

ON WHAT AILS CIVIL SOCIETY

"We have a lot self-erected OB markers. There's a lot of energy in the charity sector figuring out what official thinking is, and within officialdom, what the top thinking is."

ON OVERSEAS DONATIONS

"There is too much hindrance to giving abroad here. Charity is not quid pro quo. It shouldn't be a foreign policy tool and an expression of national interests. Being measured in our giving undermines the very character of charity."

ON THE AFTERMATH OF NKF

"There is a preoccupation with people doing wrong things, as opposed to doing the right things to take their organisations forward. We should be focusing on 'doing real good really well' rather than just 'not doing wrong'."

THE ST INTERVIEW



By SUSAN LONG  
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**F**IVE years after the eruption of the National Kidney Foundation (NKF) scandal, Mr Willie Cheng, who blew the whistle on its reserves, breaks his silence.

With a book, no less. He has written an authoritative tome on the charity sector, covering everything from non-profit management to philanthropic giving, called *Doing Good Well*, which will be launched today. It has a chapter containing what Mr Gerard Ee, chairman of today's NKF, calls "the most complete and insightful account" of the NKF fallout.

In retrospect, Mr Cheng says that zeroing in on NKF's high reserves in his 2004 article in *Salt* magazine – a publication of the National Volunteer and Philanthropy Centre (NVPC) – was what in golf is called "a good poor shot". That means a mis-hit ball which ends up in a better-than-intended place.

"The real shot, in hindsight, was its programme ratio, its charitable expense relative to total expenditure," says the 55-year-old and 18-handicapper.

This refers to the percentage of money spent on beneficiaries and charity programmes, as opposed to fund raising and administrative costs.

NKF's then was 17 per cent, dismally low compared with the average charity's 80 per cent. The benchmark imposed by major US charity watchers is 60 per cent.

"The reserves were not the critical issue. In my *Salt* article, I was just trying to prove the NKF was more successful in fund raising compared to its competitor, the Kidney Dialysis Foundation (KDF)," he says.

But given "much prevailing unhappiness" with the NKF, the tinder of its reserves ignited, culminating in a court case in 2005 and the resignation of former CEO T.T. Durai and his board of directors.

"The irony of the NKF explosion was that it was self-detonated, rather than anyone picking on them," he says. "But it became the inflexion point of a tidal wave of change in the charity sector."

Change was also afoot for Mr Cheng, a first-class honours accountancy graduate from the University of Singapore and former managing director of management consultancy Accenture Singapore.

In 2003, he retired at age 50, devoted himself to closing instead of widening the income gap, and became chairman of the NVPC, the national coordinating body for volunteerism and philanthropy.

Five years later, with his razor-sharp analysis and self-confessed "too-abrasive" corporate style, he has shaken up Singapore's sleepy charity sector by applying change management strategies and business models to non-profit work.

His meticulously researched book, pitched as the "thinking man's guide to the non-profit world", sets many paradigms on their head, such as how the goal of a successful charity should be extinction, not growth.

It was written largely in the wee hours of the morning. He pulled countless overnights, developed vision problems and had to have an eye operation.

The father of two boys aged 19 and 23, and married to Julie, 54, a housewife, he now sits on 10 boards including those of Singapore Press Holdings, NTUC FairPrice and Lien Centre for Social Innovation.

While the NKF saga has resulted in improvements in the governance and transparency of charities, what bothers him is the current preoccupation with financial improprieties among regulators, the public and media here.

He calls it the "Who's-next-on-the-take?" fixation. This has created a "climate of no wrongdoing rather than right doing, a focus on conformance rather

Achieving balance of power

MR WILLIE CHENG believes that going forward, what the charity sector urgently needs to address is the sloped balance of power, currently in favour of a strong regulator and service-based charities. He identifies four yawning gaps that need to be plugged.

1 ADVOCACY-BASED CHARITIES

"Advocacy is tough. It takes a long time and its results are less tangible."

"When Home's (Humanitarian Organisation for Migration Economics)

foreign worker shelters take care of an abused maid, people appreciate that. When maid welfare advocacy group TWC2 (Transient Workers Count Too) campaigns for a day off for maids, the public, employers, the Government and maid agencies do not think they are doing anyone a big service. But it is in dealing with root causes that you solve society's problems for the long term."

2 CAPACITY BUILDERS

Also needed are non-profit consultants such as Bridgespan, Compass Point and

BoardnetUSA, which provide a range of support functions such as strategic consulting, professional training and human capital matching.

"Many people do not realise that in order to do good, you need to get your house in order first."

3 CHARITY WATCHERS

Like the credit rating agencies of the commercial world such as Standard & Poor's, charity watchers serve as the analysts who monitor, evaluate and rate charities. There are five or six in the

United States alone, such as Charity Navigator and GuideStar, but none here.

"It should function like the stock exchange, where the regulator sets minimum standards. Then, with the help of analysts, the charity watchers, it's up to the public to judge who they want to support."

4 VOICE OF THE SECTOR

This refers to a coalition of non-profits that network and lobby for their own interests, such as chambers of commerce and various industry

associations.

"This voice of the sector serves as a push-back because there is a tendency to over-regulate, as has happened in the US when there were charity scandals."

"There are umbrella bodies here like the National Council of Social Service, National Arts Council and National Volunteer & Philanthropy Centre, except they are all government bodies and often quasi-regulators. The difference is that their counterparts in the West, such as the UK's National Council for Voluntary Organisations, are independent private bodies."

# Doing good better

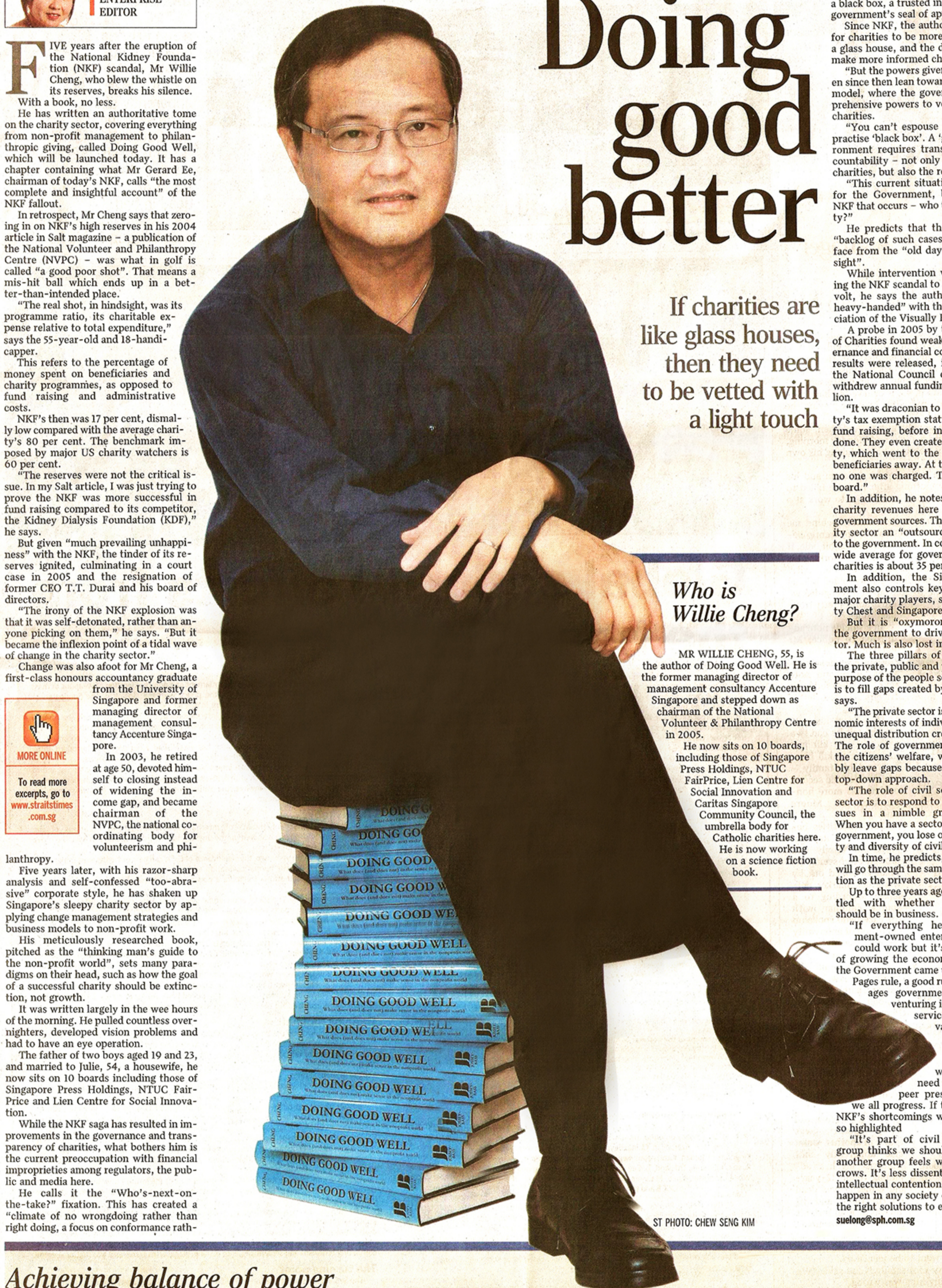
If charities are like glass houses, then they need to be vetted with a light touch

## Who is Willie Cheng?

MR WILLIE CHENG, 55, is the author of *Doing Good Well*. He is the former managing director of management consultancy Accenture Singapore and stepped down as chairman of the National Volunteer & Philanthropy Centre in 2005.

He now sits on 10 boards, including those of Singapore Press Holdings, NTUC FairPrice, Lien Centre for Social Innovation and Caritas Singapore Community Council, the umbrella body for Catholic charities here. He is now working on a science fiction book.

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er than performance", and over-dependence on a strong regulator to keep things in check, he laments.

Before NKF, charities were viewed like a black box, a trusted institution with the government's seal of approval.

Since NKF, the authorities have called for charities to be more transparent, like a glass house, and the donating public to make more informed choices.

"But the powers given and actions taken since then lean towards the 'black box' model, where the government has comprehensive powers to vet and investigate charities.

"You can't espouse 'glass house' and practise 'black box'. A 'glass house' environment requires transparency and accountability – not only on the part of the charities, but also the regulator.

"This current situation is not healthy for the Government, because the next NKF that occurs – who takes responsibility?"

He predicts that there is probably a "backlog of such cases" waiting to surface from the "old days of lack of oversight".

While intervention was justified during the NKF scandal to prevent a civil revolt, he says the authorities were "too heavy-handed" with the Singapore Association of the Visually Handicapped.

A probe in 2005 by the Commissioner of Charities found weaknesses in its governance and financial controls. Before the results were released, its biggest donor, the National Council of Social Service, withdrew annual funding worth \$1.5 million.

"It was draconian to withdraw a charity's tax exemption status in the midst of fund raising, before investigations were done. They even created a parallel charity, which went to the extent of bussing beneficiaries away. At the end of the day, no one was charged. That's going overboard."

In addition, he notes that over half of charity revenues here are derived from government sources. That makes the charity sector an "outsourcer or contractor" to the government. In contrast, the worldwide average for government funding of charities is about 35 per cent.

In addition, the Singapore Government also controls key appointments in major charity players, such as Community Chest and Singapore Red Cross.

But it is "oxymoronic", he says, for the government to drive the charity sector. Much is also lost in the process.

The three pillars of any economy are the private, public and people sector. The purpose of the people sector – charities – is to fill gaps created by other sectors, he says.

"The private sector is all about the economic interests of individual players, and unequal distribution creates social issues. The role of government is to look after the citizens' welfare, which will inevitably leave gaps because of its distant and top-down approach.

"The role of civil society and charity sector is to respond to these gaps and issues in a nimble grassroots fashion. When you have a sector that is led by the government, you lose out on the creativity and diversity of civil society."

In time, he predicts, the people sector will go through the same process of evolution as the private sector.

Up to three years ago, Singapore wrestled with whether the Government should be in business.

"If everything here is a government-owned enterprise, it probably could work but it's not the best way of growing the economy," he says. "So the Government came up with the Yellow Pages rule, a good rule, which discourages government agencies from venturing into businesses and services which the private sector can provide.

"While you do want players with scale, you also need comparisons and peer pressure. That's how we all progress. If there was no KDF, NKF's shortcomings wouldn't have been so highlighted

"It's part of civil society that one group thinks we should cull crows, and another group feels we should save the crows. It's less dissent than constructive intellectual contention. But that needs to happen in any society or organisation for the right solutions to emerge."

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