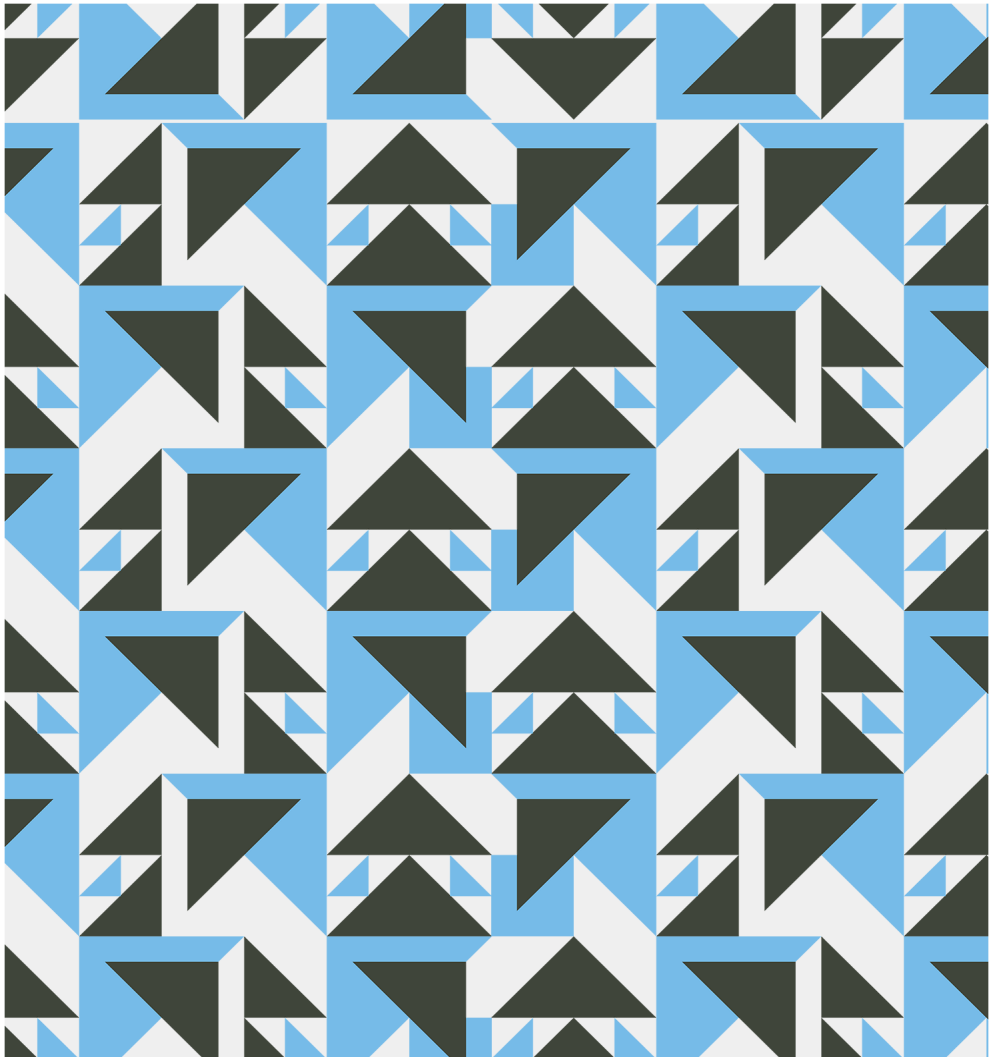
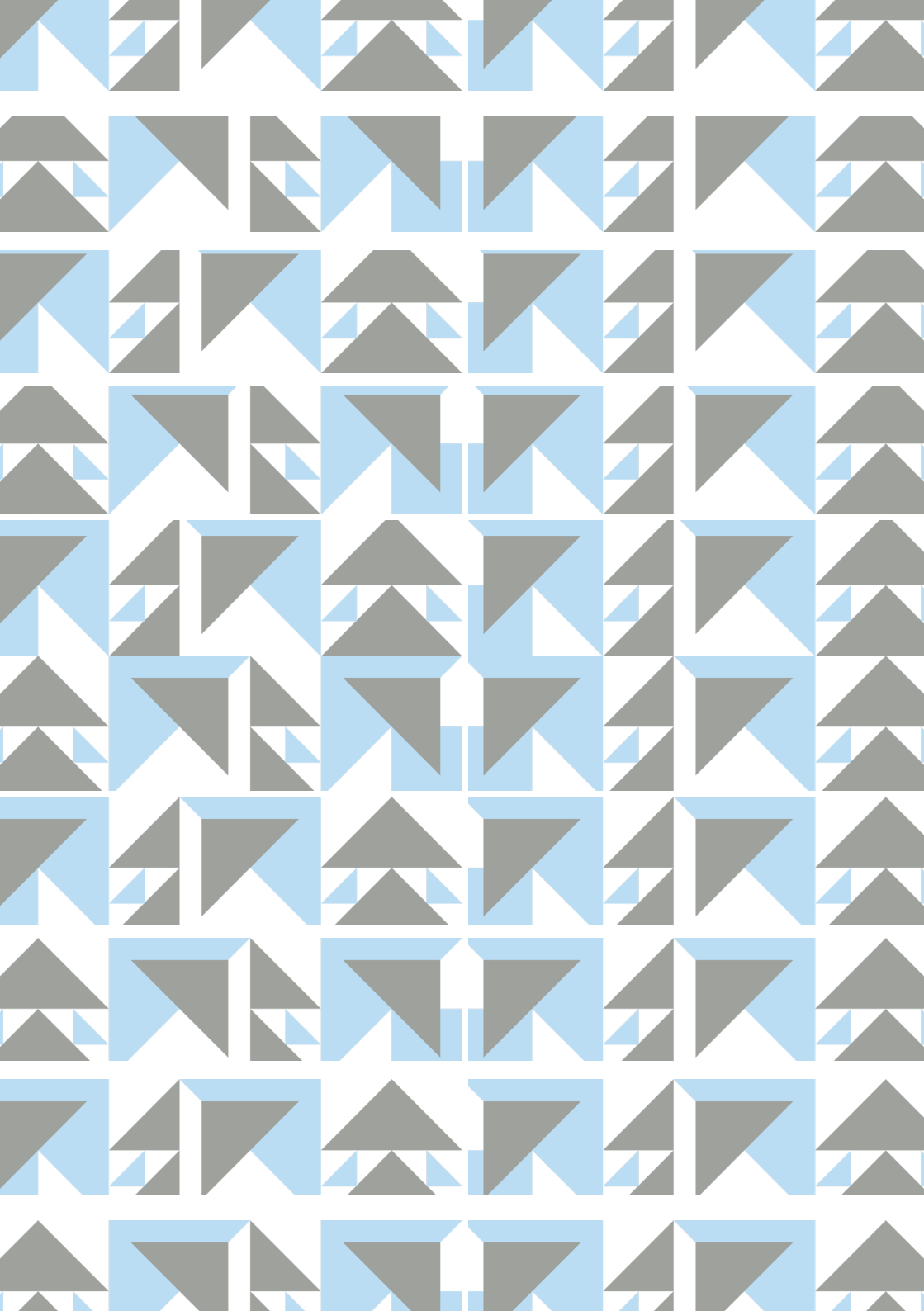


# PHILANTHROPY TREND 2022

Corporate Foundations Contributions to Support Sustainable Development in Indonesia During COVID-19 Pandemic





# TABLE OF CONTENTS

<b>FOREWORD .....</b>	<b>v</b>
Sasakawa Peace Foundation	
<b>FOREWORD .....</b>	<b>vi</b>
Indonesia Philanthropy Association	
<b>6 FINDINGS FROM CORPORATE FOUNDATION PHILANTHROPY .....</b>	<b>1</b>
<b>BACKGROUND .....</b>	<b>2</b>
Research Methodologies .....	3
Research Limitation .....	3
<b>CORPORATE FOUNDATION PROFILE .....</b>	<b>4</b>
Corporate Foundation LAZ.....	5
Payment Channels Technology & Public Engagement .....	6
<b>CORPORATE FOUNDATION CONTRIBUTION .....</b>	<b>7</b>
Corporate Foundation Contribution to SDGs.....	7
SDG 1: No Poverty.....	8
SDG 2: Zero Hunger .....	8
SDG 3: Good Health and Well-Being.....	9
SDG 4: Quality Education .....	9
SDG 6: Clean Water and Sanitation .....	10
SDG 8: Decent Work and Economic Growth .....	10
SDG 13: Climate Action.....	10
SDG 14: Life Below Water .....	11
SDG 16: Peace, Justice, and Strong Institution .....	11
Non-SDGs Program .....	11
Gender Perspective and Vulnerable Groups in Philanthropy Program .....	11
Young People in Corporate Foundation Programs .....	11

<b>CORPORATE FOUNDATION AMID COVID-19 PANDEMIC .....</b>	<b>12</b>
Program Focus .....	12
Changes in Program Methods and Strategies .....	14
Acceleration of Collaboration and Strategic Partnerships .....	14
Accountability .....	15
<b>RECOMMENDATION .....</b>	<b>17</b>

## FOREWORD



THE DEVELOPMENT OF the philanthropy sector in the last few decades in Indonesia has gained global attention because investors and corporates in the natural resource-related sector became legally obliged to conduct Corporate Social Responsibilities (CSR) activities in 2007. However, the literature and information are still limited. This report, the *Philanthropy Trend 2022: Corporate Foundations Contributions to Support Sustainable Development in Indonesia During COVID-19 Pandemic*, will fill the gaps by providing the result from desk research and in-depth interview with corporate foundations in Indonesia. This report enables us to understand the unique characteristics, such as the history and challenges faced by corporate foundations.

Further, this report also provides the fortunate fact that during the COVID-19 pandemic, corporate foundations in Indonesia have increased their budget to respond to humanitarian crises innovatively. Additionally, corporate foundations also shift their program focus and optimize technology effectively.

### ITSU ADACHI

Executive Director of  
the Sasakawa Peace Foundation

A handwritten signature in black ink, appearing to read 'I. Adachi', written in a cursive style.

## KATA PENGANTAR



IN COLLABORATION WITH the Sasakawa Peace Foundation, the Indonesia Philanthropy Association proudly present the *Philanthropy Trend 2022: Corporate Foundations Contributions to Support Sustainable Development in Indonesia During COVID-19 Pandemic*. This publication is presented to provide a comprehensive study to describe the development and contribution of corporate foundations to sustainable development, especially the achievement of the SDGs in Indonesia.

Various corporate philanthropic data and innovations are summarized in this publication. As a philanthropic actor, the corporate foundation has now developed significantly in terms of involvement as a sense of responsibility to the community around which the company operates through empowerment programs in various sectors. Entering decades of action, corporate foundations can become driving actors for the development of co-creation and collaboration through collective action with other stakeholders in order to strengthen the ecosystem and accelerate the achievement of the SDGs.

Hopefully, the *the Philanthropy Trend 2022: Corporate Foundations Contributions to Support Sustainable Development in Indonesia During COVID-19 Pandemic* can become a useful reference for all philanthropy stakeholders in Indonesia.

### **RIZAL ALGAMAR**

Chairman of the Executive Board  
of Indonesia Philanthropy Association

A handwritten signature in black ink, appearing to read 'R. Algamar'.

## 6 FINDINGS FROM CORPORATE FOUNDATION PHILANTHROPY

- 1 One of the forms of corporate foundations philanthropy is amil zakat agency, from which majority of funds come from zakah, infaq, charity, waqf (zakat, infak, sedekah, wakaf, ZISWAF) of corporate employees (individual donation) and not from the company's fund.
- 2 Of the total allocation of funds in each year, there was an increase in corporate foundation budgets from 2019 to 2020.
- 3 In 2018-2020, corporate foundations benefitted over 1.4 million people.
- 4 Of the total fund allocation for SDGs during 2018-2020, the largest budget allocation was for SDG 8, "Decent Work and Economic Growth", which was 43,2% from total budget of corporate foundations or Rp 706 billion.
- 5 Based on the number of beneficiaries, SDG goal 3 "Good Health and Well-Being" was recorded as the goal with the highest number of beneficiaries.
- 6 In terms of involvement, the majority of corporate foundations are involved with SDG 4, namely "Quality of Education".



## BACKGROUND

This research is the first study from the Indonesia Philanthropy Association that intend to capture one of the contributors of philanthropy actors, i.e., corporate foundations, to sustainable development, especially during the COVID-19 pandemic. Corporate foundation in this study is defined as philanthropic activity that is carried out by a company, wherein, in the implementation, it is a stand-alone entity outside CSR.

This study is expected to encourage and strengthen corporate foundation in four ways:

1. Capture the map, trends, and philanthropy corporate foundation practices before and during the COVID-19 pandemic.
2. Analyze supporting and inhibiting factors of philanthropy corporate foundation practices before and during the COVID-19 pandemic.
3. Describe corporate activities in carrying out philanthropy activity through corporate foundations.
4. Provide recommendations that can be done to strengthen corporate foundations to participate in the philanthropy sector and their contribution to sustainable development in Indonesia.

This study explored these factors by evaluating data from the beneficiaries' side for several reasons. **First**, with the assumption that the received funding reflected the distributed funding, thus this study was able to obtain information about the source of funding and its allocation. **Second**, by obtaining information from the receiving organizations, this study successfully mapped the contribution of corporate foundation philanthropic activities towards development and identified the supporting ecosystem and its obstacles and challenges.





## Research Methodologies

This study evaluated data by using the following methods:

- 1 *Interview* were conducted with three philanthropic corporate foundations, i.e., Indika Foundation, Hadji Kalla Foundation, and Ancora Foundation.
- 2 *Desk research* to obtain information by reviewing annual reports of 29 corporate foundations and two crowdfunding platforms. This study also examined news media-related documents and analyzed the related regulation documents.

## Research Limitation

These are brief explanations of limitations found during the research process:

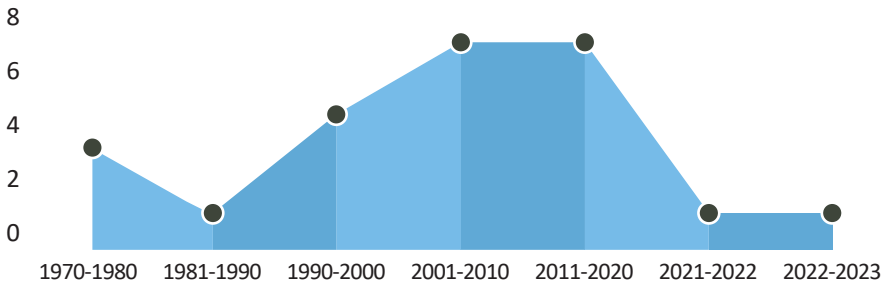
- 1 *Limited documents and previous research*  
So far, the documents and previous research results related to the philanthropy sector in Indonesia, especially on corporate foundations, are still limited.
- 2 *Limited availability and access to data*  
This research found that most of philanthropy organizations do not publish annual reports routinely, and usually these reports are not published to the public.
- 3 *Complex approval structure*  
Informant candidates from corporate usually must gain official approval to continue with the interview process because of the risk of sensitive information exposure. Commonly, this approval is challenging to obtain, so the interview cannot be conducted.

## CORPORATE FOUNDATION PROFILE

The study showed that corporate foundations in Indonesia were established by private or government institutions. Based on their establishment year, corporate foundations in Indonesia generally were established in the early periods of 2000-2010 as a part of the company's responsibilities to the broader communities. The majority of corporate foundations acquire funding from companies.

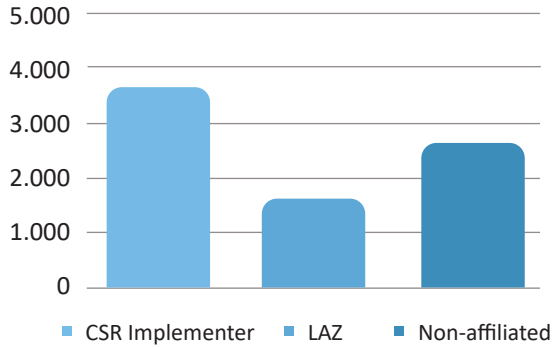
Nonetheless, there are also a few corporate foundations that gather public funds, such as MNC Peduli, or started diversifying their funding source. Ancora Foundation, for example, aside from managing corporate CSR funding, the existing programs are also funded by company's founder's donations and also foreign donor. In another case, other corporate foundations, started building strategies to obtain funds from other donors.

Graphic 1. Year of Establishment

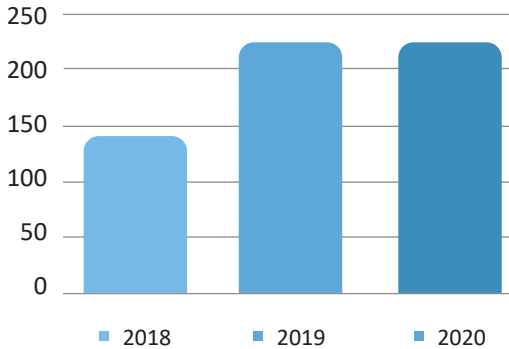


Based on the source of funds and missions of corporate foundations in general, there are three categories of corporate foundations. *First*, the corporate foundation acts as an implementor of other CSR organizations. *Second*, corporate foundation that acts as Amil Zakat Agency (*Lembaga Amil Zakat, LAZ*), which gathers zakah, infaq, and charity funds from employees, or in other words as the corporate's LAZ. *Third*, a pure corporate foundation that acts as a charity channel for the company. As a charity channel, programs that the corporate foundation carried out are not related to the company's business. However, as CSR develops towards sustainable and transformative programs, the corporate foundation activity is usually integrated and becomes an inseparable part of the company's vision and missions.

**Graphic 2.** Corporate Foundation Category



**Graphic 3.** Trend of Zakat Acceptance at Corporate Foundation



## Corporate Foundation LAZ

LAZ, under a company, generally manages the employees' zakah funds. Several companies apply policies to deduct zakat from the employees' salaries directly. This effort succeeds in increasing zakah fund collection significantly. In one of the state-owned enterprises (*Badan Usaha Milik Negara*, BUMN), for example, 70% of employees who are Muslims pay zakah through LAZ affiliated with the enterprise by deducting salary. Even though employees' zakah still dominates corporate LAZ, this study also found that there are several corporate foundation LAZs that have source of funds from CSR or companies' donation, public donation, and partnerships with other institutions.

The initiative to establish LAZ affiliates with the company started growing from the 90s until early 2000. BAMIUS BNI was even established in 1967. Several BUMN corporate foundations, such as BNI & BRI, started operating as LAZ in early 2000. These establishments resulted in their own complexity, mainly when Law Number 23 of 2011 as the basis of Amil Zakat National Agency (*Badan Amil Zakat Nasional*, BAZNAS) was applied. Ideally, based on this law, BAZNAS set up Zakat Collection Unit (*Unit Pengumpul Zakat*, UPZ) at ministries and BUMN. The gathered fund was then distributed by BAZNAS. The government at that time even continued to appeal BUMN to pay zakat through BAZNAS.

## Payment Channels Technology & Public Engagement

This study found that the use of technology becomes one of the components developed by philanthropy foundation Amil Zakah, Infaq, charity, and Waqf Agency (*Lembaga Amil Zakat, Infak, Sedekah, dan Wakaf*; LAZISWAF) to increase payment channels accessibilities for those who want to pay for ZISWAF. The ease of payments also promotes non-zakah donation increases to LAZ. For example, one of the LAZ of BUMN recorded a rise in infaq donations almost twice higher since utilizing payment channels and electronic money. As stipulated in Law Number 23 of 2011, Zakah is defined as wealth that must be paid by a Muslim or a business entity and given to those entitled to receive it according to Islamic law. Besides, Law Number 23 of 2011 also clearly states that Amil Zakah Agency (*Lembaga Amil Zakat*), hereinafter abbreviated as LAZ, is an institution established by the community that has the task of assisting the collection, distribution, and utilization of zakah.

By using technology, corporate foundations can also encourage wider public engagement. Citibank, through one of the Citi Peka programs, for example, launched the social campaign #MaafJadiManfaat (#SorryBecomesBenefit) in 2018. This campaign invited the public to share the Eid Fitri celebration video from the Citi Indonesia Facebook account. Citi Peka then converted every video shared into two sets of school uniforms. The use of technology in this type of fundraising still leaves homework mainly for oversight and ensuring accountability.

# CORPORATE FOUNDATION CONTRIBUTIONS



Corporate foundations in 2018-2020 have distributed at least to over 1,4 million people, with a total funding of Rp 2,7 trillion. This amount is only the tip of the iceberg because many organizations do not report their funding management, the number of beneficiaries, and the program outcomes.

**Table 1.** Allocation and Beneficiaries

NO	YEAR	ALLOCATION	BENEFICIARIES
1	2018	285.862.413.679	315.042
2	2019	536.010.148.470	315.042
3	2020	1.965.964.035.983	784.712
	TOTAL	2.787.836.598.132	1.414.796

## Corporate Foundation Contributions to SDGs

The Indonesian government and the other stakeholders acknowledge the contribution of philanthropic organizations to the development. On the other hand, the companies realize their responsibilities toward sustainable devel-

opment achievements. The most popular program implemented by corporate foundations in 2018-2020 was education, followed by economic and social empowerment (disaster relief and response). In 2020, when the COVID-19 pandemic hit, the assistance was also focused on overcoming the pandemic’s impact, in addition to encouraging access to health services and ensuring the safety of health workers.

## SDG 1: No Poverty

Programs specifically implemented to improve the standard of living of the poor are generally run by the LAZ corporate foundations in the form of cash assistance. Nevertheless, many corporate foundations provide cash assistance and staple foods during natural disasters and the pandemic to overcome existing difficulties.

It should be noted that the LAZ corporate foundations usually distribute fund assistance to beneficiaries who are still related to the company, for example, former employees who have retired and are experiencing difficulties, and beneficiaries related to religious activities, for instance, mosque caretakers.

**Table 2.** The Beneficiaries of Corporate Foundation Philanthropy Activities

NO	YEAR	BENEFICIARIES
1	2018	2.965.627.877
2	2019	2.231.906.200
3	2020	57.401.962.374
TOTAL		62.619.496.451

## SDG 2: Zero Hunger

Corporate foundation programs that work on zero hunger issues are usually related to disaster and pandemic response programs. This study noted that in 2020 at least more than Rp 108 billion of funds was distributed to more than 3 million beneficiaries as part of the pandemic response and overcoming problems that arose during the pandemic.

There are also corporate foundations that work on sustainable farming issues by consorting farmers so they can adapt to climate change and other environmental challenges. The strategy implemented is not just providing training but also involving agricultural students in going to villages to consort farmers. This strategy was quite successful in encouraging the empowerment of both the farmers and students.

## SDG 3: Good Health and Well-Being

Corporate foundations also have programs related to health, especially in providing health services for the community. Health services provided are usually in the form of health clinics, both ad-hoc and regular. There are at least 100 billion funds distributed to improve the health service.

## SDG 4: Quality Education

Education is one of the programs that are most often run by corporate foundations. The majority of educational programs implemented are scholarship programs, followed by capacity building in education delivery. Several philanthropic organizations also have Foster School programs, which aim to improve the quality of education delivery. Several organizations have also identified other factors that hinder students' access to education. Samudera Indonesia, for example, provides boats to ensure that students on remote islands can attend school. There are also organizations that specialize in serving the poor or those from Eastern Indonesia.

Generally, efforts to improve the quality of education are focused on non-infrastructure programs such as teacher training or curriculum reform. However, in many cases, corporate foundations also have infrastructure programs, such as building or repairing schools to ensure schools meet minimum service standards. More than Rp 300 billion of funds were channeled and more than 6,000 beneficiaries received programs related to SDG 4 "Quality Education".

**Table 3.** Philanthropy Fund Allocation on SDGs 4

NO	YEAR	CORPORATE CSR PHILANTHROPY FUND
1	2018	1.207.298.443
2	2019	27.402.532.142
3	2020	39.767.600.563
	TOTAL	68.377.431.148

## SDG 6: Clean Water and Sanitation

Several corporate foundations also provide water and sanitation infrastructure assistance, especially in remote locations and in areas lacking water. So far, this study observed that the water and sanitation programs are generally not massive and are limited only to the construction of drilled wells.

## SDG 8: Decent Work and Economic Growth

SDG 8 is among those that the corporate foundations have contributed the most. In the economic sector, philanthropic organizations generally provide capital assistance services, business consortiums, encourage financial inclusion, and improve job skills. Several organizations adapt the existing programs to the companies' vision and missions. Citi Peka, for example, creates financial inclusion as the main program, while BRI also provides assistance to increase capital for small businesses. In 2020, at least 11 billion funds had been channeled and reached more than 38 thousand beneficiaries.

## SDG 13: Climate Action

Only one of the 23 corporate philanthropic foundations studied here has a program that contributes to the preservation of terrestrial ecosystems. The program implemented aims to conserve biodiversity, especially those around the company's work area.



## SDG 14: Life Below Water

This study found that there is a corporate foundation that also partners with local organizations to encourage mangrove conservation in the coastal areas.

## SDG 16: Peace, Justice, and Strong Institution

This study found that there is a corporate foundation that encourages an increase in the sense of nationality that strengthens tolerance and peace in society. This program, carried out in the form of a campaign and is quite massive, encourages young people to be more tolerant of differences.

## Non-SDGs Program

This study also found that there are also corporate foundations that run non-SDGs programs. Usually, LAZ foundations carry out religious ritual programs that are not related to the SDGs.

## Gender Perspective and Vulnerable Groups in Philanthropy Program

In general, most organizations do not specifically target women and vulnerable groups in their programs and only focus on the poor. Only one of the 23 organizations studied specifically stated women as the program target. None of the organizations specifically mentioned vulnerable groups as the target beneficiaries.

## Young People in Corporate Foundation Programs

This study showed that several organizations specifically target young people in their programs. Young people are the target beneficiaries of the program in two ways. First, preparing young people to become skilled workers and ready to enter the world force (employability). The second is to hone youth leadership in various forms.

## CORPORATE FOUNDATION AMID COVID-19 PANDEMIC

This study showed that corporate foundations are relatively resilient to the pandemic and, in general, displayed increased contributions. ZISWAF collection through corporate foundations showed an increase, even though economic growth in Indonesia is declining at the macro level and people's purchasing power is decreasing. Corporate foundations also play an essential role in the COVID-19 emergency response and recovery efforts.

Several corporate foundations have become implementers of COVID-19 emergency response assistance distribution. Corporate foundations are also an intermediary for channeling CSR funds to other companies, such as what happened to the Anak Bangsa Bisa Foundation. Meanwhile, foundations owned by BUMN (State-Owned Enterprises) are designed to integrate BUMN initiatives and philanthropic funds for the development of the outermost, frontier, and border areas to accelerate development and public services as well as being intermediaries for distributing private corporate philanthropic funds. These roles allow ease of coordination for COVID-19 relief.

This study revealed that at least corporate foundations distributed funds of Rp 702 billion and provided benefits to 450,787 beneficiaries in response to the COVID-19 pandemic.

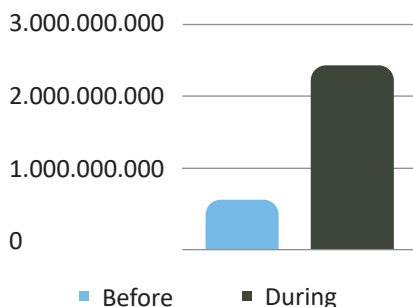


### Program Focus

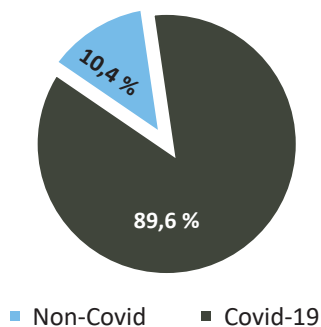
The corporate foundations respond to the COVID-19 pandemic in two ways. The first is allocating all funds for programs relevant to COVID-19, as happened with the Anak Bangsa Bisa Foundation. There are also corporate foundations that do not shift the programs' focus but make adjustments to target beneficiaries. Citi Peka, for example, especially during this pandemic,

set beneficiary targets for groups affected by the pandemic, even though the programs implemented were similar to those held during the pandemic. The second is the corporate foundations which add resources and activities as part of efforts to respond to the pandemic. This study also showed that there was an increase in the number of funds distributed during the COVID-19 pandemic compared to the previous year.

**Graphic 4. Resources Distribution**



**Graphic 5. Allocation Activities Percentages During the Pandemic**



In general, the programs implemented by corporate foundations to overcome pandemics can be divided into two:

- 1** *COVID-19 response programs*

Similar to disaster response programs, the COVID-19 ladder program aim to provide a quick response to minimize the number of victims due to COVID-19 and provide a safety net for those who are economically affected. This program is carried out by distributing medical equipment, ventilators, PPE, food aid, and nine essential staples (sembilan bahan pokok, sembako).
- 2** *COVID-19 recovery programs*

COVID-19 recovery programs are directed at normalizing people's lives in various post-pandemic fields. The two main focuses that become the concern of the corporate foundations are the economic, education, and health sectors.

In the economic sector, the programs that are mostly carried out are mentoring, financial assistance, and marketing for Small and Micro Medium Enterprises (MSMEs), as well as improving the working skills of young groups through various training activities.

In the education sector, corporate foundations seek to increase student participation by providing internet tools and infrastructure to schools with limited infrastructure access so that the distance learning process can be carried out properly. The corporate foundations also increase the teachers' capacity to continue providing quality learning through distance learning. There is also a corporate foundation that produces learning modules that enable students to study independently.

In the health sector, the corporate foundations also contribute to implementing mass vaccines in various regions in Indonesia.

## Changes in Program Methods and Strategies

The pandemic has also pushed companies to adapt towards how the program is implemented. This study showed that in general there are no significant changes in the support of philanthropic activities, but adjustments were made to the activities in the field. The corporate foundations carry out many activities online.

In the education sector, capacity building for educators no longer only relies on conventional face-to-face teaching, but also on how to promote the use of digital technology in teaching and learning activities.

## Acceleration of Collaboration and Strategic Partnerships

On the other hand, this study also found an acceleration of collaboration and strategic partnerships of corporate foundations with other stakeholders to overcome the impact of the pandemic. This collaborative approach is carried out either by corporate foundations which carry out the role of grant-makers, such as the Indika Foundation, or by intermediaries in nature, such as those carried out by the BUMN Foundation for Indonesia.

The strategic collaboration and partnership carried out by the corporate foundations and various parties, including the government and academia, in efforts to overcome COVID-19 are considered successful because they are not only fast but responsive to needs in the field.



## Accountability

Efforts to encourage transparency and accountability of foundations have been reflected in regulations set by the government. The Law on Foundations, for example, stipulates that a summary of financial reports must be displayed on a notice board at the foundation's office within 5 (five) months after the closing of the foundation's financial book. As technology develops, several foundations publish financial reports on the organizations' websites. This study found that not many good practices related to transparency and accountability were carried out by corporate foundations. There are also corporate foundations that have attempted to display financial and program information, but this is not routinely done.

Corporate foundations activities that are often integrated with company efforts to implement ESG (Environmental, Social, and Governance) result in more corporate foundations activities being reported through the company's sustain-

ability report. Corporate foundations activities are also often an integral part of the company's Corporate Social Responsibility (CSR) program. The ambiguity of the identity of philanthropic management and company activities makes the integration of reports on corporate foundation activities into sustainability reports considered sufficient.



There are also corporate foundations that carry out public fundraising activities, although they do not specifically use digital platform. The Public Information Disclosure Law categorizes community organizations that receive donations from the public as public bodies, so they have an obligation to provide information related to organizational decisions, programs implemented and organizational financial

reports that can be accessed by the public at any time. However, this study found that the practice of providing information that can be accessed at any time is not a common practice in corporate foundations that carry out public fundraising. This fact is not something that the organization management unnoticed. Moreover, there is a desire among philanthropic organizations, including the corporate foundations, to increase transparency and organizational accountability practices moving forward. However, limited legal knowledge, minimal human and financial resources owned by philanthropic organizations, including corporate foundations, are one of the factors that limit the ability of philanthropic organizations to provide the required public information.

Good practices come from LAZISWAF corporate foundations, which mostly publish annual reports containing program and financial information. It should be noted that a LAZISWAF corporate foundation must comply with the Law on Zakah, which stipulates the obligation to conduct audits and report the acquisition and utilization of zakah to BAZNAS periodically.

## RECOMMENDATION

1

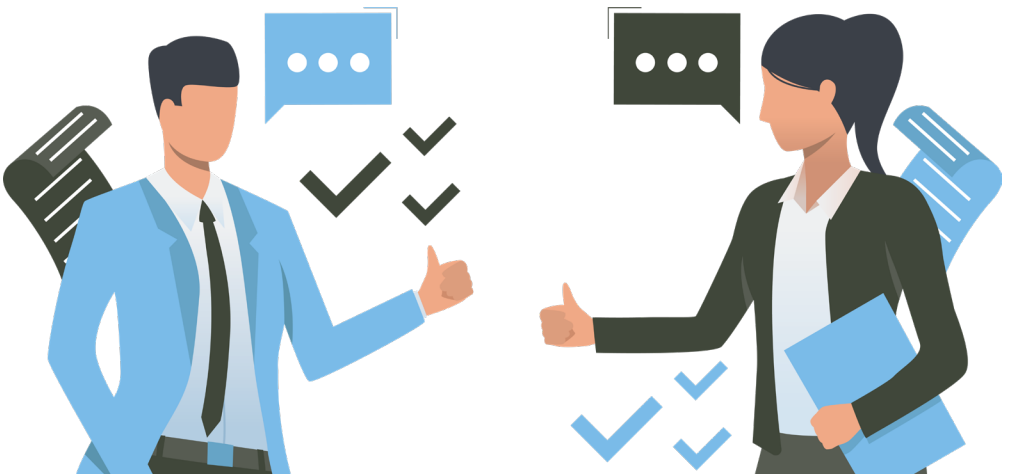
There is a need to increase awareness and capacity to improve the accountability of corporate foundations. This action is required as one of the commitments in implementing the Law on Foundations and the Law on public information disclosure. This can be done by providing periodic information on financial reports and annual activities that are published on the information channels of each corporate foundation.

2

Encouraging knowledge exchange forums among corporate foundations and philanthropic organizations extensively is essential to strengthen the philanthropic sector comprehensively.

3

There is a need to have an information hub that centrally provides more comprehensive information about implemented programs and their locations. This hub is used to increase synergy among philanthropic organizations and increase collaboration to overcome the pandemic, which can be a good model for synergizing the contribution of the philanthropic sector to development.





The Indonesia Philanthropy Association would like to express its appreciation and gratitude to all contributors of the ***Philanthropy Trend 2022: Corporate Foundations Contributions to Support Sustainable Development in Indonesia During COVID-19 Pandemic***

We also would like to thank all philanthropic organizations who have participated and taken their time to share their insight and knowledge to enrich this research series.

---

**Research Team**

Lembaga Survei KedaiKOPI  
Kunto Wibowo  
Sri Aryani  
Ashma Nur Afifah  
Yoga Setyo Wibowo

**Review Team**

Rizal Algamar  
Gusman Yahya  
Retnaningtyas Dwi Hapsari  
Dinda Sonaloka Ashgar  
Aulia Wardhani  
Indah Nawang Wulan

**Graphic Designer**

Petik Std.