

# Charity's main currency is trust. Better data is needed to restore it

Many people depend on non-profits for life-changing services. But donors want assurance their money will go where evidence shows it is most needed.

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When it comes to donating money for a good cause, fewer Singaporeans are opening up their wallets. In the most recent National Giving Study, the National Volunteer and Philanthropy Centre reported that giving had decreased between 2018 and 2023. While eight in 10 Singapore residents reported making donations in 2018, only six in 10 did so in 2023.

They cited lack of trust as a key barrier to giving. Some participants said that they were wary about scams, while others cited low levels of trust in charitable organisations.

This is not unique to Singapore. For example, a 2023 study in the United States reported a decline in trust that non-profit organisations would "do what is right".

Trust is the core currency of non-profit organisations and charities. When trust wanes, the resulting gap in philanthropic resources threatens the thousands who depend on the non-profit sector for life-changing services.

The philanthropic sector needs a solution that can do three things: enhance public trust in charitable organisations, promote confidence that giving makes a difference, and improve efficiency in how philanthropic resources are used.

If we solve these issues, we can turn the tide on individual giving and close the gap in funding needs.

The answer lies in building trust by obtaining better data that can allow targeted giving to the most effective solutions – and also, critically, de-fund activities that aren't as effective or efficient.

## IMPORTANCE OF SINGAPORE-SPECIFIC DATA

The philanthropic sector includes individuals, families and institutions that donate money to causes to help others. This is distinct from the contributions of the government and the market.

In recent years, there has been a growing movement to shape this sector based on best evidence.

As an example of this shift, Singapore's National Council of Social Service launched a Centre for Evidence in July to help social service agencies collect data to measure what is working.

This differs from the dominant method of giving over the past century. When Singapore was building key infrastructure, donations were driven by pressing needs on the ground.

For example, the merchant Tan Tok Seng donated 5,000 Spanish dollars to build a hospital because many Chinese immigrants had become unwell. Similarly, businesswoman Hajjah Fatimah built houses for people who needed them.

In modern Singapore, the outcomes of philanthropy are rarely as visible as a hospital building. It is not always evident that your donation has made an impact.

Further, scandals such as the recent money-laundering case here – the world's biggest, in which some of those convicted had donated their gotten gains to local charities – or the rare cases of charity leaders siphoning off money, further erode the public's trust.

Now, as Singaporean institutions become more evidence-friendly, we need to capitalise on this opportunity.

Securing evidence specific to Singapore is even more important because there is less published data from Asia regarding effective interventions or policies,



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compared with the West. We, therefore, don't have access to the best insights on what works for our local communities.

And what evidence we do have is not always shared. There are limited platforms to do so, and there may be a hesitancy to share imperfect results, perceived failures or work in progress. The platforms that do exist might have standards of evidence that don't enable smaller, less scientifically rigorous studies to be included.

This gap in evidence-gathering and evaluation was highlighted recently in another sector, early childhood. A recent study in Singapore identified about 80 programmes in early childhood. Yet, just 12 were known to have been evaluated, with only four of these evaluations made public.

A game changer would be building up a new base of evaluations and then moving towards the open sharing of study findings – evidence we can all benefit from. This would help both individual Singaporeans and philanthropic institutions target their giving and build trust through greater transparency about what has been learnt.

## FINDING WHO WILL MAKE BEST USE OF DONATIONS

Data can improve public trust by highlighting interventions that work best. This can range from working out which prison rehabilitation models can best reduce recidivism, to what early reading programmes can accelerate literacy outcomes among children.

Moving from what "sounds good" to "what works" is a global trend. Over the past two decades, there have been multiple institutions and organisations set up to develop and analyse evidence.

For example, in 2013, the United Kingdom began establishing "What Works" centres. There are now 12 of these, dedicated to summarising existing evidence on topics ranging from education to family services and homelessness.

Closer to home, the Centre for Holistic Initiatives for Learning and Development was set up at the National University of Singapore to make early childhood-related research findings accessible to social service organisations and policymakers.

## UNDERSTANDING INNOVATIONS

New data can also be collected to assess a charity's programmes, assessing factors like cost-effectiveness and the impact made on recipients.

For example, the social service agency Awwa recently reported findings from a rigorous study that examined whether cash transfers could improve the well-being and livelihoods of low-income families. This study is notable because it applied a randomised controlled trial design – a gold-standard approach drawn from medical research.

Data-driven insights like these

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can help focus charities' efforts (and philanthropic dollars) on the innovations most likely to have an impact. When studies yield positive results, donors gain confidence to give more. When studies yield mixed results, this provides a learning opportunity to refine.

Data can also improve resource allocation by highlighting strengths and gaps within the landscape.

For example, the Asia Philanthropy Circle and partners supported a study to systematically chart early childhood development across Singapore, the Philippines, China and Indonesia. This study revealed the strengths and opportunities for donors to make a difference in each country.

The results from this study are already helping to shape policy in the Philippines, and have supported donors to target their giving to the most significant areas of need.

## THE FUNDING GAP

Beyond a decrease in donations, there is another resource problem for philanthropy. The reality is that philanthropic capital is a drop in the bucket relative to the global challenges in sectors like mental health, sanitation and child nutrition.

To quantify the gap: We know Asia's wealthy families hold about \$4.5 trillion in assets. Even if they gave away a generous 5 per cent of their wealth each year, this would be \$225 billion. While this sum sounds significant, it is only about the size of the gross domestic product (GDP) of a small US state like Nevada, or less than the output of countries like New Zealand or Kazakhstan.

In the global education sector alone, the gap in funding is estimated at US\$97 billion per year. Across sectors, resources available are scarce relative to the needs. This scarcity is heightened amid the current landscape of inflationary pressures and economic uncertainties.

In Singapore, the most recent Commissioner of Charities report revealed that corporations and individuals gave \$2.95 billion in the 2021 financial year. This was a decrease from the previous two years, where \$3.25 billion and \$3.12 billion were received.

Further, donations were unequally distributed across the sector, with large charities

receiving nearly all the donations. Similarly, social and welfare, health, and education causes received the bulk of donations, while causes related to arts and heritage, sports, or community received far less.

## USING DATA WITH CARE

Although data has the power to focus and revitalise philanthropy, a data-driven approach is only as good as the information collected, and requires buy-in from all stakeholders.

It may be premature to study programmes when they are still being refined. If features are still being tweaked, or if take-up rates or compliance are uncertain, the results could backfire. And if we expect programmes to shift outcomes they were not designed to, or if we collect measurements before they have had time to effect change, we may wrongly conclude they are ineffective.

A focus on quantifying outcomes can also limit the appetite for innovation. We might prioritise what can be proven today, as opposed to ideas that have promise but less data to back them up. Alternatively, we might prioritise interventions that have the most dramatic or life-saving impact, versus investing in important but harder-to-measure areas.

Another issue is that if the call for evidence comes from a funder, non-profit groups may perceive the exercise as an audit. They may fear that unexpected trial results could lead to funding cuts, causing tension in the funder relationship.

However, while it is no silver bullet, better data offers a path forward in an increasingly complex philanthropic landscape. It can help funders and individuals to know where to direct their money, and can help track how the money has changed the lives of beneficiaries. This, in turn, could encourage further donations. By using evidence wisely, we can restore public trust and allocate resources better to improve outcomes in Singapore and beyond.

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