



# DOING GOOD INDEX 2022

Assessing the Health and Well-being of Asia's Social Sector



Centre for Asian Philanthropy and Society

doing **GOOD**

# EXECUTIVE SUMMARY

**A**sia is a hub for innovation, creativity and ingenuity. We have witnessed the region's extraordinary economic growth in recent decades, spurring considerable progress in raising the health and well-being of millions. This growth has put Asia on the world stage, highlighting its role as a global player. But, in the past three years, the Covid-19 pandemic has caused significant setbacks. Inequalities have been exacerbated, and hard-won progress has been undone. More than two-thirds of those newly forced into poverty live in South Asia, East Asia and the Pacific.<sup>1</sup> And in order to achieve the United Nations Sustainable Development Goals (SDGs) by 2030, the Organisation for Economic Co-operation and Development (OECD) estimates that the existing financing gap of US\$1.5 trillion annually, could increase by up to 70% as a result of the pandemic.<sup>2,3</sup>

Despite historical headwinds, Asia's social sector has demonstrated its capacity as a trusted partner for sustainable development, working with governments, companies and philanthropists to build back better.<sup>i</sup> Yet Asian philanthropy is still largely held back from reaching its full potential by a trust deficit and underlying structural conditions. The *Doing Good Index*, now in its third iteration, showcases how this can be changed.

The *Doing Good Index* provides evidence-based findings on how economies in Asia are or are not enabling the public, private and social sectors to work together to address our common problems and contribute to continued economic and social vitality.<sup>ii</sup> Our data-driven insights aim to help philanthropists, policymakers, researchers, social delivery organizations (SDOs) and engaged citizens to understand what levers can be pulled to best increase and enhance philanthropic giving in their economies.

Despite the unique characteristics of each economy, some pan-regional themes can be identified in 2022:

- **Most economies lack a clear and consistent set of policies to allow the social sector to thrive.** Finding the balance between regulations that support transparency and accountability on one hand and onerous government control and oversight on the other is a challenge, with a happy medium yet to be found in many localities.
- **Funding to the social sector is in flux.** The emerging economies within this *Index* have historically relied heavily on foreign funding. Since our 2018 edition, the *Doing Good Index* has tracked an overall decrease in foreign funding across Asia, deepening in 2022. Few economies have successfully leveraged domestic and government funding to fill the funding gap.
- **Despite the challenges, the *Doing Good Index* shows that society cares.** People and companies are engaged and are working together to address shared challenges. The average score on the Ecosystem sub-index for Asia is the highest among all four sub-indices. Personal and corporate commitment to our communities will continue to be an essential part of any sustainable solution. At the same time, all sectors—individuals, SDOs, companies and government—can and must do more. The social sector faces serious talent, capacity and funding shortages that can be mitigated by companies and government providing more funding, procurement opportunities and skills transfer.

**The right policies and incentives can maximize both the amount *and* impact of social investment in the social sector.** We consider the role of both institutions and individuals as actors in this process and shine a light on the diverse forms that giving can take—philanthropy, impact investment, and corporate social responsibility (CSR), to name a few. And the potential is there. As much

<sup>i</sup>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.

<sup>ii</sup>The term "economies" refers to 16 countries (Bangladesh, Cambodia, China, India, Indonesia, Japan, Korea, Malaysia, Myanmar, Nepal, Pakistan, the Philippines, Sri Lanka, Thailand and Vietnam); the Hong Kong Special Administrative Region (HKSAR), China; and Taiwan, China.

as **US\$701 billion per year could be unlocked** if Asia—home to almost a quarter of the world’s billionaires—were to match the United States in terms of philanthropic spend by donating the equivalent of 2% of its gross domestic product (GDP).<sup>4</sup> This would amount to almost 14 times the net foreign aid flowing to the region.<sup>5,6,7</sup>

The mobilization of philanthropic capital to the social sector empowers governments to accelerate inclusive and sustainable development. What’s more, the *Doing Good Index* illustrates that this pathway is accessible to all economies, regardless of socioeconomic status.

Since the inaugural 2018 edition, our methods have evolved, and our scope has widened. In 2022 we **surveyed 2,239 SDOs and interviewed 126 experts across 17 Asian economies**.<sup>iii,iv</sup> Separate from the Index, we have included a section on the state of the social sector in Myanmar.<sup>v</sup>

In mapping the landscape of social investment, **the study examines four sub-indices: Regulations, Tax and Fiscal Policy, Ecosystem, and Procurement**. The *Doing Good Index* clusters economies into four groups in order to describe whether they are on track to create a conducive environment for doing good: **Doing Well, Doing Better, Doing Okay, and Not Doing Enough**. Encouragingly, all economies in our study 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, and no economy has reached the “gold standard” of Doing Excellent.

This iteration of the *Doing Good Index* also includes a section on the **impact of Covid-19 on the social sector** and affirms three key developments triggered by the pandemic. First, the pandemic forced an immediate and united response from individuals, companies and governments. Responses tended to be much localized, informal and, at times, impromptu in order to react to local needs. Second, Asian governments’ responses varied greatly, in many cases putting in place new and often conflicting policies. In some economies, pandemic restrictions were used as a cover for increased encroachments on freedoms. Finally, the pandemic greatly accelerated existing trends, including income disparity and unequal access to essential resources. Addressing these inequalities and inequities requires a thriving social sector, yet most of Asia’s SDOs are held back by fluctuating regulations, funding shortfalls and lack of talent.

As the Covid-19 crisis begins to abate, the strengths of the government, corporate and social sectors need to be harnessed to rehabilitate and rebuild. Synergies among the sectors are imperative. Unfettered access to philanthropic funding and allowing donors and recipients to be nimble in their interventions can contribute to a rapid and effective response.

## 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, and that the time to act is *now*. The *Doing Good Index* contributes to this ambitious objective in the following ways:

**Addressing the trust deficit.** Lack of trust as an impediment to giving is an issue often raised by donors in Asia. The *Index* identifies factors that most contribute to the trust deficit and those remedies most effective in addressing it.

**Creating new data.** Philanthropic activity is not under

the purview of national statistical agencies, nor a high priority for data collection. The *Index* helps *create* a body of data that can be used to understand the landscape for philanthropy and the changes happening within it.

**Pointing the way to a more vibrant social sector.**

The *Index* can be used to help philanthropists, policymakers, researchers, SDOs and engaged citizens understand what levers can be pulled to best increase and enhance philanthropic giving in their economies.

<sup>iii</sup> These economies are: Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam.

<sup>iv</sup> “Hong Kong,” “Korea” and “Taiwan” refer to the Hong Kong Special Administrative Region, China; the Republic of Korea; and Taiwan, China.

<sup>v</sup> Due to the challenging situation on the ground, Myanmar was unable to take part in the 2022 iteration of the *Doing Good Index*.

## Sub-index findings

The sub-indices help to illustrate specific measures that economies have taken to maximize the potential of private social investment.

### Regulations

- The ease of setting up and operating an SDO varies across the region. Governments in all 17 economies make social sector laws publicly available, but fluctuating regulations, bureaucratic hurdles and inconsistent enforcement are common challenges for SDOs.
- Changes in laws governing the receipt of foreign funding in more than half of the economies are putting pressure on organizations hoping to attract money from abroad. This is particularly concerning for low- and middle-income economies where foreign funding remains an important source of income for SDOs.
- Reporting requirements to encourage transparency and accountability in the social sector are in place across the region, with all 17 economies mandating at least one reporting measure and 15 requiring four or more. But in some economies, reporting requirements are voluntary, and records are often not made publicly available.
- Governments are engaging the social sector in policy consultations, but sporadically. While government consultation with the sector is becoming increasingly common, it remains largely informal and infrequent, with almost a third of SDOs in Asia reporting not being involved in policy discussions at all.

### Tax and fiscal policy

- Tax incentives for donors and recipients of philanthropic funds drive performance on this sub-index. As in 2018 and 2020, performance on the Tax and Fiscal Policy sub-index most closely mirrors overall performance on the *Doing Good Index*. All 17 economies offer tax deductions for philanthropic donations by corporates, and all but one offer the same for donations by individuals.
- Rates of tax deductions vary widely, from zero to 250%. Twelve economies offer rates of 100% or higher for charitable donations from individuals, and 15 offer the same for donations by corporates.

But 15 economies restrict tax deductions to a proportion of income or profits, thereby dampening their incentivizing effect.

- Incentives for giving upon death in the form of charitable bequests are yet to be leveraged in the region. Seven economies have a death or inheritance tax, four of which offer incentives for charitable bequests.
- In most economies, the government provides fiscal support to the sector through grants. 44% of surveyed SDOs in Asia report receiving government grants, but this typically makes up just 12%, by proportion, of an SDO's funding sources.
- Corporate social responsibility (CSR) and environmental, social and governance (ESG) reporting requirements are helping drive corporate funding to the sector. Eight economies have government or listing policies requiring companies to engage in CSR, and eight stock exchanges in Asia require ESG reporting.

### Ecosystem

- Society continues to be supportive of the sector. Governments, companies and the public recognize, volunteer at, and fund SDOs. With the spike in demand for its services due to the pandemic, the social sector stepped up to meet the challenge.
- Public perception of SDOs is generally positive and SDOs feel generally trusted by society. In addition to a robust regulatory framework, trust in the social sector can be built through direct interaction between the public and social delivery organizations through volunteering and giving. Concurrently, public scandals can erode trust and have a negative effect on funding.
- Despite evidence of public support for the social sector, further giving is needed. While funding from individuals and foundations makes up 39%, by proportion, of an Asian SDO's budget, 76% of organizations find the level of giving low.
- After funding, one of the most pressing issues facing Asian SDOs is attracting and retaining talent. More than half of the organizations surveyed struggle with staffing, a trend that has accelerated since 2020. Persisting perceptions that nonprofit employees should earn less than their corporate counterparts, donor unwillingness to fund salaries and the need for

- capacity building are all contributing factors.
- The private sector is engaged with the social sector, motivated by the increasing adoption of a “profit with purpose” mentality. Companies are facing increasing calls to consider benefits not only for shareholders but for all stakeholders. Beyond funding, companies provide in-kind support, pro-bono technical and professional services, and volunteers.
- SDOs are collaborating with each other to amplify impact. Before the pandemic, three-quarters of SDOs collaborated with other SDOs to deliver services, improve capacity and advocate their causes. Covid-19 accelerated this, highlighting both the opportunity and need to find synergies with SDOs, companies and government.

- participation in the procurement process but remain underutilized in Asia.
- The procurement process remains challenging. 64% of SDOs found it difficult to access information about government contracts. Despite this, transparency of the procurement process is on the rise in the region.



**The Doing Good Index as a force multiplier**

**Procurement**

- Governments in Asia procure services from SDOs, but there is room for growth. 30% of organizations surveyed reported receiving income from government procurement in the last financial year, up from 26% in 2020.
- Procurement makes up, on average, 9% of an SDO’s budget by proportion, but regional differences are significant. In China, government procurement makes up 55%, by proportion, of an SDOs budget. Targeted incentives can encourage and facilitate SDO

**Conclusion**

An ongoing pandemic, active conflict in Europe and heightened political tensions across Asia have darkened the skies in 2022. The continued resilience of the social sector is a beacon of hope. SDOs continue to work with vulnerable communities to provide extra support and care, often in partnership with companies and government agencies, increasingly at the local level. Now, more than ever, we need evidence-based insights and data-driven findings to chart the course towards recovery and revitalization.

Funding is the lifeblood of the social sector, enabling SDOs to function, offer services and deliver on their vision. The current crisis has increased awareness of the importance of giving operational support and unrestricted funding to organizations. Yet, access to these forms of funding remains far from the norm in Asia and capacity building is consistently overlooked or denied by donors.

Meanwhile, the flow of foreign funding to the region’s social sectors is on the decline. SDOs are regrouping

**WHAT IS A SOCIAL DELIVERY ORGANIZATION?**

CAPS uses the term “social delivery organization” (SDO) to refer to entities engaged in providing a product or service that addresses a societal need.

The commonly used term “nonprofit” is not as useful because many organizations include a for-profit or social enterprise income stream. “Nongovernmental organization” is also not quite right in Asia where many such organizations are affiliated with government.

“SDO” is a useful term as it allows us to differentiate

social delivery from pure advocacy organizations that take on a different role within the Asian context. It covers organizations ranging from traditional nonprofits to nonprofits with income streams to social enterprises to operating foundations.

Most of the SDOs surveyed for the *Doing Good Index* are nonprofits, with only 5% identifying as for-profit. Another 8% identify as nonprofit social enterprises or social ventures.

and turning to domestic sources. Some governments in the region are enacting policies to encourage greater philanthropic giving and stepping in to help fill the funding gap. In Asia, where government signals truly matter, the right fiscal policies can demonstrate support for and trust in the social sector, creating ripples of influence.

“Asia for Asia” philanthropy can also do its part. While Covid-19 has pushed millions of people into poverty, Asia Pacific remains one of the fastest growing regions for wealth.<sup>8</sup> This bodes well as the private sector is increasingly being called upon—by government and society alike—to help address growing social and environmental issues.

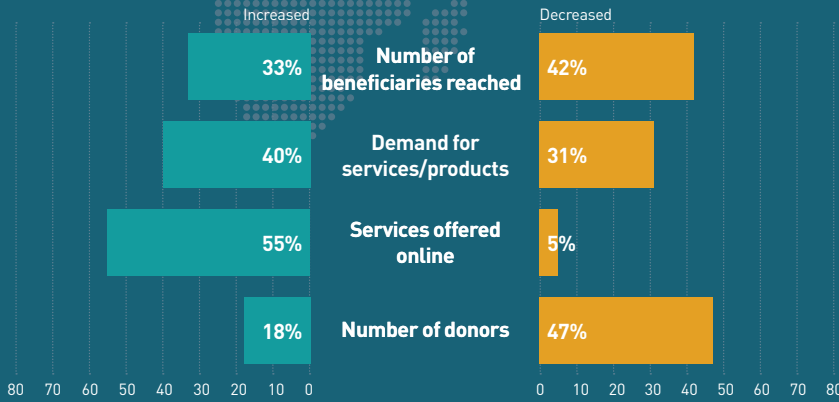
In producing the *Doing Good Index*, CAPS hopes to assist the region to realize its potential as a global leader in social innovation. We present this report to you as a unique and systematic body of evidence with the aim of unleashing the potential of private social investment in Asia.

# ASIA\*#

\* In this and subsequent economy snapshots, totals may not add up to 100% due to rounding.

# Data for 2022 is based on findings from 17 economies, and data for 2020 is based on findings from 18 economies.

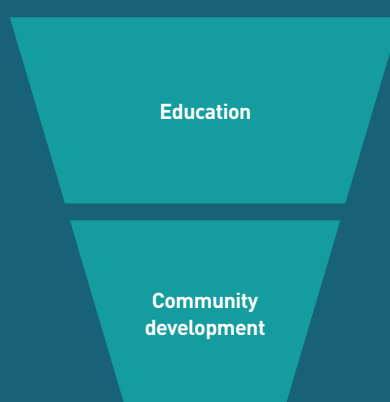
## Impact of Covid-19 on SDOs



## Social sector outlook



## Primary areas of work

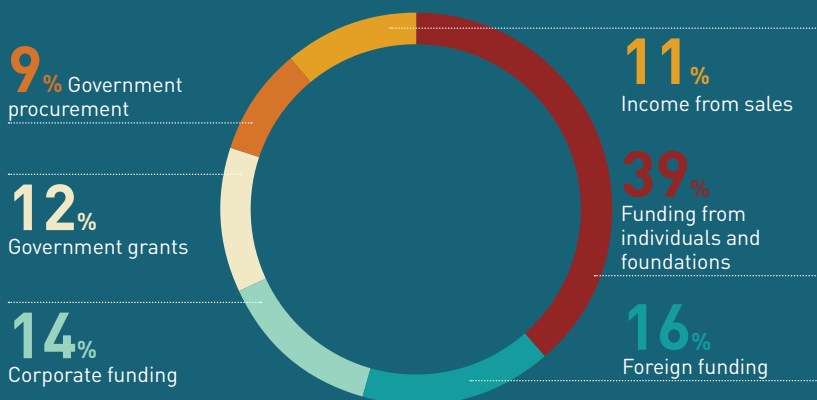


## Prevalence of funding sources\*

Foreign funding	39%
Funding from individuals and foundations	77%
Corporate funding	54%
Income from sales	41%
Government grants	44%
Government procurement	30%

\* Percentage of SDOs receiving each type of funding.

## Proportion of SDO budget by funding source\*



\* Based on data provided by SDOs for the last financial year.

## Changes in sources of funding: 2022 vs 2020\*



\* For the purpose of this graphic, domestic funding combines: funding from individuals and foundations, corporate funding and income from sales. Government funding combines income from procurement contracts and government grants.

### Individual charitable giving



### Top 2 reasons for low levels of giving



### Trust in SDOs



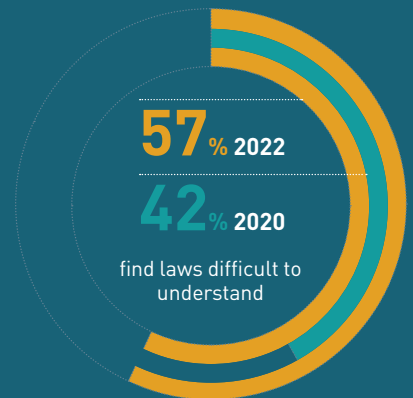
### Difficulty in recruiting staff



### Corporate volunteering



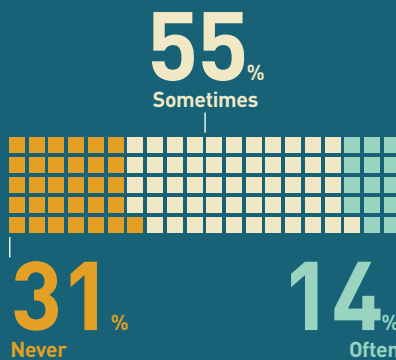
### Ease of understanding laws



### Government procurement



### SDOs involved in policy consultations



Explore and compare data on our microsite.







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