TEMASEK TRUST
CONVERSATION

New Pathways of Philanthropy

Insights from the Temasek Trust Conversation 2019

The Temasek Trust Conversation 2019 was held on 29 October 2019 at Shangri-La Hotel Singapore. Themed "New Pathways of Philanthropy", the conversation brought together local and international speakers to kick start a new series of conversations, exploring new philanthropic pathways to remain relevant in the ever-evolving giving landscape. The first of a multi-year conversation series, this year's Conversation featured discussions of new pathways such as technology and social innovation, social enterprises and impact investing. Panellists from the government, corporate and non-profit sectors were involved in lively panel discussions, an engaging fireside chat and a case study discussion. This report captures the insights that have been gleaned from the Conversation.

Programme:

Welcome Address

Ms Cheo Hock Kuan, CEO, Temasek Trust

Keynote Address

Mr Dilhan Pillay Sandrasegara, CEO, Temasek International

Panel Discussion: Technology and Social Innovation — A Focus on Singapore's Landscape of Giving

- Dr Ang Hak Seng, Deputy Secretary, Ministry of Culture, Community and Youth
- Ms Anita Fam, President, National Council of Social Service
- Mr Fong Yong Kian, CE, Tote Board
- Ms Melissa Kwee, CEO, National Volunteer and Philanthropy Centre
- Moderated by Ms Catherine Loh, CEO, Community Foundation of Singapore

Fireside Chat: Social Enterprise

- Conversation with Mr Piyush Gupta, CEO, DBS Bank Group
- Moderated by Mr Alfie Othman, CEO, raiSE

Panel Discussion: Impact Investing

- Mr Andrew Farnum, Director, Gates Foundation Strategic Investment Fund
- Mr David Heng, CEO, ABC World Asia
- Mr Andreas R. Kirchschlager, CEO, elea Foundation
- Mr Vineet Rai, Founder, Aavishkaar
- Moderated by Ms Naina Batra, CEO, Asian Venture Philanthropy Network

A Case Study: Closing the Gap on Aged Care

- Mr Richard R Magnus, Chairman, Temasek Foundation Cares
- Mr Tan Kwang Cheak, CEO, Agency for Integrated Care
- Dr Effie Chew, Senior Consultant, Division of Neurology, University Medicine Cluster, National University Hospital
- Moderated by Mr Julian Koo, CEO & Co-Founder, Jaga-Me

An Era of Change and Disruption

Welcome Address

> *"I believe that philanthropy is highly adaptive. It is always solutions-finding, evolving to address the changing needs of community, the aspirations of philanthropists and the dynamic fabric of society."*
>
> Ms Cheo Hock Kuan, CEO, Temasek Trust

Ms Cheo Hock Kuan, CEO of Temasek Trust, set the tone for the new multi-year series of conversations in her welcome address. The highly versatile nature of philanthropy has resulted in the emergence of new philanthropic pathways over time, shaped by the contributions of different stakeholders - each with their unique convictions, capabilities and experiences. Convening non-profit institutions, foundations and businesses, the Temasek Trust Conversation is a dialogue platform for like-minded partners and thought leaders from Singapore and beyond to discuss and explore key forces believed to be shaping the new paradigms of philanthropy.

Keynote Address

> *"New pathways to doing good are relevant not just for the philanthropic sector, but for all businesses today."*
>
> Mr Dilhan Pillay, CEO, Temasek International

Mr Dilhan Pillay, CEO of Temasek International, shared in his keynote speech the new pathways Temasek is forging to generate greater social good. Doing good for the community is no longer a by-product or consequence of businesses. In a climate laden with rapid changes, organisations need to rethink the approach to doing good. He highlighted the need for all businesses, not just the philanthropic sector, to explore new pathways to make a social impact. Discerning stakeholders increasingly expect organisations to serve a broader social purpose, including the interests of their employees, customers, and more importantly, the communities in which they operate. Today, new pathways of philanthropy are more crucial than ever to address constantly evolving needs and demands of society.

New Pathways of Philanthropy

Panel Discussion 1: Technology and Social Innovation – A Focus on Singapore's Landscape of Giving

Like every other sector, the social sector has benefitted from advancements in technology and other innovations. Technology has revolutionised the way in which charities operate and interact with donors and beneficiaries, improving the efficiency of the giving sector. For example, with the advent of crowdfunding websites and the emergence of the sharing economy, individual donors are now able to quickly and conveniently find causes to support and volunteer.

Emerging social needs in our community have given rise to technological and social innovations aimed at extending and strengthening civil societies. In this discussion, the panellists echoed the criticality of innovating and adapting technology in this era of change and disruption.

- ### The role of technology in Singapore's giving landscape

In acknowledgment of the challenges faced by charities in Singapore, organisations are pitching in to provide resources and support to facilitate the adoption of technology and social innovation by charities.

Attempting to cover the spectrum of operational work is exigent for a small charity. Addressing the problems faced by charities that are too small to have an in-house full-time IT team, Tote Board and the Tote Board group have been working on iShine Cloud. iShine Cloud provides other charities with an affordable and integrated suite of sector-specific solutions via a secure cloud-based IT platform. Leveraging the IT infrastructure as well as resources from Singapore Pools, iShine Cloud aims to improve the productivity, governance and efficiency of operations of charities, thus enabling them to focus on serving their beneficiaries better.

Meanwhile, the National Council of Social Services (NCSS) is accelerating its work in incentivising organisations to embrace new pathways for philanthropy. To alleviate manpower challenges in the sector, the Tech Booster Fund and Project Back-to-Basics are two avenues designed to help social service agencies explore and open up to digital transformation.

In the case of the average donor, traditional modes of giving have been greatly simplified to facilitate charitable endeavours. The Singapore Cares (SG Cares) national movement by the Ministry of Culture, Community and Youth (MCCY) has seen the launch of a mobile app that matchmakes do-gooders and causes. Similarly, Giving.sg is an online platform created by the National Volunteer and Philanthropy Centre (NVPC) that allows funds to be raised and facilitates partnerships with non-profits, organisations, public sector bodies and individuals.

- ### Technology as a means rather than an end

Technology undeniably resolves some obstacles faced by the philanthropic sector. However, it is crucial to recognise that technology is a means rather than an end to achieve social impact. Some pertinent questions to ask regarding the use of technology are: “Why do we want to change? What is the problem we actually want to solve?” Although technology is an effective tool in overcoming shortfalls pertaining to manpower or skill sets, it does not tackle chronic problems. Fundamentally, the charity sector centres itself on humanitarian issues. People and purpose should be placed at the forefront of the motivations in utilising technology. Hence, connecting with beneficiaries and forging partnerships should remain the primary focus of charities.

Conversely, there is an inclination for people to perceive technology as merely a tool to achieve efficiency and productivity. A change in mindset is necessary for businesses and charities alike to appreciate technology as a strategic enabler, where partnerships and leadership in the social sector work in tandem to ensure sustainability for organisations in the long run. Taking into account the presence of market inefficiency in this sector, collaborations between organisations as an ecosystem can be a new pathway for charities to review. Joint efforts between charities in the pooling of organisational expertise and specialised skills are essential to produce meaningful change. As the saying goes, it takes a village to raise a child - in the charity sector it takes a village to make a difference.

Fireside Chat: Investing in Social Enterprises

Social enterprises innovate solutions to emerging social or environmental issues. However, these may require a longer incubation period and risk, which some social organisations and charities may be discouraged from giving traditional grants to.

- ### Corporates as a force for good

Corporates play an important role in the lively social enterprise landscape by taking on active roles in advocating and nurturing these organisations. By choosing to invest in the right social enterprises and give them a boost, corporates can support them to become sustainable instead of donor-dependent. Once the business is profitable, the profits are recycled. The social enterprise can then become independent, allowing them to play a major role in creating positive social and environmental impact for the world.

> *“The reality is that companies operate on two licenses. We generally get a license from a regulator or government, but we also get a license from civil society. Therefore, I think it is imperative for companies to really think about the second license.”*
>
> Mr Piyush Gupta, CEO, DBS Bank Group

A fine distinction exists between being charitable and supporting social enterprises with a robust business model. The latter empowers non-profits to create their own revenue streams while doing good. As these enterprises tend to compromise their profits and losses, investors need to recognise that funding is a challenge. Therefore, corporates play a salient role in helping to kick-off social institutions and nurture their growth into a size and scale that allows them to be sustainable in the long term. Integrating social good into the fabric of an organisation embeds giving into the business, as opposed to something that has to be deliberately carried out on the side.

- Enabling corporate philanthropy

Many companies view stakeholder value and societal impact to be conflicting conundrums, but that is far from the truth. The conflict arises from the time horizon. If companies are far-sighted, doing good for the shareholders in the long run means the company has to be around in the long term. Serving a real purpose to stakeholders is therefore the key to an organisation's sustenance.

Admittedly, not all companies are privileged to have strong anchor shareholders to support long term agendas. More often than not, companies come up short in the face of funding. Convincing stakeholders to think long term is made challenging due especially to the quarterly outlook of portfolio managers. Thus, addressing the investors in these three areas is thought to be crucial to the success of attracting funding. Firstly, global trends see long term investors beginning to put Environmental, Social, and Governance (ESG) concerns on the agenda. In alignment with this new metric, it is in the interest of organisations to develop meaning and purpose in their business. Secondly, the leadership boards of these organisations have an active role to play in strategising to protect the long-term agenda. Lastly, a change in the benchmark of organisational success that prioritises social accounting would aid companies in building meaning and purpose. With their capabilities, corporates can make a tangible impact to advocate and nurture social enterprises through lending and improving management processes.

Panel Discussion 2: Impact Investing

The new poster child of funding, impact investing is both a rapidly growing sector of investment and an increasingly important source of funding for social and environmental causes. Moving away from the adherence to shareholder primacy, impact investing marks a shift towards investing in communities to generate positive, measurable social and environmental impact beyond financial returns. In this discussion, the panellists explored how impact investing can fit into the structure of a corporation's philanthropic efforts and examined the unique characteristics of impact investing that corporates need to know for success.

- A holistic way of making investments

The disconnect between financial markets and the real economy can be partially bridged by impact investing. A holistic way of making investments, corporations can embrace this new pathway for well-rounded decision-making — for instance, imposing a market-rate return requirement ensures that corporations are rewarded according to the risk undertaken. Impact measurement can empower a data-driven and evidence-based approach to impact investing, ensuring that efforts are funnelled in the right direction.

- Approaching impact investing

Growing inequality, along with other social issues, has made it more crucial than ever to adopt new pathways to address problems in society. Corporations have turned to building up institutions that are able to sustain themselves in the long term, as studies point to entrepreneurial means as the most efficient way to fight poverty. As opposed to being reliant on donations, institutions should develop sound business models to be sustainable. The following considerations govern the approach of some companies towards impact investing: only making direct investments towards organisations creating products, services, infrastructure or education for impoverished communities; expecting these companies to possess a growing value creation plan not only for impact but also for business success; investing in the early growth stage from the get-go, to tide organisations through the critical phase; and assuming the role of an active investor during this crucial period, building the businesses to prepare them for investors seeking market-related returns.

- The role of corporations in impact investing

> "*If we expect in the next 10 years to deliver utopia by doing nothing different, then I think we are sorely mistaken.*"
>
> Vineet Rai, Founder, Aavishkaar

A caveat many corporations may fall into when embarking on impact investing is the dogged focus on impact when in actuality, it should not be a benchmark to measure the success of impact investing. As impact is the outcome derived from business success, the business aspect of impact investing should be the key metric leading towards impact. The intrinsic correlation arising from this approach to impact investing is, the more successful the business, the more significant is the impact.

> "*I am in the business of creating businesses that will bring about a change.*"
>
> Vineet Rai, Founder, Aavishkaar

Corporations should recognise the paramount importance of the role they play in correcting the market failures of the economy. Numerous companies in the private sector are innovating solutions to critically important issues, yet the market does not work for the poor. When left to their own devices, these companies do not have an incentive to continue developing their capabilities. Providing motivations such as investment capital, equity loans, guarantees and the like to the private sector can provide companies possessing breakthrough technologies to continue their work in developing solutions to society's problems.

Intentionality is vital to impact investing. A good place for corporates to begin would be deliberately taking steps towards building up the capabilities required for impact investing. This can manifest itself from the initial deal screening process and due diligence impact assessment, to determining the impact Application Program Interface (API) and designing the impact management framework. Without intentionality, there would be no impact.

A Case Study: Closing the Gap in Aged Care in Singapore

Singapore is going through one of the most rapid phases of ageing - by 2030, about a quarter of Singaporeans will be aged 65 and above. The social sector is presented with both adversities and opportunities for new pathways of philanthropy to emerge with solutions. This section synthesises the discussion by the panellists, summarising the key takeaways of how the convergence of technological and social innovation can address the various needs of the elderly.

The social needs of seniors are increasing; a preference to age at home rather than in institutions, overcoming the problem of loneliness, and changing physical needs due to longer lifespans are all able to be resolved with innovation. Technological and social innovation enables organisations to put into place programmes for ageing, such as new models of assisted living, functional screening for seniors (Project Silver Screen) and improving the mobility of seniors through exoskeleton technology (iMOVE programme), among others.

At this point, it is consequential to recognise that technological and social innovations are not standalone solutions in resolving the needs of the community. Equally salient is changing practices entirely across the stakeholder continuum. State-of-the-art technology and social support programmes can entirely revolutionise the types of care provided to seniors in their silver years, but if practitioners and organisations are resistant to the adoption of these innovations, the full potential of these solutions in solving society's problems would not be fully realised. To advance the embracing of these innovations, reforms to upstream and downstream practices would have to be effected.

Executive Summary

Admittedly, the landscape of philanthropy is evolving so rapidly that it renders traditional means of philanthropy extraneous. In the past, corporates need only provide financial contributions in the form of donations, endowments, grants or sponsorships to enable social sector organisations to support their causes and communities. Contrarily, the progression of the philanthropic sector also opens up avenues for corporates to inaugurate new ventures, concepts and structures to address society's problems. It is important for corporates to note, that new pathways do not function as independent miracle solutions — change and collaborations play commensurate roles in making a social impact. Expecting impact without changing the mindsets and frameworks of organisations would be naive, while collaborations are necessary to tap the expertise of different stakeholders. The three pathways of technology and social innovation, social enterprise and impact investing explored in this year's Conversation are but few of the many pathways rewriting the conventional narratives of philanthropy. In the face of increasing disruptions to the world, it is pivotal for organisations to remain versatile and stay abreast of changes to adopt ever-novel methods in creating social impact.