Region Report
Northern and Western Europe

Regional Reviewer: Bernard Enjolras
Institutional Affiliation: Institute for Social Research, Norway
With contributions from staff at the Indiana University Lilly Family School of Philanthropy

Overview of the Region

Economy	Population 2016*	Capital	GDP Per Capita* (US $)	Official Language	Most Represented Religion**	Number of Registered POs	Registration Levels
Austria	8,747,358	Vienna	44,176.5	German	Roman Catholic (61%)	701[1]	Central, State, Local
Denmark	5,731,118	Copenhagen	53,417.7	Danish	Evangelical Lutheran (77%)	Unknown	Central
Finland	5,495,096	Helsinki	43,090.2	Finnish	Evangelical Lutheran (73%)	2,830[3]	Central, Local
France	66,896,109	Paris	36,855.0	French	No religious affiliation (45%) Roman Catholic (43%)	4,546[4]	Central, Local
Germany	82,667,685	Berlin	41,936.1	German	Roman Catholic (30%) Protestant (28%)	21,806[5]	Central, State
Ireland	4,773,095	Dublin	61,606.5	Irish, English	Roman Catholic (84%)	9,931[6]	Central
Netherlands	17,018,408	Amsterdam	45,294.8	Dutch	No religious affiliation (49%) Roman Catholic (24%)	7,500[7]	Central
Norway	5,232,929	Oslo	70,812.5	Norwegian	Evangelical Lutheran (72.9%)	6,240[8]	State
Sweden	9,903,122	Stockholm	51,599.9	Swedish	Evangelical Lutheran (63%)	13,700[9]	Central

Switzerland	8,372,098	Bern	78,812.6	German, French, Italian	Roman Catholic (38%) Reformed Evangelical (26.2%)	13,172[10]	Central, State, Local
United Kingdom	65,637,239	London	39,899.4	English, Welsh	Christian (59.5%)	167,443[11]	Central, State

* Current US $. World Bank 2016
** US Department of State. Bureau of Democracy, 2016. International Religious Freedom Report. Some of these statistics are unofficial since governments do not collect information about religious affiliation.
*** Registered charities or public benefit foundations. Figures exclude associations and other types of philanthropic organizations, unless otherwise noted.
(1) European Foundation Center, 2014
(3) Finnish Patent and Registration Office, 2016
(5) Bundesverband Deutcher Stiftungen, 2017
(4) Centre Français des Fonds et Fondations and Observatoire de la Fondation de France, 2016
(6) Charities Regulator, 2017
(7) McGill, L. T., 2016. The number of Registered Public Benefit Foundations in Europe Exceeds 147,000
(8) The Foundation Authority, 2017. Please note that there are about 7100 foundations in Norway, out of which approximately 860 are business foundations
(9) McGill, L. T., 2016. Number of Registered Public Benefit Foundations in Europe Exceeds 147,000.
(10) Eckhardt, B., Jacob, D. and von Schnurbein. G., 2017. Rapport Sur les Fondations en Suisse 2017
(11) Charity Commission for England and Wales, 2017

The Northern and Western Europe region includes economies from Northern Europe—Denmark, Finland, Ireland, Norway, Sweden, and the United Kingdom, and Western Europe—Austria, France, Germany, the Netherlands, and Switzerland. Austria, Denmark, Finland, France, Germany, Ireland, the Netherlands, Sweden, and the United Kingdom are member states of the European Union, and both Norway and Switzerland are key partners to the European Union. The Northern and Western European regions have an estimated population of 299 million (World Bank, 2016); the countries participating in this study account for 93.7 percent of the population in the region.

According to the most recent estimates, the most represented religion is Christianity in various denominations: Roman Catholic, Lutheran, Evangelical and Anglican. Christianity provides a long-standing tradition of charity in the region and both the Roman Catholic and Protestant Churches offer social services to help those in need and encourage the tradition of philanthropic giving. Despite this, the region, as the rest of Europe, is projected to see a decline in its Christian population mainly because of the aging of the population. Simultaneously, the religiously unaffiliated populations are expected to grow (Pew Research Center, 2015).

Educational attainment in Northern and Western Europe is relatively high in comparison with other OECD countries. On average, 47.8 percent of 25-34 years-old completed tertiary education in Northern European countries, including Ireland and the United Kingdom, where this level was 52.0 percent in 2016. For Northern Europe, Finland had the lowest level with 41.1 percent. Western European countries have slightly lower levels of educational attainment in the same age group, with an average of 41.64 percent of 25-34 years-old having completed tertiary education; however, at a national level numbers differ significantly. While the level of tertiary education attainment in 2016 in Germany was only 30.5 percent, in Switzerland it was 48.8 percent (OECD, 2017a). In summary, the Northern and Western Europe regions are characterized by high levels of educational attainment, which may positively influence the development of the philanthropic sector.

The countries in Northern and Western Europe are representative democracies and according to the *Freedom in the World* report published by Freedom House in 2017, all of them are among the top 30 countries in terms of political rights and civil liberties; Finland, Norway and Sweden scoring the highest all around the world. Denmark, the Netherlands, Norway, Sweden, and the United Kingdom are constitutional monarchies; monarchs are not allowed to use their political power, but their role in promoting and enhancing philanthropy is significant. Austria, Finland, France, Germany, Ireland and Switzerland have relatively long histories of republics as a form of governance.

The majority of the countries in the region are democratic welfare states, where social services and benefits are broadly provided by the state. According to Eurostat (2017a), the European Union member states spent between 9.6 (Ireland) and 26.5 (Finland) percent of their GDP on social protection. In social democratic welfare states, like Denmark, Finland, the Netherlands, Norway, and Sweden, the government provides social services based on the principle of universalism, while in Christian democratic welfare states, like Austria, France and Germany social service provision is based on the principle of subsidiarity. Despite the fact that Switzerland is characterized as a liberal state that only provides basic needs through means-tested basis (Esping-Andersen 1990, cited by Anheier 2014), the Swiss government spent 13,5 percent of its total GDP on social protection (Eurostat, 2017a).

Despite the advanced level of welfare states, a socio-economic divide has been increasing in the region mainly because of the 2008 economic crisis. While the United Kingdom has the highest levels of income inequality (0.36); Denmark (0.256), Norway (0.257) are among the most equal European economies in terms of income distribution and poverty (OECD, 2017b). Neither the level of income nor the level of household disposable income has reached their pre-crisis levels, nor has inequality been reduced. As the *Understanding the Socio-economic Divide in Europe* report published by OECD (2017c, p. 5) highlights, “inequality can lower social trust in institutions and fuel political and social instability” in the region, such as the rise of antiestablishment parties in Austria, France, and Germany, or the 2016 Brexit vote in the United Kingdom.

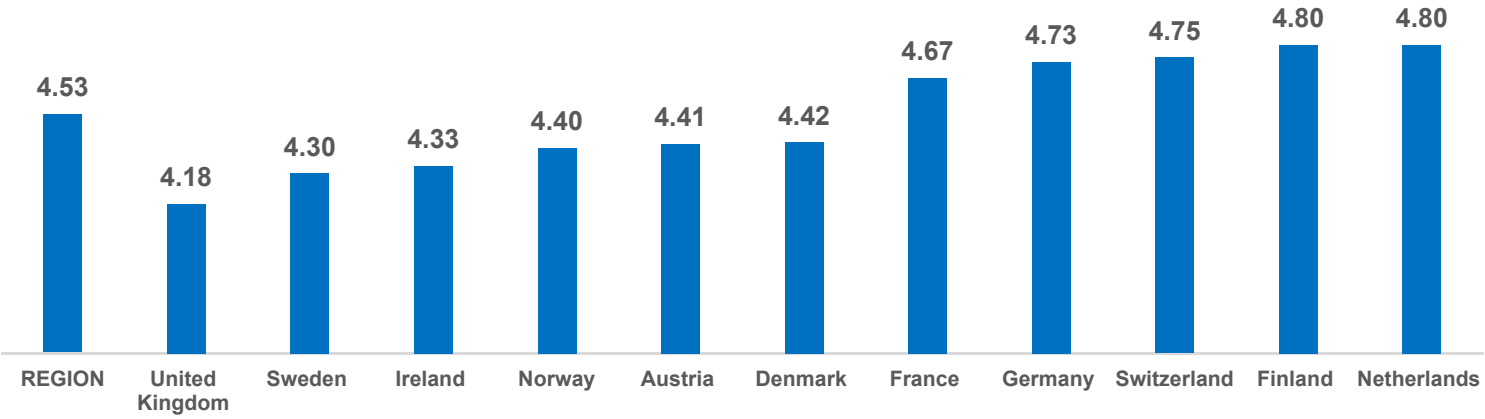
Summary Report

With an average score of 4.53, Northern and Western Europe is characterized by high levels of organizational freedom and civic participation, as well as by a policy environment favorable to philanthropy. Philanthropy is deeply rooted in the culture of European societies, and the importance of individual giving, venture philanthropy, and social investment is increasing while government funding remains a significant source of revenues for philanthropic organizations in the region. On average, tax incentives available to donors and philanthropic organizations and related to cross-border donations are still less favorable than in North America and the Pacific. However, cross-border donations are likely to increase among European members states as a result of the enforcement of the European Union’s non-discriminative legislation.

The arrival of a large amount of asylum seekers in Northern and Western Europe in 2015 has resulted in the establishment of new philanthropic initiatives aimed at addressing the social issues provoked by the refugee crisis. The philanthropic sector is becoming more professionalized, in terms of both management and fundraising. The growth of volunteering and giving are likely to continue increasing in the near future. Philanthropy across the region appears to be becoming more available

through technological innovations, including social media, peer-to-peer fundraising, and online crowdfunding. However, the enforcement of the new European Union General Data Protection Regulation in 2018 is expected to increase the administrative burden of fundraising operations across Northern and Western Europe.

Figure 1. Global Philanthropy Environment Index Overall Scores, by Economy



Source: Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*

Key Findings

1. The growing philanthropic sector continues innovating itself to address emerging social challenges

Philanthropy is deeply rooted in European societies and the philanthropic sector is flourishing in the region, but data on the size and composition of the philanthropic sector is lacking in Europe (Hoolwerf & Schuyt, 2017). The main social issues addressed by philanthropic organizations in the region are arts and culture, education, international causes, and sports. However, philanthropic organizations generally focus more on recreational and cultural activities as well as international causes rather than basic needs. The levels of giving as well as volunteering are relatively high and philanthropic organizations enjoy high levels of public trust.

The 2016 *World Giving Index* shows that countries in the Northern and Western Europe Region are among the top 30 ranking scores in terms of giving behavior, except for France. The United Kingdom and Ireland are the more generous countries in the region being number 8 and 9 respectively, out of 140 participating countries. Available data on the region's philanthropic sectors show that Germany has the higher number of public benefit foundations and the highest level of charitable expenditures in Europe (McGill, 2016). Around 30-40 percent of charitable contribution comes from individuals in the region, and in Norway and the United Kingdom individuals give more than half of the total charitable contributions of the philanthropic sector (ERNOP, 2017). According to the report published by *Observatoire de la Fondation de France and the Centre d'Etude et de Recherche sur la Philanthropie* (2015), the Netherlands has the highest proportion of donors in relation to the national population. Similarly, the United Kingdom has the highest absolute number of donors, as well as the highest amount of individual giving in the region, even though the political environment for British philanthropic organizations has weakened recently. The *2016 BNP Paribas Individual Philanthropy*

Index published by BNP Paribas Wealth Management and Forbes Insight also highlight the increasing importance of individual giving. The *Index* states that Europe is the number 2 region of the world in terms of the commitment of individual philanthropists and is the leading region in terms of promoting and innovating the philanthropic sector (BNP Paribas, 2016).

The study by the European Research Network on Philanthropy (2017) shows that the Northern and Western Europe Region is very heterogeneous in regard to the source of giving. Individual giving is the main source of funding for philanthropic organizations in all countries, except Germany, and the level of giving by bequest has reached or slightly exceeded 10 percent of total charitable giving in countries such as Austria, France, Switzerland, and the United Kingdom. Besides individual giving, both foundations and corporations are important charitable sources. In Austria, France, Germany, and the Netherlands, corporations provide 30 to 47 percent of the total charitable donations, while in the Scandinavian countries such as Denmark, Norway, and Sweden giving by foundations accounts for more than 40 percent of the total charitable contributions.

Several innovative changes can be observed in the region's philanthropic sector. Venture philanthropy and social investment show vibrant diversity and rapid evolvement. Compared to 2013, investment in venture philanthropy increased 30 percent by 2015, reaching a record amount of EUR 7.8 million (US $9.6 million), with 67 percent of the investments remaining in the Western European region (European Venture Philanthropy Association, 2016). The survey conducted by the European Venture Philanthropy Association (2016) also reveals that investors primarily focus on economic and social development and they provide a variety of non-financial support to philanthropic organizations, such as strategic and operational support, and financial management and fundraising. Corporate social responsibility practices as well as corporate foundations are also emerging in the region. It seems that corporations pay more attention to philanthropic causes, but they prefer the provision of services, expertise and administrative support rather than grants to support philanthropic organizations (Milner, 2017).

Despite the fact that the level of individual and corporate charitable contributions is increasing, government funding is still a significant source of revenue for philanthropic organizations. The level of government funding to philanthropy has decreased in countries such as Austria, France, the Netherlands, and the United Kingdom due to austerity measures adopted after the 2008 economic crisis (Civil Society Europe and CIVICUS, 2016).

The large amount of asylum seekers arrived to the Western and Northern European countries has impacted philanthropy in the region. One of the biggest challenges the countries in the Western and Northern European region have faced recently is the Syrian, as well as the West-African, refugee crises that led philanthropy to take a leading role in the response to new social issues that emerged with the crises. The rate of refugee arrival during the Syrian refugee crisis reached its peak in 2015, when more than one million people fled to Europe by crossing the Mediterranean Sea or arriving by land through Turkey, Bulgaria and Greece (UNHCR, 2015). In August, 2015 Germany became the first country to open its borders to Syrian asylum seekers by suspending the 1990 Dublin regulation, which established that the responsible European Union Member State for any asylum claim is the state through which the asylum seeker first entered the European Union. Germany and Sweden had an extremely high amount of first-time asylum applications of Syrians, as the cumulative inflow of Syrian asylum seekers between 2010 and 2016 reached the amount of 456,525 and 110,000 respectively (syrianrefugees.eu, 2017). The 2016 European Union – Turkey Agreement that allowed all new irregular migrants or asylum seekers crossing from Turkey to the Greek islands to be returned

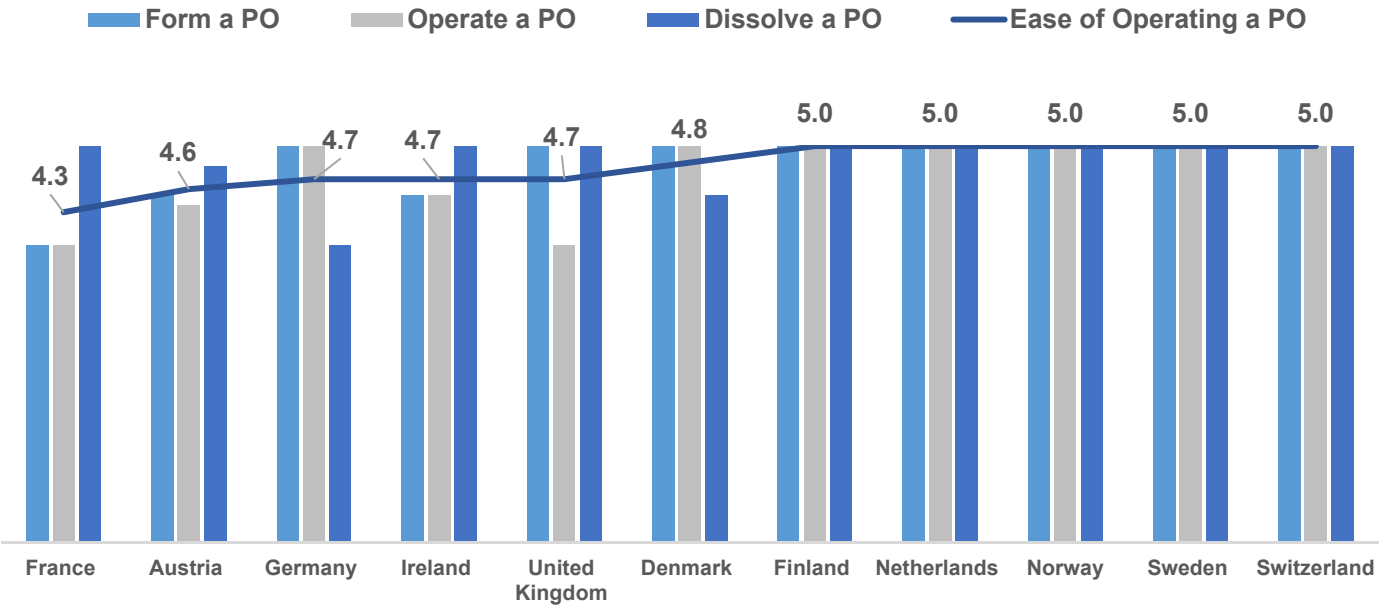
to Turkey (European Commission, 2017) and the Hungary's decision in 2015 to close its border with Serbia to block the main land route used by asylum seekers to arrive Western Europe, led to a decrease of first-time asylum applicants across the European Union.

In response to the Syrian refugee crisis, numerous philanthropic programs—both formal and informal initiatives - were established in the region to support asylum seekers. There was a significant growth of grassroots organizations and local initiatives that aimed to address the social issues emerging due to the refugee crises, especially in Finland, Germany, and Sweden. According to the survey conducted by the European Foundation Centre (2016), many foundations recognized the immediate need to improve the living conditions for new arrivals and improve the coordination between many different stakeholders including philanthropic organizations, governmental organizations and politicians. As an example, 25 private foundations established the European Programme for Integration and Migration in 2015. The European collaboration supports local philanthropic organizations with different tools including grants, capacity and network development and content support to enable them to advocate for constructive approaches to migration in Europe (EPIM, 2018).

2. Philanthropic organizations enjoy a wide range of liberties in their operation

The countries in the Western and Northern European region provide high levels of freedom to operate philanthropic organizations. In the majority of the countries, such as Denmark, Germany, Ireland, the Netherlands, Norway, Sweden, and the United Kingdom, registration of philanthropic organizations is not mandatory; however, public benefit organizations or charities in Ireland and the United Kingdom need to register in order to enjoy tax benefits and be able to cooperate with the government. The registration process is simple, relatively fast, and often free. Two exceptions are Ireland and France. In Ireland the registration, when it is necessary, takes more than 90 days; and in France the registration of public utility organizations is complex and might take from 12 to 18 months to receive the approval from the Ministry of Interior.

Figure 2. Scores on Ease of Operating Philanthropic Organizations, by Economy



Economy	Ease of Operating a PO	Form a PO	Operate a PO	Dissolve a PO
France	**4.3**	4.0	4.0	5.0
Austria	**4.6**	4.5	4.4	4.8
Germany	**4.7**	5.0	5.0	4.0
Ireland	**4.7**	4.5	4.5	5.0
United Kingdom	**4.7**	5.0	4.0	5.0
Denmark	**4.8**	5.0	5.0	4.5
Finland	**5.0**	5.0	5.0	5.0
Netherlands	**5.0**	5.0	5.0	5.0
Norway	**5.0**	5.0	5.0	5.0
Sweden	**5.0**	5.0	5.0	5.0
Switzerland	**5.0**	5.0	5.0	5.0

Source: Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*

Except for Sweden, most countries in the region have laws to regulate the structure and internal affairs of philanthropic organizations. However, the existent laws in all these countries provide philanthropic organizations extensive freedom to tailor their internal government and policies. Reporting is consistent and it is only required for registered organizations, those that receive public funding, or those with assets higher than the amount defined by law.

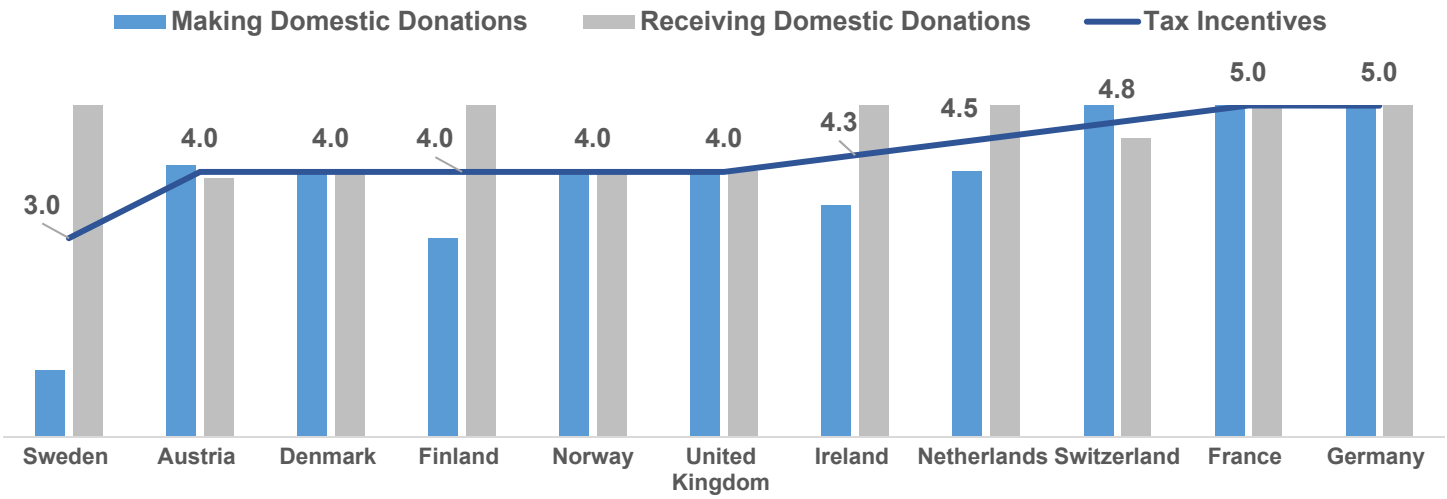
Philanthropic organizations can be voluntarily dissolved. Involuntary dissolution is rare and only happens if the philanthropic organization's activities are unlawful or use or encourage the use of violence; but it has to be through a court order, giving the organization the opportunity to amend before the final decision is made. Reported involuntary termination has happened only with associations and charities that had not shown any activities within a relatively long time period in countries, such as Finland, the Netherlands, and the United Kingdom.

3. Extensive tax incentives for certain categories of registered philanthropic organizations

Except for Finland and Ireland, where only corporations can deduct taxes after charitable giving, almost all countries in this region offer tax incentives to individuals and corporations. Nevertheless, in Sweden, after the 2012 tax deduction system for charitable giving from private individuals was revoked in 2015, there are no tax incentives for charitable giving at all. Where deductions exist, the deductible amounts vary across countries, but every country has a limit of income (percentage or amount) that is eligible for tax deduction. France has one of the most generous tax incentives, as the value of income tax reduction is 66 percent of the value of the gift (75% for specific donations), and it can be up to 20 percent of the donor's taxable income. In general, tax deduction is only available for gifts donated to public-benefit organizations or charities. In some countries, such as Denmark and Norway the tax authority lists the officially accepted philanthropic organizations for

which donors can deduct their charitable contributions. Austria, Norway, and the United Kingdom reported complex tax-deduction procedures that might negatively affect donors to apply for tax incentives. As an example, in Norway philanthropic organizations need to submit documents on behalf of the donors to claim for tax deduction.

Figure 3. Scores on Tax Incentives, by Economy



Economy	Tax Incentives	Making Domestic Donations	Receiving Domestic Donations
Sweden	**3.0**	1.0	5.0
Austria	**4.0**	4.1	3.9
Denmark	**4.0**	4.0	4.0
Finland	**4.0**	3.0	5.0
Norway	**4.0**	4.0	4.0
United Kingdom	**4.0**	4.0	4.0
Ireland	**4.3**	3.5	5.0
Netherlands	**4.5**	4.0	5.0
Switzerland	**4.8**	5.0	4.5
France	**5.0**	5.0	5.0
Germany	**5.0**	5.0	5.0

Source: Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*

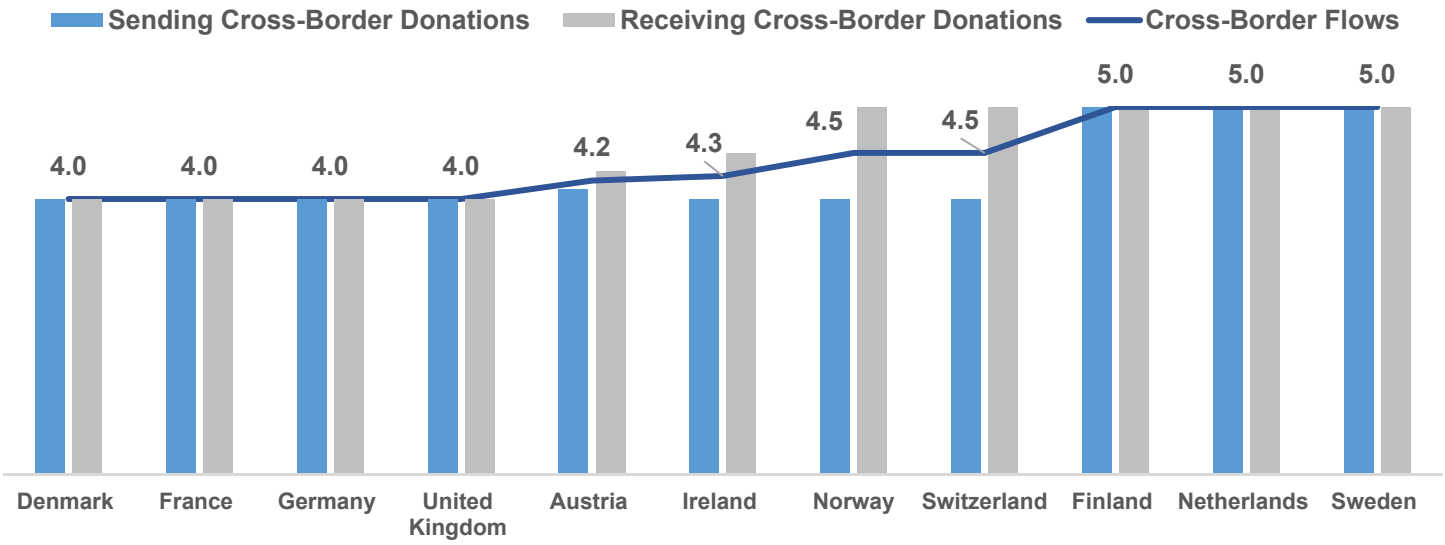
In the majority of the countries only registered philanthropic organizations with public benefit or charitable status, are allowed to receive tax exemptions. How the purposes of philanthropic organizations are defined in terms of being eligible for exempt status varies across the region. In Ireland, charities as a special legal form of philanthropic organization need to promote only charitable

purposes, while in Germany public benefit status is granted to all legal forms if the organization pursues purposes specified on a list of eligible purposes in the tax code, or any purpose similar thereto. In the Nordic countries, such as Denmark, Finland, Norway, and Sweden, all philanthropic organizations serving "the public interest" or the "common good" are eligible for tax-exempt status. In Austria the process of obtaining tax exempt status is complex and burdensome and several causes, such as education, sports and some cultural causes are not eligible. In all cases, registration and annual reporting for the national tax authorities is necessary to obtain and maintain tax-exempt status.

Tax-exempt organizations are eligible for tax deduction from a wide range of taxes including income tax, property tax, import duty, and energy tax; however, exemptions vary between countries based on their national tax systems. Value added tax exemption is not available in Germany; in France specific rules apply on the value added tax exemption that primarily depends on the characteristics of market competition between philanthropic and commercial organizations. Only Finland requires prior permission for fundraising, which is granted by the local police departments or the National Police Board.

4. Ambivalent environment for cross-border donations

Figure 4. Scores on Cross-Border Flows, by Economy



Economy	Cross-Border Flows	Sending Cross-Border Donations	Receiving Cross-Border Donations
Denmark	**4.0**	4.0	4.0
France	**4.0**	4.0	4.0
Germany	**4.0**	4.0	4.0
United Kingdom	**4.0**	4.0	4.0
Austria	**4.2**	4.1	4.3

Ireland	**4.3**	4.0	4.5
Norway	**4.5**	4.0	5.0
Switzerland	**4.5**	4.0	5.0
Finland	**5.0**	5.0	5.0
Netherlands	**5.0**	5.0	5.0
Sweden	**5.0**	5.0	5.0

Source: Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*

Nine countries of the Western and Northern Europe region are member states of the European Union, leading to more fluid cross-border transactions. In general, there are no additional costs, required government approval or any other restrictions to send or receive cross-border charitable contributions. Nevertheless, tax incentives for cross-border donations only apply in certain circumstances. The European Union's non-discriminative principle related to tax treatment to philanthropy was established by the European Court of Justice's judgements on cases, such as Stauffer – ECJ 14.9.2006 C-386/04, Persche – ECJ 27.1.2009 C-318/07, Missionwerk – ECJ 10.2.2011 C-25/10. According to the non-discrimination principle, a European Union-based foreign public benefit organization or charity is eligible for the same tax-privileged status as a domestic tax-exempt philanthropic organization, provided that comparability can be shown between the domestic and foreign philanthropic organization. Similar non-discriminative principle apply for donors to receive tax incentives when their charitable giving occurs across borders within the European Union as well as within the European Economic Area (Transnational Giving Europe and European Foundation Center, 2015).

Despite the ECJ regulations, the comparability procedure that determines whether a charitable donation has a public benefit purpose or a foreign philanthropic organizations is considered publicly beneficial according to the domestic regulations - is difficult and often burdensome because of the different tax system every economy has (European Center for Not-for-Profit Law, 2017). Sometimes foreign philanthropic organizations are required to register in the national tax authority or in the ministry responsible for the tax-exempt philanthropic organizations' registration in countries, like Denmark, Ireland, the Netherlands, and Norway. Therefore, the Transnational Giving Europe network offers a solution for tax-effective cross-border donations in 19 countries, including Austria, France, Germany, Ireland, the Netherlands, Switzerland, and the United Kingdom. The Transnational Giving Europe allows private individuals and corporations, resident in one of the participating countries, to send charitable contributions to philanthropic organizations located in other participating countries, while benefiting directly from the tax incentives provided by their country of residence (Transnational Giving Index, 2017). There is no detailed legislation for receiving cross-border charitable gifts in the Nordic countries, including Denmark, Finland, Norway, and Sweden, due to the fact that these countries do not receive many donations from abroad or the amount of such donations is not significant.

The Norwegian and the Swiss regulations on cross-border philanthropy are slightly different compared to the European Union member states. In Norway, sending cross-border donations has no additional cost, but only listed international organizations can get a tax-exempt gift from private

individuals and companies. Norwegian philanthropic organizations can receive cross-border donations without any additional costs, but there are not many cases where this occurred. Cross-border donations can be sent from Switzerland without any additional costs or taxes, but such donations are not eligible for tax incentives. Swiss philanthropic organizations are, however, eligible for tax benefits for receiving both domestic and cross-border charitable contributions.

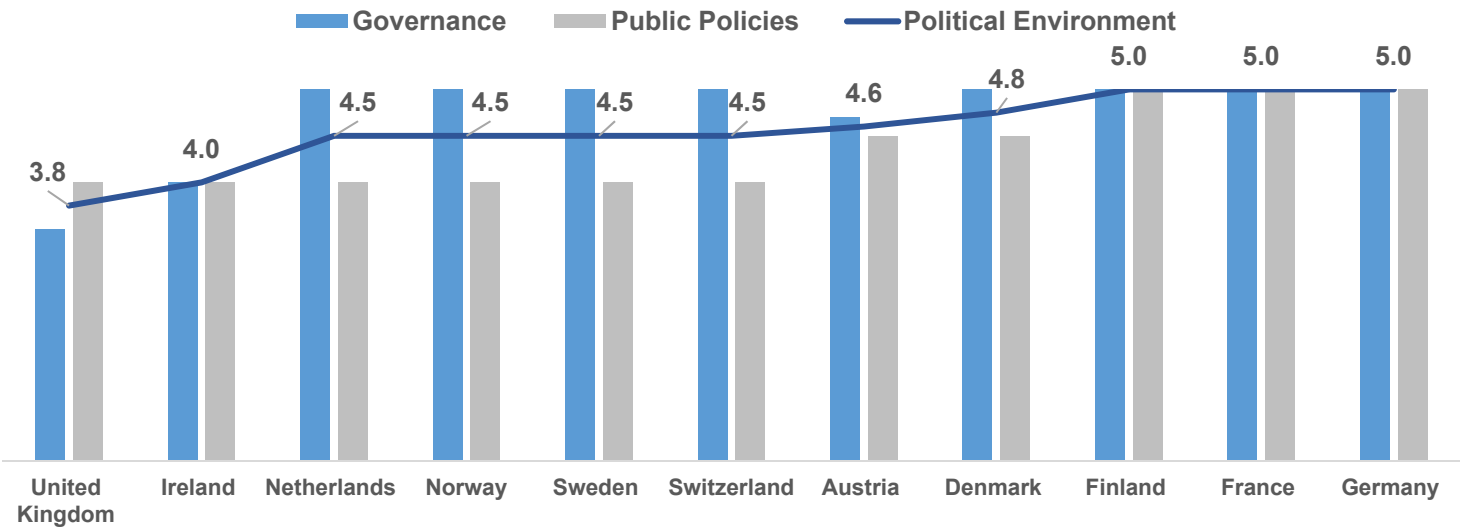
There are also security concerns and regulations of cross-border donations to avoid international money laundering and terrorist financing. While terrorist groups have become significant threats to regional and international stability, it became acknowledged that terrorist groups have been exploiting the philanthropic sector to "raise and move funds, provide logistical support, [and] encourage terrorist recruitment" (Financial Action Task Force, 2010, p.20). Therefore, the Financial Action Task Force of the International Monetary Fund established universal guidelines on anti-money laundering and combating the financing of terrorism including one related to philanthropic organizations (Special Recommendation VIII). Every economy in the region has implemented the universal guidelines; however, the national implementation of Special Recommendation VIII sometimes has resulted in additional restrictions for the philanthropic sector. Most recently Austria enacted the "2015 Federal Law on the external legal relationships of Islamic Religious Societies," which prohibits religious societies operating in Austria from receiving foreign financing for their ongoing operation. In 2016, the Financial Action Task Force reinforced that governments needed to ensure that the implementation of Special Recommendation VIII is in line with a risk-based approach and "should not disrupt or discourage legitimate charitable activities" (Financial Action Task Force, 2017, p. 53).

5. Engaging political environment

In the Western and Northern European economies, government policies and practices actively support philanthropy. Philanthropic organizations are invited to participate in different stages of the policy development process, such as planning and policy implementation. Indeed, the involvement of philanthropic organizations often provides public legitimacy to political decisions. In general, governments are supportive of philanthropy. The Swedish government promotes philanthropic traditions like volunteering and social movements, but not private giving, while the Irish government established the Forum in Philanthropy in 2006 to enhance the role and legitimacy of charitable giving and strategic charitable fundraising. However, in Switzerland there is not any specific government practice to support philanthropy because of the liberal legislation and the principle of clearly separating the state from the philanthropic sector.

The cooperation between philanthropic organizations and government agencies is strong, and the enabling political environment promotes and financially supports philanthropic organizations to provide social services in the region. However, the 2008 economic crisis affected almost all countries in the region and forced them to initiate austerity measures. Thus, the level of government funding to philanthropic organizations has decreased in several countries, especially in Austria, France, the Netherlands, and the United Kingdom (Civil Society Europe and CIVICUS, 2016).

Figure 5. Scores on Political Environment, by Economy



Economy	Political Environment	Governance	Public Policies
United Kingdom	**3.8**	3.5	4.0
Ireland	**4.0**	4.0	4.0
Netherlands	**4.5**	5.0	4.0
Norway	**4.5**	5.0	4.0
Sweden	**4.5**	5.0	4.0
Switzerland	**4.5**	5.0	4.0
Austria	**4.6**	4.7	4.5
Denmark	**4.8**	5.0	4.5
Finland	**5.0**	5.0	5.0
France	**5.0**	5.0	5.0
Germany	**5.0**	5.0	5.0

Source: Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*

The political and governance environment in the United Kingdom raises concerns as certain emerging practices may negatively affect the philanthropic sector in the country. The structure of government funding for charities has changed and contract funding has become more popular than traditional grants. The application process for contract funding is more complex and it puts pressure on charities to reduce overhead costs. Besides, charities' ability to advocate for change has lessened due to a legislation enacted in 2014 that affects non-party campaigners (those that campaign at elections but are not standing as political parties or candidates). Additionally, the United Kingdom voted to leave the European Union during the 2015 referendum on "Brexit" and the government scheduled its departure from the European Union at 11pm (GMT) on March, 29, 2019. Thus, the

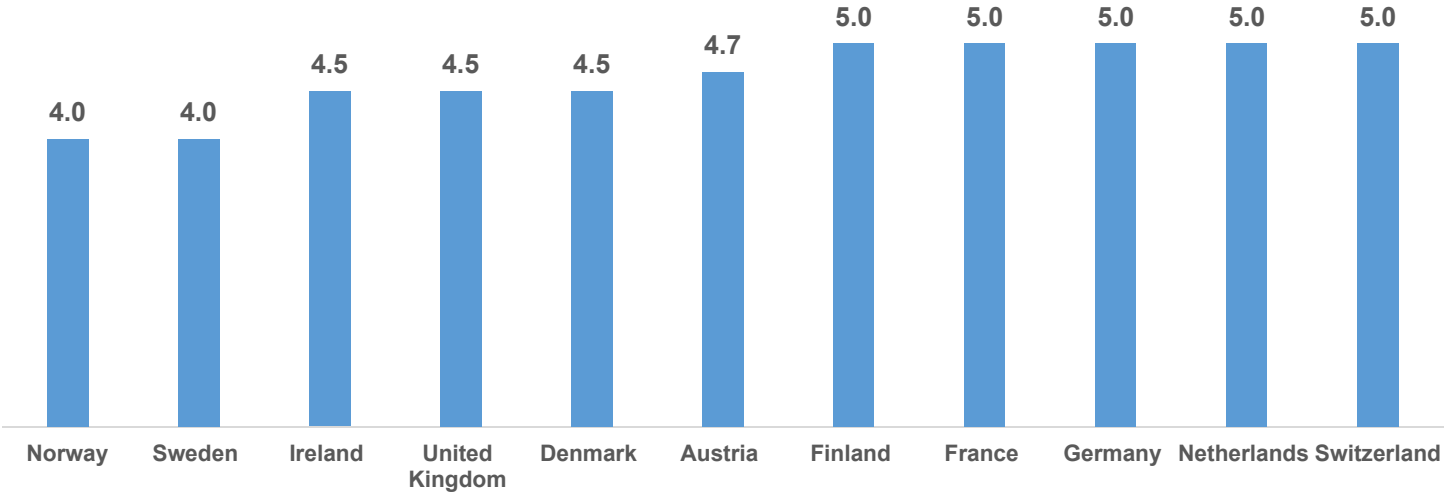
philanthropic sector might face financial shortages since the funding that the British philanthropic sector receives from the European Union estimated at near US $269 million a year could be significantly reduced.

Changes in the political environment might affect the relationship between government and the philanthropic sector. In several economies, including Austria, Denmark, and France, polarized public debates on immigration and integration issues have emerged in the last years. Nationalist and far-right parties have gained power in the political arena as a consequence of the growing public fears about globalization, the refugee crisis and the increasing number of terror attacks committed by separatists as well as jihadists in European countries including Belgium, France, Germany, and the United Kingdom. Such parties won relevant percent of votes in recent elections in countries, such as Austria (35%), Denmark (21%), Germany (5%), Finland (18%), France (14%), the Netherlands (10%), Sweden (13%), and Switzerland (29%) (BBC, 2016).

6. High level of giving and volunteering maintains the growth and professionalization of the philanthropic sector

Two traditions have amalgamated to significantly influence today's philanthropy in the region. In almost all countries, the Christian religion, and Church-related charities have a long-standing history. The first charities in the region were established by the Church, and even today the Church has an important role in social service provision, especially in the Western European countries. In countries, such as Austria, Germany, Ireland, and the United Kingdom religious giving is still significant. In the modern era, philanthropic giving has been secularized making education, arts and culture, and international causes the top social issues addressed by philanthropic organizations. Besides, in social democratic welfare states government provides universal social services to the public. Universal social services are often seen as the matter of human dignity and basic citizen rights and the society largely expects the governments to provide social service to those in need. Because of the weight of the welfare states, in countries, such as Austria, France, Germany, Ireland, the Netherlands, and the United Kingdom, the level of government funding to philanthropic organizations is relatively high and so the level of mutual trust between the government and philanthropic organizations is strong as well.

Figure 6. Scores on Socio-Cultural Environment, by Economy



Source: Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*

Norway is characterized by small social, cultural and economic differences within the society, therefore strong philanthropic traditions have not developed since the country's independence in 1814 (Sivesind, 2015). In Austria, after the Second World War the Roman Catholic Church – in addition to political parties - dominated the restoration of the philanthropic sector until the 1980s, when new philanthropic organizations, such as Greenpeace, started operating and changing the philanthropic environment as well as fundraising and donor practices in the country (Wagner, 2016, p. 149).

Both volunteering and giving are highly developed practices in the economies in Western and Northern Europe, but people give more donations than volunteering time due to the high level of economic prosperity in the region. Results of the Charities Aid Foundation's CAF *World Giving Index 2016* show all countries in the region, except France is in top 30 ranking scores. Even with France ranking lower, there are studies that show that 58 percent of the population supported financially at least one philanthropic organization in 2015 (France Générosités, 2016). In countries in Northern Europe, including Denmark, Finland, Norway, and Sweden, volunteering and membership activities are popular and highly supported by the government and society.

7. Future Trends

Growing and more professionalized philanthropic sector. Both the number of donors and amount of charitable donations seem to continue increasing in the region (European Fundraising Association, 2017). Charitable donations are likely to grow due to the increasing level of disposable household income and growing number of regularly donating households. New tools of fundraising, such as online donation platforms could also support the more effective engagement of donors. It seems that philanthropic organizations are becoming more professional in both management and fundraising by promoting tools such as earning nonprofit management or fundraising certificates and being evaluated by independent monitoring agencies to enhance donors' trust. For example the Swiss Zewo Foundation sets standards and acknowledges charities that use donations economically.

Increasing cross-border philanthropy. Cross-border philanthropy is likely to increase especially among European Union member states. In 2015 alone, 1.4 million people immigrated to one European Union member state from another one (Eurostat, 2017b) and the coming generation is likely to continue the trends of living and working in different European countries increasing not only migration within the European Union but also the desire for cross-border philanthropy. The European Court of Justice has provided case decisions that require member states to implement non-discriminative legislation on both sending and receiving cross-border donations that can also positively influence donations across the European Union. Additionally, the Transnational Giving Europe network offers solutions in 19 European Union countries to enable donors to financially support philanthropic organizations in other member states, while benefiting directly from the tax incentives of the donors' country of origin.

New technologies to engage donors. The European Fundraising Association's recent study of *Fundraising in Europe* (2017) shows that the top three factors that impact fundraising and charitable giving in the region are related to emerging technologies: greater use of social media, growth of peer-to-peer fundraising, and technological development. In the countries of the Western and Northern European region, philanthropy is becoming easier and more accessible

through the use of technology. Such is the case of the use of text message donations in France, social media for both fundraising and donor cultivation in Denmark, Sweden, and the United Kingdom, and the use of online crowdfunding in Austria, Denmark, and France among others. Country experts in the region are optimistic that the advantages of these technologies can further improve philanthropic giving as well as engage younger generations in giving.

Data protection and new requirements for solicitation. On May 25, 2018, the European Union General Data Protection Regulation will be enforced. The new legislation aims to protect and empower all EU citizens' data privacy and to reshape the way organizations across the region approach data privacy (EUGDPR.org, 2017). However, most national fundraising associations reported that philanthropic organizations are under-prepared for the new, stricter regulation on holding and processing personal data, including the need to gain express consent from people before approaching them for funds (European Fundraising Association, 2017) that can cause burdensome administrative obligations for philanthropic organizations in the near future.

Focus on impact investing. Impact investing, as a market-based vehicle of increased philanthropic effectiveness, continues growing in Europe. According to Eurosif, the leading European association for the promotion and advancement of sustainable and responsible investment across Europe, impact investing was confirmed as the fastest growing investment strategy with a growth of 385 percent in 2016. (Eurosif, 2016, p. 7). In countries, such as Germany and Switzerland impact investing is increasing, and it seems that the necessary infrastructure for impact investing is going to develop across the region.

Result-oriented volunteering. Project-based, result-oriented volunteering is getting more popular, especially in Denmark and the Netherlands. As both donors and volunteers start to focus on outcomes and return on investments, episodic volunteering opportunities with measurable impacts are likely to gain popularity. Additionally, cross-border volunteering is also promoted in the region. The European Voluntary Service sponsored by the European Union continues increasing the number of both opportunities and granted participants of cross-border volunteering, and for the first time more than 10,000 joined the program in 2016. (European Commission, 2016).

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