

Grantmaking and Philanthropy in China

Host: Ted Hart

Guest: Elizabeth Sobhani – CAF America

Announcer: Welcome to the *CAF America Radio Network*, a production of the Charities Aid Foundation of America. As the leader in global giving, CAF America offers more than 20 years of experience and expertise to corporations, foundations, and individuals who wish to give internationally and with enhanced due diligence in the United States. Through its industry-leading grants management programs and philanthropic advisory services, CAF America helps donors amplify their impact. This show is dedicated to these donors and the charity they support.

CAF America is uniquely positioned to serve as the bridge between these important partners and transforms vision into meaningful action. Guests on the *CAF America Radio Network* are leaders and their fields who share tips for success and stories that inspire. Our host is Ted Hart, the CEO of the Charities Aid Foundation of America. This is a live call-in show, add your voice by calling 914-338-0855. After the show, you can find all of our podcasts at cafamerica.org. Don't forget to dial 914-338-0855. Now, welcome the host of the *CAF America Radio Network*, Ted Hart.

Ted Hart: Welcome here to the latest edition of the *CAF America Radio Network*. Thank you for joining us today. It's a very important topic that we cover today. We have a very important person with us, to help us talk about Asia-Pacific advisory services in Asia-Pacific grantmaking. Today, on the *CAF America Radio Network*, we have Elizabeth Sobhani. Elizabeth, currently, serves as Asia-Pacific Advisor Network Coordinator here at CAF America. She is also a partner and managing director of Lotus Consulting. She brings 15 plus years in management consulting in Australia, North America, and China.

She worked for a top-tier strategy consulting firm, Bain & Company, and was also the vice president of strategy for ACE, a global insurance company. Elizabeth has worked extensively with nonprofits and companies to help them with various strategy and change management projects. That is why we have tapped her here at CAF America because she is so experienced and she's also very loyal because-- Welcome here, Elizabeth. I understand that you're coming to us live from Beijing, China, where it is 10:30 PM in the evening, is that right?

Elizabeth Sobhani: That is correct, Ted. It's a pleasure to be here though.

Ted: Well, Elizabeth, thank you for calling in here to the show to give us an opportunity to explore this very important topic. Let's start off with the topic itself, why is an Asia-Pacific advisory network important to an organization like CAF America? What does it do and is there much of a market?

Elizabeth: Sure. Giving in Asia is something that is increasing very rapidly, especially in China. You think about a fifth of the world's population being here and philanthropy being a very new

concept. The amount of wealth that you see here in China, there's been an absolute surge in philanthropy and giving here because people realize with the economic wealth that we've had, but at the same time, we still have quite large social issues that need to be addressed. We can't just rely on the government, in any country, to address those. We still, as individuals or companies, also have a part to play.

Ted: In creating, working with philanthropists in China, from the CAF America perspective, there's a great deal of interest in donors throughout North America, in supporting various causes throughout the Asia-Pacific Region. You're currently in Beijing, China, as we mentioned earlier, but you are the coordinator of an advisory network for CAF America, where do we have advisors and how does this all work for corporations, foundations, and individuals, who want to give to charities in the Asia-Pacific Region?

Elizabeth: Right. I'm the hub or the coordinator here for CAF America and then, there are some advisors throughout Asia as well, whether it's in Singapore or other countries. Through this hub and through this network and even our experience at Lotus Consulting here, we often understand about various nonprofits in those countries and especially in China. We can do the due diligence, understand those organizations, and really provide some advice or insights to those prospective donors.

Ted: Of course, CAF America has been granting into the Asia-Pacific Region for more than 20 years. It's a great deal of experience here, but having advisors on the ground, having advisors in our network that can assist with language and culture, mentioned to possibly visit the charities if needed, possibly even provide for opportunities for donors to visit charities within country, why do those kinds of services matter and why can't they be done remotely?

Elizabeth: Sure. Well, it's pretty clear and simple. You can be a donor in North America and go on a website for a non-profit in Korea, in Japan, in China, and get a certain level of information, but that really does not provide the type of information to ensure that it meets your standards. That's just what's on the surface. By doing site visits, by talking to the management team, by understanding who's on their boards, by seeing their programs first-hand, that's where you're really able to assess and see if the organization really meets those standards and those requirements.

Ted: You and the other advisors really bring that expertise that aids in our overall vetting process to cover, what we call, the three Rs here at CAF America. Certainly, regulation from the IRS perspective, CAF America is an expert in that area, but then, when it comes to risk, let's talk a little bit about why CAF America is so important to donors in taking on that risk. What kind of risks could there be in granting in the Asia-Pacific Region?

Elizabeth: Absolutely. I think first-hand experience here in China through a very established non-profit like the Red Cross, where there was fraud. That has really tampered the trust of nonprofits throughout the entire country because you had such a well-known non-profit like that experience such an awful situation through just a couple of its employees. The risks are

huge in terms of accountability, fraud with money or even misreporting program impact and the size and scale of one's programs.

I think where this is a relatively new industry in some of the Asian countries, there isn't expertise and the experience for the non-profit staff. This is where those standards and really doing site visits and understanding what the non-profit's delivering are so important.

Ted: That brings us to the third R, which is reputation, protecting the donor's reputation when there is fraud. Obviously, that is disturbing to have money misappropriated, but how can that reflect back on the donor?

Elizabeth: It's clear and simple. It's going to reflect negatively because the donor didn't necessarily do their due diligence well enough to really understand that non-profit. Again, another reason why this process of having someone on the ground to really vet the non-profit is so important.

Ted: That's where an organization like CAF America with the backup services of Asia-Pacific advisory network coordinator and all the other advisors become so important to the overall success that donors can have when they work with CAF America. I'm curious, you're right there in China, you're right in the heart of it, you service our coordinator throughout the Asia-Pacific Region, what trends are you seeing, witnessing in the Asia-Pacific Region in terms of grants coming into the region? What are you seeing? Is this a growing area or an area of concern?

Elizabeth: Growing, without a doubt and going to continue to grow. I think the grants are not only coming in from North America into this region now, they're from Europe and we're even seeing within Asia, more and more grants or within the home country, a culture of philanthropy and more companies wanting to give as well. It's being spurred by overseas grants and it's, then, creating a culture within the country itself.

Ted: Really, having people on the ground, like CAF America does, having the ability to be able to reach into these countries and to understand cultural differences, language differences, that really becomes the heart of the overall success that you can have in working with the CAF America. CAF America, of course, is a market leader in providing donor advised products and advisory services for multinational corporations in the Asia-Pacific Region. We're constantly providing real-time updates to our donors on new giving strategies they can employ for maximum impact.

I'm wondering, from your perspective, what advice do you have for corporations, foundations, individuals who are maybe new or thinking about giving in the Asia-Pacific Region? Looking to work with CAF America, what advantages do they receive?

Elizabeth: Great question. With multinationals, they usually do a global philanthropic strategy. At least, they have their focus areas of where they want to give. They, then, sometimes are looking for more established nonprofits in the countries, but at the same time, they want to have that grassroots impact. For example, some of the larger nonprofits here in China actually are government-operated nonprofits. They're not looking to go through those. They want

private or individual nonprofits, but we don't always have the scale if they're relatively new nonprofits.

I think finding that match for a nonprofit where it fits with their strategic focus areas, but also, where they can get the reach, where it's in the geographic areas, where they're located within that country and it's a nonprofit that's a little more established than a grassroots organization, but may not have all the controls of a government-operated nonprofit.

Ted: All right. That really becomes an issue that you and other advisors can assist with in sorting all of that out.

Elizabeth: Yes. [laughs] It sounds much simpler than it really is in reality. [laughs]

Ted: It is. It is scary for donors to think about sending their money so far away but because of philanthropic or because there's business interest that they want to build support. Local communities, they want to be able to help strengthen the local area where they're doing business. It takes a lot to make all of that work successfully. As I said before, make sure that we're staying true to the three Rs of regulation, risk management, and protecting your reputation.

Elizabeth: Yes. There is an additional aspect with multinationals, where they're sometimes working for some tie to their business as well and looking for there to be a synergy. It doesn't have to be a shared value to that extent, but at least, some synergy with their business that they're in and finding a nonprofit- [crosstalk]

Ted: Let's talk about this synergy part. Let's talk about the synergy part, then, we're going to take a brief break. Then, when we come back since you've it on the table, when we come back after the break, I want to get into shared value and how that might work in the Asia-Pacific Region. Let's start off with synergy that you've mentioned between corporations and their philanthropic interests.

Elizabeth: Sure. For example, if it's a healthcare company, they're not probably going to have a natural focus area that's going to be on pollution, per se. They might have a more natural focus that's on aging or on specific diseases that they are covering with their products. Other organizations that may be are more natural interest, like an accounting firm, to actually focus on education because they're educating some of their clients about- or doing audits for them and they want to also look at education in the school system. It's a more natural fit with their employees and then, they offer training courses on financial management to students at the school. They can engage their employees, sometimes, more easily if there is that synergy.

Ted: Sometimes, the engagement is not just about the grant-making, but it's also about the advisory work that CAF America can do with our advisors helping us understanding again on the ground local culture, what works, where are the partners. All of that coming together helps for a more successful granting process, is that correct?

Elizabeth: Correct. It's not just about giving the money away to have a really effective philanthropic program. There's more to it than that and we can help from that cultural context, from employee engagement context as well through CAF America.

Ted: That's terrific. We are live here on the *CAF America Radio Network* with Elizabeth Sobhani, who serves as the Asian-Pacific advisor network coordinator for CAF America. We'll be right back after this brief break.

Announcer: Remember our podcast and archives are always available 24 hours a day at cafamerica.org. If you're listening today, our phone lines are open. Call in and ask a question by dialing 914-338-0855. Now, back to the *CAF America Radio Network* and our host, Ted Hart.

Ted: This is Ted Hart and we're live back here on the *CAF America Radio Network*. Elizabeth Sobhani brought up a topic that I wanted to explore a little more just before the break. You brought up this concept of Shared Value Initiative. Now, you and I are both certified as Shared Value Initiative consultants. You are a member and a contributor to the Shared Value Initiative. Tell us a little bit about that and why that has relevance in the Asia-Pacific Region that you coordinate.

Elizabeth: Again, 10 years ago, philanthropy didn't exist here in China and probably, 20 years ago, it didn't really exist too much in the Asia-Pacific Region. Being relatively new, companies haven't had the length of experience to go through charitable giving to more CSR or all-encompassing strategies. Instead, they're coming on board later and they are looking for more of return in the game. Shared Value presents an opportunity for them to really achieve business results through a Shared Value Initiative, while at the same time, generating social impact at scale. It's quite interesting philosophy that you and I both know about, where it's very attractive to some companies in Asia, who are late on the bandwagon here.

Ted: It is advisory-intensive in pulling together a network that can help the corporation, the community, the charities, that may be part of that Shared Value Initiative, all learn how to work together, whether it's Shared Value or it's philanthropy to community building. Any of those becomes even more intensive on the advisory side to have any chance of being impactful.

Elizabeth: Correct. That's another trend we're seeing here. It's not just the readiness to do more Shared Value Initiatives in China, which do involve companies may be spearheading it but partnerships with nonprofits or with the government as well to do that, but a second trend, which we are seeing and actually, I just spoke at a conference about it yesterday, collective impact.

Really, to be very effective, and this is where advisory services are needed as well, for donors and nonprofits to think about not isolated impact, what they can do to address this social issue. These are complex social issues. We need to pull the relevant stakeholders and really create a program for change, where you've got share measurement and you've got shared vision of what can happen in the future.

Ted: It's a shared approach that I'm imagining, has a lot of relevance to the Asian communities throughout the Asia-Pacific Region that you help represent for CAF America.

Elizabeth: Most definitely. Again, from sitting in the states or sitting in Europe, how do you even understand the multiple organizations that are addressing an issue like that? What could come out of a convening, where they come together and think of a shared vision or a shared measurement plan to address that particular social issue?

Ted: You wrote a blog- you wrote an article that's at cafamerica.org. While I don't want to necessarily just focus on China, your article, *The Changing Landscape of NGOs, Non Governmental Organizations, in China* is so powerful and it really helps create a very clear vision of some of the top trends that you're seeing both in China and I'm guessing, you can let us know, if you feel that those are relevant throughout the Asia-Pacific Region that you represent for us. Can you share with our listeners, who of course can go to cafamerica.org to read your article, what are the key takeaways or the top trends that you have in that article?

Elizabeth: Sure. The first one is this increasing need for nonprofit accountability and transparency, which is across the Asia-Pacific. It's clear that this will never go away. This is fundamental for donors as you mentioned with your Three As. Until we really have nonprofits that have these standards or have some seal of approval, this is always going to be very important. The second one is capacity building. Because in the Asia-Pacific Region it is

relatively new, the whole world of philanthropy, being able to provide expertise and capacity building for the nonprofits or for the donors is really needed.

Another trend that I mentioned in there is governance, the realization and need for a proper functioning governing board. Without a board, you've got a nonprofit. They may have great staff, but without that board, how are they accountable? Who is providing that oversight, those governance, those controls to really ensure that they're achieving their mission, which is there their focus?

Ted: This is part of the vetting process that CAF America makes sure that charities that we grant to on behalf of our advising donors have these kinds of assurances because it's far too easy to be here in North America and to assume that these concepts of boards of directors and accountability, transparency, and responsibility are universal, but they're not, are they?

Elizabeth: No, they're not. We're learning, but we still need to take some of those best practices from overseas and also, those lessons learned about what hasn't worked and then, start to make jumps forward instead of just small steps forward here in the Asia-Pacific Region.

Ted: It's one of the values that donors working with CAF America can bring to the region is by-through working with CAF America to support charities that meet our 100-point process, that are vetted successfully by CAF America because in supporting those kinds of charities, they become stronger and they become standard bearers for good practices in their country and in the region. Talk to me a little bit about that notion of North American donors being able to be

part of the long-term solution, not just for the financial needs of a particular charity but helping to create a philanthropic community.

Elizabeth: This is very important. The capacity-building of NGOs is not just through money or even possible really through money, it's through longer-term partnerships, for donors to get more involved in raising up the capacity of these NGOs by sharing some of their expertise, their learnings, by connecting them with other grantees that they may have in other parts of the world so that they can actually talk to them and learn from them as well.

Ted: I think that capacity-building is a topic I'd like to explore just a little bit more because it's a hidden benefit of working with an organization like CAF America because if you're looking at such a large region, even if you're focusing on one country, say, Korea or Japan or the Philippines or Malaysia, there is a lot of learning that's going on throughout the region and in learning that is often strengthened by those who are early to the market and providing the philanthropic support to those kinds of charities.

Elizabeth: Yes. That learning mode is something that's important for both the donor and the nonprofit. If everyone has that learning mode, then, obviously, we can share what is working, what isn't and cycle information back between different grantees too. I think that's the only way that we can really do self-assessment and realize, "Okay, this program wasn't as successful as we thought, why wasn't it?", and talking with your donor as well so that they can bring their intellectual capital to the table.

Ted: What are some of the most common questions that you get from, perhaps, a cultural or language barrier topic from the charities themselves as money is coming into the region, as money is coming into the organization? What questions do you get in terms of their interest to understand the overall community that they're part of?

Elizabeth: Great question. I think even though it's a globalized world, it still feels like a disconnect over here with North America, in particular. There's such iconic donors there who have done so much and they feel like they're worlds apart from those donors. Being able to share whether it's journal, articles, articles that you may have on your website or blogs, and just for your donors to be able to share that look, that feel and their lessons learned with some of the nonprofits here and then, also, to listen to the nonprofits here throughout the Asia-Pacific Region, to some of their concerns so that they can figure out where there's some parallel lessons learned or connections they can make, so that listening and that giving from both points of view.

Ted: That's part of the value of working with CAF America that has so painstakingly put together a network that you helped manage from Beijing, China for us throughout the region is that donors who may be thinking of their gift is a one-off gift or they may be making a series of gifts throughout the region by connecting with CAF America and thereby, connecting with our Asia-Pacific advisors, they're able to tap into that larger library of knowledge.

Elizabeth: Yes, because even within Asia here between the advisers sharing what's working the Philippines versus Japan versus Korea and the trends that you see, we can share within a region instead of just looking at kind of the iconic North America for best practices. We can learn together throughout the region here. That is very important throughout the advisor network.

Ted: It's always amazing to me how quickly time flies here on this show. This topic is so intensely interesting. I want to wrap up in the final three minutes that we have here on the show. CAF America is a go-to research arm for many wealth advisors. We serve a home office or a back office for advisors looking to support their high net worth and ultra-high net worth donors. This is becoming even more important in the Asia-Pacific Region as the interests of donors continue to grow. What would you say about this emerging sector if you were sitting in front of an ultra-high net worth donor thinking of giving somewhere in the Asia-Pacific Region?

Elizabeth: I think that it's a wonderful place to be able to realize real change. There's such a need in so many of the countries here and not too much has been done. If you look at the 80/20 rule, you're going to have some real impact here in Asia. Also, organizations are really developing here, nonprofits are, and there are some great organizations that have been able to scale and can have tremendous impact, but still need more financial support.

Ted: Part of the message we want to get out is, "This is possible. You can do it well and you can do it right. Working with the right advisors and working with the right network can help you be more strategic, help you be more philanthropic, rest at ease that your reputation is being protected and that the grant-making process is going well." That's the bottom line reason why you work with us, isn't it?

Elizabeth: Absolutely.

Ted: Well, Elizabeth, I can't thank you enough for helping us here at CAF America, for helping us build such a strong Asia-Pacific advisor network throughout the Asia-Pacific Region. We stand ready to help corporations, foundations, and individuals and their families, who want to support good causes throughout the Asia-Pacific Region. We really couldn't do it without you and the other advisors. Again, thank you for being our guests here on the *CAF America Radio Network* and helping us sort through all the various issues that are important for donors to think about as they're in this region. Any last comments for our donors who are listening to this and just sort of dipping their toe into understanding Asia-Pacific?

Elizabeth: I think really three last thoughts, one, there are many opportunities here, two, don't be deterred by a few accountability or transparency scandals that may have happened and three, advisors are critical to get it right.

Ted: You're absolutely right. Great wrap up. Thank you again and we'll catch you next time here on the *CAF America Radio Network*.

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