



CLIMATE PHILANTHROPY IN ASIA





Climate change is increasingly impacting the lives of communities across Asia. An issue that was once of secondary concern to the vast majority of people in the region, is now starting to impact the lives of people more regularly and more profoundly than ever before. In developing and emerging economies in Asia, which are home to nearly two thirds of the world's poor, access to jobs, education and healthcare have historically been of primary concern, however, communities are also starting to feel the tangible and multiple ways in which climate change is impacting their lives.

This increasing awareness of the profound impact of climate change is further evidenced by the 2021 IPCC report, which highlighted the particular regional risks, like increased tropical cyclones, higher and longer heatwaves, increased rainfall, and flooding. In 2021, Typhoon Rai brought forth one of the most intense storms and floods experienced in the Philippines for decades¹. The International Federation of Red Cross (IFRC) reported multiple climate disasters in 2021, with floods and storms affecting approximately one million people in Thailand, and 125,000 people in Myanmar². These major climate events are now impossible to ignore; governments, business and civil society are now waking up to the need to focus more intensely on addressing the climate crisis. It is in this context that the philanthropic community has an important role to play both as a source of capital, and leadership in efforts to address the climate crisis.

Alongside the long, varied and diverse traditions of philanthropy in Asia, the region is also witnessing rapid growth in new wealth; the population of High Net Worth Individuals (HNWIs) is predicted to grow rapidly and it is estimated that Asia will have more than a third of the world's billionaire population by 2023³. This next generation of potential philanthropists, along with the increasing urgency of the climate change issue, represents an opportunity to inspire new, innovative philanthropic approaches that are courageous in their ambitions.

¹Channel News Asia, 2022, "21 Typhoons have hit the Philippines this year with increased intensity, foreshadowing a 'really scary' future" Date Accessed: 4 Mar 2022

²International Federation of Red Cross, 2021, "Over 57 million affected by climate disasters across Asia Pacific in 2021", Date Accessed: 7 Mar 2022

³Doing Good Index, 2020

It is reported that globally, philanthropic giving to climate mitigation has more than doubled since 2015, reaching between \$6-10 billion in 2020, although this increase is encouraging, it represents just 2% of total annual global philanthropic giving⁴. Specific data for Asian Philanthropists is currently difficult to find, although the absolute and relative amounts of capital that are dedicated to climate are significantly less than in Europe and the USA. However, although philanthropic giving to climate change is in its infancy across most regions in Asia, there are a few areas within

climate that have received interest; particularly in climate adaptation with a focus on nature-based solutions, as well as interest in renewable energy.

As Asia emerges from the worst effects of the pandemic, it is also faced with the increasing prevalence of climate related events that are linked to climate change. Research has revealed that Asia will face some of the harshest effects of climate change globally. With 37 of the 40 most polluted cities in Asia, there is a need for immediate action. Governments can find it

challenging to take on the higher risks attributed to climate investments due to their more immediate social welfare concerns. As such, philanthropists can act as a catalyst for climate action by funding innovations and solutions to support a sustainable transition to a low carbon economy. 2022 sees Indonesia take on the Presidency of the G20 and clean energy transition is one of three priority areas identified by the Indonesian government this year, this sends an important signal to markets and philanthropists alike as to the importance of this issue⁵.



⁴ClimateWorks Foundation, 2021, "Funding trends 2021: Climate mitigation philanthropy"

⁵G20, 2022, Date Accessed: 23 Feb 2022

The objective of this study is to better understand the extent to which Asian philanthropists are currently working in the climate sphere in Asia, with a major focus on the Southeast Asia⁶ and South Asia regions and to provide a resource to advance strategic climate philanthropy in the region. The report aims to:

Focus in on the mindset of Asian philanthropists many of whom are starting out on their climate philanthropy journeys, and to understand their core motivations, whilst exploring the challenges Asian philanthropies are facing in moving into strategic climate philanthropy.

Provide recommendations for organisations in the region as well as globally that want to engage with Asian philanthropists in the hope of inspiring more Asian philanthropies into climate.



Our insights are based on analysis of organisations with an interest in climate within the AVPN membership community as well as the broader philanthropy community in Asia. Some organisations had a primary focus on climate, whilst for others climate was a relatively new area of engagement and only a small part of their overall portfolio. The most common areas of activity included, , biodiversity preservation, sustainable agriculture, and capacity building to support communities to develop business models that either adapt or mitigate the impacts of climate change. A small number of organisations were involved in projects focused

on renewable energy and projects that capture carbon through preserving ocean and coastal ecosystems.

By recording the emerging trends and barriers in climate philanthropy in Asia, the study provides important insights that can help both existing and new organisations to design their interventions more effectively and strategically. Although it is challenging to identify the precise amounts of funding that have been deployed to climate, the study does provide an important contribution to what is a nascent philanthropic field in Asia. Understanding the current flows of

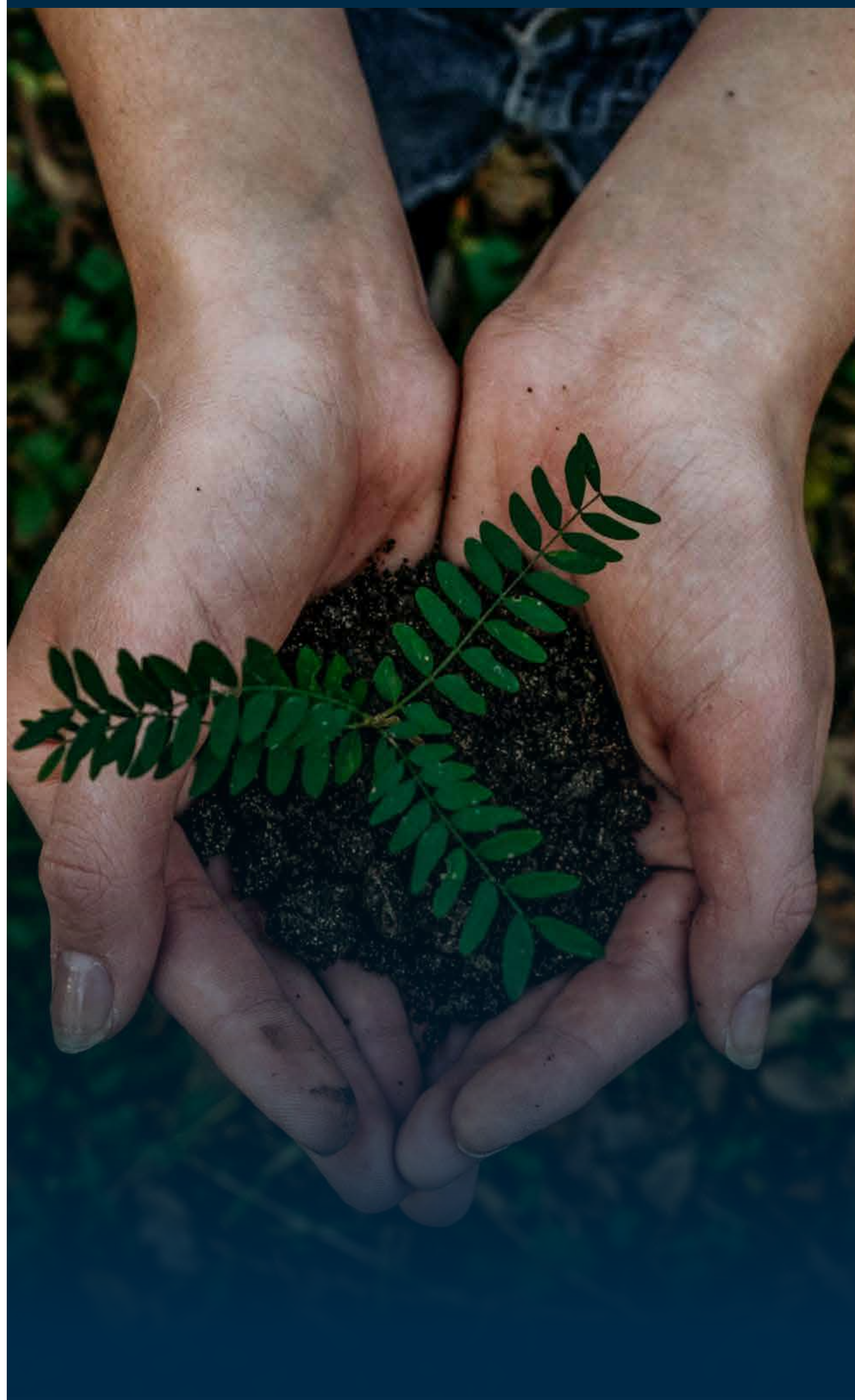
climate philanthropy that is being directed to climate could be an important next step in developing and improving the knowledge base in Asia.

All quotes included in the study have been taken from interviews conducted by AVPN and anonymised. All of the examples referenced in this study have been sourced from publicly available information.





Key Findings



Climate philanthropy is nascent yet growing in Asia, and there are promising signs of innovative approaches, particularly among next-generation wealth holders.

There is a broader trend in Asia of an increasingly structured approach taken by philanthropic organisations, which involves attempting to address the systemic barriers to solving social and environmental problems and working more collaboratively with all affected stakeholders in developing solutions. Interviews with family offices confirm that Asian philanthropists want to play a more active and strategic role in tackling societal problems. One respondent representing a family office views the new role of philanthropy as *“facilitat[ing] an overall conversation and its discourse amongst the private sector and government”*. Another states that philanthropists must “first take the biggest risks, government cannot take these risks as it is not justifiable and have to focus on the mainstream issues at hand.”

This increasing focus on the systemic or the root cause of issues, driven by clearly defined strategies is happening alongside the entrance to the field of next-generation wealth holders, many of whom are starting out on their philanthropic journeys and are growing the pool of capital available and often motivated by a different set of priorities. These next-generation emerging leaders in philanthropy often have a greater appreciation of the urgency of climate change and the interrelated risks to the core businesses that generated the wealth in the first place. As one

respondent representing a Family Office remarked, *“I think climate has become a much more talked about impact area or impact theme. And certainly the phenomenon that a lot of other people observe elsewhere in terms of younger generations, next gen wealth owners, who have this awareness”*. Another respondent from an independent foundation highlighted how, “Previous generations all want(ed) education and hospitals, so it is normally the new foundations, you know, the young who are working differently”.

The combination of a systemic approach along with the institutionalisation of philanthropy alongside the entry of new capital and innovative leadership amongst second generation wealth holders, presents an opportunity to accelerate climate philanthropy in the region.

The major climate philanthropic initiatives in Asia are led by European and American organisations. There are currently limited examples of large scale climate initiatives led by Asian Philanthropists.

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**“The whole setup [in reference to climate philanthropy] is still a Western Agenda. Let’s be clear about that and it’s not a good thing...”
– Respondent from a Private Foundation**

Globally, efforts to catalyse more capital towards climate are underway, with the \$10 billion commitment towards climate recently announced by Jeff Bezos and the Earth Fund being one such example. An example focused explicitly on Asia is the Southeast Asia Clean Energy Facility (SEACEF), which is supported by European and US foundations. It is an initiative supported by philanthropists, focused on providing high-risk catalytic funding for clean energy projects⁷.

These major climate philanthropic initiatives should be applauded however they have been predominantly driven by Western philanthropic institutions. While climate change is a global issue, enabling and inspiring local and regional leadership in Asia will be critically important for bringing about sustainable locally owned and led transformation.



⁷<https://www.seacef.org/about-seacef> Date accessed 09th March 2022

Social Investors and Philanthropists are integrating climate adaptation and nature-based solutions in their portfolio, but it still remains secondary to fundamental development areas such as healthcare, education and livelihoods.



“We chose nature-based solutions because we think that nature is more time tested, where we worry a lot about unintended consequences. So, to us that is both a safer bet and a needed area for support.”
– Respondent from Private Foundation



"The discourse is increasingly showing that there is an agreement that climate intersects with essentially almost any environmental and social issue that you may currently be funding."
– Respondent from Private Foundation

Combining climate change with other social development philanthropic initiatives has been growing in the region. This can be observed in the work of organisations like Dragon Capital who funded a \$1 million USD research programme at Fulbright University in Vietnam, which is designed to focus on issues including agriculture transformation, energy, air pollution and public health, climate change, flooding, regional infrastructure, and transboundary cooperation in the Mekong River Delta region⁹.

An interview respondent also highlighted how their Foundation had supported a project to repurpose cow dung to make biogas. This led to a reduced dependence on charcoal, kerosene and wood, which in turn reduced the harmful effects on communities previously exposed to the negative health impacts of inhaling poisonous fumes.

Initial evidence suggests a growing interest in nature-based solutions in areas such as reforestation, biodiversity preservation and agriculture, RS Group, a Hong Kong based family office is one of the pioneering organisations who are focused on this area, they recently launched the Natural Capital Initiative (NCI), which aims to attract investment capital into supporting innovative nature-based solutions¹⁰. RS Group emphasises the importance of ensuring communities can gain material benefits by investing in nature based solutions that offer economic opportunities.

⁸Dragon Capital is an integrated investment platform focused on Vietnam and other Southeast Asian emerging markets. As part of its responsible investment initiative it has engaged in philanthropic partnerships with various organisations in climate related projects.

⁹<https://fulbright.edu.vn/fulbright-university-vietnam-receives-us1-million-to-launch-academic-program-natural-capital-management/> Date accessed 7 March 2022

¹⁰RS Group, 2022, "Natural Capital Initiative", Date Accessed: 23 Feb 2022

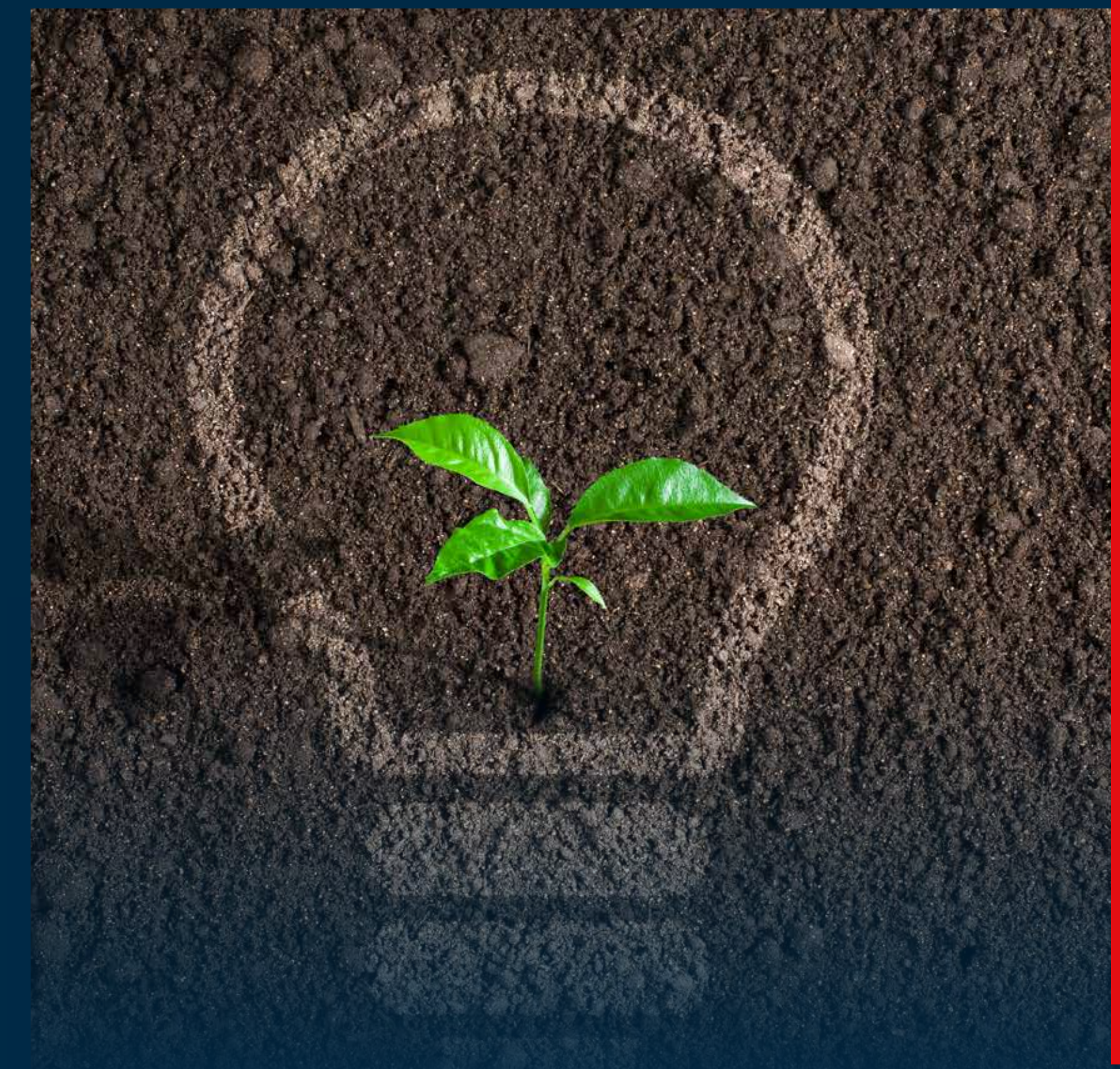
There is an emerging business case to use philanthropic funding as ‘catalytic capital’ to take on the earlier stage risk in climate related investments or to stimulate early stage innovation.



“I think, even for me, initially, I say “what can I do in energy?” So I think the only kind of feasible or practical option that I can see here would be policy advocacy, research... I’m investing in solar or renewable energy. I think it’s probably in everybody’s portfolio.”
– Respondent from Private Foundation

The use of philanthropy as ‘catalytic capital’ has been growing in recent years. Catalytic capital, defined by the Catalytic Capital Consortium¹¹ as ‘investment capital that is patient, risk-tolerant, concessionary, and flexible’ is an important tool that can be used to unlock commercial capital that otherwise wouldn’t have been possible. As the SEACEF example highlighted earlier, there is a strong case for using catalytic capital in blended finance instruments in order to invest in early stage businesses, this is particularly the case in renewable energy¹². The broader approach of using philanthropic funding to support climate business incubators and accelerators or as a form of concessionary higher risk capital to invest in riskier early stage ventures

presents an opportunity to align philanthropy with core business aims for private wealth holders in Asia. The Singapore based Haung Chen Foundation¹³, has both a philanthropic and impact investment arm and makes both grants and investments in organisations with a climate focus. This approach presents an opportunity to align philanthropy with core business aims and is an emerging strategy that philanthropists are considering across the region.



¹¹<https://www.macfound.org/programs/catalytic-capital-consortium/>

¹²Catalytic capital—investment capital that is patient, risk-tolerant, concessionary, and flexible

¹³<https://huangchenfoundation.org/> accessed 7th March 2021

There is limited knowledge, networks and communities of practice within the climate field in Asia, which leads to a lack of clarity, confidence and a risk averse culture.



“There is a lack of talent on the ground - there’s more money because climate is a hot topic and people are hiring but no talent.” – Respondent from Private Foundation

Organisations in Asia are currently unclear and lack the capability within their teams around how to provide support to climate, this is particularly the case with regard to engagement with climate mitigation and/or the energy sector. It is the case that there is a lack of talent, knowledge, and networks amongst philanthropic organisations in the region.

Linked to the issues around knowledge, networks and communities, organisations also face the challenge of articulating what impact could look like as a result of providing support for climate related issues. The challenge of perceiving the impact from climate action is a contributing factor as to why philanthropic giving tends towards issues where it is easier to demonstrate and evidence or short term impact. Giving to climate mitigation for example, does not yield immediate results.



“ I think maybe it's not so much the time that is the issue with the climate. It may be how it's intangible, right...So it's very difficult to intrinsically convince people to talk to, you know, engage with the climate.” – Respondent from Private Foundation

Government engagement, endorsement and support is critical to incentivising philanthropists to invest in climate initiatives in Asia

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“The government has to be engaged whether it is at a local level or central level...It is not a very easy road to cross, and we have mixed experiences working with the government. Some will succeed and some won't.”
– Respondent from Private Foundation

Philanthropists in the region tend to align with government agendas and priorities, as climate change increasingly becomes a priority for governments in the region, it will present philanthropists with an opportunity to develop long term strategic initiatives that can support government aims. Working at local and regional levels of government, particularly in those geographies most at risk, will be important. Supporting national and regional initiatives including forums such as the G20 where governments have already made commitments is an approach that can give philanthropists the confidence and impetus to support climate initiatives in Asia.





Recommendations for engaging with Asian Philanthropists on climate



As a result of the report's findings, we have provided the following recommendations to organisations and global funders looking to engage with Asian funders with the aim of increasing their involvement in climate philanthropy.

01

The major climate philanthropic initiatives in Asia are led by European and American organisations. There are currently limited examples of large scale climate initiatives led by Asian Philanthropists.

Asian funders have traditionally focused on issues, such as education, health and livelihoods. Developing programmes that bring in a climate focus to existing programmes in these areas and also developing programmes that showcase the economic opportunities that exist for communities to benefit from the transition to a low carbon economy, is a strategy that could encourage the engagement of more Asian Philanthropists.

02

Highlight government initiatives and support on climate action

Interviews have indicated that as the role of funders have changed, they are directing more interest toward filling the gaps that government bodies are unable to address. To maximise the impact in climate philanthropy, foundations and governments should work towards aligning their interests based on regional priorities in the climate sector. By gaining a greater understanding of regional requirements, foundations will be able to identify the role that philanthropic capital can play in supporting government priorities and better tailor climate initiatives that would gain support from both the public and private sectors. This year as part of Indonesia's Presidency of the G20, Sustainable Energy Transition is one of three major priorities, philanthropic organisations can use this as an opportunity to strengthen the impact of government led initiatives.



03

Provide Asian-based case studies of philanthropy funded climate action intervention and where possible show how impact was measured.

Findings indicated lower philanthropic activity in climate, especially climate mitigation, due to the lack of tangible impact from climate investments. Providing clear metrics of impact measurement and case studies of successful climate action interventions will provide funders assurance in their investments and encourage participation.

05

Encourage funders to engage with peers through philanthropic networks and collaboratives on climate

By engaging with philanthropic networks, philanthropists can better connect with a more diverse set of organisations to identify partners that would complement their agenda. Creating a common call to action, that is led by influential champions in the field, will also provide greater confidence and allow for risks to be shared amongst multiple organisations. This approach has the potential to achieve greater participation and awareness of climate issues relevant to the region. Asian led climate collaboratives will also demonstrate leadership from the philanthropic community in the region.

04

Provide a menu of opportunities to work on climate action - across research, communication, building capacity, policy advocacy etc.

As funders are unclear about how they can engage in climate philanthropy through their philanthropic arms, providing case studies or a mix of possible opportunities can illuminate new avenues of climate action.

06

Engage with next-generation leaders.

Opportunities lie in engaging and educating the next-generation of wealth holders and philanthropists to drive climate action - both in philanthropy and as part of their broader investment strategies. Equipping the next generation with the knowledge and tools can increase their buy-in, and ultimately willingness to collaborate.

Conclusion

The increasing intensity and regularity of climate-related events along with the emergence of institutional philanthropy, new philanthropic actors and government leadership in Asia highlights both the urgency and opportunity for new and innovative approaches to tackling the climate crisis.

Success in growing the field of climate philanthropy in Asia will be determined not only by growing the pool of capital available, but also by building trusted partnerships and collaborations between the global and regional philanthropic community. The success of these collaborations will further be evidenced by their ability to work in tandem with governments and affected communities to develop a shared vision and plan where everyone can benefit from the economic opportunities that the transition to a net-zero world presents.

