

## Philanthropy In The Philippines: A Local Perspective

Host: Ted Hart

Guest: Victoria Garchitorena - Ayala Corporation

**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 to do diligence in the United States. Through its industry-leading grants management programs and philanthropic advisory services, CAF America helps donors amplify their impact.

This show is dedicated to these donors and the charities they support. CAF America is uniquely positioned to serve as the bridge between these important partners and transforms vision into meaningful action. Guest 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 Charities Aid Foundation of America. This is a live call in show. Add your voice by calling 914-338-0855. After the show, you can find all of our podcast at [cafamerica.org](http://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 to this latest edition of the *CAF America Radio Network*. Thank you so much for joining us. I'm very excited to have our guest today, Victoria "Vicky" Garchitorena, is coming to us live from the Philippines and is currently a consultant to Ayala Corporation.

She was previously the president of the Ayala Foundation USA, and was a founding chair of a number of NGO coalitions such as the League of Corporate Foundations Philippine Council for NGO certification, and many others. She is well-known in the international arena which makes us so proud to have her here as our guest on the show. She was a director of the US-based Council on Foundations and was active in its international and corporate committees. She was a senior advisor of the World Bank's Asian Council Against Corruption, and a consultant of the World Bank's 10-Year Program on Social Protection and Labor. She chaired the Global Forum on Migration and Development held in the Philippines.

Most importantly, for us, I'm very excited to welcome here to the *CAF America Radio Network*, Vicky Garchitorena. Welcome.

**Victoria "Vicky" Garchitorena:** Thank you very much, Ted. Good morning from the Philippines.

**Ted:** Yes. Good morning from the Philippines. Thank you so much for joining us. The United States and the Philippines have had a long history together dating back as an independent state to the end of World War II.

Before that, following the Spanish-American War in 1898. There are strong ties between our countries and strong ties between our people. I wondered if you wouldn't mind if I started off

really immersing ourselves in your expertise by asking you to help us understand, based on your extensive experience and in-depth knowledge of the Filipino civil sector. To help us understand the differences and the similarities between the Filipino civil sector and the US philanthropic sector.

**Vicky:** Yes, Ted. The civil sector of the Philippines, actually, bloomed after the EDSA Revolution of 1986, because it was more political civil society organizations that helped overthrow the Marcos' dictatorship at that time. When President Cory Aquino came into power, she actually opened the doors of Malacañang, the seat of the presidency to the non-government organizations and civil society organization. Actually, allowed or invited the foreign funding agencies to give directly to our civil society organizations. That helped this whole sector coming to its own.

Before that, it was just in the periphery of our understanding and knowledge, but then that become a central figure in the government of President Cory Aquino. Since then, it has really developed quite fast. We do look towards the United States to look at your laws and regulations, and of course, the support of the ordinary Americans to various charities in the US.

**Ted:** That's right. Of course, we have a couple of hundred plus years of run-up to building our philanthropic sector here. I'm sorry, I didn't know that this was such a momentous time that, in fact, the civil sector in the Philippines is really celebrating its 30th anniversary. Thirty years of having a sector that is able to grow and expand and provide service. Help us understand, over that period of time, the extent of the growth. What that has meant for a philanthropist to give back to society?

**Vicky:** The extent to which one? The extent of what? I didn't catch it.

**Ted:** For philanthropist, what is the last 30 years meant?

**Vicky:** It's been really, I guess, a golden age. Although in 1961, the National Science Development Board was the first to offer tax deductibility of donations given only to civil society organizations or foundations that were really focused on science and technology. That was the only time donors could get tax incentives. It was a very, very restricted arena. It was only after we really had the 1986 Revolution that the Bureau of Internal Revenue opened its doors also to granting more and more tax deductibility to non-governmental organizations.

It was 1992, when President Fidel Ramos became president that they wanted actually to remove the tax deduction because there was quite a lot of corruption in the Bureau of Internal Revenue at that time. They were saying that the equivalent of \$100, you could bribe, you could become a tax deductible charity. The President and the Secretary of Finance challenged us to really put in the rules and regulations to make sure that only the legitimate philanthropic organizations would get tax deductions. That's how when we put together the Philippines Council for NGO Certification. It's like a self-regulated industry, although, we do have one representative from the Bureau of Internal Revenue on our board.

**Ted:** That's the period of time that it became a little bit more available to philanthropist, but also a trusted system as well.

**Vicky:** Yes. That's when large corporations, wealthy individuals, then realized, "Oh, you know? Now, there is a very well-organized manner in which we can be sure that when we give donations to these PCNC certified organizations, we know that these are legitimate groups and they actually have programs on the ground that will actually yield results." You always want to know that your money is going to the right place.

**Ted:** Right, so you can trust the system. In doing that, so the last 30 years within, as you were pointing out, sort of a little bit more recently is the tax system and the trusted site for the philanthropic sector became a little more available for philanthropist to look at charities and to know that the money was going to spent for the purpose in which it was given is a recent legal structure. It tapped into, and I'd like you to speak to us a little about this, I understand it tapped into deeper beliefs within the philanthropic society based on two Filipino concepts. One, the notion of holistic interaction with others, and the notion of shared inner self, I believe that's called "kapwa".

It seems that the legal structure has been relatively recent. What it taps into is a deep-seated cultural desire to help others.

**Vicky:** Yes. The Filipino is a very generous person. Individually, for example, if you come to the Philippines and you happen, even on a poor family having a meal, they will immediately offer you. They will ask you to come and join them to share the meal. These is a very, very deep culture where everybody wants to help anyone else who comes by. I think, as far as philanthropy is concerned, the Filipino is more a family-centric. They will help their family, but ordinarily, they don't go out of their way to help others outside the family or the clan. It was only much later when some of the Americans or Spaniards, or the Catholic church for example, brought in this idea of giving to the church, so that the church can help the poor and the sick, for example, in times of disaster.

That kind of developed over time. It was not in the old, original, what we call the "barangays" of the Filipino communities. It has come out, for example, during the aspect of philanthropy in the US for the Philippine community there, I was initially warned that it would be very difficult to get Filipinos to help groups outside their families or the communities that they grow up with, let us say, their town or their school, their alumni of school.

We had to really break through that barrier and we needed to use that talk of helping them in school or their town or their church, and then encourage them to spread their philanthropy to a much larger community of the poorer Filipinos who needed their help.

**Ted:** You raised a very important topic that I want to really understand what you've learned and help our audience understand the lessons that you have learned around the role of diaspora philanthropy from the United State to Philippines and elsewhere.

**Ted:** We are back here live from the Philippines. We have Vicky Garchitorena with us. She was a consultant to the Ayala cooperation. Vicky, you were just sharing with us before the break that you've spent extensive amount of time and have learned some very important lessons about Filipino diaspora and their views and thoughts on giving back to their homeland and to supporting share of a cause back in the Philippines. Help us understand where you started and what you learned and where you feel that the current state and the role of diaspora philanthropy is.

**Vicky:** In the year 2000, we brag about the remittances on the Filipinos overseas became a major input into the GDP of the Philippines. They send tens of billions of dollars every year from all over the world to the Philippines. Of course, this was mostly to their family. This is the reason Filipinos go abroad because they want to be able to give their families back home a better life, even if it means sacrificing, being away from their children, or being away from their families.

At the same time, we thought, there were more and more professionals going also abroad, to United States and other developed countries because of the opportunities also for intellectual growth and of course, at some point to bring their families also out there. When we realize this in the Ayala Foundation, we thought then, "Why don't we try tapping the Filipinos in the United States?". As you know, the United States hosts the largest group of Filipinos around the world. I think, there are three or four million Filipinos there. Many of them have really achieved quite high levels of economic development. They're scientist, they're CEOs, they're entrepreneurs, they're out there in the technologies. I went there, actually, to the United States, going there over 10 years, maybe spending four to five months a year in the US.

I started by going around to all the Consular Offices of the Philippines and speaking to the communities whenever there were meetings in those Consular offices. Despite it was very difficult because they did not have the idea of sending money back home for charity. As I said, they usually just give it to their families, maybe if their parish priest asks for some help or maybe their college or university where they studied.

We were able to find the hook which was at the same time, the Ayala Foundation in the Philippines has launched a project to put computer laboratories with internet access in public high schools. At that time, only 3% of our public high schools had computers, and almost none had internet access. We asked the Filipinos in the US to give these computer labs with internet access to the schools in their hometown.

We built on their already willingness to give back to their hometown not just only just to their family. It really excited them because they couldn't imagine a school not having computers or internet access. It became our entry point into their philanthropy.

**Ted:** What is the lesson that's learned there that it needs to be more concrete, it needs to be more specific, so the people can understand specifically how the money is going to be used as a pursuit of a general philanthropic support for the general public good that the more specific you can be, the more likely it is that Filipino diaspora will want to invest in that kind of project?

**Vicky:** Definitely this was really a jewel, because the moment they had the computer internet access, the principal could actually communicate with the donor and the donor can actually communicate with the school. This was really a fantastic response. They knew that it has been done because they could actually e-mail them, and in some cases, they actually chat with them. When they come back to the Philippines, they can go to that school and see the computer lab that they actually funded.

It was a very, very real project to them. From that, of course, then we went on to other projects in the Philippines that are appeal to them. Education is very, very high on their list. They understand that it was their education that allowed them to reach the economic development that they have in the United States. The other one is health, especially when there are, again, in the poorer municipalities or cities, they usually lack health facilities. Again, this is something that they're very interested in. The other is when there were disaster strike, then we really see an outpouring of generosity from the Filipinos abroad. We were also working with the Alumni Associations in the United States. That was also a very big part of the philanthropy back to their colleges and universities.

It was important that one, they know that there is a trusted charity in the US, which was the Ayala Foundation USA. Ayala is still a household name, they know that it's a large conglomerate, more than a hundred years old. Of course, that Ayala Foundation in the Philippines would make sure that their money goes to the right beneficiary. One of the things that is very important for the aspect of philanthropy is constant communication. We did have a weekly in-news letter that we sent out to all our donors and anybody who attends our meetings, or whom we meet in the United States, so that they're constantly made aware of what's happening in the Philippines and what project might appeal to their sense of generosity.

**Ted:** You are so informative. I feel like I'm in school. I'm furiously taking notes here and I want to make sure that my notes are correct here. If I'm hearing you correctly, there are four major touch points that become important to the Philippine diaspora, and that is the notion of supporting community education, giving back to schools, maybe equipment-base, but certainly very project-based. Something that is real and tangible that they can trust that the money that they're giving is actually going to help the students that are in need.

You mentioned health and supporting health and community health is also another trigger that becomes very real for people who are part of the Philippine diaspora, then you mentioned if there is a time of disaster. What I'm hearing in each of these is the very real concrete nature of people, not just giving because it's the right thing to do or giving because it's philanthropic, but because there's an actual need that they can understand and in giving, they know that they're

going to help meet that need. Then the last one that you mentioned is the strong tie of giving back to alma mater.

Maybe where your training came from, the ties that you have back to your alma mater, and over arching all of that, if it's going to be an ongoing opportunity for people to feel part of a philanthropic culture is constant communication, which I would take to read is about building trust. If I give money, I'm getting reports back. The money was actually spent for the purpose which I gave and if I'm feeling that there's trust, the next time you come to me with a project or an opportunity, I may give again because I trusted the last time. It's about building that very authentic trust.

**Vicky:** Yes, very good. You're very good note taker.

**Ted:** You're a very good teacher. You have worked with a very broad diaspora community and within that community there, as you mentioned, are many Filipinos who have been very highly successful and in that success have become high net worth people. They have more capacity to give. What would you say are the lessons that you've learned? Is there any difference, for instance, for high net worth individuals who make it back to the Philippines, do they go back to the same four point list that you just gave us or do they have different giving habits than the average member of the Filipino diaspora?

**Vicky:** They have their different interests. For example, one of them is very, very focus on science and technology, because that's where he made his money in the US. The good thing is many of these high net worth individuals not just give money, they actually give of their time. I see more and more of them coming back home and working with government, working with the entrepreneurs, encouraging them to be more innovative, maybe more generous also to those who have less in life.

One of our big donors, before I met him he said, he didn't want to do anything with the Philippines, because he had some bad experience with some corruption in government. Then when he realized that now, there were many good people still and that he could work with us, he actually put up a foundation in the Philippines and gives large amounts of money to that foundation. It does do many things on scholarship to health issues, even some agricultural development. I guess, it depends on what really appeals to them and what we're hoping to see is more and more of these high net worth individuals.

You might know one of them, Apl.de.ap? I don't know if you know him. He's one of the Filipino singers of the Black Eyed Peas. He's been giving back, not only in terms of funds, but actually going home to his hometown, speaking at his school where he graduated, raising funds in the US and in the Philippines. For example, the Yolanda disaster that struck the Philippines about a year or so ago. I think, that's one of the most important things, it's not just money they're giving back, they're giving back of their time and their talent.

**Ted:** As we provided to our audience, shared with them earlier in the show that you have deep history and deep roots in understanding and working with the diaspora community. Over the last decade or so, have you seen a change in giving habits in communication, in the trust of the process or would you say philanthropists today are essentially the same as philanthropists 10 years ago?

**Vicky:** As far as the Filipino diaspora, there has been a big change. As I mentioned earlier, when I first started this, I was being warned that Filipinos will not give much, they would only get to their families, they're not big grant makers. I think, because we represented a very trustworthy organization because, we also made sure that they had reports from whatever money they gave and that we were in constant communication with them. I was going around the US at least twice a year, visiting the various, large Filipino communities, giving talks, telling them about what's happening in the Philippines.

We've seen more and more. First, this was one of the breakthroughs, second and third generation Filipinos giving back, because at the start it was the first generation Filipinos who still had roots in the Philippines. The second generation, many of them no longer really felt connected to their homeland. When I started talking to them, we also started to connect with each other through various Alumni Associations or community associations, then we're seeing the second generation already stepping up. Quite a number of them coming back to the Philippines and bringing their expertise that they've learned in the US back to the country.

These are very important generational shifts on the diaspora philanthropy in the Filipino community. I do want to say also Ted that we also have had very, very generous Americans who have had either Filipino nannies, Filipino doctors, Filipino nurses or very good friends who are Filipinos, actually giving back also to giving donations, some very large donations to the Philippines.

**Ted:** I'm so glad that you brought that up because there is a strong affinity between Americans and Filipinos and oftentimes that is a strong bond around the idea of education and growth and giving to community. I'm so glad that you brought that up. Vicky, it's hard to believe will end like this and you're still full of information. We only have two minutes left. I was wondering if you could just summarize the lessons that you've learned in about a minute or so and just make sure that we go away sending our listeners away with the most important information that you have to share.

**Vicky:** Ted, every person in the whole world has a sense of generosity in his or her heart. It is just a matter of allowing this person to get information on the needs whether in his own community or in their home country, how they can give back, whom they can trust, how to make sure that the money goes to the community to solve the problem that was raised to them and that they're always informed on what's happening. What's happening in the Philippines, what's happening the community that they supported.

The world is getting smaller and smaller with the internet, with Skype with all of the technologies that connect us more and more closely with each other. It's a matter of tapping the innate generosity in every citizen of the world. I'm hoping that the growth of the aspect of philanthropy around the world will also help the poorer countries tap their people who have done well, for example in the United States and other developed countries. Groups like your Charities Aid Foundation in America, also play a very important role in bringing this possibility to the diaspora in the United States, that they can still help their countries and the communities in their hometown.

**Ted:** That is so important. It's such an important message. Vicky Garchitorenna, thank you so much for being my guest here on the *CAF America Radio Network*. You did an excellent job and we learned so much.