



**LIEN Centre for Social Innovation**  
SINGAPORE MANAGEMENT UNIVERSITY

## **Media release**

### **Lien Centre for Social Innovation publishes report on strategic philanthropy in four Southeast Asian countries**

***First time a study focusing on strategic philanthropy and the role of public policy in shaping philanthropy in this region has been conducted***

**SINGAPORE, 17 February 2014 (Monday)** – The Lien Centre for Social Innovation (Lien Centre), a partnership between the Lien Foundation and Singapore Management University, has published its first report on strategic philanthropy today.

Entitled ‘*Lever for Change: Philanthropy in Select Southeast Asian Countries*’, the report examines the growth of strategic philanthropy in four Southeast Asian countries – Indonesia, the Philippines, Singapore and Thailand. Through analysis of the policy environment, infrastructure supporting philanthropy, giving practices and field interviews, the report attempts to answer key questions and common assumptions about philanthropy in Asia, such as: Has the fast pace of wealth creation in the region led to increased philanthropy and has that philanthropy been strategic in addressing critical social issues? What is the role of public policy in shaping philanthropy and its development?

Strategic philanthropy is defined as structured donations through which donors seek to achieve specific goals and outcomes for long-term systemic change. In an environment of rising wealth and rising inequality, strategic philanthropy can serve as an invaluable resource for systemic social change by harnessing private resources and targeting it to address intractable and emerging social needs.

Ms Prapti Upadhyay Anand, Research Associate with the Lien Centre and the author of this study, said “Most studies on philanthropy and giving in Asia in recent years have focused on the characteristics of Asian charity or the personal motivations of Asia’s wealthiest givers. While this study builds on that important research, it tackles different questions. First, the study focuses on institutional, strategic philanthropy in the region as opposed to charity and personal giving. Secondly, in contrast to earlier studies, it examines the role of public policies as well as the legal and fiscal environments in shaping the scale and scope of strategic philanthropy.

“As countries across Southeast Asia grapple with rising inequality and social disparities despite the remarkable economic growth of recent years, this report serves as a useful reference for policymakers in examining how existing policies aid or hinder the development of strategic philanthropy in their respective countries.”

Ms Crystal Hayling, a board member of Lien Centre and editor of the report, added “The increasing connections of trade and capital within ASEAN also raise questions about what could be done to increase strategic philanthropy between nations in the region. This is a potential area for further study.”

The Lien Centre’s report reveals consistent evidence that thoughtful public policy can increase philanthropic giving, but it also uncovered many gaps and missed opportunities in policy and practice that hinder philanthropic growth, particularly philanthropy focused on addressing thorny social problems. Its key findings include:

1. Limited data on philanthropy and non-profit organisations was found to be a significant barrier to the growth of strategic philanthropy in all four countries. While this is partly because research on strategic, institutional philanthropy is severely limited, it is also due to the fact that many countries in the region do not have laws requiring foundations and other philanthropic entities to disclose data on their giving. The absence of quality data makes it difficult to accurately capture the state of giving, while resistance to data collection inhibits public faith in the philanthropic sector and isolates potential donors.
2. Public awareness of the need for philanthropic efforts is limited. Moreover, there is a perception among many High Net Worth Individuals (HNWIs) that socioeconomic issues are the responsibility of governments. All four countries would benefit from concerted efforts to raise public awareness about strategic philanthropy and transform giving from check-book charity to strategic philanthropy.
3. Individual income tax policy (which in countries like the United States is considered a key driver of charitable giving) is underutilised in the region, with the exception of Singapore, largely because of the limited potential of individual taxes as a lever for change in these economies. In the four countries included in the study, a small portion of the population pays income taxes and the effective tax rate is relatively low.
4. Partnerships between donors and civil society organisations could be improved. In addition to evidence suggesting that giving by HNWIs in Asia lags behind giving by their peers in the West, in instances where affluent families in Southeast Asia have established philanthropic entities/foundations, there is a tendency to directly implement projects instead of funding non-profit organisations on the ground.

The study also found a number of approaches and innovations in giving practices – some encouraged by policies and others by civil society initiatives – that can serve as replicable models for the region and beyond:

- Singapore clearly emerged as a leader in driving increased giving through policies that encourage domestic contributions to non-profit organisations. Allowing donors the benefit of deducting 2.5 times the value of their donations to Institutions of a Public Character in their tax filings, has resulted in Singapore’s charitable contributions consistently increasing.
- In Indonesia, a growing movement of NGOs collects and distributes zakat (alms) to support community development for poverty alleviation, a relatively new approach since these funds have traditionally been given to temples for the relief of the needy. Given

that Islam requires zakat of all able-bodied Muslims, it potentially constitutes a vast sum of money in the largest Muslim nation in the world.

- In the Philippines, networks of NGOs lobbied for the creation of the Foundation for the Philippine Environment, set up in 1992 through a unique debt-for-nature swap that required government support and legal permission.
- The Thai Health Foundation, the nation's largest philanthropic institution, established under the Health Promotion Act of 2001, is funded by a two per cent excise tax on alcohol and tobacco products sold. The fund disburses about US\$100 million each year.
- Disaster relief has grown significantly in all four countries and is raising the profile of community-wide giving rather than just giving by the extremely wealthy.
- Nascent efforts to start community foundations show promise as a way of focusing resources on community needs while also providing donor education.

This report is available in soft copy from the website of the Lien Centre for Social Innovation ([lcsi.smu.edu.sg](http://lcsi.smu.edu.sg)). Hard copies can be requested by calling +65 6828 0821 or by emailing [liencentre@smu.edu.sg](mailto:liencentre@smu.edu.sg).

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#### **About Lien Centre for Social Innovation**

The Lien Centre for Social Innovation, a partnership between the Lien Foundation and Singapore Management University, was established in 2006 to advance the thinking and capability of the social sector.

Our vision is to be a thought leader and catalyst for positive social change in Singapore and beyond. Our mission is to catalyse innovative responses to social needs through applied research and capacity building in collaboration with the public, private and social sectors.

The Lien Centre contributes to a more equitable, inclusive and vibrant society by addressing social needs through innovative approaches. We drive socially innovative solutions by strengthening social sector organisations so that they become influential and effective partners with business and government. We also work at the intersection of the public, private and social sectors to catalyse social innovation.