

CONCEPT NOTE

THE
HASANAH
FORUM
2021



FROM CHARITY
TO JUSTICE

Vision For An Equal And Just Malaysia

17 & 18 November, 2021

Philanthropy is commendable. But it must not cause the philanthropist to overlook the circumstances of economic injustice which make philanthropy necessary.

Martin Luther King Jr, 1963

Philanthropy and structural inequality

The essence of all giving is to ameliorate the various types of inequalities that the world has come to experience. Though inequality is largely seen from an economic lens, while being intrinsically linked, it also reinforces other disparities such as gender, disability, race, educational opportunities, sexuality, and so on. Economist Joseph Stiglitz who has shaped much of the thinking on inequality cautions against viewing inequality purely from an income and standard of living lens. He states that “(these) are often accompanied by a multitude of social manifestations – malnutrition, drug abuse, and deterioration in family life, all of which take a toll on health and life expectancy”¹. Further, he contends that markets do not exist in a vacuum and are often a function of politics, which has a huge bearing on maintaining or addressing these inequalities. In fact, Darren Walker of the Ford Foundation argues similarly when he says these inequalities are only a proposition that has a ‘fuller experience of human rights. This by extension means that some have ‘less access to democracy, social and economic mobility, and their own human dignity’².

The Khazanah Research Institute (KRI) has devoted intense resources over the years, researching the poverty and inequality question within Malaysia and working intensively with policy makers to find solutions. One of the major contributions of KRI has been to re-think the demarcation of the Malaysian households by income by the World Bank into B40 (bottom 40%), M40 (middle 40%) and T20 (top 20%), which primarily determined government support to these groups. KRI has pointed out that the demarcation was ‘arbitrary’ and excluded important elements like average income levels, dimensions of well-being and economies of scale i.e. household size versus the household income. Over the past few decades, hence, ‘this demarcation of households which was meant to improve targeting for social policy provision and implementation, has resulted in unfair exclusion and underserving inclusion’³.

¹ Stiglitz, J, 2013: The Price of Inequality, Penguin Books, p. xiii

² Walker, D: From Generosity to Justice, Ford Foundation, p.3

³ Sundaram, J & Hamid, H, Rethinking Malaysian Poverty and Inequality, KRI, Feb 2020

Guiding questions for the Hasanah Forum

The inaugural Hasanah Forum seeks to explore some of these fundamental questions within the Malaysian context:

- How do we begin understanding and addressing structural inequality?
- How do we better understand and acknowledge the voices of the communities and constituents we are serving?
- How do we make grant making more inclusive and diverse?
- What are other tools and mechanisms, aside from grant making, that can be used to accelerate social and economic equalities and justice? (eg: policy instruments and others)
- What is the role of businesses in accelerating true and fundamental sustainability?
- What are the different components of the 'system' that need to come together on addressing issues of inequality?
- And finally, what role do philanthropies play as complementing the government?

Peeling the layers of philanthropy

Philanthropies and philanthropists have undoubtedly contributed immensely to alleviating millions out of poverty, protecting against diseases, and supporting advancement in medicine to develop vaccines; supported in development of schools, libraries, supporting campaigns advocating environmental protection, etc. (Walker, 2019). Notwithstanding the billions that have been invested, they have often been scrutinised for misplaced intentions, not introspecting enough the grantee-funder power dynamics, and for not transforming the system with enough rigour. As Walker continues, “and yet for all the good philanthropy has accomplished- for all the acts of charity it has supported- it is no secret that the enterprise is both a product and a beneficiary of a system that needs reform.”⁴ Even though Stiglitz talks from an American perspective, he holds that those at the bottom have become overly dependent on government benefits as “governments have failed to provide them with skills that would make them productive, so they could earn an adequate living wage”.⁵ He also challenges the idea of re-distribution of the wealth as he considers those to be at the top as part of the problem for paying lesser income in taxes. He contends it is the “enlightened self-interest of those at the top that there was less inequality”.⁶

In more recent times, Rutger Bregman, the Dutch historian and author has also extended this argument and been more critical of the tax avoidance by the rich which according to him was the real cause behind inequality. In his session in World Economic Forum 2019, he famously told his elite audience that “they were confusing their choice to be charitable with their obligation to pay taxes”.⁷

An added dimension to this debate has been brought in by Abhijit Banerjee and Esther Duflo who have argued that ‘it matters more where the money/aid comes goes than where it comes from’. They contend that the effectiveness of deployment of aid is often done without much evidence and suggest that accurate data needs to be collected if we are to find real solutions to poverty. They caution against “ideology, ignorance and inertia- the three I’s on the part of the expert, aid worker, or the policy maker, (that) often explains why policies fail and aid does not have the effect it should.”⁸

⁴ Walker, D: From Generosity to Justice, Ford Foundation, p.15

⁵ Stiglitz, J, 2013: The Price of Inequality, Penguin Books, p. xx

⁶ Stiglitz, J, 2013: The Price of Inequality, Penguin Books, p. xx

⁷ <https://www.theguardian.com/business/2019/feb/01/rutger-bregman-world-economic-forum-davos-speech-tax-billionaires-capitalism> The Guardian, Feb 2019

⁸ Banerjee, A & Duflo, E, Poor Economics, A Radical Thinking of The Way To Fight Global Poverty, PublicAffairs, 2012

While the new debates and research emerging on philanthropy are evolving its original definitions and intents, it cannot be denied that ‘the system’ needs support and philanthropies/foreign aid are effective partners in this endeavour. What then is the solution? How do we ensure a more just society? How do governments begin to reduce the disparities between the haves and the have-nots? Amartya Sen takes a somewhat philosophical route to answer this question where he states that the identification of “redressable injustice” is often the starting point but also begs us to reason as to ‘how to reduce injustice and advance justice’.⁹

A similar view is held by social other commentators who mention that the onus is on philanthropists whether individual or institutional to move the needle from charity and adopt a more justice centred approach which implies investing in root causes that cause the inequalities rather than just focus on symptoms. This for Walker requires, “listening carefully to the needs of communities, and giving a platform to the individuals and institutions that are closest to the problems themselves. It means recognizing that we cannot continue to merely ameliorate the conditions caused by capitalism, but must work to strengthen and improve the market system itself—to transform our economy, our society, and our government into structures that work for more people and create equal opportunity for all.”¹⁰

Setting the context in Malaysia and COVID-19

The Malaysian social sector often faces the same challenges. The State of the Households Report (2019) by KRI lays bare that while income growth has been slow for all strata, persistent disparities have widened between the rich and poor. Further, while fewer households are in absolute poverty, relative poverty persists and has in fact grown over the last few years from 15.6% in 2014 to 16.9% in 2019.¹¹ These economic disparities, as discussed earlier exacerbate other social inequalities. In the past decades, there have been various measures undertaken by the government to reduce these disparities implementing various forms of social protection measures and fiscal transfers. More recently, the Shared Prosperity Vision 2030¹² and upward revision of the poverty line for households from RM980 to RM2,208¹³ are all steps in this direction. The question that really remains is, how and what does this mean for the poor, and are these measures enough? How do policies translate into action? And how can philanthropies and funders support this?

These questions have become even more pertinent now as the world battles the COVID-19 pandemic. It is now evident that the pandemic has affected the vulnerable and lower income households- they are also at a higher risk of contracting the disease, perpetuating, or worsening the cycle of poverty and inequality.¹⁴ Research has indicated that within Malaysia alone, the pandemic could cause unemployment in the country of between 1m to 2.4m workers and household income losses of around RM95 billion.¹⁵ As is already evident, this economic impact has spiralled into issues of access to digital resources and hence poor educational outcomes for the disadvantaged groups, increased family violence, and of course poor mental and physical well-being, etc.

⁹ Sen, A: *The Idea of Justice*, 2009, Penguin Books, p. ix

¹⁰ Walker, D: *From Generosity to Justice*, Ford Foundation, p.19

¹¹ Khazanah Research Institute, *Welfare in Malaysia Across Three Decades The State of Households 2020*, forthcoming
Income Inequality in Malaysia: Examining the Labour Income Links

¹² [http://www.krinstitute.org/assets/contentMS/img/template/editor/20200110_SOH2020_Working%20Paper_LIS%20vs%20LID%20v4%20\(2\).pdf](http://www.krinstitute.org/assets/contentMS/img/template/editor/20200110_SOH2020_Working%20Paper_LIS%20vs%20LID%20v4%20(2).pdf)

¹³ <https://www.theedgemarkets.com/article/world-bank-lauds-malysias-revision-poverty-line>

¹⁴ Khalidi, RJ, *Inequality Affects the Covid-19 Pandemic*, KRI, March 2020

¹⁵ Press Statement, *The Economic Impact of COVID-19* <https://www.mier.org.my/the-economic-impacts-of-covid-19/>

Aspirations of the Hasanah Forum

Undoubtedly, there is a great opportunity for philanthropies to advance the justice narrative in Malaysia, given that the system is often accused of being short-term in nature than medium to long term focussing on 'empowerment approaches which instils self-help, resilience, dignity for the recipient' and to develop a comprehensive national policy on engagement which is modelled after an effective partnership in development.¹⁶ While realising that the goal of development and philanthropy is the realisation and protection of dignity and rights, Hasanah has been advocating for greater collaboration within the civil society to contribute effectively to the agenda of nation building.

Setting this as the tone for the forum, the aspiration would be to learn from sector leaders on best practices in advancing a justice-oriented framework within the system supporting long term system level change- understanding what are the challenges and opportunities. This would be addressed through the following thematic sessions:

People & Society

The theme will delve into strategies and practices on how to realise bottom up approaches to engage with communities and grantees. The exploration will be contextualised against opportunities and challenges working in a multi-stakeholder environment.

The session will be guided by the following questions:

- How do we empower local actors and community leaders to have a more active voice in decision-making?
- As donors, how do we strengthen our relationship with grantees and be more inclusive?
- How can we advance, and support citizen led actions and movements in the spirit of democracy?
- What levers of change, education and knowledge can be used to drive citizen leadership for the better?

People & Institutions

In the business of delivering public good, lines are often blurred between public, private and voluntary sectors where collaboration becomes a given. This theme will explore the internal and external changes and alliances that institutions have built and need to build to bring about changes in the practices, beliefs and underlying values that shape behaviour and actions.

The session will be guided by the following questions:

- What is the role CSOs, foundations, Government- where do the twain meet?
- The role of business in driving SDGs and the Paris Agreement?
- How far does the private sector contribute to driving through sustainable business and go beyond short-term CSR projects?

People & Leadership

At the helm of greatest of philanthropic ideas are leaders who have shown courage, willingness, capacity, and foresight to drive long-term change often in the face of resistance. This session will explore strategies and ways in which leaders have created systems that actively seek insights and engagement with the communities and partnering on community-based solutions to the biggest of problems. While at the same

¹⁶ Jayasooria, Denison, Harnessing Post Modernisation & New Socio-Culture: Tapping the Potential of the Third Sector, 2020, EAC Working Paper

time, champion innovations to strengthen people, organizations, and communities aspiring towards a shared vision for an equal world.

The session will be guided by the following questions:

- As leaders, how do we collaborate more effectively to amplify the voice on similar issues of concern?
- What capabilities does the sector need and how do we provide for them?
- Listening to young leaders and their aspiration for the sector.
- What would it take to create leaders who are willing to challenge the status quo and adopt new ways of working and frameworks more suited to 21st century challenges?

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