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# The 2022 Global Philanthropy Environment Index Region Report: Northern Europe

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## SUMMARY

With an average score of 4.7, Northern Europe is characterized by high levels of organizational freedom and civic participation as well as by a policy environment favorable to philanthropy. Philanthropy is deep-rooted in the culture of Nordic 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 are still less favorable in some Nordic countries than is the case in North America and the Pacific, but the levels of time donations (volunteering) are quite high in comparative terms.

The refugee crisis resulting from the arrival in 2015 of a large number of asylum seekers in Northern Europe, if resolved, still affects public debates and has increased political polarization around the theme of immigration, affecting some philanthropic initiatives. The COVID-19 pandemic has profoundly impacted the philanthropic sector in 2021 and will certainly remain a central preoccupation in the coming years as the region enters the post-pandemic era. The pandemic has also revealed the importance of the philanthropic sector in times of crises and spurred innovations as well as the swift adoption of digital solutions by philanthropy organizations across the region, making social media, online meetings, online fundraising, and crowdfunding more ubiquitous in the philanthropic sector.

## Trends Observed at the Regional Level between 2014-2017 and 2018-2020

Ease of Operating	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall
Positive Stable	Positive	Positive Stable	Mixed	Positive Stable	Positive stable	Positive stable

Source: Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

## KEY FINDINGS

### I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The countries in the Northern Europe region provide high levels of freedom to operate philanthropic organizations. In the majority of the countries (Denmark, Norway, and Sweden) registration of philanthropic organizations is not mandatory.

To what extent can individuals form and incorporate the organizations defined?

- There has been no major change since 2018.
- In Northern Europe, the rules and regulations regarding the formation and registration of a philanthropic organization is liberal.

To what extent are POs free to operate without excessive government interference?

- There has been no major change since 2018.
- In Northern Europe, the rules and regulations regarding the operation of a philanthropic organization is liberal.

To what extent is there government discretion in shutting down POs?

- There has been no major change since 2018.
- In Northern Europe, the rules and regulations regarding the dissolution of a philanthropic organization is liberal.

### II. Domestic Tax and Fiscal Issues

All countries in this region offer tax incentives to individuals and corporations. Tax incentives for charitable giving were re-introduced in Sweden in 2019. Where deductions exist, the deductible amounts vary across countries, but every country has a limit on income (percentage or amount) that is eligible for tax deduction.

To what extent is the tax system favorable to making charitable donations?

- The tax environment for philanthropy is overall positive in Northern Europe.
- Tax incentives for charitable giving were re-introduced in Sweden in 2019

To what extent is the tax system favorable to POs in receiving charitable donations?

- Norway has terminated the scheme supplementing significant (at least USD 360,000) private donations with public money (up to 25%) because it did not serve its purpose.

### III. Cross-Border Philanthropic Flows

Finland, Sweden, and Denmark 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. Norway is a member of the European Economic Area (EEA), which ensures that sending cross-border donations has no additional cost, but only listed international organizations can get tax-exempt gifts from private individuals and companies. Norwegian philanthropic organizations can receive cross-border donations without any additional costs.

To what extent is the legal regulatory environment favorable to sending cross-border donations?

- There has been no major change since 2018.
- The legal regulatory environment to sending cross-border donations is favorable in Northern Europe.

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### IV. Political Environment

To what extent is the political environment favorable for philanthropy?

Changes in the political environment might affect the relationship between government and the philanthropic sector.

- The immigration crisis has increased polarization that might be detrimental to some types of philanthropy.
- The COVID-19 pandemic has contributed to a positive climate for philanthropy.

To what extent are public policies and practices favorable for philanthropy?

- In Northern European countries, government policies and practices actively support philanthropy.
- Philanthropic organizations are invited to participate in different stages of the policy development process.

### V. Economic Environment

To what extent is the economic context favorable for philanthropy?

- There has been no major change since 2018.
- Economic environment is stable and favorable to philanthropy.

## VI. Socio-Cultural Environment

To what extent are socio-cultural values and practices favorable for philanthropy?

- There has been no major change since 2018.
- The socio-cultural environment for philanthropy is overall positive in Northern Europe.

## VII. Future of Philanthropy

Summary of the future development trends in the philanthropic landscape

- Increased populism and uncivil activism may detrimentally affect the development of philanthropy.
- There is an issue of representation and participation of the philanthropic sector in public policymaking processes as policymaking becomes more concentrated, especially in Denmark.
- An issue exists with the autonomy of the voluntary sector in public managed processes of “co-production” where voluntary organizations are involved in delivering public services.
- There has been an increase of episodic volunteerism and increased volatility of philanthropic resources.
- New public management and its effects on the philanthropic sector: increased professionalization and dependency on public funding.
- Digitalization of the philanthropic sector.

Key recommendations to improve the environment for philanthropy in the region

- Extend tax incentives.
- Develop university educational programs devoted to philanthropy.
- Philanthropic organizations to promote responsible, transparent, and sustainable practices (challenge of trustworthiness with online fundraising; challenge of ethical standards for branch officers, and self-regulation in the digital and global context).

## VIII. Philanthropic Response to COVID-19

What are the areas where the nonprofit sector and philanthropy play a role in responding to COVID-19 in the region?

- Voluntary organizations have provided supplementary services and assistance to vulnerable groups (elderly, children, homeless, substance abusers) and helped health authorities to tackle the situation (testing, vaccination, transportation, quarantines).

What are the innovations and new trends in the nonprofit sector and philanthropy related to COVID-19 responses?

- Significant increase in use of digital communication tools to recruit donors, in fundraising, and to carry out philanthropic activities (online courses, counseling services, meetings).

What have been the main impacts of COVID-19 on the philanthropic environment in the region?

- Impact on participation in voluntary activities as a result of distancing measures and government restrictions (many forms of voluntary activities were reduced or shut down).
- Reduction in volunteering and membership for the organizations that were not able to carry out their activities.
- Reduction in philanthropic organizations' incomes (membership fees, ancillary activities) but no significant impact on donations (except for Denmark, because door-to-door fundraising actions and second-hand stores were impossible/closed). Rise in digital donations.

What are the anticipated impacts of COVID-19 on the philanthropic environment in 2021?

- It will be challenging to reactivate voluntary activities after 18 months of restrictions.
- Need to remobilize volunteers and donors and to generate income sources to the pre-pandemic levels.
- New philanthropic revival? Digitalization of fundraising and volunteering might spur new forms of philanthropy and overall increase philanthropic resources.