

## Commentary on Indonesia philanthropy rank

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### Abstract

Indonesian philanthropy has experienced substantial turmoil since early 2020. The Doing Good Index 2020 survey raised Indonesia's position to 'Doing Okay' after several years in the 'Not Doing Enough' position. This index includes indicators such as monetary donations, time contributions, and assistance to foreigners. Indonesia often ranks high on the indicators for contributing time and assistance to foreigners in this index. The question that arises from this ranking is whether it has anything to do with Islamic philanthropy? and whether the alleged misappropriation of charitable funds through various social and commercial activities will affect public confidence. This commentary focuses Strictly on the perspective of Islam and Indonesia in general in understanding philanthropy.

### Public interest statements

This brief provides practitioners and academics with information on the development of philanthropy in Indonesia during and after the COVID-19 pandemic and after the revelations of the ACT case. Regardless of trends and rankings, philanthropy helps raise social awareness of the problems and challenges faced by society. Philanthropy involves developing human values such as kindness, empathy, cooperation, and concern for others.

**Keywords:** COVID-19, Islamic philanthropy, Indonesia

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## Abstrak

Filantropi Indonesia mengalami gejolak yang cukup besar sejak awal tahun 2020. Survei Doing Good Index 2020 mengangkat posisi Indonesia menjadi 'Doing Okay' setelah beberapa tahun pada posisi 'Not Doing Enough'. Indeks ini mencakup indikator seperti sumbangan moneter, kontribusi waktu, dan bantuan kepada orang asing. Indonesia sering mendapat peringkat tinggi pada indikator kontribusi waktu dan bantuan kepada orang asing dalam indeks ini. Pertanyaan yang muncul dari pemeringkatan ini adalah apakah ada kaitannya dengan filantropi Islam? dan apakah dugaan penyelewengan dana amal melalui berbagai kegiatan sosial dan komersial akan mempengaruhi kepercayaan publik. Tafsir ini berfokus pada perspektif Islam dan Indonesia secara umum dalam memahami filantropi.

## Pernyataan kepentingan publik

Brief ini memberikan informasi kepada praktisi dan akademisi tentang perkembangan filantropi di Indonesia selama dan setelah pandemi COVID-19 dan setelah terungkapnya kasus ACT. Terlepas dari tren dan peringkat, filantropi membantu meningkatkan kesadaran sosial terhadap masalah dan tantangan yang dihadapi masyarakat. Filantropi melibatkan pengembangan nilai-nilai kemanusiaan seperti kebaikan, empati, kerja sama, dan kepedulian terhadap orang lain.

## Background

The impact of the COVID-19 pandemic is too significant for the government to handle. Support from various parties across sectors, such as the community, the business world, and philanthropic organizations, is needed to reach all affected societal levels. Good news came from the Center for Asian Philanthropy and Society, which released the Doing Good Index survey results, raising Indonesia's ranking from Not Doing Enough in 2018 to Doing Okay in 2020 (CAPS, 2020); this position will continue until 2022 (CAPS, 2022).

The Doing Good Index (DGI) is a study conducted across 18 Asian countries using a range of indicators to examine the enabling factors for individuals or institutions to do good through philanthropy and social impact investment (CAPS, 2020). It further states that the research identifies opportunities for the Indonesian government to do more for society and how private and corporate donations are utilized to meet the needs of many. The index can help philanthropists, policymakers, researchers, non-government organizations (NGOs), and engaged citizens better understand what can improve philanthropic giving in their country. A Gallup survey (2018) ranked Indonesia highest alongside Australia, scoring 59 on a scale 100. After that, New Zealand and the United States came in second and third, respectively, with scores of 58 and 59 on a scale 100. After that, Ireland is next with a score of 56. Below the top 5 are the United Kingdom (55), Singapore, Kenya and Myanmar (54), and Bahrain (53).

The World Giving Index (CAF, 2019) also gives a special note to Indonesia as the country with the fastest growth in generosity globally (see Figure 1). In 2010, Indonesia only scored 36, rapidly increasing to 60 in 2017 and 59 in 2018. This situation puts Indonesia at the top of the list of biggest risers, above Kenya, Singapore, Malaysia, Iraq, South Africa, Haiti, Rwanda, Bosnia and Herzegovina, and the United Arab Emirates. Some of the research results above provide an in-depth picture of what philanthropic institutions in Indonesia can do to optimize their contribution to improving the welfare of society, including when the world is

facing the COVID-19 pandemic. The social sector is expected to provide services to the community while directly providing food aid, health assistance, loans or grants, and supporting government initiatives.



Source: <https://www.cafonline.org>

**Figure 1.**

*The world giving index report (2022)*

Referring to the philanthropy ranking in [Figure 1](#), only Indonesia can represent the Muslim community, thus concluding that religion and philanthropy seem inappropriate. Ani Cahyadi state that, referring to the ranking, several possibilities drive high philanthropy. First, secular countries (such as the U.S., Australia, New Zealand, and Canada) represent developed countries with a good and comprehensive social welfare system. The government has provided many public services, such as accessible or affordable health and education services, social safety nets, and assistance programs for needy people. Within these countries, philanthropy may focus on supporting external initiatives and projects. These countries also have high per capita incomes and low levels of inequality. The high income gives individuals and groups the financial ability to contribute significantly. In addition, low inequality reduces the distribution of wealth and can influence awareness and concern for social problems. Secondly, philanthropy can also be caused by unfavorable situations in a country. For example, Myanmar and Ukraine are experiencing conflict and war, and the World Bank declares Sierra Leone as one of the countries with a high poverty rate. Hence, religion is not the only cause of the high rate of philanthropy.

### **Is Indonesian philanthropy related to Islamic philanthropy?**

The term "Islamic philanthropy," also known as "Islamic giving" or "Islamic charity," refers to actions of selfless generosity that are inspired by the tenets and ideals of Islam. It comprises various giving gestures, such as monetary gifts, excellent deeds, and volunteer work, and is an essential component of Islamic beliefs. First, one of the central tenets of Islamic generosity is zakat. Giving a percentage of one's money to designated recipients, such as the needy, the

destitute, the indebted, and those named in the Quran, is a required act of charity. In order to provide a more fair distribution of resources in society, zakat is seen as a way to purify and redistribute wealth on a societal level. Second, unlike zakat, which is required, sadaqah is a voluntary act of charity and generosity. It can take many forms, including donating money, lending a helping hand, contributing services, or being kind to others. Sadaqah is recommended to thank Allah and provide for the poor. It is a way to cleanse one's money and get spiritual blessings.

Third, the term "waqf" describes the act of endowing money, properties, or other resources for charitable purposes. Through waqf, people or groups create and designate specific resources, such as land, buildings, or money, for specific charity purposes, including aiding educational institutions, hospital facilities, or social welfare initiatives. The money from waqf assets is utilized to grow and continue the approved charity operations forever.

The third type has received much attention in the last five years. For example, the study by Saputra et al. (2021) found that the collaboration between employers and society contributes to reducing poverty, promoting wealth equality, enhancing community welfare, generating social advantages, maximizing social resources, innovating problem-solving approaches, and striking a balance between social and business endeavors. Other findings (Iskandar et al., 2021) also provide support that Islamic philanthropy plays a significant role in reducing poverty, demonstrating its positive impact in both the short and long term. Specifically, integrating Islamic social and commercial finance within a single model is particularly effective in addressing poverty.

In sum, if it is related whether Indonesian philanthropy is related to Islamic philanthropy, in my opinion, is quite reasonable; however, this cannot be used as the only basis because if you look at the ten highest-ranking countries, only Indonesia is the country with a sizeable Muslim population. Undeniably, Indonesia has the world's largest Muslim population so this assumption can be the starting point. However, another question that arises is what is the position of other Islamic countries? Religious teachings can influence community behavior, but other determining factors such as the economy and culture also need attention (Ani Cahyadi).

The philanthropy in Indonesia has a long history stemming from cooperation (known as 'gotong royong'), a tradition in Indonesian culture. The principle of gotong royong is emphasized in the philanthropic culture in Indonesia. Indonesian people are willing to help others in emergencies, natural disasters, or other difficult situations.

*"In my opinion, Indonesia has two large social capitals in terms of philanthropy. First, Indonesia has a culture of cooperation which is an integral part of Indonesian society. Philanthropy in Indonesia is often driven by social and cultural values that encourage people to help others. Values such as "gotong royong," solidarity, and concern for others are essential in promoting philanthropy in Indonesia. Second, religion plays an essential role in inspiring philanthropy in Indonesia. Religions such as Islam, Christianity, Hinduism, and Buddhism encourage their followers to do charity and give as part of their worship. This encourages many religious individuals and groups to be active in philanthropic activities" (Ani Cahyadi).*

## The reality of the performance of philanthropic organizations in Indonesia

The existence of philanthropic organizations in Indonesia has provided many benefits in helping to improve the welfare of the community through the collection and distribution of donated funds, including those based on religion, such as Dompot Dhuafa Republika (DDR), Rumah Zakat, Inisiatif Zakat Indonesia (IZI), the Indonesian Red Crescent (BSMI), Lazis Nahdlatul Ulama (Lazisnu), Lazis Muhammadiyah (Lazismu), and Dompot Sosial Madani (DSM). In addition to the Islamic-based ones, there are Catholic-based philanthropic organizations, such as KARINAKAS (Tamim, 2016). Islamic philanthropic funds are realized through zakat, infaq, sadaqah, waqf, grants, and other benevolent funds. In its journey, the program's implementation for the distribution of funds aims not only to meet the immediate needs of life but also to empower the beneficiaries.

*“for Indonesia, a country with the largest population in the world, it is not surprising that this philanthropy ranking is the highest. For example, in Islam, there is an obligation to pay zakat, one of Islam's main pillars. Zakat is a Muslim obligation to give a portion of wealth to needy people. Zakat is considered a form of devotion to Allah and a means to purify wealth and soul. Zakat has a social purpose to fight poverty and improve people's welfare. In addition, sadaqah is philanthropy which is also highly recommended in Islam. Sadaqah can be given voluntarily without obligation as assets or assistance in time, expertise, or energy. Sadaqah is a charity obtained from a sincere heart with high spiritual values” (Zainal Abidin).*

Through the programs they initiate and implement, philanthropic institutions strive to improve the community's welfare locally and nationally. Humanitarian issues encourage community participation in efforts to strengthen social care and community empowerment. The presence of philanthropic organizations has been perceived as a partner that complements the tasks of the government, both at the local and central levels. The potential for philanthropic fundraising in Indonesia is enormous and should be developed as alternative support for community empowerment programs. The utilization of philanthropic funds is expected to improve the welfare of the beneficiaries, which will reduce poverty in Indonesia in the long run. That way, zakat can be more effective and efficient in fulfilling its primary purpose as an instrument to alleviate poverty (Yani, 2020).

*“Two programs have been carried out in Indonesia to raise awareness of philanthropy. First, encourage values and ethics in the education sector. The values and ethics education can integrate into education and teaching, including philanthropic values, such as empathy, generosity, and concern for others. The school curriculum can include extracurricular subjects or activities that promote awareness about social issues, the importance of sharing, and social responsibility. Second, and what has been carried out by all tertiary institutions, is the community service program. Schools and colleges have developed many community service programs involving students in social activities and community service. This program involves working with philanthropic organizations, foundations, or local NGOs to provide opportunities for students to contribute to projects that benefit society” (Ani Cahyadi).*

## What lessons can be learned from the ACT case?

The COVID-19 pandemic is a test and proof that the role of philanthropic organizations cannot be ignored. The programs initiated and implemented by philanthropic institutions are considered very helpful for the government in overcoming the impact of COVID-19. Research by Gallup (2018), CAF (2019), and CAPS (2020) further confirm the high level of generosity of the Indonesian people, as well as the momentum to increase the benefits of philanthropic funds for the welfare of beneficiaries. With good governance, philanthropic funds as part of individual piety will metamorphose into an empowering socio-economic movement. Instead of decreasing following the economic tension, fundraising by philanthropic institutions has increased during the COVID-19 pandemic.

The COVID-19 pandemic has also changed people's behavior toward donating. Unlike before the pandemic, people are now very familiar with using digital features developed by philanthropic organizations. From the institution's side, social media can also do donor education more effectively. Unfortunately, the disclosure of the misappropriation of ACT funds by Tempo (2022) is feared to reduce public trust in philanthropic institutions, given the vast network of these institutions at the national and international levels. During 2020, ACT was able to raise IDR519 billion in public funds (Tribunnews, 2022).

*“So far, this concern has not been proven. Some philanthropic organizations, such as DDR, Rumah Zakat, and IZI, have increased their fundraising. This situation indicates a change in public behavior that is increasingly selective in choosing institutions that will channel their donations. When choosing philanthropic institutions, track records, digital collection methods, creativity in program development, and transparency in fund management are filters for the public” (Zainal Abidin).*

In contrast to the various international survey results mentioned above, various problems also arise in philanthropic institutions in Indonesia. At the government level, the Indonesian Corruption Eradication Agency (KPK) named the former Minister of Social Affairs as a suspect in the case of alleged bribery in social assistance handling the Covid-19 pandemic for the Greater Jakarta area in 2020. Apart from that, the revelation of the social organization Aksi Cepat Tanggap's (ACT) alleged misappropriation of charitable funds through various social and commercial activities has unfortunately disrupted the previously favorable environment. As a result, the Ministry of Social Affairs has revoked the foundation's operating license per Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering Crimes. This situation is expected to fuel public distrust of philanthropic organizations in Indonesia.

Behind every incident, there must be wisdom and lessons for many parties. Supervision of philanthropic organizations and law enforcement is non-negotiable from the government side. Regulations must also be made more stringent, regulating what philanthropic institutions can and cannot do and including legal sanctions. The managers of philanthropic institutions must improve themselves while adapting to new conditions and habits after COVID-19. Practices that have the potential to trigger manipulation must be avoided so that public trust can be maintained and improved. In addition to external (government) supervision, philanthropic organizations must also strengthen their internal

supervision so that potential irregularities can be maximally eliminated. Reporting to the public must also be done regularly and submitted openly through the institution's website, which any party can access. Thus, transparency and accountability in the institution can be appropriately maintained.

Donors must also be introspective. Out of sincerity, they often trust philanthropic organizations too much and neglect the distribution of their donations. With the ACT case, donors should think again to ensure their funds are collected by a trusted philanthropic organization and channeled to the right people.

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