DONOR-ADVISED FUNDS IN THE ASIA-PACIFIC
Our DECODED series unpacks, explains and crystallizes issues critical for social investment in Asia. It draws upon our expertise in research and access to an extensive network of sector experts and philanthropists in 18 Asian economies, enabling us to identify emerging trends in the region. Through DECODED, we translate these concepts into digestible insights.

This edition of DECODED looks at the emergence of donor-advised funds (DAFs) in the Asia-Pacific and identifies the different models and motivations for setting up this type of fund in the region. While yet to become mainstream in most Asia-Pacific economies, donors, sponsoring organizations and social innovators have a strong and growing interest in the potential of DAFs to facilitate strategic philanthropic giving in the region.
At the Centre for Asian Philanthropy and Society (CAPS), we are committed to understanding trends in philanthropic giving in Asia to facilitate the flow of private social investment across the region. This study contributes to this knowledge base. We are grateful to our supporters and knowledge partners for enabling us to undertake this study. We would like to sincerely thank the 33 individuals (listed in the Appendix) who participated in our interviews. Their insights were invaluable for helping us piece together a picture of the DAF landscape in Asia. We would also like to thank the Ford Foundation, the Bill and Melinda Gates Foundation and the UBS Optimus Foundation for their generosity in supporting this study.
Introduction

Donor-advised funds (DAFs) have been part of the charitable giving landscape in the United States (US) since the 1930s and were recently dubbed “the fastest-growing charitable giving vehicle.” Attractive tax benefits and hassle-free giving contributed to a 37.5% increase in assets donated to DAFs in 2021, reaching US$234.06 billion. In recent years, DAFs have also emerged in the Asia-Pacific region, albeit slowly and with important differences from those in the US.

To better understand the models of DAFs in the Asia-Pacific, including their motivations and growth potential, the Centre for Asian Philanthropy and Society (CAPS) took an in-depth look at these philanthropic giving vehicles across the region. Based on 25 interviews with sponsoring organization representatives and experts across seven economies, we found that DAFs are developing at different paces along different trajectories. To understand these trajectories, we examined the DAF’s individual genesis story, sponsoring organizations and their motivations, benefits for donors, and the regulatory and policy framework in each economy. Together, these four aspects shape the operation of DAFs in each economy and influence how this space is likely to evolve over the coming years. What is clear is that DAFs are gaining popularity as giving vehicles in the Asia-Pacific. But across the region, donors and sponsoring organizations are leveraging them for different purposes while working within the boundaries of an existing regulatory framework.

In Part I of our report, we examine the four key factors and how they influence the region’s DAF market. Part II provides a snapshot of the DAF landscape in each examined economy, highlighting some key characteristics and players.
WHAT IS A DAF?

DAFs emanated from the US as individual giving accounts or funds that sit within a larger charitable foundation, also known as the sponsoring organization. While the sponsoring organization becomes the legal owner of the donation (cash or other assets), the donor maintains an advisory role on when and how funds are disbursed. Generally, the sponsoring organization will guide the donor on effectively utilizing the funds and will typically also handle all administrative requirements. If the sponsoring organization has recognized status for receiving tax-deductible donations, the donor can also enjoy an immediate tax deduction for their contribution.

HOW DOES A DAF WORK?

1. DONOR(S)
   Donor advises how to distribute funds

2. SPONSORING ORGANIZATION
   Sponsoring organization provides advice and support

3. GRANT RECIPIENTS
   Funds are granted over time to one or more causes
Part I:
Factors shaping DAF markets in the Asia-Pacific

As interest in donor-advised funds (DAFs) is increasing in the Asia-Pacific region, we explore four aspects shaping DAFs and their likely future trajectory: 1) their genesis story—who introduced DAFs into each economy and why; 2) the types of organizations offering DAFs and their motivation; 3) the benefits that drive donors to use DAFs as a giving vehicle; 4) the regulatory framework in each economy, and how government policy is influencing the growth of the DAF market.

Genesis—the rise and growth of DAFs
DAFs first appeared in the Asia-Pacific in the mid-1990s in India and Japan, followed by other economies in the early 2000s. In most cases, they were introduced by one or more entrepreneurial champions who had been exposed to DAFs in the US and recognized the potential of these giving vehicles in their own economies. Often the strong personal network of these champions helped DAFs take hold.

In India, for example, Hasmukhbhai Thakordas Parekh, a prominent entrepreneur and founder of the Bombay Community Public Trust (BCPT), learned about DAFs from The New York Community Trust in the early 1990s. Intrigued by this fundraising model as a way to increase funding for local community needs, he integrated DAFs within the BCPT as an additional way of garnering donations. Similarly, in Japan, Sachiko Kishimoto introduced the DAF model as the cornerstone of Public Resource Foundation’s grantmaking activities after being exposed to such funds at The New York Community Trust during the 1990s. In Japan, Kazuhiro Kishimoto (no relation to Ms. Sachiko Kishimoto) discovered DAFs through a connection at the National Philanthropic Trust in the US, which inspired him to establish Japan Philanthropic Foundation, a provider of DAFs. And in Singapore, Laurence Lien introduced DAFs in 2008 to facilitate philanthropic giving for donors through the Community Foundation of Singapore. Mr. Lien spent a lot of time importing new philanthropic models into Singapore to encourage and enable giving, preferring to move away from traditional check-writing.4

A key factor helping DAFs take hold in several cases was the network of the championing entrepreneur. In Korea, for example, the ability of The Beautiful Foundation’s founder to successfully establish the DAF model was “due to his personal network and sphere of influence,” according to our interviewee.5 Similarly, the ability of BCPT to raise a lot of money for the DAF scheme was “because of how well Mr. H.T. Parekh was connected in the business community and the respect and credibility that he commanded,” explained board member of BCPT, Noshir Dadrawala.

In some economies, the introduction of DAFs was not just the effort of individuals; the government also played a role in shaping the space. For example, in Korea, the Ministry of Health and Welfare joined forces with the Community Chest of Korea and Shinhan Financial Investment to launch DAFs in 2012 to nurture the culture of giving.6 Although a few funds that operated with a donor-focused structure had already emerged in Korea in the early 2000s, it was through this joint government initiative that the donation model of a DAF was officially established.

The government also played an instrumental role in Australia, transforming DAFs—locally known as sub-funds—into mainstream giving vehicles. Sub-funds were introduced in the 1960s but were boosted in the 2000s when the Howard government introduced tax reforms to improve philanthropy and drive structured giving.
Sponsoring organizations and their motivations

Since the introduction of DAFs to Asia-Pacific, a variety of organizations, including community foundations, national nonprofits and foundations affiliated with financial institutions, have taken note and established their own funds. But the motivations for establishing DAFs differ, reflecting the unique interests of different organizations as well as market demands.

MISSION-DRIVEN: RAISING FUNDS AND ENGAGING DONORS
For community foundations and national nonprofits, DAFs generally serve as an alternative fundraising mechanism. DAFs help attract new and additional funds to their causes and cultivate more meaningful relationships with donors. Such organizations often use DAFs to educate and engage donors in their mission. By allowing donors to direct their giving to organizations they support, community foundations and nonprofits can build stronger relationships with donors and better communicate the impact of their work.

For example, several sponsoring organizations in China indicated that the primary motivator to introduce DAFs was to attract more donors. Not only does their “newishness” help draw donors, but they also offer an alternative funding vehicle for donors who may not have been interested otherwise. For example, the Shanghai United Foundation, finding that its existing funding opportunities and events did not appeal to some donors, saw an opportunity in DAFs to allow more people to understand and participate in charitable giving.

COMMERCIALLY DRIVEN: BUSINESS DEVELOPMENT AND MEETING CLIENT NEEDS
Conversely, for financial institutions, business development is the key motivation. Several commercial banks and wealth management institutes have introduced DAFs to serve existing or future clients. DAFs allow financial institutions to differentiate themselves from competitors and provide clients with comprehensive philanthropic services. Financial institutions can leverage their expertise in managing client accounts, donated assets and donor relationships to assist their clients’ charitable goals.

In Singapore, for example, Credit Suisse saw SymAsia Foundation, an affiliated DAF-sponsoring organization, as a way to enhance and differentiate its services to its wealthy clients. In our interview, Dawn Tan, Deputy Chief Executive Officer of SymAsia, noted, “In 2010, the DAF was still a relatively novel concept in Asia. Credit Suisse felt that such a platform would meet a need among our clients, many of whom were keen to engage in philanthropy but could not devote the time and energy to run their own foundation.” Similarly, in Hong Kong, UBS recently launched its DAF offering through a locally registered charitable foundation (the UBS Optimus Foundation Hong Kong) in response to an increasing client demand for easy, cost-effective ways to conduct their philanthropic giving. “Setting up your own foundation can be expensive and time consuming. So the whole notion of simplifying giving for our clients was a key motivator in setting up the DAF,” explained Ellen Yip, Philanthropy Advisor at UBS.
ASIA-PACIFIC MARKET DYNAMICS

Unlike the US, where commercial DAF sponsors have come to dominate the DAF market in terms of charitable assets held, the landscape in the Asia-Pacific is more mixed, most notably in the relative presence of commercially affiliated organizations.¹

In Australia and Singapore, where the markets are more mature, commercially affiliated DAF sponsors dominate. For example, Australian Executor Trustees and Equity Trustees, both financial institutions, hold the bulk of Australian DAFs, while the UBS Optimus Foundation Singapore and Credit Suisse’s SymAsia are two of the four Singaporean DAF sponsors. By sharing infrastructure and human resources with their supporting bank or financial institution, these DAF sponsors can better manage client accounts, donated assets and donor relationships.

In other Asia-Pacific economies, commercial DAF sponsors are less common due to the relatively high operating costs combined with low/emerging market demands. However, as DAFs become more widely known and banks and other commercial institutions look to differentiate themselves, there might be a more appealing business case for these organizations to become DAF sponsors. Moreover, while donors may not specifically know about DAFs, financial institutions are responding to increasing client demands for more structured giving vehicles. For example, in Hong Kong UBS recently launched its DAF offering through the UBS Optimus Foundation Hong Kong, partly to better serve their client’s philanthropic needs.

Benefits for donors—taxes, ease, strategic giving and more

What is driving the interest in DAFs in the Asia-Pacific region? Are donors attracted by the appeal of a new vehicle for giving? By tax incentives for charitable giving, or something else? While immediate tax benefits are a primary attraction for US donors, our study finds that tax incentives are less important for donors in the Asia-Pacific. Instead, the low cost and ease of DAFs to facilitate structured giving hold more appeal. Several interviewees explained that an emerging group of wealthy donors want to give back to society but are new to philanthropy and seeking support and guidance. Given their lower entry threshold and ease of establishment, DAFs offer an ideal solution and gateway into philanthropic giving for this donor segment. Let’s explore the various donor benefits in more detail.

¹ Sponsors affiliated with commercial investment firms account for four of the 10 largest recipients of charitable funds in the US.
TAX BENEFITS
While tax incentives for charitable giving exist in all examined economies, almost all interviewees agreed that tax benefits are generally seen as “beneficial” or a “bonus” but not as the primary motivator for donors in the Asia-Pacific to establish or utilize a DAF. This contrasts starkly with the US, where a 2015 Fidelity Charitable survey found that 90% of donors named tax benefits as the main reason for setting up a DAF.

The lesser importance placed on tax incentives may be attributable to several factors. First, as shown in the table below, except for Australia and Singapore, available tax benefits for charitable donations in the Asia-Pacific are lower than those available to US donors. One Hong Kong interviewee explained: “There is no urgency for tax benefits as people don’t pay much tax to begin with.” Also, in several economies, China, for example, there is a general lack of awareness of tax incentives. “Many Chinese donors will only learn about tax benefits after they have decided to set up or donate to a DAF. So, for these donors, tax is not the original driver to establish DAFs,” explained the Social Venture Group, a consulting firm specializing in philanthropy and the nonprofit sector in China. But even in economies with high tax incentives, such as Singapore, SymAsia reported that tax incentives are not a significant motivator for individual donors to establish a DAF. 6

TAX INCENTIVES
Tax incentives are means by which governments can incentivize greater charitable giving. Whether as a tax deduction or tax credit, they lower the tax owed by the taxpayer and, in turn, encourage giving. In all economies covered in this report, donors can receive deductions for charitable donations to eligible organizations, including DAF-sponsoring organizations. 11 What makes DAFs unique is that donors receive this benefit immediately upon donating, even if funds are disbursed to recipients much later. This is particularly attractive for donors after a windfall situation, for example, receiving an inheritance or selling a business, who do not yet know how they would like these funds distributed. Additionally, the funds donated to DAFs may be invested, allowing them to grow before being granted out. The added benefit is that any growth will not be taxed since the assets belong to the sponsoring organizations.

TAX INCENTIVES FOR CHARITABLE DONATIONS

<table>
<thead>
<tr>
<th>Economy</th>
<th>For individuals</th>
<th>For corporations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rate</td>
<td>Limit</td>
</tr>
<tr>
<td>US</td>
<td>100%</td>
<td>60%</td>
</tr>
<tr>
<td>Australia</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>China</td>
<td>100%</td>
<td>30%</td>
</tr>
<tr>
<td>Hong Kong SAR</td>
<td>100%</td>
<td>35%</td>
</tr>
<tr>
<td>India</td>
<td>50%</td>
<td>10%</td>
</tr>
<tr>
<td>Japan</td>
<td>40%</td>
<td>25%</td>
</tr>
<tr>
<td>Korea</td>
<td>15%</td>
<td>30%</td>
</tr>
<tr>
<td>Singapore</td>
<td>250%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: CAPS Doing Good Index 2022

6 Eligibility depends on the nature of the recipient organization as prescribed by each economy. For example, in the US, tax deductions are available for donations made to 501(c)(3) organizations, in Singapore to organizations with IPC (Institutions of a Public Character) status, and in Hong Kong to organizations with Section 88 status.
SIMPLIFIED AND STRATEGIC GIVING
Rather than taxes, donors in the Asia-Pacific are mainly drawn by the services provided by DAF sponsors to facilitate their philanthropic giving. “DAFs are attractive due to low costs, having a professional team, receiving support and mitigating operating costs risks,” shared an interviewee from the Lingshan Charity Foundation in China. DAFs facilitate the giving process in several ways.

First, DAFs are significantly less complicated, time-consuming and costly than setting up and running a private foundation. While private foundations require substantial funds to establish and run, most DAFs do not have minimum entry requirements, making them easier to access for new philanthropists. In fact, for some donors, DAFs act as a sort of training ground. A donor “may ‘graduate’ from DAFs after holding them for a few years and go on to establish a foundation,” explained SymAsia’s Dawn Tan.

Second, a donor can streamline the giving process by pooling different charitable funding streams into a single fund. This can be especially helpful for donors who want to support various causes. DAFs also allow donors to take a more thoughtful and intentional approach to their giving, as donors can contribute to the fund as they see fit and recommend grants aligned with their values and goals at a later time.

Finally, donors also benefit from the professional expertise of the sponsoring organization for the granting process, including grantee selection, monitoring and evaluations and other administrative requirements. And the level of support can often be tailor-made to donors’ needs. For example, in Hong Kong, UBS Optimus Foundation can provide pure administrative support to those donors with clear ideas of how they want to give. But for those wanting more guidance, it can provide more tailored assistance.

The local and on-the-ground knowledge of sponsoring organizations can be particularly attractive to donors. Several sponsoring organizations interviewed for this study maintain curated lists of trustworthy grantees across various issue areas. The Shanghai United Foundation has drawn up a list of more than 1,000 public welfare organizations. In India, BCPT, a sponsoring organization with deep grassroots connections, has pre-existing relationships with possible recipient charities working in various areas.

In a region mired by a trust deficit, the sponsoring organization’s local connectivity and knowledge can also benefit donors. As highlighted by CAPS’ Doing Good Index, opaque and fluctuating regulations, lack of transparency and public scandals in many Asian economies leave philanthropists wary of engaging with nonprofits and a
preference to give to nonprofits they know and trust.\(^7\) As a foreign concept, this also holds true for DAF-sponsoring organizations. Well-established organizations with a strong local presence and deep community roots are more likely to leverage DAFs successfully. For example, in China, Harmony Community Foundation’s deep relationships with the local community and Shanyuan Foundation’s reputation in Ningbo have helped build a solid donor base. “Many companies don’t have a clear [giving] plan yet. But we have built a good reputation in Ningbo, and as a result, they trust us and choose to invest with us,” as explained by the Shanyuan’s Center of Donor and Volunteer Services.

OTHER BENEFITS
Beyond facilitating more strategic giving, DAFs hold several other benefits for donors. The ability to establish funds anonymously or with names can be an attractive factor for donors. Anonymous giving can appeal to donors concerned about confidentiality or those wanting to keep their philanthropic giving less public. In Australia, tall-poppy syndrome—the cultural tendency for people to deliberately put down others for their success and achievements—means some Australian donors prefer low-key and anonymous giving.\(^8\) Conversely, the ability to name a fund to recognize family, loved ones or an organization can be a key motivating factor for others. In Korea, for example, “people like to leave their names as a legacy, which is easier to do through a DAF than a private foundation,” explained The Beautiful Foundation.
Companies may also choose to establish a DAF as a branding and marketing opportunity. Harmony Community Foundation in China offers corporate-advised funds to differentiate between individual and corporate donors and address their unique priorities. According to the foundation’s experience, DAF donors typically prefer tailored plans for community engagement, and donors to corporate-advised funds tend to favor strategic goals that align with their donation and branding objectives.

DAFs can also serve as a vehicle for collaborative giving. By establishing a giving fund, families can come together to give in memory of a family member. It can also facilitate collective giving among friends or communities, as with giving circles. In China, several sponsoring organizations, including Shanghai United Foundation, the Buddhist-affiliated Lingshan Charity Foundation, Beijing Philanthropreneur Foundation, and Harmony Community Foundation, hold many collaborative giving accounts in the form of DAFs. According to Zhang Rong, the Director of Cooperative Development at the Harmony Community Foundation, “About two-thirds of our accounts are collaborative. I think this is also the nature of a community foundation. We select people with a civic spirit who prefer to work with like-minded individuals to achieve better results instead of working alone.”
Finally, in some cases, DAFs hold the appeal of growing their donations. Depending on the sponsoring organization, funds may be invested for tax-free growth, thus increasing the amount available for grantmaking. While this is a notable aspect of DAFs in the US, investment does not appear to play as much of a role for donors in the Asia-Pacific. Several sponsoring organizations in the region can invest donated funds; however, many Asian DAFs act more like flow-through funds, disbursed in their entirety rather than being invested. “There is less emphasis on growing the donations compared to the giving aspect of DAFs,” the Social Venture Group explained; this is mainly because most DAFs are too small for investments to be a serious consideration and many sponsoring organizations lack investment expertise. For example, the Harmony Community Foundation does not currently invest funds as it lacks internal capacity and expertise. Similarly, only two of the 40 funds held by Public Resource Foundation in Japan are invested, while the rest are flow-through funds.

**Regulatory framework**

While the operating model of DAFs in the Asia-Pacific is largely the same as their US counterpart, their contours are shaped by the specific regulatory environment of each economy.

The relatively small size of the Asian DAF market means that the need for specific regulations to be in place has not (yet) arisen. Thus, in most economies, DAFs are not governed by separate rules but fall under the purview of existing social sector laws. Since DAFs handle funds designated for charitable purposes, DAF sponsors are generally registered as philanthropic organizations, which in turn are governed by charity and tax laws. These laws dictate areas including registration, governance and reporting requirements, and eligibility for tax incentives. Common across all economies is that the relevant regulations and reporting obligations apply to the sponsoring organization, not the individual DAF account. For example, the DAF sponsor’s legal status determines whether tax incentives are available for donors.
However, some economies in the region have taken steps to encourage the growth of DAFs by clarifying the legal framework or providing specific tax incentives for donors. Australia, for instance, has established particular guidelines and regulations for DAFs. These were introduced in the 1990s by the Howard government to make tax legislation more conducive to philanthropic giving.

Without specific regulations, DAFs are evolving organically within the existing regulatory frameworks. For example, in economies where the rules for the social sector are enabling, the ground is fertile for DAFs to grow. Such is the case in Singapore, which offers the highest tax deduction rate in the world at a whopping 250%. The result is a mutually reinforcing pattern: donors are additionally incentivized to utilize DAFs, and potential DAF sponsors are attracted to enter the market in response to growing donor demand.

On the flip side, in economies with regulatory barriers to giving, DAFs can emerge as a response to these restrictions. For example, in China, the complexity and increasing regulatory oversight of special funds spurred the increasing popularity of DAFs, which are not yet subject to such stringent management and reporting requirements.\textsuperscript{vi, vii} Given their relatively recent entry into the philanthropic sphere, DAFs have not yet caught government attention, allowing them to operate more flexibly.

In some economies, the DAF model has had to be adapted to adhere to established social sector regulations. In Japan, for example, the giving structures look slightly different from “conventional” DAFs regarding distribution, as charitable funds or projects need to go through a public tendering process to ensure transparency and fairness in the distribution of funds. The final decision on grant distribution is made by an independent Board of Directors rather than the donor, thereby diminishing donor advisory privileges.

\textsuperscript{iv} Special funds are giving funds created under other larger social organizations. While they bear similarities to DAFs, special funds are distinct in that funding can only be channeled to one organization, and the funds cannot be invested and managed by a third-party investment professional.

\textsuperscript{v} In 2015, the Ministry of Civil Affairs enforced additional regulatory requirements on special funds in an attempt to improve transparency and prevent potential misuse. Foundations holding special funds were mandated to supervise their activities and operations, with control exerted over aspects such as their name and day-to-day management, and adhere to strict reporting requirements.

Conclusion: The potential and diversity of DAFs in the Asia-Pacific

The four factors outlined in this report shape the DAF market in each Asia-Pacific economy and influence how the market is likely to evolve over the coming years. What is clear is the growing interest in DAFs in the region. New players are entering this space, leveraging these giving funds for varied purposes. And donors are also taking note. As aptly explained by CAF India, “There is a growing donor pool who are getting richer but are not yet ultra-rich. They are interested in philanthropy and open to international models and practices.”

DAFs are evolving organically based on market dynamics and regulatory frameworks. Given the nascent stage of DAFs in Asia and thus the resulting malleability of their structure and goals, they can continue to evolve to take advantage of enabling regulations or help to circumvent particularly restrictive ones. In any scenario, we will likely continue to see an expansion in the number and variety of players. Whether the DAF market in the Asia-Pacific will see the same boom experienced in the US over the past 20 years remains to be seen.

Nevertheless, philanthropists, wealth advisors, foundations and others seeking to utilize private capital to generate social impact should take note. Regardless of the trajectory, DAFs offer an innovative solution for a growing group of Asia-Pacific donors seeking more impactful and structured giving. Understanding donor motivations and the importance of cultivating trust will be key for organizations wanting to enter this space.
## Part II: DAFs in the Asia-Pacific—economy snapshots

The following snapshots highlight some of the key features of DAFs in the seven economies covered in this study. We have also included a (non-exhaustive) list of key DAF sponsors in each economy. Data presented in this section are as of April 2023.

<table>
<thead>
<tr>
<th>US</th>
<th>Australia</th>
<th>China</th>
<th>Hong Kong</th>
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<td>DAF</td>
<td>DAF or condominium fund*</td>
<td>DAF or Korea DAF (KDAF)</td>
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</tr>
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<td>Entry fee*</td>
<td>Varies US$5,000-50,000</td>
<td>Varies Varies A$20,000-50,000 (US$13,000-32,500)</td>
<td>Varies ¥0-300,000 (US$0-42,000)</td>
<td>Varies —</td>
<td>—</td>
<td>—</td>
<td>Varies ¥10 million-1 billion (US$7,500-756,000)</td>
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<tr>
<td>Ability to support charities anonymously</td>
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<td>✔</td>
<td>✔</td>
<td>✔</td>
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</tr>
<tr>
<td>Ability to name fund</td>
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<td>✔</td>
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<td>Limited</td>
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</tr>
</tbody>
</table>

*Also sometimes referred to as involvement or participation fund.

** The disbursement requirement for a PuAF is 4%.

*** The disbursement requirement is 70% of funds raised in the last year for public foundations and 8% of surplus from the previous year for nonpublic foundations.

* Currency exchange is as of June 1, 2023 (Xe Currency Converter https://www.xe.com/)

* Funds may be invested as part of a pooled investment.
AUSTRALIA

- DAFs in Australia are known as sub-funds and sit within a philanthropic structure called a public ancillary fund (PuAF). xi, 10

- The concept of sub-funds as a giving vehicle is relatively well established in Australia. However, the market size (in terms of asset value) is still considerably smaller than in the US.

- In contrast to other economies, the emergence and rise of sub-funds was largely led by the government. John Howard’s government created the ancillary fund scheme in 2000 to promote structured giving, and the emphasis on clear regulations and accountability was a significant factor in building public trust and making sub-funds a mainstream tool for charitable giving in Australia.

- As a result of the government-led approach, PuAFs and affiliated sub-funds are recognized explicitly under the Australian Charities and Not-for-profits Commission, and the Australian Taxation Office has developed detailed guidelines setting out the rules of PuAFs11,12

- As of June 2018, there were at least 1,995 sub-fund accounts with a total asset value of A$1.06 billion (~US$689.7 million).13

Selected Key DAF sponsors

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Executor Trustees</td>
<td>Commercial DAF xii</td>
</tr>
<tr>
<td>Australian Communities Foundation</td>
<td>Nonprofit/Community foundation</td>
</tr>
<tr>
<td>Australian Philanthropic Services</td>
<td>Nonprofit/Community foundation</td>
</tr>
<tr>
<td>Equity Trustees</td>
<td>Commercial DAF</td>
</tr>
<tr>
<td>Into Our Hands Community Foundation</td>
<td>Nonprofit/Community foundation</td>
</tr>
<tr>
<td>JBWere</td>
<td>Commercial DAF</td>
</tr>
<tr>
<td>Mutual Trust</td>
<td>Commercial DAF</td>
</tr>
<tr>
<td>Perpetual</td>
<td>Commercial DAF</td>
</tr>
<tr>
<td>Queensland Community Foundation</td>
<td>Nonprofit/Community foundation</td>
</tr>
<tr>
<td>Victorian Women’s Trust</td>
<td>Nonprofit/Community foundation</td>
</tr>
</tbody>
</table>

xi PuAFs are not-for-profit entities that provide money, property or benefits to eligible nonprofits. They are community-driven and must raise money from the general public.

xii Commercial DAF sponsors are those affiliated with financial institutions.
CHINA

The first known DAFs were introduced to China in 2017 by the Beijing Yongyuan Foundation, Shenzhen Charity Federation and Bright Bay Asset Management. Since then, many other nonprofits, financial institutions and foundations have established DAFs.

Often referred to as a “charity wallet” in Chinese, DAFs have been gaining interest in China, especially among an increasing donor group seeking support and guidance in their philanthropic giving.

Reputable foundations are the primary players in the DAF landscape due to their proven track record and ability to provide donors with sought-after philanthropic services.

China’s DAF market is still in its early stages. In the absence of specific government regulations, donors and foundations are able to experiment with the potential of the DAF model, leading to the emergence of various types of DAFs, including giving circles.

<table>
<thead>
<tr>
<th>Name</th>
<th>DAFs launched</th>
<th>Organization type</th>
<th>Approximate number of DAFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>China DAF Charity</td>
<td>2018</td>
<td>Nonprofit/Community foundation</td>
<td>700+</td>
</tr>
<tr>
<td>Shanghai United Foundation</td>
<td>2018</td>
<td>Nonprofit/Community foundation</td>
<td>50+</td>
</tr>
<tr>
<td>Beijing Philanthropreneur Foundation</td>
<td>2019</td>
<td>Nonprofit/Community foundation</td>
<td>20+</td>
</tr>
<tr>
<td>Harmony Community Foundation</td>
<td>2020</td>
<td>Nonprofit/Community foundation</td>
<td>10+</td>
</tr>
<tr>
<td>Shanyuan Foundation</td>
<td>2020</td>
<td>Commercial DAF</td>
<td>30+</td>
</tr>
<tr>
<td>Lingshan Charity Foundation</td>
<td>2020</td>
<td>Nonprofit/Community foundation</td>
<td>408</td>
</tr>
<tr>
<td>Beijing Harvest Foundation</td>
<td>2020</td>
<td>Commercial DAF</td>
<td>Unknown</td>
</tr>
<tr>
<td>Hainan Bainayang Rural Vitalization</td>
<td>2022</td>
<td>Commercial DAF</td>
<td>Unknown</td>
</tr>
</tbody>
</table>
Due to low income tax rates, limited tax incentives for charitable giving and the availability of alternative giving vehicles, there has been little interest in establishing DAFs in Hong Kong until recently.

Give2Asia was among the first organizations to launch a DAF in Hong Kong, primarily to facilitate cross-border giving into China. In 2022, contributions to the Give2Asia Hong Kong DAF amounted to US$320,000.

UBS Optimus Foundation is the most recent entrant into the Hong Kong market, launching its first DAF in 2023.

Despite the lack of market demand, several other DAF sponsors are looking into potentially starting a DAF in Hong Kong.

### Selected Key DAF sponsors

<table>
<thead>
<tr>
<th>Name</th>
<th>DAFs launched</th>
<th>Organization type</th>
<th>Approximate number of DAFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Give2Asia Hong Kong</td>
<td>2020</td>
<td>Nonprofit/Community foundation</td>
<td>Unknown</td>
</tr>
<tr>
<td>UBS Optimus Foundation</td>
<td>2023</td>
<td>Commercial DAF</td>
<td>Not yet available</td>
</tr>
</tbody>
</table>
Despite the large population, thriving social sector and an increasing number of wealthy individuals, the DAF market in India is surprisingly underdeveloped. There are few players, and the concept is not very well known among donors.

Bombay Community Public Trust and Charities Aid Foundation India are the leading players in the DAF market, but both operate relatively few DAF accounts.

India has the potential to be fertile ground for the DAF market for several reasons: 1) donors are increasingly conscious about where their money goes; 2) there is a need for philanthropic guidance and services due to complicated regulations; 3) there is growing interest in giving among the diaspora community.

### Selected Key DAF sponsors

<table>
<thead>
<tr>
<th>Name</th>
<th>DAFs launched</th>
<th>Organization type</th>
<th>Approximate number of DAFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bombay Community Public Trust</td>
<td>1995</td>
<td>Nonprofit/Community foundation</td>
<td>7-8</td>
</tr>
<tr>
<td>Charities Aid Foundation India</td>
<td>Unknown</td>
<td>Nonprofit/Community foundation</td>
<td>3-4 individual DAFs 60-80 corporate DAFs</td>
</tr>
</tbody>
</table>
JAPAN

• Japan was among the first Asia-Pacific economies to introduce DAFs. In 1997, the Levi Strauss Foundation and Japanese Center for International Change launched Japan’s first DAF, a form of a corporate-nongovernmental partnership designed to generate positive change within the communities it serves.14 Between 1997 and 2004, the DAF gave a total of ¥12.2 million (~US$87,000) in grants to 133 nonprofits working in HIV/AIDS and social justice.

• A variety of nonprofits sponsor DAFs in Japan, including public interest corporation foundations such as Japan Philanthropic Foundation and Public Resource Foundation and Japan’s oldest community foundation Osaka Community Foundation.

• DAFs in Japan operate slightly differently than elsewhere as donors have limited advisory privileges regarding the disbursement of donated assets. All donations must be distributed through public offerings, a process involving a public call to eligible people and groups to apply for the grant, with the ultimate recommendation/selection made by a committee and the foundation board.

• DAFs in Japan are known by different names depending on the sponsor, such as condominium funds or participation/involvement funds, signifying the lack of standardized terminology and the diverse approaches taken by organizations to implement DAFs.

Selected Key DAF sponsors

<table>
<thead>
<tr>
<th>Name</th>
<th>DAFs launched</th>
<th>Organization type</th>
<th>Approximate number of DAFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Philanthropic Foundation</td>
<td>2015</td>
<td>Nonprofit/Community foundation</td>
<td>6</td>
</tr>
<tr>
<td>Public Resource Foundation</td>
<td>2013</td>
<td>Nonprofit/Community foundation</td>
<td>40</td>
</tr>
<tr>
<td>Osaka Community Foundation</td>
<td>Unknown</td>
<td>Nonprofit/Community foundation</td>
<td>14</td>
</tr>
</tbody>
</table>
KOREA

- DAFs were launched in Korea in the early 2000s. Interest in this giving vehicle has since waned, but they remain a helpful giving tool for donors who want to be involved in grantmaking and leave a legacy. They appeal particularly to a growing group of wealthy entrepreneurs keen to make a social impact.

- DAFs in Korea are often referred to as Korean DAFs (KDAFs), emphasizing the slight differences in the operating model compared to the US model. For example, unlike their US counterpart, KDAFs operate primarily as flow-through funds.

- The Beautiful Foundation’s Grandmother Kim Gun-Ja Fund was one of the first DAFs in Korea. It was established in 2000 through the donation of ₩50 million (~US$38,000) by Kim Gun-Ja, who was enslaved by the Japanese military.

- Another leading player in the Korean DAF market is the Community Chest of Korea (CCK), which launched its first DAF in 2012 with Shinhan Financial Investment. In 2018, CCK launched a new DAF model called “donor-customized fund,” purposefully naming it “customized” to emphasize that funders can actively engage in fund management. Donors who contribute over ₩3 billion (~US$2.3 million) can create their own board of trustees and designate its members. CCK has 13 DAFs worth ₩46.6 billion (~US$35.2 million).

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Selected Key DAF sponsors

<table>
<thead>
<tr>
<th>Name</th>
<th>DAFs launched</th>
<th>Organization type</th>
<th>Approximate number of DAFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Beautiful Foundation</td>
<td>2000</td>
<td>Nonprofit/Community foundation</td>
<td>200</td>
</tr>
<tr>
<td>Community Chest of Korea</td>
<td>2012&lt;sup&gt;iii&lt;/sup&gt;</td>
<td>Nonprofit/Community foundation</td>
<td>13</td>
</tr>
</tbody>
</table>

<sup>iii</sup> In 2007, CCK set up Honor Society, a giving society for individuals that allowed its members to name their funds and engage in fund management. However, its first publicly named DAF program was launched in 2012.
SINGAPORE

- Singapore’s DAF market is arguably the largest and most developed in Asia. DAFs have been well received, with sizeable service uptake among donors, and are recognized as effective tools for structured giving.

- There are currently four DAF sponsor organizations in Singapore. Two have been in operation for over a decade: the Community Foundation of Singapore and SymAsia Foundation, the subsidiary foundation of Credit Suisse in Singapore. The other two, UBS Optimus Foundation Singapore and Asia Community Foundation, are relatively new, established within the last two years.

- Since 2008, over 170 DAF accounts have been set up across the four sponsor organizations, receiving more than SG$500 million (~US$370 million) in donations.

- The entrance of two new providers in Singapore signals an expectation that DAFs will continue to gain traction as a giving vehicle, especially in the context of the government’s expanding focus on philanthropic initiatives.

Selected Key DAF sponsors

<table>
<thead>
<tr>
<th>Name</th>
<th>DAFs launched</th>
<th>Organization type</th>
<th>Approximate number of DAFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Foundation of Singapore</td>
<td>2008</td>
<td>Nonprofit/Community foundation</td>
<td>190</td>
</tr>
<tr>
<td>SymAsia Foundation</td>
<td>2010</td>
<td>Commercial DAF</td>
<td>70+</td>
</tr>
<tr>
<td>UBS Optimus Foundation Singapore</td>
<td>2022</td>
<td>Commercial DAF</td>
<td>10+</td>
</tr>
<tr>
<td>Asia Community Foundation</td>
<td>2023</td>
<td>Nonprofit/Community foundation</td>
<td>Not yet available</td>
</tr>
</tbody>
</table>
APPENDIX: LIST OF INTERVIEWEES

Australia
Rebecca Moriarty (Philanthropy Australia)

China
CHEN Xiaolan, ZHANG Rong (Harmony Community Foundation)
FENG Xiaolian (Hainan Bainayang Rural Vitalization Foundation)
SHI Zhaoling, GENG Xiangshun (Beijing Philanthropreneur Foundation)
JIN Jinping (The Center for NPOs Law of Peking University)
FEI Xiaoyan, WANG Wen (Lingshan Charity Foundation)
ZHANG Huadan (Maitian Education Foundation)
Dr. John Jiang (Peking University)
Cindy Wang (Shanghai 520 Fund)
YAN Yina (Shan Yuan Foundation)
ZHANG Bona (Shanghai United Foundation)
Berly Han (Social Ventures Group)
ZHANG Yanfei, GUO Yifan, FANG Zhou, YU Hongjie, ZOU Yanbing (Zhejiang University Morningside Cultural China Scholars)
HE Guoke (Zhongzhi Social Development Promotion Center)

Hong Kong
Edward Wong (Chapel & York Hong Kong)
Anthony Gao (Pictet Wealth Management)
Ellen Yip (UBS Optimus Foundation)

India
Harsha Parekh (Bombay Community Public Trust)
Noshir Dadrawala (Centre for Advancement of Philanthropy)

Japan
Kazuhisa Kishimoto (Japan Philanthropic Foundation)
Sachiko Kishimoto (Public Resource Foundation)

Korea
Young-ju Lee and Mingjun Chung (The Beautiful Foundation)

Singapore
Dawn Tan (SymAsia Foundation Limited)

US
Birger Stamperdahl and Jared Tham (Give2Asia)
ENDNOTES

Established in 2013, the Centre for Asian Philanthropy and Society (CAPS) is a uniquely Asian, independent, action-oriented research and advisory organization, committed to improving the quality and quantity of philanthropic giving throughout Asia. Our mission is to improve the social investment sector in Asia by researching and advising best practices, models, policies, and strategies that can contribute to positive system change.

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