term development efforts after disasters occur – they can contribute with business expertise, which is one of the key elements when rebuilding livelihoods.

The role of the media in humanitarian operations was also looked into. One of the speakers mentioned that the media has contributed tremendously in recent years to create awareness, bringing people's attention to disasters that in the past would have passed unnoticed, and that it can play a key role in the efforts to bring more accountability to the sector. Some panelists observed, however, that the contribution of the media could be even more valuable if it could increase its focus on long-term rehabilitation efforts instead of doing only immediate post-disaster coverage.

B3: The Merging of Megacities: Sustaining Environments

Moderator:

Anders Wilhelmson, Founder, Peepoople, Sweden

Discussants:

Ashish Karamchandani, Founder, Monitor Inclusive Markets, India

Regina Lopez, Managing Director, ABS-CBN Foundation, Philippines

Jorge Quiroga, Former President of Bolivia; Member of the Club de Madrid, Spain

The world is witnessing an explosion in urban population. At the dawn of the 21st Century two trends are emerging: the merging of megacities into city-regions and the expansion of city slums. In this respect, two areas where action is needed are housing and sewage.

A new model for providing housing

In most emerging markets there is a strong need for housing and demand for moving away from slums. India has seen a new market created in the area of building social housing for lower-income citizens who are slum dwellers. The houses built are of high quality, but smaller and cheaper than the average smallest house provided by the market until now, yet still located close to transport links and amenities to be appealing.

“Urban inequality is the number one causes of social tension and unrest.”

The challenges in creating this new market in India (estimated at USD 260 billion) have so far been: appealing to industrialists – a four year effort; ensuring financing is available to support the purchase of the new housing by the slum dwellers; and, as the first families settle in their housing, identifying early on the mistakes that must not be replicated as the market gathers pace.

Cleaning up sewage

Less than 10% of the world's sewage goes through a treatment plant; in many cities it often ends up in rivers. The main rivers that flow through Manila are so toxic that methane bubbles up from the water which often lays invisible under rubbish.

How do you go about cleaning them? The first step is to understand the cleaning starts with relocating the families that live on the banks of the river. Usually the poorest people live by rivers, good relocation opportunities must be provided to ensure they do not return.

Alongside vision, success requires the strong involvement of the community and government stakeholders which is achieved through:

- Ensuring the community feels an affinity with the river, that they own the cleaning project;
- Enlisting neutral, apolitical intermediaries to bring the necessary stakeholders together.

Roles for philanthropy

According to a recent UN-HABITAT report, urban inequality is the number one cause of social tension and unrest. One therefore cannot avoid looking at the challenges of megacities, and philanthropy can play a role, particularly as regards:

1. Building housing, but also recording property rights which are crucial for loans
2. Supporting children's education and access to health
3. Supporting migrant remittances by providing cheap banking services

B4: Innovation Networks: Crowd Intelligence for Healthcare

Moderator:

Duncan Power, CEO, Charities Aid Foundation, Australia

Discussants:

Seth Berkley, President and CEO, International AIDS Vaccine Initiative, USA

Dante Carraro, Director, Doctors with Africa CUAMM, Italy

Leslie Morgan, Founder, Morgan Charitable Trust; Managing Director, Durbin PLC, UK

Mechai Viravaidya, Founder and Chairman, Population and Community Development Association, Thailand

The workshop explored the implications of establishing multi-stakeholder collaborative efforts in order to tackle the challenges of the healthcare sector. Such networks help complement the individual capabilities of each partner and increase impact.

Used correctly these networks can create a self-reinforcing cycle of innovation that is greater than the sum of its parts. In these collaborative efforts, the dynamics of the process are more important than the initial conditions. However, collaborative efforts also have their limits, and philanthropists need to understand where they stand.

The dialogue started with a look at public-private partnerships (PPPs) in the health sector, and their importance as drivers of innovative and groundbreaking solutions to global health challenges. These partnerships have emerged as a new avenue of reform, recognizing that unlike in the past, no one sector can create these ground breaking solutions on its own, but rather require cooperation. Several of these initiatives have contributed positively to health outcomes in recent years, developing technologies for tropical diseases, surveillance and screening strategies. Private philanthropists, it was noted, play a key role in ensuring the success of these partnerships and can have transformative effects: they tend to think big, they are willing to take risks and as such drive innovation. Philanthropists also have an important role to play as strong advocates of the causes they support.

The workshop also examined the importance of measuring the results of non-governmental organizations (NGOs) involved in the provision of health services. The demand for transparency and accountability in the social sector has increased tremendously over the last few years, which is forcing NGOs to develop reliable impact measurement tools. The example of an NGO operating hospitals in sub-Saharan Africa was presented: the organization has developed an innovative index to measure hospital productivity. By establishing a mechanism that effectively measures the impact of its activities, the NGO is well positioned to attract new partners for its projects.

Regarding the challenges facing collaborative efforts in the healthcare sector, the most prevalent difficulty, in particular for private philanthropists, is to find the right partner. In this regard, speakers and participants agreed that more "marriage brokers" were needed in this sector, and one of the speakers commented that UBS already fulfils this role by organizing knowledge exchange platforms like the Philanthropy Forum, which give the opportunity to network and eventually find project partners.

Module C: Financing for the Future

C1: Robust Giving: Philanthropy through Economic Cycles

Moderator:

Salvatore LaSpada, Chief Executive, Institute for Philanthropy, UK

Discussants:

Tracy Gary, Founder, Inspired Legacies, USA

Leslie Morgan, Founder, Morgan Charitable Trust; Managing Director, Durbin PLC, UK

Bill Mummery, Managing Director, Celton Manx, Singapore

Innovation has recently been a buzzword when looking at how to fund philanthropy, and at the renewed interest in spending down endowments. Another timely debate has been on how to manage funds in order to maintain a degree of spending stability between lean and fruitful years.

Difficult times are not the be-all and end-all for philanthropy. Session participants were reminded that in the US, a number of the more important foundations were founded around the Great Depression (Ford and W. K. Kellogg foundations, Lilly Endowment).

A key focus of debates in this workshop was on companies which, in the process of recovering from the recession, would be taking a step back from philanthropy to focus on their mandate of generating income for shareholders. Yet it can make sense to maintain a foothold in Corporate Social Responsibility (CSR) and philanthropy as customers have been shown to favor companies with such policies. It was also noted that employees and management in companies where there is a philanthropic culture, incentives for staff giving and support for staff volunteering, were much happier. Participants also noted that executives with their own personal philanthropic experience were often instrumental in contributing to reflections on philanthropy within their own company.

As regards involving shareholders in giving, an innovative approach is that of Danone which allows shareholders to donate their dividends to its foundation. Interestingly, there is anecdotal evidence from Singapore that shareholders are becoming increasingly interested in, and questioning management about companies' engagement in philanthropic activities.

In Britain, the recession has led to higher taxes, which in turn has led to increased channeling of funds towards philanthropy as an alternative to paying the higher taxes. Another consequence of the recession is an increased focus by NGOs on better managing funds. A third outcome has been civil society coming together to lobby government into creating a new type of trust that facilitates giving.

Looking at countries such as India, there currently appears to be a low level of giving despite a high number of millionaires and successful enterprises because the focus in the country is currently on building capital rather than spending it. All participants agreed that in difficult times, the greatest impact can be reached by working with others to grow capacity and share experiences. They also recognized that giving advice is sometimes just as valuable as a donation.

C2: Investing for Endurance: Asset Management for Foundations

Moderator:

Marc Beaujean, Director, McKinsey & Company, Belgium

Discussants:

Norman Macdonald, Director, Management Services and Treasurer, International Rice Research Institute, Philippines

Cornelius Pietzner, Treasurer, Executive Council, General Anthroposophical Society, Switzerland

Andrew Pitt, Head of Charities Desk, UBS, UK

Marco Schaller, Head Values-Based Investing, UBS, Switzerland

When investing assets to finance grantmaking activities, philanthropists must balance a fiduciary duty to preserve endowments with the obligation to maximize financial returns and payouts. Effective asset management (AM) plays a crucial role in resolving this challenge. However, in recent years considerations for effective asset management have broadened from issues of financial risk and return, to the use of endowments as an additional tool for social change (see "The other 95%" by Daniel Schwartz, Viewpoints 2007, UBS).

"Inflation is the worst enemy of long-term charity endowment."

The two approaches do not always align. From a pure asset management perspective "*inflation is the worst enemy of long-term charity endowment*" according to Andrew Pitt, Head of UBS's UK Charities Desk managing over £2 billion in charitable assets. Furthermore, grantmaking payout ratios of 4-5% are typical, as any additional payout "*stretches the capabilities of even the best investment manager*" – and would lead to a gradual drawdown of philanthropic endowments.

Asset management, and the expertise needed, are often a function of the profile of the foundation. Smaller institutions will be more conservative as will those relying on external cash incomes. The International Rice Research Institute (IRRI) for example, which depends heavily on external funding rather than an endowment, takes a highly risk-averse approach with no investments in agriculture (its primary

area of operation), locks in favorable exchange rates, investing through 5 different managers, and with equity investments requiring board approval (the present portfolio contains only one non principle-protected equity fund).

Given the constraints on payouts placed by traditional asset management, philanthropists are increasingly exploring venture philanthropy and values-based investing as an additional lever. Using the mission to decide the asset management strategy can help create a “*virtuous circle*,” according to Cornelius Pietzner, who serves on the boards of several foundations. This was a view echoed by participants and by Marco Schaller, Head Values-Based Investing at UBS. Acknowledging that while no banks have a comprehensive offering and finding the right opportunities can be difficult, the field is maturing.

There was a degree of disagreement on whether foundations should trade-off potential for financial returns for potential for social impact. Some philanthropists, particularly those personally engaged in the administration of their endowments, may seek investments that minimize the “*disharmony between investments and grantmaking*,” while others – particularly institutional organizations such as IRRI and foundations with strong fiduciary requirements, may prefer the more conservative approach of placing financial asset management first.

C3: Making Big Bets: from Microfinance to Impact Investing

Moderator:

Mark Kramer, Founder and Managing Director, FSG, USA

Discussants:

Doug Miller, Founder, Asian Venture Philanthropy Network, UK

Durreen Shahnaz, Founder, Impact Investing Exchange Asia, Singapore

Klaus Tischhauser, Managing Director, responsAbility, Switzerland

Terry Winters, Executive Chairman, Opportunity International, Australia

Recent research by the Consultative Group to Assist the Poor (CGAP) has found that microfinance assets under management grew 32% last year, during a period of vast uncertainty for stock markets. This growth illustrates that big, well timed, bets on promising initiatives can lead to paradigm shifts – such as the acceptance that profit and philanthropy can overlap. This was validated by a poll of 56 participants in the workshop, of which 90% indicated they were comfortable making a profit from social businesses.

What drives people towards this form of philanthropy? For Doug Miller, among others, it was dissatisfaction with the limitations of grantmaking that led him towards venture philanthropy – a more “engaged philanthropy” with a strong focus on impact investing.

Participants agreed that microfinance, as a business, illustrated both the opportunities and challenges inherent in this field. Microfinance started small and as a social business, and there remain risks that may require organizations to pull back. However, according to Klaus Tischhauser the key challenge today is to target and reduce the “poverty premium.” There is still great potential for impact in fields as diverse as microsavings, health, education, and agriculture.

Following the lead of microfinance a new breed of entities has emerged in the past few decades. Yet, the field remains challenging and most participants agreed on the need for advocacy in policy making and capacity building of organizations themselves. A problem solved by Impact Investing Exchange Asia (Singapore) and Opportunity International (Australia) that created non-profit arms that advise for-profit initiatives.

One challenge participants highlighted was the various definitions of impact investment. For the investor, a useful starting point may be: an organization where the core of the operating model seeks a development impact – and a business emerges around that core. The importance of government was also highlighted, reflecting the experience of Grameen Bank which was 90% government owned – a fact often overlooked in the history of microfinance.

Open questions remain and the infrastructure of venture philanthropy and impact investments is only just emerging. Doug Miller pointed out that there is virtually no market in any country for such initiatives, though others indicated that one is emerging. As an evolutionary process of philanthropy itself, impact investments hold promise for a wider portfolio of intervention options for tomorrow's philanthropist.

C4: Contrarian Moves: Philanthropists as Countercyclical Investors

Moderator:

Matthew Bishop, New-York Bureau Chief, The Economist; Author, *Philanthrocapitalism: How the rich can save the world*, USA

Discussants:

Douglas Hamilton, Deputy Director, Pew Economic Policy Group, The Pew Charitable Trust, USA
Patrice Hoppenot, President, Investisseur et Partenaire pour le Développement, France
Cornelius Pietzner, Treasurer, Executive Council, General Anthroposophical Society, Switzerland

Though some foundations increased giving during the economic turmoil, others cut back on their spending, including for those most in need. This is where contingency-based thinking becomes increasingly important, something that the author of *Philanthrocapitalism: How the rich can save the world* explored with a panel of experts.

Foundations, in order not to undermine their credibility as donors, need to remain reliable partners for those they have made commitments to. Hence, it is critical to have in store a tool box that enables a foundation to maintain a smooth giving-plans that is not adversely affected by the inevitable effects of economic downturns, particularly when facing the constraint of perpetuity. Though, as one of the panelists pointed out, there is no perfect giving plan.

Discussants agreed that with a shrunken portfolio in economic downturns, a foundation may be required to (i) start prioritize its giving, (ii) broker additional or alternative partnerships in order to leverage other forms of support to their recipients, (iii) push for less conservative giving as opposed to spending the return on capital or stick to a 5% rule for distribution, and/or (iv) ensure bets are hedged in a downturn. On the last point, most foundation giving equals to 5% or less of their total assets each year, hence it was noted that the "hedge" really doesn't need to be that big.

Furthermore, the audience observed that including more women on the finance board of foundations may lead to less fluctuation in the giving-plan. The theory being that the comfort-zones and risk-preferences in which men and women find themselves when investing are different.

A further contribution was a panelist's experience of supporting SMEs in Africa through a private finance company. There is limited know-how to manage business(es) in Africa. The success of the enterprise relied on adapting to local practices based on trust instead of law and on building capacity. These investments provide strong returns (80% of start-ups are profitable within three years), and in difficult times for traditional economies, can provide a new avenue of investments for foundation combined with social impact. Participants agreed that such mission related investments had a "sanitary effect" on foundations that should also be innovative in how they invest their assets.



Delegates visiting the Singapore National Museum

Venture Labs

The second day of the Forum was an opportunity for delegates to attend one of two “Venture Lab” workshops. The workshops provided participants with an opportunity to discover the activities of eight social enterprises looking for funding, to take part in their evaluation and to vote for those they found most innovative.

More importantly, the “Venture Labs” were an opportunity:

- For delegates to witness and take part in an evaluation process
- For the organizations presenting their projects to receive critical and constructive feedback

Each participating organization was invited to present a project for which they were seeking funding. An assessment board of seasoned philanthropy practitioners was then asked to evaluate and provide feedback on the projects.

The audience was equipped with remote voting devices which also provided them with the opportunity to provide their own feedback on the projects, their assets, and areas where more information would be useful.

Non-profit “Venture Lab” V1

The four non-profit organizations taking part in “Venture Lab” V1 were:

- The *International AIDS Vaccine Initiative* which looks to identify and cultivate emerging technologies for AIDS vaccine development, particularly targeting biotechnology companies.
- The *Half the Sky Foundation*, which looks at improving the conditions of living of children in Chinese orphanages.
- *Kanchi*, an Irish organization which promotes The Ability Awards, a prize to encourage and reward businesses employing disabled individuals.
- *SolarAid* which seeks to provide microfinancing to support African entrepreneurs tap into the market for renewable solar energy products.

The assessment board providing feedback on the projects was composed of:

Leslie Morgan, Founder, Morgan Charitable Trust, UK
Stanley Tan, Chairman, Community Foundation of Singapore, Singapore
Kim Wahl, Chairman, Voxtra Foundation, Norway

For-profit “Venture Lab” V2

In the second “Venture Lab” participants learned about the activities and ambitions of four for-profit social enterprises, namely:

- *Qifang*, an internet portal which acts as a transparent loan marketplace and social network to support Chinese students.
- *Ventures in Development*, an organization supporting the creation of social enterprises helping nomads in China use the resources of their yaks.
- *Bridgeworks*, an investment institution investing in companies devising new and bold projects in the fields of education, the environment and health.
- *Peepoople*, a start-up company looking at providing safe sanitation to the world’s poor through a self-sanitizing single-use biodegradable toilet.

The assessment board was composed of:

Ray-Sheng Her, Spokesperson, Tzu Chi Foundation, Taiwan
Doug Miller, Founder, Asian Venture Philanthropy Network, UK
Mark Beaujean, Director, McKinsey & Company, Belgium

For further information on the Venture Labs and the projects presented, please contact Sh-Philanthropy-Services@ubs.com.

About UBS Philanthropy Services

At UBS Philanthropy Services we support individuals and families with philanthropic aspirations, enabling them to develop their own approach and to access a wide range of sustainable philanthropic engagement options across regions and sectors. As clients make a series of strategic choices on the way from issue definition to solution design, they benefit from our holistic approach.

UBS Philanthropy Services is part of the Philanthropy and Values-Based Investing unit within the UHNW business area. Building on UBS's ongoing commitment to philanthropy we have decided to strengthen and grow our capacity and capabilities. With a single global team of over 30 in-house experts offering "one-stop" professional services, Philanthropy & Values-Based Investing provides a holistic approach, to all aspects of charitable giving, philanthropy and values-based investing. Offering complete confidentiality, the team is headquartered in Switzerland, with a presence in Australia, Hong Kong, Paris, New York, and Singapore. This network allows us to operate internationally, complementing our service offering through local market expertise and capacity while drawing on global expertise and network.

There are four elements to the UBS Philanthropy Services' offering:

- *Knowledge exchange platforms:* UBS has developed a world-class event platform providing philanthropists safe-space access to leading thinking and practice and offering the ability to network with peers. These events range from local roundtables to the UBS Philanthropy Forum. UBS also conducts the annual Visionaris Social Entrepreneurship Awards in Latin America, held in collaboration with Ashoka.
- *Strategic advice:* Adopting a structured approach, UBS Philanthropy Services helps clients reach sound decisions on their philanthropic ambitions. Helping them navigate an increasingly complex field, it provides support to clarify motivations and objectives, establish effective governance and find the best local partners.
- *Operational support:* For clients in the later stages of the philanthropy lifecycle and looking to establish a giving plan, UBS Philanthropy Services helps identify and establish structures that are efficient and effective, including pooled structures and endowed foundations.
- *Financing mechanisms:* For philanthropists that already have an institutional mechanism in place, UBS Philanthropy Services can mediate with internal specialists to build advanced solutions for asset management appropriate to non-profit organizations.

UBS Philanthropy Services strives to be a partner for clients determined to make a difference. Whether defining a strategy for giving or designing a governance mechanism for a private foundation, philanthropists require access to aggregated information, support, and finance in every life stage of their philanthropic career. UBS Philanthropy Services promises to convene the bank's vast own and network expertise, making it available to further a client's chosen personal and philanthropic objectives.

Contact

Mathias Terheggen
UBS AG
Head Philanthropy Services
Philanthropy & Values-Based Investing
Bärengasse 16, CH-8098 Zurich
Tel. +41-44-234 83 30
mathias.terheggen@ubs.com
www.ubs.com/philanthropy

This document is for your information only and is not intended as an offer, or a solicitation of an offer, to transact any product or service and it should not be deemed as the giving of investment advice. It has no regard to the specific investment objectives, financial situation or needs of any recipient. UBS AG ("UBS") does not provide legal or tax advice. Certain products and services are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis. Although information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, neither representation nor warranty, express or implied, is made as to its accuracy or completeness. All information and opinions indicated are subject to change without notice. UBS specifically prohibits the redistribution of this document in whole or in part without the written permission of UBS and accepts no liability whatsoever for the actions of third parties in this respect. © UBS 2010. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

