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Headline: **Help at hand**

Byline: Philanthropy is undergoing a shift as donors realise the value and personal fulfilment in venture altruism, writes Charmaine Carvalho

When businessman James Chen Yue-jia and his siblings decided to continue their father's good works on the mainland, they didn't just whip out their chequebooks. They hired a consultant to help them structure grants and spent a year discussing what causes to support and how their money could be best used. The result: the Chen Yet-sen Family Foundation, set up in 2003 to focus on building school libraries on the mainland.

Compared to the rest of the world, Asians rank as being more willing to give to people in need - rich donors in the Asia Pacific allocate 11.8 per cent of their portfolios to philanthropy compared to 7.6 per cent in North America, according to a Merrill Lynch report last year.

But givers don't often spend time considering how their generosity is applied, which means "the giving then becomes emotional and not well thought out", says Chen, whose family business is in manufacturing building materials and packaging.

"What we've been trying to do is adopt some of the best practices people have had in the west in terms of strategic philanthropy."

Other wealthy families in Hong Kong are waking up to venture altruism, a notion that is taking off in the west. Just as venture capitalists invest money and expertise in companies with potential, smart benefactors take a more hands-on approach and seek to direct grants to promising non-profit groups.

The Robert H.N. Ho Family Foundation, which promotes art and culture, not only provides funding but also collaborates with groups that may require its expertise and runs its own programmes.

"While we expected grants to be very important, we were surprised to see the other two categories of projects become equally or more important," says foundation president Caroline Pfohl-Ho.

Through Our Eyes - the first project the foundation created - is designed to stimulate civic consciousness among teenagers by giving secondary students the chance to photograph and write about Hong Kong for a book project.

They took a risk starting a project themselves but the Eyes scheme has been a great success, says Pfohl-Ho. "It's growing almost faster than we can keep

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up with. It just found a place among teenagers."

Drawing on that experience, the foundation is now teaming up with Taiwan dance company Cloud Gate to introduce dance to kindergarten pupils here. "They have expertise in designing such programmes and we have ideas on how it could best work in Hong Kong," she says.

Family members' passions continue to shape the foundation's work. Besides the arts, it's beginning to fund projects that deal with the impact of Buddhist philosophies. The photography project also raised concern for the environment, which is fast becoming another focus area.

The emphasis on active involvement and providing skills and knowledge distinguishes these charities from traditional philanthropy. Chen, for example, hopes that his foundation can become a resource for establishing community or school libraries. "So we're not just providing money, it's the expertise," he says.

Last year, the foundation held a conference to share what it had learned with others involved in library work on the mainland, and funded research to develop models for setting up libraries in rural areas. Chen says the role of private foundations is to nurture innovation. The government and large organisations such as the Jockey Club generally prefer to support established groups and schemes, but funding is also needed for untried programmes, he says. "If they work, these can be scaled up and then attract the bigger funding."

Although his charity is prepared to bet on creative, less conventional ventures, it sets rigorous standards. "It was difficult to make our money and we try to apply standards similar to business projects - whether to invest or not to invest, what to expect of the impact," says Chen. "When we make a grant commitment, we sign a contract with recipient organisations detailing our expectations, what the reporting is and spread out our money depending on [progress]."

Typically, about half the grant is released when the Chen foundation receives a brief mid-term report - usually on a selection of books and orders placed with publishers. Another 40 per cent is issued when the library is up and running and the remainder on receipt of a final report detailing the accounts and lessons learned. With larger grants, the charity pays for an independent assessment of the impact and effectiveness of a project.

The Ho foundation also discusses goals and review data with grant recipients and collaborating groups. "We're always looking to assess how well the money is working - see what's working well, what's a failure, what we could do better," says Pfohl-Ho.

Non-profit groups in Hong Kong and the mainland don't always know how to conduct such reviews. But as donors become more discerning, they must step up to the plate. "Today there's a lot more emphasis from donors on outcomes

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and the underlying strategy," says Nancy Yang of Asian Charity Services, which helps smaller charities raise their standards. "For example, if you're alleviating poverty, how are you doing it? Which segment are you targeting, do you have milestones, say, after six months on what can they expect."

A former management consultant, Yang says grant applicants face new challenges. "They compete for a lot of the same funds and it's difficult to explain to donors how their strategy is distinct."

The shift among donors was set in motion when the government began cutting subsidies to charities in 1998, says Terry Farris, head of philanthropy services, Asia Pacific, at UBS, which advises clients on structuring contributions. As local philanthropists stepped in to fill the gap, they began to adopt a more strategic approach.

In recent years, this was coupled with funds being transferred to charitable trusts as wealthy people began to consider how much family members should inherit. And some are finding that philanthropy can be a great tool to encourage families to plan for succession, Farris says.

Still, the pressure of dispensing huge grants can be overwhelming, which may be why some people set up professionally run philanthropic ventures, and leave it to their heirs to decide how deeply involved they want to be.

But those who take an active role in the charities often find it rewarding. "It can be a good training ground for the younger generation and provide a measure of cohesion in the family," says Samantha Bradley, Hong Kong managing director of Withers, a law firm that advises on philanthropic ventures. "It can be an alternative to bringing the younger generation into the family business."

However, experts say good governance structures must be set up to take differing family views into account. Chen acknowledges that arriving at a consensus about what to focus on was a challenge, given the many interests within the family. But once set up, the foundation helped cement family ties.

Even his young children are getting involved. "I want my children to grow up with a sense that it is their responsibility to give back to the community, but it's also a way to share common values for all of us."

Pfohl-Ho agrees. The foundation has helped the Ho family, which is scattered in different countries, focus on what's important. "We didn't usually talk about these things at dinner. But dealing with issues such as the state of the education system daily made us think more about them and to want to be involved," she says. "It's changed all of us a great deal."

For Chen, who spends half his time running his family's philanthropic ventures, it's also very satisfying. "I come from an entrepreneurial family. Now I'm helping fund organisations rather than start a business," he says.

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"Many Chinese people are entrepreneurial - it would make a huge difference if they could divert some of that energy into philanthropy."

Caption: Gift of giving: Caroline Pfohl-Ho (left), president of the Robert H.N. Ho Family Foundation, and James Chen (above) of the Chen Yet-sen Family Foundation

Photographer: Corbis, K.Y. Cheng

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