

Coutts | 



The Million Dollar Donors Report 2013

IN ASSOCIATION WITH THE INDIANA UNIVERSITY LILLY FAMILY SCHOOL OF PHILANTHROPY



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INTRODUCTION

For the past five years we have published *The Million Pound Donors Report*, a study that aimed to capture the essence of philanthropy by major donors in the UK. In 2013, we went a step further.

We studied major donors across six regions, namely the UK, US, Russia, Middle East (GCC*), China and Hong Kong. The result is a report that we believe is the leading authority on the nature and scale of \$1m-plus donations internationally.

A key component of the report is the views and opinions of million dollar donors, who have given their time to tell us why they choose to part with a significant portion of their wealth and why they give to the causes they have selected. Their thoughts are open, frank and honest.

Data for \$1m-plus donations in the US and the UK is relatively robust, but our first study has exposed just a part of million dollar giving in other regions. The true scale of major philanthropy is likely to be higher than we report.

Our 2013 report has put a marker down and we will build on this first set of data to help unearth the full scale of international million dollar giving.

Online

This publication is a summary of the full *Million Dollar Donors Report*, which can be found online at coutts.com/donorsreport

Our website brings the report to life and includes in-depth analysis of the findings, as well as full-length interviews with million dollar donors and charities in receipt of million dollar donations.



*The Gulf Cooperation Council consists of Bahrain, Kuwait, Oman, Qatar, the Kingdom of Saudi Arabia and the United Arab Emirates.



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KEY FINDINGS



“

I get a huge buzz from giving money away and making a significant difference

Peter Cullum
The Towergate Charitable Foundation

“

Million dollar donors are the lifeblood of our growth and critical for our success

Eric Schwarz
Citizen Schools

\$19bn

Total amount donated

RUSSIA
\$239m**
Total donations

CHINA
\$1.18bn
Total donations

MIDDLE EAST
\$727m
Total donations

“
*My foundation
will exist in
perpetuity*
Dmitry Zimin
Dynasty Foundation

“
*Identifying and
cultivating donors is
not about cold-calling
– it’s about relationships*
Samantha Kriegel
Teach For China

“
*We are keen to
build relationships
rather than just
giving money and
walking away*
Carolyn Perry
MBI Al Jaber Foundation

HONG KONG
\$877m
Total donations

“
*The more engaged
you are, the greater
chance of success*
James Chen
Vision for a Nation

WHAT DOES THE DATA TELL US?

Six regions
1,249 donors

1,955 million
dollar donations

Charities and organisations received 1,955 million dollar donations worth a total of \$19.04bn from 1,249 donors across the UK, US, Russia, Middle East (GCC), China and Hong Kong in 2012.

We have deliberately not made any direct comparisons of donation numbers or levels between countries and regions in this report – to do so would be unfair for two main reasons.

First, the diverse nature of the social, cultural, political and economic landscapes in each region means that philanthropy is at very different stages of development. For example, philanthropy did not have a place in Russian society between the Bolshevik Revolution of 1917 and the fall of the Soviet Union in 1991, which is why contemporary Russian philanthropy is in its relative infancy.

Second, culture and tradition has a key influence on the nature of philanthropy and its visibility – donors in some regions prefer to keep their gifts more private. Altruism is evident across all jurisdictions covered in this report, but in some regions such as the Middle East, China and Hong Kong, this altruism is closely connected to the idea that donors should keep a low profile and give anonymously.

But despite significant differences across the jurisdictions in this report, several key trends have emerged.

Education a popular choice

Our report confirms for the first time that higher education's popularity among million dollar donors goes further than just the UK and US. Million dollar donors across the six regions gifted a total of \$7.05bn (37% of the total value) to higher education institutions in 2012.

Philanthropists, particularly in the UK and US, have long been associated with universities – John Harvard, for example, gave America's first major bequest in the 1630s, a donation that founded Harvard University.

But there are other reasons why universities are often favoured by million dollar donors, be they in the US, China, Russia, Hong Kong, Middle East (GCC) or the UK.

Universities, unlike many charities, are multi-million dollar organisations, capable of handling seven-figure donations, and there is a huge variety of activities that major donors can support, from cutting-edge scientific research and the building of new facilities to the provision of scholarships. Alumni are also a significant source of support.

Home is where the heart is

Donors tend to focus on supporting organisations in their home country – overseas gifts accounted for just 5.6% of the total value of million dollar

\$8.8bn

gifted by
individuals

\$7.05bn

to
higher education

\$2.87bn

to
foundations

donations in all regions. However, the Middle East bucked the trend as 71% of its million dollar gifts went overseas. This could suggest that donors perceive that there are relatively greater needs in non-GCC Arab countries.

Foundations give more gifts...

Foundations gave the largest number of million dollar donations in four out of the six regions, and they were the second most popular destination for million dollar gifts, receiving a total of \$2.87bn. This shows that donors are institutionalising and professionalising their philanthropy, with many thinking long term through the establishment of endowments.

...but individuals give more money

While foundations gave more gifts, individuals gave more money. Individual donors gave a total of \$8.8bn in all regions – 46% of the \$19.04bn donated. There are several reasons for this. Many foundations try to spread out their giving, providing smaller gifts to a larger number of non-profit organisations. Individuals may also try to give smaller numbers of gifts that are worth a higher amount. Individuals often make large one-time gifts to endow their foundations, which then disburse the money in smaller grants over time.

IT'S NOT JUST NUMBERS

The Million Dollar Donors Report is more than just numbers. An integral part of the report is the opinions we gathered from interviewing donors, charities and philanthropy experts across the regions – and several key themes emerged.

Growing professionalisation

When the scale and longevity of philanthropy becomes significant, many establish foundations to formalise and sustain their philanthropy, with many establishing endowments. There is also an increasing desire to be 'strategic'. This may involve establishing a clear mission or objectives, providing unrestricted grants to back organisations they believe in, collaborating with other philanthropists, measuring impact or hiring professional staff.

More than money

Without exception, the donors interviewed in this report do more than write cheques. Many are actively and passionately involved in their philanthropy, drawing on their skills and networks to achieve their goals.

Social investment picks up

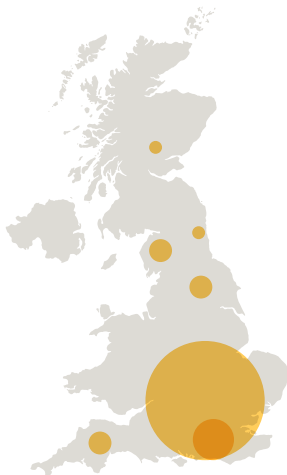
Social investment aims to generate measurable social and /or environmental impact alongside a financial return. Also known as impact investing, this type of finance is on the rise.

Wealth succession

Philanthropy can be a key way to prepare the next generation for the opportunities and responsibilities of wealth. A number of donors interviewed for this report have even pledged to commit the majority of their wealth to philanthropy.

ONLINE

For further in-depth analysis of the findings and to read full-length interviews with the donors and charities featured in this report, go to **coutts.com/donorsreport**



LOCATION OF £1M DONORS

- 63%** LONDON
- 9%** SOUTH EAST
- 2%** NORTH WEST
- 2%** EAST MIDLANDS
- 2%** SOUTH WEST
- 0.5%** NORTH EAST
- 0.5%** SCOTLAND
- 3%** OVERSEAS
- 19%** UNKNOWN

197

The number of £1m-plus donations in 2012

The total value of £1m donations in 2012 reached its highest level since the financial crisis

Findings

Donations on the rise

The total value of charitable donations worth £1m or more rose 9% to £1.35bn in 2012 from £1.24bn in 2010/11. This value was derived from 197 donations – the third-highest number of £1m-plus gifts on record since 2006.

Taking into account the £512m donated between April 6 and December 31 in 2011, the accumulated value of £1m-plus donations made from 2006-2012 has reached almost £9bn.

Not only did the total value of donations increase, but encouragingly, so too did the average donation size. The average (mean) value in 2012 of £6.9m was significantly higher than the £5.3m in 2010/11, while the median value (the middle value when all are placed in ascending order) also increased to a record high of £2.3m.

Bigger gifts

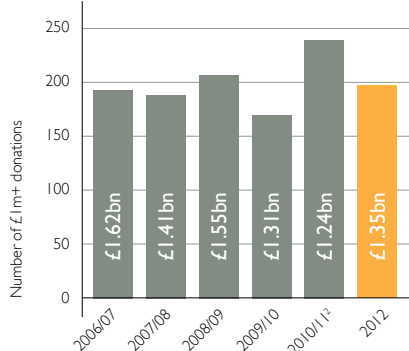
The proportion of larger donations increased, with more than half of all million pound gifts (56%) being worth £2m or more. This trend towards higher-value million pound gifts could be a result of donors having more resources at their disposal or from better fundraising by major charities.

According to our study, 22% of the million pound donations were made by individuals, yet collectively these accounted for 32% of the total value of donations.

Foundations, which now include donations made by both personal and professional foundations¹, were responsible for 71% of the number of million pound donations, collectively accounting for 62% of the total value. It is worth highlighting, however, that individual donors are often responsible for decisions behind donations from personal foundations.

Gifts from corporations (including corporate foundations) decreased slightly and account for just 7% of the number of million pound donations in 2012 and 6% of the total value. This is in line with data produced by the Directory of Social Change in its ninth edition of *The Guide to UK Company Giving*, which revealed that corporate giving has dropped.

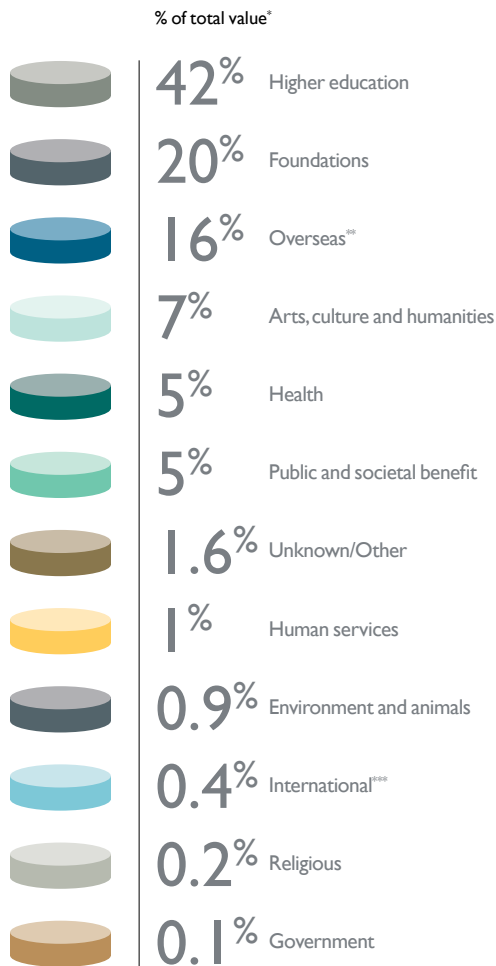
How 2012 compares



¹ A personal foundation is one where the founder or a family member is still present to direct grant decisions. A professional foundation is one where the founder is no longer present to direct such decisions.

² Between April 6 and December 31 2011, there were 98 donations totalling £512m.

Where the £1m donations went



Higher education makes the grade

Higher education replaced foundations as the most popular destination for million pound donations. One in four donations (24%) was given to this cause, accounting for 42% of all million pound donations made in 2012. Indeed, six of the ten biggest donations were given to universities, all worth £30m or more.

There are two reasons for the popularity of higher education. Firstly, major donors view universities as

credible institutions that are able to absorb and spend large sums on a wide range of important activities, from scholarships for financially disadvantaged students to cutting-edge research.

Secondly, the government's matched funding programme that ran from 2008-2011 appears to have succeeded in steering donors towards the area of higher education.

* Totals may not equal 100% due to rounding.

** 'Overseas' refers to charities headquartered outside the UK, regardless of the purpose of the gift (for example, donations to schools and hospitals in North America). Previously in *The Coutts Million Pound Donors Report*, this subsector referred to charitable activities outside the UK other than those classified as international development.

*** 'International' refers to charities based in the UK that operate primarily outside of the UK. Previously this subsector referred to poverty-alleviating activity in developing countries.

22%

of gifts were
made by
individuals

71%

of gifts were
made by
foundations

7%

of gifts were made
by corporations and
corporate foundations

Key themes

Changing donor behaviour

The economic downturn and resulting government austerity measures continue to affect charities' and funders' behaviour alike.

The state remains the second-largest funder of charities behind the general public (£14.2bn compared to £16.5bn, according to the National Council for Voluntary Organisations' *UK Civil Society Almanac 2013*). However, the level of state funding has started to fall in recent years in light of the government's deficit-reduction plan.

Not only is funding falling, but the way the charities are funded by the government is changing. The Almanac states that in 2010/11, £11.2bn of government funding (79% of all government funding for charities) was for contracts for service provision. In comparison, grants from government were worth just £3bn.

But donors are meeting the challenges in a number of ways.

Collaboration for change

The changing political and economic context in recent years has resulted in private foundations working together on emergent challenges.

For example, not-for-profit legal advice services (covering areas such as welfare benefits, immigration and asylum) have been affected by the

changing economic and political climate. As a result, a group of funders including The Baring Foundation, Comic Relief and Unbound Philanthropy agreed to collaborate to help advice agencies establish more sustainable footings and to influence the wider policy.

Seeking social investment

Interest in social investment, which aims to generate measurable social and/or environmental impact as well as a financial return, is on the rise.

The launch of Big Society Capital in 2012, for instance, shone a spotlight on this emergent field. Launched by Prime Minister David Cameron with £600m worth of funding, its mission is to grow social investment to make it easier for charities, social enterprises and community groups to access affordable finance. Foundations, including the Esmée Fairbairn Foundation, Panahpur Charitable Trust and City Bridge Trust, are also proactively shaping this field.

Social impact bonds, which pay investors a return based on outcomes, are also increasingly being used. The first social impact bond was launched in 2010 – today there are 13.

Using assets to achieve success

Debates about major philanthropy often focus on the nature and scale of

donations. However, greater attention is being given to how foundations can use all their assets, including endowments, to achieve their goals.

According to the Association of Charitable Foundations (ACF), there are around 900 endowed foundations, with collective assets of £48.5bn – nearly half of the UK's charitable sector assets. Together, they are responsible for £2.3bn in charitable spending each year.

An increased focus on the management of endowments is, in part, driven by the twin pressures of lower investment returns and increasing demand for funding from foundation beneficiaries as public funding shrinks.

But foundations are also thinking more about the impact of their endowments and how they can be better aligned with their mission, considering environmental, social, governance or ethical factors when making investment decisions.

Some foundations are making the most of their assets to create change. The Barrow Cadbury Trust, for instance, is seeking to make the most of all its assets to achieve its goals, including adopting an ethical approach to managing its endowment and wielding its brand to influence others.



Donors' stories

“Standing up to bullies”

HASSAN ELMASRY

“Like a lot of people, I really don't care for bullies and I want to help those who stand up to them. As a patient long-term investor; supporting human rights is a good fit between my values and the organisation's mission. By definition, it is high risk, high return philanthropy – you can work on a human rights problem for a long time with no signs of progress or have a massive pay-off when policies are changed or a dictator is hauled off.

I was immediately taken with Human Rights Watch's (HRW) efforts and was impressed how such a small group of committed professionals and volunteers could help frame the conversation globally on issues I care about deeply.

Freedom, human rights and rule of law are critical ingredients in the soup that promotes economic development and human dignity. I see my support for HRW as a strategic investment to help people protect their dignity. Their work speaks to my heart as well as my mind.

I get an enormous sense of satisfaction from contributing strategically to a kind of change that really matters.”

PROFILE Hassan Elmasry is co-founder of Independent Franchise Partners, LLP and the co-chair of Human Rights Watch, a global organisation that works to hold abusive governments and organisations accountable.

“Staff at our charity's heart”

PETER CULLUM CBE

“I generated my wealth through my business and I feel an overwhelming need to give most of it away. I would like to do this while I'm still alive, which is perhaps selfish of me.

As my business interests grew, so did my passion to give back. I wanted philanthropy to be a core part of my company's values. I was inspired after reading how a US breast cancer charity had partnered with BMW.

We decided to work with children's charities following customer and staff feedback. Our invoices now include a donation option to support either Cancer Research UK, Great Ormond Street Hospital, NSPCC Childline or Help the Hospices.

Our staff are at the heart of our charity work and the foundation is part of the company's fabric and culture.”

PROFILE Peter Cullum is the founder of Towergate Insurance, which funds the Towergate Charitable Foundation. Awarded the CBE in 2010, Mr Cullum also set up his own foundation, The Cullum Family Trust.

“Africa got in my blood”

STEPHEN DAWSON

“My first exposure to Africa sparked my interest in philanthropy. It was 40 years ago. I'd just completed my degree and applied to teach English abroad. I ended up in Madagascar and that's when Africa got into my blood. My time there helped me understand poverty and how education can make a difference.

I always knew that when I retired I

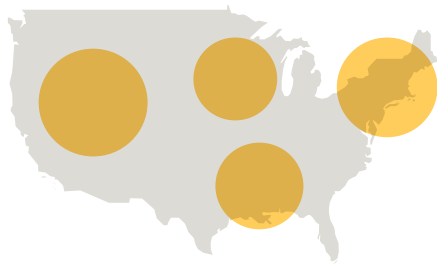
would want to give something back, and in 2002, I co-founded Impetus Trust to provide charities with a combination of long-term funding and expertise (venture philanthropy).

Our lifestyle is fairly modest – fast cars and yachts aren't that interesting to us. My wife and I wanted to give away as much as possible during our lives so that

we can be involved. We choose causes that we are involved with, be they local to our home city of Bath, international development or concerning the environment.

We work with middle-sized charities because they are innovative, entrepreneurial and dynamic – big charities don't need as much help.”

PROFILE Stephen Dawson was the first chairman of Impetus Trust, the pioneer of venture philanthropy in the UK.



LOCATION OF \$1M DONORS

- 27%** WEST
- 26%** NORTHEAST
- 24%** SOUTH
- 21%** MIDWEST
- 2%** UNKNOWN

1,408

The number of \$1m-plus donations in 2012

Million dollar donations fell in 2012, but bigger donors dug deep, with the average gift rising to its highest level in five years

Findings

Major donors hold firm

The number of million dollar donations fell to a new low of 1,408, while the total value fell 17% year-on-year to just under \$14bn as the US economic recovery struggled to maintain momentum in 2012. But despite this decline there is cause for optimism.

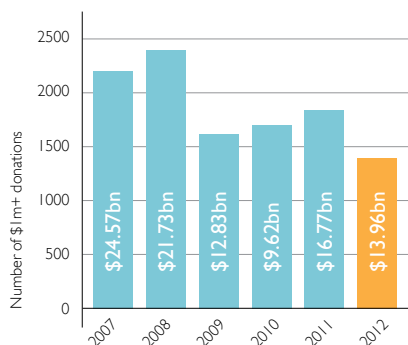
First, the average (mean) gift size rose to \$9.9m, its highest level since 2007, while the median value reached a record high of \$2.5m. This suggests significant donors have made great efforts to maintain their giving levels. In terms of the biggest single gift, this came from Warren Buffett, who gave \$1.52bn to the Bill & Melinda Gates Foundation in 2012.

Our research also showed that the majority of donors gave more than \$1m, with 18% of million dollar gifts worth \$10m or more (21 gifts were worth at least \$100m). And although the majority of gifts (52%) came from foundations, individuals donated almost half the value of gifts.

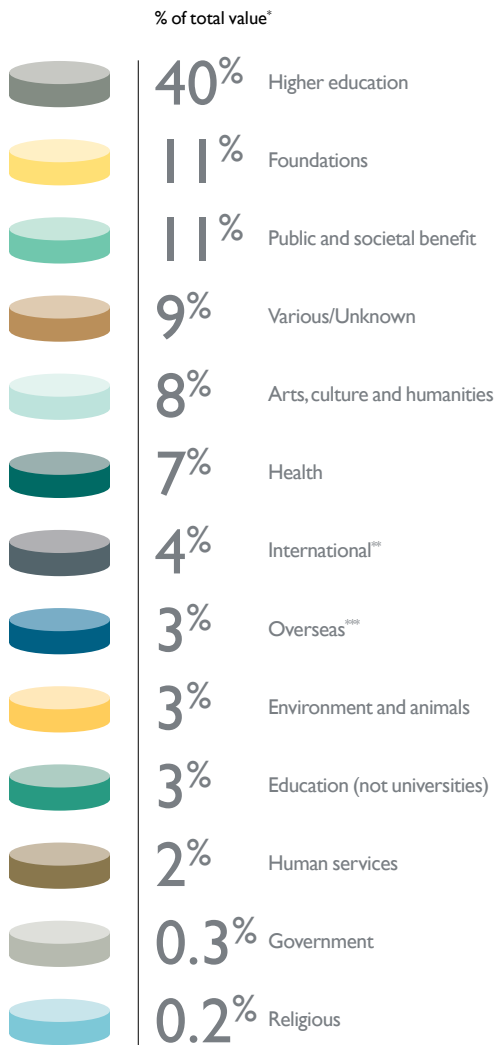
Million dollar giving in the US over time has followed a similar pattern – foundations tend to give more \$1m-plus donations, while individuals tend to donate larger-value \$1m-plus donations. This is, perhaps, because individuals often make large one-time gifts to endow their foundations, with foundations then disbursing the money in smaller grants to a larger number of non-profit organisations over time.

A total of 986 organisations received million dollar gifts in 2012 in the US. The vast majority of organisations received a single million dollar gift (816 non-profits), but a handful received more than one. The American Red Cross was the lead beneficiary with 16 million dollar gifts, many of which were donated in the aftermath of Hurricane Sandy in October 2012.

How 2012 compares



Where the \$1m donations went



Donors embrace community spirit

Facebook founder Mark Zuckerberg and his wife Priscilla Chan's \$498m gift to the Silicon Valley Community Foundation helped the public and societal benefit subsector increase its share of total gift dollars in 2012.

But the long tradition of million dollar donors giving to colleges and universities continued as the higher education subsector once again received the highest number of donations. It took in 604 separate gifts totalling \$5.62bn – 40% of the total value donated.

* Totals may not equal 100% due to rounding.

** 'International' refers to non-profit organisations based in the US that operate primarily outside of the US.

*** 'Overseas' refers to non-profit organisations headquartered outside the US, regardless of the purpose of the gift. For example, donations to schools and hospitals in Europe.

35%

of gifts were
made by
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52%

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13%

of gifts were made
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corporate foundations

Key themes

Economy matters

The US economic downturn has had a significant impact on the number of million dollar donors since the study began six years ago – and 2012 was no different. During and immediately after the recession in 2007, million dollar donations dropped steeply, although it experienced a moderate resurgence in 2011. But this recovery stalled in 2012, suggesting that the uncertain economic climate may have influenced donors.

The health of the economy impacts million dollar donations in different ways¹. Giving to arts, culture and humanities organisations is more affected by economic changes, while giving to health and human services non-profits tends to remain stable despite economic fluctuations. We see continuing evidence of this trend in 2012.

But donors remain in an optimistic mood. Around three-quarters (76%) of high-net-worth donors anticipate giving at least as much or more in the next three to five years as they have in the past². A stronger economy in 2013 may be the catalyst they need.

Giving Pledge goes global

A growing number of individuals from around the world have signed up to the Giving Pledge – the campaign founded by Bill and Melinda Gates and Warren Buffett in 2010.

The Pledge encourages the very wealthiest sector of society to commit the majority of their wealth to philanthropy. It boasts an ever-increasing number of signatories, and in 2012, the numbers swelled from 61 to 83, an increase of 36%.

Until recently, the vast majority of signatories have been American, but the Pledge is now attracting international donors. In February 2013, 13 signatories were added from 10 countries, including the UK, Russia, India and Australia.

Social investment takes hold

Social investment aims to generate measurable social and /or environmental impact alongside a financial return. Also known as ‘impact investing’, the concept is taking hold in the US.

For example, the Rockefeller Foundation initiated the establishment of the Global Impact Investing Network (GIIN), which is creating industry benchmarks to help grow the social investment market. Inspired by the first social impact bond in the UK, the Rockefeller Foundation also played a key role in testing social impact bonds (or ‘pay for success’ financing), a recent innovation in the general field of innovative finance for social and environmental impact.

¹ A Decade of Million dollar Gifts, in collaboration with CCS, researched and written by the Indiana University Lilly Family School of Philanthropy.

² The 2012 Study of High Net Worth Philanthropy, in collaboration with Bank of America, researched and written by the Indiana University Lilly Family School of Philanthropy.



Donors' stories

"We strive to Be Fearless"

JEAN AND STEVE CASE

"We recognise that with each day, social issues – from unemployment to childhood hunger to access to clean water – are becoming more urgent and interconnected. We believe that if those of us charged with finding and funding solutions to social challenges are going to keep up with the rapid pace of change and the daunting complexities of these challenges, we must rethink traditional models.

We strive to 'Be Fearless' – the name of our Foundation's campaign – in our approach to social change. We partner across industries and act with fervour to engage citizens and change the world for the better, and hope others in the philanthropic space will embrace this same approach to grow and strengthen philanthropy in the US."

PROFILE Jean and Steve Case established the Case Foundation in 1997 to invest in people and ideas that can change the world.

"If you have the means, you should give"

LUCY BILLINGSLEY

"When I meet a woman who lives in poverty, on a dirt floor with no running water, and I see that she is dedicating her work and life to changing her children's health and education, and giving them a future – that shows me the power of humanity.

If you're given an opportunity, you have to take responsibility. The two should go hand-in-hand. I was given an opportunity in life. That's why micro-finance (providing loans to those with low incomes) works for me. I am giving someone the opportunity I was given.

For those who have the means to give, but have not done so, you have to ask, why not? You'll be fine if you do without something, say a latte or a handbag, but you're not fine if you live without feeling good about yourself and your life. That's why economic gift and personal reward are hugely linked. The greatest thing you can do for yourself is to give to others."

PROFILE Lucy Billingsley founded Chiapas International, a non-profit organisation that provides funds to help break the cycle of poverty in Latin America.

Advice

FOR DONORS

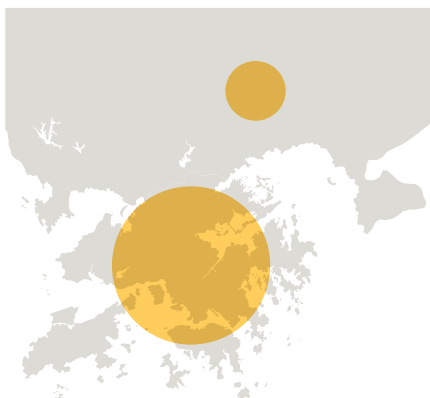
Across all countries covered in this report there is a wealth of experience of major philanthropy. We asked donors to share their advice on giving donations of \$1m or more

- Be clear about your motivations for philanthropy. What do you hope to achieve? What are your goals?
- Give to the causes and organisations you feel most passionate about.
- Balance your heart and mind. Trust your instincts but do your research to consider the past and potential future impact of the organisations you may support.
- Don't just write cheques. The more engaged you are with your philanthropy, the more enjoyable it will be and the greater your chances of success.
- Take informed risks. Invest in organisations or projects you believe are worthwhile. Even if they don't succeed, focus on lessons learnt.
- Learn from others. Don't feel you need to reinvent the wheel, but rather build on the experiences and due diligence of other donors.
- Set yourself clear expectations and ensure that both you and the organisation you support share a similar understanding and vision.
- Visit the organisations you support. This will help you understand their work better and the impact they make.
- Trust and respect are the two most important principles in philanthropy. Trust that the organisation you support is capable of delivering solutions. Respect the ways in which they put your money to use, especially if you provide unrestricted funding.
- Commit for the long haul. A lasting difference takes time to realise, but there is nothing more satisfying.
- Appreciate that you may not see the full impact of your philanthropy in your lifetime.
- Think about how you can best sustain your philanthropy for the longer term, perhaps by appointing specialist advisers, hiring professional staff or establishing an endowment.



HONG KONG

IN ASSOCIATION WITH THE CHINESE UNIVERSITY OF HONG KONG, CENTRE FOR FAMILY BUSINESS



LOCATION OF RECIPIENTS OF \$1M DONATIONS BY VALUE

- 83%** CHINA-HONG KONG
- 12%** CHINA-MAINLAND
- 5%** OVERSEAS

104

The number of \$1m-plus donations in 2012

Many million dollar donors in Hong Kong support local community care and educational services, but more than one in five gifts go to mainland China

Findings

Charity begins at home

We identified 104 million dollar-plus donations from 47 donors, worth a combined value of \$877m in 2012, with nearly 30% of the total value coming from one donation.

The donation, from Dr Tin Ka Ping, founder of TinsChemical Corporation Limited and the Tin Ka Ping Foundation, was worth more than \$257m. The gift was ‘banked’ in his

charitable foundation to be distributed to charitable causes at a later date.

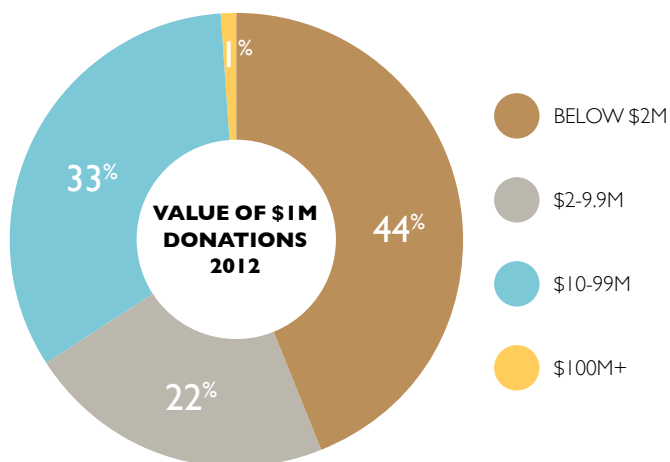
The average value of a million dollar donation in 2012 was \$8.4m – although this figure was heavily influenced by Dr Tin’s large donation. The median (the middle value when all are placed in ascending order) and the mode (the most frequent value) are more useful indicators of the ‘average’ size donation. In 2012, the median million dollar donation was \$2.3m, while the most

popular donation was around \$1.3m. This \$1.3m figure was not surprising given that it’s worth around \$HK10m – a natural threshold for high-net-worth giving in Hong Kong.

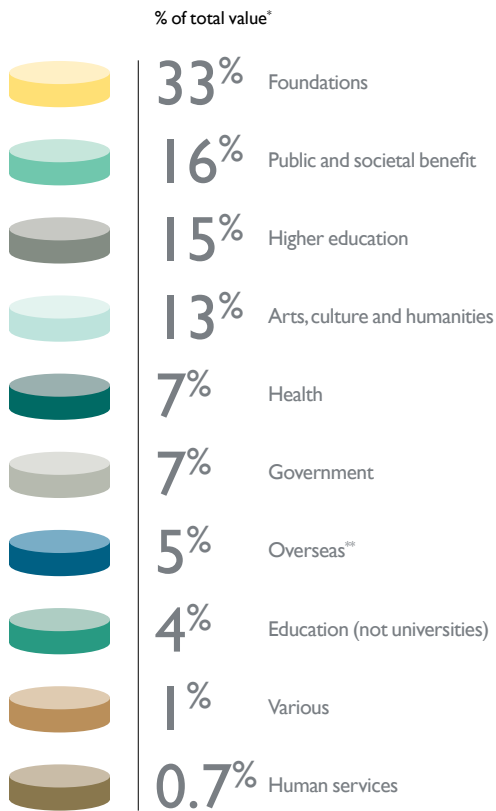
Foundations gave the largest number of gifts, but individuals donated more in terms of the total value. Nearly half (45%) of gifts, making up nearly 40% of the total value, came from foundations. In comparison, individuals contributed just 26% of gifts, but they comprised 45% of the total value.

Several individual and institutional donors gave more than one donation of \$1m or more in 2012, including The Hong Kong Jockey Club Charities Trust with 36, the largest number of million dollar gifts made by a single donor. The club has long been a major donor of charity funds in Hong Kong, having donated \$1.3bn over the past decade to charities and projects across a number of areas, including hospitals, athletic clubs and universities.

Million dollar donors based in Hong Kong donated overwhelmingly to Hong Kong-based charities, while still maintaining a focus on mainland China. The strong local focus may reflect a widening poverty gap in Hong Kong caused, among other reasons, by an ageing population. The statistics show that 76% of the million dollar gifts in 2012 went to Hong Kong, while charities in mainland China received 21%.



Where the \$1m donations went



Single donation puts foundations on top

The largest portion of million dollar gifts – 33% of the total value – was ‘banked’ in foundations. The prominence of the foundation subsector is due to the highest-valued gift identified from Dr Tin to his own foundation – without it, the subsector would have been among the three least popular sectors.

The public and societal benefit subsector (which includes charities supporting civil rights and independent social and scientific research among others) and higher education institutions were the second and third most popular destinations in terms of the total value of million dollar donations, although higher education institutions received more gifts.

* Totals may not equal 100% due to rounding.

** ‘Overseas’ refers to charities headquartered outside China, including its special administrative regions, regardless of the purpose of the gift. For example, a donation from Hong Kong to a school or hospital in the UK.

HONG KONG

IN ASSOCIATION WITH THE CHINESE UNIVERSITY OF HONG KONG, CENTRE FOR FAMILY BUSINESS

26%

of gifts were made by individuals

45%

of gifts were made by foundations

28%

of gifts were made by corporations and corporate foundations

Key themes

High-impact philanthropy

The face of family philanthropy in Hong Kong is changing – not only are families becoming more strategic, but younger generations are taking philanthropy in new directions.

Family philanthropy has a long history in Asia, particularly in Hong Kong where a number of family businesses have established family foundations. Traditionally, family foundations have focused on the act of giving, but now there appears to be a shift towards high-impact philanthropy.

These changes are demonstrated through a number of our case studies, such as the Chen Yet-Sen Family Foundation, The Yeh Family Philanthropy and the RS Group. These families have set up more formal structures, such as grant committees, to vet grant applications. Additionally, families have begun to work with non-governmental organisations (NGOs) to deliver social services jointly or are investing through social ventures. We also see an increasing desire on the part of donors to provide business experience and connections, as well as financial support.

Another change in family philanthropy is a generational shift as younger donors come to the fore. By way of example, the Yeh Family are allocating certain funds to the

next generation to grant to one or two organisations.

A recent study on high-net-worth family philanthropy in Asia found that the older generation feels more responsibility to the local community and is more influenced by tradition¹. Meanwhile, the younger generation is increasingly geared toward national and international causes.

The older generation also tends to see giving as an end in itself, whereas younger donors seem to be more interested in measuring the impact of their giving. Again, this report's case studies echo these findings.

The rise of social enterprise

Social enterprises – businesses that reinvest profits to achieve social goals rather than pay shareholders – are a growing phenomenon in Hong Kong.

Many social enterprises have focused more on areas such as poverty alleviation and providing employment opportunities for the disabled and socially disadvantaged. The Hong Kong government has also been supportive of social enterprises in the past decade², providing a combination of publicity and financial support.

Million dollar donors such as the Chen family are taking an increasing interest in the area. For example, James Chen of the Chen Yet-Sen Family Foundation, also believes in

combining business and social goals. One of the reasons he gave for funding Adlens, producer of variable focus eyewear, is the potential benefit to society in the developing world.

Annie Chen, founder of RS Group, supports Social Ventures Hong Kong, which provides financial and non-financial support to social enterprises through a variety of ways.

Yvette Yeh Fung, The Yeh Family Philanthropy, focuses on education and social entrepreneurship. They fund innovative business models to solve social issues and look for sustainability and leverage.

We anticipate that funding for social enterprises will grow and may result in the development of social investment.

¹ UBS-INSEAD Study on Family Philanthropy in Asia, 2011.

² KL Tang et al, Social Enterprises in Hong Kong: Toward a Conceptual Model, 2008.



Donors' stories

“From grandfather to granddaughter”

YVETTE YEH FUNG

“My grandfather, Godfrey Yeh, began our family philanthropy. Although he did not articulate a strategy, he was always generous to the education sector. My father continued the tradition and set up our family foundation in the hope that future generations continue to give. As a result, we give out of our income rather than the capital of the foundation. In later years, as we build our endowment, we will be able to give larger absolute amounts.

Giving back to society, especially Hong Kong, is one of our biggest motivations. My father was able to study at the University of Illinois and Harvard

before coming back to Hong Kong to work for my grandfather. My father feels strongly that, without the benefit of his education and chance to 'see the world', he would not be where he is today. And he was given that chance because of the generosity of others. He felt it was only right to give something back to his alma maters.

We are now preparing our next generation in philanthropy. My oldest daughter and my brother's daughters, both in their late teens, are allocated around HK\$50,000 per year to grant to one or two organisations. They have to write proposals to the grants committee to provide justifications.”

PROFILE The Yeh Family Philanthropy is founded by Dr Geoffrey Yeh. His daughter, Yvette Yeh Fung, is chair of the foundation.

“It's good for the soul”

JAMES CHEN

“The biggest challenge to philanthropy in Hong Kong is that people are generous, but it is an emotional chequebook. Donors just give money and do not feel they can also take the time to get involved. However, if they don't spend time understanding community needs and impactful solutions, they won't get good results. The more engaged you are in your giving, the greater chance you will have of being successful in your efforts.

That is why we are sharing how we go about our philanthropy with other families. We currently have a Chinese family that shadows us. They have sat in on our board meetings and are able to see what we do on a day-to-day basis. If they happen to like a project we discuss, they may donate some money, but we are really trying to educate so they know how to do philanthropy within their own family.

Philanthropic work is good for the soul in both tangible and intangible ways. What we are doing in Hong Kong is exciting and it is also nice to have founded Vision for a Nation and be able to impact people around the world. The people you work with in your philanthropy are important. If you are making a major gift to impact certain things, you will only achieve that impact if you have the right people.”

PROFILE James Chen set up Vision for a Nation, whose mission is to make vision assessments and affordable eyeglasses available for all.

“Balancing heart and mind”

ANNIE CHEN

“My first million dollar gift ended up being a challenge and more of a learning experience. Despite the experience, giving away such a large sum did liberate me to think bigger in terms of what I wanted my philanthropy to achieve. I learned that I need to balance my heart and mind in making these decisions. Now we have a more systematic way of doing due diligence on prospective organisations to help provide this balance.

We make investments and grant decisions based not simply on the organisation's track record but also on their stage of development. We give both restricted and unrestricted gifts.

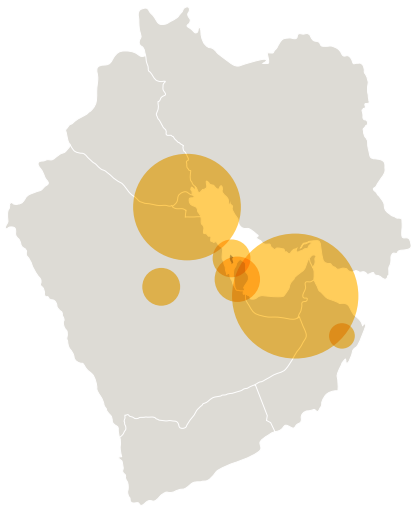
RS Group has given to Landesa, an organisation headquartered in Seattle that works on land rights for poor rural farmers on a number of continents. We also support social innovation and social enterprises in Hong Kong.

In my mind, we have room to do both philanthropy and social investing. There is always a need for grant dollars, where you can't expect to have a financial return, but we deem it equally important that our investments also generate positive social and environmental impact.”

PROFILE Annie Chen is the founder and chair of RS Group and uses her investments to do social investing, as well as to give philanthropically.

MIDDLE EAST (GCC)

IN ASSOCIATION WITH THE JOHN D. GERHART CENTER FOR PHILANTHROPY AND CIVIC ENGAGEMENT AT THE AMERICAN UNIVERSITY IN CAIRO



LOCATION OF \$1M DONORS

- 32% UNITED ARAB EMIRATES
- 29% KUWAIT
- 14% QATAR
- 11% BAHRAIN
- 11% KINGDOM OF SAUDI ARABIA
- 3% OMAN

28

The number of \$1m-plus donations in 2012

Findings

Donors focus overseas

This report details philanthropy specifically in the Gulf Cooperation Council (GCC) countries. The GCC consists of Bahrain, Kuwait, Oman, Qatar, the Kingdom of Saudi Arabia, and the United Arab Emirates (UAE).

Through publicly available information, we identified a total of 28 donations worth \$1m, with a combined value of \$727m – this included one gift worth \$200m from a donor in Kuwait.

In stark contrast to other countries in this report, the majority of \$1m donations (71%) went to charities

outside the country of the donor ('overseas'). The largest number of overseas gifts went to non-GCC Arab countries, including Lebanon, the Palestinian territories, Syria and Yemen. Overseas gifts were also given to other countries, including the US, UK, Switzerland, Japan and Turkey.

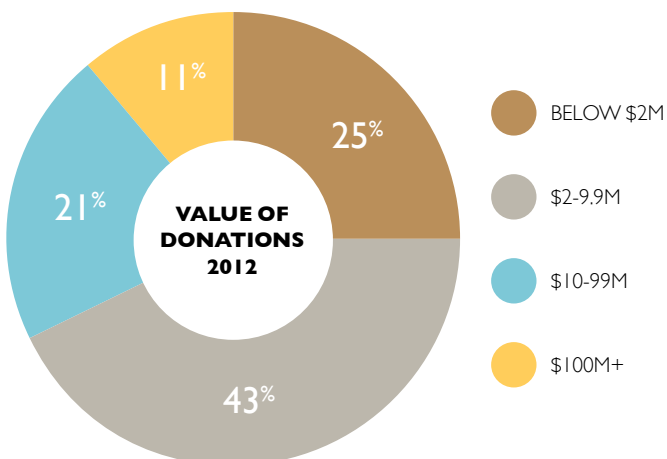
Almost one-third of all million dollar donations (32%) were worth more than \$10m, while there were three gifts that broke the \$100m barrier. This largest set of gifts went to higher education projects in Qatar, food relief in Yemen, and general development projects in non-Arab Asian countries.

Individuals gave around one-third of the identified million dollar donations, but these donations were worth nearly half the total value of all donations. This is similar to many of the countries featured in this report, where individuals tend to give disproportionately large gifts compared to foundation and corporate donors.

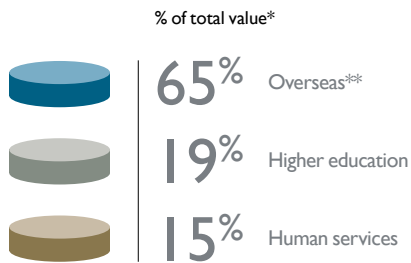
Donors in the UAE gave the highest number of gifts (32% of the total). Around half of these gifts went to domestic charities to support housing and education. The other half went to overseas causes, including vaccination drives.

While donors in Kuwait gave the second highest number of gifts (29%), they made up almost half of the total value of million dollar donations. Three-quarters of its gifts went to overseas charities addressing various issues such as disaster relief and international security research.

The average (mean) gift size of \$26m is relatively unreliable, given that it is certainly influenced by one or two very large gifts. The median and the mode are often viewed as more useful indicators of the 'average' size donation – \$5m and \$1m, respectively, in 2012.



Where the \$1m donations went



Disaster relief donations

The largest proportion – nearly two-thirds of the value of million dollar donations – went to overseas charities. These 20 gifts were distributed to charities in a wide variety of countries, especially to non-GCC Arab countries – some 40% of the gifts were given to disaster relief charities overseas, particularly to Syria.

Indeed, we identified only one 'organisation' that received multiple million dollar gifts from GCC countries in 2012, with the recipient defined as the Syrian people. It's clear that this is not one operating organisation but a variety of groups that will benefit from this funding.

* Totals may not equal 100% due to rounding.

** 'Overseas' refers to charities headquartered outside The Middle East (GCC), regardless of the purpose of the gift. For example, a donation from Kuwait to a school in the US or a hospital in Syria.

MIDDLE EAST (GCC)

IN ASSOCIATION WITH THE JOHN D. GERHART CENTER FOR PHILANTHROPY AND CIVIC ENGAGEMENT AT THE AMERICAN UNIVERSITY IN CAIRO

32%

of gifts were
made by
individuals

50%

of gifts were
made by
foundations

18%

of gifts were made
by corporations and
corporate foundations

Key themes

A tradition of altruism

Giving to charity is deeply rooted in the Arab culture and in its predominant religion, Islam. Traditionally, the rich culture of altruism in Islam has been focused on the act of giving to those in need, without expecting to be recognised for this generosity.

Much of the philanthropy undertaken in the Middle East goes unpublicised, the concept being that once people talk about their good deeds, they erase the altruism in their motives. As a result, data collected for this report is likely to be just a small section of the true picture of million dollar giving.

A recent study found that Middle Eastern philanthropists are the least public about their philanthropy – 60% of surveyed Middle Eastern philanthropists insist on anonymity about their gifts¹.

In our data, we see a heavy emphasis on traditional charity to groups such as Zakat House in Kuwait, which collects zakat payments (mandated giving for Muslims) and distributes them to various causes to support community development. Other 'traditional' charitable gifts include those with very broad groups of recipients, such as gifts to the Syrian people.

Creating a social return

In recent years, an emerging trend has seen donors who are focused on the impact of giving. As philanthropists and charities come together in dialogue around the region's philanthropy², themes of giving toward a quantifiable goal or with an emphasis on performance indicators are catching hold. For example, a number of health initiatives were funded in 2012, and programmes such as vaccination campaigns often come with clear performance indicators and measurements.

An emphasis on giving in a sustainable, results-oriented way is discussed in our case study interviews. They all talk about the importance of building strong relationships, making a lasting difference and creating a social return on investment. With donors also talking about a desire to create a legacy for others, we can expect the next generation to become actively involved in philanthropy as well.

Growth of foundations

Some philanthropists in the GCC are also choosing to speak out about their philanthropy and the causes or organisations they support, in order to inspire others to consider giving. Another growing trend is the establishment of structures such as philanthropic trusts and foundations in the GCC countries or abroad.

¹ J Benthal and JB Jourdan, The Charitable Crescent, IB Taurus, 2003.

² Takaful by N Derbal, 2011; Gulf Philanthropy: Structural, Domestic and Global Challenges by R Khafagy.



Donors' stories

ONLINE For the full story, go to coutts.com/donorsreport

“Relationship building is key”

CAROLYN PERRY

“For almost 20 years now, Sheikh Mohamed has been able to see the huge difference he has made in people’s lives. He illustrates what can be done over the long term – both the impact he has had, as well as the sustainability of his work.

A self-made entrepreneur, he has always been interested in education, cultural dialogue, governance and democracy, and he wanted to establish philanthropic activity that would further those causes. In the mid-90s, Sheikh Mohamed decided to base his philanthropy in London and start with education and the founding of the London Middle East Institute.

The MBI Al Jaber Foundation focuses on three main areas – education, good governance and cultural dialogue – and these priorities help us to decide which organisations we will support, especially at the million dollar level.

We try to operate through long-term relationships. For example, we might start by creating a scholarship programme at a university and follow that later with a major donation. Then we might follow that donation with more project-based activities and grants. We are always looking for new projects to fund, but we are also keen to build relationships rather than just giving money and walking away.”

PROFILE Carolyn Perry is the Head of Philanthropy at MBI Al Jaber Foundation, which was launched by Arab philanthropist and entrepreneur H.E. Sheikh Mohamed Bin Issa Al Jaber in 2002.

“Making a lasting difference”

H. E. AMR A. AL DABBAGH

“I see myself as a responsible global citizen rather than a major donor. If you are considering greater involvement in charity and philanthropy, remember that making a lasting difference takes time, but there is nothing more satisfying than being in such work for the long haul.

Charitable giving has always been a part of our family’s community outreach – informed and influenced equally by our faith and by a humanitarian responsibility.

But it was not until 2001 that our giving was institutionalised through the formation of the STARS Foundation.

The foundation seeks out and invests in some of the most effective local NGOs in the developing world. We fund programmes from the early childhood development age of 0 to 3 and up to 18 years and often beyond. We find and invest in outstanding local organisations that transform the lives of children in

countries where the under-five mortality rate is highest.

One of the most profound lessons I have learnt over the years has been the need for us to create relationships with local NGOs based on two principles: trust and respect. We must trust that the awarded NGOs are capable of delivering the best solutions and respect the ways in which they choose to use the funding that we provide them.”

PROFILE H.E. Amr A. Al Dabbagh is the founding chairman of the STARS Foundation, a UK-registered charity working to support underprivileged children around the world.

CHARITIES

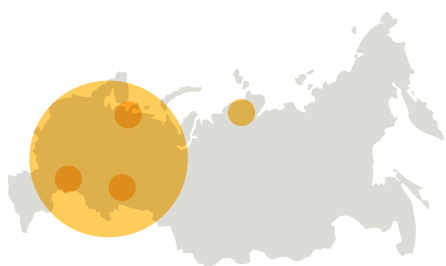


Advice

FOR CHARITIES

Attracting a million dollar gift is not only a difficult task but also an enormous responsibility for an organisation. We asked charities to share their thoughts about receiving donations worth \$1m or more

- Dream big about what you would do with a million dollar investment, and then have a clear and easy way to communicate this strategic vision.
- Don't be afraid to spend money on fundraising. Many charities are reluctant to invest in this, but it pays off in the long term.
- Give a lot of thought in advance to how you will acknowledge your major donors. Discuss with them if, and how, they want to be recognised.
- Donors are people who possess assets and resources beyond money. Involve your donor in the charity and talk to them about their interests.
- Extend relationships with donors beyond the fundraising team. Philanthropists will often want to meet senior management as well as people on the front line of the charity.
- Planning and defined objectives are part of what earns you the right to be considered for large gifts. You need to have a plan for the future, whether it will take many gifts over a decade or a single \$1m donation to realise it.
- Develop a relationship and build trust with the potential donor. Be patient and realistic about how long it will take to cultivate a donation of this size.
- Identifying potential donors is about relationships, not cold-calling. If someone is willing to refer you and leverage their personal network for you, that's a huge endorsement.
- Set out clear expectations on both sides at the start of a partnership; the best relationships are founded on honesty and genuine synergy between charity and supporter. Delivering what you say you will is, of course, vitally important.
- Be an expert in your field. Donors need to know that you have a good intellectual understanding of the issue or problem at hand, and a good understanding of how you are going to attack that issue.



LOCATION OF \$1M DONORS

- 74%** CENTRAL (MOSCOW)
- 3%** SIBERIAN
- 3%** SOUTHERN
- 3%** VOLGA
- 3%** NORTHWESTERN
- 8%** OVERSEAS
- 6%** UNKNOWN

35

The number of \$1m-plus donations in 2012

Philanthropy is fast taking root in the lives of wealthy Russian individuals and families

Findings

The tip of the iceberg

Our research has found that Russian individuals and foundations donated 87 gifts of \$1m (30m roubles) or more, totalling \$545m between 2011 and 2012. In 2012, we identified a total of 35 donations worth \$1m or more, with a combined value of \$239m. In 2011, 52 gifts were identified totalling \$306m. The average size (mean) value of a million dollar donation rose from \$5.9m in 2011 to \$6.8m in 2012.

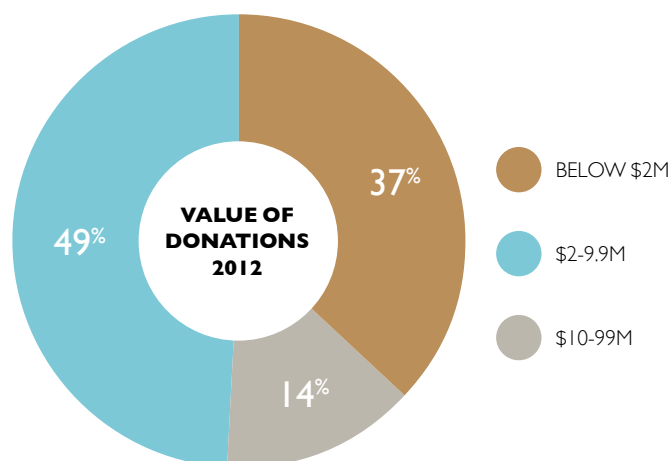
But this is just the tip of the iceberg. Contemporary Russian philanthropy is in its relative infancy and, as such, there is a lack of accessible information about major philanthropists. Corporate giving, which fell outside the scope of our research, is also likely to dwarf \$1m-plus donations given by individuals or foundations.

Nevertheless, our findings illustrate that philanthropy has taken centre stage for many wealthy individuals and families.

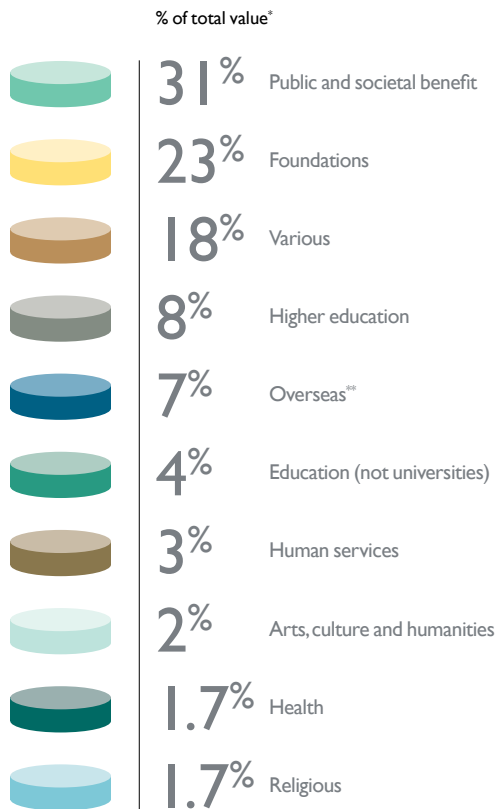
Individuals gave the largest portion of million dollar gifts. In 2012, almost three-quarters (71%) of gifts came from individuals rather than foundations, making up 89% of the total value of donations in that year. This suggests that many Russian philanthropists have yet to institutionalise their philanthropy by establishing foundations, as exemplified by the Vladimir Potanin Foundation and Dynasty Foundation featured in this report.

And although million dollar gifts primarily originate in Moscow, much of the funding goes elsewhere. In 2011, 46% of all identified gifts were given to non-governmental organisations (NGOs) outside Moscow – 31% of the value of gifts. In 2012, 52% of identified gifts were given to NGOs outside Moscow, which represented only 60% of the total value of the gifts – the consequence of one large gift to Siberia.

A number of \$1m-plus donations supported overseas causes too. This included a donation to the John F. Kennedy Centre for the Performing Arts in the US to support Russia-related projects, a donation to the Wikimedia Foundation in California, as well as donations from the Armenian diaspora living in Russia to a sustainable development fund in Armenia.



Where the \$1m donations went



Philanthropy with sport as a goal

In 2012, public and societal benefit NGOs received the largest portion of the value of million dollar donations (\$74.2m), followed by foundations (\$54.6m). In 2011, arts, culture and humanities dominated (\$78.5m) followed by higher education (\$32m). But unlike other

countries, Russian philanthropists gift significant sums of money to sports clubs and facilities. For example, Alisher Usmanov has supported a number of sports initiatives in Russia, including the bid to host the football World Cup in 2018.

* Totals may not equal 100% due to rounding.

** 'Overseas' refers to charities headquartered outside of Russia, regardless of the purpose of the gift.

71%

of gifts were
made by
individuals

29%

of gifts were
made by
foundations

Key themes

Philanthropy gathers pace

From a standing start at the fall of the Soviet Union in 1991, Russian philanthropy has made great strides forward, developing rapidly and exhibiting great diversity and variety. And while publicity on Russian philanthropy often focuses on its well-known ultra-high-net-worth families, our research shows there are a number of individuals who fall outside of the *Forbes* Top 200 Rich List, yet whose giving is very significant.

Increased professionalisation

While individuals still dominate the philanthropic landscape, the number of foundations has increased markedly ever since Vladimir Potanin (see opposite) created the first Russian private foundation in 1999. By 2013, the number had reached around 70, with some foundations giving away up to \$10m a year.

This increase in the number of foundations suggests that major philanthropists are starting to focus on how they can best sustain their philanthropy for the long term through establishing appropriate structures, either in Russia or abroad. In many cases they are also developing clearer strategies and goals, establishing independent boards, hiring professional staff or establishing endowments.

And while many major philanthropists focus on supporting existing institutions, such as universities or museums, it is not uncommon for philanthropic organisations to work as operating foundations, delivering programmes themselves. This may result from a vacuum of NGO activity in some fields or a desire to retain an element of control.

Raising the profile of giving

Increasing numbers of Russian philanthropists are starting to communicate about their work and the nature of the causes they support. This is driven by a number of factors, such as a desire to build public awareness of philanthropy and what it can achieve, a desire for greater transparency, or encouraging peers to give too.

The government is also helping sow the philanthropic seed. In 2007, it passed the Endowment Law, allowing income earned from endowments to be tax free, and in 2012 it introduced tax reliefs for individual donors.

The succession factor

This is the first generation of families with significant wealth in Russia for almost a century. Estimates suggest that there are 1,180 Russians worth more than \$30m and with a combined net worth of \$620bn¹. There is little doubt that philanthropy will grow and develop in the coming years, but it is also likely to feature as a key component in wealth succession as families consider the values they wish to convey and the legacies they wish to leave.

All donors in this report have made a commitment to dedicate a majority of their wealth to philanthropy.



Donors' stories

“I chose causes that I feel passionate about”

VLADIMIR POTANIN

“There is no scientific logic behind the choice of these causes (education and culture) and I am fully aware that I may not see the impact of my philanthropy in my lifetime. But the soul of a philanthropist needs some results while alive, and that’s why I chose two causes that I personally feel passionate about.

For example, there are two motivations for my focus on culture. First, culture is something that is international. I wanted people to know more about Russia and culture is a great way to achieve this through supporting museums and galleries and through exhibitions about Russia abroad. The second reason is that culture provides a counterbalance to my working life. It helps me rebalance my energy. I don’t collect art but I like to admire art in galleries and museums as that way it belongs to everyone.”

PROFILE Vladimir Potanin, founder and owner of the private Interros company and, since December 2012, CEO-Chairman of the management board of MMC Norilsk Nickel. He established the Vladimir Potanin Foundation in 1999.

“The Dynasty Foundation will exist in perpetuity”

DMITRY ZIMIN

“Nothing lasts forever, but that said, we are enabling the Dynasty Foundation to exist in perpetuity. To achieve this, we have established an endowment, with around \$10m flowing in each year without eating away at the principal.

We have also established a ‘perpetual’ management

structure, as the Foundation should not be dependent on one mortal individual. Our management structure provides for rotation of board members, some of whom are nominated by the family. The corporate committee is responsible for selecting candidates for the board.”

PROFILE Dmitry Zimin founded Beeline, a Russian telecommunications company. In 2002, he and his family founded the Dynasty Foundation to realise their ideas about the role of intellect and science in society.

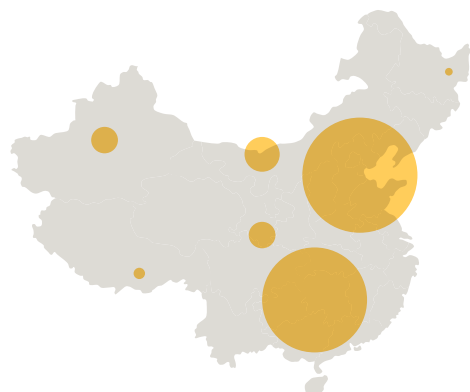
“Our family fund is concerned with the long term.”

RUBEN VARDANYAN AND VERONIKA ZONABEND

“Our family first became involved in philanthropy some time ago, giving small donations. Around five years ago, we decided to give more structure to our philanthropy and to focus on a limited number of projects, which we would invest in financially, as well as with our energy and time, because this is the most valuable resource we have. Writing a cheque is the easiest part of philanthropy. If you really want to make a difference in the world, you pour enthusiasm and love into the project.

We have started a lot of projects we need to finish. In 2005, we began the restoration of the Tatev Monastery, which will be finished in 2017. The Dilijan International School opens its doors in 2014 and will need our continued support until 2025. There is a long road ahead.”

PROFILE Ruben Vardanyan is the co-head of Sberbank CIB and Head of Wealth Management and Private Banking of Sberbank of Russia. Veronika Zonabend is leading the development of the Dilijan International School of Armenia.



LOCATION OF \$1M DONORS

- 28% EAST
- 23% SOUTH
- 14% NORTH
- 9% CENTRAL
- 9% NORTHWESTERN
- 4% SOUTHWEST
- 0.5% NORTHEAST
- 13% OVERSEAS

207

The number of \$1m-plus donations in 2012

Philanthropists in China tend to keep their donations private, but some wealthy Chinese donors are starting to go public about their giving

Findings

Donors in the spotlight

Million dollar donors in China are private individuals – a behaviour based on a tradition of modesty in giving – yet there are signs of new approaches too. Conferences, award ceremonies and charity dinners, often with high-profile guests, are putting million dollar giving in the spotlight.

A total of 207 donations of \$1m or more were identified in mainland China in 2012, worth a combined total of \$1.18bn. The largest gift, worth \$80m, was donated by a corporation to set up a new non-profit fund for environmental protection.

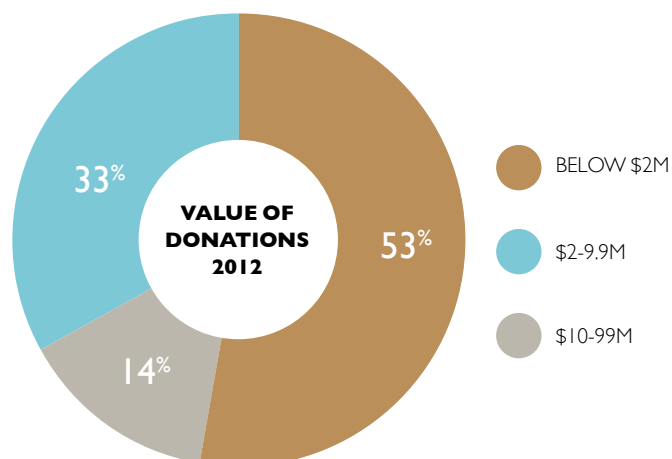
The average (mean) million dollar donation in 2012 was \$5.7m, while the median donation was \$1.8m. The most popular donation size (mode) was \$1.6m – not surprising given that \$1.6m

was approximately equal to 10m Chinese Yuan, a natural threshold for high-net-worth giving in China.

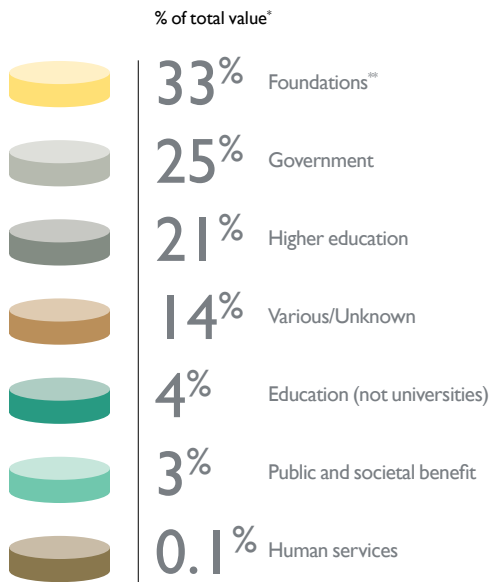
Corporations and corporate foundations provided the largest portion of million dollar gifts – 59% of the total number and 57% of the total value of gifts. However, the figures may mask the true picture. Corporations and corporate foundations are often established by entrepreneurs who choose to give through their corporate foundation rather than an individual foundation.

Foundations were hardly visible in this analysis, contributing only seven gifts at the million dollar level in 2012 – about 1% of the dollar value of these gifts. One major reason behind this difference is the youth of private Chinese foundations, as they were only formalised in 2004. At this point in their development, Chinese foundations are more likely to function as operating foundations rather than a means of providing major grants.

Donors were concentrated most in the Eastern region, where 28% of million dollar gifts originated, comprising 36% of the total value of gifts. While the Eastern region includes Shanghai, a number of donors are also located in the provinces of Fujian and Zhejiang, where private companies have been growing in recent years.



Where the \$1m donations went



Gifts to government vital for causes

Three subsectors dominated the distribution of donations: foundations**, government and higher education, together accounting for around 80% of the value of all gifts in 2012.

The second most significant recipient was government. Gifts to government-run development initiatives are a sizeable proportion of identified million dollar

donations. This is largely because gifts to these government initiatives are then channelled to a variety of other causes – education, health, poverty relief, disaster assistance and more. Because the government plays a large role in delivering these services, donors who want to support these causes may find it effective to work through and donate to government initiatives.

* Totals may not equal 100% due to rounding.

** Where foundations are donors, we include both private and professional foundations, but exclude corporate foundations. Where foundations are recipient charities, we include all types of foundations – private as well as corporate.

38%

of gifts were made by individuals

3%

of gifts were made by foundations

59%

of gifts were made by corporations and corporate foundations

Key themes

Pledges go public

Million dollar donor behaviour in China has been based on cultural heritage and traditions, which encourage a modest and altruistic approach to philanthropy. Yet anecdotally and through increasing levels of public announcements, it seems wealthy Chinese donors are increasingly making public pledges about their giving.

The *China Philanthropy Times* was formed specifically to spread information about charitable giving, indicating an increasing encouragement for philanthropy and a trend toward wider attention to this topic in the Chinese population as a whole. Recent examples of publicly announced gifts include Mr Niu Gensheng, founder of Mengniu Dairy, who created a \$139m foundation to focus on the environment, education and health¹; and Mr Huang Rulun, chairman of Century Golden Resources Group, one of China's largest real estate developers, who pledged \$45m to healthcare and poverty alleviation².

Another reason for the growth of publicity about charitable giving is the growing presence of private foundations in China. Although private foundations have only been allowed since 2004, well-known

entrepreneurs and celebrities are increasingly establishing foundations, leading to more media coverage of philanthropy and charitable giving. There is also an annual awards ceremony – the China Charity Awards – which honours major Chinese philanthropists. Increased media coverage on disaster giving is also raising public awareness of philanthropy. Charitable donations in the wake of the 2008 Sichuan earthquake totalled more than \$16bn (more than 100bn Chinese Yuan).

Foundations for the future

The data gathered in this report highlights a strong culture of giving at the highest levels in China, and gives a glimpse into where those gifts are going and to what causes. Building on this rich heritage, some Chinese philanthropists are also taking a strategic approach to their giving, with a clear purpose and focus to their work.

We anticipate that a growing number of private foundations will lead to greater professionalisation and longevity for the sector, with the hiring of expert staff or the establishment of endowments.

Rise of social enterprise

Social enterprise represents another way that wealthy Chinese may seek to address societal issues. A social enterprise is an organisation that uses business strategies to improve society and the environment rather than maximising profits for shareholders. A recent study shows that high-net-worth Chinese individuals and families anticipate social entrepreneurship will grow and be a major trend in the future³.

¹ H Li, Niu Gensheng quits for charity?, ECNS.

² H Li, Hurun Research Institute releases the Hurun Philanthropy List 2013, Global Philanthropy Common.

³ UBS-INSEAD Study on Family Philanthropy in Asia, 2011.





METHODOLOGY

This report identifies charitable donations worth \$1m or more that were made during calendar year 2012, either by donors in the US, Russia, China, Hong Kong and the Middle East (GCC) countries or to charities based in these countries. The report also identifies all known charitable donations worth £1m or more that were made either by UK donors or to UK-based charities for the calendar year 2012.

In the US, data on million dollar giving has been collected as part of the Million Dollar List since 2000, and in the UK, the *Coutts Million Pound Donors Report* has been published since 2008. To our knowledge, in other countries or regions profiled in the report, this is the first time that this data has been collected.

For countries whose gifts are not usually given in pounds or dollars, we selected the following cut-off points, all approximately equal to \$1m in 2012: in Russia, 30m roubles; in China, 6m RMB (Chinese Yuan); and in Hong Kong, 7.5m Hong Kong dollars.

Almost all of the data discussed in this report was gathered from publicly available documents such as media coverage and charity annual reports and accounts, as a number of profiled countries do not have tax or other official records of such giving. Some additional data was provided by donors as well as by charities in receipt of this level of donation, with the consent of their donors. In Russia, we surveyed prominent philanthropists, as well as foundations and charities that tend to receive very large donations, in order to add to the publicly available data. Where applicable, we have included pledges for future gifts, and therefore not every gift will have been paid in

full to recipient charities. Data about donations made anonymously is included when available.

We include donations made by individuals, foundations and corporations, with the exception of Russia, where we exclude corporate gifts. We include corporate foundations under the larger 'corporations' category. Foundations may include both private foundations (where the founder or a family member is still present to direct grant decisions) and professional foundations (where the founder is no longer present to direct such decisions), as well as charitable trusts.

We include million dollar and million pound donations to charitable foundations and trusts because they are irrevocably committed to be spent for the public good. However, we recognise that including such figures risks 'double counting' when the original sum put into the foundation is added to the value of grants distributed over time from that same pot.

The charitable subsectors are those used in the Million Dollar List, which is compiled by the Indiana University Lilly Family School of Philanthropy. Though some definitions travel better than others from country to country, we decided to retain this typology to enable cross-national analysis. Further information is online at milliondollarlist.org

Although social investing or impact investing are related to the concepts of philanthropy, they are not considered donations and are not included in our data.

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ABOUT US

Coutts is a private bank and a wealth manager with three centuries of experience servicing the needs of its clients. Philanthropy is in our DNA. Our long association with philanthropy includes the work of Angela Burdett- Coutts, one of the most progressive 19th century philanthropists. To this day, many of our clients are creators of change through their own philanthropy.

We understand that wealth means more than money. So when clients talk to us, they often want advice on broader issues, such as discussing their wealth as a family, preparing the next generation for the responsibilities and opportunities wealth brings, and getting involved in philanthropy. They know that without a forum to address these issues, the risks of family conflict and loss of wealth are much higher. That is why the Coutts Institute was established. The Coutts Institute focuses on the governance of wealth. We support clients and their families wherever they are located, including the UK, Russia and CIS, Switzerland, Asia and the Middle East. We run a programme of forums on current issues and produce a series of handbooks and thought-leadership pieces.

Philanthropy

Having supported many philanthropists, we recognise that there is no single way to give to chosen causes. The options are more varied and exciting than ever. We provide specialist knowledge on creating giving strategies based on personal passions and beliefs.

Wealth succession

At Coutts, we know that the ability to pass wealth successfully from one generation to another is a process not an event. Our specialists are equipped to help clients tackle key questions, such as when and how to talk to the next generation about wealth.

Next generation

Inheritance can be a tricky subject to approach with children. At Coutts, we understand the importance of starting those conversations early and giving the next generation the tools and insights to start to plan for the future. Through a series of programmes, we introduce the next generation to a like-minded peer group, in order for them to understand and discuss key themes such as entrepreneurship, financial awareness, social impact and personal development.

Family business

We believe that the key to a healthy family business is careful planning and open communication. Our experts are an invaluable resource, sharing insight and expertise around themes such as family governance, ownership succession and leadership development.

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