



# Region Report

## Eastern and Southern Europe

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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
<b>Bulgaria</b>	7,127,822	Sofia	7,350.8	Bulgarian	Eastern Orthodox Christian (76%)	47,000 (1)	Regional
<b>Czech Republic</b>	10,561,633	Prague	18,266.5	Czech	Roman Catholic (18%)	124,877 (1)	Central
<b>Greece</b>	10,746,740	Athens	18,104.0	Greek	Greek Orthodox Christian (98%)	4,168 (2)	Central
<b>Hungary</b>	9,817,958	Budapest	12,664.8	Hungarian	Roman Catholic (51%), Calvinist (16%)	62,200 (3)	Central
<b>Italy</b>	60,600,590	Rome	30,527.3	Italian	Roman Catholic (71%)	336,275 (4)	Central
<b>Poland</b>	37,948,016	Warsaw	12,372.4	Polish	Roman Catholic (86%)	126,000 (1)	Central Regional Local
<b>Portugal</b>	10,324,611	Lisbon	19,813.3	Portuguese	Roman Catholic (80%)	17,012 (4)	Central Regional
<b>Slovakia</b>	5,428,704	Bratislava	16,496.0	Slovak	Roman Catholic (62%)	48,079 (1)	Central Regional
<b>Spain</b>	46,443,959	Madrid	26,528.5	Spanish	Roman Catholic (67.8%)	51,404 (5)	Central Regional
<b>Ukraine</b>	45,004,645	Kiev	2,185.7	Ukrainian	Orthodox Christian (65.4%)	94,294 (6)	Central Regional Local

\* Current US \$. World Bank 2016

\*\* U.S. Department of State. International Religious Freedom Report for 2016. The percentage of the Czech Republic only accounts for 56 percent of the population.

(1) USAID. 2016 CSO Sustainability Index

(2) Study on Volunteering in the European Union. Country Report Greece. 2009

(3) Hungarian Central Statistical Office. 2016

(4) Istituto nazionale di statistica. 2017. Both mutual and public benefit nonprofit organizations are included as active (rather than registered).

(5) Calouste Gulbenkian Foundation. 2015

(6) Instituto Nacional de Estadísticas. Anuario Estadístico del Ministerio del Interior. 2017 (Active Public Benefit Associations, includes 145 foreign associations). The number does include 9,050 active Foundations (Instituto de Analisis Estrategico de Fundaciones, 2011).

(7) USAID. 2016 CSO Sustainability Index. It includes registered creative unions and other professional associations (288), and registered self-organized bodies (1,479).

The Eastern and Southern Europe region of the Global Philanthropy Environment Index is both geographically and religiously diverse, and includes economies in Eastern Europe (Bulgaria, Czech Republic, Hungary, Poland, Slovakia, and Ukraine) and Southern Europe (Greece, Italy, Portugal, and Spain). Nine countries are members of the European Union: Bulgaria, Czech Republic, Greece, Hungary, Italy, Poland, Portugal, Slovakia, and Spain; and Ukraine is one of the priority partners of the European Union. The most represented religions are Roman Catholic and Orthodox; but the common Christian values and practices have contributed to create similar philanthropic traditions across the region.

Most economies in the region - Bulgaria, Czech Republic, Hungary, Poland, Slovakia, and Ukraine —had communist regimes until 1989-91. However, while in Hungary, Poland and Czechoslovakia (now Czech Republic and Slovakia) underground philanthropic organizations were catalysts of the political transition towards democracy, in Bulgaria - and also in Ukraine – the authoritarian communist regimes completely suppressed philanthropic activities (Vandor, Traxler, Millner, & Meyer, 2017) hindering the development of philanthropy. After the transition period, both individual and institutional philanthropy have been rebuilt in Eastern Europe influencing the current philanthropic landscape.

In general, the educational attainment of the countries in the region is slightly below the OECD average (42.6%) (OECD, 2017). Except for Poland where the proportion of 25-34 year-olds with tertiary education reaches 43.5 percent, the rest of the countries in the region are below average with Spain and Greece in similar position (41%), and Bulgaria, Czech Republic, Hungary, Portugal, and Slovakia with proportions between 30 and 35 percent (OECD, 2017; European Commission, 2015). Italy has the lowest level of educational attainment in the region. The proportion of 25-34 year-olds with tertiary education in Italy is only 25.6 percent, having the second lowest level of tertiary education among OECD countries (OECD, 2017).

The region has faced political and economic challenges, including the 2008 economic crisis, the 2009 European sovereign debt crisis, the 2014 Ukrainian refugee crisis, and the effects of the Syrian refugee crisis. While the 2008 economic crisis affected almost all countries in the region and forced them to initiate austerity measures, the 2009 European sovereign debt crisis had a long-standing and severe impact on Greece, Spain, and Portugal. As consequence, the countries affected by the 2009 European sovereign debt crisis were unable to refinance their government debt or bail out over-indebted banks without receiving financial support package from third parties, including the European Central Bank and the International Monetary Fund (De Santis, 2012). While Portugal and

Spain were able to successfully exit due to the European Union and the European Union/International Monetary Fund bailout mechanisms, Greece is still in the process of economic recovery. Recently Italy, Portugal, and Spain face a potential banking crisis due to the increasing levels of nonperforming bank loans. In Italy, the level of nonperforming bank loans has exceeded US \$400 billion, which is 18 percent of all bank loans in the country. This comes at a time when the European Union has made bail-out regulations stricter in terms of recapitalizing commercial banks and financial institutions in the Eurozone (Micallef, n.d.).

Besides the economic difficulties, the region has faced two refugee crises. In 2014, the Euromaiden Revolution and the subsequent armed conflict in some eastern and southern regions of Ukraine led to the Ukrainian refugee crisis, where millions of Ukrainians became internally displaced persons. In 2015, millions migrants and refugees crossed into Europe from Syria, resulting in one of the largest refugee flows since World War II. As a consequence of the Syrian refugee crisis, three border countries of both the European Union and the Schengen Area, Greece, Italy, and Hungary, have been impacted by the inflow of refugees<sup>1</sup>. Simultaneously, anti-immigrant sentiment has been increasing in several countries, especially in countries of the Visegrad group: Czech Republic, Hungary, Poland, and the Slovakia (The Economist, 2017).

The aftermath of the economic crisis, such as the increased level of unemployment and government austerities, and the current refugee crises have led to internal domestic political tensions in the countries of the region. Political instability was reported from Bulgaria, Greece, and Ukraine, while political tension between the government and philanthropic organizations have been amplified in Bulgaria, Hungary, Poland, and the Slovakia recently. The hostile political environment, the decreasing level of governmental funding for philanthropic organizations, and the increasing demand for charitable services put the philanthropic sector in a challenging situation.

## Summary Report

The ten economies representing Eastern and Southern Europe differ in a number of aspects. However, during the period under review, they have shared some significant, similar experiences, too. These similarities could be labeled as “political and economic challenges.” The countries have witnessed the economic crisis, the sovereign debt crisis, and the refugee crisis. Consequently, philanthropic organizations today face another crisis in some countries—a crisis of legitimacy, which could become an alarming trend, especially in Eastern Europe.

In this difficult period, several development themes in the region can be identified. Firstly, there is an increasing demand for social services (basic needs) and, on the other hand, a limited ability or willingness of national governments to meet these needs. The next issue represents a rapidly polarizing society as a result of the above-mentioned crises. Philanthropic organizations can also face more restrictive policies toward the sector; an example is the constraints associated with the creation and registration of these organizations. On the other hand, open "hostility" from the government is yet to really be seen. However, the latest developments in Hungary may contradict this claim.

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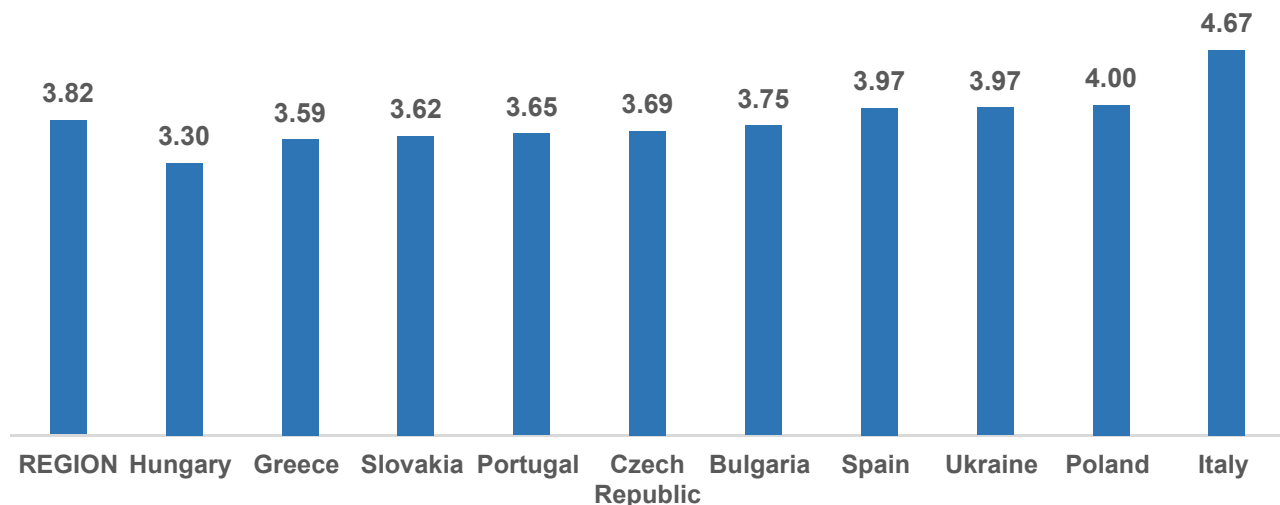
<sup>1</sup> The number of asylum seekers dropped significantly in Hungary, since the Hungarian government completed its border fence along its borders with Serbia and Croatia in October 2015.

Although expressing the country position through the “scores” might be slightly tricky, the scores can give us a fair picture of overall country similarities, differences, and trends. Generally, every country indicates some difficulties, obstacles, or dilemmas. Italy seems to be the only exception as its particular scores never drop under 4.5. Italy’s performance can be explained by a democratic tradition and long-term experience with the nonprofit sector in the country. Moreover, unlike in some other countries, Italy can benefit from the new provisions introduced by the first Italian Third Sector Act, bringing crucial changes into nonprofit organizations’ legal framework.

While, at least in the case of legislative conditions concerning the organizational formation and government interference, there are no extreme deviations between economies in the region; the fields of taxation, cross-border donations, political environment, and socio-cultural conditions indicate rather significant differences, and in some cases also obstacles and inconveniences for philanthropic organizations (which is particularly true in Hungary and Greece). Finally, fragile partnerships between the philanthropic and public sectors should be mentioned.

In this context, the irreplaceable and, perhaps, most important role of philanthropic organizations and civil society can be observed. As can be seen in individual national reports, its significance lies not only in providing social services for citizens, but also in the activities supporting, in the broadest sense, the cohesion and functionality of the whole society.

**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. Economic and political crises have emphasized the importance of institutionalized philanthropy

Philanthropy has entered the spotlight in the region as the countries have faced several crises in the last decade, such as the 2008 economic crisis, the 2009 European sovereign debt crisis, the 2014 Ukrainian refugee crisis, the 2015 Syrian refugee crisis, and the recent political polarizations in countries, like Bulgaria, Hungary, Poland, and the Slovakia. Regional and global challenges have forced philanthropic organizations to provide solutions for their societies in cooperation with local and national governments. The main social issue currently addressed by philanthropic organizations in the region is “basic needs” mainly because of the increasing demand for immediate assistance to people impacted by the economic or refugee crises. Other social issues such as education, arts and culture, and environment are also addressed by philanthropic organizations in several countries of the region. Simultaneously, philanthropic organizations often advocate for simplified and stable legal environments in order to improve their work and the willingness of private charitable giving in the region.

The economic and sovereign-debt crises account for the largest impacting factors on the region’s philanthropic sector. While the demand for basic needs and social services has increased significantly, governments have been forced to introduce austerity measures; thus, government funding for philanthropic organizations has decreased in the region (European Fundraising Association, 2015). Understandably, as government and private funding have shrunk, the competition for access to financial resources by philanthropic organizations has increased. Therefore, the advancement of professionalization and cooperation between actors has become part of the philanthropic agenda in the region.

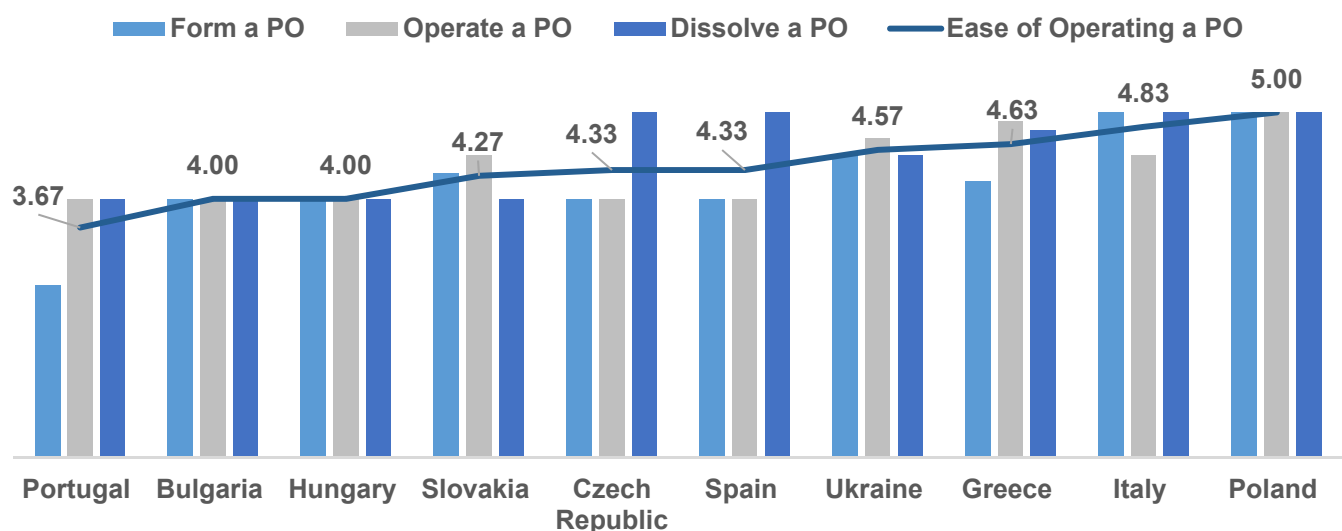
Additionally, the refugee crises and the increasing level of political polarization brought philanthropic organizations to difficult situations (USAID, 2017). The levels of xenophobia and nationalism have increased and might lead to an increasing fragmentation of the society, as both humanitarian and human rights organizations and xenophobic organizations have been recently established in the region (Vandor et al., 2017). Furthermore, human rights and watchdog organizations have had to counter government efforts to delegitimize their operations at times when their work is most needed. Indeed, hostile political environment and media attacks against specific organizations - such as foreign-funded philanthropic organizations in Hungary and in the Slovakia, and human rights organizations in Poland – might weaken public trust towards the philanthropic sector in general.

Even though the political environment is less favorable to numerous philanthropic organizations, individual giving has been slowly increasing in the region. The economies have been gradually recovering from the economic and financial crises, and the socio-economic wellbeing of households has slightly increased, positively affecting private giving. Additionally, the financial scarcity of the philanthropic sector has highlighted the importance of accountability and professionalism in fundraising and grant writing. That, together with the recovering economic environment, has contributed to the development of institutionalized charitable giving in the region.

## 2. Philanthropic organizations are free to operate but face increasing administrative requirements

The countries in the Eastern and Southern Europe region have established a strong regulatory framework that supports the free operation of philanthropic organizations. After the democratic transition, several countries used Western European examples to design their own laws to regulate the establishment and operation of philanthropic organizations. Freedom of association is granted at the constitutional level in all of the countries, and unregistered organizations are allowed to operate, except in the Slovakia, where philanthropic organizations are required to obtain legal personality;. Registration fees are free or very affordable, and the mechanisms for registration are rather straightforward. Philanthropic organizations in the region are free to set up their own internal structure within the legal framework.

**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
Portugal	3.67	3.0	4.0	4.0
Bulgaria	4.00	4.0	4.0	4.0
Hungary	4.00	4.0	4.0	4.0
Slovakia	4.27	4.3	4.5	4.0
Czech Republic	4.33	4.0	4.0	5.0
Spain	4.33	4.0	4.0	5.0
Ukraine	4.57	4.5	4.7	4.5
Greece	4.63	4.2	4.9	4.8
Italy	4.83	5.0	4.5	5.0
Poland	5.00	5.0	5.0	5.0

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

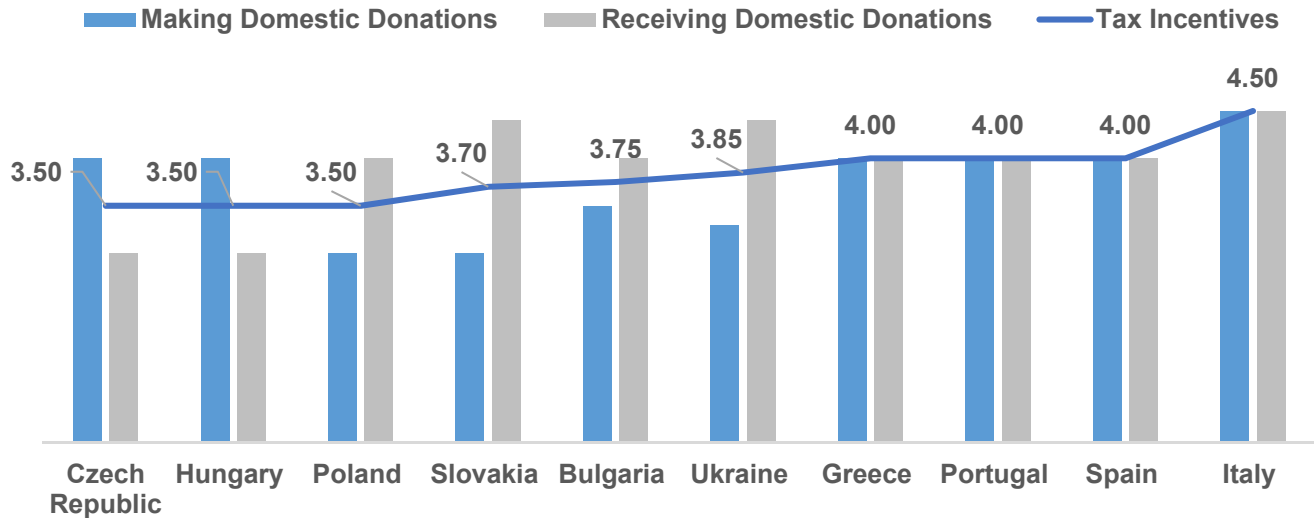
In terms of reporting requirements, there is a tendency to increase bureaucratic controls due to rising economic and political challenges. In general, reporting requirements have become more rigorous to meet the standards of anti-money laundering and counter-terrorist financing guidelines established by the International Monetary Fund in participation with other intergovernmental organizations. The economic crisis and efforts to fight corruption made reporting requirements more rigorous in several countries, including Greece and Ukraine. In Italy, the 2017 Third Sector Code includes financial reporting requirements for “Third Sector entities” and the failure to comply with these requirements might lead to involuntary termination of philanthropic organizations. In addition, the refugee crisis, together with the increasing nationalist sentiment, has led to stricter reporting requirements for cross-border donations in several Eastern-European countries, including Hungary.

Involuntary termination of philanthropic organizations is not common in the region, and it is only possible when organizations conduct unlawful activities. There have not been recent precedents of involuntary terminations in the region. However, several philanthropic organizations needed to face some incidents that challenged their free operation. Such is the case of the governmental blockade of the Norwegian Civil Fund in Hungary, or the creation of the National Freedom Institute—Civil Society Development Center, a centralized agency attached to the prime minister’s office, to oversee the funding of philanthropic organizations in Poland. However, it is safe to mention that Poland is one of the leading countries in terms of establishment of philanthropic organizations, although the current political environment might endanger this situation. Italy has also experienced positive changes in the philanthropic sector, as the government introduced the Third Sector Code in July 2017, recognizing the social value of philanthropic organizations and making registered associations and foundations eligible for tax-exempt status.

### **3. Wide range of tax incentives for donors and tax-exempt public-benefit organizations**

Since the European Union does not have jurisdiction over taxation, every country in the region, including Ukraine has different tax incentives for making or receiving charitable donations. Both individuals and corporations receive tax incentives for charitable contributions in all nations except Hungary, which withdrew tax benefits to individuals and private entrepreneurs in 2010 as part of an austerity package applied during the economic crisis. Several countries of the region, such as Hungary, Italy, Poland, and the Slovakia offer a special instrument for charitable giving to individuals called “1-percent rule” that allows taxpayers to designate between 1 percent and 3 percent of their personal income tax to one or more registered charities. While the majority of the countries provide tax incentives for donations to any causes, in Spain and the Slovakia, tax incentives are only available for donations to certain causes or charities (European Fundraising Association, 2015). In terms of corporations, all countries offer tax deductions or tax credits for corporate donations, making corporate charitable giving a significant part of private donations, as according to a lower bound estimation, 25 percent of philanthropic contributions in Europe come from corporations (Hoolwerf & Schuyt, 2017).

Figure 3. Scores on Tax Incentives, by Economy



Economy	Tax Incentives	Making Domestic Donations	Receiving Domestic Donations
Czech Republic	3.50	4.0	3.0
Hungary	3.50	4.0	3.0
Poland	3.50	3.0	4.0
Slovakia	3.70	3.0	4.4
Bulgaria	3.75	3.5	4.0
Ukraine	3.85	3.3	4.4
Greece	4.00	4.0	4.0
Portugal	4.00	4.0	4.0
Spain	4.00	4.0	4.0
Italy	4.50	4.5	4.5

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

Public-benefit organizations, and Third Sector entities in Italy, are tax-exempted. Although applying for tax-exempt status requires additional resources and time, once approved eligible organizations receive tax exemption not only from corporate tax, but also from a wide range of taxes, including gift tax, value added tax, vehicle, and property tax. Only Greece imposed a very low gift and inheritance tax rate of 0.5 percent to philanthropic organizations in 2010 responding to its sovereign debt crisis. Recently, numerous countries of the region have changed their Income Tax Code, or laws related to philanthropic organizations. Several changes were implemented within a short time period (such as a new criteria system for public benefit organizations and the requirement for re-registration in Hungary, or the frequent tax law changes in the Czech Republic); therefore, philanthropic organizations need to react relatively quickly to the changes that might be a burden, especially for

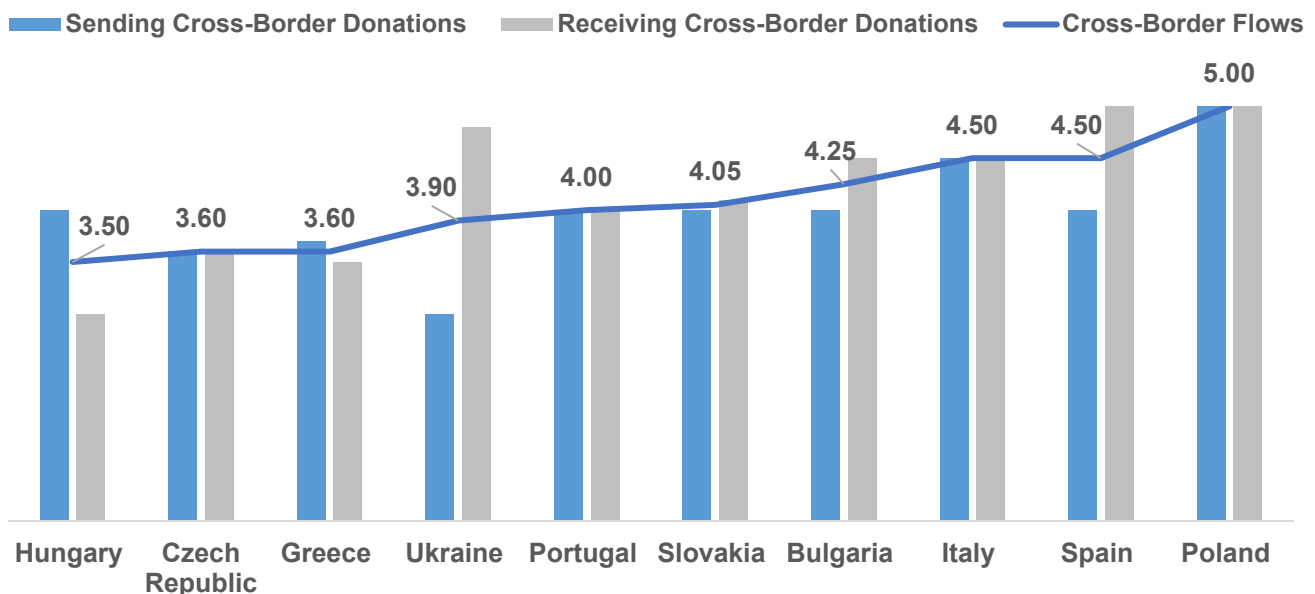


small- and medium-size organizations. On this note, Italy is an exception in the region. The newly adopted Third Sector Code of 2017 aims at harmonizing and incentivizing the Italian philanthropic sector and provides a reorganization and harmonization of tax reliefs and regulations applicable to Third Sector entities.

#### 4. Cross-border donations with additional reporting requirements and limited tax incentives

In general, government approval is not necessary for sending or receiving cross-border donations, but all countries in the region have introduced new regulations to prevent money laundering and the financing of terrorism that may require additional due diligence, reporting, and monitoring requirements on part of philanthropic organizations. In terms of receiving cross-border donations, most countries offer tax incentives on a large scale; this includes tax incentives based on case-by-case decisions in the Czech Republic to full tax-exemption for both cash and in-kind donations in Ukraine.

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



Economy	Cross-Border Flows	Sending Cross-Border Donations	Receiving Cross-Border Donations
Hungary	3.50	4.0	3.0
Czech Republic	3.60	3.6	3.6
Greece	3.60	3.7	3.5
Ukraine	3.90	3.0	4.8
Portugal	4.00	4.0	4.0
Slovakia	4.05	4.0	4.1
Bulgaria	4.25	4.0	4.5

<b>Italy</b>	<b>4.50</b>	4.5	4.5
<b>Spain</b>	<b>4.50</b>	4.0	5.0
<b>Poland</b>	<b>5.00</b>	5.0	5.0

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

Except for Greece and Ukraine, countries in the region do not have limitations for sending cross-border donations. In Greece, cross-border capital transferences are prohibited as a result of the Greek sovereign debt crisis, in Ukraine donors are constrained from sending donations abroad because of their non-deductible nature and the government's strict financial monitoring policies. In the rest of the countries in this region, tax incentives for cross-border donations are only applicable for donations sent to and from member states of the European Union or the European Free Trade Association.

The European Union enacted and has promoted the non-discrimination principle, which declares that individuals, who are in similar situations should receive similar treatment and not be treated less favorably simply because of their particular 'protected' characteristic, such as nationality (European Union Agency for Fundamental Rights, 2010). The non-discrimination principle was extended to include tax treatment to philanthropy through the decisions of the European Court of Justice (Stauffer – ECJ 14.9.2006 C-386/04, Persche – ECJ 27.1.2009 C-318/07, Missionwerk – ECJ 10.2.2011 C-25/10). Therefore, cross-border donations could be eligible for tax incentives if a European Union-based foreign public-benefit organization is entitled to hold the same tax privileged status as a national public benefit organization, provided that it can be shown to be comparable to a national public benefit organization. Poland has a clear regulation to support cross-border giving beyond the EU non-discriminative principle. However, according to the report of *Taxation of Cross-border philanthropy in Europe after Persche and Stauffer* published by European Foundation Center and Transnational Giving Europe (2014), some of the countries in the region, such as Hungary, Spain, and Portugal, have not adapted the non-discrimination principle into their regulations. The report of *Boosting Cross-border Philanthropy in Europe* published by European Foundation Center and Transnational Giving Europe (2017) also highlights that another burden for receiving cross-border tax incentives is that tax regulation is under the member states' jurisdiction and the tax codes are not sufficiently comparable. Thus, the comparability checking and administrative mechanism is burdensome, complex, and bureaucratic hindering opportunities for receiving tax benefits for sending or receiving cross-border donations.

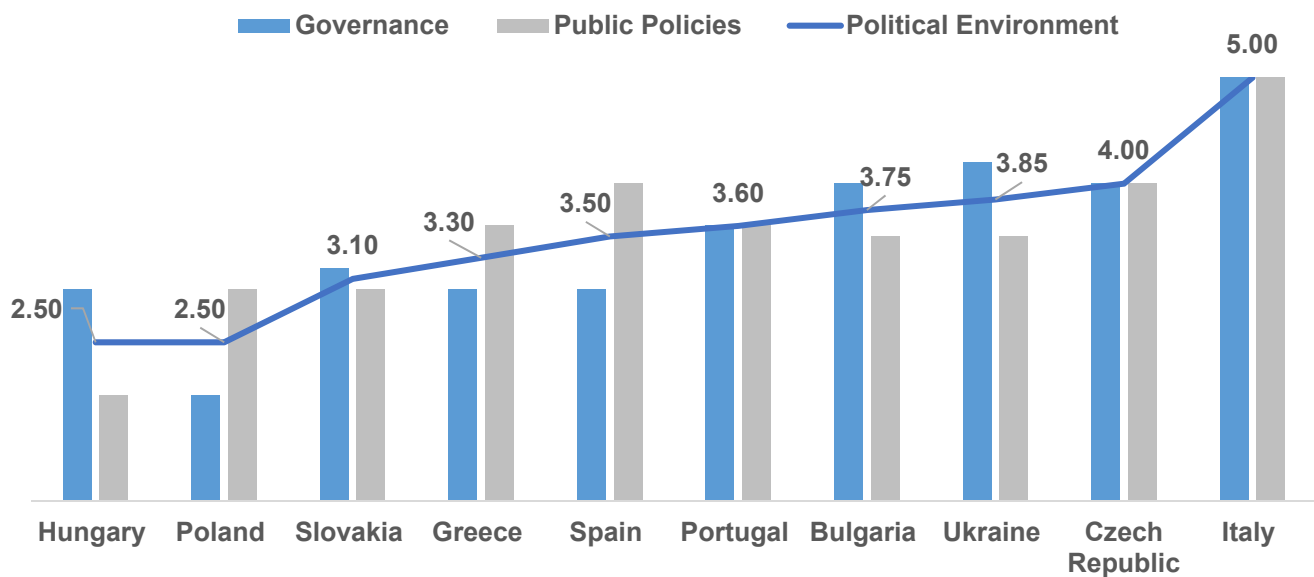
## **5. Economic and political tensions obscure the philanthropic environment**

There are different sources of political tensions in the region that affect the relationships between philanthropic organizations and governments. Political instability and the changes of government regimes have largely affected the philanthropic sectors in Bulgaria and Ukraine, and political clientelism has created inconsistent government policies for the operation of philanthropic organizations in Greece. Additionally, political tensions have grown between governments and organizations engaged in the area of human rights, equality, transparency, and anti-corruption in countries such as Hungary, Poland, and the Slovakia. Governments of these countries often criticize these particular subgroups of philanthropic organizations because they are considered to undermine the government's credibility or political stability. Indeed, in Hungary, Poland, and the Slovakia human

rights organizations have been under pressure mainly because of recent anti-immigration rhetoric raised by these governments (Civicus, 2016; Freedom House, 2016).

The role of government support to philanthropic organizations is significant in the region. More than 50 percent of all philanthropic organizations' income is still provided by public sources in the Czech Republic and Poland, and around one third of all philanthropic organizations' income comes from government in the Slovakia and Hungary (Vandor et al., 2017). Nonetheless, philanthropic organizations in the countries in the Eastern and Southern Europe region (especially Greece, Portugal, and Spain) experienced a significant decrease of government funding due to austerity measures, amid growing demand for social services. Additionally, in several countries, such as Bulgaria, Hungary, Poland, and the Slovakia philanthropic organizations have experienced restrictions in accessing the decreasing amount of government funding, which was already declining since 2009, because governments show preference in supporting mainly, if not exclusively, their own causes or organizations.

**Figure 5. Scores on Political Environment, by Economy**



Economy	Political Environment	Governance	Public Policies
Hungary	2.50	3.0	2.0
Poland	2.50	2.0	3.0
Slovakia	3.10	3.2	3.0
Greece	3.30	3.0	3.6
Spain	3.50	3.0	4.0
Portugal	3.60	3.6	3.6
Bulgaria	3.75	4.0	3.5
Ukraine	3.85	4.2	3.5

<b>Czech Republic</b>	<b>4.00</b>	4.0	4.0
<b>Italy</b>	<b>5.00</b>	5.0	5.0

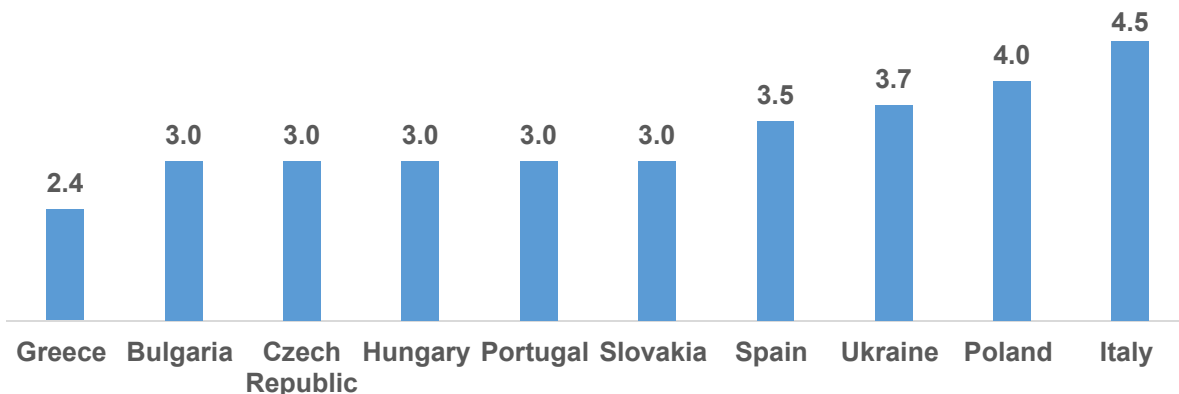
Source: Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*

Even though the level of government funding is decreasing and governments in some countries try to restrict the philanthropic space in the region, numerous philanthropic organizations are active participants of advocacy and policymaking both at local and national level. Philanthropic organizations have significant roles advocating for social causes in the Czech Republic, and participating in policy decision-making in Spain and Ukraine. In Italy, the new Third Sector Code recognizes the social value of Third Sector organizations as well as their importance of cooperating with governmental authorities for planning and implementing public policies. The active role of philanthropic organizations in policymaking and implementation is in line with European Union-related reforms and agendas. While in European Union member states, philanthropic organizations are encouraged to participate in designing, implementing, or monitoring European Union-funded programs, and it is often a requirement from the European Union itself, in Ukraine philanthropic organizations have a critical role in advocating for democratic reforms to meet the accession requirements to the European Union (USAID, 2017). An exception is Hungary, where the space for philanthropic organizations in policymaking has been shrinking and government contracting of philanthropic organizations has drastically decreased recently.

## 6. Preeminent role of the State in the development of philanthropy

Countries in the Eastern and Southern European region are social-democratic welfare states, where the government is responsible for developing the infrastructure and providing social services for their citizens, including healthcare, social security, education, and sometimes culture and arts (Observatoire de la Fondation de France and CERPhi, 2015). Therefore, citizens of these countries often expect from government to provide universal social services without realizing the role and potential of civil society and particularly philanthropic organizations in providing social services and promoting social development. Indeed, in several countries such as Bulgaria, Czech Republic, Hungary, Poland, Slovakia, and Ukraine coming out of socialist regimes, the state became the main provider in many social areas, and private initiatives were restricted and highly monitored until 1989-1991; therefore, the role of the philanthropic sector tends to be underestimated even today.

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



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

The values of charity, solidarity and compassion that support the Christian philosophy are embedded in a long-lasting philanthropic tradition. Both Orthodox Christianity—in Bulgaria, Greece, and Ukraine, and Roman Catholicism—in the Czech Republic, Hungary, Italy, Poland, Portugal, the Slovakia, and Spain—emphasize the importance of offering help to those in need, thus, informal philanthropy has been part of everyday life for centuries. Additionally, the Church has often had a primary role in offering social services alongside the role played by governments, and the Church still has an active role in service provision, especially in the fields of basic needs and education.

Institutionalized giving has been slowly increasing, but countries in the region show lower level of philanthropic commitments. According to the *World Giving Index* published by the Charities Aid Foundation (2016), all countries in the region, except Spain (79) and Italy (82), are ranked in the last quartile of the overall list. The index combines three dimensions of giving: helping a stranger, donating money, and volunteering time. One of the explanations might be the public expectation that governments are the main provider of universal social services.

Levels of public trust towards philanthropic organizations is relatively high the region. Hungary, Poland, Spain, and Ukraine experts reported that philanthropic organizations are trusted by the population. Recently though, philanthropic organizations in countries such as Bulgaria, Greece, Hungary, Poland, and Ukraine have faced media attacks that could potentially undermine public trust. In Bulgaria, the media began a debate about whether non-governmental organizations protect national interest if they use foreign funding, while in Greece, the media attacked philanthropic organizations by for corruption and political clientelism.

## 7. Future Trends

**Development of institutionalized giving and civic education.** As government funding for philanthropic organizations has been decreasing in the region, the importance to diversifying sources of income (including the cultivation of individual and corporate giving) has become essential for philanthropic organizations. Although the level of private philanthropy is lower than in Western Europe, both individual and corporate giving are gradually increasing. As Eastern and South European countries started to recover from the 2008 economic and 2009 sovereign debt crisis, household income as well as private giving started to slowly increase in the region. Additionally, numerous countries such as Greece, Hungary, and Portugal have initiated or are planning to initiate educational programs in public schools to provide civic education and volunteering opportunities for students. This could be a catalyst for individual giving and philanthropy in the region through the participation of the next generations in philanthropic endeavors.

**New vehicles and online tools for philanthropy.** Individual giving and philanthropic investments continue to increase through new digital tools, such as online giving, crowdfunding, and social media as use of internet in the region expands. The use of internet can promote not only individual giving, but also transparency and accountability for philanthropic organizations through publishing annual reports and information related to their activities online. Additionally, new vehicles, such as corporate volunteering, and public fundraising events seem to gain popularity to support the development of institutionalized philanthropy in the region.

**Social entrepreneurship.** As an emerging institution, social entrepreneurship is also gaining a place in the region bringing the concept of social investment up for discussion. Social enterprises mainly provide for work integration of disadvantaged groups (Czech Republic, Hungary, Poland, and Slovakia) and social services, such as cultural activities or childcare services. The majority of countries in the region have adapted the legal form of social enterprise as a cooperative form and several countries, such as Italy, Poland, Portugal, and Spain have implemented business development services and support schemes for social enterprises and governments. Awareness of social investment might increase as the number and role of social enterprises increases, however, today only Italy and Poland have social impact reporting systems. Italy established a mandatory reporting system for social enterprises, while Poland recently introduced a pilot for social impact reporting system, which has remained voluntary (European Commission, 2015).

**Fragile partnerships between the philanthropic and public sectors.** As a consequence of strong social-democratic welfare states in the region, cross-sectoral cooperation between philanthropic and governmental actors seems to be a required condition to better serve the public. Several countries, such as Bulgaria, Italy, and Poland emphasize the importance of further cross-sectoral collaboration due to the fact that the demand for charitable services has been increasing, while simultaneously government funding for social services has decreased. On the other hand, Hungary, Portugal, and the Slovakia face a conflicting political and social debate about the roles of human rights and foreign-funded organizations. The negative political rhetoric and unfavorable legal environment might lead to the deterioration of collaborations between the philanthropic and government sector.

**Cross-border collaborations.** Cross-border collaborations are likely to strengthen in the following years among European countries. Several challenges that philanthropic organizations face such as climate change or refugee crises are regional or global in nature, which will increase the demand for cross-border collaborations. According to the survey conducted by Civil Society Europe and Civicus (2016), the vast majority of European civil society leaders consider that cross-border European cooperation is important for effective organizational operation. The European Union also continues promoting cross-border philanthropy, including cross-border private giving, and philanthropic investment by enforcing the non-discrimination principle on the tax treatment of philanthropy. Thus, a stable and encouraging international legal environment could facilitate cross-border collaborations to find solutions for the challenges of the 21st century and help to strengthen the philanthropic sector within each participant country.

**Accountability and visibility.** Both accountability and visibility/public relations are likely to be enhanced in the following years in order to increase public awareness and attention around philanthropy, build public trust, and consequently improve financial sustainability. The *Giving in Europe* report (Hoolwerf & Schuyt, 2017) highlights the lack of reliable and valid data on charitable giving in Europe that might negatively influence both giving and fundraising. Accountability could support effective fundraising, and also strengthen public trust towards philanthropic organizations. Visibility of philanthropic organizations and promotion of their achievements tend to be more relevant as negative political and media rhetoric against human rights organizations keeps increasing in the region.

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