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The 2022 Global Philanthropy Environment Index Norway

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QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Cooperative, Corporation, Foundation, Limited Liability Company, Trust

Five main social issues addressed by these organizations: Arts and Culture, Health and Medical Research, Human Rights, International Causes, Religion

Average time established by law to register a philanthropic organization: 0-30 days

Average cost for registering a philanthropic organization: USD 0

There is no need to register a philanthropic organization (PO) in Norway. However, many organizations choose to be included in the Central Coordinating Register for Legal Entities to get an organizational number, which is a requirement for getting a bank account in the name of the organization. Registration is free. There is also a non-obligatory register for fundraising organizations operated by a private foundation called the Fundraising Control (Innsamlingskontrollen), established by the fundraising organizations themselves. It has established a code of conduct, monitors audited accounts and annual reports, keeps a public list, and awards an accreditation seal to approved organizations. Cost for registering a fundraising organization is USD 485, and there is an annual membership fee of 0.1 – 0.2 percent of the organization's operational expenditures.

Government levels primarily regulating the incorporation of philanthropic organizations:
Central/Federal Government

Philanthropic Environment Scores:

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
2022 GPEI	5.00	4.00	5.00	5.00	5.00	5.00	4.83
2018 GPEI	5.00	4.00	4.50	4.50	N.A.	4.00	4.40

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 three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.

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

Score: 5.0

The Register of Nonprofit Organizations (Frivillighetsregisteret), established in 2009, is intended to simplify the interaction between voluntary associations and public authorities by providing systematic statistics and policy-relevant research and information; in doing so, it aims to strengthen the legitimacy of voluntary activity. Only voluntary associations, foundations, and non-commercial limited liability companies that only distribute funds to nonprofit activities are eligible for registration. Registration is free (Sivesind, 2015). While registration is optional, the number of registered organizations is steadily increasing as registration is a requirement for receiving the grassroots share from gaming (Norsk Tipping), value added tax (VAT) compensation, and other benefits.

There is also a register for fundraising organizations operated by a private foundation called the Fundraising Control (Innsamlingskontrollen) established by the fundraising organizations themselves. Whereas a ‘nonprofit’ or ‘voluntary organization’ is not a distinct legal category in Norway—and such organizations may take any form and can remain unregistered—a ‘foundation’ is defined by law. There is a “central register for foundations in connection with the Norwegian Gaming and Foundation Authority, which checks if activities are in line with the Foundation Legislation Act and the foundation’s statutes. All foundations in Norway have to be registered. The Norwegian Gaming and Foundation Authority also supervises and controls all private and state-operated lotteries,” to make sure that the proceeds go the purpose (Saglie & Sivesind, 2018, p. 298).

Government regulations are intended to promote accountability and public trust in POs. The debates and hearings before the establishment of the Register for Voluntary Organizations show that there is broad political support for organizational freedom and for avoiding obligatory registration and unnecessary bureaucracy.

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

Score: 5.0

There has been no change since 2018. For more information, please see the 2018 Norway Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16699>

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

Score: 5.0

As there is no legal regulation of voluntary organizations as such, there is no legal regulation of dissolution or banning of such organizations (except for organized crime). The Foundation Law specifies certain circumstances where the Foundation Authority may start a process of liquidation. However, this can only be done after the request of the founder or the board, or if the purpose in the statutes can no longer be served, for example because of a lack of capital.

The Party Act (§ 5) determines that “when the party has not issued a list of election candidates in any constituency at two consecutive parliamentary elections”, it will be deregistered. In general, a PO cannot be terminated because of its activities, but a political party or a foundation can be terminated because it fails to serve its purpose.

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

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

Score: 4.0

The maximum sum of deductible donations from individuals and companies to voluntary associations was NOK 12,000 (approximately USD 1,350) from 2005 to 2013, but it increased gradually to NOK 50,000 (approximately USD 5,640) in 2020. The smallest deductible amount is 500 NOK (approximately USD 60) a year to each organization. The list of organizations that qualify for deductible donations has gradually extended to more than 656 Norwegian organizations and 7 foreign organizations. It includes a broad spectrum of activities—from culture and recreation to environment, religion, peace and human rights, development and disaster aid, as well as general social and welfare associations. To be deductible, the donated amount must be reported by the organization to the tax authorities, which means that the donor’s personal data must be registered. In 2019, the average deducted amount was NOK 4,700 (approximately USD 530), and 870,897 taxpayers used the opportunity to deduct gifts (Statistics Norway, 2021).

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

Score: 4.0

In the past, the government has matched private donations of at least NOK 3 million (USD 340,000) given to “long-term, basic research” with 25 percent of the donated amount. Authorized recipients of state-supplemented donations were universities with doctoral rights, the Research Council, and the Norwegian Academy of Science and Letters. This arrangement was terminated in 2011, reintroduced in 2014, and then terminated again in 2021 because it did not serve the purpose. Most donations came from large associations and foundations that have such contributions as main purpose anyhow.

There is still gift reinforcement for the cultural field including museums, music, literature, scenic and visual arts, and cultural buildings. The government supplements private donations of at least NOK 3 million (USD 360,000) with 25 percent. The total frame increased from NOK 10 million (USD 1.13 million) in 2014 to NOK 70 million (USD 7.88 million) in 2020. A large share of the donations that are state-supplemented come from foundations that have such donations as purpose.

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.

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

Score: 5.0

There are no additional costs, but only a few listed international organizations can get tax-exempt gifts from private persons and companies. There is little regulation in this area. However, the authorities try to stop donations from reaching terrorist organizations.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 5.0

Norway does not receive many donations from abroad. There are no additional costs, and there is little regulation. However, in 2021, an amendment to the act for faith-based organizations that receive state funding per member (Lov om tros- og livssynssamfunn) requires that donations from abroad must specified in audited accounts as a supplement to mandatory reports to the Ministry. The goal is to map contributions from countries that do not support human rights or freedom of religion, but no limitations on transfer are enforced at this stage.

IV. Political Environment

The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 5.0

The relationship between the Norwegian State and voluntary organizations and other POs has traditionally been based on mutual trust, rather than control. Norway has been labelled a “state-friendly society” where the population has a relatively high trust in state institutions and voluntary organizations work closely with governmental bodies. Even though the ideological distance can be

considerable, adversary actors are accepted as legitimate participants in the policy discourse by the government. They may even get public support for being “watchdogs” in areas like climate and environmental protection, equal opportunities, human rights, development and disaster aid, and support for marginalized groups.

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

Score: 5.0

The present conservative-liberal government is trying to promote philanthropic values through increased tax exemptions. Although state-supplemented donations for research were terminated, they are increasing in culture. There is also a lot of positive attention towards donors and volunteers from the government.

V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 5.0

The economy is very stable due to the oil economy and a sovereign wealth fund which is the largest in the world. Norway is a high-trust society with low corruption and support for open relations to other countries, encouraging trade and investment. Norway is not member of the European Union (EU), but it is part of the European Economic Area and North Atlantic Treaty Organisation (NATO) and is currently a member of the United Nations Security Council, with long traditions for supporting human rights and development aid. State aid per person is among the highest in the world, and most of it goes through voluntary associations and multi-lateral organizations. Additionally, individual donations in this area are also quite high. The economic conditions are very favorable, in particular for institutional philanthropy.

VI. Socio-Cultural Environment

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

Score: 5.0

People, in general, trust POs; however, philanthropy has had a slow start in Norway. The labor movement considered philanthropy as a concealer for underlying social problems. In the 1970s, organizations for the sick and people with disabilities argued that nobody should have to rely on other people’s generosity to pay for their basic needs. The state’s guarantees to meet these needs were a matter of dignity and basic human rights. Therefore, policymakers did little to promote private donations by tax deductions or institutional changes. Rather, philanthropy has been regarded as largely unnecessary, except for serving certain fields perceived as outside the public sector’s core responsibility, such as missions, religious congregations, help to the homeless and substance abusers, medical research, and foreign development and disaster aid. In the early 20th century, popular movements grew strong by activating broad segments of the population in membership activities and volunteering. In relatively poor but equal local communities, many people would give

their time even if they were short of money (Sivesind, 2015). This also appealed to people's sense of work ethic. Consequently, philanthropy has only in recent years become a significant force in Norwegian society. Still, volunteering and non-market transactions are the primary way for the population to support nonprofit organizations. However, the share of the population that donates money has increased from 51 percent in 1998 to more than 70 percent in 2019 (Vamstad, 2019). This is probably as a result of increasingly professional operations by fundraising organizations focusing on recruiting personal sponsors and regular donors, as well as tax deductions on donations. In addition, a number of new, large foundations have changed the landscape. In the oil economy, increasingly rich people donate money to grantmaking foundations. Mutual insurance and savings banks are converted to limited companies with philanthropic foundations as partners.

VII. Future of Philanthropy

These questions are used to provide a general picture of the future of philanthropy in this country as well as recommendations to improve the philanthropic environment.

Current state of the philanthropic sector

The philanthropic sector is still growing and catching up with the size of those in other rich Western countries. There are few legal and bureaucratic limitations on fundraising, but there are also relatively limited tax incentives on donations, in particular for private companies. The government tries to emphasize the importance of donations in culture and other areas that traditionally have public sources of income. However, health, social services, religion, and international aid receive the most donations. It has become more normal for households to give money to voluntary organizations, and people have positive attitudes toward fundraising. Although there has been an increase, fundraising organizations use limited resources for development and training.

Three major recent events affecting the philanthropic landscape between January 2018 and December 2020

1. The maximum sum of deductible donations from individuals and companies to voluntary associations doubled from NOK 25,000 (USD 2,820) in 2016 to NOK 50,000 (USD 5,630) in 2020. However, the average tax-reported donations only increased from NOK 4,000 (USD 450) in 2014 to NOK 4,700 (USD 530) in 2020, which shows that few use the maximum deductible amount. However, tax exemptions give a sign of approval from the government and stimulate regular donations that POs report each year to tax authorities. Voluntary organizations increased the amount of tax-exempt gifts from NOK 3 billion (USD 338 million) in 2015 to NOK 4 billion (USD 451 million) in 2020, which probably resulted in about NOK 1 billion (USD 113 million) in reduced tax income.
2. In 2020, the government cancelled the supplement of 25 percent to private donations of at least NOK 3 million (USD 360,000) given to "long-term, basic research". However, it kept the 25 percent gift reinforcement for the cultural field, including museums, music, literature, scenic and visual arts, and cultural buildings. However, the distribution of the funds between central and remote districts is criticized, and it is questionable how much fresh donations are brought in when foundations are among the major donors.
3. The government demands reporting of foreign donations to faith-based organizations that receive public funding in Norway to see how much money comes from countries that do not support

human rights and freedom of religion. Limitations have been discussed but not introduced at this stage.

Future development trends in the philanthropic landscape

During the COVID-19 pandemic, organizations have continued to recruit regular donors, although they also have received a larger number of small donations. All in all, they seem to have adjusted to the situation and increased their income from fundraising. Direct marketing and social media are more important channels of solicitation, since fundraising face-to-face and on meetings have been reduced due to government restrictions and the need for physical distancing to prevent the spread of COVID-19. It is possible that voluntary organizations have taken an electronic leap, not just when it comes to meetings on Zoom and Microsoft Teams, but also when it comes to using social media and electronic channels for solicitation and transfer of donations.

Three key recommendations to improve the environment for philanthropy

- The tax incentives for donations from private companies are still quite weak in Norway compared with other rich western countries, even though the deductible amount has doubled. In contrast, sponsoring with an advertising deal is tax-deductible without any upper limit, similar to other business-related spending. A more liberal approach could probably increase donations from private companies to POs in areas where sponsoring is not common.
- The government supplements private donations to culture with 25 percent. However, this mostly applies to grants from foundations that probably would have happened anyway. This kind of support seems to attract few new donations from individuals and private companies, and it could probably be targeted more effectively by other arrangements.
- It is important that the fundraising organizations keep using resources to promote responsible practices, even though there is no legally-mandated register in Norway. There is increasing competition from smaller fundraising operations on social media, and some of them do not have legitimate purposes. It is an increasing challenge for donors to recognize the difference. The government and fundraising organizations should raise awareness about the Fundraising Control's accreditation seal, register of approved organizations, and warning list. Loss of confidence in fundraising organizations can be very costly.

VIII. Philanthropic Response to COVID-19

These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

Many organizations have given advice and information during the pandemic, for example by help lines, and by answering questions on e-mail and social media from members and others. Public information services were overwhelmed, and voluntary organizations therefore were mobilized to provide supplementary services. Volunteers have also arranged activities for youth and children, which has been important when schools, kindergartens, and leisure centers were closed. The focus has increasingly been on those in a vulnerable situation. In addition, organizations have assisted people in at-risk groups or in quarantine. Transportation, visitor services, delivery of food and medicine, and garbage disposal are also activities organizations have been coordinating, in some

cases in collaboration with municipalities. Assistance to homeless people and substance abusers has been geared up, since there are few available alternatives during partial lockdown. Several organizations have enlisted members to assist local health authorities at testing and vaccination sites. Many people have donated to voluntary organizations to help them keep up such activities but also to help them survive through the pandemic.

Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

During the COVID-19 pandemic, organizations have continued to recruit regular donors, although they also have received a larger number of small donations. All in all they seem to have adjusted to the situation and increased their income from fundraising. Direct marketing and social media are more important channels of solicitation, since fundraising face-to-face and on meetings have been reduced due to government restrictions and the need for physical distancing to protect from the Coronavirus. It is possible that voluntary organizations have taken an electronic leap, not just when it comes to meetings on zoom and teams, but also when it comes to using social media and electronic channels for solicitation and transfer of donations.

Impact of COVID-19 on the philanthropic environment

There has been an increased awareness of the potential importance of humanitarian and care organization in a crisis. Many organizations regularly assist police, fire department, ambulances, and sea rescue services with search and rescue operations. However, there is a much broader need for care and assistance that only becomes visible in a crisis situation, and which many organizations need to prepare for in collaboration with the government.

Anticipated impact of COVID-19 on the philanthropic environment in 2021

It has been difficult to activate and recruit members and volunteers when voluntary organizations have not been able arrange normal meetings and activities. To re-establish activities on the previous level may take a long time. Reduced donations, fees, and sales may limit the activity of many types of organizations when the crisis is over, and old ties have been broken. If donors don't see results, they will probably be less motivated to support.

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