

## **Goh Chok Tong: Singapore as a philanthropy hub**

Keynote speech by Mr Goh Chok Tong, Senior Minister and Chairman of the Board of Directors of the Monetary Authority of Singapore, at the Credit Suisse Philanthropists Forum 2011, Singapore, 7 April 2011.

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Ladies and Gentlemen

1. I welcome the launch of the inaugural Credit Suisse Philanthropists Forum in Asia.

### **Importance of philanthropy**

2. In recent years, the problems facing the world have been getting more acute. The World Bank estimated that the recent Global Financial Crisis pushed an additional 64 million people into extreme poverty. Rising energy and food prices have put additional stress on the most vulnerable, who spend more than half their income on food. The New Zealand, Japan and Myanmar earthquakes are the latest in a line of disasters to plague the Asia-Pacific. Climate change and natural disasters are creating new and pressing needs on an unprecedented scale.

3. Fortunately, philanthropy has risen to play an important role in dealing with these problems. Generous donations have brought about immediate relief in the aftermath of disasters, and have also funded medium to long term programmes, such as education and health services, to improve the well-being of communities.

4. Perhaps more critically, giving back to society is an important way to help maintain cohesiveness in our society as the income gap widens. All around the world, the gap between the rich and the poor is growing, particularly in fast growing emerging economies. Unless the successful demonstrate compassion and help the less successful, it will be difficult to maintain social cohesion and harmony.

5. Philanthropy complements government measures to help the weak and the poor. As a voluntary act, it has the potential to be much more targeted, and if done correctly, creates meaning and social value for the giver and the recipient.

### **Growth in philanthropy**

6. Today, the world's philanthropists are in a better position to help than ever before. The World Wealth Report by Capgemini and Merrill Lynch estimated that the world's wealth grew 72% over the past decade to US\$200 trillion; Forbes magazine now counts more than 1,200 billionaires on the planet.

7. I am glad to say that philanthropists worldwide have been stepping up and giving generously. Leading the way is the United States, where annual giving rose from a mere US\$170 million to more than US\$300 billion over the last 20 years. Rising wealth in Asia has also led to greater giving. The 2010 Hurun Philanthropy List in China found that its top 100 philanthropists gave an average of 6 percent of their wealth to charity, totalling US\$3.3 billion over the previous five years. Similarly, in India, many of the ultra-rich are giving part of their wealth to charitable causes. Among them, Mr Azim Premji, the third richest man in India, pledged US\$2 billion last year to fund rural education and development programmes.

8. Philanthropy in Singapore is also growing. Some recent foundations that have been set up in Singapore include the Wee Foundation. Most recently, a US\$100 million donation

was made by the family of the late Mr Ng Teng Fong to set up a fund for needy patients and other worthy causes at a new hospital in Singapore. To encourage more giving, the Singapore Government has created a very conducive giving environment in Singapore. We allow 2.5 times tax deduction for donations to Institutions of a Public Character. We have also increased the leverage effect of donations, with matching grants for donations to key causes such as universities and charities providing long term care for the elderly.

### **Asian philanthropy is evolving**

9. Asian philanthropy has deep roots, both in tradition and religion. Giving across Asia is typically accomplished without fanfare, with many donors quietly donating millions on an anonymous basis. There is a tendency to prize modesty, and many are averse to what others may view as “flaunting wealth”. However, such private giving may have held us back from developing a more structured and sustainable way of giving.

10. This is changing, as Asian donors have observed that Western philanthropy has developed innovative structures which may be very efficient and effective. More and more, we are seeing the evolution of Asian philanthropy from ad hoc cheque book donations to more sophisticated philanthropic models such as foundations and venture philanthropy. This has helped to bring about greater accountability and efficiency in grant making.

11. Another change is the shift from the traditional model of leaving behind legacies, towards “giving while living”. This has resulted in more active and engaged philanthropy in Asia, leading to an increased demand for more philanthropy-related advisory services by wealthy individuals and families. More of the rich are incorporating philanthropy into their wealth management plans and want professional advice in their philanthropic commitments. As a result, Asia is seeing the growth of professional and institutionalized philanthropy foundations. China alone now has an estimated 900 philanthropic entities.

### **Key challenges remain**

12. However, there remain challenges to giving in Asia, mainly because philanthropy is developing at varying stages across Asia, in line with the progress of Asian countries. There are two key issues which donors face: the nascent charity infrastructure to support donors, and weak governance practices by fund recipients.

13. In Asia, there are many causes that need championing, and many problems that need addressing. Donors planning to give in Asia have to first understand the needs of the region, decide on the cause they intend to support, identify the worthy projects, and navigate the giving procedures in each country.

14. The success of giving greatly depends on both the giver and the receiver. Clearly, throwing money at charities does not guarantee success of giving. There needs to be follow-through on the charity’s part to ensure that the money is channelled successfully to the cause.

15. The reality in Asia is that many of the domestic charities are small, and are not equipped to handle large amounts of funds efficiently and accountably. The levels of transparency and governance controls in many countries are also not prescribed by law, and may vary across charities. As a result, giving in Asian countries suffers from a lack of trust. Such suspicion holds back donors who are concerned that their gifts should be used appropriately and effectively, rather than going to waste funding inefficient expenses.

16. Donors have found ways to work around the trust issue. Some have set up their own charities or are working together with reliable charities to see through the giving process from start to end. Such efforts demonstrate that donors can be an integral part of the solution, but this will take time, and it can be a very challenging process for donors.

## **Singapore as a philanthropy hub**

17. Singapore can make it easier for international donors to give in Asia. Our infrastructure, connectivity and regulatory framework form a strong foundation to support local and regional philanthropy.

### **Infrastructure**

18. As a leading international financial centre, Singapore can provide a full suite of wealth advisory services ranging from fund management to philanthropic advisory. We have recently seen a growing number of private banks in Singapore building up their philanthropy advisory capabilities, either in-house or leveraging on third party expertise. SymAsia, which was set up by Credit Suisse, is an example of an umbrella foundation that provides grant making, project review and investment management for donors who do not wish to set up their own foundations.

19. To support philanthropy and non-profit organisations seeking to invest in Asia, the International Organisations Programme Office was set up in 2007 by the Singapore Economic Development Board as a whole-of-government effort to facilitate international organisations planning to locate in Singapore. The Government has also developed supporting physical infrastructure, such as the Tanglin International Centre for clustering and shared services.

### **Connectivity**

20. In addition, Singapore has excellent international transport and communications connectivity, and can serve as an intermediary for giving in the region. Our location and stable and safe environment provide international donors with a convenient base from which to oversee their giving in the region.

### **Governance**

21. Lastly, we cannot over-emphasise the importance of good governance in charities. Governments are working to address this issue. For example, last year, China launched the China Foundation Centre (CFC) to promote greater transparency and accountability among foundations. But there is still much that countries in Asia can do to improve charity governance.

22. Singapore, too, is working on improving governance. We have put in place a sound regulatory framework and a code of governance to ensure transparency and accountability of our local charity sector. In addition, the National Volunteer and Philanthropy Centre will also be introducing an independent charity analysis system this year.

### **Conclusion**

23. In closing, I would like to say that philanthropy makes the world a better place. It balances our emphasis on economic growth and the pursuit of profits with our warm, human side. Hence, it is crucial that we continue to give generously, to local and foreign deserving causes.

24. Yet giving is also difficult to do well because it must not lead to waste and leakage or diminish the spirit of self-reliance. I am pleased that Singapore is playing host to this global forum which brings together leading philanthropists and thought leaders to discuss how to better accomplish giving, and to push the frontiers of philanthropy in Asia.

25. I commend Credit Suisse for playing an active role in developing philanthropy capabilities in Singapore, and I wish you a fruitful meeting.