

## **MODERN PHILANTHROPY**

*An Afternoon Discussion Among Vietnamese & American Women Philanthropists*

16 September 2014

Villa Song Saigon

2:00PM – 6:00PM

### **Part 1: BACKGROUND**

**WELCOME AND INTRODUCTORY REMARKS** - H.E. Mdm. Ton Nu Thi Ninh, Tri Viet Center for Social and Educational Studies

Philanthropy is part of all societies. But it is even more important for a society in transition, like Vietnam, which is growing overall but experiencing wider disparities. We have more practitioners of philanthropy

We have givers, managers, NPOs, associations, academics and media. The media are very important because they need to help shape public opinion around this issue of modern philanthropy, in particular, in Asia.

What is our exercise? To have a substantive discussion with input from foreign and local speakers. What are the desired outcomes?

- Philanthropy falls on traditions and practices, they can be quite specific. But it needs to modernize. Exchange with other societies will help us to scale up and diversify the ways and means and processes of giving and impacting.
- Reaffirm our interest in and our commitment to philanthropy
- Occasion to better understand the opportunities and challenges as well as the best practices. In the case of Vietnam, I would put particular emphasis on financial management and governance.
- Hope we will improve or redirect our own action in the field
- Wonderful opportunity to network.

**DEFINING MODERN PHILANTHROPY** – Megan McCloskey, Lotus Circle

Click to view the presentation : [Modern Philanthropy and the Role of Women](#)

### **Part II: EXAMPLES OF MODERN PHILANTHROPY IN VIETNAM & THE USA**

#### **COLLECTIVE GIVING**

- In Vietnam – Mrs. Dana R.H. Doan, LIN Center for Community Development  
Click to view the presentation: [Collective Giving in Vietnam](#)
- In the USA – Ms. Susan Heikkala, Global Women-Partners in Philanthropy  
Click to view the presentation: [Collective Giving – A Model for Community Philanthropy](#)

#### **IMPACT INVESTING**

- In Vietnam – Ms. Pham Kieu Oanh, Centre for Social Initiatives Promotion  
Click to view the presentation: [Social Investment in Vietnam](#)
- In the USA – Professor Emer Dooley, Social Venture Partners  
Click to view the presentation: [Impact Investing – The US View](#)

### **Part III: DISCUSSIONS**

**Question 1:** When there was a disaster in Hue, they did collective giving among families and friends. My big family has a community in Hanoi and this community is proactive in social activities. There are many examples of collective giving in Vietnam. Recently, there have been programs to call for donations to help the disabled. They combine a live music show and a call for donations via SMS. For this type of fundraising, there are a huge number of donors and most of them are anonymous because of the small amount of money given. However, in total, those small donations add up to a big amount. How about the accountability of such grantees?

#### **Answers to Question 1:**

In the US, there are management mechanisms and a legal framework to manage the use of donations. One of the governance principles is that NGOs who receive money have to report their financial status (income and expenditures) annually and this information is made accessible to the general public. The fundraising campaigns must announce their results. We can enhance transparency by calling for participation from in the activities of such organizations.

There are organizations that are set up for the purpose of monitoring NPOs and ensuring that their operations are transparent, with a focus on fundraising. Some examples include: Charity Navigator, Guidestar, and others. Such NPOs provide greater transparency in income and expenditures of the NPOs on their website. Recently, they also attempt to evaluate impact. Besides, the organizations that receive funds should also allocate a portion of their budget to monitor, evaluate and report on their activities.

Example: The Red Cross received USD 43 million via SMS during a recent fundraising campaign in the US. They used mass media and social media to raise funds from a wide community. The good thing here is that it is was easy to donate and to encourage others to donate (“share” on Facebook). In the US, in order to raise funds, NPOs must register for a tax ID from any state in which they hope to collect donations. And, if an NPO does use the funds collected for the purposes intended, the NPO can be prosecuted. Another thing is that if the organization is in a state and receive fund from other states, they may no longer have tax exemption.

**Question 2:** As I understand, the activities of Global Women-Partners in Philanthropy are under a board’s administration and all of the member can vote for projects. What I would like to know is how do you choose the board members and what are their roles?

#### **Answer to question 2:**

Board members have different responsibilities including governance, monitoring and nominations of new board members. The nominating committee members suggest new members. All members are then asked to vote for the individuals that will join the board. We look for board members that have expertise in one or more of the following areas: finance, governance, community activities, arts & culture (and other grant areas).

#### **Comment 1:**

I would like to ask about the legal framework for social enterprises and any details relating to fundraising by social enterprises...

#### **1<sup>st</sup> Response to Comment 1:**

In Vietnam, there is currently no law to regulate social enterprises (SE) differently from other companies or nonprofits. But we care about accountability because the amount of funds raised is getting bigger and there are more and more participants. Although SEs do not consider profit to be

the most important issue, there are no legal or tax incentives to become a social enterprise. We pay taxes just like any other organization.

I expect that the new law, under which they are considering a chapter on social enterprises, will reduce barriers in receiving funds from individuals and corporations, including funds from overseas. In fact, although we can receive funds from overseas, to do so is complicated. We are allowed to obtain a certificate from the government to get tax exemption for some fields of business.

I hope there will be a definition of SE in order to prevent companies from using the name "SE" for an undeserved advantage. SE must spend at least 51% of its budget on creating social impact, not to make profit. SE concept is new in Vietnam and it still takes a lot of time and effort to lobby for a legal framework. A lot of people don't want to include SE in the law, because they think it is too small to be included in the law and/or because people could abuse the law. Regardless, the discussion that is taking place is a great way to raise awareness about SE.

### **2<sup>nd</sup> Response to Comment 1:**

I am more concerned about the social investors than the social entrepreneurs. They can contribute a lot of money and they care a whole lot about how their contributions are used; however, no one monitors their investments. They appear to be overwhelmingly focused on profit and not focused enough on social impact. The discussion among the social investors is the exit strategy. The impact they are focused on is the bottom line. IF the goal is really patient capital, the law needs to address the need for monitoring of the social investors.

### **Response to 2<sup>nd</sup> Response to Comment 1:**

The short answer is that there is no focus on regulating social investors

### **Question 3:**

This highlights the question of whether causes that are not "sexy" are getting due attention and support. This is a problem in the US, is it a problem in Vietnam as well? Is there also a situation in Vietnam, where nonprofits or SEs are doing things to please their donors/investors?

### **Answer for question 3:**

Our Foundation has a social investment fund and the interest rate is 5% (a normal rate is 10%). Whether or not sponsors can influence the grantees' activities or not, we do not have experience with that because we raise funds for projects we design by ourselves.

Our NPO can sometimes face the challenge of donor driven projects. We receive funds from different donors. Sometimes we have to adjust our proposals to make it suitable for the donors; however, we would never do something that did not fit within our mission and vision. Currently, the donors respect the grantees and many of the ones we work with have been in Vietnam for some time. So they respect our needs. As such, their influence is not that much and it is not a big challenge for our NPO. But I am not sure if this is a challenge for other local NPOs in Vietnam.

**Question 4:** I want to discuss from a different angle. Recently there are funds for SE in Vietnam. The investors want to make profit and SEs have to meet their demand. How do I build a company that fulfills those criteria of the investor but also how do I create a socially responsible business. How do I build a company that does not look disingenuous? Right of the bat, I need to meet the investors criteria to get the money. But, I do not want it to seem like the nonprofit side is an after thought. But, I wonder, if it does and does it have to come second? The question is how to attract the investment while keeping the SE business model?

**1<sup>st</sup> Answer for Question 4:**

You might want to read about B Corp status in the USA, which is an evaluation system. If approved, companies would get B Corp status; The evaluation requires documentation to prove transparency and the impacts they are looking to make. This just started in the last 2-3 years.

**2<sup>nd</sup> Answer for Question 4:**

We are currently doing this with a local company. We are starting by looking at the employees skills, do they have real skills that offer them a choice is an opportunity.

**3<sup>rd</sup> Answer for Question 4:**

You can establish community objectives, philanthropic objectives at a board level, which are incorporated into company policies. They can then make decisions to contribute a certain percentage of earnings that is acceptable to the board – balancing financial obligations but giving them enough room to build a sustainable approach. Those kinds of choices can be made individually, can be incorporated into policy and/or can lead to establishment of a B corp.

**4<sup>th</sup> Answer for Question 4:**

Does not have to be something rapid or huge but that is integrated into the business. Once you have profit, this goal can be enhanced. (E.g., you can commit staff hours to volunteering on a community project.)

**Question 5:**

Is there a difference between male and female donors in Vietnam? The way that they do philanthropy? Or could there be a difference in the way they give?

**1<sup>st</sup> Answer for question 5:**

When I do fundraising for my organization, I see the women contribute for charitable and social activities more than men. When I meet the female donors, they support us a lot. While the male donors have tendencies to listen without support and disagreement. But I do think that men do contribute in society. I think, LIN has a lot of female donors (director of companies, foundations, etc)

**2<sup>nd</sup> Answer for question 5:**

One of the encouraging stories of Vietnam is women's involvement. It looks like men are running the show but they are not. The purse strings are held by the women, while the titles and PR is led by the men, which women are happy to give up.

**3<sup>rd</sup> Answer for question 5:**

From my perspective, women in Vietnamese context are the one who take care of family. Because of that, giving is one of the ways to keep the family spirit strong and prevent bad luck. But, in Vietnam, women tend to manage the micro budget (funds for food or small things, things that men don't care about). So, if you ask about big money, it is not women, they have to talk or ask the permission of husbands. Women probably do more than men but, in terms of the money, I am not sure. Because, normally women do not control the big budgets. I have met a lot of women entrepreneurs (Mdm. Ninh has some data on the number of women in the stock market) but if you look at their giving activities, it is more of a home affair. I am not negative or positive. Women in the family is the main giver but they tend to give small money to essential or basic needs (e.g., children in shelters). But, now that they are taking on a more important role in the economy, it is an opportunity for women to be more strategic.

**4<sup>th</sup> Answer for questions 4 and 5:**

Question about social investor and social enterprise and how it resonates in Vietnam. It has something to do with male vs. female, and the spirit of giving. Right now, too much giving is linked to publicity of a company or to personal publicity. I think that is a very unhealthy phenomenon. One thing we should do, overall, is to work on virtue – virtual impact of giving. The virtue of quiet and meaningful philanthropy. We do not need the live broadcasts and celebrities...

The mega corporations, particularly SOEs, you see no women on the boards. If you want to access the big money, it is still in the hands of the men. There are men that give large amounts of money but, most of what we see is the traditional, classic approach.

Men are interested in business and we have to give a good proposal. If you want to raise more funds, we still have to go to the men, because they control the bigger pots of money. If you have a good social business proposition – the social impact and the business is persuasive, I think that men will pay attention. So, culture is one thing but capacity building is the second issue. That is why I think that we may want to consider how we can help to build capacity. If it is a good proposition, in terms of social impact and the business rationale, I don't believe that men will all say no. That is why it would be crucial to do some capacity building to practically develop projects that would be sexy to both the men and the women. Perhaps to the men because they are holding the larger pots of money.

If you don't do it carefully, it will look like CSR.

**Question 6:**

Will Global Women – Partners in Philanthropy expand its activities in Vietnam? How can we approach your funds?

**Answer for question 6:**

The majority of our giving is done in Washington State. The members want to meet with the organizations, see how they work so that they can be confident about the decision and see the impact. It is local.

I encourage the collective giving model to raise fund for organizations in VN. The grantmaking process is very participatory. The members want to be able to meet with the NPO and see how the operation works. That way, they feel that they have the confidence that it is a well-run organization.

A few years ago, we created a small fund to make international grants. But the criteria includes: while the organization may have projects in another country, they must be based in Washington State. The first international grant was made to Peace Trees Vietnam (Quang Tri Province)

Consider creating a giving circle and ask them to help you raise funds for your organization.

**Question 7a:**

We have a NPO working to develop arts & culture in VN. We are curious about the SE law. What is the difference between a social enterprise and a social fund? Will this new law be more relevant for our arts organization?

**Answer for Question 7a:**

It is difficult. If you apply the fund to establish the fund and foundation under government agency. In December, CSIP/Lotus Impact/Spark Centre will host a social investment forum with participants from government, VCCI, etc. You can raise the voice at that forum.

You have to design an attractive model for investors and donors. SE in Vietnam is different. You want to succeed; you have to be proactive, creative and flexible. The problem is that we need good staff to create a good plan, but we lack of human resources.

**Question 7b:**

How did Washington Women's Foundation grow from 100 members to 500 members? What kind of events did you run or what kind of activities were you doing to grow your organization?

**Answer for Question 7b:**

The simple answer is networking. Each of the original members were leaders in the community, from different fields. Whenever they convened an event about the foundation, each of the founders looked at their address book and invited people they thought would be interested. They had an inspirational message to deliver and so, in the first meeting, they managed to sign up 100 members.

Since then, we have new projects, trainings and events each year and each of the members are encouraged to bring non-members to the event. Once people have a chance to see and hear about the work, they want to sign up. Our members remain members. People find benefit and joy in being a part of the organization. The lesson is that, if we provide opportunities for donors to know about the organization, know more about its work and impact, they are likely to join, contribute and/or continue to support the work.

**Part IV: LOOKING AHEAD**

This is just a first. I hope that this discussion is proving useful and introducing possibilities.

During the break, Susan was asking me about training. I wonder if there is an opportunity to create a consortium to organize a kind of training: associating the women's union, university, CSIP, Tri Viet, LIN, a couple of academics from the US and other places. At first, it would not be a stand-alone, which would make it difficult. We have to be pragmatic. It could start under the heading of social work (which does exist as a discipline in the local universities) and get a training started – a practical training, not just theoretical. That is feasible. It would be a small but meaningful outcome of our exchange.

Has CSIP helped with the delivery or birth of a social enterprise in Vietnam? We would love to hear a success story. Send us some information. It would be great if, out of this training session, something really practical would emerge. So, if CSIP has something in the pipeline, something that could be developed into a social enterprise, and we could find a way to work together to make that happen, that would indeed be a great outcome.

Next year, we are celebrating 20 years of normalization of US and Vietnam relations. We should perhaps think of this as our contribution to the celebration.

Shall we get started?