

# MALAYSIA

REDIENESS LEVEL

LOW

Classified as an upper-middle income economy, Malaysia is one of the most economically developed countries in Southeast Asia. As such, Malaysia captures less international philanthropic interest than its neighbours. With a diverse ethnic and religious makeup of Islamic, Buddhist, Christian and Hindu communities, the charity sector is primarily driven by religiously motivated domestic giving with limited cross-border inflows and outflows.



## CROSS BORDER GIVING INDEX

SCORE

1.00



## REGULATORY INDEX

SCORE

2.30

Cross-border giving from Malaysia is limited. Malaysian donors predominantly focus on domestic issues including rural communities and the urban poor, especially in light of challenges arising from the COVID-19 pandemic. Few look beyond the national border. Notable cross-border giving is seen among large Malaysian companies like Maybank<sup>1</sup> as part of their corporate social responsibility activities. Occasionally, the general public supports projects overseas, such as for war-afflicted Islamic communities in the Middle East and tsunami-disaster relief efforts in Indonesia.<sup>2</sup>

Among Southeast Asian countries, Malaysia's economy is relatively more advanced and therefore cross-border inflows are considerably lower. Foreign donations often support specific causes such as Islamic organizations, preservation of the indigenous community in East Malaysia, or border-agnostic issues like climate change. Foreign corporates tend to see Malaysia as a location for investment rather than one that requires relief.

A significant portion of inbound donations come from the Middle East. Donations from the Middle East, specifically from Qatari donors which include the Qatar government, are partly motivated by diplomatic engagement and often focus on humanitarian efforts and disaster relief, such as COVID-19 response and the 2014 flooding relief efforts.<sup>3</sup>

Malaysia has no explicit regulatory framework for the philanthropic sector. The regulatory framework is fragmented and lacks a clear structure. Malaysian nonprofits are generally classified under the Registry of Societies and registered under the Societies Act (or under the Prime Minister's Office as foundations). Both societies and foundations can also be registered as companies limited by guarantee under the Companies Commission of Malaysia. Registered organisations may legally fundraise to implement philanthropic projects.

Regulations on cross-border giving vary by types of donors. Individual donors are required to seek approval from the Central Bank or Ministry of Finance for cross-border donations that exceed a certain threshold to minimize capital outflow from the country. Meanwhile, corporations and foundations must seek approval on all intended overseas giving. Those with transparent operations and strong governance are unlikely to encounter any problems. Additional approval from the Ministry of Finance is also required, on a per-project basis, in order to obtain tax benefits for public fundraising for foreign projects. The Central Bank of Malaysia recently implemented financial regulations applicable to the outflow of giving from Malaysia to acquire more oversight.



## INFRASTRUCTURE INDEX

SCORE

1.88

The Malaysian ecosystem lacks industry bodies that can provide advisory services and resources to donors interested in cross-border giving. There is a strong need to support donors in areas such as finding suitable recipients, conducting due diligence, and monitoring and evaluating impact. There are limited resources on philanthropy advisory services for high-net-worth individuals.

Instability in the political landscape in recent years has made long-term reform directions unclear. The government only involves NGOs in Malaysia on an ad-hoc basis, and the country does not typically depend on the non-profit sector to support the government in service delivery. Hence, non-political NGOs in Malaysia tend to lack capacity to push for policy changes related to their sector.<sup>4</sup>

There is a lack of political will to lower regulatory barriers for cross-border giving.

ECOSYSTEM SUPPORT ROLE	ORGANISATIONS
Research institutions	<ul style="list-style-type: none"><li>• University of Malaya</li><li>• University Sains Malaysia</li><li>• University Teknologi MARA</li></ul>
Grantmaking intermediaries	<ul style="list-style-type: none"><li>• The Giving Bank (crowdfunding platform)</li><li>• SimplyGiving (crowdfunding platform)</li><li>• Charity Right (crowdfunding platform)</li></ul>
Ecosystem promoter/advocacy	<ul style="list-style-type: none"><li>• Agensi Inovasi Malaysia (AIM)</li><li>• NGOHub</li></ul>
Networks and membership organisations	<ul style="list-style-type: none"><li>• Malaysian Collective Impact Initiative</li><li>• Malaysia Entrepreneurs and Philanthropists Association</li><li>• Philanthropy Initiative of Malaysia</li></ul>