



The Asia Foundation

SPEECH

DINNER WITH THE ASIA FOUNDATION PRESIDENT DOUGLAS BEREUTER
COEX Intercontinental Hotel, Vivace Room (B1 Fl.)

"CORPORATE COMMUNITY ENGAGEMENT AND THE NGO SECTOR: TRENDS TO WATCH"

For presentation by Douglas Bereuter

- Thank you for this opportunity to address you this evening. I want to express sincere thanks to Former Prime Minister Lee Hong-Koo, a member of the Board of Trustees of The Asia Foundation and Chairman of the Friends of The Asia Foundation in Korea, for his kind introduction and his continued support of the Foundation's work. I also want to thank three special individuals who helped organize this event:
 - Mr. Moon Kook-hyun, President and CEO of Yuhan Kimberly and Co-Chairman of the Best Forum;
 - Professor Cho Dong-sung, Representative of the Peter Drucker Society of Korea and also Co-Chairman of the Best Forum; and
 - Professor Chang Young-chul, Representative of the New Paradigm Forum.
- As the President of The Asia Foundation, I should begin by saying a few words about the organization that I head. The Asia Foundation is a non-profit, non-governmental organization headquartered in San Francisco. Our mission is to contribute to building a peaceful, prosperous,

just, and open Asia Pacific region. Operating through 17 offices throughout Asia and an office in Washington, DC, with nearly 550 employees, more than 3/4th Asian nationals, the Foundation collaborates with private and public partners to support leadership and institutional development, international exchanges, and policy research. Our main program areas include:

- Economic reform and development;
 - Governance and legal reform;
 - Supporting free and fair elections;
 - Women's programs;
 - Environmental programs;
 - International relations; and
 - Information and communications technology.
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- Through cooperation with local partners – governments, universities, and NGOs -- and with more than 50 years of experience in the region, The Asia Foundation has successfully implemented thousands of programs that benefit current and future generations. During the past five years alone, the Foundation has supported more than 800 non-governmental organizations as Asian partners in our development work, and has worked closely with selected government institutions throughout Asia.

 - Asia Foundation is proud to have partnered in many important programs here in Korea. Over the past five decades, in consistent response to evolving Korean needs, the Foundation has supported programs in diverse fields including preserving Korea's rich culture; strengthening legal and judicial systems; economic reform; providing educational fellowships and supporting higher education; encouraging the development of professional associations and civil society organizations; and we have focused on contributing to a lasting and mutually beneficial U.S. – Korean bilateral relationship. As Korea has evolved, so has our programming, and today we are proposing ways in which the Foundation and our Korean partners can collaborate in providing assistance to the developing countries of Asia through our Partners in Asian Development initiative.

- You may wonder, “How does The Asia Foundation fund all this good work?” We receive funding from both public and private sources: through successful competition for funding from governmental and multi-national development agencies, and a relatively modest annual appropriation from the U.S. Congress. We also receive grants from individuals, foundations and in recent years, an increasing number of corporations. Since 2002, The Asia Foundation and companies such as Microsoft, Pfizer, Chevron, the Shanghai Commercial Bank, Pacific Century Cyberworks, and many more have collaborated on new community engagement initiatives in the communities where these companies operate. These have been highly interactive, equal-partner efforts.
- Please let me be clear that “corporate community engagement” is markedly different from “corporate philanthropy.” In the US, while a few companies continue to use the term “philanthropy,” more often “philanthropy” is defined as giving money to support somebody else’s agenda. While some of this “philanthropy” is needed and appropriate, American firms are increasingly using terms like “corporate community engagement,” “community affairs,” or to a lesser extent, “corporate social responsibility,” to capture a type of giving that is more closely related to the corporation’s core competencies and business interests.
- Many companies look to corporate community engagement as part of a formula for long-term commercial success: it is a way to increase their brand’s attractiveness to consumers. Their consumers are increasingly more attentive to the social and environmental reputation of the firms whose products they purchase. Firms also want to impress on the local communities where they do business that their company shares local values and concerns. Corporate community engagement is also a way for the company to be more engaged in the ethical and sustainability concerns of the global supply chain, an area that is closely monitored by government agencies, international human rights and environmental groups, and the media. For corporations operating abroad, corporate community engagement may also be an appropriate way to respond to the social investment expectations of host governments.

- As corporations become more active in community engagement pursuits, they seek out new stakeholders and local partners for input and involvement in identifying priority concerns and to help to achieve the company's aims. Given that the strategy which the corporation chooses will need to be approved by their employees and local stakeholders (stakeholders being essentially, entities with a legitimate interest in the operations and impact of a corporation). A company's Board of Directors and shareholders, today find themselves looking for the right kind of intermediary organization like The Asia Foundation to help advance their corporate citizenship agenda. We are very pleased to find that many corporations are approaching The Asia Foundation as a well-informed and trusted partner in various Asian countries.
- As the NGO partner and intermediary for more than 35 multinational corporations over the past ten years, The Asia Foundation has been aware of several trends or drivers that seem to contribute to a company's shift from "corporate philanthropy" to "corporate community engagement." I will cite five of those drivers and share some examples with you of how The Asia Foundation has worked with our corporate partners.

1. Employee Motivated Programs.

Increasingly, corporate community engagement programs are developed in response to employee interest. Quite impressively, in the U.S., more than 87% of corporations support employee volunteer programs and at least 60% make their financial donations to local organizations through employee matching gift programs. In 2002, for example, American Express employees in Hong Kong wanted to contribute time and money to a local initiative, but could not decide whether they wanted to support programs for children, for the elderly, or for the disabled. The American Express Foundation approached the Asia Foundation's office in Hong Kong for advice on how we vet and select grantees, and how we develop specific programs. Foundation staff in Hong Kong conducted workshops for Amex employees through which the employees reviewed a selection of possible causes and local NGOs and

eventually decided on a project to care for the elderly. The Asia Foundation then helped design the project and advised on a suitable local partner.

2. Engaging consumers in new markets.

In 1997, at the height of the East Asian financial crisis, the Intuit Corporation offered to donate \$15 million of accounting software to The Asia Foundation. The Foundation accepted that donation and together with local universities, training institutions, and NGOs in Thailand and the Philippines, we designed an accounting and financial literacy training program that eventually enabled hundreds of small community-based organizations to successfully apply for and manage funds made available to them through the World Bank's Social Development Fund.

In another example, in 2001, the Pfizer Foundation provided a grant to The Asia Foundation to conduct significant, consumer-oriented health care advocacy and patients' rights programs in China, the Philippines, Malaysia, South Korea, Taiwan, and Thailand. These programs provide local NGOs with training and tools to develop their advocacy work and to strengthen the effectiveness and capacity of local health NGOs and patients groups.

In still another example, with the generous support from Microsoft, The Asia Foundation continues to support a Communications Technology Learning Center for migrant women workers in Guangdong Province. Microsoft and The Asia Foundation have also partnered on IT training centers in Cambodia and Indonesia since 2003. Initially, the centers were designed as part of the Foundation's voter education programs in those countries, but they have continued on to provide Internet access for local farmers, business groups, and schools, with a full-time IT manager and on-site trainer to assist users.

3. Improving workplace standards through supply chain engagement.

The Levi Strauss Foundation approached The Asia Foundation in 1999 to jointly create a program to improve the working conditions of migrant women factory workers in the Pearl

River Delta. Working with Chinese government agencies, local universities, local NGOs, and factory managers, The Asia Foundation launched a set of programs that included counseling, training and legal aid for workers. The program is now entering its eighth year. More than 250,000 women in over a thousand factories have benefited from these services, and Microsoft, First Data Western Union, and Federated Department Stores have since joined Levi Strauss in supporting and expanding this Asia Foundation program.

4. Ensuring fair market access.

In 2002, China's State Council Office of Legal Affairs approached The Asia Foundation to create a training program on legal issues associated with China's accession to the World Trade organization (WTO). The State Council requested this program because provincial and municipal-level legal affairs officials had little training on WTO requirements, and most had little or no experience in ruling on compliance issues that were sure to arise. The Asia Foundation designed and facilitated training seminars in the U.S. and in Asia for the Chinese legal officials who are responsible for the actual implementation and enforcement of China's WTO obligations. More than ten companies with business interests in China, including ExxonMobil and General Electric, contributed funds in support of this program.

5. Understanding host government policies.

Through their government affairs offices, corporations develop knowledge of host government policies and relationships that extend beyond immediate commercial needs. They may also support exchange and dialogue programs that enable them to interact with key host government constituencies. For example, in China, as part of the Foundation's goal of contributing to improved U.S. – China bilateral relations, the Boeing Corporation sponsors the Foundation's Distinguished Visitors Program, which brings senior Chinese Government officials to the U.S. on individually designed study visits, including meetings with corporate and government leaders. In addition, numerous American corporations have contributed to our series of regional dialogues with influential Asian opinion leaders on America's Role in Asia, a project undertaken before each of the last U.S. Presidential elections that solicits and

summarizes Asian and American perspectives on vital issues affecting American policy choices related to Asia.

- I believe you can see that these five trends demonstrate a much greater involvement on the part of these companies than the effort it takes to provide a “philanthropic” grant to a local charitable organization, and these efforts are typical of the new wave of corporate community engagement activities that we are seeing in recent years. We are witnessing an entirely new way of thinking about how a company can make a contribution to a local community, region, or country.
- The Asia Foundation’s corporate partnerships are multiplying due to our understanding of these trends, and our ability to provide guidance and assistance on results-oriented, targeted community engagements. Our staff in Asia – a majority of them Asian nationals – are individuals who understand local cultural and political conditions. With our experience in local and regional issues and our extensive network of NGO partners, we can serve as a unique corporate resource in the Asia-Pacific region, provided that corporate interests are consistent with our own mission and that the projects we develop together also reflect our core program goals and competencies.
- Ladies and gentlemen all of us are concerned about a stable, peaceful and prosperous Korea and Asia-Pacific region. These conditions are required for Koreans and all people to enjoy the fruits of their initiatives and hard work. Peace and stability are, of course, also conditions, which are essential to the success of your businesses and that success in a nation contributes to better lives for everyone. The Asia Foundation is working in partnership with governments, civil society and corporations to help create these conditions. I hope that we may find a way to enlarge our cooperative relationship with Korean and multinational businesses here in Korea.

Questions?