

INDONESIA

REDINESS LEVEL

LOW

As the fourth most populated country in the world with a large diversity of religions and cultures, Indonesia has both a history of giving and being a recipient of cross-border giving.¹ While individual giving focuses on domestic needs to address social inequalities, the Indonesian government has recently become more interested in extending Indonesia's influence and relationships with other countries through international investment. This presents upcoming opportunities for interested donors to advocate for lower barriers for cross-border transactions.



CROSS BORDER GIVING INDEX

SCORE

1.00



REGULATORY INDEX

SCORE

2.30

Almost all philanthropic giving in Indonesia focuses on domestic causes, particularly through religious support by individual donors. There is some giving interest among donors with family, businesses, or personal relationships in other countries.² In 2019, the government set up Indonesian AID (Agency for International Development or Lembaga Dana Kerjasama Pembangunan Internasional – LDKPI) to consolidate donations from Indonesia to other countries as part of the government's 'diplomasi tangan di atas' (hands-on diplomacy) approach to improve Indonesia's position in international development cooperation. This signals that the government is looking to encourage a new supportive culture for cross-border giving.

As Indonesia has become a middle-income country, cross-border receiving has declined. Many nongovernmental organisations have experienced reductions in foreign funding, some by up to 30%, forcing some to close.³

Crowdfunding is a common platform for fundraising. However, it is only suitable for short-term tangible impact areas, such as disaster relief and generally not an effective mechanism to raise funds for long-term causes.

Indonesia has a limited and restricted regulatory framework for cross-border giving. Organisations facilitating cross-border giving must register with the Ministry of Home Affairs (MHA) and submit reports on the use of funding overseas. Areas of investment for cross-border giving are restricted to the government's domains of interest, especially those that maintain diplomatic relations with Indonesia.⁴

Being capped at 10% of an individual's total income or 5% for corporates, tax incentives are too limited to play a role in motivating philanthropy.⁵

Giving to Indonesia is generally welcomed but seeking tax exemption for cross-border donations is administratively heavy. Local organisations must obtain a government permit for the exemption of import duties from the Ministry of Finance and release a public notice of receiving foreign funds.⁶ 73% of 47 nonprofits we surveyed rated their experience in meeting such requirements as somewhat difficult to very difficult. Public organisations are also required to be registered in the Department of Home Affairs or other government agencies and/or local governments in order to receive foreign donations. However, most organisations do not follow these rules in practice.⁷

Regulations on INGOs' operations have become more difficult to navigate. The Government Regulation No. 59 of 2016 requires INGO to obtain in-principal and operational license, which is valid for three years, and limits the number of foreign staff as well as their ability to raise fund within Indonesia.⁸ Consequently, a number of INGOs reallocated to countries like Thailand while others adopted an Indonesian local name and status to fundraise locally.⁹ This trend may undermine funding for local organisations.

been few notable advocacy efforts for policy improvements. The Indonesian NGO Council is leading a national sustainability strategy to counteract the decreasing levels of international funding coming into Indonesia, focusing on

- 1) access to government-based fundings;
- 2) domestic fundraising capacity; and
- 3) NGO support services.

Given the decreased funding from official development aid and the crowding out of domestic funding sources, support to help local organisations tap new sources of private foreign funding is highly desirable for the social sector in Indonesia.



INFRASTRUCTURE INDEX

SCORE
2.13

The ecosystem of support focuses mainly on strengthening capacity and accountability standards in the social sector. There have

ECOSYSTEM SUPPORT ROLE	ORGANISATIONS
Research institutions	<ul style="list-style-type: none"> • Centre for Health Determinants Analysis • Public Interest Research and Advocacy Centre (PIRAC)
Philanthropy advisory	<ul style="list-style-type: none"> • A+ CSR Indonesia
Grantmaking intermediaries	<ul style="list-style-type: none"> • Kitabisa.com (online platform) • WeCare.id (online platform) • Benih Baik (online platform) • Solusipeduli.org (online platform)
Ecosystem promoter/advocacy	<ul style="list-style-type: none"> • Filantropi Indonesia • Indonesia NGO Council
Networks and membership organisations	<ul style="list-style-type: none"> • Knowledge Sector Initiatives (KSI) • CCPHI - Partnership for Sustainable Community
Funders of infrastructure	<ul style="list-style-type: none"> • Filantropi Indonesia
Philanthropy media	<ul style="list-style-type: none"> • CSR Magazine