Landscape Study on Donations and Grant Making Entities in Singapore

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Associate Professor of Finance, NUS
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Outline

1. Donations in Singapore
2. Grant Making Entities in Singapore
3. Bibliography
Donations in Singapore

Tax Deductible Donations to IPC*

<table>
<thead>
<tr>
<th>Year</th>
<th>Individual</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>85</td>
<td>296</td>
<td>381</td>
</tr>
<tr>
<td>2002</td>
<td>131</td>
<td>251</td>
<td>382</td>
</tr>
<tr>
<td>2003</td>
<td>202</td>
<td>310</td>
<td>512</td>
</tr>
<tr>
<td>2004</td>
<td>150</td>
<td>325</td>
<td>475</td>
</tr>
<tr>
<td>2005</td>
<td>182</td>
<td>462</td>
<td>644</td>
</tr>
<tr>
<td>2006</td>
<td>184</td>
<td>351</td>
<td>535</td>
</tr>
<tr>
<td>2007</td>
<td>255</td>
<td>565</td>
<td>820</td>
</tr>
<tr>
<td>2008</td>
<td>211</td>
<td>476</td>
<td>687</td>
</tr>
<tr>
<td>2009</td>
<td>240</td>
<td>447</td>
<td>687</td>
</tr>
<tr>
<td>2010</td>
<td>269</td>
<td>507</td>
<td>776</td>
</tr>
</tbody>
</table>

Source: Chart constructed based on data from Commissioner of Charities Annual Report
*IPC = “Institutions of a Public Character” – A nonprofit charity, institution or fund meeting certain qualifications and approved by the government of Singapore.
Donations in Singapore

Distribution of tax deductible donations to IPC

<table>
<thead>
<tr>
<th>Year</th>
<th>Corporate</th>
<th>Individual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>77.7%</td>
<td>22.3%</td>
</tr>
<tr>
<td>2002</td>
<td>65.7%</td>
<td>34.3%</td>
</tr>
<tr>
<td>2003</td>
<td>60.5%</td>
<td>39.5%</td>
</tr>
<tr>
<td>2004</td>
<td>68.4%</td>
<td>31.6%</td>
</tr>
<tr>
<td>2005</td>
<td>71.7%</td>
<td>28.3%</td>
</tr>
<tr>
<td>2006</td>
<td>65.6%</td>
<td>34.4%</td>
</tr>
<tr>
<td>2007</td>
<td>68.9%</td>
<td>31.1%</td>
</tr>
<tr>
<td>2008</td>
<td>69.3%</td>
<td>30.7%</td>
</tr>
<tr>
<td>2009</td>
<td>65.1%</td>
<td>34.9%</td>
</tr>
<tr>
<td>2010</td>
<td>65.3%</td>
<td>34.7%</td>
</tr>
</tbody>
</table>

Source: Chart constructed based on data from Commissioner of Charities Annual Report
Donations in Singapore

Cumulative growth chart for tax deductible donations to IPC

Source: Index constructed based on data from Commissioner of Charities Annual Report
* Index tracks the cumulative growth of individual and corporate donations starting from year 2001 (Base = 1000)
Donations in Singapore

Average growth rate of tax deductible donations to IPC

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>16.9%</td>
<td>26.0%</td>
<td>19.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Corporate</td>
<td>9.3%</td>
<td>13.8%</td>
<td>18.5%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Total</td>
<td>10.6%</td>
<td>15.7%</td>
<td>18.2%</td>
<td>-1.1%</td>
</tr>
</tbody>
</table>

Source: Chart constructed based on data from Commissioner of Charities Annual Report
*NKF = “National Kidney Foundation”; **GFC = “Global Financial Crisis”

Asia Centre for Social Entrepreneurship and Philanthropy
Donations in Singapore

![Graph showing individual tax deductible donations per capita (SGD) from 2001 to 2010.]

Source: Chart constructed based on data from Commissioner of Charities and Department of Statistics Singapore

Asia Centre for Social Entrepreneurship and Philanthropy
Donations in Singapore

Ratio of Total Donations to IPC as Percent of GDP

Ratio of funds raised by Community Chest as Percent of GDP

Ratio of Individual Donations to IPC as Percent of GDP

Source: Ratio constructed based on data from Commissioner of Charities, Department of Statistics Singapore and NCSS
National Average Individual Charitable Giving as a Share of GDP (2005)

- South Africa: 0.64%
- Ireland: 0.47%
- Netherlands: 0.47%
- Australia: 0.69%
- Canada: 0.72%
- United States: 1.7%
- UK: 0.73%
- Singapore: 0.29%
- New Zealand: 0.29%
- Turkey: 0.23%
- France: 0.14%
- Germany: 0.22%

Source: Charities Aid Foundation (2006)
Charitable Activity among Nations

World Giving Index 2010

<table>
<thead>
<tr>
<th>Country</th>
<th>World Giving Index</th>
<th>% Giving money</th>
<th>% Volunteering time</th>
<th>% Helping a stranger</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1</td>
<td>70%</td>
<td>38%</td>
<td>64%</td>
</tr>
<tr>
<td>US</td>
<td>5</td>
<td>60%</td>
<td>39%</td>
<td>65%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>5</td>
<td>71%</td>
<td>34%</td>
<td>60%</td>
</tr>
<tr>
<td>UK</td>
<td>8</td>
<td>73%</td>
<td>29%</td>
<td>58%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>18</td>
<td>70%</td>
<td>13%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Singapore</strong></td>
<td><strong>91</strong></td>
<td><strong>35%</strong></td>
<td><strong>10%</strong></td>
<td><strong>35%</strong></td>
</tr>
<tr>
<td>Japan</td>
<td>119</td>
<td>17%</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>China</td>
<td>147</td>
<td>11%</td>
<td>4%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: Charities Aid Foundation (2010)
Charity Sector in Singapore

Distribution of charities income by size of charities

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of large charities</td>
<td>47</td>
<td>59</td>
<td>64</td>
<td>65</td>
<td>67</td>
<td>98</td>
<td>104</td>
</tr>
<tr>
<td>Number of non-large charities</td>
<td>1,612</td>
<td>1,688</td>
<td>1,743</td>
<td>1,810</td>
<td>1,823</td>
<td>1,846</td>
<td>1,869</td>
</tr>
<tr>
<td>Large charities share of income</td>
<td>83%</td>
<td>75%</td>
<td>77%</td>
<td>82%</td>
<td>82%</td>
<td>85%</td>
<td>84%</td>
</tr>
</tbody>
</table>

Source: Chart constructed based on data from Commissioner of Charities
Note: Large charities are those with annual income more than SGD10 million

Asia Centre for Social Entrepreneurship and Philanthropy

National University of Singapore

NUS BUSINESS SCHOOL
Charity Sector in Singapore

Cumulative growth chart for annual income of charities

Source: Index constructed based on data from Commissioner of Charities Annual Report
* Index tracks the cumulative growth of annual income of charities starting from year 2003 (Base = 1000)
Charity Sector in Singapore

Donations to IPC relative to total charities income

Source: Index constructed based on data from Commissioner of Charities Annual Report

Asia Centre for Social Entrepreneurship and Philanthropy
Charity Sector in Singapore

• Tax price is the most important determinant of giving (Chua and Wong, 1999)

  • Study shows that on average, if the tax rate were to decrease by 1%, giving is expected to decrease by between 3% to 6%, depending on the giver’s educational attainment

• 21% of the population in Singapore pay tax

• 27% of charities in Singapore enjoy IPC status
Grant Making Landscape in Singapore

- A cross-sectional study

- Motivation
  - Little research has been conducted on the local grant making scene to date
Caveats

• NUS student project

• Secondary data sources

• Sample not representative of Singapore’s philanthropic sector
A Taxonomy of Grant Making Entities
A Taxonomy of Grant Making Entities

Private Foundations

- Foundations take the name of the grant maker or the family name and funds are usually raised from individual grant maker
- Examples: Lien Foundation, Tan Chin Tuan Foundation, Lee Foundation

Charitable Trusts

- Trusts are governed under the Trustees Act and are separate legal entities set up to further the charitable intention of individuals
- Examples: Isaac Manasseh Meyer Trust Fund, The Chen Su Lan Trust Fund
A Taxonomy of Grant Making Entities

Corporate Foundations

- Foundations set up by corporations to further their corporate social responsibility efforts
- Examples: Asian Pacific Breweries Foundation, Banyan Tree Global Foundation

Corporate Funds

- Funds set up by corporations to further their corporate social responsibility efforts
- Examples: The Straits Times Pocket Money Fund, Singapore Power Heartware Fund
A Taxonomy of Grant Making Entities

Ethnic Self-Help Organisations

- Organisations formed under the direction of the government to maintain harmony within each ethnic community, as well as the different ethnic communities in Singapore
- Examples: Chinese Development Assistance Council (CDAC), Yayasan Mendaki

Chinese Clan Associations

- Associations set up to address the welfare of Chinese immigrants
- Examples: Nge Ann Kongsi Foundation, The Hokkien Foundation
A Taxonomy of Grant Making Entities

**Religious Organisations and Affiliated Foundations**
- Entities and foundations started up by religious organisations to contribute to the welfare of society
- Examples: City Harvest Church, The Singapore Buddhist Lodge

**Healthcare-Related Funds**
- Funds established by hospitals and healthcare groups to help individuals and families cope with medical costs
- Examples: Leukemia and Lymphoma Foundation, National Heart Centre Singapore Heart2Heart Fund
A Taxonomy of Grant Making Entities

Politically-Affiliated Foundations
- Foundations administered by political associations
- Example: PAP Community Foundation

Government-Run Grant Making Entities
- Entities established under the purview of various government ministries or statutory boards to enhance the living standards of Singapore
- Examples: Centre for Enabled Living, Singapore Labour Foundation
A Taxonomy of Grant Making Entities

Government-Run Funds
- Funds set up under the purview of government ministries and typically administered at the grassroots level
- Examples: ComCare Fund, North East Live It Up Fund

Tertiary Education-Related Funds
- Funds set up to provide scholarships and grants
- Examples: Dr Goh Keng Swee Scholarship Fund, Tay Eng Soon Scholarship Fund
A Taxonomy of Grant Making Entities

Social Interest and Advocacy Group

- Funds established by special interest groups to further their organisational goals
- Example: Mainly I Love Kids (MILK) Fund
Additional Findings:
Number Supporting Various Causes

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full sample</td>
<td>75</td>
</tr>
<tr>
<td>Education</td>
<td>51</td>
</tr>
<tr>
<td>Healthcare</td>
<td>31</td>
</tr>
<tr>
<td>Needy</td>
<td>27</td>
</tr>
<tr>
<td>Arts, culture or ethnic awareness</td>
<td>24</td>
</tr>
<tr>
<td>Eldercare</td>
<td>17</td>
</tr>
<tr>
<td>Children, Youth &amp; family services</td>
<td>14</td>
</tr>
<tr>
<td>Religious</td>
<td>6</td>
</tr>
<tr>
<td>Environment</td>
<td>6</td>
</tr>
<tr>
<td>International Aid</td>
<td>5</td>
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Bibliography


