Centre for Asian Philanthropy and Society

doing GOOD

DOING GOOD INDEX 2024

Examining the Readiness of Asia's Social Sectors to Thrive

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EXECUTIVE SUMMARY

The Centre for Asian Philanthropy and Society (CAPS) has published the *Doing Good Index* since 2018, and this is the fourth iteration. Produced every two years, the *Index* assesses the infrastructure for private social investment in Asia. It identifies the enablers and roadblocks to harnessing funding from sources such as philanthropy, charitable donations, impact investment, corporate social responsibility (CSR) and more.

Asia's social sectors play a critical role in efforts to address pressing societal and environmental issues.[i] In a region of enormous diversity—of cultures, geography, government systems and socioeconomic status—approaches must be nuanced, and solutions specific to local realities. With over half of the world's population living in Asia, including billions of people without access to necessities such as safe drinking water, adequate housing and medical care, governments recognize the need to collaborate with the social sector and private wealth to tackle challenges at scale.

In the era of increasingly rapid technological advancement across the globe, this iteration of the *Index* also includes a section on how digital technologies are impacting the social sector in Asia. While many social delivery organizations (SDOs) have raced to embrace tech-aided service delivery, fundraising and communications, others are struggling to keep pace. From our data, one thing is clear: **Asia's social sector is insufficiently prepared for the technological future**. While technology can provide many opportunities, the majority of SDOs are unable to leverage the benefits fully. 88% of SDOs intend to increase their use of digital technology in the next two years but point to a shortage of funding (71%) and a lack of skills (59%) as major roadblocks. Given philanthropy's capacity to meet these needs, we discuss how philanthropists, corporations, and other funders can support SDOs to better prepare for the future.

While each economy in Asia has unique characteristics and there are important differences between and within economies, several region-wide findings stand out from this year's *Doing Good Index*:

- **Against the backdrop of the tumultuous Covid-19 years, there has been little change across the four sub-indexes of the *Doing Good Index* in the last two years.** Aside from Sri Lanka, which improved in performance, all other economies have remained in the same cluster. But the lack of change is not necessarily a bad thing. Stability lays the groundwork for the social sector to thrive.
- **Funding shortfalls, staffing challenges and the upskilling/reskilling of staff are the top challenges facing SDOs.** While funding from individuals and foundations makes up the main source of income for most organizations, SDOs overwhelmingly believe that levels of domestic giving are low. Almost three-quarters of SDOs struggle to recruit staff, and 69% report difficulty retaining staff.
- **Funding to the social sector has remained mostly unchanged.** Domestic funding (from individuals, foundations and companies) remains the main funding source for SDOs across Asia, comprising 64% by proportion of the average SDO's budget. Government funding (20%) and foreign funding (15%) as a proportion of an SDO's budget have also remained steady. Nevertheless, the post-pandemic era poses uncertainty as the social sector continues to navigate funding shortfalls.
- **Governments continue to send mixed messages on social sector regulations.** While some governments embrace the social sector as a partner, others are showing a hot-and-cold approach, at times encouraging its growth and at others implementing burdensome regulations and restrictions.
- **The role of SDOs remains important, and they generally feel supported**. There is also strong

[i] When we use the term "social sector," we are referring to all individuals, companies and organizations that demand or supply resources to address social needs.

optimism within the sector, even after the turmoil of the last few years. This demonstrates the resilience of SDOs in the face of unprecedented challenges.

The right policies and incentives can help to maximize the quantity and quality of funds flowing to Asia's social sector. **With private wealth increasing throughout the region, so is the potential for capital to be deployed for social good.** If Asians were to match the United States in terms of philanthropic spend by donating the equivalent of 2% of their gross domestic product (GDP), an estimated **US$702 billion could be unleashed**.[1,2] This is 14 times the total net overseas development aid flowing into Asia and a quarter of the estimated annual financing gap for the Asia-Pacific region to meet the United Nations' Sustainable Development Goals by 2030.[3,4]

Yet philanthropy in Asia is held back due partly to a persistent trust deficit in the social sector, a lack of incentives to give, and fluctuating regulations. Since the inaugural 2018 edition, the *Doing Good Index* has demonstrated pathways for governments to change this, regardless of the socioeconomic status of the economy. The findings are evidence-based, derived from original data gathered through comprehensive surveys of **2,183 SDOs** and interviews with **140 experts** across **17 economies**.[ii] Separate from the *Index*, we have included an overview of the social sector in Myanmar.[iii]

The *Doing Good Index* comprises four sub-indexes: Regulations, Tax and Fiscal Policy, Ecosystem, and Procurement. These sub-indexes help to illustrate specific measures that economies have taken to maximize the potential of private social investment**. The *Index* groups economies into four clusters: Doing Well, Doing Better, Doing Okay, and Not Doing Enough**. These clusters describe where an economy is in terms of creating a conducive environment for doing good.

All economies in the *Index* have deployed practices to spur private social investment. Some have made rapid progress in recent years, while others have stagnated. All have room for continued improvement; no economy has reached the "gold standard" of Doing Excellent.

17 Economies

2183 SDOs surveyed

140 Experts consulted

WHY THE DOING GOOD INDEX?

We believe philanthropy and other types of private social investment can be accelerated with the right incentives and policies in place. The *Doing Good Index* contributes to this ambitious objective in the following ways:

Addressing the trust deficit. A lack of trust impedes giving and is an issue often raised by donors in Asia. The *Index* identifies factors that contribute to the trust deficit and the most effective remedies to combat it.

Creating new data. As philanthropic activity is not under the purview of national statistical agencies nor a high priority for data collection, the *Index* helps to create a body of data that can be used to understand the philanthropy landscape and the changes happening within it by looking at where the money goes in each of the economies included in the study.

Pointing the way to a more vibrant social sector. The *Index* can help philanthropists, policymakers, researchers, SDOs and engaged citizens understand the levers to pull to increase and enhance philanthropic giving in their economies.

[ii] These economies are Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka, Chinese Taipei, Thailand and Vietnam. "Hong Kong" and "Korea" refer to the Hong Kong Special Administrative Region, China, and the Republic of Korea.

[iii] Due to the ongoing political situation, Myanmar has been unable to participate in the *Index* this year. However, with the help of our partners on the ground, we have included a profile on Myanmar and the continued challenges and resilience of its social sector.

Sub-index findings

Regulations

- The region has seen limited changes in social sector regulations in the last two years. While some economies have implemented measures to improve transparency and accountability and/or ease the regulatory burden for SDOs, others continue to show wariness of the sector through increased regulatory oversight and control.
- The ease of setting up an SDO varies across Asia. Registration requires between one and eight clearances. It can take nine days to more than a year.
- Laws pertaining to the social sector are publicly available in all 17 economies, but the complexity of regulations and inconsistency of enforcement pose challenges to SDOs.
- Cross-border flows of funds continue to be scrutinized in some economies, while domestic fundraising restrictions vary considerably across the region. Thirteen economies either require SDOs to seek permission for certain types of domestic fundraising or impose limits on the amount that can be raised without permission.
- Reporting requirements that encourage accountability and transparency in the social sector are mandated in most economies, but not all are made available to the public.
- Governments are engaging with SDOs in policy consultations. 73% of SDOs report involvement in policy discussions related to the social sector. While increased engagement between government and SDOs is a positive development, 27% of SDOs say they are never consulted, highlighting the importance of ensuring the policymaking process is inclusive and gives voice to diverse actors and interests.

Tax and Fiscal Policy

- Tax incentives are an important and direct means by which governments can support the flow of capital to the social sector. All 17 economies offer tax incentives for philanthropic donations by corporates, and all but one offer the same for those made by individuals. Fifteen economies offer tax-exempt status for nonprofits.
- Rates of tax incentives vary significantly, ranging from 0% to 250%. Twelve economies offer tax incentives at a rate of 100% or higher for charitable donations from individuals, while 15 offer the same for those from corporations. Singapore continues to outperform, with both individual and corporate donations attracting a 250% tax deduction.
- Most economies limit tax incentives, reducing their potential. Generally, tax deductions are restricted to a proportion of income or profits, between 2% and 35%. Four economies place a double disincentive on giving, coupling low limits with low tax deduction rates. Some economies also restrict deductions to SDOs working in specific sectors.
- Tax incentives are widely perceived as important for encouraging giving. However, confusion and lack of awareness of available incentives dampen their potential. Only 56% of SDOs are aware that tax incentives exist in their economy, indicating a knowledge gap.
- Businesses in six economies are mandated to engage in CSR, and those in two economies (India and Nepal) must spend a certain amount of their profits on CSR activities. Ten economies require listed companies to report on environmental, social and governance (ESG) matters.

Ecosystem

- SDOs continue to feel generally trusted by society, and over half of the surveyed SDOs see more interest in the social sector from the general public. There is also a general sense of optimism, with more than half of organizations saying that they feel positive about the future of the social sector.
- Doing good is widely recognized in Asia. Most economies have awards for philanthropy, and all have economy-wide volunteering schemes. Seven have national giving days to encourage charitable giving.
- Attracting talent to the social sector remains a critical challenge for SDOs in almost all economies. There is a need for more capacity-building support from donors, better working conditions, and public recognition of the sector, especially among younger generations.
- Social sector collaborations are widespread. Overall, 84% of surveyed organizations collaborate with other SDOs, and more than half collaborate with local governments, corporations or foundations.
- Corporate engagement is growing. In addition to a steady increase in corporate funding to SDOs, companies also provide volunteers and pro bono support and partner with SDOs to raise awareness about social issues.

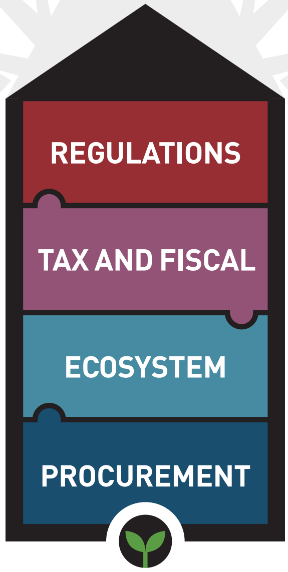
Procurement

- Government procurement of goods and services from SDOs has seen a slight increase from 2022, but there is room for growth. 32% of organizations reported receiving income from government procurement over the last financial year, up from 30% in 2022. However, procurement income makes up just 9% of financing for Asian SDOs, unchanged from the previous *Index*.
- SDOs still face challenges throughout the procurement process. 67% of SDOs find it difficult to access information and apply for procurement opportunities. Concerns about the ease of securing government contracts and transparency of such decisions also persist.

Conclusion

We are living through a time of enormous social, economic and environmental transformation. New governments, populist movements, war and climate change have increased uncertainty. At the same time, the rise of digital technology holds enormous potential for social sector organizations to find new ways to serve needy populations, raise funds and advocate for their causes. However, a gap persists between SDOs able to adapt to the digital world and those that cannot.

In Asia, the tendency toward pragmatism continues, with governments taking the lead in addressing global challenges. But individuals, organizations and companies also have important roles to play. To secure our collective future, we can and must find better ways to work together. *The Doing Good Index* provides tools and ideas on how to do this. It illustrates best practices across the region and identifies a timely roadmap for how Asian economies can help build a more sustainable future.



The Doing Good Index as a force multiplier

WHAT IS A SOCIAL DELIVERY ORGANIZATION?

CAPS uses the term "social delivery organization" (SDO) to refer to **organizations engaged in delivering products and services that addresses a societal need**. The commonly used term "nonprofit" is less useful because many organizations include a for-profit or social enterprise income stream. "Nongovernmental organization" (NGO) is also not quite right in Asia, as many such organizations have government affiliations.

The term "SDO" allows us to differentiate social delivery from pure advocacy organizations that take on a different role within the Asian context. It covers a range of organizations, including traditional nonprofits, nonprofits with income streams, social enterprises and operating foundations.

In the *Doing Good Index 2024*, 89% of surveyed SDOs are nonprofits, and 7% are nonprofit social enterprises or social ventures. The remaining 4% are for-profit social enterprises or social ventures.

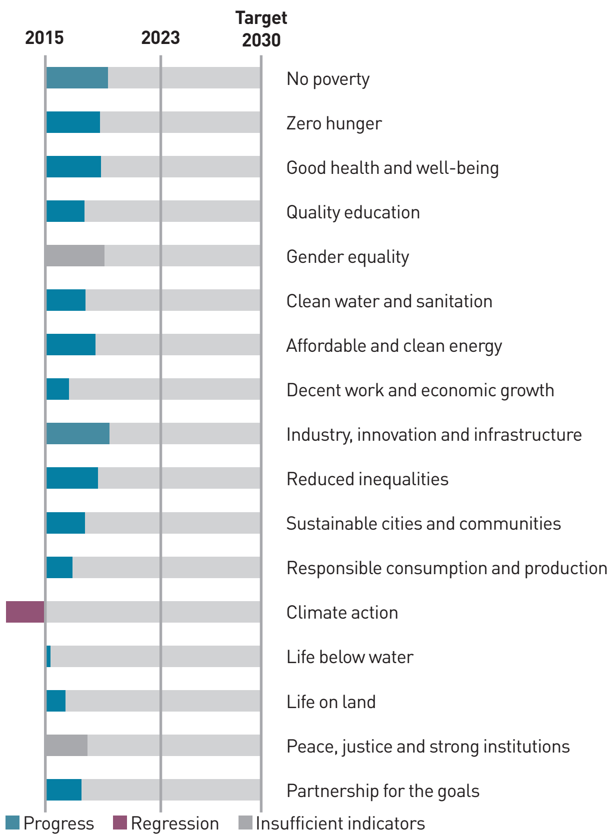
PART I: DOING GOOD INDEX 2024

CHAPTER 1

DOING GOOD IN THE DIGITAL AGE

The *Doing Good Index* continues to benchmark the infrastructure for private social investment in Asia. **As the world has emerged from the Covid-19 pandemic, the fourth iteration of the report takes stock of the social sector's status quo in the region.** We look at how the four components of the index—regulations, tax and fiscal policy, social ecosystem and procurement—have changed in the last two years. What has not changed is that Asia's social sector continues to play a critical role in overcoming the multitude of social and economic challenges.

SDG progress in Asia-Pacific

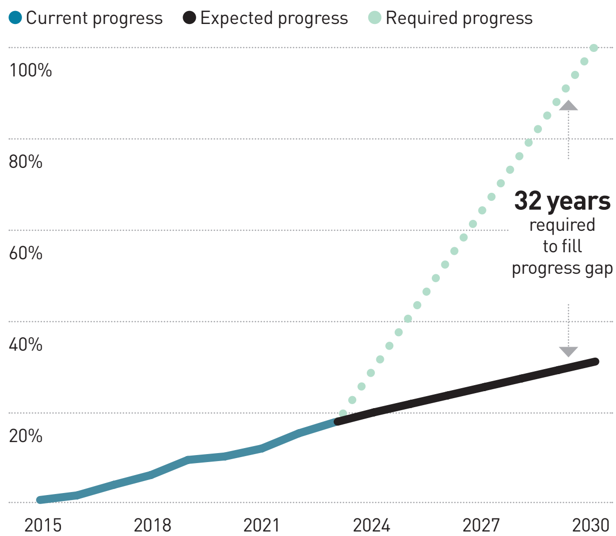


Adapted from: ESCAP SDG Gateway Asia Pacific. *Asia and the Pacific (ESCAP)—Snapshot.*

Asia is a dynamic continent. Over the past decade, many Asian economies have experienced significant economic growth and progress on important social and economic development indicators. Nevertheless, a swathe of unmet needs persists. More than 185 million people in Asia-Pacific live on less than US$2.15 a day, 370.7 million people are undernourished and 2.1 billion people lack access to safe drinking water.[5,6,7] The United Nations estimates that progress on achieving the Sustainable Development Goals (SDGs) in Asia-Pacific is at least 32 years behind schedule, in part due to the pandemic.[8] While Covid-19 seemed like a black-swan event, there may be others looming. **With ongoing crises ranging from regional conflicts to climate change, Asia faces an uphill battle to create a more equitable future.**

The funding needed to meet development goals are beyond any single government. Developing Asian economies will need an estimated US$1.5 trillion annually from 2016 to 2030 to achieve the SDGs

SDG progress gap in Asia-Pacific



Adapted from: ESCAP. *Asia and the Pacific SDG Progress Report 2024: Showcasing Transformative Actions.* https://data.unescap.org by 2030.[9] And even in higher-income economies, significant additional resources are needed.

The good news is that Asia holds great potential. As the world's most populous region, Asia is fertile ground for innovation, creativity and resilience. Amid forecasts of a slowing world economy, Asia is expected to remain the engine of growth, contributing 60% of global real gross domestic product (GDP).[10] In 2024, more than half of Asians will be middle class or above.[11] The region's ultrawealthy currently account for 26% of the global rich and many are actively engaged in doing good through philanthropy and other forms of private social investment.[12] With increasing private wealth, the potential capital that can be deployed for social good is also growing. If Asians were to give 2% of their GDP – the same as the United States in 2023 – an enormous US$702 billion per year could be unleashed.[13,14] To put this in perspective, this is 14 times the total net overseas development aid currently flowing into Asia and 25% of the annual financing gap for the Asia-Pacific region to meet the SDGs.[15,16]

Promisingly, we are seeing various forms of private social investment picking up pace, including an increase in charitable donations, impact investment and corporate social responsibility (CSR). In a recent survey among ultra-high-net-worth individuals in Greater China, 97% reported making philanthropic contributions or other forms of social investment.[17] There is also growing interest in innovative financing solutions such as public-private partnerships for social good, blended finance and collaborative giving.

The challenges lie in how these resources can be unleashed and how innovative solutions can be harnessed for impactful systemic effects. **The *Doing Good Index* aims to contribute data and insights toward developing concrete solutions**. It not only shows how well the social sector is doing in 17 Asian economies but also identifies what levers to pull to best increase and enhance private giving toward addressing urgent social and environmental needs. This edition of the *Index* also delves into the impact of digital technology on Asia's social delivery organizations (SDOs), the opportunities it presents, and issues in leveraging it effectively.

WHAT IS THE DOING GOOD INDEX?

The *Doing Good Index* is a study of the regulatory and societal environment in which private capital is directed toward doing good in Asia. The *Index*, now in its fourth iteration, identifies the policies and incentives that can drive private capital to the social sector and considers how stakeholders can build stronger, more trusting connections. It is an evidence-based resource for policymakers, philanthropists, academics and nonprofit leaders, offering in-depth insights and best practices to increase and enhance philanthropic giving.

The *Index* is based on data from 35 indicators under four sub-indexes**: Regulations, Tax and Fiscal Policy, Ecosystem and Procurement**.[iv] Together, these indicators provide a picture of various factors impacting the supply and demand for private social investment in each economy. In 2024, we also included questions about how the social sector is embracing digital technology in the provision of services, raising funds and managing business operations. The findings are evidence-based, derived from survey data collected from **2,183 SDOs** and **140 experts** across **17 economies**, and supported by a network of partners and experts across Asia. After tabulation, the *Index* categorizes the economies into four clusters: **Doing Well, Doing Better, Doing Okay and Not Doing Enough**.

For a more detailed overview of the methodology and data sources used for the *Index*, please refer to Appendix I.

Overall findings of the Doing Good Index 2024

Asia is not monolithic: there are significant differences between and within economies. GDP per capita ranges from US$127,565 in Singapore to US$4,725 in Nepal.[18] On the Gini coefficient, which measures income distribution across the population, Bangladesh scores the lowest of the 17 economies with a score of 32.4 and Hong Kong ranks highest with 53.9.[19] The region also encompasses a range of political

[iv] Some of these indicators are composites of sub-indicators.

systems, including constitutional monarchies, federal states, one-party states and liberal democracies. Given the socioeconomic and political diversity, it is unsurprising that Asia's social sectors are equally diverse, from robust nonprofit landscapes to relatively young and developing social sectors. Despite the differences, several region-wide findings stand out from this year's *Doing Good Index*.

In 2024, we largely see a continuation of the status quo. Against the backdrop of the tumultuous Covid-19 years, there have been minimal changes to the *Doing Good Index*. Only one economy—Sri Lanka—has changed clusters. But the lack of change is not necessarily a bad thing. Stability lays the groundwork for the social sector to thrive.

The social sector is still being held back by funding shortfalls and staffing challenges. The *Doing Good Index 2024* shows that funding shortfalls, talent shortage and upskilling/reskilling of staff are the top challenges facing SDOs.

While funding from individuals and foundations makes up the main income source of most SDOs, organizations overwhelmingly said that levels of domestic giving are low. Beyond funding, almost three-quarters of SDOs struggle to recruit staff, and 69% report difficulty retaining staff.

Addressing the widespread talent challenge requires a multifaceted and long-term approach, but donors can lead the way by providing more funding, support for capacity-building and skills transfer. Support for capacity-building can help alleviate staff shortages and build up the skills of existing staff. The latter is also especially vital for organizations to help keep up with the rapid technological developments. Yet donor support for capacity-building is often overlooked; only 15% of SDOs reported receiving consistent support for this critical undertaking.

Doing Good Index: pieces of the puzzle

Following significant fluctuations in previous years, funding to the social sector has remained mostly unchanged in the 2024 *Index*. Domestic funding (from individuals, foundations and companies) remains the most important source of funding for SDOs across Asia, comprising 64% by proportion of the average SDO's budget. Government funding (20%) and foreign funding (15%) as a proportion of an SDO's budget have also remained steady.

Nevertheless, the post-pandemic era poses uncertainty as the social sector continues to navigate funding challenges. While almost half of SDOs across Asia reported an increase in income in the last financial year, more than a third reported a decrease in the number of donors. These contrasting trends can create an environment of uncertainty for the sector.

When it comes to regulations, governments continue to send mixed messages. While some governments embrace SDOs as partners in their social development trajectory, others are showing a hot-and-cold approach to the social sector, at times encouraging its growth, and at others hamstringing progress with overly burdensome regulations and restrictions.

In many economies, social sector regulations have likely been a lesser priority as governments across Asia have focused their energy on economic and political stabilization. Others are struggling to find a balance between regulations that support transparency and accountability and onerous government control.

Simultaneously, many governments are grappling with how to encourage domestic philanthropy to address social challenges they alone cannot meet. From China's "shared prosperity" to Singapore's courting of family offices, governments are considering new approaches to engaging the wealthy.

On a positive note, the role of SDOs remains important, and SDOs generally feel supported. As economies across Asia continue to face a multitude of social, economic and environmental challenges, it is culturally in people's nature to step up and help. The Ecosystem sub-index points to individual and corporate engagement and a willingness to work together to solve shared challenges. As in previous years, the average Ecosystem score is high, and eight out of 17 economies perform best on this sub-index.

There is also strong optimism in the social sector, even after the turmoil of the last few years. 61% of SDOs feel optimistic about the future of their organization, and 52% feel positive about the future of the sector in their economy, demonstrating the ongoing resilience of SDOs in the face of unprecedented challenges.

And there are many reasons for Asia's social sectors to feel optimistic, especially in the age of digital technology. The advancement of technology in the past two decades has been exponential—fundamentally overhauling the daily operations of social sector organizations and unlocking unprecedented opportunities—and it shows no signs of slowing.

Asia's social sector in the digital age

Each edition of the *Doing Good Index* explores a key trend impacting both the development of Asia and how the social sector delivers services to communities. For 2024, we explored how digital technology has embedded itself in every aspect of daily life: communications, trade, commerce, service delivery and social interaction. **Asia is at the center of much of the technological expansion**, with many economies leapfrogging the technologies that defined the late 20th century—landline phones, desktop computers, fax machines— to move straight to mobile connectivity, digital banking and social networks. The Covid-19 pandemic was a turning point for many organizations, with whole service delivery models forced to adopt digital alternatives. In-person health checks became video calls, community groups found new homes on social media, and educational materials were disseminated online.

Amid the rapid digital transformation, how is the social sector faring? Our data shows that **Asia's social sector is insufficiently prepared for the technological future.** While many SDOs have raced to embrace tech-aided service delivery, fundraising and communications, most organizations lack the necessary skills and funding to leverage benefits fully. 88% of SDOs intend to increase their use of digital technology in the next two years but point to a shortage of funding (71%) and a lack of skills (59%) as major roadblocks. When asked what their top technology needs were, 38% said hardware, 31% operational software, and 27% training and upskilling of staff.

To assess technological readiness, we use a framework to examine the social sector's capacity to adopt digital tools and technology. First, we consider *foundational readiness*, including the prerequisites for adopting new technologies, such as an internet connection and stable mobile networks. Second, we explore *operational readiness* or the human resources, expertise and funding needed to use digital tools effectively. Third, we evaluate *transformational readiness* or an SDO's ability to get the most out of new technologies in the long term. This is influenced by strong leadership, the ability of staff to get on board with changes, and the availability of resources to continue to invest in capacity-building.

The good news is that most SDOs in Asia have basic foundational and operational readiness. 84% have internet that is sufficiently fast and reliable, and 69% have adequate access to computers and/or tablets. Almost all organizations use staple software (such as word processing and email applications) in their day-to-day operations. However, SDOs are inadequately protected against the risks of increasing technology use, with 70% unaware of any cybersecurity plans for their organization. Digital technology is dynamic and evolving, and SDOs and funders alike must stay vigilant to keep pace with the changing digital landscape. Philanthropy has an essential role to play in providing much-needed funding for SDOs to invest in the necessary technological infrastructure, software and skills to effectively future-proof themselves.

Where the economies stand

The *Doing Good Index* measures performance through four clusters: **Doing Well, Doing Better, Doing Okay, and Not Doing Enough**. While some economies perform well, no economy has reached the "gold standard" of Doing Excellent, pointing to room for improvement across the board.

There is a positive correlation between performance on the *Index* and gross national income (GNI) per capita, with high-income economies tending to perform better. Yet, while this is a contributing factor, it does not tell the whole story. Several high-income economies, including Hong Kong and Japan, are outperformed by economies with a lower GNI per capita.

Doing Well: Singapore and Chinese Taipei

As in 2020 and 2022, Singapore and Chinese Taipei appear in the top group, reflecting generally favorable conditions for private social investment.

A key factor in Singapore and Chinese Taipei's strong performance on the *Index* is the enabling regulatory framework. Laws pertaining to the social sector are easy to understand and generally enforced, allowing SDOs to operate smoothly. Governments in both economies offer incentives and encouragement for doing good. The enabling regulatory framework and incentives show how the social sectors are considered valued partners in addressing social and environmental issues.

Singapore and Chinese Taipei have favorable tax policies that enable the flow of funds to the social sector. Both provide tax-exempt status to SDOs, and neither economy places a penalty on operating surplus. Singapore's 250% tax deduction rate for donations to the social sector remains unparalleled, and Chinese Taipei is one of four economies that offers tax benefits for charitable bequests. Neither economy limits tax incentives for charitable donations to specific sectors, and claiming incentives is relatively easy.

Chinese Taipei is a strong performer on the Procurement sub-index. It is one of just three economies offering SDOs additional incentives to apply for government requests for proposals (RFPs). To improve its performance in this area, Singapore could also provide extra incentives to encourage SDOs to engage in government procurement opportunities.

Nevertheless, there is scope for improvement. Singapore has one of the longest and most expensive registration processes for a nonprofit organization, while Chinese Taipei has yet to maximize the involvement of SDOs in policymaking. Both economies see relatively low support for social sector capacity-building, and SDOs in these economies find attracting talent a challenge.

Doing Better: China, Hong Kong, Japan, Korea, Malaysia and the Philippines

The six economies in this cluster have all maintained their positions from 2022, doing well in some areas but could do better in others.

Most economies in this cluster perform relatively well on the Regulations sub-index. China has demonstrated positive regulatory development in recent years, with fewer clearances needed to obtain legal registration as a nonprofit organization and clearer communication of regulations. In Malaysia, too, more SDOs report that social sector regulations are easy to understand. Weaker performers on this sub-index are the Philippines, which requires up to six clearances to register an SDO, and Hong Kong, where the registration process takes the longest—up to 12 months. In the past year, the Hong Kong government has sought to address this problem. If successful, the 2026 *Doing Good Index* should reflect this structural change.

All six economies perform relatively well on the Tax and Fiscal Policy sub-index. All offer tax incentives for charitable giving and have direct and indirect government grants available to SDOs. However, all of them place a limit on the proportion of income that can be deducted, from just 10% in the Philippines to 35% in Hong Kong**.**

Performance on the Ecosystem sub-index is mixed. All economies in this cluster have economy-wide volunteering schemes and courses in nonprofit management. China and the Philippines continue to be among the top three performing economies on this sub-index. The other four flank the bottom, with their performances hindered by significant recruiting challenges and low trust in the social sector.

On the Procurement sub-index, Hong Kong and the Philippines continue to lag. These economies are yet to realize the full potential of social sector involvement in government procurement.

Doing Good Index: four clusters*^

NOT DOING ENOUGH	DOING OKAY	DOING BETTER	DOING WELL
Bangladesh	Cambodia	China	Chinese Taipei
	India	Hong Kong	Singapore
	Indonesia	Japan	
	Nepal	Korea	
	Pakistan	Malaysia	
	Sri Lanka	Philippines	
	Thailand		
	Vietnam		

*Economies in each cluster are arranged alphabetically.
^"Hong Kong" and "Korea" refer to the Hong Kong Special Administrative Region, China; and the Republic of Korea

Economy performance: 2024 vs 2022

Economy	Change
Bangladesh	■
Cambodia	■
China	■
Hong Kong	■
India	■
Indonesia	■
Japan	■
Korea	■
Malaysia	■
Nepal	■
Pakistan	■
Philippines	■
Singapore	■
Sri Lanka	▲
Chinese Taipei	■
Thailand	■
Vietnam	■

SDOs in these economies said that information about procurement opportunities is not readily available, and it is challenging for social sector organizations to win contracts. Meanwhile, Korea has remained the top performer on this sub-index thanks to its favorable procurement policies.

Doing Okay: Cambodia, India, Indonesia, Nepal, Pakistan, Sri Lanka, Thailand and Vietnam

Joining the Doing Okay cluster in 2024 is Sri Lanka, which has moved up from Not Doing Enough. Some of the economies in this cluster have seen positive changes in the last two years, while others have seen progress stagnate or even slide backward.

Apart from Sri Lanka, most of this cluster's economies perform relatively weak on the Regulations sub-index. Sri Lanka has secured its top position due to its continuous improvement in mandatory reporting requirements, high levels of SDO involvement in policymaking, and general enforcement of laws. At the other end of the spectrum, Vietnam and Pakistan are among the weakest performers on this sub-index due to difficult-to-understand laws, restrictions on local fundraising, and clearances required to receive foreign funding.

Most economies in this cluster perform below average on the Tax and Fiscal Policy sub-index. Cambodia offers no tax incentives for charitable giving by individuals, while India provides only a 50% deduction rate for donations by both individuals and corporations. In this cluster, most economies place a limit on the income eligible for tax deductions. Indonesia, Sri Lanka and Vietnam limit tax incentives to donations to SDOs working in specific sectors.

Performance on the Ecosystem sub-index varies widely. Most economies in this cluster perform above average, although Indonesia, India and Thailand still have significant room for improvement. Cambodia does well owing to the relative ease of recruiting staff, high support for capacity-building and the lack of public scandals. Thailand's position on this sub-index has dropped significantly due to the increasing difficulty in recruiting staff and volunteers, which is not helped by a growing perception that nonprofit employees should earn less than their for-profit counterparts.

Government procurement remains underutilized, with most economies in this cluster performing below average on this sub-index. SDOs in these economies report that it is difficult to access information about government procurement opportunities and apply for them. Pakistan, however, is one of the top three economies on this sub-index owing to policies such as additional incentives for SDOs to apply for government contracts.

Sri Lanka's promotion reflects a gradually improving economic situation and the clarification of regulations by the government. Finding staff and volunteers for the social sector has become slightly easier. More SDOs have boards compared with 2022, helping improve accountability and oversight. This professionalization of the social sector may see Sri Lanka's overall performance on the *Index* improve in future years, but the sector remains vulnerable to political and economic changes.

Not Doing Enough: Bangladesh

Bangladesh remains in the Not Doing Enough cluster after dropping from Doing Okay in 2020.

Social sector regulations in Bangladesh have room for improvement. In 2024, regulations have become more difficult to understand, and more clearances are required for SDOs to obtain legal charitable status**.** As in 2022, sending donations abroad is completely prohibited. On a positive note, more SDOs perceive that laws are generally enforced than in the past.

SDO demographics

18 YEARS
median age of SDOs

46 PEOPLE
average number of staff

57%
of staff is female

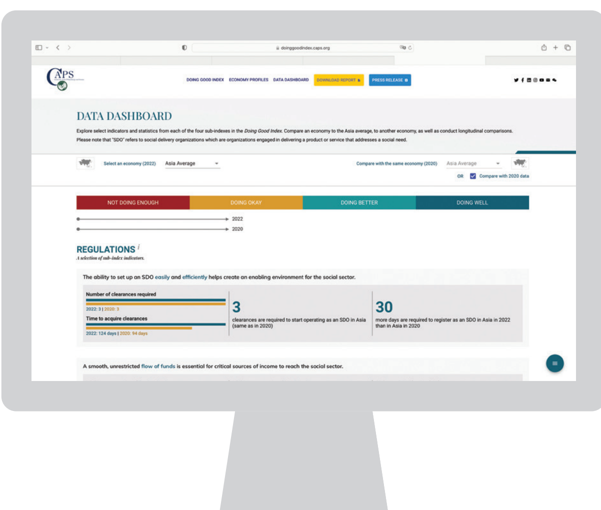
TOP 2 AREAS OF WORK
Education
Community development

Bangladesh continues to perform poorly in the Tax and Fiscal Policy sub-index. SDOs are not tax-exempt, and a double disincentive is placed on giving—a low tax deduction rate coupled with a limit on income eligible for deduction. For corporate donations, deductions apply to SDOs working in certain sectors only.

Bangladesh's best performance is on the Ecosystem sub-index. It performs slightly above average on this sub-index, although its performance has declined since 2022. More than half of SDOs surveyed said it is relatively easy to recruit staff, although retaining them is more challenging. Most SDOs also report hosting volunteers from corporate volunteer programs or other private sector initiatives.

Doing Good Index microsite

To complement this report, CAPS offers an interactive microsite where users can explore and compare data across economies and time.



The **economy profiles** present a visual and digestible deep dive into each economy. The profiles highlight index performance over the years and illustrate longitudinal performance on key findings by sub-index.

The **data dashboard** looks at selected indicators from the four sub-indexes, allowing users to compare economies and track changes over time.

Conclusion

Asia has a unique opportunity to leap ahead and implement policies and programs that can unleash the region's potential for private social investment. The *Doing Good Index* offers a blueprint for a more equitable, sustainable and prosperous future for the region.

Now in its fourth iteration, the *Index* continues to offer actionable and evidence-based insights for business leaders, philanthropists and policymakers to consider how they can facilitate and increase private capital flows toward the social sector.

This report is divided into two parts. In Part I, we present our findings from the *Doing Good Index 2024*. Chapter 2 explores the key theme for 2024, digital technology, and the challenges and opportunities for Asian SDOs. Chapter 3 focuses on funding for SDOs, including the types of donors, pathways for funding, and opportunities to do more. Chapters 4 to 7 cover the four sub-indexes: Regulations, Tax and Fiscal Policy, Ecosystem and Procurement. Part I concludes with a special brief on Myanmar's social sector; due to the ongoing political situation, Myanmar was unable to participate in the *Index* this year. In Part II—the Economy Snapshots, we showcase a selection of data for each of the economies covered by the *Index.*

PRIVATE SOCIAL INVESTMENT: A TYPOLOGY

Private social investment refers to all the ways in which private resources are brought to bear on doing good. It comes in various shapes and forms, but all types of private social investment share the purpose of generating returns to society.

Philanthropy: The making of a donation or grant without the expectation of financial returns. Unlike charity, philanthropy is a formalized and systematic process of being charitable that often considers long-term solutions to social and environmental problems.

Corporate social responsibility (CSR): The host of activities that companies take to address societal needs. These may include:

- Corporate philanthropy—donations or grants usually given to existing accredited SDOs.
- Technology transfer—the deployment of employee skills and experiences to build the capacity of local nonprofit organizations.
- Pro bono goods and services—the provision of goods and services made or offered by a firm to a local group at no cost.
- Volunteering—the creation of opportunities for employees to spend time helping to address a community need.
- "DIY" philanthropy—utilization of corporate systems and expertise to address a community need without necessarily working through a third-party SDO.

Impact investing: Purposive investment into a business or social enterprise that creates products or services addressing unmet needs. Impact investors look to contribute toward social/environmental causes while simultaneously receiving a financial return. Different investors seek different returns, from recouping the cost of investing to returns at full market rates.

Crowdfunding: Use of the internet to advertise a need or a socially oriented project, allowing for large-scale fundraising. Members of the public can send relatively small sums, but there is potential for the project to accrue a significant amount of funding.

CHAPTER 2

DIGITAL TECHNOLOGY AT A GLANCE

The growth of digital technology has led to the digitalization of the social sector, with the potential to revolutionize daily operations, fundraising efforts and outreach strategies. In light of these developing trends, we leveraged our survey to gauge the technological readiness of Asia's social sectors.

Key findings

The use of digital technology has become commonplace in the social sector. Social delivery organizations (SDOs) have integrated technology into key aspects of their operations: 95% of surveyed SDOs use it to deliver services to their beneficiaries. The use of digital tools for administrative tasks, community outreach and fundraising is also growing in popularity.

While most SDOs have a basic technological readiness, such as access to the internet and relevant information technology (IT) hardware and software, it is not universal. On average, 84% of SDOs surveyed have reliable and fast internet access at their workplace; however, only 69% said they have sufficient hardware to meet the needs of their organization.

SDOs in Asia lack the necessary resources to fully leverage the benefits digital technology has to offer and protect themselves against the associated risks. 59% of SDOs said that their staff lack the skills to use digital tools effectively, and 70% are unaware of any cybersecurity plans for their organization.

Access to operational funding is essential for SDOs to respond adequately to the rapidly changing digital landscape. Almost half of SDOs report that their donors do not fund digital technology and IT costs, indicating a glaring funding gap.

95%
of SDOs use technology to deliver services to their beneficiaries

35%
of SDOs increased online fundraising activities over the past two years

84%
of SDOs have sufficient internet access

31%
of SDOs do not have enough computers/tablets for their staff

59%
of SDOs lack the necessary staff skills to effectively use digital tools

88%
of SDOs intend to increase the use of digital technology in the next 2 years

CHAPTER 2

DIGITAL TECHNOLOGY AND ASIA'S SOCIAL SECTOR

In the last two decades, digital technology has developed at an unprecedented pace. Technology has become embedded in daily life and business operations spanning communications, e-commerce, logistics, and more. In Asia, digitalization has progressed exponentially. The region is home to half of the world's internet users, as well as more than 4.2 billion mobile phone users.[20,21]

The social sector, too, has needed to embrace digital transformation, integrating technology into service delivery, research, data management and fundraising. The outbreak of the Covid-19 pandemic helped further accelerate this trend. With social distancing and stay-at-home mandates, SDOs were forced online. While some SDOs were able to leverage technology to increase digital services and maintain daily operations, the pandemic also highlighted the gap between organizations with the capacity and resources to adapt and those without.

Digital technology is shaping the world for better or worse. With the emergence of generative artificial intelligence (AI) and other related tools, the potential for growth is enormous. But is the social sector in Asia ready to take advantage of the opportunities of digital transformation, or is it vulnerable to the associated risks and unable to keep up with the pace? Given the importance of this question, we added a section to the regular *Doing Good Index* survey to get **a statistical pulse on the technological readiness of the Asian social sector**.

The rapid advancement of technology presents unprecedented opportunities, but for SDOs to fully harness these benefits, a certain level of infrastructure, systems and skills must be in place. In this chapter, we introduce a framework to examine the technological readiness of an SDO in three dimensions:[v]

- **Foundational readiness** refers to the prerequisites for adopting technology, such as access to the internet and mobile networks and relevant information technology (IT) hardware and software.
- **Operational readiness** is the capacity of SDOs to use digital tools effectively. It includes in-house IT skills and expertise, cybersecurity measures and funding.
- **Transformational readiness** focuses on an organization's ability to maximize the value of technology in the long term. Factors such as leadership buy-in, staff support for technology adoption, and availability of resources for future investments play a crucial role.

In our survey, our overall finding is that Asian SDOs are not sufficiently prepared: while many SDOs have a basic technological readiness, such as access to the internet and necessary IT hardware and software, the vast majority lack the skills and funding to fully leverage the benefits of digital technology and protect themselves against the risks that come with it. In this chapter, we provide the data supporting our findings and discuss how philanthropists, donors and other funders can support SDOs to make the shift toward an increasingly digital future.

TECH TERMS

Digitization is the conversion of physical data into digital formats.
Digitalization leverages digital assets and deploys technology to optimize operations, enhance the stakeholder experience, and harness new opportunities.
Generative AI is a type of AI technology that can produce various high-quality content, including text, images, audio and synthetic data, often using deep-learning models.

[v] The framework used is based on IBM's AI Readiness Framework adapted to the needs of the social sector, as outlined in a chapter by Kithmina Hewage, Senior Advisor of the Centre for Asian Philanthropy and Society (CAPS), in the forthcoming publication *The Routledge Handbook on Artificial Intelligence (AI) & Philanthropy*.

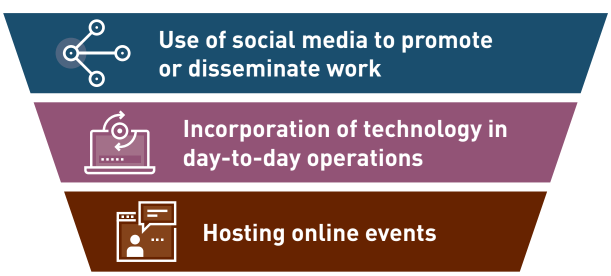
The use of digital technology in the social sector

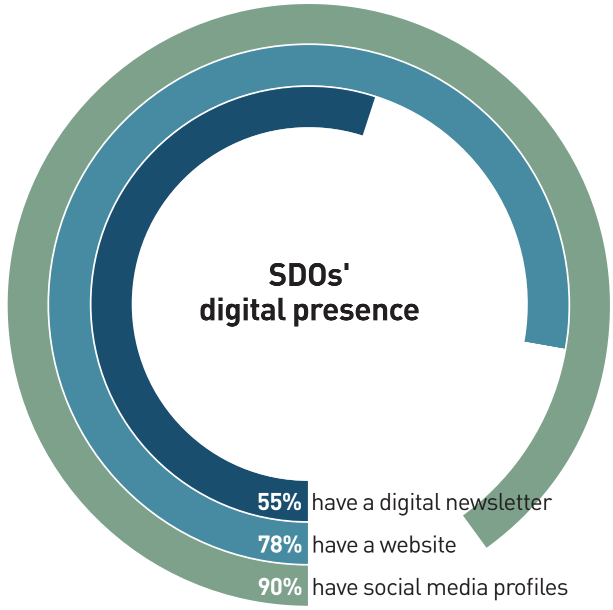
SDOs are digitalizing and increasingly embedding technology into many key aspects of their operations.

95% of surveyed SDOs use technology to deliver services to their beneficiaries. The three main ways SDOs use technology for service delivery are by phone (69%), instant messaging (63%), and video calls (57%). Among the economies in our study, the Philippines stands out: around 90% of SDOs use instant messaging and video calls to provide services. This is unsurprising since the Philippines ranked third in the world for the average daily amount of time internet users spent online in 2022.[22] Around half of the SDOs we surveyed across Asia host online events or webinars, with the highest rates in Indonesia, the Philippines and Vietnam.

Digital technology has become indispensable for carrying out daily administrative tasks. In our study, most SDOs collect and store data digitally—especially financial records. 80% of SDOs collect data for their financial records through digital means and almost 90% store this data using digital software. 75% collect and store other data types digitally, including donor records, beneficiary records and data related to the impact of projects. There are many benefits to digitizing files and documents, including efficiency in retrieving and sharing information, better protection against data losses, and reduced storage space needed.

Top 3 ways SDOs have increased the use of digital technology





Organizations also use digital technology to share their work with beneficiaries, donors and a wider audience. Almost 80% of SDOs surveyed have a website, and more than half send a digital newsletter to stay connected with their network. Social media is also essential for many. 90% of the SDOs in our study have social media profiles, and 73% said that social media is one of the top approaches they use for marketing. Furthermore, in the last two years, 72% of SDOs have increased their use of social media to promote or disseminate their work, pointing to a rising trend. More than 83% use Facebook, the most popular choice among our survey respondents. In China, where Facebook is not available, the overwhelming majority of organizations are users of WeChat (95%).[vi]

SDOs are leveraging technology to attract and grow their funding. According to our survey, 35% of organizations increased their online fundraising activities in the last two years. By far, the most common way SDOs reported receiving donations is via direct bank transfers (82%). However, most organizations still rely on other means. For example, 80% of SDOs in Hong Kong receive paper cheques, and 84% of SDOs in Chinese Taipei receive cash donations

[vi] WeChat, an app developed by Chinese tech giant Tencent Group, facilitates activities such as direct payments, appointment booking, shopping, and more. It also allows organizations to create an in-app page similar to a website, which SDOs can use to promote their services. Other social media apps, such as Japan's LINE, are starting to incorporate similar features.

through street fundraising or donation boxes. Digital platforms are also utilized to encourage digital donations. In Hong Kong, for example, the mobile payment platform PayMe saw its clientele of nongovernmental organizations grow by 430% in two years.[23]

Technological readiness of the Asian social sector

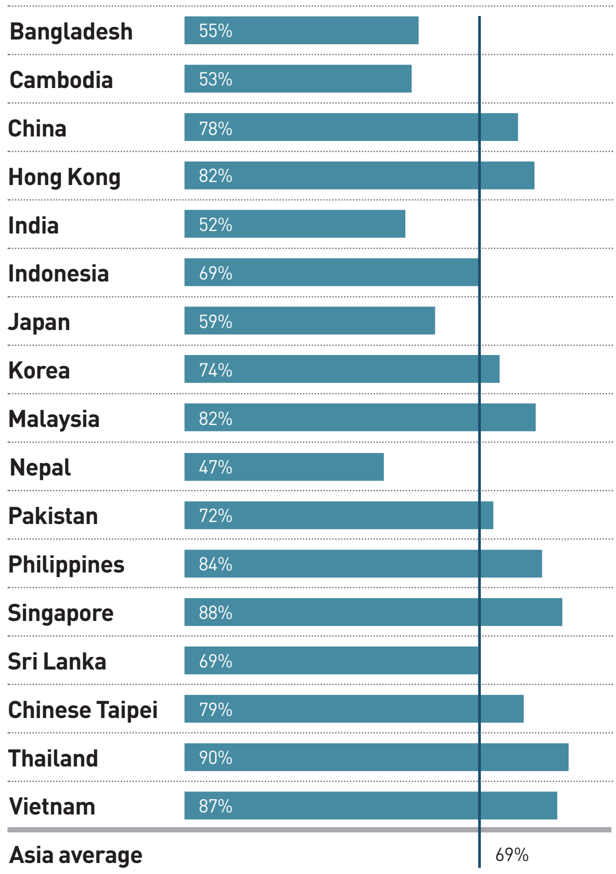
Although the Asian social sector is digitalizing, SDOs struggle to keep up with technological change, mainly due to inadequate access to digital infrastructure, capacity and financial constraints, and insufficient donor support.

Foundational readiness

When assessing the technological readiness of Asian SDOs, foundational readiness is arguably the most important since it essentially acts as a prerequisite for the other types of readiness. While our data shows that many SDOs have basic technological readiness, such as access to the internet and relevant IT hardware and software, this is far from universal. Many organizations, especially those in developing economies and remote locations, face severe impediments to accessing even basic technological infrastructure and hardware.

A stable and reliable internet connection is a prerequisite for digitalization, yet access is not universal across Asia. While 84% of SDOs surveyed have sufficiently reliable and fast internet access at their workplace, organizations in lower-income economies are struggling: 22% of SDOs in both Bangladesh and Nepal said they do not have reliable access. Furthermore, once staff leave the office, only 76% of all SDOs said they continue to have good access to the internet. More than half (55%) of SDOs in Nepal cannot maintain a reliable internet connection outside of their workplace, with high figures also recorded in Cambodia (40%) and Bangladesh (39%). This is in no small part due to the lack of digital, as well as telecom and power infrastructure in certain regions of these economies, with those working in rural and remote areas having to make do with poorer connectivity. These internal "infrastructural divides" result in stark contrasts: in Malaysia, residents of Kuala Lumpur enjoy high-speed internet, while some communities in Sarawak lack even basic connectivity. Covid-19 highlighted this discrepancy, with those living in areas without digital infrastructure unable to access information, schooling and other services during the pandemic.

Percentage of SDOs with sufficient access to computers/tablets



In addition to internet connectivity, access to hardware—computers, tablets and other devices—is a challenge. In our survey, only 69% of SDOs said that their current level of access to computers/tablets for their staff is sufficient to meet organizational needs. In Bangladesh, Cambodia, India and Nepal, around half of SDOs said that it is not enough. Cost is a major barrier, with even smartphone ownership out of reach for many. Many services, such as email, digital banking and file sharing, can be accessed via smartphone; however, low device penetration rates mean that some SDOs and their beneficiaries struggle to stay connected. In 2022, only 50% of Bangladesh's population had access to a smartphone, compared to 76% of the Asia-Pacific region overall.[24]

Data collection and storage will play a critical role in the future of technology use. However, the number of Asian SDOs that store data digitally has room to improve. On average, 87% of surveyed SDOs stored financial records digitally. However, fewer SDOs digitally store other types of data, including donor records (75%), client/beneficiary records (80%) and data related to the impact of projects (73%).

70% of SDOs do not have, or are unaware of, an organizational cybersecurity strategy

Combined with the fact that only 35% of SDOs have access to advanced software such as statistical analysis programs and machine learning tools, these numbers indicate that **SDOs are underutilizing the benefits of technology and the potential for AI to address capacity gaps faced by the social sector**. For example, only 73% of surveyed SDOs measure impact. Of those that do not, the majority cite not knowing how to, inadequate staffing and time constraints as the main impediments. AI can easily solve these issues if the relevant quality and quantity of data is available. With adequate and digitally accessible data, machine learning models can identify trends and measure variables to gauge impact, thus essentially eliminating the requirement for SDO staff to process data manually or operate more traditional software.[25,26] An inability to store digital data, therefore, undermines an SDO's ability to use AI tools to improve its work.

Operational readiness

The operational readiness of an organization is determined by whether its staff possesses the required skills to use available technological tools effectively, whether it can protect itself from possible external risks, and whether it has adequate resources to invest in technology. Weakness in one of these facets could lead to disruptions in operations.

To employ digital tools effectively, organizations need their staff to understand and learn how to use them. Already struggling to upskill staff more generally, 59% of surveyed SDOs said that their staff lack the requisite skills to allow their organization to digitize. In fact, almost a third (28%) responded that support for digitization and digital literacy is one of their organization's top three needs.

Digitalization is also about staying safe online. As SDOs increasingly adopt digital technology, they also open themselves to risks. While only 17% of surveyed SDOs have experienced a cybersecurity attack in the last two years, the Asia-Pacific region experienced the highest number of cyberattacks in 2022, accounting for 31% of the global total.[27]

While most cyberattacks target governments and for-profit companies, SDOs' poorer access to IT support and security measures leaves them vulnerable.[28] In our survey, 70% of SDOs do not have, or do not know of, a cybersecurity or cyber-resilience strategy or plan in place for their organization. Even more worryingly, 26% have not taken *any* mitigation measures against cyberattacks. Less than half of all SDOs in China, Indonesia, Malaysia, Pakistan and Thailand have antivirus software, which leaves them vulnerable to bad actors, including criminals that target nonprofit organizations specifically.[29]

Transformational readiness

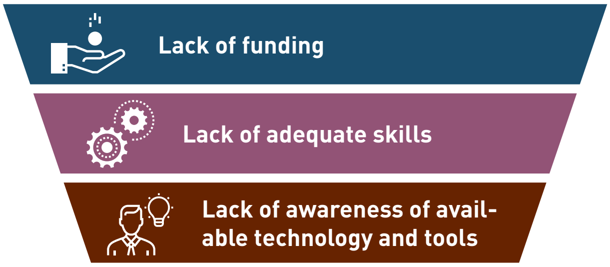
An SDO will achieve transformational readiness if it has the necessary financial, technological and leadership resources to allow it to adapt to future changes in technology and use new tools.

Challenges around securing operational funding inhibit SDOs from investing in digital technology that will improve their productivity and impact. Almost half (48%) of SDOs surveyed said that their donors do not fund digital technology and IT costs, with the highest proportion reported in Korea (68%), Japan (66%), Thailand (64%) and China (62%). In contrast, the proportion of SDOs that do receive donor support for digital technology and IT costs was highest in Cambodia (76%), Sri Lanka (75%), and Bangladesh (73%). Notably, these are economies that are more reliant on foreign funding.

Although funders are still hesitant about financing IT costs, we observe much better support among senior leadership in SDOs for more technology use. Only 6% of the SDOs surveyed reported reluctance among senior leadership as a barrier in adopting digital technology, while 12% reported reluctance among staff.

Without adequate operational funding, SDOs in Asia will find it challenging to invest in the necessary technological infrastructure, software and skills. Therefore, while advocating for more digitization in the social sector, it is incumbent on philanthropists and other funders to offer the necessary resources.

Top 3 challenges for SDOs in adopting digital technology



What can philanthropists and other donors do?

Philanthropists and other donors must be more supportive of operational funding, which allows for longer-term technological investment. It is imperative that Asian SDOs future-proof themselves by investing in the necessary technological infrastructure, software and skills. To this end, even when funding is limited to project costs, philanthropists, corporations, foundations, and other funders should be mindful of technology's catalytic effect in improving project outcomes in the community. However, funders should support SDOs' IT and other technological costs for a greater impact.

Donors can also help SDOs to address some of these challenges through in-kind donations. For instance, corporations can encourage their employees with IT expertise to volunteer their time by providing training sessions for SDO staff. Donors could also provide access to necessary operational and advanced software for free or at least at a subsidized rate. Providing antivirus software and cybersecurity tools would be especially valuable to SDOs in Asia, given the alarmingly low usage rate. Similarly, initiatives by companies to donate second-hand computers/laptops and mobile phones to SDOs with poor access to basic hardware will also go a long way.

Outlook

The digital age is here, but benefits are distributed unequally. There remain large areas of Asia where electricity—let alone a stable internet connection—is a luxury. Even in modern cities, less well-off residents and organizations may struggle to afford and maintain up-to-date IT systems.

SDOs want to embrace digitalization, and many have already done so. Indeed, organizations developed in recent years have often taken a digital-first approach, with technology central to the way they deliver services and connect with beneficiaries.

However, SDOs have a range of pressing needs when it comes to the adoption of digital technologies. Some organizations lack the basic, essential hardware to get started: computers, tablets and/or smartphones. Others need new software or subscriptions to digital services to enable them to build websites, track donations and measure their impact. And many SDOs see the need for training for their staff so that their organization can advance its digital transformation.

Philanthropy plays an essential role in supporting SDOs' digital technology needs. Other funding sources rarely offer organizations the flexibility to invest in operational development, including new technology. Philanthropists can provide unrestricted and/or operational funding to enable this investment.

Digital technology is dynamic and evolving, and SDOs and funders alike must remain vigilant about the rapidly changing digital landscape. They should be aware of the risks—as well as opportunities—this new era provides. These new technologies can help grow funding, spread the word about their mission, and deliver better services to vulnerable populations, but they can also create new vulnerabilities and exacerbate inequalities.

CHAPTER 3

FUNDING AT A GLANCE

Funding is critical for social delivery organizations (SDOs), enabling them to operate, execute programs and fulfill their mission. This chapter breaks down SDO funding sources across Asia, identifies changes and trends, and highlights opportunities to increase the flow of capital toward doing good.

Key findings

In 2024, the funding landscape for SDOs in Asia is mostly the same as two years ago. Compared to 2022, the share of different funding sources—domestic, foreign and government—has remained largely unchanged, as has the percentage of SDOs receiving each type of funding.

Domestic funding, sourced primarily from individuals, foundations and companies, continues to be the bedrock of financial support for Asian SDOs. It comprises, by proportion, an average of 64% of an SDO's budget and stands as the main funding source in 13 economies.

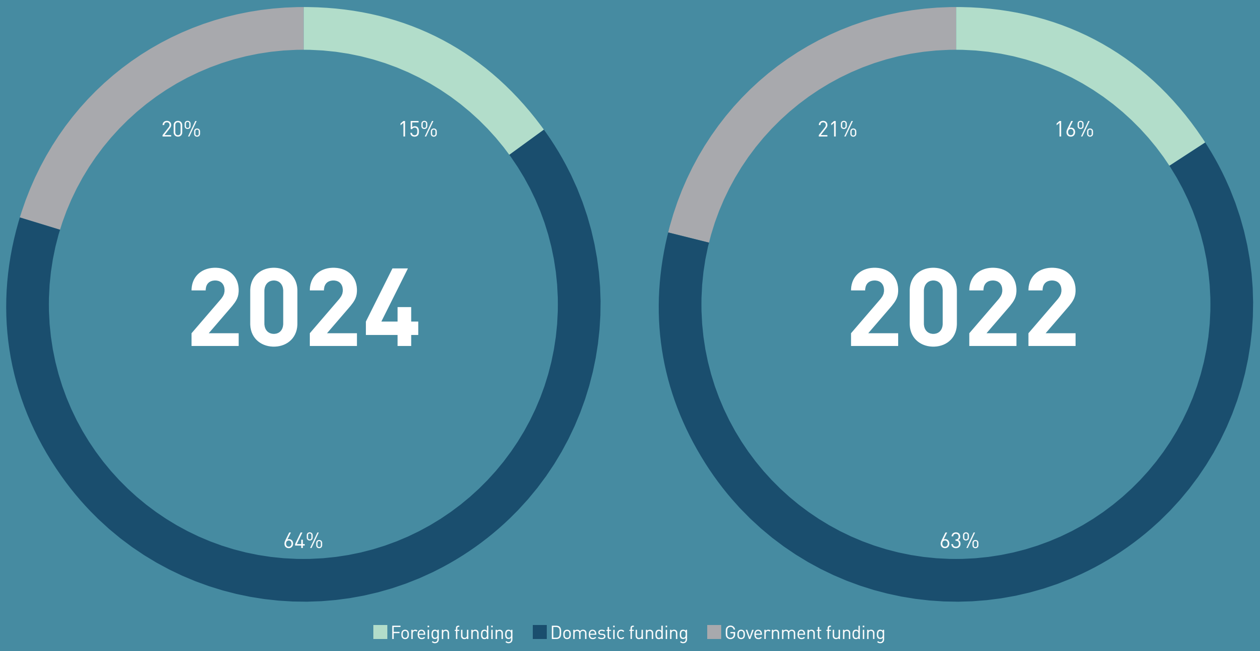
Yet, SDOs in all economies except Hong Kong, Chinese Taipei and Thailand perceive overall domestic funding as low. There is room for increasing domestic donations, for example, through implementing more giving initiatives and the enhanced use of digital fundraising tools.

Foreign funding as a proportion of an SDO's budget has declined in seven economies. It remains, however, vital for SDOs in lower-middle-income economies such as Cambodia, Nepal and Sri Lanka.

Despite the potential for SDOs to diversify income streams through government grants and procurement, these opportunities are underutilized. Governments must improve the accessibility and transparency of available grants and procurement opportunities for SDOs to leverage them more effectively.

The post-pandemic era poses uncertainty to the funding landscape in Asia. While nearly half (46%) of the surveyed SDOs reported an increase in income over the last financial year, more than a third (35%) noted a decrease in the number of donors. These contrasting trends give rise to uncertainties as SDOs navigate funding challenges and opportunities following Covid-19.

Proportion of SDO funding 2024 vs 2022



Uncertainty in Asia's funding landscape

* Income includes donations, grants, sales revenue, membership fees, interest and investment income.

CHAPTER 3

FUNDING—RESOURCES FOR DOING GOOD

The work of an SDO and its reach are undeniably determined by the availability of resources. Financial support comes from various sources: individuals, foundations, corporations and governments. The availability of funding is also a critical indicator of the health of an economy's social sector. In this chapter, we delve deeper into the different funding sources available to Asian SDOs, exploring changes and trends in the regional funding landscape.

From our survey, it is clear that, after significant changes in 2022, the funding landscape for SDOs in Asia in 2024 has remained almost the same over the last two years. The share of different funding sources—domestic, foreign and government—has remained largely unchanged, as has the percentage of SDOs receiving each type of funding.

Our data also highlights the importance of funding, with 75% of SDOs saying it is their biggest need in the next 12 months. Yet the ability of organizations to secure funding differs: while many organizations saw an increase in income (46%), almost a third (32%) experienced a decrease. At the same time, 59% of SDOs report an increase in expenditure—mostly due to increased operational costs. These contrasting trends place additional strain on cash-strapped SDOs and give rise to uncertainties as they navigate funding opportunities.

FUNDING SOURCES

Domestic funding

- **Funding from local foundations or local individuals, including crowdfunding:** This does not include funding from local corporate foundations; they are part of corporate funding below.
- **Corporate funding:** Funding from corporate foundations or corporate entities (local and foreign), including corporate social responsibility (CSR), corporate sponsorship and in-kind donations.
- **Income from sales:** Income earned through the sales of products or services.

Foreign funding

- **Foreign funding:** Funding from foreign foundations (such as the Ford Foundation or Bill and Melinda Gates Foundation), bilateral or multilateral agencies (such as the US Agency for International Development [USAID], Australian Agency for International Development [AusAID] or United Nations), or foreign individuals.

Government funding

- **Government grants:** Grants given to SDOs by the government.
- **Government procurement:** Income earned from providing goods or services commissioned by the government.

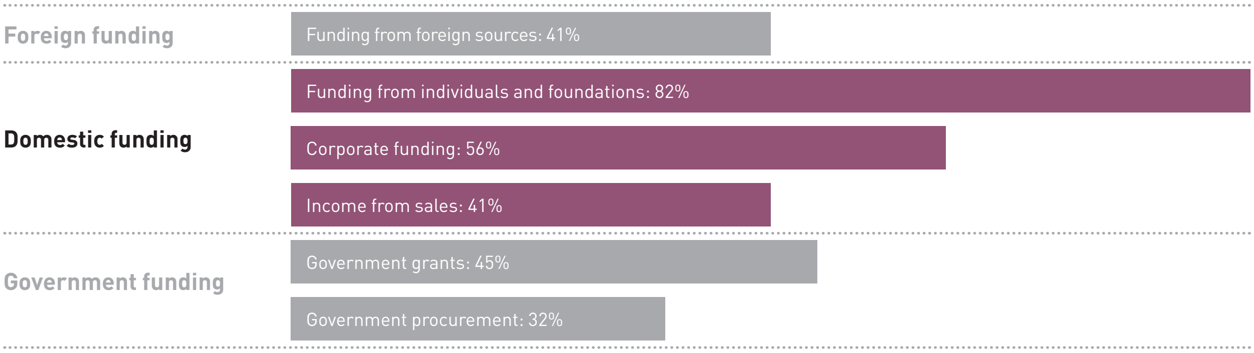
Domestic funding

Funding from individuals and foundations

Funding from individuals and foundations continues to be the main income source for SDOs, accounting for the largest proportion of their budgets. In our survey, 82% of SDOs reported receiving such funding, steadily rising from 77% in 2022 and 73% in 2020. The prevalence of SDOs receiving domestic funding varies widely across economies, ranging from 44% in Cambodia to 97% in Thailand, and ranks highest among the six sources of funding examined in the *Doing Good Index.*

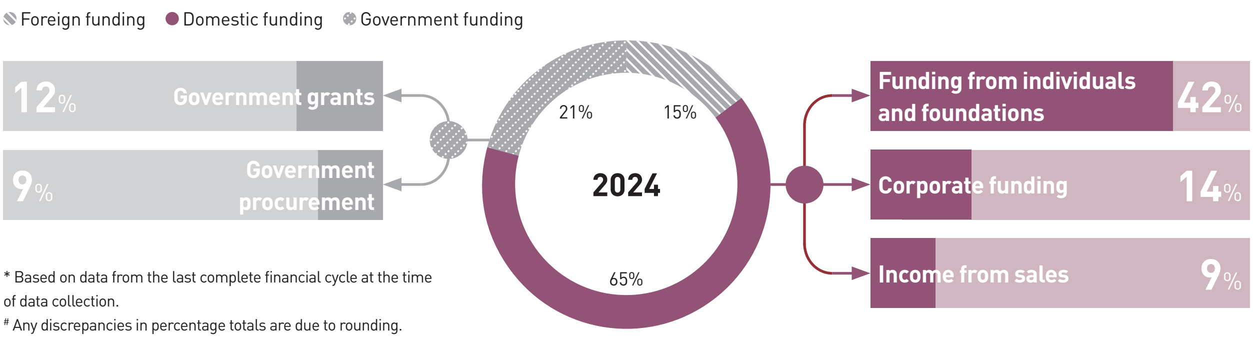
Not only is funding from individuals and foundations the most prevalent but it also represents the biggest share of an SDO's budget. On average, it amounts to 42% of an organization's budget, nearly three times that of foreign funding (15%). It stands as the main source of income in 11 of 17 economies, particularly in Hong Kong (57%), Chinese Taipei (56%), Japan (49%) and Pakistan (49%). More than a quarter (27%) of SDOs indicated that between 91% and 100% of their income came from domestic funding in the last financial year.

Prevelance of domestic funding*



* % of SDOs receiving each type of funding.

Domestic funding as a proportion of an SDO's budget*#



* Based on data from the last complete financial cycle at the time of data collection.
# Any discrepancies in percentage totals are due to rounding.

However, in most economies, SDOs perceive the overall level of domestic funding to be low. The three economies where this is *not* the case are Hong Kong, Chinese Taipei and Thailand. Across Asia, 72% of SDOs said domestic funding is low, down slightly from 76% in 2022. Similar to 2022, SDOs feel that the main reasons for the low level of domestic giving are donors facing resource constraints (44%) and their preference to give directly to beneficiaries (42%).

Economy-wide giving days to catalyze giving are not yet widespread across Asia. Only seven economies have implemented such events. 70% of SDOs believe that hosting these giving events can boost donations, pointing to an opportunity to introduce similar initiatives in more economies.

There is room for greater leverage of digital technology for fundraising. Only 29% of Asian SDOs reported using third-party online fundraising platforms, with the highest levels of adoption in Singapore (55%) and China (49%). Online fundraising encompasses various methods of collecting donations through digital channels, including crowdfunding. Approximately two-thirds (64%) of SDOs stated that they plan to employ crowdfunding in the future, up from 59% in 2022. Only 27% of SDOs are currently raising funds through crowdfunding, similar to 2022.

A lack of digital infrastructure and capabilities among SDOs and regulatory constraints may help explain SDOs' limited participation in online fundraising. As discussed in Chapter 2, Asian SDOs face challenges accessing a reliable and fast internet connection. Almost one-third (31%) of SDOs also find their current level of access to computers insufficient and face internal capacity constraints. Not having the digital tools and technical expertise can render online fundraising unfeasible for SDOs. Meanwhile, as pointed out by experts, online fundraising in eight economies (similar to other types of domestic fundraising) requires following stringent regulations and dealing with licensing requirements and procedures. All this can result in more costly transactions for online fundraising, further discouraging SDOs from pursuing it.

CROWDFUNDING IN ASIA

Crowdfunding is the use of communication technology or online platforms to raise funds, primarily through small contributions from a large pool of individuals. It has evolved into a versatile tool for various purposes such as initiating projects, supporting social causes and aiding individuals in need. The four main types of crowdfunding are outlined below.[30,31]

- **Donation-based crowdfunding**: Commonly leveraged by nonprofits, this model involves the contribution of funds toward charitable causes without any expectation of financial or material return.
- **Reward-based crowdfunding:** In this model, donors receive nonfinancial rewards, usually products or services, in exchange for their contributions.
- **Equity crowdfunding**: With this form of crowdfunding, individuals invest in a business in return for ownership or equity. It is used most often by startups and small businesses with high growth potential.
- **Debt crowdfunding**: This model, also known as peer-to-peer lending, is when individuals provide money to a company with the understanding that the principal will be repaid with interest.

Occasionally, hybrid models combining elements of more than one crowdfunding type are used. In the context of the *Doing Good Index*, our focus is on donation-based crowdfunding.

Crowdfunding is growing in Asia, and many organizations are leveraging digital platforms to raise funds. SDOs report launching campaigns through social media sites (Facebook, Instagram, etc.), regional crowdfunding platforms (Give2Asia, Give.Asia, etc.), as well as local platforms. Several homegrown platforms have emerged in recent years, such as Giving Hub in Malaysia, giving.sg in Singapore, and dodoker in Chinese Taipei. In China, the number of approved crowdfunding platforms has increased to 29, up from 20 in 2020, collectively facilitating millions of dollars in donations annually. Notably, Tencent's public welfare platform, one of China's most prominent crowdfunding platforms, has experienced sizeable growth with a sevenfold surge in total donations since 2016, reaching ¥5.6 billion (approximately US$789 million) in 2022.[32,vii]

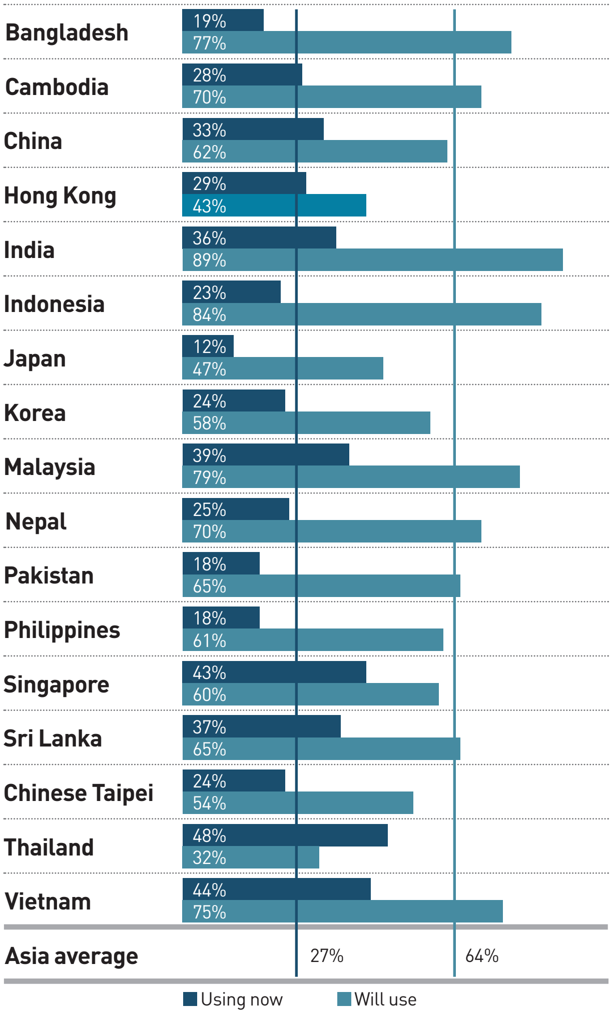
Despite these trends, the uptake of crowdfunding by the social sector in Asia has not been as strong as expected. Since 2020, the percentage of SDOs in our survey who crowdfund has stayed roughly the same at about 25%. By contrast, the percentage of those who *intend* to crowdfund in the future has incrementally increased over the years—from 57% in 2020 to 64% in 2024. Even with Covid-19 forcing almost all activities online, crowdfunding trends did not accelerate as expected. In 2022, 68% of SDOs reported that their use of technology in day-to-day operations had increased due to the pandemic, but the trickle-down effect on crowdfunding appeared minimal, as 43% of SDOs were still not engaged in online fundraising at all.

Overall, interest among SDOs in crowdfunding is growing, but actual implementation lags. For many SDOs, the lack of adequate digital infrastructure seems to be a significant barrier (as discussed in Chapter 2). Excessive or poorly designed regulatory frameworks can also play a part in hindering SDOs' utilization of crowdfunding. Government policy guidelines on digital transactions can help improve the transparency and accountability of crowdfunding initiatives and safeguard against potential risks such as fraud. Thoughtful regulations can help build societal trust in crowdfunding as a fundraising tool.

However, as with all regulations, too many can become a barrier. In Hong Kong, the Financial Services and Treasury Bureau put forward a proposal in 2022 to regulate crowdfunding. Among several other requirements, the proposal stipulates that each crowdfunding drive must be approved by a newly established Crowdfunding Affairs Office, with applications vetted on strict criteria, including potential harm to national security.[33] This has sparked concerns among civil society groups and SDOs about the undue administrative burden the new regulations would create and the potential legal liability should organizations fail to comply.[34]

[vii] The exchange rate used for this report is ¥7.09 for one United States Dollar.

Crowdfunding: now and in the future



Corporate funding

The enormous potential of corporate support to the social sector is yet to be realized. In the *Doing Good Index 2024*, over half (56%) of SDOs reported receiving corporate funding, marking a continual increase from 54% in 2022 and 48% in 2020.[viii] Economies such as Thailand (91%), the Philippines (79%), and Malaysia (78%) show significantly higher levels of SDOs benefiting from corporate funding. Despite this growing prevalence, the average proportion of corporate funding relative to an SDO's budget has remained at 14% since 2022, down from 20% in 2020. In 13 economies, this share has yet to rebound to the level in 2020, which might suggest both SDOs and companies need more time to adjust to the "new normal" after two years of the pandemic. With Covid-19 restrictions lifted across Asia, corporate fundraising events are resuming, and previous pandemic-related corporate social responsibility (CSR) funding is now redirected to social programs and operations. Nonetheless, uncertainty remains as corporates increasingly opt to establish their own foundations and give directly to beneficiaries—a shift toward the internalization of corporate giving.

Companies have an opportunity to step up and strengthen support for the social sector by going beyond financial means to include infrastructure support and knowledge transfer. 20% of SDOs surveyed anticipate relying most on corporate funding over the next two years, maintaining the same level as in 2022. Nonfinancial assistance from corporates is also valuable to SDOs, with about a third (29%) expressing that companies can best support them by donating products (computers, software, etc.), while a quarter (24%) would most like corporates to provide technical expertise such accounting, legal or IT support.

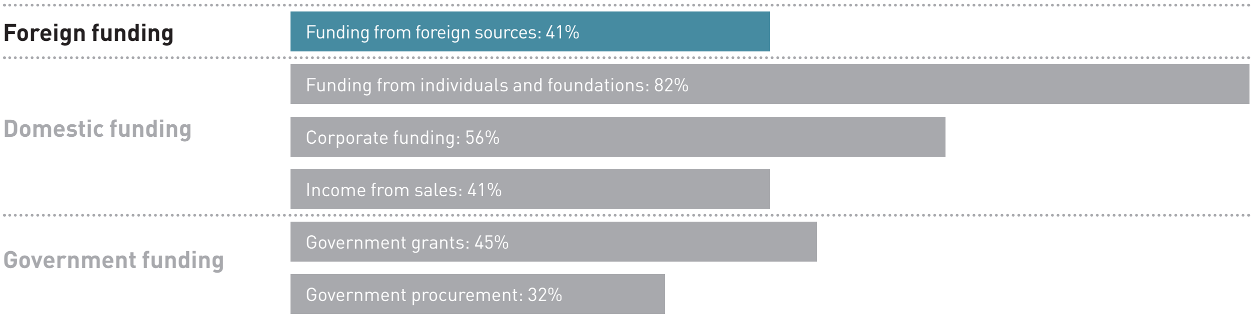
Income from sales

Generating income streams through sales of products and services has gained traction in just a few economies. Across Asia as a whole, 41% of SDOs surveyed receive income from sales, unchanged from 2022. In Singapore and Malaysia—economies with thriving social enterprise sectors—the figure exceeds 60%.[ix] For social enterprises, the sales of products or services form a foundational aspect of the business model, and the revenue generated allows them to fund their social or environmental missions.

The types of organizations surveyed for the *Doing Good Index* include nonprofit organizations and for-profit and nonprofit social enterprises that follow business principles to meet a social or environmental need. For the latter category, generating an income stream for selling a product or service is often integral to their business plan. In line with previous iterations of the *Index*, **social enterprises continue to garner interest among donors in Asia.** In 2024, 85% of SDOs said donors are showing more interest in social enterprises, compared to 82% in 2022 and 85% in 2020. The region is also seeing a rise

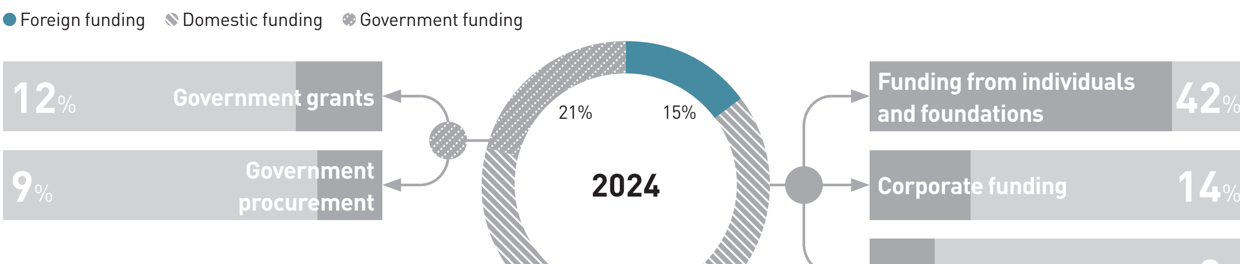
[viii] Corporate funding refers to funding from corporate foundations or corporation entities (both local and foreign), including CSR fundraising, corporate sponsorship and in-kind donations.
[ix] The exact percentages are Singapore 68% and Malaysia 66%.

Prevelance of foreign funding*



* % of SDOs receiving each type of funding.

Foreign funding as a proportion of an SDO's budget*#



* Based on data from the last complete financial cycle at the time of data collection.
# Any discrepancies in percentage totals are due to rounding.

in the number of social enterprises, with 46% of survey respondents reporting a significant increase in social enterprises in their economy in the last two years.

Driven by continuous funding pressure, many nonprofits are incorporating revenue-generating streams to become more financially sustainable. Of those SDOs that do not generate revenue through sales, 36% intend to do so in the future. Income from sales, however, represents the smallest proportion (9%) of income for surveyed SDOs (9%), and of those receiving income from sales, a quarter reported a decline over the last financial year.

Foreign funding

Following a significant decline in 2022, foreign funding appears to have plateaued in 2024. In the 2024 *Index*, 41% of SDOs reported receiving funding from abroad, compared to 39% in 2022 and 45% in 2020.

Foreign funding remains an important source of financing for SDOs in developing economies. While the majority of SDOs in most of the more developed economies in Asia receive virtually no foreign funding, those in middle-income economies continue to rely heavily on overseas support. In Bangladesh, Cambodia, Indonesia, Nepal, Sri Lanka and Vietnam, all middle-income economies, foreign funding still comprises the largest share of an SDO's budget.[x] Perhaps unsurprisingly, both experts and a majority of SDOs in these six economies consider foreign capital to be the most critical for their organizations in the next two years.

Foreign funding has decreased in seven of the 17 economies. Most of these are middle-income economies with higher reliance on overseas funding, placing additional pressure on these organizations. Only SDOs in Indonesia, Malaysia and Sri Lanka have reported an increase in the proportion of foreign funding in their budget, with those in the latter experiencing an almost twofold rise from

[x] The exact percentages are Cambodia 75%, Nepal 59%, Sri Lanka 51%, Indonesia 48%, Vietnam 46% and Bangladesh 41%.

26% in 2022 to 51% in 2024. This surge can be attributable to foreign donors, including those from the Sri Lankan diaspora, filling the void left by a sharp decline in domestic funding amid the economic crisis of mid-2022.

Seven economies restrict the inflow of foreign funding: Bangladesh, China, India, Indonesia, Nepal, Pakistan and Vietnam. These restrictions make it increasingly difficult for SDOs to secure foreign funding. It is, therefore, no surprise that a significant percentage of SDOs in Bangladesh (64%) and Pakistan (47%) perceive that the best way that government can support them in the next 12 months is by making it easier to receive foreign aid. Restrictions on the inflow of foreign funds can be direct (government permissions, clearances, etc.) or indirect (bank monitoring of foreign transactions, etc.). Chapter 4 outlines the time and cost implications of both forms of restrictions.

Government funding

Grants

Most governments of the 17 economies offer grants to support the social sector. The only exception is Cambodia. Similar to 2022, 45% of surveyed SDOs receive government grants. This proportion is the highest in Singapore (83%) and lowest in Sri Lanka (16%).

However, reliance on government funding is relatively low. On average, it makes up 12% as a proportion of an SDO's budget. In seven economies, this is less than 10% (Cambodia, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka, Vietnam). Singapore stands out at 30%, which can be attributed to the government's central role in fostering the social sector.

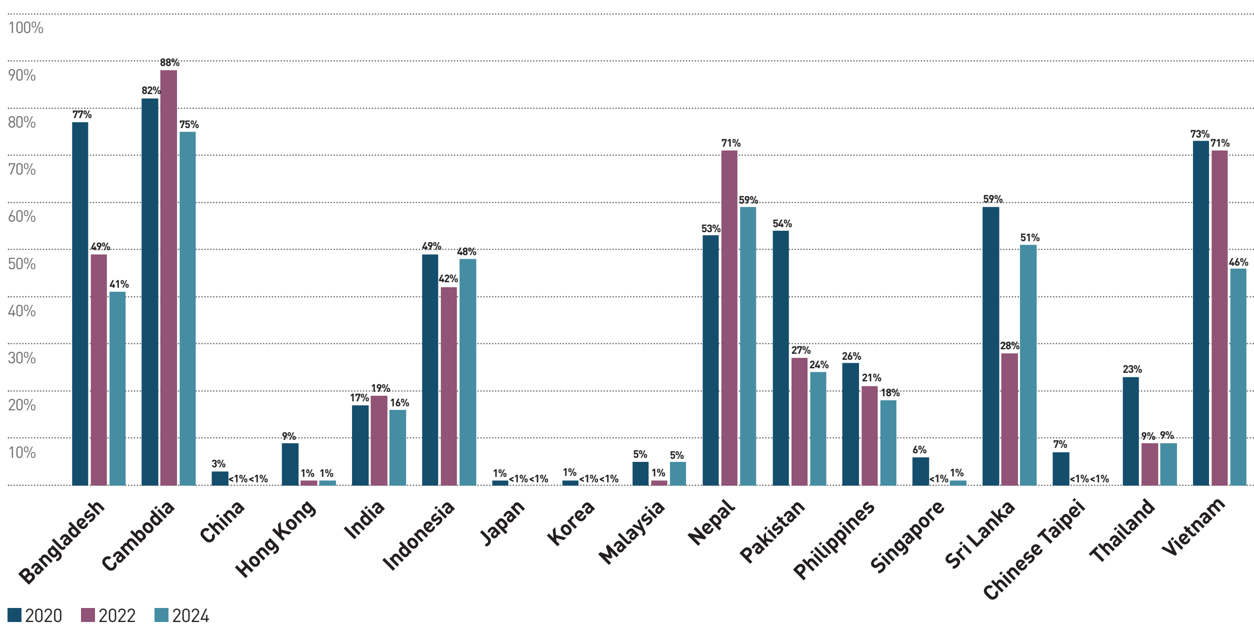
Government grants can be direct or indirect. Direct grants are provided to an SDO by a government entity or intermediary organization. An indirect grant is public funding an SDO receives through a third party, for example, via a national lottery. Direct grants are available for SDOs in 16 out of 17 economies, but only nine economies offer indirect grants. Chinese Taipei is an example of the latter, with the Ministry of Finance channeling profits from the public welfare lottery to fund social initiatives. Likewise, Singapore's Tote Board makes grants to charities from the proceeds of gambling.

Despite the availability of government grants across Asia, accessing them is a challenge. 71% of SDOs find obtaining information about and applying for them difficult, a 5% rise from 2022. Singapore is the only economy where over half (53%) of SDOs deem the application process easy.

Procurement

The prevalence of government procurement from SDOs is on the rise. About a third (32%) of SDOs reported receiving income by providing social services

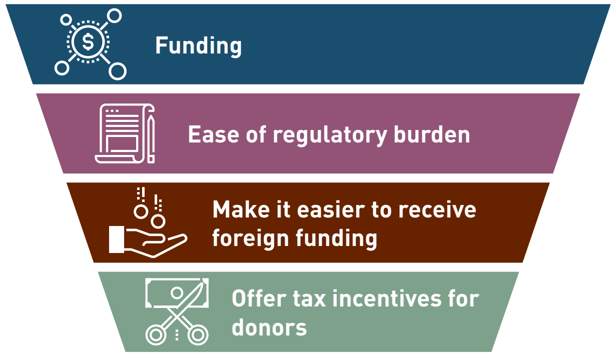
Foreign funding as a proportion of an SDO's budget



commissioned by the government, a small but consistent increase from 30% in 2022 and 26% in 2020. China, Korea, and Japan are on the upper end of the spectrum, with 73%, 58%, and 49% of SDOs engaging in government procurement contracts, respectively.

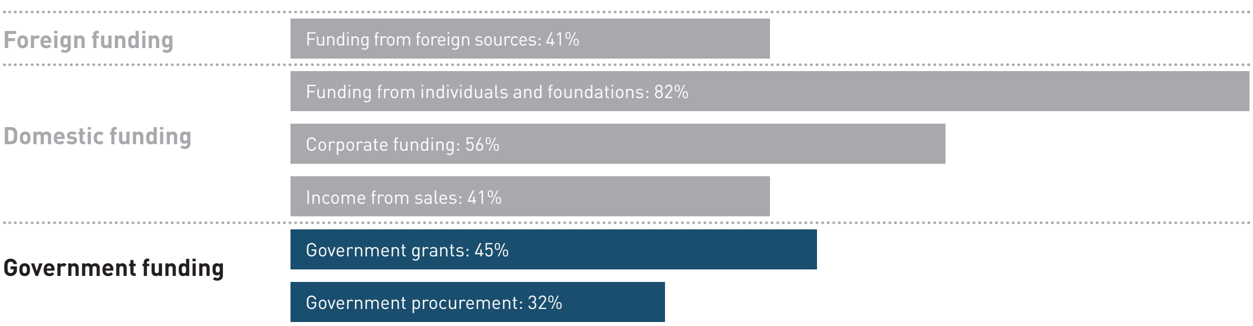
Reliance on income from procurement contracts as a share of an SDO's budget varies by economy. Similar to 2022, funding from government procurement makes up 9%, by proportion, of an SDO's funding sources. In nine economies, the proportion of procurement funding is less than or equal to 2% of total income. China is a notable exception, with government procurement contributing 32% of the average SDO's income. Almost one-quarter (24%) of SDOs in China generate over 90% of their income from government procurement. Additionally, 78% of Chinese SDOs believe the government can best support them through procuring their products and services. As discussed in previous iterations of the *Doing Good Index,* the high reliance on government procurement in China can be attributed to conscious efforts by the government to work with the social sector to deliver vital community services.[35]

What kind of government support do SDOs seek?



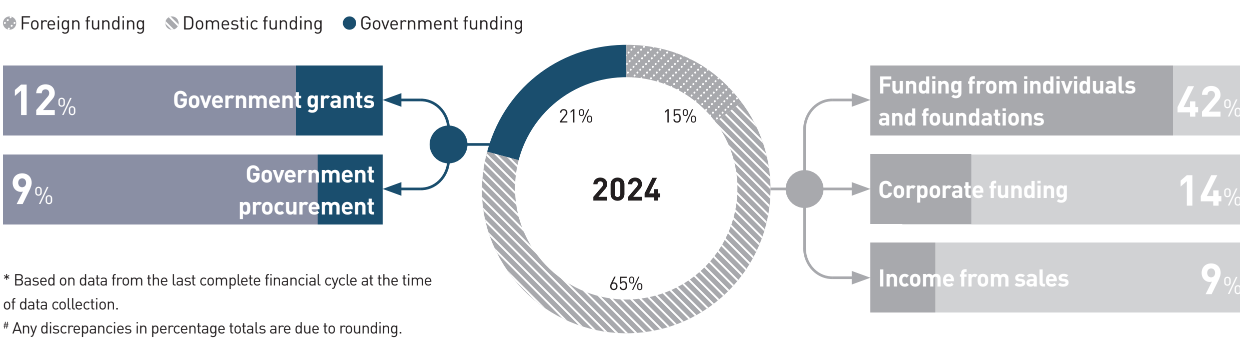
The procurement process remains a challenge. 67% of SDOs surveyed said it is difficult to access information on and apply for procurement opportunities, a slight 3% increase from 2022. Concerns also revolve around the ease of winning government contracts and the transparency of such decisions (discussed further in Chapter 7).

Prevalance of government funding*



* % of SDOs receiving each type of funding.

Government funding as a proportion of an SDO's budget*#



* Based on data from the last complete financial cycle at the time of data collection.

Any discrepancies in percentage totals are due to rounding.

CHAPTER 4

REGULATIONS AT A GLANCE

The Regulations sub-index evaluates laws and policies relating to philanthropic activity to gauge how easy it is to give and receive social investment.

Key findings

Asia has seen few major changes in social sector regulations in the last two years. Movements on the Regulations sub-index are due to relatively small regulatory changes but to different ends. While some economies have implemented measures to improve transparency and accountability and/or ease the regulatory burden for the social sector, other economies continue to show wariness of the sector by increasing regulatory oversight and control.

The ease of setting up a social delivery organization (SDO) varies across Asia. Registration requires between one and eight clearances and can take from nine days to more than a year.

Cross-border flows of funds continue to be scrutinized in some economies. Seven out of 17 economies restrict the inflow of foreign funding, with the time required for necessary clearances ranging from 45 days to 730 days. Ten economies have a degree of scrutiny or oversight on sending donations abroad.

Domestic fundraising restrictions vary across the region. Four economies do not restrict domestic fundraising. The other 13 economies either require SDOs to seek permission for certain types of domestic fundraising or impose limits on the amount that can be raised without permission.

Laws relating to the social sector are publicly available in all 17 economies, but the complexity of regulations and inconsistency of enforcement pose challenges to SDOs. 55% of surveyed SDOs find the laws difficult to understand, and more than a third believe regulations are not enforced regularly.

Reporting requirements that encourage accountability and transparency in the social sector are mandated in most economies, but not all are made available to the public. At least one reporting measure is mandated in all 17 economies, but mandatory reporting is not enough to build trust if the information is not publicly accessible or available.

Governments engage with SDOs in policy consultations but often without adequate sector representation. 73% of SDOs report being involved with policy discussions. While increased engagement between government and SDOs is a positive development, 27% of SDOs say they are never consulted, highlighting the importance of ensuring the process is inclusive and gives voice to the diverse range of actors and interests.

Japan, Malaysia and Sri Lanka are the top performers on this sub-index. In all three economies, laws are clear, and the regulatory burden is low. It is relatively easy and quick to obtain legal charitable status. Clearances are not required to receive foreign funding, and SDOs can raise domestic funds freely without restrictions.

Bangladesh, Pakistan and Vietnam sit at the bottom of this sub-index. The regulatory processes in these economies place a heavy administrative burden on SDOs. Obtaining legal status as a charity is tedious and time-consuming. Clearances are required to receive foreign funding in all three economies. Permissions are also required for domestic fundraising and sending donations abroad.

Key indicators

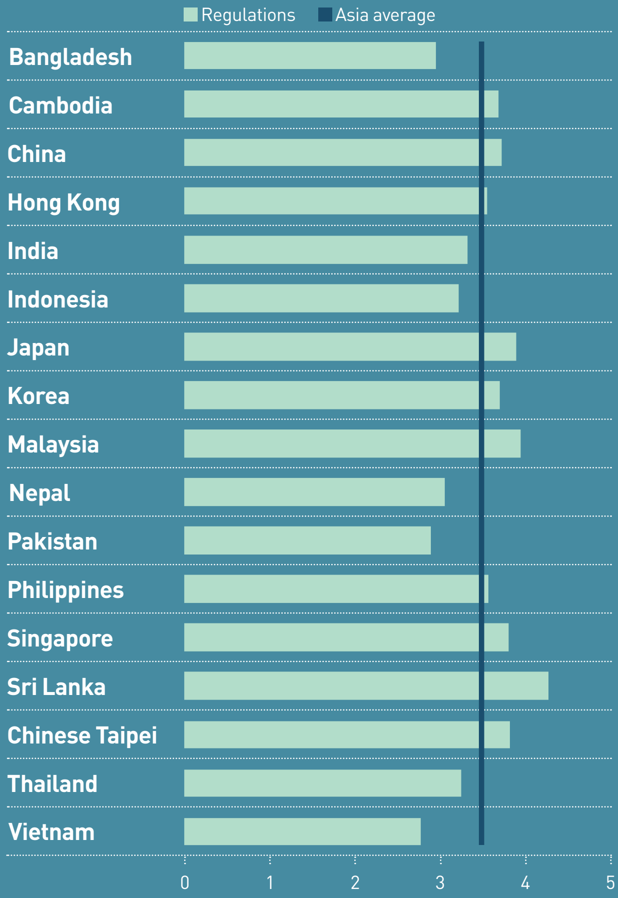
Efficiency
- Number of registration clearances
- Time required to obtain clearances
- Single-window facility

Flow of funds
- Number of foreign funding clearances
- Time required to obtain foreign funding clearances
- Limit on amount of foreign funding
- Inhibitors on flow of funds

Accountability
- Number of reporting requirements
- Legal liability of board members
- Legal liability of senior staffers
- Enforcement of regulations

Communication
- Publicly available laws
- Easily understandable laws
- Involvement in policymaking

Regulations sub-index performance

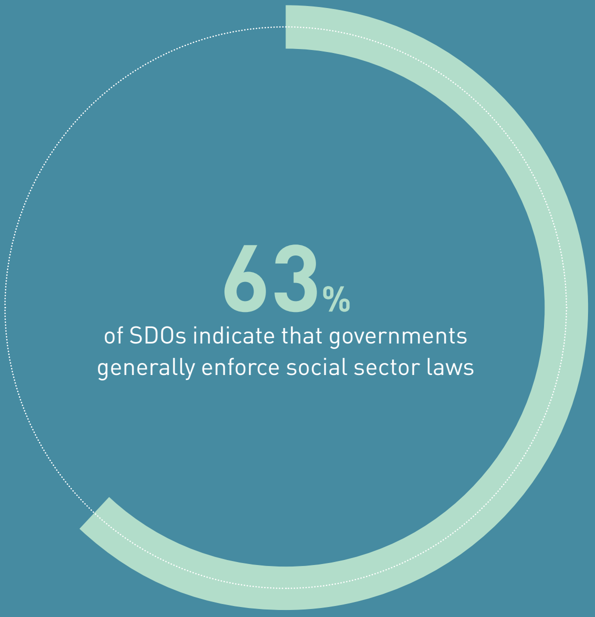


17/17 economies make social sector laws publicly available

13/17 economies require 4 or less clearances to register an SDO

7/17 economies place inhibitors on receiving foreign funding

4/17 economies have no significant restrictions on domestic fundraising



CHAPTER 4

REGULATIONS

EASE OF DOING GOOD

Trust is the cornerstone of the social sector. A healthy social sector is one where the public, governments and donors trust SDOs to deliver social goods and programs effectively. Regulations can build trust by holding SDOs to reporting standards and increasing transparency. And by helping to demonstrate the positive role SDOs play in society, regulations allow for a corresponding increase in the flow of philanthropic capital to the social sector. However, too many regulations can be burdensome and consume extraordinary time and resources. This sub-index captures the balancing act of regulations through four groups of indicators.

- **Efficiency:** Procedures for registering and operating an SDO should be transparent and efficient to create an even playing field and allow easy access for new entrants.
- **Flow of funds:** Supporting the flow of legitimate foreign and domestic funds is essential for critical sources of revenue to reach projects and institutions with the greatest need, regardless of location. While some oversight over sources of funding is required, too much can do more harm than good.
- **Accountability**: Regulations that enshrine accountability and transparency play an important role in building the social sector, which, in turn, can unleash greater private social investment. Enforcement of laws and regulations is also key to ensuring their effectiveness.
- **Communication:** For laws and policies to be effective, they need to be easy to understand and communicated clearly. Another element in the communication puzzle is dialogue and collaboration between the government and SDOs.

In previous years, we saw significant changes in the regulatory frameworks governing the social sector across Asia. Since Covid-19, however, things have stayed largely the same. **While governments are no longer in crisis management mode, there have been few legal reforms and policy changes—barring a few exceptions**. For example, Pakistan has tightened its requirements for SDOs to comply with documentation and reporting. In Vietnam, the government issued a new decree that prevents international SDOs from receiving any domestic funding, among several other changes that have increased regulatory oversight of the social sector.

Two key trends that we observed since the pandemic have persisted throughout Asia. First, measures that encourage accountability, transparency and efficiency continue to be improved. One such example is the transition of many regulatory processes to online platforms. Second, we continue to see increasing restrictions on the flow of foreign funding to SDOs. In some economies, governments do this to limit foreign influence in domestic affairs; in others, foreign funding is restricted to mitigate the risk of money laundering and terrorism funding. Despite these trends, it may still be too soon to say whether they will transpire as long-term systemic change. With several Asian and major world economies preparing for elections in 2024, the social sector is holding its breath.

Efficiency

SDOs are critical actors for delivering social good. Efficient registration processes that are time- and cost-effective can facilitate the entry of new organizations into the sector, helping to fill much-needed service gaps for societal needs.

The ease of setting up an SDO varies between economies. As with previous years, the process is complex and lengthy in some economies and more straightforward in others.

The number of clearances required to establish an SDO ranges from one to eight. Thirteen economies require four or fewer. Three economies—Cambodia, China, and Sri Lanka—require only one. On the other end of the spectrum, Bangladesh requires eight clearances, and Indonesia and the Philippines both require six. However, the number of registration requirements by itself is not a sufficient proxy for ease of registration. Time and costs should also be considered.

Similar to 2022, the average time needed to register an SDO in Asia is about four months, ranging from nine days in Malaysia to over a year in Hong Kong. In the past year, the Hong Kong government has endeavored to address the long process, but our survey was conducted before these changes. Registration costs also vary significantly, with high fees presenting a barrier to entry for some aspiring SDO founders. Registering an SDO is the most expensive in Singapore, while in nine economies, it is close to free.

Having a single-window facility that oversees the social sector can facilitate the efficiency of establishing an SDO, with a reduced administrative burden and streamlined government processes. Policies and reporting requirements are centralized when only one regulatory body oversees the social sector. This can make SDO registration more efficient as organizations do not have to navigate the different documentation and procedures required by various government ministries.

Only four economies have a single-window facility—Bangladesh, China, Nepal and Sri Lanka. In the remaining economies, the number of regulatory bodies overseeing the social sector ranges from three in Hong Kong and Chinese Taipei to as many as 43 in Korea (at local and national level). In many economies, the number of oversight bodies differs depending on the type of SDO or area of work.

Flow of funds

On average, 80% of an average SDO's budget, by proportion, comes from foreign or domestic donors, with the rest coming from government grants and procurement. Regulations that allow organizations to easily raise or receive funds, whether domestically or from abroad, are therefore crucial for the social sector to thrive. When giving and receiving is easy, funds can be allocated to projects more efficiently. The challenge lies in finding the balance between sufficient financial oversight to build trust and accountability while, at the same time, avoiding an unnecessary administrative burden for donors and SDOs.

Domestic fundraising requirements vary across Asia. In most economies, permission is needed for only certain types of fundraising, such as online fundraising or events held in public spaces. However, in Bangladesh and Nepal, SDOs must obtain permission for any type of fundraising activities. In Korea, SDOs can raise funds without permission, but only up to a specified amount.[xi] Only four economies do not restrict domestic fundraising: India, Japan, Malaysia and Sri Lanka. Domestic fundraisers are a major source of funding for SDOs, and placing restrictions on such activities can limit a vital income stream.

Seven economies inhibit the receipt of foreign funding.[xii] SDOs in these economies must obtain government permission or clearances to receive funds from foreign donors. Constraints include prior government approval for receiving international funds, capping the amount SDOs are allowed to receive, and restricting activities for which this funding can be used.

In most economies, only one clearance is required to receive foreign capital, but there are as many as eight in Vietnam and nine in Indonesia. Obtaining the

Inhibitors on funding flows

Economy	Restrictions on receiving foreign funding	Restrictions on sending money abroad*
Bangladesh	✓	✓
Cambodia	X	X
China	✓	✓
Hong Kong	X	X
India	✓	✓
Indonesia	✓	✓
Japan	X	X
Korea	X	X
Malaysia	X	✓
Nepal	✓	✓
Pakistan	✓	✓
Philippines	X	X
Singapore	X	X
Sri Lanka	X	✓
Chinese Taipei	X	X
Thailand	X	✓
Vietnam	✓	✓

* Restrictions include complete prohibition, clearances for sending, and limiting the amount that can be sent overseas.

[xi] The limit is ₩10 million (approximately US$7,400, using the exchange rate ₩1,351 for one US Dollar).

[xii] The economies are Bangladesh, China, India, Indonesia, Nepal, Pakistan and Vietnam.

necessary clearances takes, on average, seven months, but the process can take up to two years in India. In most economies, the administrative burden and the delays in approval pose significant challenges for SDOs.

For example, in Vietnam, SDOs must seek authorization from eight different government agencies, which can take up to a year. Similarly, changes to Pakistan's Foreign Contribution Policy have made it more difficult for SDOs to receive foreign funding. SDOs must first establish a memorandum of understanding (MoU) with the government's Economic Affairs Division. The MoU application requires documentation on all aspects of the funding, which is subsequently sent to different government departments for verification.[36]

In India, SDOs must apply for a Foreign Contribution (Regulation) Act (FCRA) license to receive foreign funding, and approval can take more than two years. The license is valid for only five years and renewing it is also challenging. In the past three years, almost 2,000 nonprofit organizations in India have had their FCRA license canceled or revoked by the Ministry of Home Affairs.[37]

There are different motivations behind restrictions on receiving foreign funding. In some economies, governments have imposed measures to limit funds to SDOs from foreign sources in the name of national security. For some lawmakers, this is a means to counteract money laundering and terrorism funding. Others see it as a way to limit "unwanted foreign influence" in domestic affairs and mitigate potential threats to political stability, as funders can hold sway over the agenda of organizations.

Most economies in Asia place restrictions on sending donations abroad. In Bangladesh, Nepal and Vietnam, sending philanthropic capital over the border is completely prohibited. In China, India, Indonesia, Malaysia, Pakistan, Sri Lanka and Thailand, governments restrict the outflow of funds. While some argue that restrictions on overseas donations are a way to encourage domestic philanthropy, they can also impede cross-border projects with neighboring economies.

Accountability

Trust in SDOs is a prerequisite for funding to flow to the social sector. Donors want to know that their contributions are well spent. Regulations encouraging accountability and transparency can help build trust and increase donor confidence. However, the policymaking challenge lies in improving transparency and accountability through mandatory and public reporting without creating unnecessary administrative burdens.

Mandatory reporting requirements are in place in all 17 economies covered by the *Index*. Reporting requirements and governance rules encourage more transparency and accountability in the social sector. Like in 2022, all economies require registered SDOs to comply with at least one reporting requirement. Articles of incorporation are mandatory in all 17 economies, while annual reports and audited financial accounts are required in 15. Annual reports are optional in India and Pakistan, and the submission of financial accounts is optional in Cambodia and Vietnam.

A noteworthy example of an economy that has stepped up its reporting standards is Sri Lanka. In 2022, SDOs only had to submit their articles of incorporation and annual report. Since then, the National Secretariat

Reporting requirements for SDOs

- **17/17** economies require publishing articles of incorporation
- **16/17** economies require disclosing list of board members
- **15/17** economies require audited financial accounts
- **15/17** economies require publishing annual reports
- **15/17** economies require disclosing amendments to any of the above

Governance requirements for SDOs

- **15/17** economies require SDOs to have a board of directors
- **13/17** economies require maintaining minutes of board meetings
- **12/17** economies require retaining key internal documents
- **7/17** economies require a code of conduct policy
- **6/17** economies require a conflict of interest policy
- **4/17** economies require the formation of an audit committee
- **3/17** economies require whistleblower protection policy
- **1/17** economies require a gift policy

for Non-Governmental Organizations has sought to improve the regulatory oversight of Sri Lankan SDOs as part of a broader initiative to revive the social sector. Now, organizations are also expected to submit audited financial accounts and a list of board members, and to disclose any amendments to previous submissions.

Mandating reporting requirements is not enough—they must also be publicly accessible in order to build trust. Although submission of an SDO's articles of incorporation is mandated in all economies, Bangladesh, Cambodia, India and Vietnam do not require them to be publicly available. Of the 15 economies that require audited financial accounts, three do not make them publicly accessible: India, Nepal, and Pakistan. Cambodia and India do not make any reporting requirements available to the public.

Several other measures that help keep SDOs accountable and increase transparency are implemented widely across the region. Fifteen economies require SDOs to have a board of directors, 13 require board meeting minutes to be maintained, and 12 require key internal documents to be retained. In addition, seven economies require SDOs to have a code of conduct, and six make a conflict of interest policy a requirement. Bangladesh, Nepal and Singapore require a whistleblower protection policy. Bangladesh is the only economy where SDOs are obliged to have a clear gift acceptance policy.[xiii] These requirements can be small but help to demonstrate the accountability standards to which SDOs are held. Many economies still have work to do in this area.

Most SDOs recognize the utility of complying with reporting and governance requirements, but doing so adds a significant administrative burden. More than 65% of surveyed SDOs believe that reporting requirements ensure greater accountability and transparency in the social sector. However, consistent with our previous surveys, almost half also said that current reporting requirements are burdensome, and a quarter believe governments can best support their organization by easing this.

The legal liability of senior management is an important measure to build accountability and trust. Board directors and senior staff are expected to act with a certain standard of care, skill and diligence in executing their responsibilities. Policies that hold them personally accountable act as a strong deterrent for poor decision-making and financial mismanagement. All economies hold either the board of directors or senior staff members legally liable, and 10 economies have designated liability policies for both. Japan, Nepal, Sri Lanka and Chinese Taipei only hold their board of directors legally liable.

Are board and senior staff legally liable for an SDO's actions?

Economy	Board	Senior Staff
Bangladesh	X	✓
Cambodia	X	✓
China	✓	✓
Hong Kong	✓	✓
India	✓	✓
Indonesia	✓	✓
Japan	✓	X
Korea	✓	✓
Malaysia	✓	✓
Nepal	✓	X
Pakistan	✓	✓
Philippines	✓	✓
Singapore	✓	✓
Sri Lanka	✓	X
Chinese Taipei	✓	X
Thailand	✓	✓
Vietnam	X	✓

Effectiveness of laws

Laws that regulate philanthropic activities are an essential component of a strong social sector. However, the effectiveness of these laws depends on how accessible they are, how easy they are to understand, and how they are enforced. Making laws widely known and easily accessible is crucial for people to comply. Clear communication of the laws and channels for SDOs to liaise with the government is also essential for their efficacy. Limited government discretion ensures that laws are applied predictably and impartially.

[xiii] A gift acceptance policy provides guidelines to board members and staff receiving gifts. Having a policy in place helps an SDO manage relationships with donors and reputational risk.

Governments in all 17 economies make nonprofit regulations publicly available and accessible online. But while laws are accessible, more than half of surveyed SDOs (55%) find laws relating to the social sector hard to understand. This is similar to the finding in 2022, indicating little progress in this area. In Cambodia, Japan, Korea and Thailand, over 70% of SDOs report difficulty in understanding laws. On the other hand, SDOs in Indonesia, Singapore and Sri Lanka expressed the least difficulty in understanding them.

Enforcement of laws is also key. Consistent enforcement with limited government discretion helps build trust and accountability. Most surveyed SDOs believe the government generally enforces social sector regulations, but more than a third said laws are never or rarely enforced. Over 80% of SDOs in Korea, Singapore and Chinese Taipei believe there is general enforcement, but less than half of SDOs think this in Indonesia, Malaysia and Thailand. If people perceive that laws are rarely enforced, many regulations will likely not be upheld.

Encouragingly, SDOs continue to engage with government agencies. Social sector engagement takes on many forms: from formal meetings to informal discussions, and at various levels—local, regional and national. For example, key staff or board members of SDOs may be appointed to government advisory committees or expert panels on specific issue areas. Informal policy engagement includes conversations or other communications with government officials and is often more ad hoc. 73% of surveyed SDOs report having been asked by the government to provide input on policies and regulations related to the social sector, a slight increase from the previous *Index*.[xiv] In Cambodia, Indonesia and Sri Lanka, almost 90% of SDOs reported taking part in policy discussions, the latter two seeing a significant increase from 2022. The story is not as positive elsewhere in Asia. More than half of SDOs in Hong Kong and more than a third in Korea, Chinese Taipei and Thailand say they have never been included in policy discussions. According to experts in nine of the 17 economies, only specific SDOs are invited to these consultations, and there is a need for more inclusive engagement.

[xiv] In 2022, the figure was 69%.

ECONOMY SPOTLIGHTS

Some economies have undergone significant regulatory changes in the last two years, with far-reaching implications for the social sector—for better or worse. A deeper dive into these regulatory shifts is crucial for understanding the evolving philanthropic landscape in these economies. We thank our partners in **India**, **Pakistan** and **Sri Lanka** for their contributions to these spotlights.

India: Ongoing regulatory challenges

In the past few years, the Indian government has introduced several regulatory changes that make it increasingly challenging for SDOs to continue their work, and legislative reform continues. With many of the regulatory changes occurring in 2020 and 2021, the full impact and implications of these amendments have become increasingly apparent these past two years.[38]

Regulatory controls on foreign funding

In 2020, the Ministry of Home Affairs overhauled the Foreign Contribution (Regulation) Act (FCRA) 2010. Among the amendments were a complete prohibition on sub-granting, a 20% cap on administration expenses drawn from foreign funds received during the fiscal year, and a requirement that organizations can only receive foreign funds via an account at the main branch of the State Bank of India in New Delhi. Overall, FCRA audits and scrutiny have become more rigorous, making applications to obtain or renew a license more challenging. In the past three years, nearly 2,000 SDOs in India have had their FCRA license canceled or revoked by the ministry.[39]

Onerous compliance requirements

During the Covid-19 pandemic and more recently, the government issued numerous new compliance requirements, including reregistration of tax exemption and tax deduction certificates and detailed reporting under the Income Tax Act.[40] SDOs must file their reports online, often without clear guidelines and on new portals with technical glitches, which creates additional administrative burden and pressure on staff capacity.[41] Failure to comply with these requirements has significant consequences.[42] SDOs may lose their tax exemption status, ability to receive funds or face other administrative blocks that impede them from conducting their day-to-day operations.

Restrictions on sub-granting

Under an amendment brought in by the Finance Act 2023, sub-granting has become more difficult for purely grantmaking foundations.[43]

To qualify for tax exemption, a key condition that SDOs in India must fulfill is to spend at least 85% of their total income every financial year. The remaining 15% of their income can be set aside as unrestricted reserves.

The Finance Act 2023, however, has further tightened restrictions on donations between SDOs, stipulating that only 85% of the donation or grant given to another SDO will count toward the minimum spending required for tax exemption. For instance, if Foundation A has a total income of $1,000,000 and spends $850,000 on giving grants to SDOs, only 85% of this amount (i.e., $722,500) qualifies toward the mandatory minimum spending. Thus, additional spending is needed by Foundation A to meet the tax exemption requirement, which reduces funds available for reserves. While this change is unlikely to affect operating charities that spend most of their income on their own programs and activities, this may prove challenging for organizations whose sole function is to grant money to other SDOs.

Pakistan: Endurance through political instability

The last two years have been difficult for Pakistan. During the pandemic recovery, it was hit by political turmoil, an economic crisis and catastrophic floods. While Pakistan has a relatively strong social sector, regulations pertaining to the sector are a mixed bag. It is difficult for SDOs to register as charities and even more so to receive foreign funding. Under the previous government, however, there was increased recognition of the importance of the social sector, resulting in a concerted effort to improve accountability and transparency via reporting.

Bureaucratic registration processes

Since the 18th Amendment to the Constitution of Pakistan in 2010, there have been substantial changes to the legal framework relating to the social sector. Following the passage of various provincial charities registration acts in 2018 and 2019, SDOs have to register with the charity commission of the province in which they operate. If an SDO works nationwide, which many do, they must register with all five charity commissions, creating a lot of extra work for new organizations.

In addition to the five provincial governments, SDOs are also legally required to register with the federal government through the Economic Affairs Division (EAD) of the Ministry of Finance or the Ministry of Interior—particularly if receiving foreign funding.[44]

Regulatory oversight of foreign funding

Overall, it has become more difficult for SDOs in Pakistan to receive foreign funding. Given the context of the political unrest in the last two years, the government has increased scrutiny of international funds coming in. The government revised and tightened its foreign contributions policy in order to monitor who is receiving foreign funding, from whom, and why. Before an SDO receives any foreign contributions (including money, services and goods), it must enter into a memorandum of understanding (MOU) with the EAD.[45] To do this, the SDO needs to submit an array of documents to the EAD, which then forwards them to various government departments for assessment. The increased application requirements, including detailed documentation, have become a potential deterrent for donors to send money to Pakistan.

Increased stringency of reporting requirements

Of late, the government has made concerted efforts to improve the accountability and transparency of the social sector funding procedures. Previously, there was a lack of consistent governance documentation among SDOs due to poor enforcement. But in the past two years, some government bodies have become more proactive in streamlining reporting requirements. For example, the Federal Board of Revenue launched a nationwide database of SDOs in Pakistan, a major initiative to increase the transparency of the sector.

While the intention to improve transparency by tightening regulations is commendable, it also increases the administrative burden on SDOs, putting pressure on their operating capacity. Keeping up with the increased stringency of reporting requirements is particularly challenging for Pakistan's smaller and medium-sized organizations, as they do not benefit from the economies of scale enjoyed by larger SDOs.

Trepidation under a new administration

In the last two years, Pakistan has experienced multiple crises: political instability surrounding former Prime Minister Imran Khan, economic turmoil with record-high inflation and a crippling debt crisis, and devasting floods in 2022.

Elections in February 2024 have resulted in the formation of a coalition government. Amid the uncertainty that comes with a change in government, there is a sense of trepidation about how social sector regulations may continue to develop under a new administration. In this turbulent landscape, Pakistan's social sector is more crucial than ever. However, given the tight economic conditions and fragile political climate, the newly elected government is not in a strong position to fund or support it.

Sri Lanka: Uncertainties linger amid signs of economic recovery

Sri Lanka's social sector is highly sensitive to political and economic developments and has been in high flux these last two years. The economic crisis, which is showing tentative signs of stabilizing, caused severe budgetary restraints but heightened the importance of the sector to serve vulnerable communities. The regulatory environment remains mixed, with some improvements in policy implementation to increase SDO engagement with the government while other more restrictive measures continue.

New regulatory leadership but trust deficit remains
The social sector in Sri Lanka has not witnessed any significant legislative changes in the last two years. However, with new leadership at the National Secretariat for Non-Governmental Organizations since 2022, efforts have been made to improve the implementation of existing rules and regulations. For example, the secretariat has been stricter about nongovernmental organizations (NGOs) adhering to mandatory reporting requirements such as submitting annual reports and audited accounts. However, it has relaxed the requirements for grassroots organizations to register and established regular forums to improve SDO engagement with the government.

Between 2019 and 2023, the NGO secretariat was moved under the auspices of several different ministries. During President Gotabaya Rajapaksa's administration, the secretariat was placed under the defense ministry, and SDOs faced high scrutiny. After some criticism, the secretariat was briefly moved under the purview of the Ministry of Foreign Affairs to placate the international community and demonstrate its positive engagement with civil society organizations. Following a change in administration last year, the secretariat is currently under the Ministry of Public Security, which suggests the lack of government trust in the social sector continues.

Surge in crisis-induced foreign funding
The Covid-19 pandemic and the economic crisis in Sri Lanka led to an increase in the number of people in poverty from 4 million in 2019 to 7 million in 2023, approximately 31% of the total population.[46] Due to severe fiscal constraints, the government had great difficulty providing welfare services. Left to fill the gap, SDOs experienced a spike in demand for their services. However, with limited domestic resources, SDOs relied heavily on foreign funding. Although classified as a middle-income economy, Sri Lanka saw a surge in bilateral and multilateral humanitarian aid because of the crisis. Moreover, fundraising drives by the Sri Lankan diaspora during this time helped to fuel the rise in foreign funding. In response, as well as to encourage more diaspora philanthropy and foreign humanitarian assistance to aid economic recovery, the government lifted several restrictions on SDOs receiving foreign funding.

CHAPTER 5

TAX AND FISCAL POLICY AT A GLANCE

The Tax and Fiscal Policy sub-index looks at fiscal incentives for donors and recipients in the social sector.

Key findings

Tax incentives are a direct means by which governments can support the flow of capital to the social sector. All 17 economies covered by the *Index* offer tax incentives for philanthropic donations by corporates, and all but one offer the same for donations by individuals. Fifteen economies offer tax-exempt status for nonprofits.

Rates of tax incentives vary significantly, from 0% to 250%. Twelve economies offer tax incentives at a rate of 100% or higher for charitable donations from individuals, while 14 offer the same for donations by corporates. Singapore continues to outperform other economies, with both individual and corporate donations attracting a 250% tax deduction.

Most economies limit tax incentives, reducing their potential. Tax deductions are generally restricted to a proportion of income or profits, between 2% to 35%. Four economies (Bangladesh, India, Japan and Korea) place a double disincentive on giving by coupling low limits with low tax deduction rates. Some economies also restrict deductions to SDOs working in specific sectors, which can see SDOs working in crucial areas excluded from offering tax-deductible donations.

While tax incentives are widely perceived as crucial for encouraging giving, there is confusion and a lack of awareness of available incentives, which dampens their effect. Only 57% of respondents are aware that such incentives exist in their economy, indicating a knowledge gap.

Businesses in six economies are mandated to engage in corporate social responsibility (CSR), and two economies (India and Nepal) require companies to spend a certain amount of their profits on CSR activities. Ten economies mandate environmental, social and governance (ESG) reporting for listed companies.

Japan, Singapore and Chinese Taipei continue to perform strongly on this sub-index thanks to favorable tax policies for donors and SDOs. All three have tax-exempt status for SDOs, and governments do not place a penalty on operating surplus and do not limit tax incentives to SDOs in certain sectors only. In addition, governments in these economies support the social sector through direct and indirect grants.

As in 2022, Bangladesh, Cambodia and Sri Lanka are lagging. Bangladesh and Sri Lanka restrict tax incentives for donations to certain sectors, while Cambodia offers no incentives for individual donations. Bangladesh continues to have low tax incentives for both individuals and corporates, limiting donations to just 20% of income or profits.

Key indicators

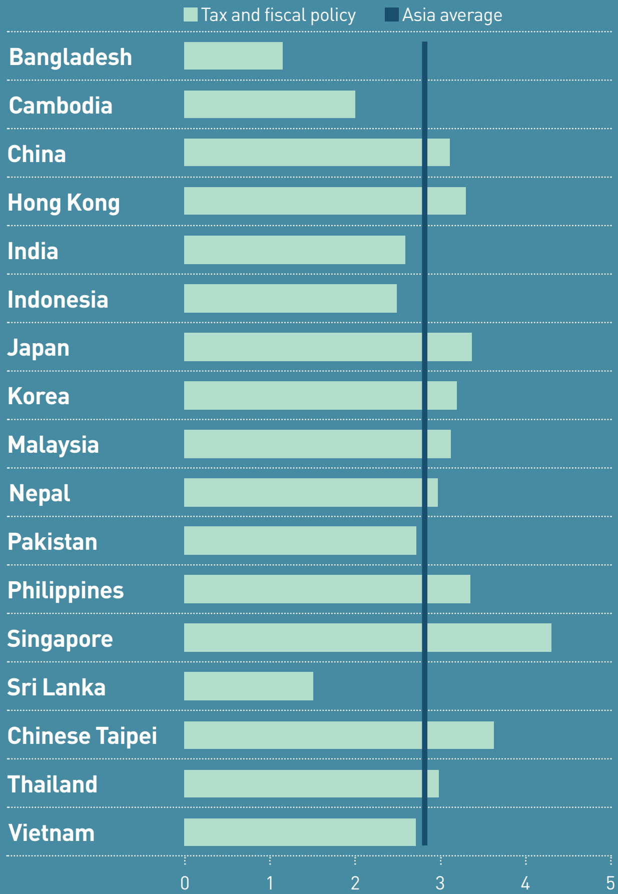
Incentives for donors

- Rate of individual and corporate tax incentives
- Limits on tax incentives
- Ease of claiming tax incentives
- Tax incentives for bequests
- Mandated corporate giving

Incentives for recipients

- Tax exemption for SDOs
- Availability of government grants
- Penalty on operating surplus

Tax and fiscal policy sub-index performance



16/17 economies offer tax incentives to individuals for charitable donations

17/17 economies offer tax incentives to corporates for charitable donations

4/17 economies offer tax incentives for giving upon death, and only 6/17 have inheritance tax to begin with

15/17 economies grant tax exempt status to SDOs

4/17 economies penalize SDOs for maintaining an operating surplus

99% of SDOs say that tax deductions are important for corporate donors

96% of SDOs say that tax deductions are important for individual donors

58% of SDOs have tax-exempt status

CHAPTER 5

TAX AND FISCAL POLICY—

INCENTIVES FOR DOING GOOD

Tax policies can boost funding to the social sector through tax incentives for donors and tax breaks for SDOs. Such policies also signal clear support by the government for the social sector, which can spur increased giving. In Asia, a region where government signals truly matter, a favorable fiscal policy creates a cumulative positive knock-on effect. The indicators in this sub-index are grouped into:

- **Tax incentives for donors** that encourage giving, including advantages for making charitable bequests and mandated corporate giving.
- **Tax incentives for recipients**, including tax exemption for SDOs. This section also considers fiscal policy, including the availability of government grants.

Findings from this year's survey point to relatively few changes to the tax and fiscal policies in the last two years, with only minor changes in performance on the Tax and Fiscal Policy sub-index between 2022 and 2024. This sub-index is the clearest indication of government directionality, as tax incentives require the forfeiting of government income for social benefit. Economies performing well on this sub-index have policies that encourage and incentivize philanthropic giving. Economies with a weaker performance have yet to maximize the potential advantages of tax and fiscal policies—they may make it difficult for SDOs to apply for tax-exempt status or do not provide strong incentives for individual and corporate giving to the social sector. In many economies in our study, governments are sending mixed messages through their tax and fiscal policies.

WHAT ARE TAX INCENTIVES?

Tax incentives are means by which governments can incentivize giving. They can help close the gap between the dollar value and social value (the "warm glow" donors feel when they give). If a $1 donation only gives the donor $0.75 of social value, they are unlikely to donate. However, if the government can provide a tax incentive worth $0.25, this can make up the shortfall, making it more likely for the donation to occur.[47]

Across Asia, different economies use various mechanisms to lower the donor's tax, including tax deductions, credits and rebates.

A **tax deduction** allows the donor to lower their income (or profit) tax burden. A 50% rate of tax deductions means that for every $1 donated to charity, the donor's taxable income is reduced by $0.50.

A **tax credit** is the amount taxpayers can subtract directly from taxes owed. Unlike a tax deduction, tax credits reduce the *actual* amount of tax owed. A tax credit valued at $1 lowers your tax bill by a corresponding $1.

A **tax rebate** is a refund that taxpayers receive if their tax liability is lower than what they already paid in tax. For example, if you initially paid $10,000 in tax, and the government calculates that your actual tax liability is only $6,000, you will receive a tax rebate/refund of $4,000.

A **limit on income eligible for tax incentives** places a ceiling on the income on which deductions or credits can apply. A 50% limit means the tax incentive only applies to up to 50% of income. Even if a donor were to donate all their income, they could only claim tax deductions or credits on half.

Tax incentives for charitable donations^

	For individuals		For corporations	
Economy	**Rate**	**Limit***	**Rate**	**Limit***
Bangladesh	15%	20%	10%	20%
Cambodia	-	-	100%	5%
China	100%	30%	100%	12%
Hong Kong	100%	35%	100%	35%
India	50%	10%	50%	10%
Indonesia	100%	5%	100%	5%
Japan	#	25%	(Capital x 0.25% + Income x 2.5%) / 4	
Korea	15%	30%	100%	10%
Malaysia	100%	10%	100%	10%
Nepal	100%	5%	100%	5%
Pakistan	100%	30%	100%	20%
Philippines	100%	10%	100%	5%
Singapore	250%	100%	250%	100%
Sri Lanka	100%	33%	100%	20%
Chinese Taipei	100%	20%	100%	10%
Thailand	100%	10%	100%	2%
Vietnam	100%	100%	100%	100%

^ Eligibility of incentives depends on the nature of the recipient organization as prescribed by each economy.
* Depending on the economy, the limit may act as a percentage of taxable income, tax payable or of the amount donated.
# (Amount of donation - 2,000 yen) x 40%

Incentives for donors

All economies offer tax incentives to encourage donations. All 17 economies provide tax incentives for corporate donations, and 16 offer them for individual giving. Cambodia is the only economy without tax incentives for individual donors. Tax concessions take the form of deductions, credits or rebates (see box).[xv] Most economies offer donors tax deductions, while Pakistan and Korea have a tax credit system, and Bangladesh has a tax rebate system. In Japan, individual donors can choose between a tax deduction or a credit, but corporate donors can only benefit from a tax deduction.

Tax incentives are important as they are a direct means through which governments can increase philanthropic activity. They not only offer a financial incentive to donors but also signal government support for charitable giving and, thus, the social sector more broadly. This is especially important in Asia, where corporate and individual philanthropists in the region indicate a preference to work cooperatively with the government to meet social and environmental needs.[48]

Tax incentives are widely perceived as important for encouraging giving. 96% of SDOs surveyed believe tax incentives are important for individuals, while

[xv] Bangladesh has a tax rebate system; however, it operates in the same way as a credit system, compared to what is commonly understood as a rebate system. For ease, we refer to Bangladesh's system as a tax credit system.

99% said the same for corporates. 42% of SDOs said more incentives for companies and individuals to give is the regulatory change they would most like to see implemented; this is understandable, given that such donations make up more than half (56%) of an average Asian SDO's budget.[xvi]

However, there is widespread confusion and a lack of awareness of tax incentives available, dampening their effect. Our survey found that only 57% of SDOs are aware that tax incentives exist in their economy, indicating a knowledge gap. Incentives only work if they are understood and made use of. In well-functioning tax systems, SDOs are more aware of policies that benefit them, such as those offering tax-exemption status and tax-deductible donations. Lack of awareness suggests an inadequate tax regime. What's more, 40% of SDOs said donors find it hard to claim tax incentives in their economy. To support the flow of funds to the social sector, governments can streamline tax laws and make information more accessible.

Most of the 17 Asian economies provide tax incentives at a rate of 100% or higher. Out of these, 15 economies offer incentives for corporate donations, while 12 offer them for individual donations. Singapore continues to offer an unparalleled 250% rate for both individual and corporate donations, with no limit. What's more, deductions exceeding income can be carried forward for up to five years.[49]

SPOTLIGHT: TAX INCENTIVES IN INDIA

In 2020, the Indian government introduced a new tax regime for personal income tax, whereby individuals have the option of a reduced rate provided they forgo tax deductions on their taxable income, including contributions to charities that offer tax deductions as an incentive to donors. Based on the government's expectation that up to two-thirds of taxpayers will opt for the lower tax rate, there are concerns this will discourage individuals from donating to nonprofit organizations.[50]

Most economies place some restrictions on tax incentives. Fifteen economies limit the income/profit eligible for tax deduction, ranging from 2% on corporate donations in Thailand to 35% on both corporate and individual donations in Hong Kong. Singapore and Vietnam are the only economies that do not impose a limit, allowing 100% of individual income and corporate profit to be tax-deductible.

Japan and Korea place a double disincentive on individual giving by coupling low rates of deduction and limits on income eligible for deduction; in Bangladesh and India, this applies to individual *and* corporate giving.

In some economies, tax incentives for donations are limited to SDOs operating in certain sectors. This is the case for individual and corporate giving in four economies: Bangladesh, Indonesia, Sri Lanka and Vietnam. Sri Lanka limits giving to specified charitable organizations only. In Singapore, tax concessions are only offered for donations to approved institutions benefiting the local community. However, in a bid to attract more family offices to the city, the Singapore government proposed a new tax incentive scheme for qualifying donors with Singapore-based family offices to also receive a tax deduction for overseas donations (capped at 40% of the donor's statutory income).[51]

Why do governments limit tax incentives for charitable donations? There are two possible reasons for capping tax incentives: to reduce the revenue loss for the government, which is particularly important in lower- to middle-income economies, and to prevent shifting the tax burden to other taxpayers.[52] Moreover, critics argue that uncapped concessions provide a way for the wealthy to avoid paying income tax. Placing a limit on the sectors for which the tax incentives are available offers a tool for governments to drive funds toward sectors they see as priority areas.[53] While there is merit to all these arguments, limiting tax incentives for giving also limits the potential incentivizing benefit and can marginalize causes, newer SDOs and certain sections of society.[54] There is no one-size-fits-all solution but, when designing tax incentives for philanthropic giving, governments should carefully consider the policy trade-offs of maximizing social welfare, limiting fiscal costs and managing the distributional impact of the incentives.

[xvi] On average, 42% of an SDO's budget comes from domestic giving (individuals) and 14% from corporate giving.

SPOTLIGHT: HOMETOWN TAX SCHEMES IN JAPAN AND KOREA

Japan's hometown tax payment scheme (*furusato nōzei*) allows taxpayers to donate a portion of their taxes owed to a municipal government of their choice. In return, these local governments send gifts (often local products such as fruits and crafts) to thank donors. This scheme was first introduced in 2008 and exploded in popularity after the tax credit deductible increased to 20% of the amount of local income tax.[55]

The main benefit of the scheme is supposedly its ability to boost funds for rural and less wealthy local governments. Municipal tax income depends significantly on local commercial activities, and Japan's economic downturn since the 1990s has put fiscal pressure on local governments. In addition, rural areas have been hit hard by the economic impacts of Japan's aging population and young people leaving the countryside for major cities.

Yet, critics say the hometown tax payment scheme is an inefficient use of tax and has created competition among municipalities for donations, with some localities offering more luxurious gifts such as fresh produce and tourism vouchers to increase the number of donors.[56] Recognizing this, in 2019 the Japanese government amended the policy so that gifts offered must be locally produced and not cost more than 30% of the donation. Municipalities failing to abide can lose their eligibility for the scheme.

Despite the controversies over Japan's scheme, Korea launched its own version of the program at the start of 2023. **Korea's Hometown Love Donation Scheme** allows taxpayers to donate to a local government other than where they currently live.[57] These donations are tax-deductible, and donors also receive gifts in return for their donations.

Only donations up to ₩100,000 (approximately US$74) are tax-deductible. Furthermore, gifts in return for donations are limited to goods and services that have been produced locally.[58]

Like Japan, Korea is also experiencing a significant shrinkage of rural areas due to similar social and demographic trends. In 2021, the government identified 89 local municipalities with a high chance of vanishing within the coming decades. The Hometown Love Donation Scheme is one of several initiatives the government hopes will help at-risk municipalities prevent or slow this decline.

Incentives for legacy giving

Tax incentives for charitable bequests are not common in Asia. A bequest is monies or other assets given after death, usually noted in a person's will. Of the six economies surveyed that have a death, estate or inheritance tax, four offer incentives for making charitable bequests (Japan, Korea, the Philippines and Chinese Taipei). The Philippines, for example, has a 6% estate tax, however, bequests to social welfare, charitable and cultural organizations are exempt.[59,xvii]

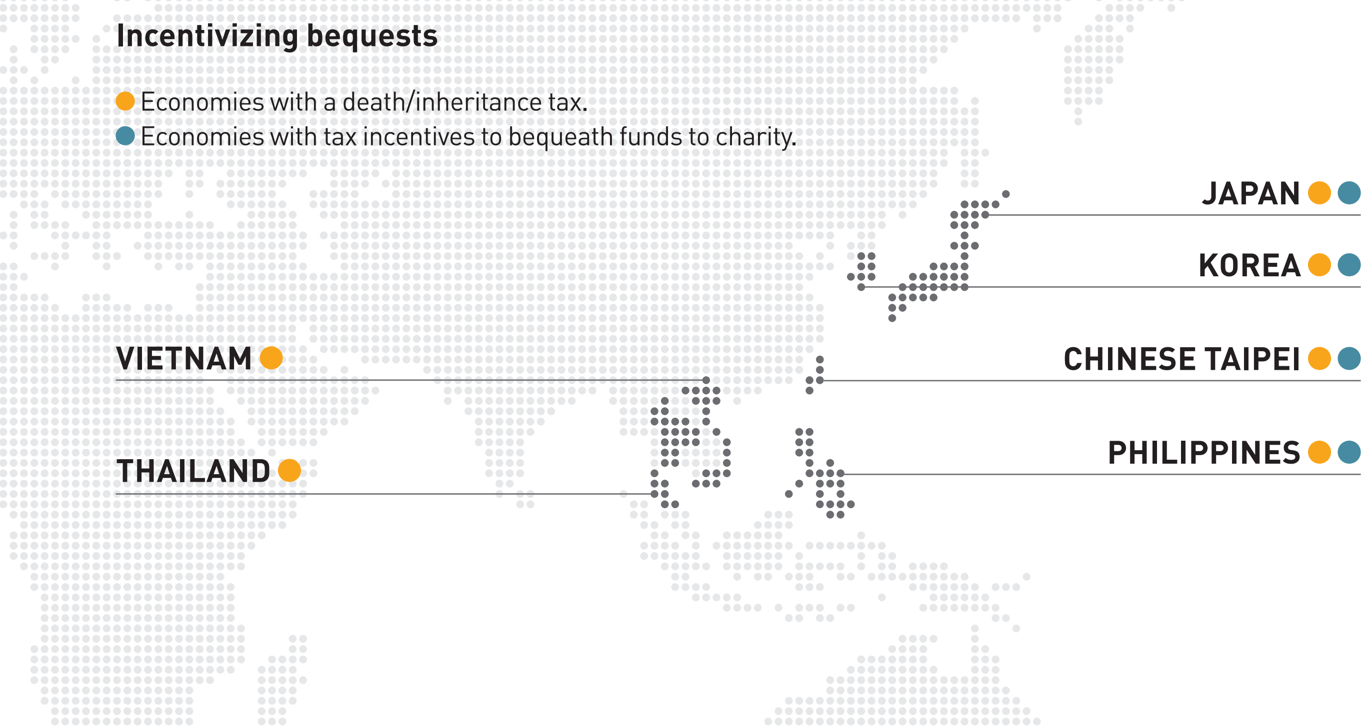
Charitable bequests have been enormously successful in economies such as the United States, totaling US$45.60 billion in 2022, or 9% of total philanthropic gifts made in the US that year.[60] For Asia to follow suit, there needs to be policies encouraging charitable bequests, which could aid the flow of private social investment to where it is needed.

Tax incentives for SDOs

Concessionary income tax treatment for SDOs is another tool available to governments to help channel resources to societal needs. Tax-exempt status for SDOs is also an important signal of trust and recognition of their social contribution, setting them apart from companies that exist primarily to turn a profit.

Fifteen out of 17 economies grant tax exemption to registered nonprofits. Yet only 58% of the SDOs we surveyed said they have tax-exempt status, pointing to a discrepancy between policy and implementation. In Indonesia, the percentage of SDOs with tax-exempt

[xvii] The exemption applies provided that no more than 30% of the donation is used by the institution for administrative purposes. Source: Bureau of Internal Revenue. Tax Code: National Internal Revenue Code of 1997. Retrieved November 30, 2023, from https://www.bir.gov.ph/index.php/tax-code.html#title3



status is as low as 25%, while in five economies (Hong Kong, India, the Philippines, Chinese Taipei and Thailand), the figure is over 80%.

The situation is slightly more nuanced in Bangladesh and Sri Lanka. In Bangladesh, SDOs are, in theory, tax-exempt, provided they apply their whole income to charitable purposes. In practice, this is difficult to achieve, as experts noted that many SDOs put their money into products such as national savings certificates and fixed deposits to protect their finances from unforeseen events. Income from these products is taxed accordingly. In Sri Lanka, SDOs do not have tax-exempt status but are taxed at a lower rate (14% versus 24% for corporate organizations).[61]

In most economies, SDOs need to renew their tax-exempt status periodically. Only three economies (Hong Kong, Indonesia and Chinese Taipei) grant this in perpetuity. While granting permanent tax exemption reduces the administration burden incurred, especially for smaller and lean organizations, periodic renewal can help ensure accountability.

TAX-EXEMPT STATUS VS. TAX-DEDUCTIBLE DONATIONS

In some economies, registering as a nonprofit or charitable organization automatically grants it tax-exempt status, which is the case in Indonesia, Japan and Korea. For other economies, the SDO must make a separate application for tax exemption.

Being a tax-exempt organization does not always mean that donor's gifts are tax-deductible. Most economies (apart from India and Chinese Taipei) require organizations to complete additional paperwork for this. Once the application is approved, donors can receive a tax deduction, credit or rebate on their gift.

Some SDO registration systems combine the process for tax-exempt status and tax-deductible donations. For example, in Hong Kong, both processes come under Section 88 of the Inland Revenue Ordinance. As long as the organization has the necessary paperwork, organizations under the section are exempt both from tax *and* able to offer donors tax-deductibility for donations.[62]

Other government policies

Beyond tax incentives for philanthropic giving and tax exemption for SDOs, governments have various other tools at their disposal to help drive funding to the social sector.

Government grants

As discussed in Chapter 3, government grants can be an important source of income for SDOs. **Governments in all economies except Cambodia make grants available to SDOs.** Experts in these economies consider grants a significant source of funding for the social sector. This is particularly true in Singapore, where 83% of SDOs receive government grants. Across Asia, almost half (45%) of SDOs receive government grants, a figure that has not increased since 2022. However, such grants represent a relatively small proportion (on average 12%) of an SDO's budget.

For government grants to be an effective source of support for the social sector, SDOs need to be aware that they exist and know how to go about obtaining them. As in 2022, this remains an issue for the SDOs surveyed: 71% said it is difficult to access information about government grants and apply for them.

In nine economies, governments also provide indirect grants to SDOs via mechanisms such as a national lottery. For example, proceeds from the *takarakuji* (lottery) in Japan are used to fund projects in areas such as social welfare.

Do governments give grants to SDOs?

Economy	Direct grants	Indirect grants
Bangladesh	✓	X
Cambodia	X	X
China	✓	✓
Hong Kong	✓	✓
India	✓	X
Indonesia	✓	X
Japan	✓	✓
Korea	✓	✓
Malaysia	✓	✓
Nepal	✓	X
Pakistan	✓	X
Philippines	✓	✓
Singapore	✓	✓
Sri Lanka	✓	X
Chinese Taipei	✓	✓
Thailand	✓	✓
Vietnam	✓	X

Mandated corporate social responsibility

Mandated corporate social responsibility (CSR) is another way through which governments can drive support and funding to the social sector. **Six out of the 17 economies in this study mandate companies to engage in CSR** (China, India, Indonesia, Korea, Nepal and Chinese Taipei). **India and Nepal go one step further than other economies by having mandated levels of CSR giving.** India was one of the first economies in the world to enshrine corporate giving into law, stipulating that businesses that make more than a certain amount must contribute 2% of their profit toward activities that benefit the community and/or the environment.[63] These companies must also set up a CSR committee to oversee progress on CSR-related activities.[64] Similarly, Nepalese companies above a certain size must contribute 1% of their net profits to CSR.[xviii,65]

Even in economies where CSR is not mandated, domestic and foreign businesses are often encouraged to contribute on a voluntary basis to the social sector. Ten economies have specific corporate governance requirements for CSR activities, helping to build transparency in corporate giving.[xix] For example, in Indonesia, the Ministry of Energy and Mineral Resources requires companies in the resources sector to develop action plans for CSR and to report their progress.[66]

However, according to experts polled for the *Index*, **fewer than half of all companies engage in CSR in 14 economies, and the figure is estimated to be less than a quarter in 10 economies**. This is unsurprising given that small and medium-sized enterprises (SMEs) account for an estimated 97% of all businesses in the Asia-Pacific region and employ more than half of the workforce.[67] Such businesses may be unable to donate profits to social causes or engage in other forms of CSR such as undertaking pro-bono work for charitable causes.

[xviii] In India, CSR giving is mandatory for companies with a net worth of over ₹500 crore, turnover of more than ₹1,000 crore, or net profit of more than ₹5 crore during the financial year. In Nepal, mandated CSR applies to all medium- and large- scale industries, as well as small-scale industries with an annual turnover of over ₹150 million.

[xix] These economies are Bangladesh, China, Chinese Taipei, Hong Kong, India, Indonesia, Malaysia, Nepal, Pakistan and Singapore.

THE ROLE OF BUSINESS IN ADDRESSING ENVIRONMENTAL CHALLENGES IN ASIA

In a world increasingly impacted by climate change and environmental challenges, companies in Asia are recognizing the urgency to act—not only to support their communities but also to minimize risk to their business activities.

Governments across Asia are implementing regulations and policies to address the climate crisis, which has implications for businesses. Environmental, social, and governance (ESG) reporting for listed companies is required in ten economies, with Korea expected to phase this in from 2025. CSR activities are mandatory for businesses in six economies. With several Asian governments introducing green taxes and green initiatives, companies are obliged and encouraged to incorporate sustainability in their business strategies and operations.

In our 2023 study, *Building Back Greener: Addressing Climate Change in Asia*, we identified the pragmatism with which companies in the region approach environmental challenges. We find that Asian businesses often take a practical approach by improving sustainability in the communities where they operate. While there are many examples of philanthropists playing a leading role in addressing climate change, most climate mitigation and adaptation efforts take place within companies.

Our report also supports the idea that Asian businesses tend to follow government cues closely, often partnering with local, regional and national government agencies to address environmental concerns. In interviews with businesses in the region, there was consensus that the government should take the lead, with the private sector playing a supporting or complementary role.

You can read the full *Building Back Greener* report at www.caps.org.

Penalizing operating surplus

In four economies—Cambodia, India, Korea and Pakistan—the government penalizes an operating surplus, imposing a fine on nonprofit organizations for holding funds over a certain amount at the end of the financial year. In India, for example, an SDO must spend at least 85% of its total income every financial year as one of the conditions to qualify for tax exemption. The remaining 15% can be set aside as unrestricted reserves and accumulated for up to five years, but it must be spent on the SDO's own programs and activities and cannot be sub-granted to another SDO. If the SDO fails to utilize the accumulated income even after the five-year deadline, the amount would be liable to tax.

While it might seem reasonable to mandate nonprofits to ensure all their income goes toward social and environmental causes, these penalties can also disincentivize prudent financial management. A surplus could be helpful for SDOs to pay down debts accrued, invest in resources and capacity, or save to help cover a future deficit or unforeseen expenses. One need only look back at the Covid-19 pandemic to understand the importance of a financial cushion for exogenous events that cannot be forecasted.

The idea of saving for a rainy day is put into practice by endowment-building. Having endowments that provide a regular income allows SDOs to create a financial safety net for themselves and plan their future.[xx] Endowment-building by SDOs is recognized as worthwhile by most governments in Asia: with Chinese Taipei lifting restrictions since our last survey, Korea is the only economy that places a limit on endowment-building.

[xx] An endowment is a gift of money or property intended to provide a reliable income stream for the recipient, either a person, institution or charity. Most endowments are structured to keep the principal amount or gift intact while only the income generated from investing is used.

CHAPTER 6

ECOSYSTEM AT A GLANCE

The Ecosystem sub-index looks at societal and institutional engagement with and support for the social sector. It tells us how much the notion of philanthropy and other forms of private social investment is embraced by various stakeholders.

Key findings

Social sectors across Asia enjoy a broadly supportive environment. Similar to previous years, surveyed SDOs continue to feel generally trusted by society, with over half seeing more interest in the social sector from the general public.

There is a general sense of optimism within the social sector, with more than 50% of SDOs saying they feel positive about the future in 12 of the 17 economies.

Doing good is widely recognized in Asia. Most economies have awards for philanthropy, and all have economy-wide volunteering schemes. Seven economies have national giving days to encourage charitable giving.

Attracting talent to the social sector remains difficult in almost all economies. Of the surveyed SDOs, 73% find it challenging to recruit staff, and 69% find it hard to retain them. There is a need for more capacity-building support from donors, better working conditions and public recognition of the sector, especially among younger generations.

Social sector collaborations are widespread. Overall, 84% of SDOs collaborate with other SDOs. They join forces to deliver services, improve SDO capacity and advocate for common causes. Over half of the SDOs collaborate with local governments, corporations or foundations.

Corporate engagement is growing. In addition to a steady increase in the number of SDOs receiving corporate funding, a higher percentage of SDOs now hosts corporate volunteers, increasing from 53% in 2022 to 63% in 2024. Companies also provide in-kind products, pro bono support and partner with SDOs to raise awareness about social issues.

Cambodia, China and the Philippines are the top performers on the Ecosystem sub-index. Active societal and corporate engagement help drive the performance of these economies.

Malaysia, Thailand and Japan flank the bottom of this sub-index. Common to these economies are difficulties recruiting staff, low levels of trust and limited institutional recognition of doing good. All three economies experienced major social sector scandals and have low levels of capacity-building support among donors.

Key indicators

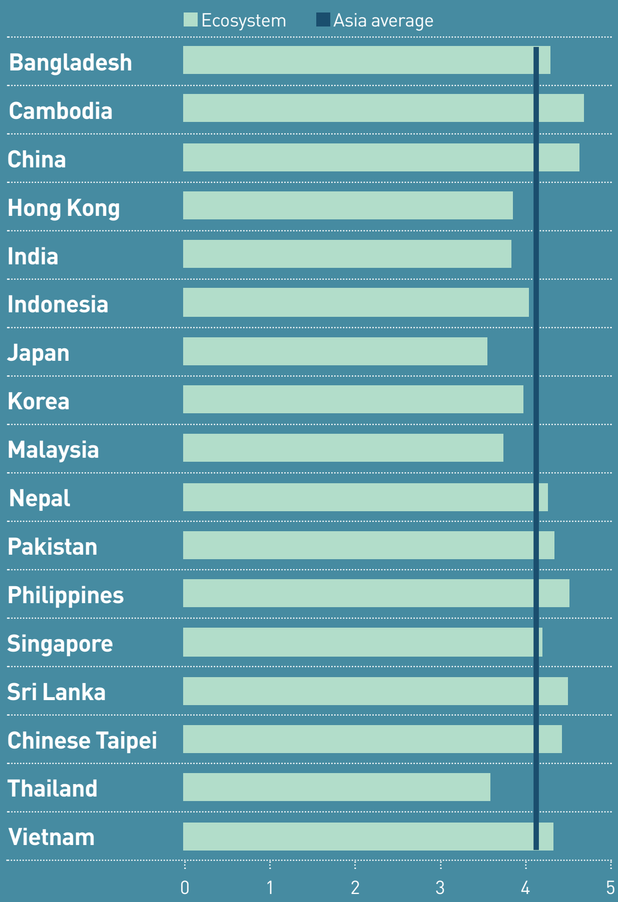
Public perception
- Level of trust in SDOs
- Public scandals
- Level of individual giving

Talent infrastructure
- Recruitment of staff and volunteers
- Support for capacity-building
- University courses on nonprofits and/or philanthropy
- Compensation gap

Good governance
- Prevalence of boards and their composition
- Corporate representation on boards
- Government representation on boards

Institutional recognition
- Awards for philanthropy, SDOs and CSR
- National giving day and volunteering programs

Ecosystem sub-index performance



17/17 economies have nationwide volunteering schemes

15/17 economies have awards for philanthropy

7/17 economies have annual giving events

9/17 economies have had major scandals involving the social sector over the last two years

44% of SDOs believe that SDOs are trusted by society

73% of SDOs find it difficult to recruit staff

85% of SDOs have board members with corporate experience

15% of SDOs get consistent capacity building support from donors

CHAPTER 6

ECOSYSTEM

COMMUNITY FOR DOING GOOD

When it comes to doing good, societal support from stakeholders is crucial. A social sector with engagement from the public, companies, universities and other institutions translates into a vibrant community addressing shared concerns. There is no single indicator to measure a supportive and enabling environment. Instead, the Ecosystem sub-index consists of several loosely connected indicators, with trust being the common thread. Together, they endeavor to measure the degree to which society embraces the notion of civic engagement in addressing shared challenges. Specifically, the sub-index maps the supportive environment for private social investment through the following four groups of indicators.

- **Public perception:** Is doing good valued in society? A social sector that is valued and trusted has more freedom and flexibility to operate.
- **Talent infrastructure:** Human capital is vital to the success of doing good. The ease of recruiting staff and volunteers, perceptions around compensation, and pipelines for future talent are components of this group of indicators.
- **Good governance:** Boards of directors ensure accountability, transparency and professionalism in SDOs, which in turn builds trust. Indicators in this group consider the prevalence of boards of governance and their composition.
- **Institutional recognition:** Recognition of and engagement with the social sector by businesses and governments positively influence public perception and trust. National giving days, volunteer programs, awards and corporate engagement are indicators of institutional recognition.

The findings from the Ecosystem sub-index are generally positive. They show that people and institutions care and want to engage with the social sector. While the Ecosystem sub-index is the only sub-index not driven by policy, government still matters, whether that's government action or inaction. In China, strong government signaling has helped garner public support for the social sector. In Cambodia, on the other hand, society is stepping up in response to the lack of government signaling and action.

Public perception

Public perception of the social sector matters. A trusted sector is more likely to attract funding, staff and volunteers. In turn, this increases the ability of social sector organizations to deliver on their missions. Positive media coverage and engagement help shape public trust. The level of individual giving to SDOs is also an important indicator of public support for the sector.

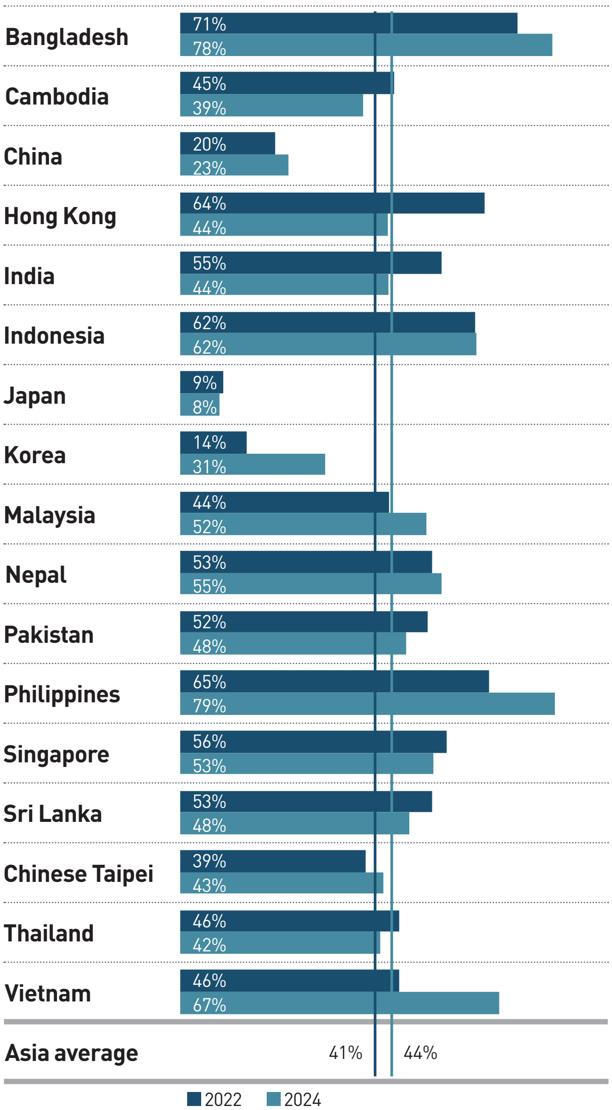
Trust

In Asia, SDOs continue to feel broadly trusted by society. As in previous years, almost all (96%) surveyed SDOs feel at least somewhat trusted by society. 44% of SDOs believe they are fully trusted by society. However, the level of trust differs across economies. Over three-quarters of SDOs in the Philippines (79%) and Bangladesh (78%) feel generally trusted. Yet only 8% of SDOs in Japan and 23% in China report this level of trust.

In this edition of the *Index,* we also asked SDOs to what extent they felt trusted by the governments and corporates. Across Asia, 36% of SDOs feel fully trusted by governments and 40% by corporates. The findings show that in the region, SDOs feel most trusted by society and least by governments. The Philippines stands out with the highest percentage of SDOs feeling trusted by all three, with 84% of SDOs feeling trusted by companies, 79% by society and 65% by the government.

While SDOs feel trusted by the communities in which they operate, we observe a persistent trust deficit among Asian philanthropists.[68] This can be explained by the fact that philanthropists are often a few degrees removed from the work of SDOs operating on the front lines. Fluctuating regulations, lack of transparency and social sector scandals obscure their view and

Do SDOs feel trusted by society?



appreciation of SDOs' work on the ground.

Public scandals involving the social sector tarnish its reputation and erode public trust. Nine out of the 17 economies report public scandals involving the social sector.[xxi] Such scandals often involve the misuse of funds and authority. Scandals impact SDOs' ability to secure new funding. Across Asia, 42% of surveyed SDOs reported a decline in funding due to the impact of public scandals.

When asked about the motivating factors for people or institutions to donate, a majority (62%) of SDOs emphasize the importance of donor trust. Trust is a social lubricant that helps individuals pursue outcomes aligned with social welfare.[69] Different stakeholders can implement various measures to build trust within the social sector. As discussed in Chapter 4, governments can enforce reporting and governance requirements, thus enhancing transparency and accountability. At the sector level, self-regulating mechanisms and certification schemes, established independently or through collaborations with reputable third-party organizations, help ensure the honest functioning of SDOs.

To illustrate, the Pakistan Centre for Philanthropy (PCP) and the Philippines Council of NGO Certification are self-regulating entities that certify nonprofits for eligibility for tax-exempt status in Pakistan and tax-deductible donations in the Philippines. In a different approach, the Taiwan NPO Self-Regulation Alliance has introduced a self-regulation pact and taken it into its own hands to establish a nonprofit organization (NPO) information platform to promote transparency. Furthermore, SDOs can try to increase public participation and dissemination of their work to foster a deeper understanding of the value of the social sector.

Media engagement

Similar to previous years, 71% of surveyed SDOs engage with the media to promote or disseminate their work. Asian SDOs recognize the importance of working with the media to share their work with the public, raise awareness of social causes and help with fundraising efforts. Media engagement is particularly high in Bangladesh, Indonesia and Vietnam, with more than 85% of SDOs working with media. Additionally, survey respondents said media coverage of the social sector is generally favorable, with 92% rating it as positive or neutral, the same as in 2022. The relatively high level of media engagement suggests a general willingness of the media to promote the social sector.

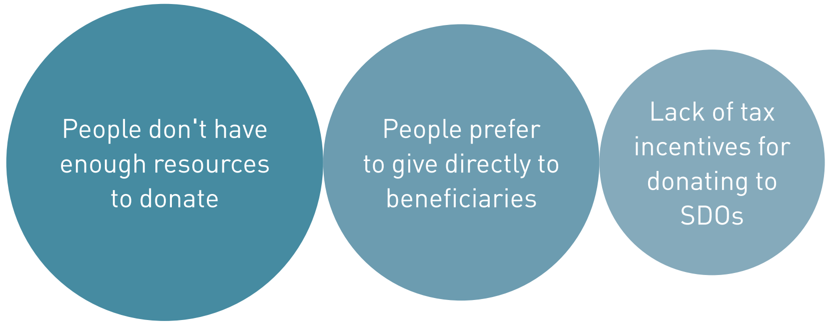
Beyond traditional media, **social media has become an increasingly important tool for SDOs to market stories and manage their image.** 73% of surveyed SDOs consider social media as the primary avenue for their marketing, followed by word-of-mouth (31%) and broadcast media

[xxi] They are Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Singapore, Thailand and Vietnam, as of August 30, 2023.

(20%). 90% of SDOs have social media profiles, with the most used platforms being Facebook (83%), Instagram (41%) and YouTube (37%).

Despite recognizing the importance of media exposure, many organizations lack the necessary resources or skills to do so. 41% of SDOs said they have never received donations to help with their organization's marketing needs. The absence of donor support for communications could limit SDOs' capacity to share their stories with a broader audience and raise public awareness.

Top reasons for low individual giving



Levels of giving

Giving by individuals and foundations to SDOs signals societal support for the social sector. As discussed in Chapter 3, domestic funding from individuals and foundations is the most common form of funding, both in the number of SDOs receiving this type of funding and as a proportion of an SDO's budget. The percentage of SDOs that receive funding from local individuals, families, and foundations has increased from 77% in 2022 to 82% in 2024. This type of funding makes up, by proportion, 42% of an SDO's budget, significantly higher than any other source of income.

Although people give, most SDOs feel they don't give enough. Almost three-quarters of SDOs (72%) feel that the level of giving in their economies is low. Only in Chinese Taipei and Thailand do most SDOs believe giving is not low.

The reasons for low levels of giving differ across economies, but the most cited is that people feel that they don't have enough resources to donate, unsurprising against the backdrop of post-Covid-19 recovery and a turbulent global economic and political landscape. Many Asian economies experienced an economic slowdown in 2023, with lower global growth projected for the third consecutive year.[70] The second most cited reason is that people prefer to give directly to beneficiaries—also not a surprise. Charitable giving, volunteering and caring for those in need are deeply embedded in many Asian cultures, which helps explain why some economies like Indonesia and Myanmar perform so well on the *World Giving Index*.[71] But, given the trust deficit discussed earlier, some people prefer to donate directly to beneficiaries rather than through formal charitable organizations.

Talent infrastructure

People are a critical resource for social sector organizations. The ability to attract and retain quality staff is crucial for an organization to deliver on its mission, which in turn helps raise public awareness and build trust. Moreover, the ease of recruiting staff is a good proxy for the extent to which society values and appreciates the sector's work.

Recruiting staff remains a significant challenge in Asia. Similar to previous years, almost three-quarters (73%) of surveyed SDOs find it difficult to recruit staff, and 69% said it is hard to retain them. Experts in all 17 economies agree that there is a talent shortage in the social sector, with 12 of these economies considering the shortage acute.

Recruitment is hardest for SDOs in Hong Kong, Japan, Korea and Thailand, with more than 90% of SDOs in these economies reporting difficulty recruiting staff. This talent challenge seems more pronounced in high-income economies as lower-paid nonprofit-sector jobs must compete with more lucrative employment in the public and private sectors; however, this also results in more opportunities for individuals considering careers in the nonprofit sector.

A contributing factor to the talent shortage is the persistent perception that nonprofit workers should earn less than their for-profit counterparts. In line with previous years, 69% of SDOs report such a widespread perception. This public view can be detrimental to the ability of SDOs to attract talent. Competitive salaries and bonuses to attract top-performing talent are generally frowned upon when it comes to the nonprofit sector. This perception narrows the recruitment pipeline, penalizes those desiring to pursue a career in the social sector and may even prompt capable staff to leave the sector.

Our survey data shows that the talent challenge is not as pressing in economies that see more foreign funding to the social sector. SDO recruitment is considered easiest in Bangladesh, Nepal, and Pakistan, all economies with higher levels of foreign aid. Moreover, across Asia, staff recruitment is considered significantly more difficult among SDOs that don't receive foreign funding than those that do. In general, foreign-funded SDOs are able to offer better compensation: this makes it easier for them to recruit and retain staff but harder for local organizations without these resources.

Capacity-building can help alleviate the talent shortage in the social sector. Strategic talent management and training can help build the skills of existing staff and help with staff retention. Almost 45% of surveyed SDOs identified upskilling and reskilling of staff among their top three needs in the next 12 months.

However, capacity-building continues to be overlooked by donors. Almost a third (32%) of SDOs have never received support to strengthen their capacity. The percentage of those who receive consistent support has seen a slight downward trend over the years, dropping from 17% in 2020 to 16% in 2022 and 15% in 2024. As with staff compensation, SDOs receiving foreign funding report higher capacity-building support from donors, particularly in Cambodia, Bangladesh, Indonesia and Nepal. For SDOs lacking the necessary resources to invest in capacity-building, umbrella organizations in the sector are stepping up to provide a range of training and capacity-building programs. SDOs are also collaborating with other organizations to develop new skills.

What can be done to address the talent shortage? As expressed by Pakistan's experts, solving this issue requires a multifaceted and long-term approach involving various stakeholders. Donors can lead the way by encouraging their grantees to invest in better pay and benefits for staff, as well as in capacity-building, and by providing the necessary support. Unfortunately, data from the *Index* shows that 84% of surveyed SDOs find it hard to secure unrestricted funding, which is crucial for this investment.

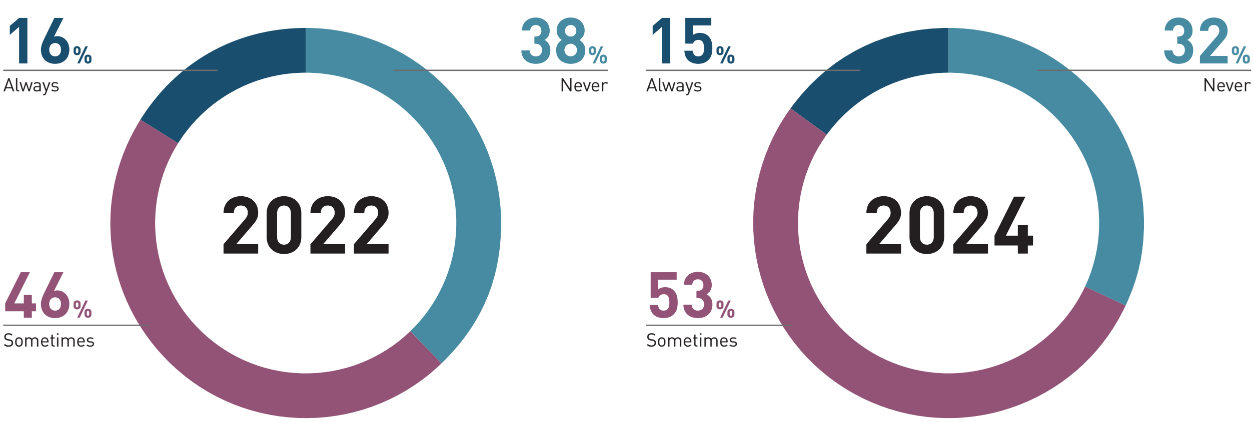
Strengthening the talent pipeline through educational opportunities to work in the social sector is another important aspect of addressing the talent challenge. **Encouragingly, there are higher education courses on nonprofit management and philanthropy in all 17 economies**, contributing to creating a more robust human resource infrastructure for the sector.

Volunteering

Volunteers are another essential human resource for SDOs. Amid the talent shortage in Asia's social sector, they provide much-needed skills and manpower. In this year's survey, **80% of SDOs work with volunteers**, increasing from 76% in 2022. With a strong culture of volunteering in Asia, China, Hong Kong and Singapore see the highest percentage of SDOs working with volunteers, all at more than 87%.

All 17 economies have volunteer programs to mobilize individuals into action. For example, HandsOn Hong Kong has introduced a community service week to encourage volunteering over nine consecutive days.[72] Meanwhile, Volunteer Building Cambodia rallies volunteers to help build simple but safe and dry housing for Cambodian families in rural areas.[73]

Donor support for capacity-building



80% of SDOs work with volunteers

Some volunteer schemes target specific population groups. For example, the Female Community Health Volunteers in Nepal mobilizes women to advocate for healthy behaviors among community members to promote safe motherhood, child health and family planning. To date, the program has mobilized over 50,000 volunteers across Nepal.[74]

Many economies also have programs to mobilize volunteers in the aftermath of disasters. For example, the National Disaster Management Authority in India has introduced the Aapda Mitra Scheme to train 6,000 community volunteers across 30 districts in disaster response with a focus on floods.[75] In Korea, the government has implemented a scheme requiring students to complete 20-60 hours of community volunteer work, depending on their school.[76,77]

Corporate volunteering is also widespread across Asia, with 63% of surveyed SDOs reporting engagement with corporate volunteers. It is most common in China, Hong Kong and Chinese Taipei, with more than 80% of SDOs saying they host corporate volunteers. A useful source of support for SDOs, corporate volunteers are valued for their manpower in assisting activities, fundraising support and pro-bono professional services.

Despite the interest, recruiting volunteers has become more difficult in recent years. In 2024, 62% of SDOs find recruiting volunteers difficult, compared to 58% in 2022 and 43% in 2020. It is considered most difficult in Korea and Thailand, with over 80% of SDOs finding it a challenge.

Good governance

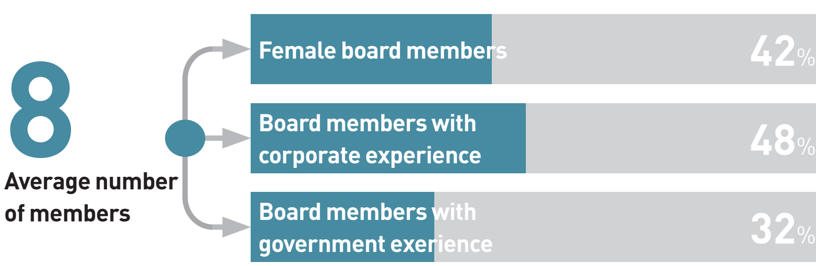
Boards or executive committees are one of the building block for good governance. A well-structured board of directors can offer strategic direction and oversight and improve accountability and transparency, which, in turn, helps build trust. Having a board sends a message of assurance that an organization is accountable, can be trusted and is in good hands. Resource-strapped SDOs can also benefit from their board members' connections and professional expertise.

The importance of a board is widely recognized in Asia. An overwhelming majority of SDOs (90%) in Asia have set up a board. Having a board is mandated in 15 out of 17 economies; only in Pakistan and Vietnam is this optional.[xxii]

But just having a board is not enough. The composition and operation of a board are crucial factors for an organization's effectiveness. Although there is no one-size-fits-all model, a board size of six to 12 members is considered good practice for charities or not-for-profit organizations.[78] Our data shows that SDO boards in Asia have an average size of eight members but can range from five to 12. Most boards meet regularly, at least twice a year, demonstrating engagement and commitment to the organization.

Corporate representation helps bring professionalization to the board. As in previous years, 85% of SDOs have at least one board member with corporate experience. Corporate board members contribute their professional business skills, as well as their connections and networking resources. On average, board members with a corporate background constitute 48% of the boards of surveyed SDOs, with Singapore leading at 81%, followed by the Philippines at 77% and Hong Kong at 68%. However, recruiting corporate board members remains challenging. 68% of SDOs said recruiting board members with corporate

Asian SDO board composition



[xxii] In some economies, boards of directors are only mandated for certain types of SDOs.

experience is hard, which is an increase from 62% in 2020 and 65% in 2022.

Government representation on boards is high. Nearly all (98%) surveyed SDOs have at least one board member with current or former government experience. These members make up an average of 32% of SDO boards. The value of government representation on SDO boards is mixed. On one hand, government representation can facilitate a deeper understanding of government priorities and focal areas. It can also aid in navigating compliance and regulations and, to some extent, contribute to credibility and reputation. However, the flip side to this dynamic is that government representation can also result in greater regulatory oversight or control, or conflicts of interest.

Women are widely represented on SDO boards across Asia. Of surveyed SDOs with a board, 91% have female members, making up, on average, 42% of board members. Even though this proportion has decreased from 54% in 2022, it is still much higher than the approximately 30% female representation on corporate boards and leadership teams across 20 major economies globally.[79] As discussed in previous iterations of the *Doing Good Index*, research finds that the presence of female leaders has a positive influence on the performance of the organizations (see box below). According to our survey for this year's *Index*, female representation on SDO boards is the highest in China, Chinese Taipei and Vietnam, where more than half of board members are female. It is the lowest in Pakistan, with an average of 30%.

FEMALE REPRESENTATION IN ASIA'S SOCIAL SECTOR

Data from the *Doing Good Index* show that women have a strong presence in Asia's social sector. They make up, on average, 57% of the staff of an SDO. Female representation in SDOs is highest in Korea (74%), Chinese Taipei (72%) and China (71%), and lowest in Sri Lanka, Pakistan and Bangladesh (all below 45%).

Women are making their mark as founders in the social sector. Across Asia, 65% of surveyed SDOs said that at least one of their founders is female. In 15 of the 17 economies, more than half of the surveyed SDOs report so. Women also serve in leadership or on SDO boards. In six economies (China, Hong Kong, the Philippines, Singapore, Chinese Taipei and Vietnam), more than half of SDOs are women-led. Among surveyed SDOs, 44% have a female executive head. When it comes to board representation, 91% have at least one woman on their board, and women make up 42% of the average SDO board.

The higher representation of women in the social sector compared to the private sector is attributable to several factors. Women may seek social sector jobs due to alignment with personal values and greater workplace flexibility. Moreover, in the private sector, women may encounter challenges such as the gender pay gap and limited career advancement opportunities with the presence of "glass ceilings," along with implicit biases about their roles in leadership.

Research demonstrates that female leaders bring with them unique skills, traits and experiences that ultimately benefit their organizations' development.[80,81,82] They have a positive impact on the performance of nonprofit boards and, ultimately, the SDO itself.[83] SDOs can work toward a more balanced representation of women leaders by adhering to the values of gender equity, starting from the board. Policy changes that foster a more supportive working environment and provide professional development can also help.

In addition, capacity-building opportunities for women, especially regarding leadership, can provide female staff with the chance to demonstrate their ability to take on important positions within their organization. In some economies, there are efforts to build capacity for women leaders. For example, the Indian School of Development Management offers a three-month Women on Boards program to support female leaders in the social sector to become "board-ready."[84] The Japanese Women's Leadership Initiative offers training and mentorship to "empower Japanese women to become leaders and to make positive social change and innovation."[85] And the Singapore Council of Women's Organisations launched its BoardAgenda initiative in 2011 to support the advancement of women into leadership positions.[86]

Institutional recognition

Institutional recognition of the social sector by governments and companies signals support for the social sector and lends credibility. Recognizing SDOs and donors through awards gives public credit to those engaged in addressing social challenges and helps foster a culture of giving. And it has the added benefit of showcasing best practices and inspiring others.

Fifteen out of 17 economies recognize doing good through awards for philanthropy. 14 economies have awards specifically for SDOs, and 15 for corporate social responsibility (CSR) activities. These awards are often given out by the government, signaling authoritative support for philanthropy and CSR.

Formalized giving events and volunteer schemes help mobilize donations and support toward the social sector. National giving days, a signal of social sector support, are held in seven economies. In China, Korea, Singapore and Vietnam, these events are supported or sponsored by the government. Such events yield tangible outcomes: 70% of surveyed SDOs believe holding a nationwide giving event will lead to increased donations. In addition to philanthropic capital, there are large-scale programs to encourage and facilitate voluntary support. As mentioned, all 17 economies have volunteer programs.

Apart from giving awards and helping mobilize donations and volunteers, **governments also engage with the social sector in other ways**. They provide direct and indirect grants (see Chapter 3), procure goods and services from SDOs (see Chapter 7), and engage in public-private partnerships for social good. A growing percentage of SDOs think there is more interest in the social sector from the government, from 25% in 2020 to 30% in 2022 to 40% in 2024.

Corporate engagement is increasing. Companies engage with the social sector in a variety of ways. First, they provide much-needed funding to SDOs. Over half (56%) of SDOs receive funding from corporates, which is an increase from 48% in 2020 and 54% in 2022. Corporate funding is most prevalent in Thailand, with 91% of SDOs receiving this type of funding. At the other end of the spectrum, only 32% of SDOs in Nepal receive corporate funding. On average, corporate funding makes up, by proportion, 14% of an SDO's budget in Asia, with the highest proportion being in the Philippines (37%).

As well as funding, corporate volunteering demonstrates support and recognition of the social sector. 63% of surveyed SDOs engage with corporate volunteers, up from 53% in 2022 and 43% in 2020. Companies can encourage their staff to participate, for example, by allowing staff to take paid leave to volunteer or by recognizing volunteering through internal awards.

Collaborations

Problems faced by societies are too big for any one organization or sector to address on their own. Collaborations within and across different sectors are vital to leverage strengths and funds to address issues at scale.

Encouragingly, collaborations within the social sector are becoming more frequent. Overall, 84% of surveyed SDOs collaborate with other SDOs, an increase from 77% in 2022. Most SDOs reported increased collaborations in almost all economies except in Japan. SDOs also recognize the importance of collaborations and rank this as their second most important need for the coming year.

There are different motivations behind these collaborations. The most stated reasons for collaborating were to advocate for a common cause, deliver services, and improve capacity. A recent example is the Sustainable Development Policy Institute (SDPI) and Pakistan Center for Philanthropy (PCP) agreement to conduct research and evidence-based interventions for strengthening social protection services in Pakistan.[87] In terms of the approach to collaborations, online platforms offer new opportunities, with 65% of SDOs having increased the use of online platforms to collaborate with others.

Multisectoral collaborations are also growing. SDOs also collaborate with other entities, most commonly with local or state governments (64%), foundations (58%) and companies (51%). According to interviewed experts in 15 out of 17 economies, public-

Why do SDOs collaborate with other SDOs?

private partnerships (PPPs) for social good are on the rise. Such partnerships see governments teaming up with private and/or social sectors to address social, economic and environmental issues. For example, in India, Dream A Dream and Nalandaway Foundation work with the Delhi state government to deliver holistic skills development curricula in public schools. In Hong Kong, the government operates the Caring Company Scheme, a platform to foster strategic partnerships between the business and social services sectors.[88] Other examples include the multistakeholder collaboration in Indonesia's SDGs initiatives and Singapore's collaboration between the DBS Foundation, the Ministry of Social and Family Development, and New Hope Community Services to teach digital skills to displaced families and individuals.[89,90]

CHAPTER 7

PROCUREMENT AT A GLANCE

The Procurement sub-index examines the prevalence and process of government procurement from the social sector.

Key findings

Government procurement from social delivery organizations (SDOs) reflects a slight upward trend. While it remains largely limited, 32% of surveyed organizations reported receiving income from government procurement in the last financial year, up from 30% in 2022 and 26% in 2020.

A higher prevalence of government procurement does not necessarily result in a larger share of procurement-related income in an SDO's budget. Procurement income has stayed, on average, at 9% of the financing sources for Asian SDOs, unchanged from 2022. This proportion ranges from less than 1% in six economies to as high as 32% in China.

SDOs still face challenges throughout the procurement process. 67% of SDOs found accessing information about and applying for procurement opportunities challenging, a slight increase from 64% in 2022. Concerns about the ease of securing government contracts and transparency of such decisions also persist.

Korea continues to be the top performer on the Procurement sub-index, followed by Chinese Taipei and Pakistan. As in previous years, the availability of incentives for SDOs to bid for procurement contracts contributes to the high performance of these economies. Korea's conducive environment for SDO participation is shaped by government policies aimed specifically at enhancing social procurement and a streamlined one-stop procurement platform.

Hong Kong and Thailand remain at the lower end of the spectrum, joined by the Philippines. Their underperformance is attributable to various factors, including perceived difficulties, insufficient transparency in the application and approval processes, and the absence of incentives for SDOs to participate in procurement.

Key indicators

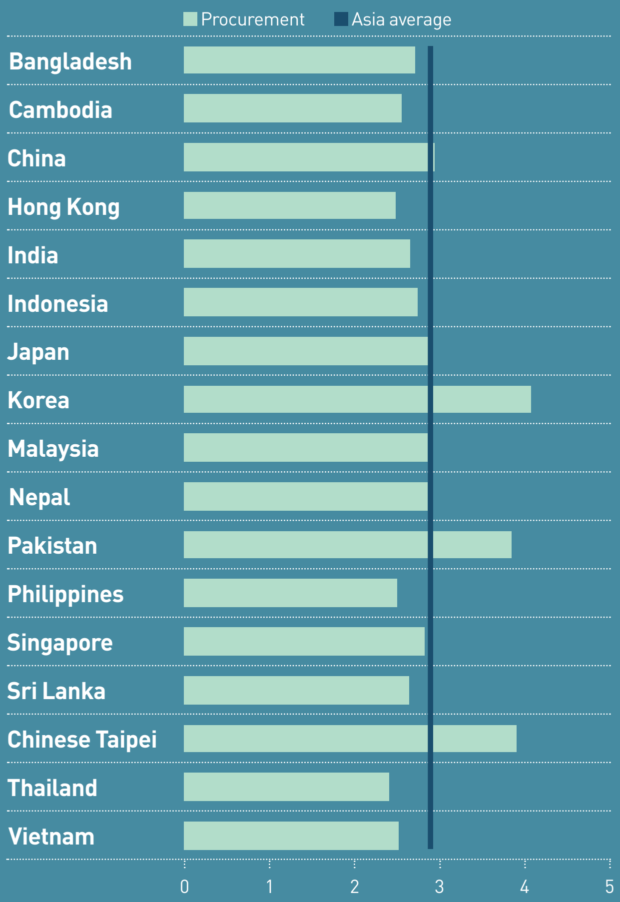
Access to procurement opportunities

- Eligibility for government requests for proposals (RFPs)
- Incentives for SDOs

Procurement process

- Access to information, transparency and ease of process

Procurement sub-index performance



17/17 economies allow SDOs to bid for government contracts

15/17 economies have a government or centralized platform for accessing procurement opportunities

3/17 economies have targeted incentives to encourage SDO participation in the procurement process

4/17 economies have a preferred vendor list for procurement contracts that includes SDOs

32% of SDOs receive income from government procurement contracts

73% of SDOs believe that it is difficult to win a government procurement contract

67% of SDOs feel that it is difficult to access information about procurement opportunities

57% of SDOs believe the bid approval process is not transparent or somewhat transparent

CHAPTER 7

PROCUREMENT

PARTNERSHIPS FOR DOING GOOD

Government procurement of goods and services from the social sector can be a win-win for both sides. Governments can leverage an SDO's expertise and understanding of local needs, often resulting in more effective and cost-efficient service delivery. Meanwhile, SDOs can benefit from the income and legitimacy of winning government contracts. However, the potential benefit of government procurement is contingent on the ease and accessibility of these programs as well as broader factors contributing to an SDO's capacity to fulfill needs. The Procurement sub-index examines the prevalence and process of public procurement from the social sector through the following two sets of indicators.

- **Access to procurement opportunities:** Eligibility conditions, ease of accessing procurement information, and the availability of incentives affect an SDO's ability to engage in procurement opportunities.
- **Procurement process:** The transparency and efficiency of the application and approval processes help facilitate an SDO's participation in procurement.

Access to procurement opportunities

Procurement opportunities are available to SDOs across 17 Asian economies, and SDO participation has been slowly increasing. About one-third (32%) of SDOs reported receiving income from government procurement in the last financial year, up from 30% in 2022 and 26% in 2020. China leads in the proportion of SDOs with procurement contracts (73%), followed by Korea (58%) and Japan (49%). In contrast, the Philippines has the lowest proportion, with the government procuring from only 8% of surveyed SDOs. Sri Lanka (12%) and Cambodia (13%) also fall on the lower end of the spectrum.

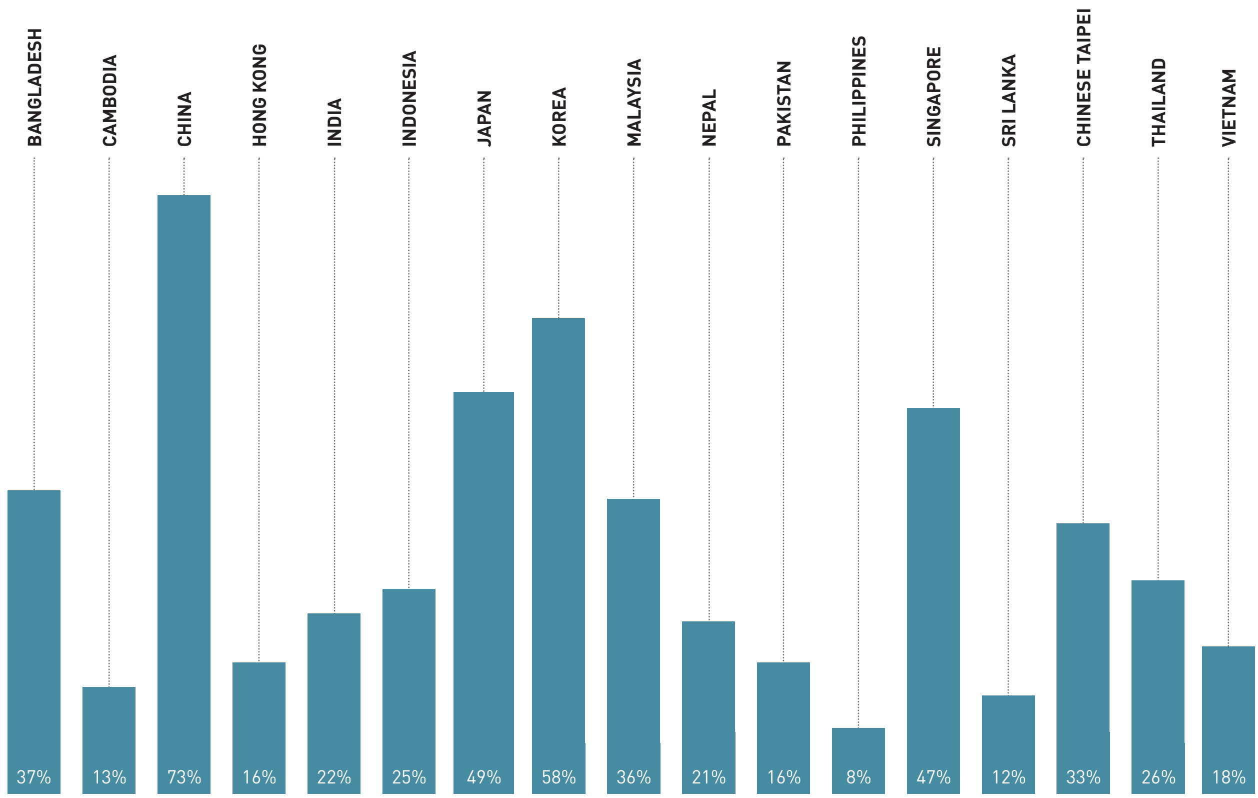
Despite the slight uptick in government procurement among surveyed SDOs, the proportion of income from such opportunities remains low. For SDOs with procurement income, it constitutes an Asia-wide average of 9% of their budget, maintaining the same level as in 2022. In nine economies, the proportion of procurement funding is less than or equal to 2% of an SDO's income. Only in China is the income from government procurement significantly higher, reaching 32%, although this has declined from 52% in 2022. Nevertheless, almost a quarter (24%) of SDOs in China indicated generating over 90% of their income from government procurement.

Barriers to accessing information about procurement opportunities persist. Only 13% of SDOs consider it easy to learn about procurement opportunities and apply for them, unchanged from 2022. This perceived difficulty in information access is against the widespread implementation of centralized procurement platforms or websites in almost all economies (excluding Cambodia and Hong Kong). A possible explanation for this could be that many such platforms are not comprehensive and cover only a narrow scope of procurement opportunities that do not necessarily involve the provision of social services.[91]

It is also worth noting that in many economies, tender notices do not need to be published if the value does not exceed a specific threshold. For example, in Singapore, according to the Ministry of Finance's guidelines, the publication threshold is SG$6,000 (approximately US$4,500).[92,xxiii] Below this threshold, procurement can be conducted directly by the authority through off-the-shelf purchases or direct acquisitions from known sources. Often referred to as small-value procurement,

[xxiii] The exchange rate used for this report is SG$1.33 for one US Dollar.

Percentage of SDOs with government procurement contracts



this approach relies heavily on networks and relationship building. SDOs without preexisting relationships are thus at a disadvantage, leading to a widening information gap between new and more established organizations.[93]

Incentives for the promotion of social procurement have yet to become commonplace. Such incentives can encompass various measures, including preferential procurement, subsidies, capacity-building programs and tax exemptions. Only Korea, Pakistan and Chinese Taipei utilize these tools to stimulate procurement from the social sector.

Korea and Chinese Taipei stand out for putting multiple incentives in place, including preferential treatment toward certain types of SDOs in the tendering process. Korea focuses exclusively on social enterprises, and Chinese Taipei on disability welfare institutions.[94,95] Capacity-building measures to foster SDOs' understanding of the procurement process and best practices are also available in both economies. The presence of various incentives tailored to the social sector helps explain why these two economies rank highest on the Procurement sub-index.

Moreover, Korea and Chinese Taipei, together with China and Hong Kong, are the four economies with preferred vendor lists of SDOs for government procurement. These lists come into play during so-called restricted tendering, where certain opportunities are reserved for a select group of vendors.[xxiv, 96] Nevertheless, the existence of these lists per se does not guarantee increased social procurement, as reflected in Malaysia's recently discontinued social impact procurement pilot, Program Perolehan Impak Sosial Kerajaan (PPISK). Additionally, if the lists are not updated regularly, using them might have the unintended consequence of crowding out newer and smaller SDOs in favor of more established ones.[97]

[xxiv] Restricted tendering narrows competition to a select group of pre-qualified vendors invited by the procuring entity based on factors such as the vendor's track record.

MALAYSIA'S PPISK: GOOD INTENTIONS, DISAPPOINTING RESULTS

As part of its Budget 2021 to drive economic resilience amid the Covid-19 pandemic, the Malaysian government allocated RM20 million (approximately US$ 4.2 million) to develop a social procurement pilot initiative, Program Perolehan Impak Sosial Kerajaan (PPISK).[98,xxv] Led by the Malaysian Global Innovation and Creativity Centre (MaGIC), PPISK aimed to accelerate the development of social enterprises by providing them with valuable government procurement opportunities.[99]

Social enterprises, accredited under the Ministry of Entrepreneur and Cooperatives Development national program and nonaccredited, were eligible to apply for validation from MaGIC. Validated enterprises would be listed as vendors on the government e-procurement system, e-Perolehan, and exempt from preexisting requirements, including operating in a business premise and submitting the latest Employee's Provident Fund contributions for employees.[100] More importantly, when procurement needs of partnering public sector entities arose, the products and services of PPISK participants would be given priority—thus, the program essentially functioned as a preferred vendor list.

However, when the pilot phase concluded in 2023, the cumulative procurement amount fell short of expectations at just over RM360,000 (approximately US$76,000). The underwhelming outcome prompted the Malaysian government to discontinue the program. The pilot phase revealed the underlying challenges for social enterprises in government procurement were limited opportunities and production capacity constraints. Despite priority access, social enterprises, typically smaller in scale than larger businesses and limited in productivity, faced huge difficulty meeting supply requirements for government entities, especially amid disruptions such as the pandemic.

In short, the case of PPISK signifies the need to implement holistic measures, such as capacity-building initiatives in addition to preferential access to address identified shortcomings in social procurement.

Procurement process

The transparency and efficiency of the procurement process are significant determinants of SDOs' ability to engage in government procurement. Transparency requires openness and clarity at every stage to make information about procurement opportunities, selection criteria and evaluations fully accessible to SDOs. Minimizing delays and optimizing resource utilization can improve efficiency.

Bidding for government contracts is still seen as onerous. Two-thirds of surveyed SDOs (67%) find it difficult to obtain information about procurement opportunities and submit bids, a slight increase from 64% in 2022.

The challenge is, in part, linked to capacity constraints encompassing issues in production, financial viability, staffing and relationship building. Of particular relevance here is inadequate staffing. Small organizations lack the staff to keep track of new procurement opportunities, evaluate the costs for participation and provide the technical knowledge and skills necessary for successful bidding.[101] Experts in several economies also attested that burdensome regulatory hurdles, such as excessive paperwork and strict compliance requirements, dissuade SDOs from participating in contract bidding.

The existing payment structures, combined with varying degrees of payment delays, undermine efficiency and disincentivize social sector participation. Most high-value and long-term procurement contracts structure payment in installments contingent upon the fulfillment of key performance indicators (KPIs) or as a lump sum at the end of the contract term.[102] This is inherently disadvantageous to many SDOs. Compared to businesses, SDOs' financial liquidity is more restricted due to their reliance on donations and grants, limited income sources and lack of access to financial instruments. It is thus unsurprising that experts in seven economies explicitly stated the lack of financial resources for advance payments as a hindering factor for SDO participation.

Compounding SDOs' financial constraints are delays in government payments. Experts in seven economies observed that such delays are frequent, while experts in five reported them as occasional. The pre-existing struggles of SDOs to make payments in advance, coupled with payment delays, can impede the overall timeliness of procurement activities and make it unfeasible for

[xxv] The exchange rate used for this report is RM4.74 for one US Dollar.

them to deliver the required goods or services.

SDOs continue to face considerable challenges during the approval process. Similar to previous years, nearly three-quarters (73%) of SDOs found winning government contracts difficult, and over half (57%) perceived the tender process as not transparent or only somewhat transparent.

While there is clear room for improvement in Asia, certain economies are making positive strides. Korea is a prime example, with almost two-fifths (39%) of SDOs considering the approval process transparent, significantly higher than the regional average (19%). Among other things, Korea's Public Procurement Service's implementation of a single, comprehensive government procurement platform, the Korea ON-Line E-Procurement System (KONEPS), has greatly improved the transparency of the process.[103]

KOREA: MULTIFACETED FACTORS UNDERLYING A ROBUST PROCUREMENT ECOSYSTEM

Since 2020, Korea has been the best-performing economy on the Procurement sub-index. It is notable for its relatively accessible application process, easy contract acquisition and transparent approval process. It is also one of the three economies offering extra incentives for SDOs to participate in government projects. Furthermore, Korea attains the second-highest prevalence of SDOs with procurement income, reaching 58% this year. What factors contribute to Korea's vibrant procurement ecosystem?

The Korean government's long-standing commitment to strengthening procurement from the social sector, especially social enterprises, is evident. The focus on social enterprises by the government aligns with their perceived role in the small and medium enterprise (SME) or startup ecosystem to drive youth employment, which is a major economic priority in Korea.[104] Enacted in 2007, the Social Enterprise Promotion Act mandates public institutions to prioritize procuring goods and services from social enterprises.[105] The Korea Social Enterprise Promotion Agency (KoSEA), established in 2010 under the same legislation, extends incentives to social enterprises beyond preferential treatment. It operates Store 36.5, a national network of stores, and e-store 36.5, which enables social enterprises to showcase their products online.[106] This also offers government entities and the public a dedicated channel to purchase from these organizations. KoSEA also conducts training programs for social enterprises on the procurement process and effective tender bidding, such as the Public Market Entry Training workshop.[107] With clear government support, the share of procurement from social enterprises in Korea rose from 0.53% in 2012 to 2.89% in 2021.[108]

Policy tools accelerating social procurement are complemented by the efforts of the Public Procurement Service (PPS), Korea's central procurement agency, to simplify the overall procurement process. Launched by PPS in 2002, the Korea ON-Line E-Procurement System (KONEPS) serves as a one-stop platform for all stages of government procurement, from bid invitations to payment delivery. Its streamlined process significantly reduces administrative burdens on suppliers and ensures efficiency and prompt payments.[xxvi] Consistent with our expert findings, Korea is recognized by surveyed SDOs as one of the only two economies for timely vendor payments. KONEPS further enhances transparency by mandating the publicizing of award criteria and providing real-time online access to bid results, lessening the likelihood of arbitrary decisions by public authorities.[109]

For a more detailed overview of social sector procurement policies across Asia, please see CAPS' Policy Brief: *Procurement for Good - Government Procurement from the Social Sector in Asia*, available at www.caps.org.

[xxvi] Organisation for Economic Co-operation and Development (OECD). (2016). The Korean Public Procurement Service: Innovating for Effectiveness. OECD Public Governance Reviews, OECD Publishing, Paris. Retrieved from https://read.oecd-ilibrary.org/governance/the-korean-public-procurement-service_9789264249431-en#page4

MYANMAR ECONOMY PROFILE

Since the 2021 military coup, Myanmar has been in a state of upheaval on several fronts. Armed conflict, Covid-19, economic instability and natural disasters in the form of cyclones and floods have presented significant challenges for the population. While the need for social services is higher than ever, social delivery organizations (SDOs) have been severely impacted by the ongoing political crisis. As in 2022, the situation on the ground made it impossible for Myanmar to participate in the 2024 iteration of the *Doing Good Index.* However, the story of Myanmar's social sector—its continuing resilience in the face of adversity—is an important one to tell. To this end, our partner in Myanmar, Yever, engaged directly with 23 SDOs to gain a better understanding of the impact of events on the sector.[xxvii]

Even before the military takeover, Myanmar's political and economic instability made it difficult for the social sector to thrive.[110] But the overall SDO ecosystem has deteriorated significantly in the past three years. Safety concerns, restrictions on activities, soaring operation costs and curtailment of funding have become the SDOs' new normal. Regulatory changes in 2022 further compounded the situation, placing additional constraints on an already highly restricted space.

Myanmar's crisis in numbers*

2.7	million displaced people
1/3	of the population needs humanitarian assistance
1%	projected gross domestic product (GDP) growth in 2024

* Sources: Office for the Coordination of Humanitarian Affairs (OCHA); World Bank; Asian Development Bank

Myanmar's new registration law

In October 2022, the State Administration Council (SAC), the governing military junta, enacted the Organization Registration Law (ORL), a long-anticipated amendment to the 2014 Associations Registration Law (ARL). Key changes in the new law include mandatory registration for all organizations and associations and increased oversight and reporting requirements.

ORL required unregistered organizations to apply for registration with the *de facto* authorities within 60 days of the law's enactment. Organizations registered under the ARL are permitted to continue operations until the expiration of their registration certificate but must register again upon the expiry of their certificate. Failure to do so may result in fines, imprisonment or dissolution of the organization.

The (re)registration process under ORL is complicated and arduous. SDOs must seek approval or endorsement from multiple entities, including SAC-led Ministry of Investment and Foreign Economic Relations, Ministry of Immigration and Population and Ministry of Foreign Affairs. Depending on the

xxvii These interviews, facilitated by Yever, took place in August and September 2023.

location and scope of activities, the SDO must also obtain approval from local authorities.[111] The approval process can take six months to 1.5 years. While waiting for the result of their application, SDOs cannot conduct any activities and are barred from accessing or opening bank accounts, leaving them essentially paralyzed.[xxviii]

Once registered, organizations are subject to controlling and burdensome reporting requirements. SDOs must respond to any ad hoc demands from authorities, including requests for information and attendance at meetings. They are also required to provide prior notification of travel plans. A representative from one SDO commented: "The new law imposes an obligation to submit monthly reports and provide all the organization's transactions. Therefore, in essence, the new law constrains the freedom of association."

Under the new regulatory framework, SDOs are left with four options: (re)register under the new law; operate illegally at great risk; cease operations completely; or change the organization's status and register as a company, as the law does not apply to companies.

The ethical dilemma for SDOs is not easy to resolve. To (re)register means engaging with the military junta, and the implication of this has resulted in disputes within and between organizations. Some SDOs stand by the nonengagement principle and choose to operate illegally regardless of the risk. Others are more pragmatic and prioritize the impact they can have and the support they can provide to people by (re)registering.

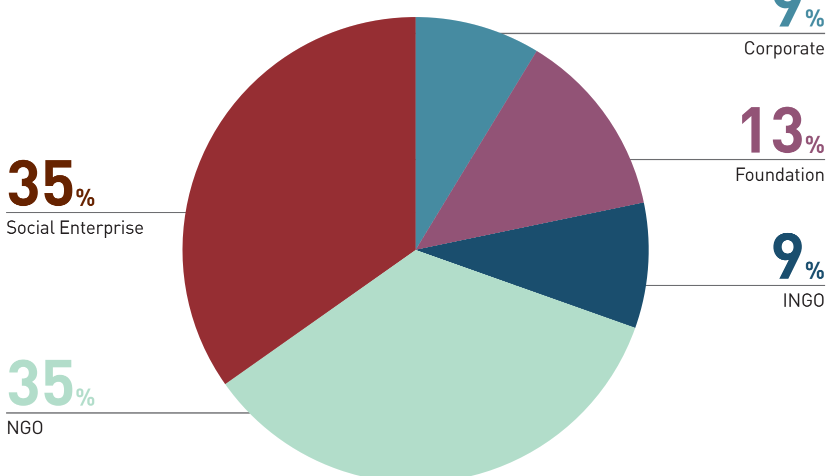
ORL is understandably unpopular among SDOs and is seen by many as further threatening an already highly restricted social sector. Most SDOs interviewed for the *Doing Good Index 2024* believe that the regulatory requirements make it more difficult for them to keep operating. The finding reflects the preliminary impact assessment by the International Center for Not-for-Profit Law, in which 83% of respondents were "concerned about being forced to register under the new law."[112]

A challenging operating environment

Unsurprisingly, the challenging environment has significantly impacted the ability of SDOs to operate. The clashes between the junta and its proxies and the opposition, the People's Defense Forces (PDF) and Ethnic Armed Organizations (EAO), have led to the destruction of essential infrastructure such as bridges and roads, making it difficult for humanitarian SDOs to provide aid in war-torn areas. Many interviewed SDOs are concerned about their staff being caught in the crossfire or subject to arbitrary detention, and almost half reported being unable to conduct their regular activities due to political instability and civil unrest. Several organizations made the difficult decision to cease operations.

Amid safety concerns, economic woes add to the pressure. Inflation and the devaluation of the Myanmar Kyat result in difficulties in setting budgets, developing programs and procuring goods and services. Through the Myanmar Central Bank, SAC scrutinizes foreign currency inflows to SDO bank accounts and has the liberty to freeze funds at will. This is problematic for Myanmar's social sector as most SDOs receive funding from Western donors and multilateral organizations. Even if the funds do flow through, US Dollars are automatically converted to Myanmar Kyats at the official exchange rate (US$1=K2,100), but SDOs have to procure goods and services at the market rate (US$1=K3,800 in April 2024).

Respondents profile



[xxviii] In April 2023, the Central Bank of Myanmar stated that United Nations agencies and international SDOs operating in Myanmar under expired registration certificates can access their bank accounts or carry out banking transactions if they have been issued a recommendation letter that confirms the recertification process is underway.

Currency depreciation and market rate volatility make it extremely difficult for SDOs to maintain their purchasing power.

On the donor side, targeted sanctions by the European Union, the United Kingdom, the United States, and others against the military junta, as well as the blacklisting of Myanmar by the Financial Action Task Force, have slowed down international transactions and increased the required level of due diligence to ensure compliance with donor requirements and sanctions.

Notwithstanding safety and financial challenges, most SDOs said they had difficulty meeting basic operational needs such as electricity and the internet. Access to electricity depends on the location, and frequent power outages lasting from four to 20 hours a day significantly hamper operations.[113] In lieu of electricity, SDOs rely on diesel generators to keep operating, but rising diesel prices mean further increases in operating costs.

While internet restrictions have eased a little over the last two years, a virtual private network (VPN) is still needed to access certain sites and, in particular, social media such as Facebook and X. It is unclear whether the draft Cybersecurity Law 2.0 revived in 2022 is still active, but it prohibits VPN usage. Following an order by SAC in December 2021, mobile data prices doubled to around US$1.11 per gigabyte (GB) of data, compared with US$0.5 previously.[114]

Resilience in adversity

Despite the ongoing conflict, regulatory constraints and day-to-day operational challenges, many SDOs in Myanmar are showing remarkable resilience. They are adapting to the ever-evolving situation and remain committed to their mission.

Those organizations remaining operational work across a wide range of issue areas, providing critical services to the people of Myanmar. While providing humanitarian aid is a key focus for many SDOs, others are addressing ongoing community needs such as education, mental health advocacy and support for people with disabilities.

Despite the power cuts and internet restrictions, technology is crucial for SDOs to continue their operations. Most interviewed organizations said that online communication tools are essential for their daily activities. Technology has also helped SDOs in Myanmar to stay connected with the world, allowing staff to attend virtual events around the world, engage with other organizations and learn about the latest trends in topics they focus on.

Needs and outlook

Three years since the coup, the situation in Myanmar looks grim. The combined effect of continuing fighting, surging displacement, vast humanitarian needs and economic hardship have led to a significantly deteriorating situation for the people in Myanmar. And the outlook remains fragile. For now, while there has been rapid progress by resistance groups in some regions, the military regime retains a firm hold on its authoritarian rule. Despite the junta's initial pledge to hold a general election by August 2023, this has been delayed indefinitely. Instead, the state of emergency has been extended five times, keeping the military in power. With no end to the conflict in sight, Myanmar continues to face a string of humanitarian challenges, including internal displacement, rising poverty rates, food insecurity, and a lack of education and health services.[115] The work of social sector organizations is critical to keeping Myanmar society afloat.

Organizations providing humanitarian and social services are needed more than ever. There are several ways donors and other partners can support SDOs in Myanmar**:**

- **Funders can revise their operating frameworks, loosen compliance requirements and provide unrestricted funding.** For example, some donors expect SDOs to use specific banking institutions and request lengthy, detailed funding proposals. Given SAC's strict monitoring of banking systems, such requests place SDOs in a difficult position, as complying puts them at risk of investigation or detention. Instead, donors can consider more flexible arrangements for grantees in Myanmar. Unrestricted funding can also give SDOs the resources they need to deliver services without onerous reporting requirements.
- **Enhanced collaboration between SDOs and the private sector can unlock new opportunities.** Donors can play a role in making cross-sector connections and support collaborative projects. For example, the Myanmar Sustainable Business Network (MSBN), a joint effort between the Myanmar

Centre for Responsible Business, UNDP and Yever, has helped enhance the capacity of individuals working in various organizations— both for and nonprofit—and foster the collaboration between SDOs and the private sector.[116] Also, in the aftermath of Cyclone Mocha in 2023, Myanmar's private sector mobilized support for the Myanmar Red Cross in its mission to deliver much-needed aid to the affected communities.[117] As well as supporting the social sector in times of critical need, companies can also consider developing CSR strategies involving SDOs in their local community for ongoing collaboration.

- **Recognizing and accepting that political views among SDOs may differ can promote harmony in the social sector.** There can be polarizing opinions about the decisions organizations make, including whether to (re)register under the military junta or whether to continue operating in Myanmar at all. In a region that is already conflict-ridden, the focus should be on encouraging a respectful and open dialogue about how SDOs can best deliver services to those in need.

Many questions remain about the longevity of the military regime and what the leadership of Myanmar might look like if the junta is no longer in power. One thing is certain: the role of the social sector is vital, both to support Myanmar through the crisis and help it rebuild when the conflict comes to an end.

We wish to thank our partner, Yever, for its contribution to this profile.

CONCLUSION

The fourth iteration of the *Doing Good Index* continues to set the bar for data-based analysis of the social sector in Asia. The study, utilizing survey responses from 2,183 social delivery organizations (SDOs) and 140 expert consultations, shows the complexity of operating in a space that provides fundamental services but is under political and economic duress.

This year's *Index* provides a picture of citizen engagement continuing to exemplify the positive aspects of our shared humanity—people helping people. 64% of SDO funding across Asia comes from domestic donors—individuals, foundations and companies. Although many families and companies have experienced economic uncertainty, they continue to support local SDOs with the resources organizations need to carry out their mission. Philanthropists, particularly ultra-high-net-worth (UHNW) individuals, can play a vital role in filling funding gaps in challenging times. According to CAPS' study of 130 UHNW individuals in China, Hong Kong and Chinese Taipei, 98% make philanthropic contributions and wish to do more.[118] This bodes well for the future of the region's social sector.

While there is little doubt that individuals and companies see the utility of supporting communities through philanthropic contributions, governments across Asia continue to put in place policies and regulations that help *and* hinder the social sector. Most governments see that citizen engagement through philanthropy, volunteering and SDO support helps societies thrive. To this end, they have implemented policies and regulations to enable the sector to function effectively. To illustrate: in Hong Kong, the government has sought to address the lengthy certification process required for SDOs to obtain tax-exempt status; Singapore continues to provide the highest tax incentives in the world for charitable donations; and Pakistan's Federal Board of Revenue has established a nationwide database of SDOs to increase the transparency of the social sector. Yet, government policies can also stymie the work of SDOs, as seen in India and Vietnam, where the social sector must navigate significant regulatory hurdles.

As outlined in Chapter 2, a major force impacting Asia's social sector—and the world at large—is the growth and transformative power of digital technology. We see reasons to be optimistic and causes for concern. On the one hand, most of the SDOs surveyed for this year's *Index* have basic computer equipment and access to the internet, and the sector is utilizing digital tools to carry out its work. On the other, there is a stark digital divide between those able to adapt to new technologies and those who can't. There are also real and immediate threats coming from the online world: scammers, hackers and other bad actors can wreak havoc on insufficiently protected organizations. Donors can be tricked into sending money to fake recipients, SDOs can find themselves locked out of their management systems, and fake news can have disastrous impacts on the reputation of the social sector. What is clear is that the sector must increase its defense against digital threats and will need additional resources to do so. 71% of surveyed SDOs said they lack the funding to use digital tools effectively, while 59% require additional skills and training. Philanthropy can play a critical role in making both the financial and technical resources available to organizations in need.

We are in a time of great change. New governments, populist movements, war and climate change increase uncertainty. In Asia, the tendency toward pragmatism continues, with governments taking the lead in addressing global challenges. However, this is not to say that individuals, organizations and companies cannot effect change. In fact, philanthropy and business are driving an array of social innovations and solutions in the region.

Asia is a bright spot in the global economy but has a long way to go. With the region not on track to achieve the Sustainable Development Goals (SDGs), we can and must find better ways to work together to solve our common problems. We hope this study helps provide tools and ideas on how to do this.

PART II: ECONOMY SNAPSHOTS

The following economy snapshots show a selection of data from the survey administered to 2,183 SDOs across Asia. For more data and economy comparisons, please visit doinggoodindex.caps.org.

ASIA*

* Due to rounding, totals may not add up to 100%.

SDO DEMOGRAPHICS

18 years
Median age of SDOs

46 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

Individuals & foundations	42%
Foreign funding	15%
Corporate funding	14%
Government grants	12%
Government procurement	9%
Income from sales	9%

Crowdfunding

27% Crowdfunding now

64% Intend to crowdfund

REGULATIONS

Ease of setting up an SDO

3 clearances
required to set up an SDO

123 days
required to acquire clearances

Ease of understanding laws

12% 2024

11% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

59% Sometimes

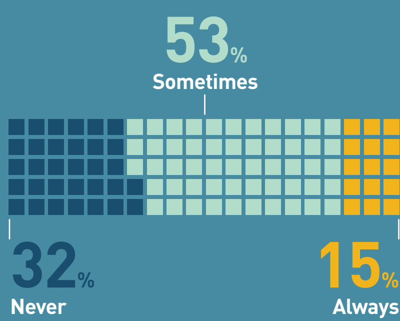
27% Never

14% Always

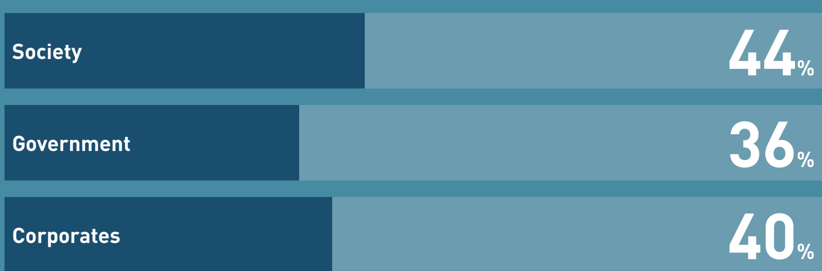
ECOSYSTEM

Difficulty in recruiting staff

Donor support for capacity-building



SDOs that feel trusted by



Corporate engagement

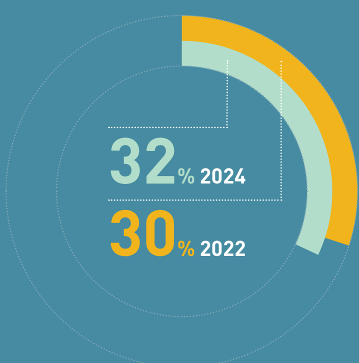
63% of SDOs work with corporate volunteers

56% of SDOs receive corporate funding

72% of SDOs believe individual giving is low

PROCUREMENT

SDOs receiving government procurement contracts



Procurement process

13% of SDOs find it easy to access procurement contract information

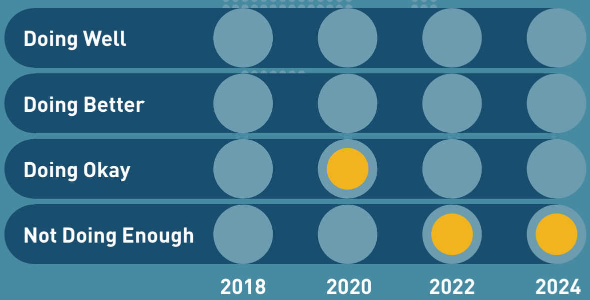
19% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

BANGLADESH*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE+



+ Bangladesh did not participate in the *Doing Good Index 2018*.

SDO DEMOGRAPHICS

28 years
Median age of SDOs

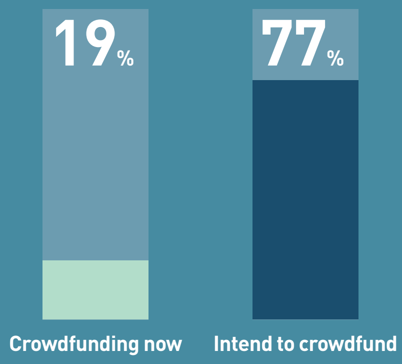
148 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Bangladesh	Asia
Individuals & foundations	26%	42%
Foreign funding	41%	15%
Corporate funding	6%	14%
Government grants	14%	12%
Government procurement	5%	9%
Income from sales	8%	9%

Crowdfunding



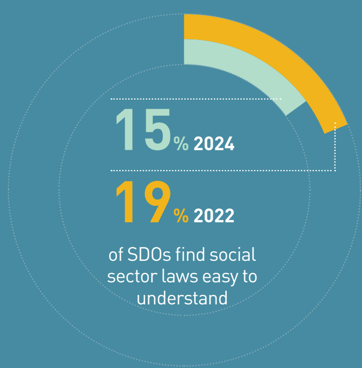
REGULATIONS

Ease of setting up an SDO

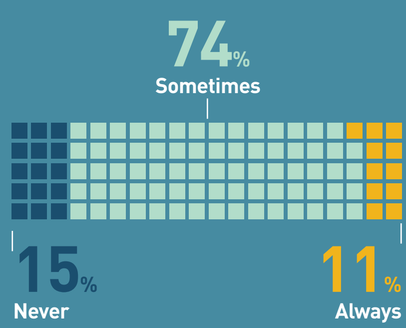
8 clearances
required to set up an SDO

187 days
required to acquire clearances

Ease of understanding laws



SDOs involved in policy consultation



TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?		●
Are companies mandated to engage in CSR?		●

ECOSYSTEM

Difficulty in recruiting staff

46% 2024

24% 2022

of SDOs find it difficult to recruit staff

Donor support for capacity-building

52% Sometimes

9% Never

39% Always

Corporate engagement

60% of SDOs work with corporate volunteers

37% of SDOs receive corporate funding

85% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	78%
Government	49%
Corporates	54%

PROCUREMENT

SDOs receiving government procurement contracts

37% 2024

15% 2022

Procurement process

14% of SDOs find it easy to access procurement contract information

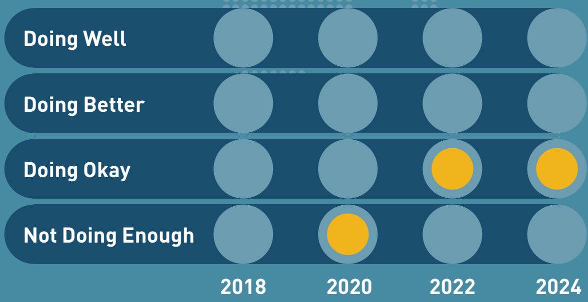
17% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

CAMBODIA*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE+



\+ Cambodia did not participate in the *Doing Good Index 2018.*

SDO DEMOGRAPHICS

21 years
Median age of SDOs

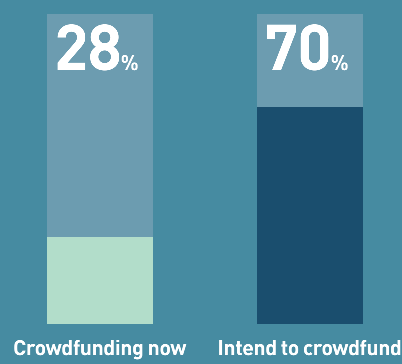
31 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Cambodia	Asia
Individuals & foundations	12%	42%
Foreign funding	75%	15%
Corporate funding	9%	14%
Government grants	1%	12%
Government procurement	0%	9%
Income from sales	1%	9%

Crowdfunding



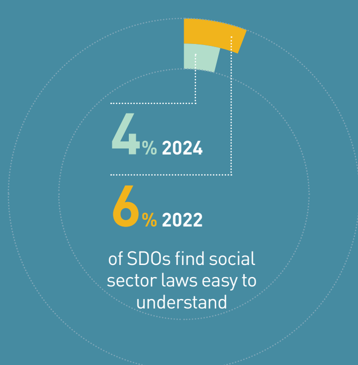
REGULATIONS

Ease of setting up an SDO

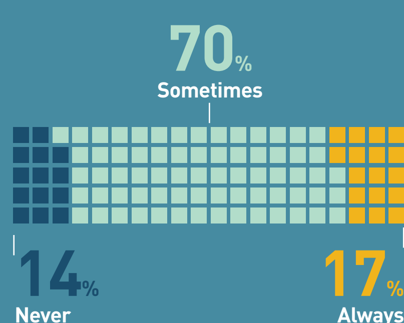
1 clearance
required to set up an SDO

42 days
required to acquire clearances

Ease of understanding laws



SDOs involved in policy consultation



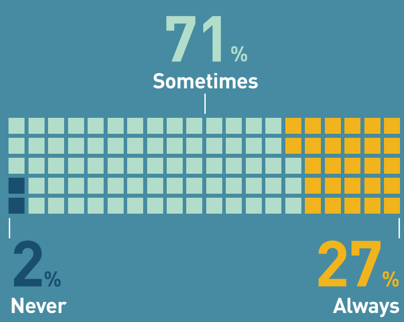
TAX AND FISCAL POLICY

Are tax incentives available for individual charitable donations?	No
Are tax incentives available for corporate charitable donations?	Yes
Are SDOs eligible for tax exempt status?	Yes
Are companies mandated to engage in CSR?	No

ECOSYSTEM

Difficulty in recruiting staff

Donor support for capacity-building



Corporate engagement

45% of SDOs work with corporate volunteers

39% of SDOs receive corporate funding

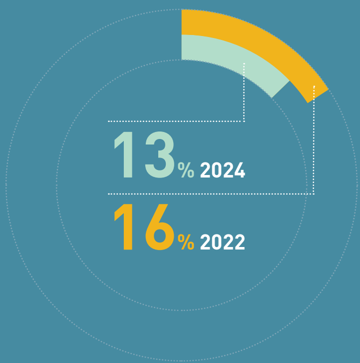
86% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	39%
Government	15%
Corporates	21%

PROCUREMENT

SDOs receiving government procurement contracts



Procurement process

2% of SDOs find it easy to access procurement contract information

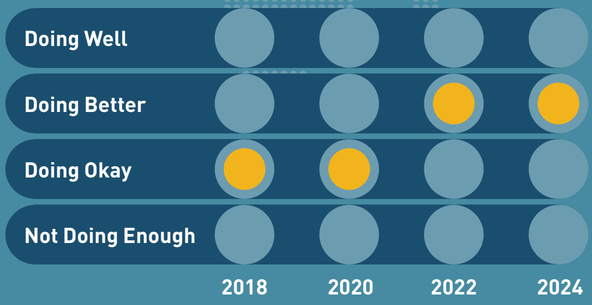
10% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

CHINA*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE



SDO DEMOGRAPHICS

8 years
Median age of SDOs

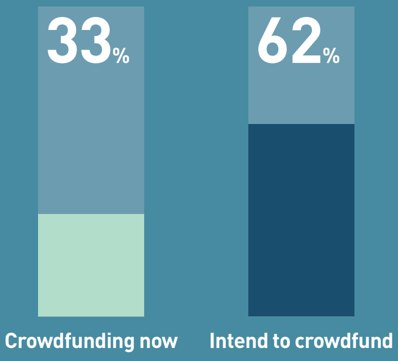
17 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	China	Asia
Individuals & foundations	44%	42%
Foreign funding	0%	15%
Corporate funding	4%	14%
Government grants	12%	12%
Government procurement	32%	9%
Income from sales	8%	9%

Crowdfunding



REGULATIONS

Ease of setting up an SDO

1 clearance
required to set up an SDO

60 days
required to acquire clearances

Ease of understanding laws

18% 2024

15% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

68%
Sometimes

23%
Never

9%
Always

TAX AND FISCAL POLICY

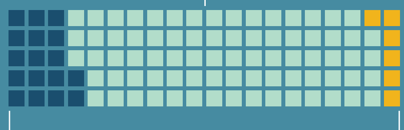
	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?	●	

ECOSYSTEM

Difficulty in recruiting staff

Donor support for capacity-building

77% Sometimes



17% Never

6% Always

Corporate engagement

84% of SDOs work with corporate volunteers

42% of SDOs receive corporate funding

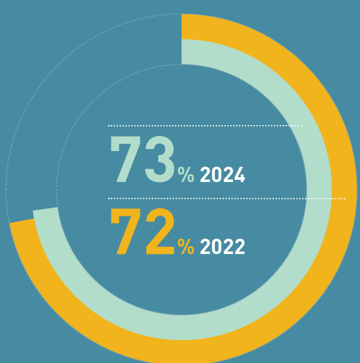
69% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	23%
Government	25%
Corporates	16%

PROCUREMENT

SDOs receiving government procurement contracts



Procurement process

14% of SDOs find it easy to access procurement contract information

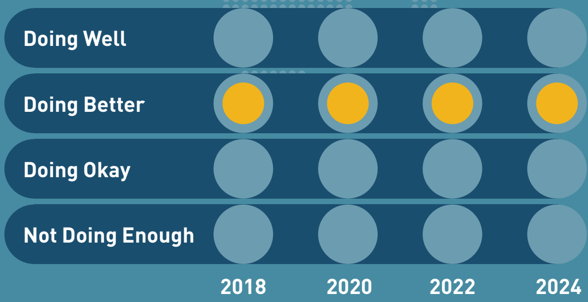
39% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

HONG KONG*+

* Due to rounding, totals may not add up to 100%.
+ Hong Kong refers to the Hong Kong Special Administrative Region, China

INDEX PERFORMANCE



SDO DEMOGRAPHICS

16 years
Median age of SDOs

70 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Hong Kong	Asia
Individuals & foundations	57%	42%
Foreign funding	1%	15%
Corporate funding	15%	14%
Government grants	12%	12%
Government procurement	1%	9%
Income from sales	13%	9%

Crowdfunding

29% Crowdfunding now

43% Intend to crowdfund

REGULATIONS

Ease of setting up an SDO

2 clearances
required to set up an SDO

365 days
required to acquire clearances

Ease of understanding laws

19% 2024

27% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

45% Sometimes

54% Never

1% Always

TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?		●

ECOSYSTEM

Difficulty in recruiting staff

91% 2024

65% 2022

of SDOs find it difficult to recruit staff

Donor support for capacity-building

61% Sometimes

31% Never

8% Always

Corporate engagement

80% of SDOs work with corporate volunteers

67% of SDOs receive corporate funding

50% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	44%
Government	34%
Corporates	54%

PROCUREMENT

SDOs receiving government procurement contracts

16% 2024

17% 2022

Procurement process

9% of SDOs find it easy to access procurement contract information

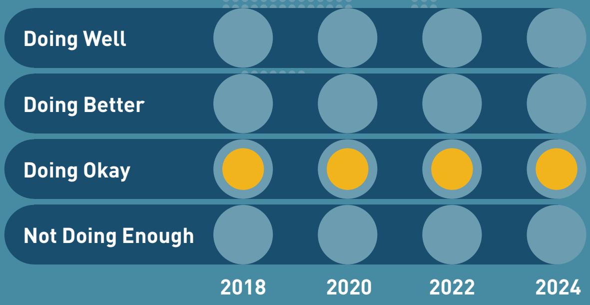
13% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

INDIA*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE



SDO DEMOGRAPHICS

22 years
Median age of SDOs

67 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	India	Asia
Individuals & foundations	48%	42%
Foreign funding	16%	15%
Corporate funding	23%	14%
Government grants	10%	12%
Government procurement	2%	9%
Income from sales	1%	9%

Crowdfunding

36% Crowdfunding now

89% Intend to crowdfund

REGULATIONS

Ease of setting up an SDO

2 clearances
required to set up an SDO

125 days
required to acquire clearances

Ease of understanding laws

15% 2024

13% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

58% Sometimes

28% Never

14% Always

TAX AND FISCAL POLICY

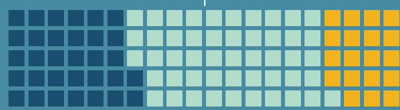
	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?	●	

ECOSYSTEM

Difficulty in recruiting staff

Donor support for capacity-building

49% Sometimes



32% Never

19% Always

Corporate engagement

67% of SDOs work with corporate volunteers

55% of SDOs receive corporate funding

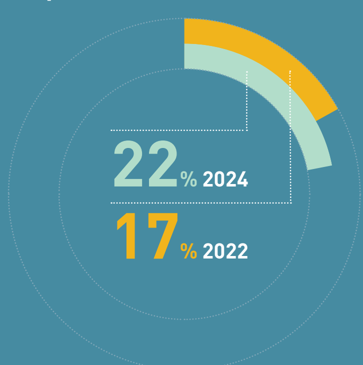
80% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	44%
Government	26%
Corporates	41%

PROCUREMENT

SDOs receiving government procurement contracts



Procurement process

5% of SDOs find it easy to access procurement contract information

10% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

INDONESIA*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE

	2018	2020	2022	2024
Doing Well				
Doing Better				
Doing Okay		●	●	●
Not Doing Enough	●			

SDO DEMOGRAPHICS

19 years
Median age of SDOs

23 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Indonesia	Asia
Individuals & foundations	25%	42%
Foreign funding	48%	15%
Corporate funding	16%	14%
Government grants	4%	12%
Government procurement	2%	9%
Income from sales	5%	9%

Crowdfunding

23% Crowdfunding now

84% Intend to crowdfund

REGULATIONS

Ease of setting up an SDO

6 clearances required to set up an SDO

19 days required to acquire clearances

Ease of understanding laws

22% 2024

14% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

54% Sometimes

12% Never

34% Always

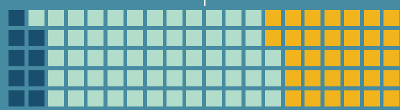
TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?	●	

ECOSYSTEM

Difficulty in recruiting staff

Donor support for capacity-building



Corporate engagement

56% of SDOs work with corporate volunteers

49% of SDOs receive corporate funding

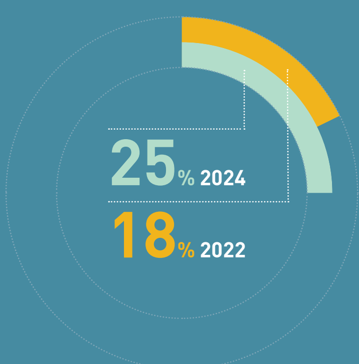
82% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	62%
Government	43%
Corporates	36%

PROCUREMENT

SDOs receiving government procurement contracts



Procurement process

11% of SDOs find it easy to access procurement contract information

9% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

JAPAN*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE

	2018	2020	2022	2024
Doing Well	●			
Doing Better		●	●	●
Doing Okay				
Not Doing Enough				

SDO DEMOGRAPHICS

16 years
Median age of SDOs

21 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Japan	Asia
Individuals & foundations	49%	42%
Foreign funding	0%	15%
Corporate funding	6%	14%
Government grants	15%	12%
Government procurement	18%	9%
Income from sales	12%	9%

Crowdfunding

12% Crowdfunding now

47% Intend to crowdfund

REGULATIONS

Ease of setting up an SDO

2 clearances
required to set up an SDO

67 days
required to acquire clearances

Ease of understanding laws

7% 2024

5% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

54% Sometimes

27% Never

20% Always

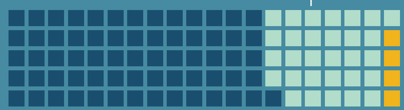
TAX AND FISCAL POLICY

Question	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?		●

ECOSYSTEM

Difficulty in recruiting staff

Donor support for capacity-building



Corporate engagement

48%
of SDOs work with corporate volunteers

51%
of SDOs receive corporate funding

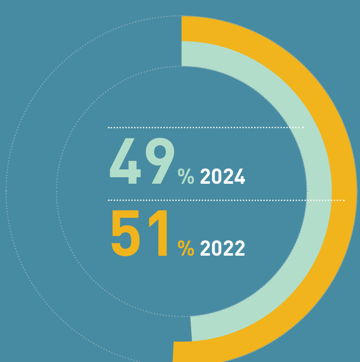
84%
of SDOs believe individual giving is low

SDOs that feel trusted by

Society	8%
Government	17%
Corporates	8%

PROCUREMENT

SDOs receiving government procurement contracts



Procurement process

23% of SDOs find it easy to access procurement contract information

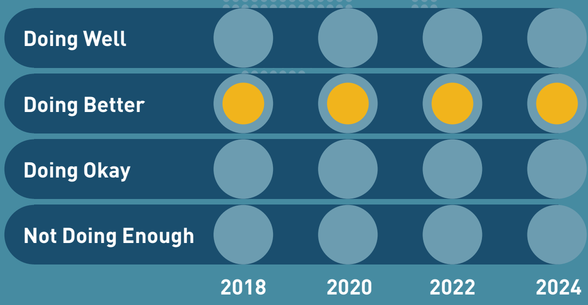
25% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

KOREA*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE



SDO DEMOGRAPHICS

16 years
Median age of SDOs

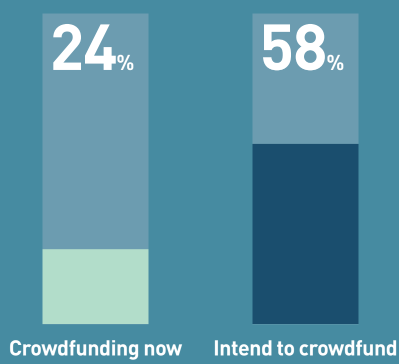
31 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Korea	Asia
Individuals & foundations	45%	42%
Foreign funding	0%	15%
Corporate funding	16%	14%
Government grants	18%	12%
Government procurement	14%	9%
Income from sales	6%	9%

Crowdfunding



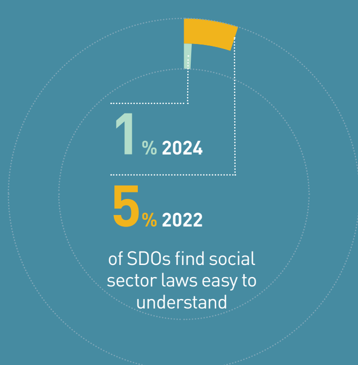
REGULATIONS

Ease of setting up an SDO

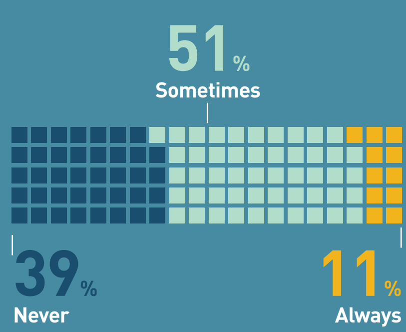
2 clearances
required to set up an SDO

90 days
required to acquire clearances

Ease of understanding laws



SDOs involved in policy consultation



TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?	●	

ECOSYSTEM

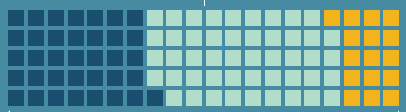
Difficulty in recruiting staff

91% 2024

84% 2022

of SDOs find it difficult to recruit staff

Donor support for capacity-building



48% Sometimes

36% Never

16% Always

Corporate engagement

45% of SDOs work with corporate volunteers

63% of SDOs receive corporate funding

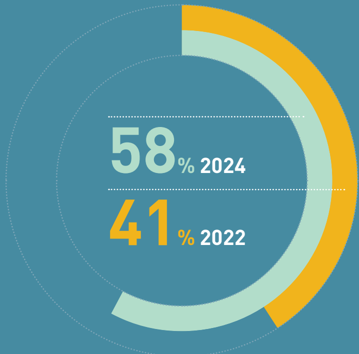
81% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	31%
Government	16%
Corporates	26%

PROCUREMENT

SDOs receiving government procurement contracts



58% 2024

41% 2022

Procurement process

7% of SDOs find it easy to access procurement contract information

39% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

MALAYSIA*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE

	2018	2020	2022	2024
Doing Well				
Doing Better	●		●	●
Doing Okay		●		
Not Doing Enough				

SDO DEMOGRAPHICS

8 years
Median age of SDOs

39 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Malaysia	Asia
Individuals & foundations	38%	42%
Foreign funding	5%	15%
Corporate funding	22%	14%
Government grants	12%	12%
Government procurement	6%	9%
Income from sales	17%	9%

Crowdfunding

39% Crowdfunding now

79% Intend to crowdfund

REGULATIONS

Ease of setting up an SDO

2 clearances required to set up an SDO

9 days required to acquire clearances

Ease of understanding laws

12% 2024

3% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

64% Sometimes

28% Never

8% Always

TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?		●

ECOSYSTEM

Difficulty in recruiting staff

61% 2024

69% 2022

of SDOs find it difficult to recruit staff

Donor support for capacity-building

60% Sometimes

34% Never

6% Always

Corporate engagement

77% of SDOs work with corporate volunteers

78% of SDOs receive corporate funding

54% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	52%
Government	63%
Corporates	65%

PROCUREMENT

SDOs receiving government procurement contracts

36% 2024

27% 2022

Procurement process

22% of SDOs find it easy to access procurement contract information

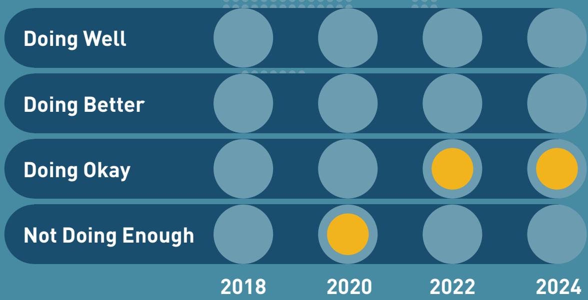
29% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

NEPAL*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE+



+ Nepal did not participate in the *Doing Good Index 2018.*

SDO DEMOGRAPHICS

18 years
Median age of SDOs

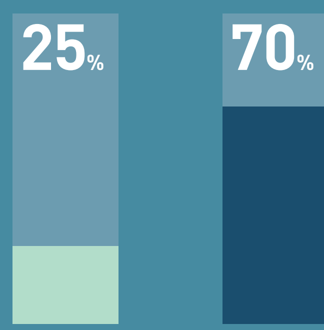
28 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Nepal	Asia
Individuals & foundations	22%	42%
Foreign funding	59%	15%
Corporate funding	4%	14%
Government grants	7%	12%
Government procurement	1%	9%
Income from sales	6%	9%

Crowdfunding



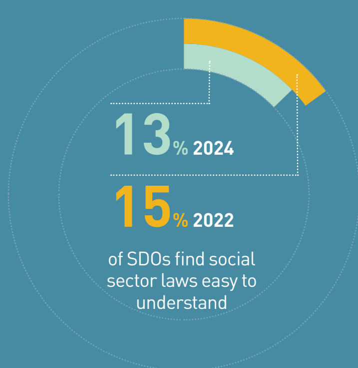
REGULATIONS

Ease of setting up an SDO

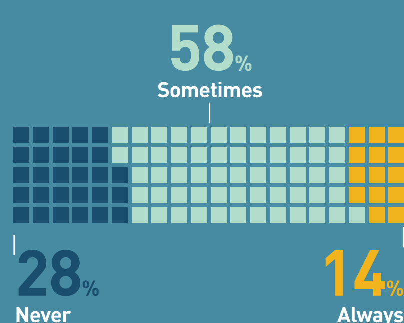
4 clearances
required to set up an SDO

21 days
required to acquire clearances

Ease of understanding laws



SDOs involved in policy consultation



TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?	●	

ECOSYSTEM

Difficulty in recruiting staff

47% 2024

56% 2022

of SDOs find it difficult to recruit staff

Donor support for capacity-building

62% Sometimes

15% Never

23% Always

Corporate engagement

57% of SDOs work with corporate volunteers

32% of SDOs receive corporate funding

79% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	55%
Government	45%
Corporates	43%

PROCUREMENT

SDOs receiving government procurement contracts

21% 2024

33% 2022

Procurement process

8% of SDOs find it easy to access procurement contract information

13% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

PAKISTAN*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE

	2018	2020	2022	2024
Doing Well				
Doing Better		●		
Doing Okay	●		●	●
Not Doing Enough				

SDO DEMOGRAPHICS

18 years
Median age of SDOs

79 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Pakistan	Asia
Individuals & foundations	49%	42%
Foreign funding	24%	15%
Corporate funding	13%	14%
Government grants	5%	12%
Government procurement	0%	9%
Income from sales	10%	9%

Crowdfunding

18%
Crowdfunding now

65%
Intend to crowdfund

REGULATIONS

Ease of setting up an SDO

4 clearances
required to set up an SDO

360 days
required to acquire clearances

Ease of understanding laws

9% 2024

8% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

61% Sometimes

32% Never

7% Always

TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?		●

ECOSYSTEM

Difficulty in recruiting staff

48% 2024

38% 2022

of SDOs find it difficult to recruit staff

Donor support for capacity-building

63% Sometimes

23% Never

14% Always

Corporate engagement

57% of SDOs work with corporate volunteers

43% of SDOs receive corporate funding

72% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	48%
Government	39%
Corporates	52%

PROCUREMENT

SDOs receiving government procurement contracts

16% 2024

18% 2022

Procurement process

11% of SDOs find it easy to access procurement contract information

10% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

PHILIPPINES*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE

	2018	2020	2022	2024
Doing Well				
Doing Better	●	●	●	●
Doing Okay				
Not Doing Enough				

SDO DEMOGRAPHICS

30 years
Median age of SDOs

35 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Philippines	Asia
Individuals & foundations	41%	42%
Foreign funding	18%	15%
Corporate funding	37%	14%
Government grants	0%	12%
Government procurement	0%	9%
Income from sales	4%	9%

Crowdfunding

18%
Crowdfunding now

61%
Intend to crowdfund

REGULATIONS

Ease of setting up an SDO

6 clearances
required to set up an SDO

52 days
required to acquire clearances

Ease of understanding laws

12% 2024

14% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

56% Sometimes

25% Never

19% Always

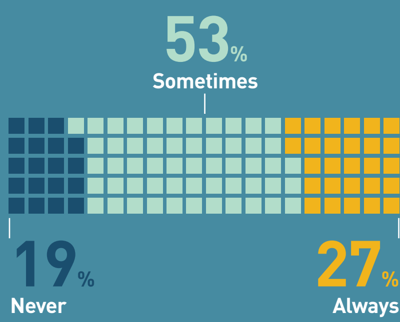
TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?		●

ECOSYSTEM

Difficulty in recruiting staff

Donor support for capacity-building



Corporate engagement

68% of SDOs work with corporate volunteers

79% of SDOs receive corporate funding

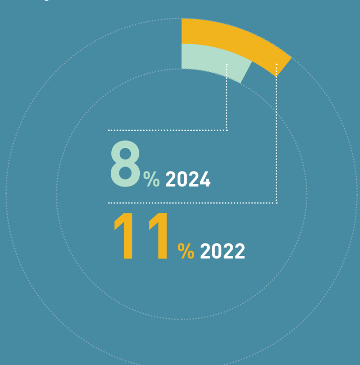
78% of SDOs believe individual giving is low

SDOs that feel trusted by

- Society: 79%
- Government: 65%
- Corporates: 84%

PROCUREMENT

SDOs receiving government procurement contracts



Procurement process

7% of SDOs find it easy to access procurement contract information

13% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

SINGAPORE*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE

	2018	2020	2022	2024
Doing Well	●	●	●	●
Doing Better				
Doing Okay				
Not Doing Enough				

SDO DEMOGRAPHICS

18 years
Median age of SDOs

52 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Singapore	Asia
Individuals & foundations	30%	42%
Foreign funding	1%	15%
Corporate funding	9%	14%
Government grants	30%	12%
Government procurement	10%	9%
Income from sales	19%	9%

Crowdfunding

43% Crowdfunding now

60% Intend to crowdfund

REGULATIONS

Ease of setting up an SDO

2 clearances
required to set up an SDO

270 days
required to acquire clearances

Ease of understanding laws

27% 2024

24% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

64% Sometimes

26% Never

11% Always

TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?		●

ECOSYSTEM

Difficulty in recruiting staff

78% 2024

83% 2022

of SDOs find it difficult to recruit staff

Donor support for capacity-building

41% Sometimes

53% Never

5% Always

Corporate engagement

62% of SDOs work with corporate volunteers

63% of SDOs receive corporate funding

51% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	53%
Government	55%
Corporates	48%

PROCUREMENT

SDOs receiving government procurement contracts

47% 2024

44% 2022

Procurement process

34% of SDOs find it easy to access procurement contract information

24% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

SRI LANKA*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE

	2018	2020	2022	2024
Doing Well				
Doing Better	●			
Doing Okay		●		●
Not Doing Enough			●	

SDO DEMOGRAPHICS

20 years
Median age of SDOs

32 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Sri Lanka	Asia
Individuals & foundations	40%	42%
Foreign funding	51%	15%
Corporate funding	8%	14%
Government grants	0%	12%
Government procurement	0%	9%
Income from sales	1%	9%

Crowdfunding

37%
Crowdfunding now

65%
Intend to crowdfund

REGULATIONS

Ease of setting up an SDO

1 clearance
required to set up an SDO

60 days
required to acquire clearances

Ease of understanding laws

20% 2024

21% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

77%
Sometimes

13%
Never

10%
Always

TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?		●
Are companies mandated to engage in CSR?		●

ECOSYSTEM

Difficulty in recruiting staff

52% 2024

64% 2022

of SDOs find it difficult to recruit staff

Donor support for capacity-building

73% Sometimes

18% Never

8% Always

Corporate engagement

66% of SDOs work with corporate volunteers

40% of SDOs receive corporate funding

84% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	48%
Government	31%
Corporates	41%

PROCUREMENT

SDOs receiving government procurement contracts

12% 2024

10% 2022

Procurement process

2% of SDOs find it easy to access procurement contract information

6% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

CHINESE TAIPEI*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE

	2018	2020	2022	2024
Doing Well	●	●	●	●
Doing Better				
Doing Okay				
Not Doing Enough				

SDO DEMOGRAPHICS

22 years
Median age of SDOs

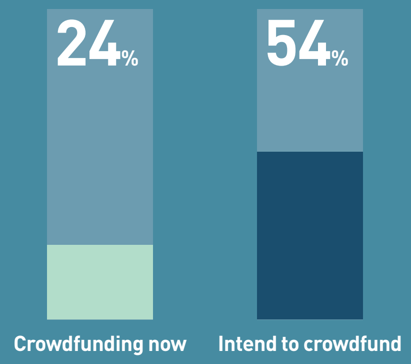
76 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Chinese Taipei	Asia
Individuals & foundations	56%	42%
Foreign funding	0%	15%
Corporate funding	16%	14%
Government grants	18%	12%
Government procurement	6%	9%
Income from sales	3%	9%

Crowdfunding



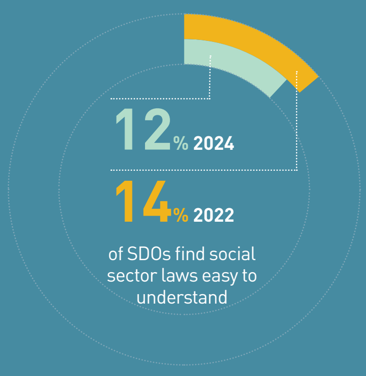
REGULATIONS

Ease of setting up an SDO

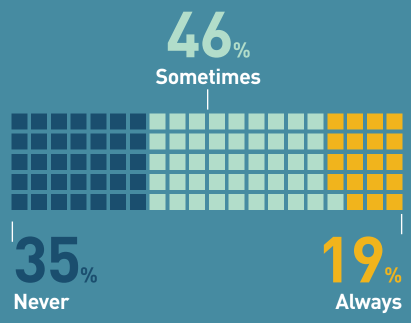
2 clearances
required to set up an SDO

90 days
required to acquire clearances

Ease of understanding laws



SDOs involved in policy consultation



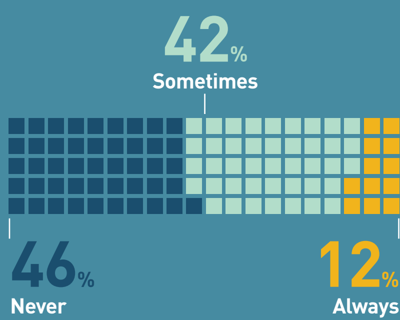
TAX AND FISCAL POLICY

Question	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?	●	

ECOSYSTEM

Difficulty in recruiting staff

Donor support for capacity-building



Corporate engagement

83% of SDOs work with corporate volunteers

71% of SDOs receive corporate funding

37% of SDOs believe individual giving is low

SDOs that feel trusted by

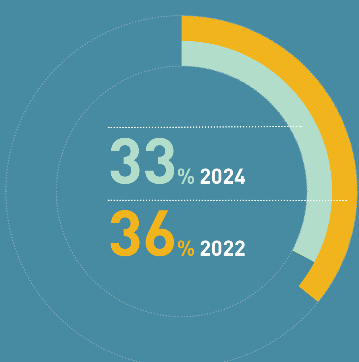
Society **43%**

Government **44%**

Corporates **46%**

PROCUREMENT

SDOs receiving government procurement contracts



Procurement process

26% of SDOs find it easy to access procurement contract information

23% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

THAILAND*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE

	2018	2020	2022	2024
Doing Well				
Doing Better	●			
Doing Okay		●	●	●
Not Doing Enough				

SDO DEMOGRAPHICS

23 years
Median age of SDOs

33 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Thailand	Asia
Individuals & foundations	40%	42%
Foreign funding	9%	15%
Corporate funding	25%	14%
Government grants	11%	12%
Government procurement	6%	9%
Income from sales	9%	9%

Crowdfunding

Crowdfunding now	Intend to crowdfund
48%	32%

REGULATIONS

Ease of setting up an SDO

4 clearances required to set up an SDO

90 days required to acquire clearances

Ease of understanding laws

1% 2024

2% 2022

of SDOs find social sector laws easy to understand

SDOs involved in policy consultation

57% Sometimes

33% Never

10% Always

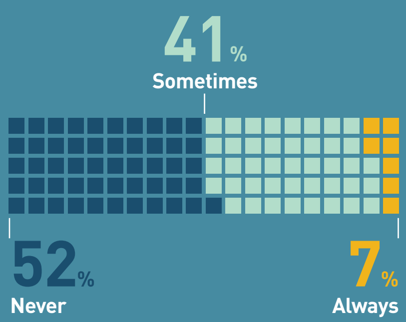
TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?		●

ECOSYSTEM

Difficulty in recruiting staff

Donor support for capacity-building



Corporate engagement

72%
of SDOs work with corporate volunteers

91%
of SDOs receive corporate funding

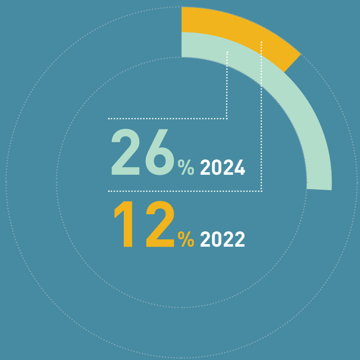
42%
of SDOs believe individual giving is low

SDOs that feel trusted by

Society	42%
Government	43%
Corporates	51%

PROCUREMENT

SDOs receiving government procurement contracts



Procurement process

3% of SDOs find it easy to access procurement contract information

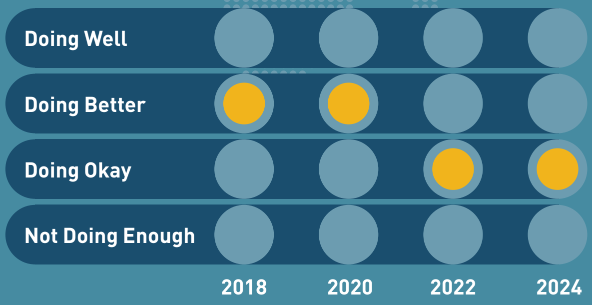
6% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

VIETNAM*

* Due to rounding, totals may not add up to 100%.

INDEX PERFORMANCE



SDO DEMOGRAPHICS

16 years
Median age of SDOs

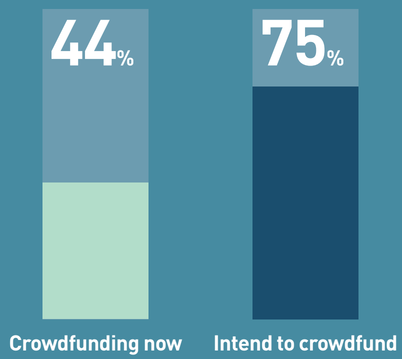
26 people
Average no. of staff

FUNDING

Proportion of an SDO's budget by funding source

	Vietnam	Asia
Individuals & foundations	24%	42%
Foreign funding	46%	15%
Corporate funding	13%	14%
Government grants	5%	12%
Government procurement	1%	9%
Income from sales	11%	9%

Crowdfunding



REGULATIONS

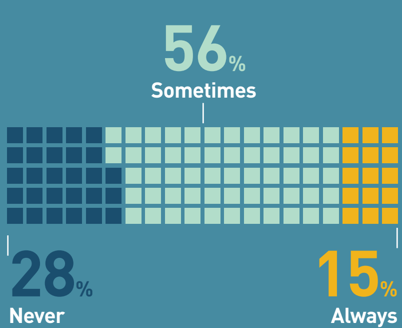
Ease of setting up an SDO

5 clearances
required to set up an SDO

180 days
required to acquire clearances

Ease of understanding laws

SDOs involved in policy consultation



TAX AND FISCAL POLICY

	Yes	No
Are tax incentives available for individual charitable donations?	●	
Are tax incentives available for corporate charitable donations?	●	
Are SDOs eligible for tax exempt status?	●	
Are companies mandated to engage in CSR?		●

ECOSYSTEM

Difficulty in recruiting staff

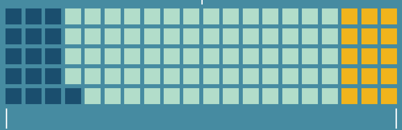
82% 2024

78% 2022

of SDOs find it difficult to recruit staff

Donor support for capacity-building

68% Sometimes



16% Never

15% Always

Corporate engagement

56% of SDOs work with corporate volunteers

61% of SDOs receive corporate funding

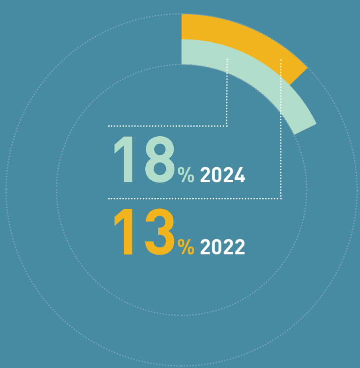
76% of SDOs believe individual giving is low

SDOs that feel trusted by

Society	67%
Government	36%
Corporates	42%

PROCUREMENT

SDOs receiving government procurement contracts



18% 2024

13% 2022

Procurement process

4% of SDOs find it easy to access procurement contract information

20% of SDOs find the procurement process transparent

Explore and compare data on our microsite.

APPENDIX I

DATA SOURCES AND METHODOLOGY

Data sources

The *Doing Good Index* relies on comprehensive data collection from two sources: social delivery organizations (SDOs) and experts. Inputs for the *Doing Good Index 2024* were drawn from 140 experts and 2,183 SDOs across 17 economies in Asia: Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Chinese Taipei, Thailand and Vietnam.[xxix] Separate surveys were designed for the social sector experts and SDOs. The two surveys capture different perspectives of the social sector and are designed to complement each other.

Expert survey

The purpose of the expert survey is to gain insight into the regulatory and policy environment of the social sector in each economy. The survey contains factual questions on topics such as SDO registration procedures, governance requirements, funding restrictions and tax incentives for charitable giving. To carry out the survey, our local partner organizations convened a panel of social experts, with at least one expert from each of the following backgrounds participating:

- A leader from another social sector organization
- An accountant with tax filing experience
- A lawyer familiar with nonprofit law
- An academic focused on the social sector
- A government representative from a ministry/agency that oversees the social sector
- A government representative from the ministry/department of finance/revenue

The number of experts on each panel for the *Doing Good Index 2024* ranged from six to 12. Experts were brought together in face-to-face and/or virtual meetings. While responses to certain questions may depend on the type of organization, experts were instructed to provide answers that applied to the most common type of SDO in their economy. During the meeting(s), experts were expected to reach a consensus on each answer and submit one completed survey per economy. All data collected was further cross-checked and verified by our local partners and our team.

Number of experts consulted

Economy	
Bangladesh	7
Cambodia	12
China	7
Hong Kong	7
India	9
Indonesia	12
Japan	7
Korea	7
Malaysia	11
Nepal	12
Pakistan	7
Philippines	12
Singapore	4
Sri Lanka	7
Chinese Taipei	6
Thailand	6
Vietnam	7
Total	**140**

SDO survey

The purpose of the SDO survey is to get a snapshot of social sector organizations in each economy, including the areas they work in, funding sources and operational challenges, as well as their general outlook on the social sector. Data collection took place from April to August 2023 using an online survey platform. Our local partners were responsible for survey dissemination, administration and monitoring.

[xxix] Due to ongoing security issues in Myanmar, it was impossible to carry out a public survey of SDOs and social sector experts for the *Doing Good Index 2024*. We are grateful to our local partner, who went to great lengths to conduct informal interviews with 23 SDOs in their network to offer a glimpse into the challenges faced by Myanmar's social sector.

Methodology

Outlined below are the methods used to calculate sample sizes for the 17 economies and aggregate the indicators under the four sub-indexes of the *Index*.

Sample size calculations

A minimum sample size (N) required for each economy was calculated. For a 90% confidence level with a 7.5% margin of error, the calculation is as follows:

$$N = \frac{[(1.65^2)[0.5(1-0.5)]]/(0.075^2)}{[1+(1.65^2)[0.5(1-0.5)]]/(0.075^2)X}$$

Where X is the estimated number of SDOs in each economy, based on numbers provided by our local partners and validated by desk research.

Eight of the 17 economies collected (or exceeded) the minimum sample required. In other economies, the response rate was lower than expected, and a revised margin of error was accepted. A confidence level of 90% was maintained for all economies. The number of SDOs surveyed in each economy and their respective margins of error are given below.

SDO sample size

Economy	Sample size (N)	Accepted margin of error (%)
Bangladesh	115	7.5
Cambodia	96	8.5
China	132	7.5
Hong Kong	110	8.5
India	192	7.5
Indonesia	122	7.5
Japan	326	7.5
Korea	95	8.5
Malaysia	112	8.5
Nepal	120	8.5
Pakistan	122	7.5
Philippines	165	7.5
Singapore	94	8.5
Sri Lanka	83	9.0
Chinese Taipei	145	7.5
Thailand	69	10.0
Vietnam	85	9.0
Total	**2183**	**-**

Data transformation

Our raw data comprises measures of different types and scales, including binary indicators to continuous variables that are scaled in different directions. In order to avoid scale bias while preserving data variation, we transformed all indicators to a continuous scale in a consistent direction. The data were homogenized on a scale of 0 to 5 using the following formulas:

Indicator description	Data transformation formula
Indicators that flow in a **positive** direction (e.g., higher values reflect a greater proportion of SDOs stating that tax deductions are easy to claim in their economy—a positive outcome)	$\text{Indicator}_{ik} = 5\left[\frac{X_{ik}}{Max\,[X_i k]}\right]$
Indicators that flow in a **negative** direction (e.g., higher values reflect a greater proportion of SDOs reporting that, in their economy, more SDOs think social sector staff should earn less than their for-profit counterparts—a negative outcome)	$\text{Indicator}_{ik} = 5\left[\frac{\frac{1}{X_{ik}}}{Min\,[X_{ik}]}\right]$
Binary indicators	Indicators are scaled into values of 0 or 5, depending on the direction of the question. An answer of "yes" received a score of 5 in indicators flowing positively or a score of 0 for negative indicators.

Where:

X is the raw value of the indicator
i stands for ith indicator
k stands for economy
$Max\,[X_{ik}]$ is the maximum value of the ith indicator across the k economies in the sample
$Min\,[X_i]$ is the minimum value of the ith indicator across the economies in the sample

Weighting system

For the *Doing Good Index*, weights indicate the relative importance of each indicator in measuring the effectiveness of policy environments for doing good. To determine the weights for the construction of the *Index*, we organized a roundtable workshop with experts from the philanthropic sectors in all economies covered in this study to determine weights for each indicator and sub-index.

The sub-indexes are weighted as follows:

Regulations	31%
Tax and Fiscal Policy	31%
Ecosystem	31%
Procurement	7%

Index calculation

The *Doing Good Index* was produced using a linear aggregation process. Separate sub-indexes were first constructed for Regulations, Tax and Fiscal Policy, Ecosystem and Procurement by aggregating the relevant indicators. These four sub-indexes were then aggregated to construct the overall *Index*. Both sub-index and final index scores are on a scale from 0 to 5.

Aggregation formula

$$\textit{Sub-index}_{ik} = \sum W_i X_{ik}$$

$$\textit{Index}_k = \sum W_i I_{ik}$$

Where:

W is the indicator weight
X is the indicator
I is the sub-index
i goes from 1 to n
k stands for economy

Cluster performance

Once each economy has a final index score, the mean and standard deviation (SD) of the index score are calculated. Economies are allocated to performance clusters based on their score relative to the mean:

Cluster	Score cutoff
Doing Excellent	$\textit{Index}_k > \bar{x} + 2\sigma$
Doing Well	$\bar{x} + \sigma < \textit{Index}_k < \bar{x} + 2\sigma$
Doing Better	$\bar{x} < \textit{Index}_k < \bar{x} + \sigma$
Doing Okay	$\bar{x} - \sigma < \textit{Index}_k < \bar{x}$
Not Doing Enough	$\textit{Index}_k < \bar{x} - \sigma$

Where:

k stands for economy
$\bar{x}$ is the mean
σ is the standard deviation

Changes to the 2024 *Index*

Every year that we produce the *Doing Good Index,* our team gains a better understanding of the factors that impact an economy's ecosystem for doing good. To ensure that the *Index* is as robust as possible, we conduct biannual revisions of the survey and *Index* components with each of our local partner organizations and other sector experts. For the 2024 iteration, we organized an in-person workshop in February 2023 with all our local partner organizations. In this two-day workshop, we debriefed the challenges in data collection and reviewed the survey and our overall framework for the *Doing Good Index 2024.*

Substantive changes to the scoring of response options were made to two questions.

1. **"Are there any restrictions on sending donations abroad by nationals (individuals or institutions) in your economy?"**
   To reflect the understanding that *being able to send any amount after getting permission is more conducive to cross-border giving than having limits on the amount that can be sent abroad each time,* the scoring of the response option was modified as follows (changes bolded):

Are there any restrictions on sending donations abroad by nationals (individuals or institutions) in your economy?

Response options (2018-222)	*Response options (2024)*
0. Sending donations abroad is completely prohibited 1. Nationals are allowed to send donations abroad **up to a certain amount** without any penalty 2. Nationals are allowed to send donations abroad only **after paying a certain penalty** 3. Nationals are allowed to send donations abroad freely without any limit or penalty	0. Sending donations abroad is completely prohibited 1. Nationals are allowed to send donations abroad only **after obtaining permission and/or paying a fee** 2. Nationals are allowed to send donations abroad **up to a certain amount** without any restrictions and/or penalty 3. Nationals are allowed to send donations abroad freely without any restriction

2. **"How often does the board meet?"**
   The question intends to capture the involvement of the board in SDO governance in each economy. Upon revision and discussion on what is considered an "ideal" frequency of board meetings, the coding of the responses was changed from five options to three.

How often does the board meet?

Response options (2018-222)	*Response options (2024)*
1. Never 2. Monthly or more often 3. Quarterly 4. Twice a year 5. Annually	1. Never 2. Monthly or more often OR annually 3. Quarterly OR twice a year

One major wording change was made for the indicator, "Are there specific reporting requirements for CSR activities in your economy?" This was simplified from the original wording, "Are there specific corporate governance requirements for corporate social responsibility activities (e.g., mandatory committees, reporting requirements, etc.)?" The decision was made in light of feedback from our local partners that the convoluted wording caused some confusion among respondents.

Other minor wording changes were also made. While we endeavor to correct previous years of data, changes to the number of indicators, scoring and wording will affect the comparability of prior years to some extent.

If you have any questions about the methodology for the *Doing Good Index*, please email research@caps.org.

Doing Good Index

REGULATIONS	Efficiency	• Number of registration clearances • Time required to obtain clearances • Single-window facility
	Flow of funds	• Number of foreign funding clearances • Time required to obtain foreign funding clearances • Limit on amount of foreign funding • Inhibitors on flow of funds
	Accountability	• Number of reporting requirements • Legal liability of board members • Legal liability of senior staffers • Enforcement of regulations
	Communication	• Publicly available laws • Easily understandable laws • Involvement in policymaking
TAX AND FISCAL POLICY	Incentives for donors	• Rate of individual and corporate tax incentives • Limits on tax incentives • Ease of claiming tax incentives • Tax incentives for bequests • Mandated corporate giving
	Incentives for recipients	• Tax exemption for SDOs • Availability of government grants • Penalty on operating surplus
ECOSYSTEM	Public perception	• Level of trust in SDOs • Public scandals • Level of individual giving
	Institutional recognition	• Awards for philanthropy, SDOs and CSR • National giving day and volunteering programs
	Talent infrastructure	• Recruitment of staff and volunteers • Support for capacity building • University courses on nonprofits and/or philanthropy • Compensation gap
	Good governance	• Prevalence of boards and their composition • Corporate representation on boards • Government representation on boards • Connections to elite
PROCUREMENT	Access to procurement opportunities	• Eligibility for Requests for Proposals (RFPs) • Incentives for SDOs
	Procurement process	• Access to information, transparency and ease of process

APPENDIX II

LIST OF PARTNER ORGANIZATIONS

Economy	Partners
Bangladesh	Centre for Policy Dialogue
Cambodia	Cooperation Committee for Cambodia; The NGO Forum on Cambodia
China	IPTU; NPI
Hong Kong	ACS
India	GuideStarIndia; Centre for Advancement of Philanthropy; capi Centre for Asian Philanthropy India
Indonesia	Pirac
Japan	Japan NPO Center
Korea	The Beautiful Foundation Center on Philanthropy
Malaysia	myHarapan
Myanmar	Yever smarter together
Nepal	CHAUDHARY FOUNDATION
Pakistan	Pakistan Centre for Philanthropy; SDPI
Philippines	ASSOCIATION OF FOUNDATIONS Building Foundations, Building A Better Future
Singapore	empact EMPOWERING GREATER IMPACT
Sri Lanka	IPS
Chinese Taipei	第三部门研究中心
Thailand	THAMMASAT UNIVERSITY SCHOOL OF GLOBAL STUDIES
Vietnam	MSD

ENDNOTES

[1] Wruck, C. (2023, July 14). *Giving USA Report on Philanthropy: Is It the End of the World as We Know It?* PG Calc. Retrieved from https://www.pgcalc.com/insight-training/pg-calc-featured-articles/giving-usa-report-is-it-the-end-of-the-world

[2] The World Bank, World Development Indicators. (2022). *GDP (Current US$)—East Asia & Pacific, South Asia* [Data file]. Retrieved March 26, 2024, from https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=Z4-8S

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