

# The ASEAN Foundation and the Emerging CSR Issues and Challenges



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Promoting Mutual Assistance among  
Corporate Foundations in ASEAN  
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## ASEAN Member Countries

- Brunei Darussalam
- Cambodia
- Indonesia
- Lao PDR
- Malaysia
- Myanmar
- Philippines
- Singapore
- Thailand
- Viet Nam



# Area and Population

Country	Land (1,000 km <sup>2</sup> )	Population (million) 2007
<b>Brunei Darussalam</b>	<b>5.8</b>	<b>0.396</b>
<b>Cambodia</b>	<b>181</b>	<b>14.5</b>
<b>Indonesia</b>	<b>1,891</b>	<b>225</b>
<b>Lao PDR</b>	<b>237</b>	<b>5.61</b>
<b>Malaysia</b>	<b>330</b>	<b>27.2</b>
<b>Myanmar</b>	<b>677</b>	<b>58.6</b>
<b>Philippines</b>	<b>300</b>	<b>88.9</b>
<b>Singapore</b>	<b>0.7</b>	<b>4.59</b>
<b>Thailand</b>	<b>513</b>	<b>65.7</b>
<b>Vietnam</b>	<b>329</b>	<b>85.2</b>
<b>ASEAN</b>	<b>4,464</b>	<b>576</b>



# Economic Performance

Country	GDP per capita (in USD) 2007	GDP total (in billion USD) 2007
<b>Brunei Darussalam</b>	<b>31,076</b>	<b>12.23</b>
<b>Cambodia</b>	<b>598</b>	<b>8.66</b>
<b>Indonesia</b>	<b>1,920</b>	<b>432</b>
<b>Lao PDR</b>	<b>736</b>	<b>4.13</b>
<b>Malaysia</b>	<b>6,880</b>	<b>187</b>
<b>Myanmar</b>	<b>216</b>	<b>12.63</b>
<b>Philippines</b>	<b>1,653</b>	<b>146.9</b>
<b>Singapore</b>	<b>35,200</b>	<b>161.5</b>
<b>Thailand</b>	<b>3,740</b>	<b>246</b>
<b>Vietnam</b>	<b>837</b>	<b>71.3</b>
<b>ASEAN</b>	<b>2,227</b>	<b>1,282</b>



# The Association of Southeast Asian Nations (ASEAN)

## § ASEAN aims to :

- ∅ To accelerate economic growth, social progress and cultural development in the region; and
- ∅ To promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries in the region and adherence



# The Association of Southeast Asian Nations (ASEAN)

- § In 2003, the Association resolved to establish the ASEAN Community by 2015.
- § ASEAN Charter was adopted during the Summit in 2007.
- § The Charter serves as the legal and institutional framework of ASEAN.



- § **Established by the ASEAN Leaders in December 1997 during ASEAN's 30<sup>th</sup> Commemorative Summit in Kuala Lumpur, Malaysia.**
- § **The Foundation aims to help bring about shared prosperity and a sustainable future for the entire ASEAN region.**



“Use the ASEAN Foundation as one of the instruments to address issues of unequal economic development, poverty and socio-economic disparities.”

- ASEAN Vision 2020

“Use the ASEAN Foundation to support activities and social development programs aimed at addressing issues of unequal economic development, poverty and socio-economic disparities” and to “support activities of the ASEAN Foundation to promote ASEAN awareness among its people”

- Hanoi Plan of Action (1998-2004) adopted at the ASEAN Summit in December 1998





The **Vientiane Action Programme (2004-2010)** adopted at the ASEAN Summit in November 2004 called for the “strengthening the role of the ASEAN Foundation in moving forward ASEAN political development initiatives through promotion of people-to-people contact.”

The ASEAN Foundation is mandated “to play an active role in the implementation of the Plan of Action by promoting access to information and communication technology resources, enhancing ASEAN awareness through language training and mass media and youth exchange activities.”

- ASEAN Socio-Cultural  
Community Plan of Action



## Our Mission

- § To promote greater awareness of ASEAN, and greater interaction among the peoples of ASEAN, as well as their wider participation in ASEAN activities through human resources development.
- § To contribute to the evolution of a development cooperation strategy that promotes mutual assistance, equitable economic development and the alleviation of poverty.



## The Foundation supports the following activities:

- § Organize and support activities to promote education, training, health and cultural life.
- § Provide assistance to uplift the social condition of the peoples in the ASEAN Member States.
- § Provide fellowships to and support exchanges of ASEAN youth and students.
- § Promote collaborative work among academics, professionals and scientists.
- § Implement projects assigned by ASEAN Leaders or Ministers.
- § Collaborate with the relevant ASEAN bodies.
- § Organize its own projects and actively raise funds for the Foundation activities.



## Mandate of the ASEAN Charter (Article 15)

- § The ASEAN Foundation shall support the Secretary General of ASEAN and collaborate with the relevant ASEAN bodies to support ASEAN community-building by promoting greater awareness of the ASEAN identity, people to people interaction, and close collaboration among the business sector, civil society, academia, and other stakeholders of ASEAN.
- § The ASEAN Foundation shall be accountable to the Secretary General of ASEAN, who shall submit its report to the ASEAN Summit through the ASEAN Coordinating Council.



# ASEAN Foundation

- § The Foundation is supported by earnings of the endowment and operational funds coming from voluntary contributions of ASEAN Member Countries.
- § Project funds come from contributions from the Government of Japan, IDRC Canada, Republic of Korea, People's Republic of China, Government of France, Hewlett-Packard, and Microsoft.
- § Government and non-government organizations of ASEAN Member Countries are eligible for financial assistance from the ASEAN Foundation.



# ASEAN Foundation

- § The Foundation has so far supported some 100 projects worth US\$ 18 million.
- § Over 18,000 ASEAN nationals have participated in capacity-building activities funded by the Foundation.
- § In 2008:
  - Ø 9 new projects approved = with US\$ 1.3 million funding requirement
  - Ø 12 projects were completed = worth US\$ 0.6 million
  - Ø 20 on-going projects = with US\$ 5.4 million total funding requirement



## Blueprint for the Socio-Cultural Community (2008-2015)

- § In the blueprint, CSR is given importance to contribute towards sustainable socio-economic development in ASEAN Member States.
- § It will develop a model CSR public policy or legal instrument for reference of ASEAN Member States by 2010 in line with ISO 26000: Guidance on Corporate Social Responsibility.



## Blueprint for the Socio-Cultural Community (2008-2015)

- § Engage the private sector to support activities of sectoral bodies and the ASEAN Foundation in the field of CSR.
- § Encourage adoption and implementation of international standards on social responsibility.
- § Increase awareness of CSR in ASEAN towards sustainable relations between commercial activities and communities where they are located.



# Emerging CSR issues and Challenges

## § CSR's two primary features:

- ∅ Based on relationships with corporate CEOs giving to organizations or causes they cared about
- ∅ Mainly focused on communities where corporate operations were present

## § CSR was not part of business strategy and corporate vision and mission.



# Emerging CSR issues and Challenges

“There is one and only one social responsibility of business – to use its resources and engage in activities to increase profits.”

Milton Friedman



# Emerging CSR issues and Challenges

“Businesses have a fundamental responsibility to give something back to society and they exist not only for accumulating profits but equally to look out for the social and environmental outcomes of their activities.”

Body Shop, Whole Foods and other corporations



## “New corporate philanthropy”

CSR strategies can lead to a competitive edge by increasing name recognition among consumers, fostering partnership between business units, and improving employee morale and loyalty.

Craig Smith, Harvard Business Review



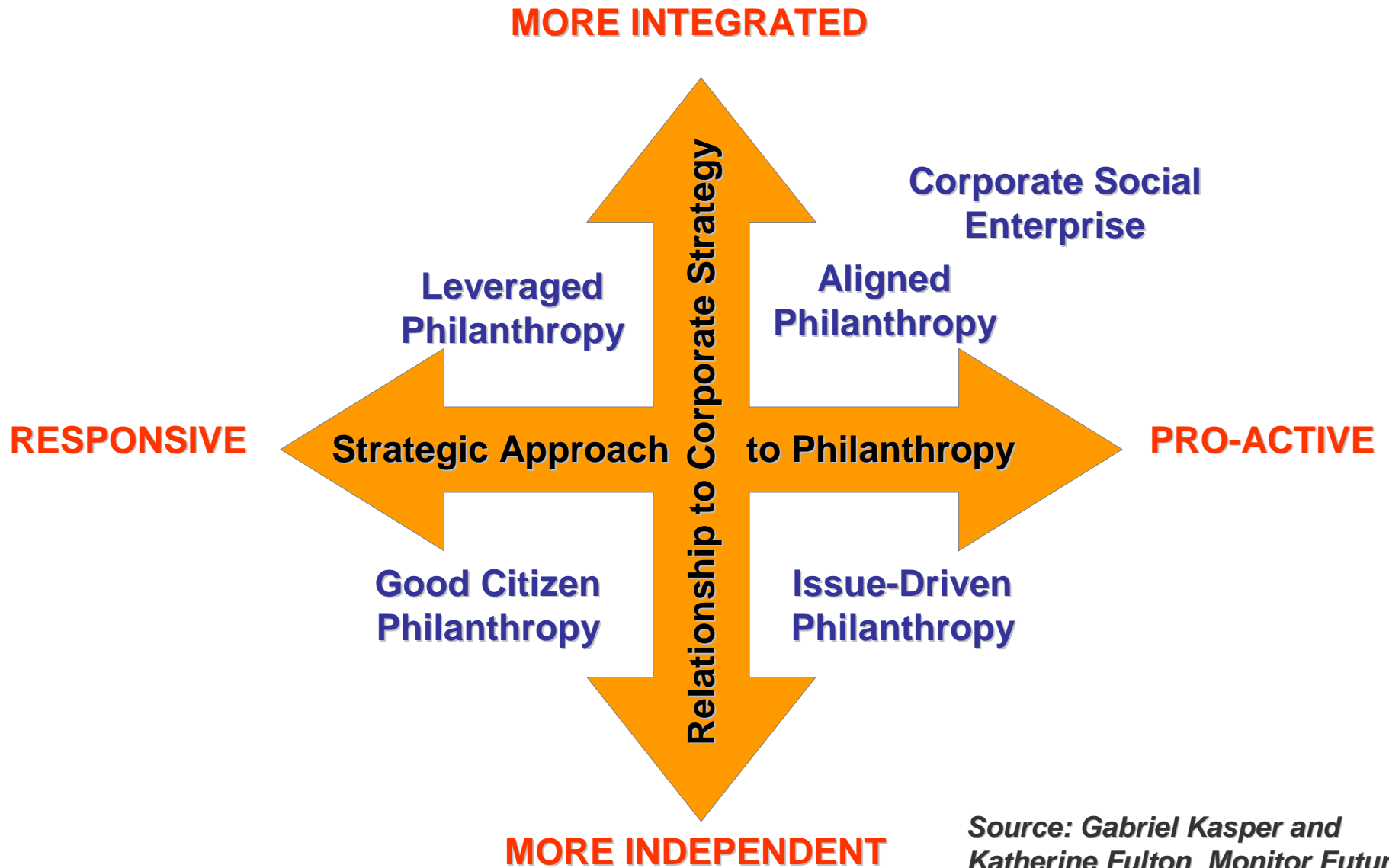
# Emerging CSR issues and Challenges

## § Cause-related marketing

- ∅ Increasing trend for corporations to promote philanthropic activities through marketing initiatives such as advertising and PR campaigns.
- ∅ Sometimes criticized as “false philanthropy”
- ∅ Many consider cause-related marketing as a valid expression of CSR; as a means of letting the public know of the company’s philanthropic activity.



# The Corporate Philanthropy Strategy Matrix



*Source: Gabriel Kasper and Katherine Fulton, Monitor Future of Corporate Philanthropy (2006)*

# The Corporate Philanthropy Strategy Matrix

## § Good citizen philanthropy

- ∅ CSR activities that are responsive to particular needs of the community but relatively separate from the overall corporate strategy.

## § Leveraged philanthropy

- ∅ CSR activities where the company leverage the capabilities of their business strategies in the philanthropy.



# The Corporate Philanthropy Strategy Matrix

## § Issue-driven philanthropy

- ∅ Company's philanthropy is focused and systematic
- ∅ Aims to make a clear impact on explicit and well-defined social or environmental objectives.
- ∅ Attempts to be effective grant-makers without clear relationship to the company's main line of business.



# The Corporate Philanthropy Strategy Matrix

## § Aligned philanthropy

- ∅ A CSR approach that is not yet fully defined by any single strategy but may be the direction that CSR efforts are headed in the future.



# The Corporate Philanthropy Strategy Matrix

## § Aligned philanthropy

Also known as:

∅ Context-focused philanthropy: businesses use charitable efforts to improve competitive context

(Michael Porter and Mark Kramer)

∅ Corporate social marketing: company launches social initiative that produces social outcomes that may change consumer behavior to build markets and benefit the company.

(Philip Kotler and Nancy Lee)



# The Corporate Philanthropy Strategy Matrix

## § Aligned philanthropy

- ∅ Collaborative social initiatives: coordinated, long-term initiatives staged strategically in collaboration with commercial and non-commercial partners.

(John Pearce and Jonathan Doh)

- ∅ Base of the pyramid strategies: business models that allow to serve the world's poorest people, open new markets, and help meet the basic needs of poor communities.

(C. K. Prahalad)



# The Corporate Philanthropy Strategy Matrix

## § Aligned philanthropy

- Ø Corporate social opportunity: social and environmental benefit is seen as exciting opportunities for business rather than “responsibilities”.

(David Grayson and Adrian Hodges)

- Ø Corporate social enterprise: fully integrated and proactive business strategy aimed at both social and economic goals.

(James Austin, Harvard Business School)



# Future of CSR

(Richard Marker, *The Future of Foundations*, 2008)

- § Develop more partnerships where foundations can leverage their resources and focus on major issues.
- § Due to recession, foundations will re-focus on fewer grantees but will continue to provide funding to the same group at the same level as before.
- § Establish donor-advised funds rather than putting-up private foundations, in order to maintain more privacy.



## Future of CSR

- § Recent trend in aligning investments with grant policies will continue to grow.
- § Foundations will realize the importance of advocacy funding to address major societal issues. Stronger reaction to pressure of foundations replacing government funding.
- § Trend of supporting hybrid for-profit and non-profit ventures will subside.

