

Best Practices: CAF America Asia Pacific Advisory Service

Host: Ted Hart

Guests: Terrence Chee – Charities Aid Foundation

Announcer: Welcome to the *CAF America Radio Network*. A production of the Charities Aid Foundation of America. As the leader in global giving, CAF America offers more than 20 years of experience and expertise to corporations, foundations, and individuals who wish to give internationally and with enhanced due diligence in the United States. Through its industry-leading Grands Management Programs and Philanthropic Advisory Services. CAF America helps donors amplify their impact.

This show is dedicated to these donors and the charities base support. CAF America is uniquely positioned to serve as the bridge between these important partners and transforms vision into meaningful action. Guests on the *CAF America Radio Network* are leaders in their field who share tips for success and stories that inspire. Our host is Ted Hart, the CEO of the Charities Aid Foundation of America.

This a live Call in Show. Add your voice by calling 914-338-0855. After the show, you can find all of our podcasts at cafamerica.org. Don't forget to dial 914-338-0855. Now, welcome the host of the *CAF America Radio Network* Ted Hart.

Ted Hart: Welcome here to the latest edition on the *CAF America Radio Network*. This is Ted Hart and I'm joined here today by Terence Chee who is the CEO. Chief Executive Officer of the CAF Southeast Asia office. We are coming to you live from Singapore. Welcome to the *CAF America Radio Network*, Terence Chee.

Terence Chee: Thanks, Ted. It's really nice for inviting me, getting to just listen and be with you on the program, too.

Ted: We've had quite a day here in Singapore. Just as a matter of background to today's show, CAF America is made over 15,000 grants totaling more than \$25 million to more than 250 charities in 17 countries spanning the path of the Asia Pacific Region. As the leader of Global giving CAF America provides service to the full tropic sector and donors who want to make a difference. Today here in Singapore, CAF America along with our partner CAF South East Asia, launched the new Asia Pacific advisors service.

We're very proud of this new service and it was extremely well-received today, Terence, in all the meetings that we had out here in Singapore. I want to get a chance to talk to you about the need for this kind of service. I know you have an expensive corporate background. Why from that perspective do you think that corporations would find it valuable in working with CAF America to have advisors on the ground, in the field to help them in Asia Pacific region?

Terence: Well, Ted as you know in most corporates once you get to a certain size, you want to know the ground better, you want to make the appropriate decisions and I think exactly like in charities when you want to give that to more thoughtful, more respective giving, you just need all the information that you can bring to advantage so you can make the right decision. I think

for corporates, they value good and professional recommendations, stuff, material that's well-documented, unbiased and what we are talking about is some well-thought recommendation. I think the CAF America can provide that service.

Ted: These advisers that we've been bringing together under the Asia Pacific advisers service provide a variety of different services that are available to round out the grand making thought the program for individuals, families, foundations, and corporations working with CAF America. These services include translation services, visiting charities, helping with documents, document collection. It's a variety of different services that are provided. Why is it important to have advisors to assist in this process?

Terence: Well, Ted, as you know in Asia, just within three, four hours flight time, you will locate probably a dozen different countries. Each of these countries have different languages, different sub-dialects. Cultural sensitivity is very important. If you're not aware of that, you could easily find yourself getting the wrong information. Besides that, I think you'll find that in Southeast Asia in various styles of lack of variations of democracies. Most important that most of the countries are in different stages of their economic development. All these things I think, you need a professional on the ground to be able to sort that out and recommend the right charity to the donor.

Ted: Yes. In the United States, one of the fastest growing forms of philanthropy are our donations to international charities. Last year, close to \$300 billion was donated in the United States. The amount to international charities grew by 7.6%. In giving, that is impressive. Giving to international charities has taken on even more significance for donors in the United States. That's where CAF America comes in. CAF America has, well, over 20 years experience of providing services in making sure that the IRS protocols that are specific to receiving a tax reduction and giving to international charities are followed and adhered to.

The CAF America goes the extra mile. CAF America makes sure that not only are the corporate donor, the individual, the family, the foundation donor are in compliance with the IRS, but we also seek to protect their reputation by making sure that we really get to know that charity. That's where on occasion were the folks that do the reviews at CAF America on a regular basis and of course, we've been granting for many years in the Asia Pacific Region but sometimes, it can become even more difficult, Terence, when you're talking about, as you mentioned earlier, cultural sensitivity. From country to country that could vary.

Terence: That's right, that's right. I think it's in the charities. Even within, for example, Singapore, Malaysia, Indonesia, Laos, Thailand, Cambodia, Vietnam, these all have varying degrees of fragmentation. It's very hard to find the charities you want to build. If you don't have the people on the ground doing the due diligence for you, it's normally hard to verify the charities but even harder to understand the programs and the various costs, they're all in different currencies.

You have like you're saying, there are different translations, interpretations, sometimes language issues. All these things actually are very important. I think a lot of times the corporate donor is unaware of the difficulties involved in coming up with a decent philanthropic program.

Ted: Right. In coming up with those programs in helping guide corporations, part of that is working through this new and enhanced advisory service. Many of the advisors you've assisted us in being able to reach out to enhance this advisory service. Talk to us about the kinds of advisors that you help us connect with. The kinds of background that they have and why this kind of service really is unparalleled?

Terence: I think CAF, in general, we're looking at more thoughtful and effective giving. Unless the donor works on the same principles as we do, they're not going to get the total value of the CAF experience. I think what we do here in Southeast Asia is quite unique in the sense that we're looking for advisors for yourselves right in CAF America to be able to really make that difference and we do it by locating advisors that will suit your donors' needs.

For example, if someone was to donate to China. Mandarin, is one of many dialects in China. If you're trying to build a school or build a bridge, for education for kids or whatever, you need to be spot-on. You need to get the program right, the dollar value right, you need people on the ground to know what people do and whether what they do is right or wrong so, that you make the right decision to recommend the right product or charity to your clients. There are so many valuables in Asia alone. Just talking about China, if I were to then move on to say Malaysia, Indonesia, there are again cultural variables. For example, in places like Singapore and Malaysia and Indonesia, you have the Chinese community, the Indian community, the Malay community, they all have different needs.

All are very sensitive in their different cultural aspects of what they want to do and how they want to do it. Unless you know about these things, it's very hard to just do a desktop kind of research and then say, yes, this is the right one, I'm recommending this. I think that's wrong. I think you need people like us on the ground to be able to assist you to be able to make that distinctive difference in selecting the right charity for your donors.

Ted: Exactly. Where the CAF America experts do the initial intake, the initial review of what the donor would like to accomplish to really be able to complete that review, particularly where there may be language issues, it does require a vast number of advisors because as you're mentioning, even within one country, there may be multiple advisors that are needed based on a particular dialect or cultural sensitivities from one part of the country to another.

Terence: You're right. I just want to bring up another variation is that certain advisors could be specialists in certain sectors. If you're a specialist in the children's sector, you might not necessarily know anything about the elder care sector or know anything about special needs or even teens at risk. The difficulty comes in actually selecting one advisor to be able to then come up with the right amount of information that is required to do proper due diligence. I think that's important because like I said before, societies are very fragmented unless you're on the

ground like ourselves here in southeast Asia, you're not really going to find the right advisor to get the right information.

Ted: It's centrally located here and are connecting with our broader network of advisors were able to put together, a wide variety of different types of advisors. Again, whether or not we need the translation services or we need someone to help determine whether or not something that may be more of a government entity, in fact, has a charitable intent because as you mentioned, there are lots of different maybe you might say, flavors of democracy in the region. Therefore, what is a charity, what is charitable, also varies from culture to culture, country to country.

Terence: That's right. I think you're absolutely right, but I think that there are certain countries where there's no formal registration of charities. Sometimes you need to talk to the provincial governor or the mayor or something who will then rubber stamp it and say, okay, this is a charity. You really don't know because we run so many different styles of legislation and regulations from different countries.

I'll give you an example. I think a lot of times even Singapore donors who want to donate, even within Singapore and Singapore is such a transparent and full disclosure sort of society, you find that there is-- even now, the lack of charities and charitable information, you might find a charity on websites, but if you want to go deeper, sometimes you need an onsite visit and that's fairly common. Sometimes you will find that you want to give, but you want to make sure that the charity is accountable for that money and we can go there and actually do an audit, do spot audit and whether the money's been dispersed properly.

I'll give you another example of I would say a barrier to giving that certain governments, for example in Singapore, the population assumes that the government is supporting charities and therefore they don't feel like they should be giving that much, which is a fallacy because the government, where they do grant, they grant in small amounts. Obviously, it's expected that the population played their part as part of good citizenship. But sometimes there are certain quarters where they believe that government should be supporting and therefore they won't support. Those are different nuances that no one should be aware of. That's where we come.

Ted: We are going to take a quick little break. When we come back, I want to explore a little bit further the interest of corporate America and individuals in the United States in supporting international charities and why this kind of advisory service is extremely important to doing it right. We'll be right back after this break after this break.

Announcer: Remember, our podcasts and archives are always available 24 hours a day at cafamerica.org. If you're listening today, our phone lines are open. Call in and ask a question by dialing 914-338-0855. Now back to the *CAF America Radio Network* and our host, Ted Hart.

Ted: We're back live here from Singapore where today we are launching the CAF America Asia Pacific Advisory Service. This is a broad service that is available to donors throughout the United States who are looking to make gifts to charities throughout the Asia Pacific region and receive

a tax deduction for those gifts. I'm here with Terence Chi who is the CEO, the chief executive officer of our sister organization CAF Southeast Asia.

Terence represents an important facet of our overall advisory service because you're so knowledgeable about the sector throughout the Asia Pacific region and you help us along with other providers that we have contacted and have contracts with, to provide services throughout the region. We've already discussed the broad language issues, the cultural issues, but from the perspective of an American donor, they want this to be easier. They want to be able to support really good causes, sometimes the complexity and sometimes the cost connected to the extra level of due diligence can be problematic.

But Terence, it's important to go through that process to make sure it's done correctly because there are many different types of charities and different types of governments that you want to make sure that the due diligence has done rights.

Terence: No, I think that you're absolutely correct Ted. I think I can share with you some experience I've had in the past and one of them was a couple that had given some money to an orphanage in Myanmar. They had just found this orphanage on either a website or something and just given, then later on what had happened is they had found that money was ill spent and I think that they couldn't even find that orphanage. One is that it's a sad story. They came to me, they discussed it and I didn't want them to stop giving because I think it's important to renew that passion in them to give, they will be willing to use our services to find the right charity.

They found that why spend on that little amount of extra research that someone else is doing and that's independent, non-unbiased research so that they can find the right program and the right bona fide kind of charity so that they can actually give. They used the service and they supported us by funding a bit of our feeds of, which doesn't really-- it is nice, they know the work we do and they're willing to pay for the fees.

I think that's important because they have found out and that's quite sad through losing the first trust of that emotion. But now they know that they have to use something like this because it's just impossible to do it yourself unless you have people on the ground. It's just difficult and that's why I always recommend people, come to us first, if we can't find that for you, we'll find someone else to do the due diligence or we'll find somewhere else that you can do the good work.

Ted: Freeing them up to be philanthropic and not have to look over their shoulder as to whether or not they've just been scammed, at the very moment that they're looking to do good. That's where an organization like CAF America comes in because we vet the entire board of directors, the entire administrative team, we vet their banking information because there's also stories of where an organization has all the trappings of a charity, but when you look at the banking information, that's someone's personal bank accounts that they're providing.

It is important to do that extra due diligence and the extra cost to do that is not only a reputation saver but, certainly, where you have limited philanthropic dollars, you want to make sure that they're going to do the most good. Terence, I wanted to ask you to reflect on some of the philanthropic trends that you are seeing or have seen in the Asia Pacific region.

Terence: Philanthropic trends. I think one of the things is that you can see just using, for example, the Singapore donation data, which over the last several years and I've been looking at it and you find that actually, donations have been creeping up slowly albeit in the midst of financial-- global financial crisis, people are still giving.

However the giving, although it's increasing, it is slowing and that's an issue for us because we find that the needs are not slowing down, there's more and more needs, but there will be sectors in society that'll be more depressed because of this economic slowdown, there will be more homeless, there will be more issues of-- every part of society will be affected with economic slowdown situation.

But what we see is that because of the increasing per capita income is growing within Southeast Asia, people do give except the barest giving would be, again, the fragmentation and information that is lacking or they want to give, they're not sure to who they should give, how they should give and how is this person and how to monitor that. Those are the basic inputs that the trends that I'm seeing in Singapore and Southeast Asia in particular, that there is a growing to do philanthropic work that is being curtailed by the fact that people because they want to get more and more effectively in bigger amounts, they just want more transparency and accountability.

Ted: That's what giving to solid organizations and that doesn't necessarily mean just the large organizations, we know at CAF America and the grants that we've been making our throughout the Asia Pacific region, that donations are made to charities large and small. Those charities can, in fact, be quite impactful. Is it correct to say that for an American Corporation, individual family or foundation looking to make a contribution and following the procedures of CAF America that they'll not only get the protection of making the grants and the protection of making sure that that's a very good charity, but they also might have their dollar go further and be able to be even more impactful in some of these communities.

Terence: I think you're also spot on there. A lot of times people have said, look, Terence, find for me something that is capacity building more impactful. I've given over the years to these larger charities and I want to now give it to the smaller ones, but I need you to go and find these smaller ones because some of the programs are excellent programs. But because they have-- over the good programs, you find that funding-wise, and they're small-- if they're small, they don't do that much marketing and they don't that much gala events.

But in terms of impact that they do for society, whichever sector they are in, they do a lot of work and that's where we come in because, we try to find that big impact capacity building kind of work that some of our donors, the more enlightened donors, if you want to put it that way

and can generate leverage off what they're doing now and put a new paradigm shifts in that particular sector. That's why we're trying to find for them.

Ted: Not to say that it's not important for large charities, but this kind of due diligence and very careful advisory services that we provide in the Asia Pacific region is arguably even more important when you're looking to support smaller charities, when you're looking to find those truly impactful opportunities because they're obvious-- they're charitable status, their ability to manage a grant may not be quite as obvious as an organization that has a larger staff.

Terence: I think you're also right there, I think what's happening in society now is that people-- because they are not aware of the smaller ones tend to continue to give to the larger ones. I'm not saying that the larger ones is doing the good work, they are all doing the good work, but sometimes you want to support the smaller ones wants do experimental or something that is different or something that's been tried. However because they lack funds, they do the minimum, they ask for the minimum so that they can just run on the basics.

But if we have a donor that's willing to put a bit more money, put larger donations, we can see the impact of that work will be tenfold sometimes. It's very important and for sure that the due diligence will be harder, corporate governance issues and compliance and due diligence on these smaller institutions are much heavier so that at least we can tell our donors that we've done the best due diligence on these charities and by far, we can recommend these smaller charities because of their strong impact to society.

Ted: Even though language barriers, cultural sensitivity, different government structures, different charitable structures, all can make giving in the Asia Pacific region even feel even further away and out of reach for American donors. In fact, having these advisory services puts it within reach, gives them the opportunity in working through CAF America to make sure that they are in compliance. That they're giving to very good charities, that they can be impactful and receive reports back, letting them know that their philanthropic dollars were well spent. Isn't that really the bottom line value of the services?

Terence: I think it is. I think when you portray that gold standard, they'd be above the normal governmental standard that they issue and you go the next step to make it more-- do the extra work, that people will appreciate it and they will see that-- It's like going to a one star, two star Michelin Chef, you know what I mean, that extra step will give it that extra oomph in the flavor and you know the quality is there, you know what the three-star would mean and I think that's what CAF America's about.

Ted: So, you want that gold standard, you want that extra star and it may be-- there may be a little bit extra cost, there may not be any extra cost, but making sure that it's done right and working with advisors that know what they're doing in the region and as you said, helping match up specialists for the particular kind of service that's needed, requires the service of this sort.

Terence: I think you should see cost as a relative measure, if you're giving half a million dollars a year and whatever the cost is should be related to the disbursements and then one can give me because of the extra work that I think you put in either using a CAF Southeast Asia or working with us to find other advisors who will do that extra role in the due diligence process to make sure that that money goes to the right place it's dispersed for and has the greatest impact for your donors. I think it's well worth it. I think donors will not sting on it. It's basically, I tell some donors it's basically-- it depends on the selected car if you're going to get-- I remember when I was in the US, you know what Pinto is?

Ted: Sure. Old car.

Terence: It explodes from what I know.

[laughter]

Ted: It certainly had that reputation.

Terence: Yes, it had that reputation. If you're going to do that, I'd rather pay a bit more money and get a Volvo and I think that's the difference.

Ted: Yes. Of making sure that it's done right is important and that's what CAF America is here for. We want to thank everyone for listening today as we are here live with Terence in Singapore. We've had an incredible day today and I think Terence-- The CAF America Asia Pacific Advisory Services, we're very well received here throughout the audiences that we spoke to here in Singapore.

Terence: Yes, it was. Very well received.

Ted: We encourage anyone who's interested in giving to charities throughout the Asia Pacific region, to go to cafamerica.org. You can email us on info@cafamerica.org or just give us a call at 703-549-8931. It will help you put together the right program, connects you with the right advisors and makes sure that you're not only in compliance with IRS regulations to receive a tax reduction, but also make sure that your reputation is safe in giving to grants throughout the Asia Pacific region. Terence, thank you much for being such a wonderful host here in Singapore and thank you for helping us launch the CAF America Asia Pacific.

Terence: My pleasure. Thank you for inviting me to your show.

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