Singaporeans are only now starting to give more to charity. Audrina Gan finds out what needs to be done to cultivate a culture of giving in Singapore.

It's the season of giving and the time to be generous. In the US and other developed countries, large profitable corporations like Wal-Mart, IBM and Intel, and wealthy individuals like Bill Gates, Warren Buffett and George Soros set aside hundreds of millions of dollars each year for their philanthropic contributions. US business magazines like BusinessWeek, Fortune and Businessweek run long lists of philanthropists and their annual largesse. And, yes, Bill Gates is still way ahead as the most generous giver in the world.

This year, the Seattle-based Bill and Melinda Gates Foundation, which was created in January 2000 through the merger of the Gates Learning Foundation and the William H. Gates Foundation, gave US$3 billion away.

Singaporeans are only now starting to become more generous givers. Still, by all accounts, the pace has started to gain momentum in recent years. "Singaporeans are a generous lot," says Tan Chee Koon, chief executive officer of National Volunteer & Philanthropy Centre (NVPC). "They are also very giving towards humanitarian needs overseas. Take the Gujarat earthquake, for instance." However, Tan says, the nature of local giving so far has indeed been "very responsive and reactive".

Tan says Singaporeans mainly "give when a need arises or when somebody approaches them. We haven't seen a lot of pro-active giving here yet". But Singapore is not alone. Aside from Hong Kong, where billionaires like Li Ka-shing have, over the past two decades, helped established philanthropy in many ways, most other societies in Asia have yet to develop a giving culture more akin to developed societies. "I think that in more advanced countries, this practice of giving has been more institutionalised" than in Asia, adds Tan.

Donations in the US tax-driven
But that's changing gradually. The low-profile Lee Foundation, established by the late Dr Lee Kong Chian whose family still owns a controlling stake in Overseas Chinese Banking Corp, contributed $50 million to the Singapore Management University (SMU) in May. Several local foundations have quietly been changing the lives of others include Shaw Foundation, Lien Foundation, Tsao Foundation and Hong Leong Foundation. The late Tan Sri Rumah Shaw, co-founder of the Shaw Foundation, once summed up his family's philanthropic credo: "We make money from the public; we want to give the money back to the public."

Why aren't Singapore's wealthy giving as big a portion of their wealth as their American or Hong Kong counterparts? "In the US, donations are very much tax-driven," explains Tan.

"In Singapore, individuals can get tax deductions for donations in cash and kind such as local shares, computer and art works. We don't
see tax as a big driver in donations here. "However, Hong Kong’s tax rate is even lower than Singapore, yet its tycoons are generally considered among the most generous in Asia."

"Right approaches and messages" 

"We are not asking for funds from those asking for donations and how they go about it. "Non-profit organisations (NPO) must learn to ask at all times and also know how to seek out prospective givers and target them using the right approaches and messages," she says. "This is particularly important when approaching corporations that are bottom-line-driven and have business objectives. We can’t blame companies for asking what benefits are in store when they make contributions. In fact, we would expect companies to ask such questions. It’s only fair for the beneficiaries to show some form of acknowledgement for the donor’s efforts." NVPC notes that the large listed companies in Singapore do practice a fair bit of corporate philanthropy. "It’s the SMEs [small and medium-sized enterprises] that may not be so active in this area," Tan says.

Apart from foundations, individuals have also demonstrated their Samaritan spirit. Recently, a serial killer of the nine-year-old Chinese girl Huang Na drew sympathy from Singaporeans and they flocked to donate sums of money to the bereaved family. Earlier this year, the National Kidney Foundation (NKF)’s 10th Anniversary Charity Show was targeted to raise $13.5 million, while the Ren Ci Charity Show raised $6.4 million. At the Community Chest, $41.5 million was raised in FY2003-04 to fund more than 100 social programmes.

Indeed, the total amount of donations made by individuals to institutions of public character (IPC) has jumped nearly three-fold since 2001 to reach $202 million last year. IPC is an organizational classification system adopted by the Island Revenue Authority of Singapore (IRAS) in Central Fund Administrators to receive tax-deductible donations. Some of the IPCs based on donations are the NKF, National Council of Social Service Charitable Fund and The Salvation Army. Local individuals gave $85 million to the IPCs in 2001 and $131 million the following year. A total of $512 million was given to these charities in 2003, with $312 million coming from corporations and foundations.

Uneven fund field 

While the amount of donations has grown, the same can’t be said of the fund share gathered by the various NPOs. The stark contrast between the performances of the NKF and the Kidney Dialysis Foundation (KDF) is a case in point. In 2002, KDF raised $1.5 million, while the marketing-savvy NKF raised a staggering $67.5 million. In recent years, The Tent, a welfare shelter for troubled teenage girls, had to grapple with fund-raising till it found a benefactor, who auditioned some of her family members to support its cause.

In the course of fund-raising, the charities and non-profit organisations usually highlight the causes and the ultimate beneficiaries. But as Willie Cheng, chairman of the NVPC points out, it’s debatable whether the cause is truly the reason the donations are made, or whether it is really the effectiveness of the fund-raising campaign that counts. Just this year, Shi Ming Yi, chairman and CEO of Ren Ci Medicare Centre, immersed himself in Big Brother. Not only is this surprising, but the show drew overwhelming support for his personal sacrifice.

More often than not, Cheng says, the success of fund-raising is often dependent on connections and the type of approaches used. Indeed, there’s a dichotomy between the causes served by NPOs and their success rates when it comes to fund-raising. It is possible, then, for some NPOs to be overfunded with more than what they require, resulting in the surplus being splurged on peripheral projects. Noted in the recent fund-raising drive for the Nationalisation movements in charities, charity shows and the runaway success of the Courage Fund to honour the unsung heroes involved in the battle against SARS, donors are now demanding a level of accountability and corporate governance.

A culture of giving 

Already, the Council of Governance of Institutions of Public Character (CGIPC) has developed a Code of Governance for IPCs that includes best practices on fund-raising. While the Code is not mandatory, IPCs are required to show how they are complying with these good practices, including greater transparency in their annual reports. At present, only large IPCs with a total income of at least $5 million are required to comply with the full financial reporting standard (FRS). In contrast, medium-sized IPCs have some exemptions and reductions in certain disclosures in relation to FRS, while small IPCs are only required to prepare accounts on a cash basis.

NVPC’s Tan concedes the philanthropy scene in Singapore is far from mature. NVPC itself has begun to look into the reinforcement of its infrastructure through conferences, researches, grants and communications to promote a greater sense of giving. Says she: "We see a storage and guiding structure to build capacity on the part of the NPOs to mobilise community resources. Above all, NPOs require manpower to more effectively grow their funding sources."

Yet, the most pressing issue in philanthropy in Singapore is the lack of an able to join the rich-list companies and wealthy families and individuals to give back something to society. "We need more foundations to be set up either by corporations or high-net-worth individuals and their families,” says NVPC’s Tan.

How do we get more of the nouveau riche to be more giving? 

Indeed, most of the well-known foundations in Singapore are decades old. The exception is the newly founded generation foundations.” Tan asks. Or indeed, all the new wealth that has been generated in recent years. In the past, the nouveau riche was very much alive because new foundations are being set up continuously to look for avenues to channel their generosity. In the Philippines, Taiwan and Thailand also have many foundations, partly because of their complex tax structures.

Yet, lower taxes in Singapore should mean companies and wealthy individuals should have more cash to give. How do we get more of the nouveau riche to be more giving? "Private banks, fund managers and other ‘gatekeepers’ that manage private trusts here could do a big part in growing foundations by providing services to their clients to help them move into philanthropic giving,” says Tan.

Singapore needs to develop a culture of giving. Indeed, individuals and organizations that care about the communities they live or operate in tend to open up their hearts and purses. It need not just be at the corporate level or the time of year. Giving back to the community in their own little way starts to come naturally as societies mature and individuals and communities become more confident of their own place in the community.

Tis the season for RECEIVING AT SMU

By Denise WEE 

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here will be no Grinch to steal Christmas in Singapore this year. Schools here have been some of the biggest beneficiaries of generosity for decades. For example, St. Mary’s, Singapore Management University (SMU) was bestowed $200 million, the single largest gift it has ever received since the school was started four years ago. That includes a $50 million contribution by the Lee Foundation and another $150 million from the government.

Where will all that money go? According to Howard Hunter, who took office as president of SMU in September, it will be channelled towards a scholarship programme and a fund to attract international faculty to teach at the university. In recognition of the gift, SMU has named its school business after the Lee Foundation’s founder Dr Lee Kuan Yew. While the Lee Foundation is SMU’s biggest philanthropic donor, it certainly isn’t the only one. SMU also counts Hong Kong tycoon and billionaire Li Ka-shing, who bestowed a $20 million gift to build the university, and the Shaw Foundation as some of its key benefactors. "The largest gifts have come from foundations," says Hunter, who was previously the provost of Emory University in the US.

‘Enduring endowment keeps growing’ 

Like many other universities throughout the world, SMU relies on endowments in more than a few ways. Endowments or donations to the university enable it to offer faculty, fund special research programmes and scholarships for which money may not usually be allocated. At present, endowments make up about 10% of SMU’s operating budget. Hunter plans to bring that amount in line with that of peer universities at Harvard and Princeton. "Our goal here is to derive 20% to 25% of our operating budget from endowment income," says Hunter.

If the university’s track record is anything to go by, this shouldn’t be too difficult to achieve. SMU has more than tripled its endowment within the past two years to about $330 million. And, while the university actively seeks donations from local and international sources, it also hires professional fund managers from DBS Bank and United Overseas Bank to manage its endowment funds.

Yet, many universities in the US have lost huge sums of money over the years through risky investments. Is something SMU is worried about? "Of course, that’s always a concern," says Hunter. However, he adds, it is important to take some level of risk, to ensure that the university’s endowment keeps growing. "At present, about 25% to 30% is in equities, the rest is in cash or low-risk fixed or income fixed," he adds. While the university may grow its endowment through returns from its investments, donations such as the one from the Lee Foundation are surely welcome any day.

Foundations play a key role 

Just how significant a role have foundations played in the philanthropic scene here? Hard figures are difficult to pin down. Despite their generosity, many foundations work hard to keep a low profile, addisuously shying away from the media. It is known from annual reports filed with the Accounting and Corporate Regulatory Authority that the Lee Foundation donated a total of $315 million and $494 million in 2002 and 2003, respectively. A Hong Leong Group spokesperson confirmed that the Hong Leong Foundation donated about $31.1 million last year and $17 million so far this year.

Most foundations in Singapore were founded decades ago and continue to be run by family members of the founding fathers. Those include the Kho Foundation, which was founded by prominent businessman Kho Teck Puat, the Lee Foundation and the Shaw Foundation. Since it was set up in 1957, the Shaw Foundation has donated a whopping US$150 million to various charitable causes. For lack of publicity, it’s evident that local foundations continue to be some of the biggest philanthropists in Singapore.

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