

The smart investor's way

Chen Yet-Sen Family Foundation's founding patron and co-chair James Chen takes the venture capitalist approach to doing good

By GENEVIEVE CUA

JAMES Chen, founding patron and co-chair of the Hong Kong-based Chen Yet-Sen Family Foundation, can easily coast on the foundation's laurels if he wished.

Established in 2003, the foundation has made a name for itself for its work in support of early education in China, funding and setting up school libraries and training teacher librarians as well. One of its projects, Happy Reading, was cited by US's Library of Congress Literary Awards for best practice.

Yet the indefatigable Mr Chen has, over the years, also helped to fund and pioneer Adlens, a novel "adjustable-focus eyewear" – that is, spectacles that can be self-adjusted according to your vision needs.

This innovation, in turn, is helping to provide affordable eye wear for the needy in Rwanda, under a UK-based charity Vision for a Nation.

Mr Chen believes that simply writing a cheque for a cause is "dumb money". Instead, he takes a leaf from his late father, Chen Yet-Sen, for whom the family foundation is named. Mr Chen was in Singapore recently for the Asian Venture Philanthropy Network 2015 conference.

"I observe that in Asia there are extra impediments to philanthropy, and it's cultural. Under the Confucian value system... certain peo-

ple do certain things. Wealthy merchants' role is to give charity. You set up a table and give rice packets. In today's terms, it's equivalent to writing a cheque. You don't expect wealthy merchants to go out and effect social change. That's a role for government officials.

"But in urbanised, modern post-industrial society, (governments) deal with more issues, and it's much more challenging in a compressed time scale. That's why it's important today for members of society, particularly those with wealth to get involved. Writing a cheque is great, but society needs to fund social entrepreneurs who are doing things. We fund social entrepreneurs. We have to do it as smart investors; we get engaged and understand what works and what doesn't.

"The charity part is dumb money. You want to be the smart money. Business people make smart investments. In philanthropy, I hope wealthy people can do the same – use discipline and put in the time and effort."

His father, he says, was ahead of his time. He built schools in China but more than that, he also kept in touch with them through the years. "He wrote to school principals, telling them – you have to do this or that; class sizes should not be too big. Kids should not just do homework but also physical education. He engaged them and gave his time and effort. That was a rarity in his time in the 1980s and 1990s."

The foundation and Mr Chen's personal philanthropy efforts are patterned after venture capital (VC) approaches, in the manner in which grants are awarded and tracked.

"What is important is domain expertise. You need that in order to be really effective," he says. Domain expertise entails establishing yourself as the expert in a particular area. For the Chen Yet-Sen Foundation, this arena is school libraries.

"As an investor in the VC industry, you want to be the first call, to get the first look at projects. In

the area of school libraries in China, we are the go-to resource. People find us; we no longer have to go looking for what's going on."

Parties who wish to apply for a grant from the foundation have to complete a tough, probing questionnaire. Says Mr Chen: "We had two meetings two years ago with NGOs (non-government organisations) who had applied for funding. We always meet our grantees as part of the due diligence. After the interview, in both cases they said: 'When we came to you, we just thought about money. But after what you put us through, even if you don't give us money, we want to continue the dialogue with you. Because you ask us the tough questions, and the right questions.'"

Yet for the foundation, its mission wasn't clear cut when it started. After the elder Mr Chen died in 2003, the family decided they wanted to continue his legacy of giving, and hired a consultant to guide them through the process.

Recounts Mr Chen: "We're a small family – my mother, sister and I. I thought we would think alike. The consultant asked – what do you want to support? It turned out to be an impossible question. We couldn't agree."

The discussion, he says, deteriorated into arguments. The consultant, however, helped them to decide on a negative list – causes they did not wish to support, such as the arts and medical research. "It came down to the idea of education and empowerment. We made some investments in this area, through microfinance, little programmes."

As part of the foundation's early efforts, he visited a school that his father had built in Qidong in China. The school had a multi-media studio, but the library was tucked away in the third or fourth floor, locked and in disuse. The foundation decided to fund ideas for the school library, among which was to buy 500 books. "We said, not just the teachers, but also the students and parents must choose the books. When the books arrived, there was a line of students outside the library, waiting to check out the books and put themselves on the wait list. It was a light bulb moment."

Reading for life

As he sees it, the school library programme, the foundation's flagship cause, is more than just building libraries and providing books. "It's about creating an environment for children to allow them to learn and enjoy reading and learning. If you see top schools, on the first day of the first grade, the kids are eager. By the third or fourth grade, the kids want to sit at the back. Today, with computers, it is even more challenging. But research shows that the most important thing parents can do for their children is to develop the habit and love of reading and to develop (kids') imagination."

In 2010, the Foundation launched an "on-campus reading programme" at six local primary schools to popularise reading. In 2012, it established the Stone Soup Happy Reading School Alliance in Hefei to set up model libraries for the region. It also launched a training programme for teacher-librarians.

To date, the foundation has given more than 200 grants over eight years. "We're not a big foundation in terms of money ... I told my executive director – your job isn't to spend all the money. It's about impact and engagement."

"This is about informed giving. Many times, the challenge is to take emotions out of the process and ask – can we make a difference here? Lots of people want to try something very innovative. They have the heart; we have to ask the right questions. We still make mistakes, but over time as we develop our domain expertise, we're likely to make better decisions." ■



PHOTO: VFAN BENEFICIARIES

Visionary in social causes

JAMES Chen was already bitten by the philanthropy bug when he stumbled upon the idea of self-adjustable spectacles more than a decade ago. He e-mailed the inventor, now-retired physics professor Joshua Silver at Oxford University, and a partnership was born.

Today, technology behind the spectacles is commercialised under a company, Adlens. But more importantly, a version of the spectacles is distributed in Rwanda under a foundation – called Vision For A Nation – set up to promote primary eye-care and provide affordable spectacles to all who need them.

Mr Chen, who is a co-founder of Vision for a Nation, says he has invested a substantial amount over the years to develop the spectacles. He declines to specify how much. "My day job is to run our family office. When I invest, my criteria is to have a financial return. I realised that working on our family foundation (the Chen Yet-Sen Family Foundation), that we're in a position to aim for not just a financial return, but also a social and environmental return."

Social impact

"Adlens falls into this category. We try to make this a sustainable and hopefully profitable business. But the driver is social impact. I knew the day we started that it would be a challenge. I wouldn't have invested if not for the social impact."

The technology behind Adlens is based on plastic injection moulding. The spectacles have knobs on either side which can be turned to adjust the lenses according to the wearer's vision, either for myopia (nearsightedness) or hyperopia (farsightedness).

In the US, a pair of Adlens spectacles can be purchased for US\$29.99. A posh version may cost as much as US\$1,000. But in Rwanda under Vision for a Nation, the spectacles are distributed at around US\$1.50, a fraction of the production cost.

Vision for a Nation, founded in 2011, is a national programme, which has worked successfully to influence policy in Rwanda. Since its founding, primary eye-care has become a

priority in the country's national health plan. It has trained 1,300 nurses. Since it started, it has also provided 200,000 eye examinations and more than 30,000 pairs of spectacles to beneficiaries. The foundation's donors include the Chen Yet-Sen Family Foundation, Credit Suisse, Adlens and the Millby Foundation.

In Rwanda, the programme is now in "exit" phase. "We very much hope to reach other countries. For Rwanda, we've done the most important part. We're now working on the exit strategy. This is supposedly the best practice for an NGO (non-governmental organisation).

"Rwanda has many NGOs, but this is a first for a negotiated exit. They should take on the responsibility over the next three years. The programme is self-sustaining."

He says he was initially sceptical about working with government partners for the project. But Rwandans have proved him wrong. "Today, I'm the number one ambassador for Rwandans. In four years, we have not had a single incident where we even felt we were being asked for any kind of favour. In the African context, that's incredible ... One of the things we're looking at now is the next country. We want to look for governments that really look out for their people. It makes things a lot easier if we can engage with governments."

Meanwhile, the propensity to give appears to have rubbed off on his eldest son, now aged 14. Mr Chen has three children. When his son was seven, he cut the ribbon for one of the library projects in Hong Kong, called Bring Me A Book. "I sat and read to the kids. He sat with the kids and they were so excited. The next year, we sent him to boarding school in the UK."

"On his return to Hong Kong at Christmas, he said – 'Dad, the school gives me £1 (\$2) a week for tuck and £5 for the flight back to Hong Kong. I didn't spend any of it. Here's the money. I want to give it to Bring Me A Book."

"It was a proud moment; he was eight. It's a wonderful opportunity for parents to engage their children. It will make an impression particularly on kids who grow up in privilege. It's an important way to help to ground them." ■

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PHOTO: VFAN BENEFICIARIES