



# THE GLOBAL PHILANTHROPY ENVIRONMENT INDEX

2018



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LILLY FAMILY SCHOOL OF PHILANTHROPY



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# I FOREWORD

**Philanthropy plays an increasingly vital role in global economies, meeting unaddressed challenges, providing risk capital for innovation, and building communities. Today, nongovernmental organizations, foundations, individual donors, and corporations work collaboratively alongside governments to solve local and global problems.**

Philanthropy is growing across diverse cultures and geographies, yet very little is known about the enabling factors that will ensure its continuous growth. Several mechanisms, including progress in technology and communications, make it much easier to connect donors to philanthropic organizations around the world.

Across countries, complex and urgent concerns in education, health, the environment, and other issues are reshaping the philanthropic landscape. The Syrian Refugee Crisis, and natural disasters, such as the Nepal and Mexico earthquakes and El Niño, as well as hurricanes Matthew, Harvey, Irma, and Maria, have increased the scale of humanitarian assistance with donors contributing record levels of funding.

The *Global Philanthropy Environment Index* is the only known research report that provides comprehensive information about the philanthropic environment in 79 countries and economies around the world using a standard instrument completed by country-based experts. The report expands knowledge by compiling and disseminating new comparative data on the philanthropic environment. The index will serve as an invaluable international resource for practitioners, researchers, and policymakers.

This report provides contextual explanations for cross-national differences in the philanthropic environment, including government and economic policies, and legal and institutional factors, as well as social and cultural influences that shape patterns of giving. Importantly, the index comparatively assesses the extent of tax incentives and other regulations that can spur or constrain philanthropy.

From the 2018 *Global Philanthropy Environment Index* report, new insights emerge. Approximately two-fifths of the 79 economies included in the report have a restrictive philanthropic environment, while about three-fifths of the environments are favorable to philanthropy. Economies were scored on a 1-5 scale based on five factors measuring regulatory environment (ease of operating a philanthropic organization, tax incentives, and cross-border flows), political environment, and socio-cultural environment. In some economies, philanthropic organizations receiving foreign donations may face high levels of government supervision, burdensome requirements, and monetary flow restrictions.

The Indiana University Lilly Family School of Philanthropy is honored to launch this report, given the school's long-standing commitment to increasing the understanding of philanthropy and improving its practice through research, teaching, public service, and public affairs. The *Global Philanthropy Environment Index* (formerly the *Index of Philanthropic Freedom*) was last released in 2015 under the auspices of the Hudson Institute, a Washington, DC-based think tank. Building on Indiana University's cross-national, interdisciplinary research expertise, the *Global Philanthropy Environment Index* aims to enhance global understanding of the philanthropic environment.

# EXECUTIVE SUMMARY

The *Global Philanthropy Environment Index* is the only research report that provides comprehensive information about the philanthropic environment in 79 countries and economies around the world using a standard instrument completed by country-based experts.

The report provides insights and new baseline information to facilitate national and international collaborations across government, business, and philanthropic sectors for fostering dialogue on common social problems, building agendas for social change, and co-designing solutions to scale-up impact.

The data in the *Global Philanthropy Environment Index* offer a framework to better understand what works to encourage philanthropic action across different cultures. With increased scrutiny of foreign donations in several parts of the world, the index offers a comprehensive look at the global trends affecting the resilience of philanthropic organizations. It lays the foundation for civil society organizations, and philanthropic organizations in particular, to advocate for more effective and sustainable policies.

The *Global Philanthropy Environment Index* examines the incentives and barriers facing individuals and organizations when donating to social causes and institutions during the period between January 2014 and March 2018. A total of 79 countries and economies, grouped into 11 geographic regions, were included in the study. Twenty-two economies are new additions since the last report was published in 2015 by the Hudson Institute. The economies included in the new report, taken together, account for 81.2 percent of the world's population. The 2018 *Global Philanthropy Environment Index* covers all 24 emerging economies listed in the 2017 Morgan Stanley Capital International (MSCI) Emerging Market Index.

A total of 79 countries and economies, grouped into 11 geographic regions, were included in the study. Twenty-two economies are new additions since the last report was published in 2015.

The *Global Philanthropy Environment Index* uses scores (1 to 5) to classify and measure regulatory, political, and socio-cultural environments as enabling conditions for philanthropy.

## **1. Regulatory environmental conditions encompass:**

- a. Ease of operating a philanthropic organization—regulations for philanthropic organization formation, operation, and dissolution;
- b. Tax incentives—laws and regulations governing fiscal incentives and disincentives for giving and receiving donations domestically; and
- c. Cross-border flows—laws and regulations governing fiscal incentives and disincentives of giving and receiving donations across borders.

## **2. Political environment refers to governance and relations between government and philanthropic organizations.**

## **3. Socio-cultural environment includes cultural philanthropic traditions, public trust, and awareness of the importance of philanthropic organizations within a country.**



The scores measuring these three types of environments are then used to create an overall score at the country, region, and global levels.

The report identifies favorable changes in the regulatory conditions of several economies in which government actors made deliberate policy choices or were driven by internal and external demands for a more open environment. The report also highlights opportunities to improve the agency and sustainability of philanthropic organizations in specific regions. Political uncertainty and burdensome cross-border regulations can constrain the growth and vitality of the philanthropic sector across economies and regions.

## Key Findings

**1. Around two-fifths of the countries and economies included in the report have a restrictive philanthropic environment, while about three-fifths of the environments are favorable to philanthropy.** Economies were scored on a 1–5 scale based on five factors measuring regulatory environment (ease of operating a philanthropic organization, tax incentives, and cross-border flows), political environment, and socio-cultural environment (Figure 12).

Of the 79 economies analyzed, 30 percent have a favorable or highly favorable philanthropic environment (scored 4.0 or above), less than one-third have a moderately favorable environment (scored between 3.5 and 3.99), while the remaining 40 percent scored below 3.5, indicating a restrictive environment (Figure 13).

**2. Regions with favorable environments are linked with higher per capita Gross Domestic Product (GDP).** Results of the *Global Philanthropy Environment Index* show that the United States and Canada, Northern and Western Europe, and Oceania have the highest overall index scores (4.58, 4.53 and 4.25, respectively). In these

regions, the enabling conditions for philanthropy are well established, which means, in addition to supportive socio-cultural factors, governments support philanthropic organizations through tax incentives and policies that promote volunteering and partnerships that distribute public goods. Analysis of the *Global Philanthropy Environment Index* scores compared with per capita GDP of all economies included in the report shows that economies in these three regions have a highly favorable philanthropic environment, corresponding with higher levels of GDP and economic development (Figure 1).

**3. Migration and natural disasters had a big influence on the philanthropic landscape between 2015 and 2018.** International migration issues, such as the Syrian Refugee Crisis, and natural disasters, such as the Nepal and Mexico earthquakes and El Niño, as well as hurricanes Matthew, Harvey, Irma, and Maria, together substantially increased the number of people needing humanitarian assistance and the number of collaborative initiatives undertaken to address these needs, with donors contributing record levels of funding.

**4. Nearly one-quarter of the 79 economies introduced restrictive regulatory changes after January 2014.** Between January 2014 and March 2018, 48 (61%) of the 79 economies adopted new regulations that may affect the philanthropic sector (Figure 2). Specifically, 16 economies have introduced changes that improved the regulatory environment, 10 have regulatory changes with mixed implications, and 19 have enacted laws that restrict the activities of philanthropic organizations. In addition, three economies made regulatory changes that took effect on or after January 1, 2018, and thus require a longer period to observe the actual impact.

**Favorable changes:** Favorable regulatory changes often include the enactment of comprehensive laws to harmonize and promote the philanthropic sector. Examples are: implementation of

regulations to simplify the registration process required to receive donations; the repeal of laws that exercise control over philanthropic organizations; policies that support and encourage volunteerism as a driving force in society; and the development of strategic national plans to include philanthropy as part of the national economic strategy. In addition, new legislation introduced in several countries, such as Norway, Singapore, and Spain, provides or increases tax incentives for individuals and/or corporations to make charitable contributions.

**New restrictions:** Restrictive changes to legislation may impose constraints on the operation of philanthropic organizations. In some economies, philanthropic organizations receiving foreign donations may face government supervision, burdensome requirements, and monetary flow restrictions. Access to resources has been legally restricted through new laws in several economies. Fundraising has also become highly regulated in economies, such as China, the United Arab Emirates, and Kuwait, where philanthropic organizations and individuals are required to apply for public fundraising credentials in order to raise funds both domestically and internationally.

**5. Regulatory conditions have moderately improved globally since 2015.** The comparison of the 57 economies included in both 2015 and 2018 reports on the three factors measuring regulatory environment shows a moderate improvement in 6 of the 11 regions, with a modest increase of 1.7 percent (0.06 points out of a 5-point scale) on the global average score (Figure 3). The largest improvements in the regional scores in comparison to 2015 were seen in the Central Asia and South Caucasus region regarding the ease of operating a philanthropic organization (with an increase of 15%), and the Middle East and Northern Africa region for tax incentives and cross-border flows (with an increase of 28% and 18%, respectively).

The largest declines in the regional scores came from the Middle East and Northern Africa for the ease of operating a philanthropic organization (with a drop of 9%), Latin America for tax incentives (with a decline of 9%), and the Balkan countries for cross-border flows (with a decrease of 16%).

**6. Cross-border flows of donations are becoming more restricted.** Regulations create new challenges for philanthropic organizations to send and receive cross-border donations, as legislation targeting illicit financial flows and laws penalizing foreign donations appear to be a growing trend. Since early 2010, several economies have introduced regulations to increase scrutiny of organizations that accept foreign charitable contributions. In the last three years, China, Egypt, Hungary, India, and Israel have created new laws, or have amended existing laws, to regulate the inflow of foreign funds received by philanthropic organizations.

**7. The political environment is a key challenge facing the philanthropic sector.** The political environment—even more than the regulatory environment—can greatly undermine the work of philanthropic organizations, especially in the Middle East and Northern Africa (with a regional average score for the political environment of 2.63 out of 5), Sub-Saharan Africa (2.75), and Latin America (2.88), where scores fall below the global average for the political environment (3.41; see Figure 12). Our findings show that philanthropic sectors are less effective when conflicts persist with the government, or where there is low government support and a lack of understanding of the value of philanthropic organizations.

**8. Giving is an important aspect of all cultures.** The socio-cultural environment refers to the space that a society creates and maintains to engage in philanthropic action through various channels. This was the factor with the most economies scoring at the higher end of the scale (between 3.26 and 5.00, with a global average of 3.80; see Figure 14) for all regions, demonstrating that the act of giving is embedded in all societies in unique ways, even if the formal philanthropic sector is not always trusted by the public.

**9. Aided by the use of technology, partnerships between philanthropic organizations, governments, businesses, and donors are growing significantly around the world.** Collaborations can allow organizations to address complex and growing social problems efficiently and effectively. Governments in both developed and developing economies are recognizing the vital role that the philanthropic

sector can play in helping address funding and service gaps, as well as in boosting social development. Crowdfunding also continues to grow and is becoming widely used in Central Asia and South Caucasus, Eastern and Southern Europe, the United States and Canada, Northern and Western Europe, Southern and Southeastern Asia, and the Balkan countries. With its increasing adoption in both developed and developing economies, in the coming years, crowdfunding has the potential to change the global philanthropic landscape by decreasing overhead costs, increasing peer-to-peer donations, and creating higher levels of donor involvement and global networking. Meanwhile, questions of fraud, legitimacy, and security will need to be addressed. Finally, unprecedented demands around the world will create opportunities for organizations across all sectors to develop innovative approaches and tools to solve societal problems globally.





# WHAT DOES THE INDEX MEASURE?

The *Global Philanthropy Environment Index* assesses the incentives and barriers that individuals and organizations encounter when donating to social causes and institutions around the world.

The factors considered in the index can either remove the constraints that impede improvement or fulfillment of the potential of individuals and organizations to freely engage in philanthropic activities or increase the levels of independence to engage in philanthropy. In both cases, external conditions can serve to strengthen or weaken philanthropic activities. The complex and interrelated dynamics between diverse historical and cultural backgrounds and political conditions require careful attention. Therefore, although the index provides scores that help clarify how countries compare to others globally, a full comprehension of the country scores can be attained only through review of the country reports, which contain detailed contextual information submitted by country-level experts.<sup>1</sup>

The index is conceptually built on a universal concept of philanthropy as “voluntary action for the public good” (Payton & Moody, 2008). The main purposes of philanthropy are “...to relieve suffering or meet other pressing needs, to improve the quality of life or civic capacity in our communities, to advocate for or express ideas or values or identities, to experiment with new ideas for social change as well as to preserve traditions in the face of impending change” (Payton & Moody, 2008, p. 36). The term embodies positive values that manifest in unique ways in different cultures in response to diverse motivations.

The index reports on factors influencing the environment for the operation of philanthropic

organizations, which are defined here as forms of non-market, non-state organizations outside of the family that provide services for the public good. The term includes foundations (grant making, operating, corporate, community, or government sponsored/created), community-based organizations, village associations, professional associations, environmental groups, advocacy groups, cooperatives, charitable organizations, faith-based organizations, mutual entities, labor unions, societies, research institutes, diasporic organizations, online social-purpose portals, and transnational and cross-sectoral coalitions.

## What Is an Enabling Philanthropic Environment?

An enabling or favorable philanthropic environment provides adequate incentives and restrictions to positively influence the capacity and propensity of individuals and organizations to freely engage in philanthropic activities in a sustained and effective manner. This enabling environment is the product of a set of interrelated conditions that are the result of the deliberate policy choices made by government actors and the historical, cultural, and socio-political traditions, resources, and legacies of a country.

## What Factors Affect the Health of the Environment for Philanthropy?

The health of the philanthropic environment depends on certain external factors, or enabling conditions, such as, “the legal and regulatory framework, the political and governance context; socio-cultural characteristics, and economic conditions” (Thindwa et al., 2003, p. 3). These enabling conditions influence specific freedoms that are essential to the effectiveness

<sup>1</sup> Country reports may be accessed online at [globalindices.iupui.edu](http://globalindices.iupui.edu).

of the role of civil society in the development of philanthropy: freedom of association and peaceful assembly; freedom of expression and belief; freedom of information; freedom to mobilize financial resources to fulfill the objectives of the organization; and pluralism or provision to individuals and groups outside government to exercise voluntary initiative for social change (Payton, 1987), which includes political independence, and the existence of spaces for negotiation and rules of engagement for public debate (Anheier, 2005).

A recent study by Wiepking and Handy (2015) identified eight facilitating and inhibiting forces of free and voluntary giving, of which two are socio-political factors and three are socio-cultural in nature. These socio-political and socio-cultural factors include a) a culture of philanthropy, b) public trust, c) the state of the philanthropic sector, d) political and economic stability or growth, and e) demographic changes. Lack of understanding of the transformative role of philanthropy and the lack of public understanding and support of institutional forms of philanthropy both undermine the development of a strong formal philanthropic sector and its potential to build national and international collaborations to drive social change.

As the present study found, financial and political interdependence between government and nonprofits is key in explaining the development of philanthropic activities within countries. Government actions can hinder the growth of the philanthropic sector or provide the enabling conditions for philanthropy to flourish. This report shows that rules—both formal and informal—define the terms and conditions under which policies are made and implemented.

## What Indicators Are Used?

The 2018 *Global Philanthropy Environment Index* uses regulatory and fiscal indicators, as well as socio-cultural and political indicators, to provide a comprehensive understanding of the existence of the conditions required to build and maintain

the capacity and propensity of individuals and organizations to engage in philanthropic activities.

The ten indicators have been grouped in five distinct sets of factors according to their nature. Each indicator matches one specific question in the questionnaire sent to country-level experts to collect information.

### **A. Regulations for Philanthropic Organization formation, operation and dissolution**

1. Ease of incorporating a philanthropic organization;
2. Ease of operating a philanthropic organization; and
3. Government discretion to shut down a philanthropic organization.

### **B. Laws and regulations governing fiscal incentives and disincentives of giving and receiving donations domestically**

4. Fiscal incentives for individuals making charitable donations domestically; and
5. Fiscal incentives for organizations receiving domestic donations.

### **C. Laws and regulations governing fiscal incentives and disincentives of giving and receiving donations across borders**

6. Extent to which the legal regulatory environment is favorable to sending cross-border donations; and
7. Extent to which the legal regulatory environment is favorable to receiving cross-border donations.

### **D. Political and governance environment**

8. Relations between government and philanthropic organizations; and
9. Government support of philanthropic giving.

### **E. Socio-Cultural environment**

10. Socio-cultural values, beliefs, and practices related to philanthropic organizations and philanthropic causes.

# WHY IS IT IMPORTANT TO ASSESS THE ENVIRONMENT FOR PHILANTHROPY?

The role of philanthropy in addressing human challenges and strengthening civil society has received considerable attention over the past three decades. Where philanthropic actors are constrained, it is more difficult for government, business, and the philanthropic sector to address urgent societal needs. Although philanthropy exists in all cultures on earth, it takes different forms in different socio-cultural environments. However, very few resources exist to provide comparative information about the overall environment for philanthropy in different countries and cultures.

*The Global Philanthropy Environment Index* offers individuals, corporations, foundations, researchers, and policymakers accurate and timely information about the regulatory, political, and socio-cultural environments that shape philanthropy in different parts of the world. Understanding the complex forces that influence philanthropy is even more important in the context of globalization, as international comparisons are needed to inform policy debates on the equitable fiscal and legal treatment of philanthropy across national borders.

The index recognizes philanthropy as a culturally-based concept, and provides information about different understandings and practices of philanthropy worldwide. People work to make things better in ways that make sense in their context. Barriers and incentives to this work have a direct impact on the ability of citizens to solve social problems.

The index also recognizes the role of private philanthropy in global development. Half a century ago, the debates on economic development emphasized the role of Official Development

Assistance (ODA). Now the funding models are much more complex and include government, corporate actors and philanthropists heavily involved in promoting social purposes and seeking high social impact. Given the combined size and scope of these resource flows, it is crucial to understand the factors that enhance or inhibit giving within countries and across borders. By providing information to a variety of audiences about the enabling conditions for philanthropy worldwide, the index facilitates collaborations to address common social problems, build agendas for social change, and co-design solutions to scale-up impact. These audiences include philanthropic and civil society organizations, philanthropists, corporations, policymakers, and emerging cross-sectoral organizational forms.



The index recognizes philanthropy as a culturally-based concept, and provides information about different understandings and practices of philanthropy worldwide.

The index provides a consistent framework to better understand what factors encourage giving across economic and social contexts, and what can be done to improve the enabling environment



for philanthropy, particularly through legislation promoting incentives for giving and volunteering, or changes to existing legislation to reduce barriers or burdens for philanthropic organizations to register and operate. Philanthropic organizations play a vital role in national and global societies, providing needed services and public goods, building community, developing innovative solutions to social problems, advocating for social change, and allowing for the expression of values important to each culture (Payton & Moody, 2008). The index is an important resource to inquiry about the conditions that are key in the development of philanthropy and how these conditions reinforce each other in developed, emerging and developing economies. Over time, data from country-level experts will allow us to see trends over time and to understand how philanthropic actors are resourceful in finding solutions in a variety of environments to contribute to human flourishing.

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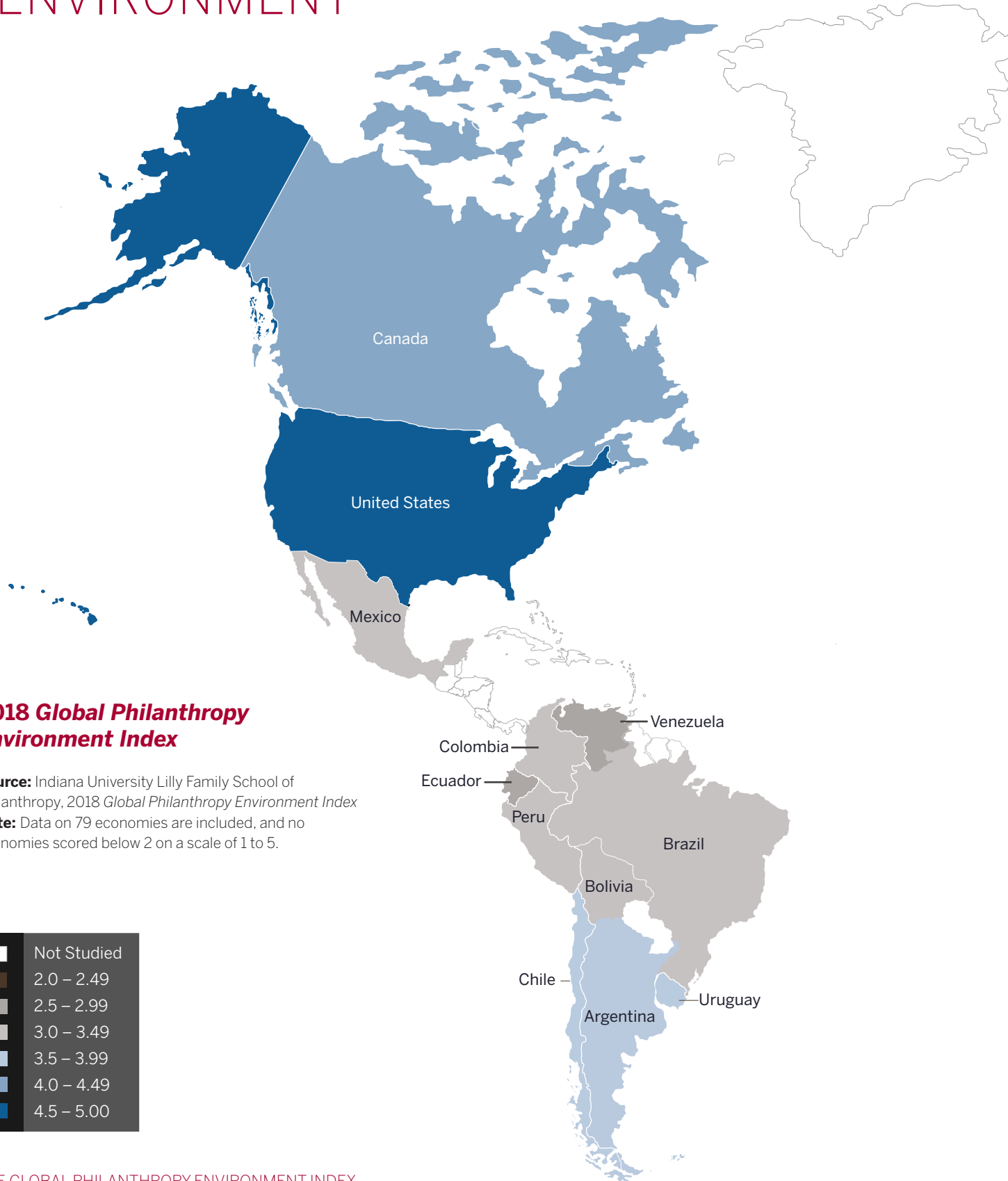
## What's New in the 2018 Report?

This report continues the work begun by the Center for Global Prosperity at the Hudson Institute, published in 2015 as the *Index of Philanthropic Freedom*, which focused on 64 countries and economies with a stronger focus on the regulatory environment. The index was transferred to Indiana University in 2017. The 2018 report provides new baseline data for future research, and includes several methodological improvements, as explained in the Methodology section. This report includes 79 countries and economies, of which 22 are new additions since the 2015 report was published. All of the 79 economies included, taken together, account for 81.2 percent of the world's population. The index covers all 24 emerging economies listed in the 2017 Morgan Stanley Capital International (MSCI) Emerging Market Index.

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# MAP OF THE GLOBAL PHILANTHROPY ENVIRONMENT



## 2018 Global Philanthropy Environment Index

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

**Note:** Data on 79 economies are included, and no economies scored below 2 on a scale of 1 to 5.

White	Not Studied
Dark Brown	2.0 – 2.49
Medium Brown	2.5 – 2.99
Light Brown	3.0 – 3.49
Very Light Blue	3.5 – 3.99
Light Blue	4.0 – 4.49
Dark Blue	4.5 – 5.00



# 2018 Global Philanthropy Environment Index (continued)



White	Not Studied
Brown	2.0 – 2.49
Light Grey	2.5 – 2.99
Medium Grey	3.0 – 3.49
Light Blue	3.5 – 3.99
Medium Blue	4.0 – 4.49
Dark Blue	4.5 – 5.00

**Source:** Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index  
**Note:** Data on 79 economies are included, and no economies scored below 2 on a scale of 1 to 5.



**Table 1. 2018 Global Philanthropy Environment Index Scores**

ECONOMIES					
2.0 – 2.49	2.5 – 2.99	3.0 – 3.49	3.5 – 3.99	4.0 – 4.49	4.5 – 5.0
Belarus	China	Albania	Argentina	Australia	Finland
Qatar	Ecuador	Armenia	Bosnia and Herzegovina	Austria	France
	Egypt	Azerbaijan	Bulgaria	Canada	Germany
	Kenya	Bolivia	Chile	Denmark	Italy
	Myanmar	Brazil	Croatia	Hong Kong	Netherlands
	Nepal	Colombia	Czech Republic	Ireland	Switzerland
	Saudi Arabia	Hungary	Georgia	Japan	United States
	Turkey	India	Greece	Montenegro	
	Venezuela	Indonesia	Israel	New Zealand	
	Vietnam	Kuwait	Jordan	Norway	
	Zimbabwe	Kyrgyz Republic	Kazakhstan	Philippines	
		Mexico	Kosovo	Poland	
		Morocco	Lebanon	Republic of Korea	
		Nigeria	Macedonia	Singapore	
		Peru	Pakistan	Sweden	
		Russia	Portugal	Taiwan	
		Tanzania	Senegal	United Kingdom	
		Thailand	Serbia		
			Slovakia		
			South Africa		
			Spain		
			Ukraine		
			United Arab Emirates		
			Uruguay		

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

# GLOBAL PHILANTHROPY ENVIRONMENT AND GROSS DOMESTIC PRODUCT

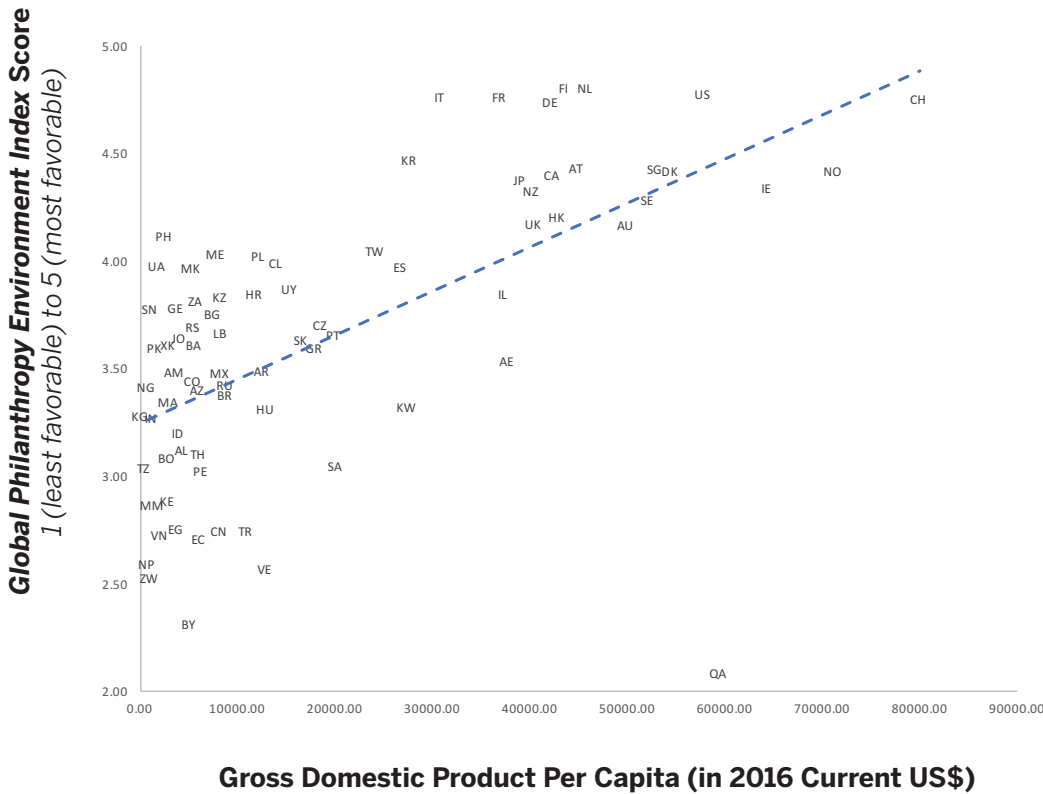


The 2018 *Global Philanthropy Environment Index* includes 79 economies in different stages of economic development, of which twenty-four are emerging markets listed in the 2017 MSCI Emerging Market Index. Results of the 2018 *Global Philanthropy Environment Index* showed that the favorable philanthropic environment is strongly linked with higher per capita Gross Domestic Product (GDP). As shown in Figure 1, economies in the three regions that have the highest overall index

scores—the United States and Canada (4.58), Northern and Western Europe (4.53), and Oceania (4.25)—also have higher levels of GDP. In these regions, the enabling conditions for philanthropy are well established, which means that, in addition to supportive socio-cultural factors, governments support philanthropic organizations through tax incentives and policies that promote volunteering and partnerships that distribute public goods.



**FIG 1. The 2018 Global Philanthropy Environment Index Scores and GDP Per Capita in 79 Economies**



**Source:** Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*  
**Data:** GDP per capita from World Bank national accounts data and OECD National Accounts data files  
**Note:** Data on 79 economies are included, and no economies scored below 2 on a scale of 1 to 5

<b>AE:</b> United Arab Emirates	<b>EC:</b> Ecuador	<b>KW:</b> Kuwait	<b>RU:</b> Russia
<b>AL:</b> Albania	<b>EG:</b> Egypt	<b>KZ:</b> Kazakhstan	<b>SA:</b> Saudi Arabia
<b>AM:</b> Armenia	<b>ES:</b> Spain	<b>LB:</b> Lebanon	<b>SE:</b> Sweden
<b>AR:</b> Argentina	<b>FI:</b> Finland	<b>MA:</b> Morocco	<b>SG:</b> Singapore
<b>AT:</b> Austria	<b>FR:</b> France	<b>ME:</b> Montenegro	<b>SK:</b> Slovakia
<b>AU:</b> Australia	<b>GE:</b> Georgia	<b>MK:</b> Macedonia	<b>SN:</b> Senegal
<b>AZ:</b> Azerbaijan	<b>GR:</b> Greece	<b>MM:</b> Myanmar	<b>TH:</b> Thailand
<b>BA:</b> Bosnia and Herzegovina	<b>HK:</b> Hong Kong	<b>MX:</b> Mexico	<b>TR:</b> Turkey
<b>BG:</b> Bulgaria	<b>HR:</b> Croatia	<b>NG:</b> Nigeria	<b>TW:</b> Taiwan
<b>BO:</b> Bolivia	<b>HU:</b> Hungary	<b>NL:</b> Netherlands	<b>TZ:</b> Tanzania
<b>BR:</b> Brazil	<b>ID:</b> Indonesia	<b>NO:</b> Norway	<b>UA:</b> Ukraine
<b>BY:</b> Belarus	<b>IE:</b> Ireland	<b>NP:</b> Nepal	<b>UK:</b> United Kingdom
<b>CA:</b> Canada	<b>IL:</b> Israel	<b>NZ:</b> New Zealand	<b>US:</b> United States
<b>CH:</b> Switzerland	<b>IN:</b> India	<b>PE:</b> Peru	<b>UY:</b> Uruguay
<b>CL:</b> Chile	<b>IT:</b> Italy	<b>PH:</b> Philippines	<b>VE:</b> Venezuela
<b>CN:</b> China	<b>JO:</b> Jordan	<b>PK:</b> Pakistan	<b>VN:</b> Vietnam
<b>CO:</b> Colombia	<b>JP:</b> Japan	<b>PL:</b> Poland	<b>XK:</b> Kosovo
<b>CZ:</b> Czech Republic	<b>KE:</b> Kenya	<b>PT:</b> Portugal	<b>ZA:</b> South Africa
<b>DE:</b> Germany	<b>KG:</b> Kyrgyz Republic	<b>QA:</b> Qatar	<b>ZW:</b> Zimbabwe
<b>DK:</b> Denmark	<b>KR:</b> Republic of Korea	<b>RS:</b> Serbia	



# 2015–2018 GLOBAL CHANGES AND IMPACT ON PHILANTHROPY

Between 2015 and 2018, the world witnessed natural catastrophes and intensifying armed conflicts. By mid 2017, 145 million individuals around the world have required immediate humanitarian assistance, and more than 65 million have been forced to flee their homes to live in precarious conditions in refugee camps and face the aversion of locals toward immigrants (OCHA, 2017). In particular, humanitarian crises have posed several new challenges to philanthropy and heightened the urgency of developing cross-national collaborations to address complex issues. Migration has become a pressing social and political topic around the world, requiring the transfer of large quantities of international resources for humanitarian aid to receiving countries. An increasing number of countries have implemented regulations and policies to protect their national security and to combat illicit financial flows, increasing obstacles to sending and receiving funds for humanitarian causes.

## Migration and Refugee Crises

By the end of 2016, more than 65 million people had been forcibly displaced, escaping from human rights violations, persecution, and armed conflicts (UNHCR, 2017). According to the United Nations' Refugee Agency (2016), the top three countries of origin were Syria, Afghanistan, and South Sudan, together accounting for 55 percent of refugees globally. The conflict in Syria, which recently entered its eighth year, has forced approximately 5.5 million people to leave their homes. South Sudan had the fastest-growing refugee population due to the ongoing civil war that broke out in 2013. Since August 2017, more than 688,000 Rohingya Muslims have been forced to flee from Myanmar to escape atrocities and systematic ethnic cleansing

committed by the Burmese military (Human Rights Watch, 2017). More recently, Venezuela has attracted international attention as hundreds of thousands have fled the country, escaping a collapsing economy and an increasingly repressive regime, causing what has been called “one of the biggest migration crises in Latin American history” (Faiola, 2018).

These crises have transformed the philanthropic sectors in the countries receiving the refugees, spurring them to provide social services to refugees and asylum seekers. According to the Global Humanitarian Assistance Report, in 2016 the “largest numbers of refugees were in three countries neighboring Syria: Turkey (hosting approximately 2.87 million refugees), Jordan (2.83 million) and Lebanon (1.47 million)” (Development Initiatives, 2017, p. 18). In 2015 and 2016, private donations to “Greece, Macedonia, Serbia and Turkey reached a combined total of U.S. \$71 million—approximately 13 percent of total international humanitarian funding for the crisis” (Development Initiatives, 2017, p. 50). The Syrian refugee crisis has also affected the Balkan Countries. The most affected countries are Macedonia, Croatia, and Serbia, three bridge countries that became the route of refugees moving to Germany between 2014 and 2016. Even after Europe’s closure of the corridor through the Balkans in March 2016, narrower flows of migrants still pass through Serbia (UNHCR, 2016), and because of the strict control imposed on the country’s northern borders, many refugees remain in the country for longer periods. This has led to a “280 percent increase in the number of refugees present in the country between March 2016 and February 2017” (Serbia International Rescue Committee, 2017). Most of the refugee-hosting

countries are developing economies, making international cooperation and cross-border philanthropy crucial to addressing the basic needs of refugees.

## Natural Disasters

Data provided by the Centre for Research on the Epidemiology of Disasters (CRED; Guha-Sapir et al., 2016) show that the number of disasters decreased in 2016 to below the 2006–2015 annual average (376.4). However, several major natural disasters affected the globe between 2015 and 2017, and more than 130 million people were in need of assistance (Office for the Coordination of Humanitarian Affairs–OCHA, 2015, 2016, and 2017). The CRED report identifies China, the United States, India, Indonesia, and the Philippines as the five countries accounting for 30.1 percent of total disaster occurrences in 2016. In addition, in 2016 alone, more than 3,600 people were killed by disasters in China, Ecuador, Haiti, India, Italy, the Republic of Korea, Sri Lanka, and Zimbabwe.

The 2015 Nepal earthquake killed more than 8,000 people and damaged the majority of the country. The 2017 Mexico earthquakes killed nearly 400 people and injured more than 6,000. El Niño caused severe storms and droughts between 2015 and 2016, affecting the lives of more than 60 million people in 23 countries in Eastern and Southern Africa, Central America, and the Pacific. Several hurricanes including Hurricane Matthew in 2016 and hurricanes Harvey, Irma, and Maria in 2017 struck several countries including Haiti, the United States, the Dominican Republic, and other island states in the Caribbean. Such natural disasters and

humanitarian crises have led to record levels of humanitarian assistance.

Countries in Southern and Southeastern Asia are particularly vulnerable to natural disasters due to their geographical locations, with close proximity to the Pacific Ocean, Indian Ocean, and the Himalayan mountain ranges. The devastating flood in India, Nepal, and Bangladesh in 2017, the earthquake in Nepal in 2015, and the recurrent cyclones and floods in Myanmar in 2015–2017 have influenced relevant state politics and public policies. In the wake of Cyclone Nargis that affected 130,000 people in Myanmar, the Association of Southeast Asian Nations set up an Emergency Rapid Assessment Team (ASEAN-ERAT) to assess disaster risks, make recommendations, and coordinate relief operations. The presence of international aid agencies and nonprofit groups has also increased, along with traditional civil society organizations and local nonprofit groups.

In 2016, private and public donors provided a total of U.S. \$27.3 billion in international humanitarian assistance, with one-quarter (U.S. \$6.9 billion) coming from private donors (Development Initiatives, 2017). Individuals contributed the majority (70%) of the total private humanitarian funding from 2011 to 2015. When looking at the sources of the humanitarian funding received by the top 20 recipient countries in 2015, the largest share came from remittances (32% of the total U.S. \$269 billion), followed by commercial long-term loans (27%), foreign direct investment (15%), and official development assistance (ODA; 12%). International humanitarian assistance accounted for another 5 percent.



## Kindness, openness and inclusion: How grassroots initiatives have supported refugees in Germany

Kinga Horvath, Research Assistant, Indiana University Lilly Family School of Philanthropy

Since its beginnings in 2015, the refugee crisis has created new challenges for European countries. In 2015 and 2016, more than 2.5 million people applied for asylum in the European Union. In these two years, almost half of the asylum applications were filed in Germany, after it implemented its “open border policy.” Because the governmental assistance for immediate and adequate support was limited, individuals and local organizations launched initiatives addressing the social issues that emerged due to the influx of refugees. From education to housing to social inclusion, several projects have been successfully implemented in the country. These examples remind us of the value and power of grassroots initiatives and bottom-up philanthropy in times of crisis.

In the first weeks of September 2015, thousands of refugees arrived daily at the Munich Central Station. Volunteers, who had organized themselves on Facebook, were assisting the refugees by handing out food and basic toiletries and escorting them to shelters or regional buses headed to other German cities. The citizens of Munich donated their time, talent and treasure to welcome and help refugees: the local fire brigade activated extra hydrants to provide an adequate supply of water, doctors assisted in medical checks, and citizens and local shop owners donated in-kind gifts to make the arrival of refugees as pleasant as possible. Germans across the country welcomed refugees: football fans used supportive banners and offered free tickets for football matches; several clubs and cultural centers organized welcome parties and started different fundraising campaigns; and local communities provided mentoring and joint activities to promote encounters between Germans and refugees. Several initiatives, established by volunteers who had previous encounters with refugees, have supported their housing and inclusion. Refugee Welcome is a digital initiative

that promotes decentralized housing solutions by bringing together tenants and refugees and by providing financial support for housing through crowdfunding. The initiative has housed more than 400 refugees in Germany. Start with a Friend also launched their first project in 2015 to promote inclusion through tandem programs, pairing Germans with refugees and supporting the inclusion of the latter. As a nonprofit organization operating in 18 German cities, it promotes social encounters and participation for refugees. The initiative created more than 3,200 tandem partnerships between locals and refugees that not only supported the settlement of refugees, but also created more inclusive communities across the country.

Beyond cultural inclusion, another challenge refugees have faced is education. In Germany, higher education programs are often provided only in German, and the application process can be burdensome for international students. In Hamburg, the Universität Hamburg introduced the #UHHilft – Academic Orientation Program for Refugees, the largest and most comprehensive onsite educational program in Germany that receives funding from both public and private sources. Numerous UHH students and faculty have volunteered as mentors through the Buddy Program, tutoring in language classes or in classes focusing on facilitating the university application process to support the refugees' higher education integration. Another example of support for refugees' higher education is the Kiron Open Higher Education, a nonprofit, crowd-funded online university that was founded in Berlin. Vincent Zimmer and Markus KreBler launched the nonprofit in 2015 to provide refugees with access to higher education without onerous academic admission requirements. The program, which provides free online courses as well as a laptop and Internet access for all students, requires students to transfer



their studies to one of 22 partner universities after the first two years of their online studies.

By the end of 2015, philanthropic initiatives emerged where Syrian refugees gave back to their host communities. Refugees show wonderful examples of volunteering: Alex—a refugee—gave warm food to the homeless in Berlin; Saad, Okba, and Siba—also refugees—helped take care of the elderly in an assisted living facility in the Oberfranken district in Bavaria. These positive examples highlight that generalized negative arguments about the impact of refugees is a mistake. Refugee integration is a complex challenge that the philanthropic sector can support by providing services for refugees and engaging them to give back to both their home and host communities.

These local initiatives—whether they became institutionalized or remained informal, being organized through social media—have positively influenced many lives. It shows how ordinary citizens have the power to act philanthropically and create programs or movements to address global issues, such as the refugee crisis. Indeed, Germans remind us how we can support those who need our assistance through innovative and sustainable solutions locally and internationally.

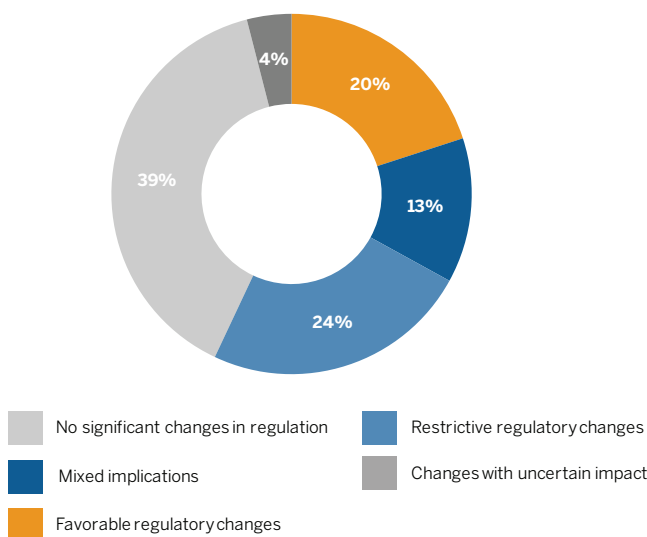


# MAJOR REGULATORY CHANGES

A detailed analysis of changes in the regulatory framework for philanthropic organizations made between January 2014 and March 2018 shows that 48 (61%) of the selected 79 economies changed their regulatory framework during this period (see Figure 2). Specifically, 16 economies introduced changes that improved the regulatory environment, 10 implemented regulatory changes with mixed implications, and 19 have enacted laws that restrict the activities of philanthropic organizations.

Another three economies had regulatory changes that took effect on or after January 1, 2018, and thus require a longer period to observe the actual impact on the growth of the philanthropic sector. See Appendix A for a list of regulatory changes by country.

**FIG 2. Percentage of Economies with Changes in Regulations Affecting the Philanthropic Sector, January 2014–March 2018**



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

The index uncovered favorable changes in the regulatory conditions of 16 economies in which government actors made deliberate policy choices or were driven by internal and external demands to a more open environment. Favorable regulatory changes include the enactment of comprehensive laws to harmonize and promote the philanthropic sector; new tax incentives; implementation of regulations to simplify the registration process required to receive donations; the repeal of laws that exercise control over philanthropic organizations; the legal recognition of volunteerism as a driving force in society; and the development of plans to include philanthropy as part of the national economic strategy.

The report also identified regulatory changes in 19 economies that restricted the agency and sustainability of philanthropic organizations and led to increased government control. Among the most notable changes were the enactment of laws limiting access to foreign donations, freedom of expression, and excessive regulation of fundraising activities. These changes, particularly when combined with restrictive political environments in developing regions and adverse government relationships with philanthropic organizations, can constrain the growth and vitality of the philanthropic sector in those economies.

For example, Egypt, Turkey, and Qatar have created barriers to the operation of philanthropic organizations by denying or delaying legal registration, or shutting down organizations to silence criticism. At the end of 2014, USAID—an international development agency—was forced to leave Ecuador by a presidential decree. In Venezuela, philanthropic activities in non-political areas, such as health and humanitarian relief, have been under threat or were outright blocked in the country.



There are also 10 economies that have enacted laws and decrees with both favorable and restrictive implications. For example, Belarus' Decree No. 5 (2016) introduced improvements to the process of receiving foreign charitable contributions, but also introduced vague terminology to ban the use of foreign funding. Kazakhstan introduced positive regulations such as the Law on Charity (2015), the Law on State-Private Partnership (2015), and the Law on Volunteer Activities (2016), but also approved the new Code on Administrative Offenses, prohibiting the operation of unregistered public and religious associations (2015).

### **Illicit Financial Flows and Anti-Money Laundering Laws**

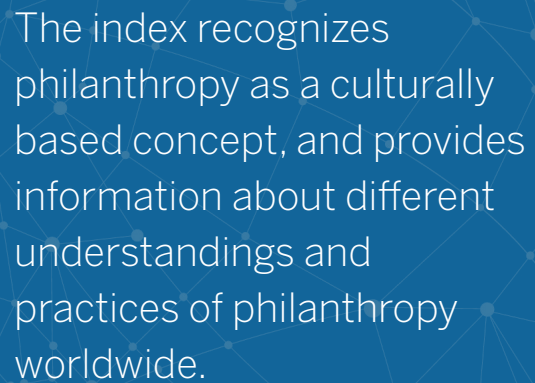
As part of the global counter-terrorism efforts, the International Monetary Fund's Financial Action Task Force (FATF) establishes recommendations that countries and financial institutions follow to combat money laundering and terrorist financing. FATF's Special Recommendation 8 on nonprofit organizations, originally published in 2012, is

aimed at ensuring nonprofits are not misused by terrorist organizations for illegitimate purposes and suggests a group of measures to take action in this direction. The assumption of Recommendation 8 that the entire nonprofit sector was at risk and particularly vulnerable of being used for money laundering and terrorist groups led governments to enact severe restrictions on nonprofit activities. These restrictions have been reported in several countries to affect the capacity of the organizations in the philanthropic sector to receive funding, send donations, and introduce barriers to the flows of cash donations. In 2016, FATF revised the assumption that the non-government/nonprofit sector was at risk, and encouraged countries to identify organizations at risk and the nature of the threats. FATF also encouraged countries to review the adequacy of measures that relate to the subset of the nonprofit sector that may be at risk of financing terrorism in order to take proportionate actions to address the risks identified (FATF, 2018). This removes the targeting of the sector, avoids excessively rigid regulations to respond to FATF guidelines, and opens the doors for more selective

policies that do not affect the sector as a whole, ensuring that legitimate activities continue to flourish.

However, in several countries, anti-money laundering regulations remain barriers to cross-border philanthropy. For example, in Kosovo, the Regulation on the Prevention of Money Laundering and Financing of Terrorism (2016) requires organizations to ask for special permission to accept contributions “over €1,000 from a single source in a single day,” or to “disburse currency in excess of €5,000 in a single day to any single recipient.” France, Spain, and the United Kingdom have also introduced anti-money laundering laws that might jeopardize the free operation of philanthropic organizations (European Parliament, 2017). The United States and Canada have each introduced legislation regulating cross-border donations to avoid money laundering and terrorist financing. For example, the U.S. Department of State maintains a list of suspected terrorist groups; organizations on this list are prohibited from receiving donations. In the Middle East, although Lebanon appears to provide the most favorable environments for cross border donations, the country has introduced new restrictions to disrupt and dismantle money laundering and terrorist-financing activities. Lebanese banks are required to fully comply with the anti-terrorism regulations, like the U.S. Hezbollah International Financing Prevention Act (HIFPA), “to prevent Hezbollah’s global logistics and financial network from operating.” In Sub-Saharan African countries, the government has also implemented a variety of laws to diminish money laundering and the financing of *hawaladars* (brokers who transfer funds through informal networks without physically moving the funds or creating a paper trail). Countries such as Nigeria and Senegal established burdensome reporting requirements to verify international donations. In Nigeria, donations into the country must be reported to the Central Bank of Nigeria and Securities and Exchange Commission within seven days of being received. In Senegal, incoming

and outgoing funds must be verified before they can be released to the philanthropic organization. Being a member of the Inter-Governmental Action Group against Money Laundering in West Africa, Senegal has created a regulatory framework that makes it difficult to send cross-border donations.



The index recognizes philanthropy as a culturally based concept, and provides information about different understandings and practices of philanthropy worldwide.

### Foreign Agents Laws

Since 2010, several countries have introduced laws that set prohibitions or require additional permissions to receive any type of foreign financial support. India (2010), Russia (2012), Venezuela (2010), Azerbaijan (2013), and Ecuador (2013, repealed in 2017) are examples of such legislations enacted to stop foreign interference, with a substantial devastating effect on organizations depending on foreign income. Foreign agents’ laws have been reported to halt or hinder the operation of internationally funded organizations, mainly human rights, watchdog organizations, environmental groups, and other groups involved in political advocacy. Israel (2016), China (2016), Egypt (2017), and Hungary (2017) have introduced foreign agent laws that follow the Russian model. Specifically, in Hungary the “Stop Soros” new draft bill was recently submitted to the Parliament in February 2018. If approved, the bill would further restrict the operation of



foreign-funded organizations by implementing licensure requirements for organizations working with refugees and introducing a special tax on their foreign income.

The Russian Foreign Agent Law (2012) establishes that a non-governmental organization (NGO) can be suspended if it carries out political activities or other activities considered to be a threat to the interests of the Russian Federation, or if it receives funds from U.S. citizens or organizations (Section 3.1). The amendment of 2014 authorizing the Justice Ministry to register groups as “foreign agents” without their consent and the subsequent amendment expanding the definition of “political activity” to include “attempts to influence public policy” have made the work of many organizations illegal (Human Rights Watch, 2017). The new amendment of 2017 allows Russia’s Ministry of Justice to decide on assigning the foreign agent label to international media outlets on a case-by-case basis. In 2016, a foreign agent law was rejected in the Kyrgyz Republic by the Parliament, mainly due to the concerted work of civil society in what is considered the most open democracy in the region (Standish, 2016). However, there is an observed trend in countries in Central Asia, Northern Africa, Asia, and Eastern Europe to replicate Moscow’s example, sometimes mitigated by advocacy efforts of local civil society organizations.

### **Restrictions on Fundraising Activities**

In past decades several economies, especially those in the Middle East, have introduced legislation that requires philanthropic organizations and individuals to apply for public fundraising credentials in order to raise funds both domestically and internationally, with the intention of increasing control over the philanthropic sector. For example, in Saudi Arabia fundraising without a permit is considered “a violation of the Kingdom of Saudi Arabia’s regulations, including a regulation of

combating terrorism and financing it” (Arab News, 2016). Similarly, the Qatari Law of Associations and Private Institutions (2004) states that fundraising requires the approval of the Ministry of Civil Service Affairs and Housing; and in Morocco, Article 1 of the Decree N° 2-04-970 (2005) establishes that associations must apply for an additional license before collecting donations (calls of public generosity). More recently, the Government of Dubai in the United Arab Emirates enacted the Decree 9 of 2015, regulating all donations collected in whatever way and for whatever purpose in the Emirate, including the Special Development Zones and free zones. The decree requires both philanthropic organizations and individuals to obtain a fundraising license for organizing or advertising fundraising activities.

In Eastern Asia, China’s Charity Law (2016), Article 22, also regulates public fundraising, making it only allowed with government permission. Public fundraising activities must be published on a platform approved by the Ministry of Civil Affairs. Additionally, the Administrative Measures for Public Fundraising Platforms requires that public fundraising platform operators verify the charitable status of organizations using their platform and report illicit behavior. Singapore, meanwhile, is the only country in Southeastern Asia that requires a permit from a government agency to fundraise. A permit is required from the Office of the Commissioner of Charities (Charities Act, 1994) for general public fundraising appeals to raise funds domestically for foreign causes or beneficiaries where the purpose of the fundraising aligns with the objectives of the domestic fundraiser. According to the Guidelines on Public and Private Fundraising published by the Office of the Commissioner of Charities in 2013, granting of the permit is conditional upon the applicant undertaking to apply at least 80 percent of the net proceeds of the funds raised from the public to causes within Singapore (Office of the Commissioner of Charities, 2013).

## Creating Linkage of Development between the Diaspora and the Civil Society Organizations in Africa

*Okezie Kelechukwu, Ford Foundation, 2018 ARNOVA Fellow; Executive Director/ Founder, Neighbourhood Environment Watch Foundation, Nigeria*

Africa yearns for development. Often the burden of this development falls upon members of the African Diaspora. These individuals, now living outside the borders of their homeland, are looked upon to provide incentives and resources toward the development of their home countries. Development, in this sense, can be understood as the transformation of the social, economic, political and cultural environment that leads to prosperity, environmental justice and wellbeing of the people.

In light of this pressure, the Diaspora has kept pace with charitable giving rates. It was estimated that the Diaspora had remitted up to US \$67 billion by the end of 2014 (Mahomed et al., 2014). It is also reported that Diaspora giving exceeded funding from private foundations, bilateral and multi-lateral sources and official Overseas Development Aid. There is also the non-financial component that leverages on the perceived “social capital” of those living outside the African continent. It is commonly believed that outside Africa is the fabled paradise and each person who is lucky enough to emigrate to Europe or the United States has achieved economic and social freedom and salvation. Therefore, these individuals are expected to send home a portion of their earnings. Diaspora giving, therefore, tends to provide livelihood and services to family members, friends and sometimes the community.

Despite the billions of dollars in aid sent by the Diaspora, the levels of development in health, education and

social services do not correspond. In fact, social service provision and the wellbeing of the people continue to disintegrate. Many African countries and civil society organizations (CSOs) are donor dependent and survive on the carrot-and-sticks conceptions of foreign aid (Mohamed et al., 2014). There are fundamental flaws in the processes, premises and structure of Diaspora giving that do not promote sustainable development of the region, despite the dollar-value of remittances.

The philanthropy of the Diaspora, if it could be called such, is not structured or systemic and has no focus on the overall development of the states impacted. Rarely do remittances invest in good governance, environmental protection or supporting the institutionalization of indigenous knowledge and culture as the bedrock for the sustainable development of the region. Shivakumar (2003, cited by Gibson et al., 2005) states that the key to the future of Africa’s development lies in its ability to reconnect with its indigenous values and practices.

As members of the Diaspora seek meaningful ways to impact the development of their homelands, they will need to shift focus from giving to individuals toward giving to those CSOs already operating, or trying to operate, in the region. In order to reconstruct the narrative of African development, the Diaspora, working with the CSOs, should ignite better services; drive accountable governance and more development that is home-grown and home-driven. With their skills, wealth, and contacts, the Diaspora should develop a



framework to aid in the development of the African region through a database of CSOs working in Africa, helping to build their capacity and fund research into African indigenous knowledge and technology.

The key is for African initiatives to stand on their own merit, reducing dependence on Western donors. With a renewed sense of ownership, organizations will turn their attention toward sustainable solutions to the region’s enduring issues. All it may require is for the Diaspora to emphasize local ownership of development outcomes (Davies, 2012) and to establish a developmental fund, which the CSOs could access for transformative resources. The African Diaspora should rise and convert their intellectual assets into a capital base that would drive development of the region. The best place to focus efforts is in building strong relationships with African civil society, so the Continent can begin to rely less on foreign aid and more on intellectual creativity that has positive outcomes, hence counteracting some of the negative incentives that have held down African development.

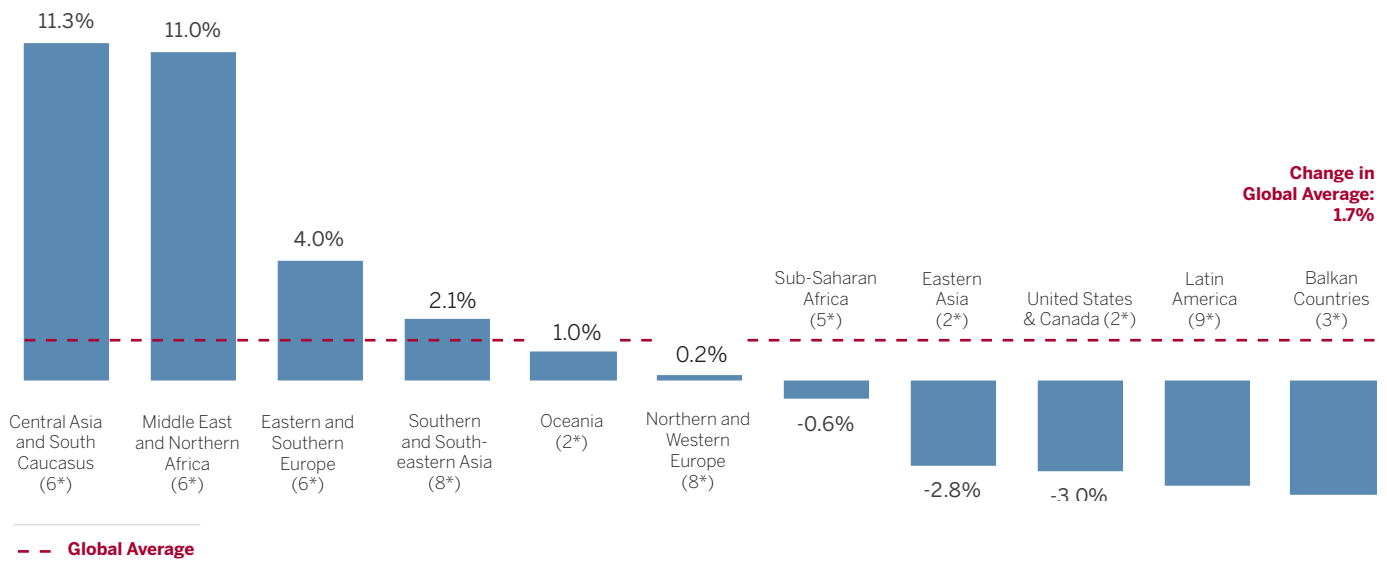
## Changes in the Regulatory Environment in 57 Economies, 2015–2018

The comparison of the 57 economies included in both the 2015 and 2018 reports on the three factors measuring regulatory environment shows a moderate improvement in 6 of the 11 regions, with a modest increase of 1.7 percent (0.06 points out of a 5-point scale) on the global average score (see Figure 3). The Central Asia and South Caucasus region and the Middle East and Northern Africa region and the Middle East and Northern Africa

region witnessed the largest improvements in the regulatory environment, both with an increase of around 11 percent. By contrast, the Balkan countries and Latin America saw the largest decline in the regulatory environment, both with a drop of more than 3 percent.

When examining the changes in each of the three factors separately, regional variations were observed (see Figures 4–6).

**FIG 3. Percentage of Change in the Regulatory Environment Scores in 57 Economies by Region, 2015–2018**



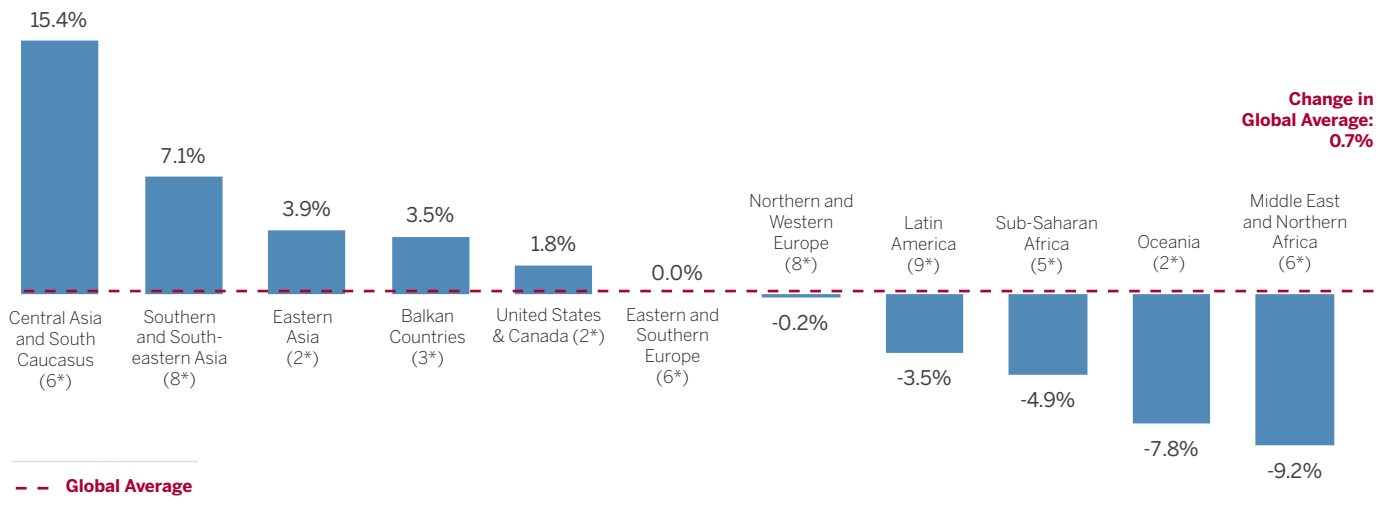
**Source:** Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*

**Notes:** Data on the regulatory environment in the 57 economies that are included in both 2015 and 2018 reports are presented. \*Number in brackets indicates the number of economies included in each region.





**FIG 4. Percentage of Change in the Ease of Operating Score in 57 Economies by Region, 2015–2018**



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

**Notes:** Data on the regulatory environment in the 57 economies that are included in both 2015 and 2018 reports are presented.

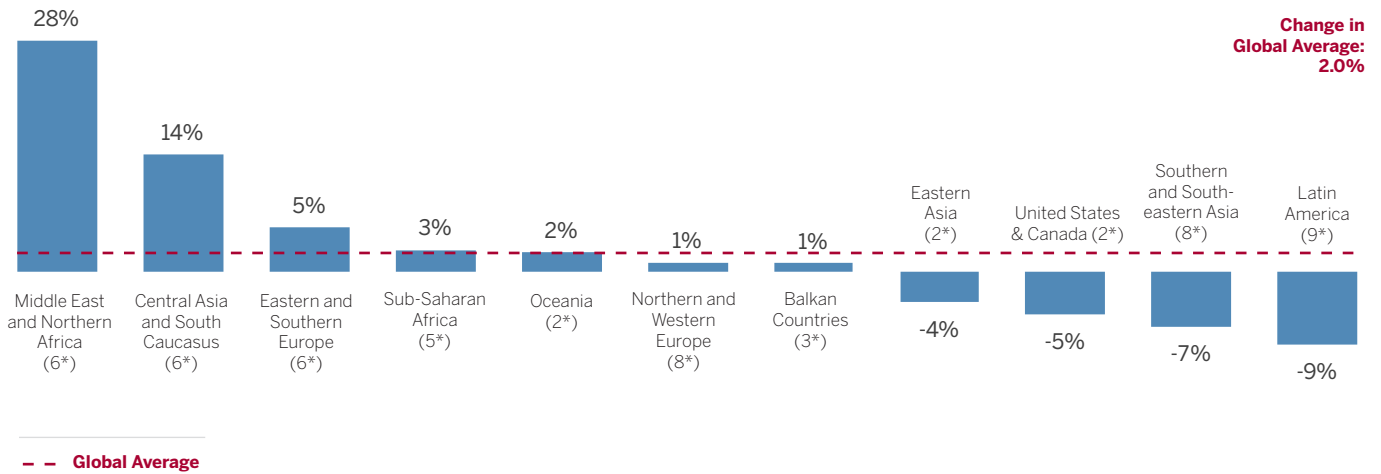
\*Number in brackets indicates the number of economies included in each region.



**Ease of operating a philanthropic organization:**

The Central Asia and South Caucasus region saw the largest regional improvement, while the Middle East and Northern Africa saw the largest regional decline.

**FIG 5. Percentage of Change in the Tax Incentive Score in 57 Economies by Region, 2015–2018**



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

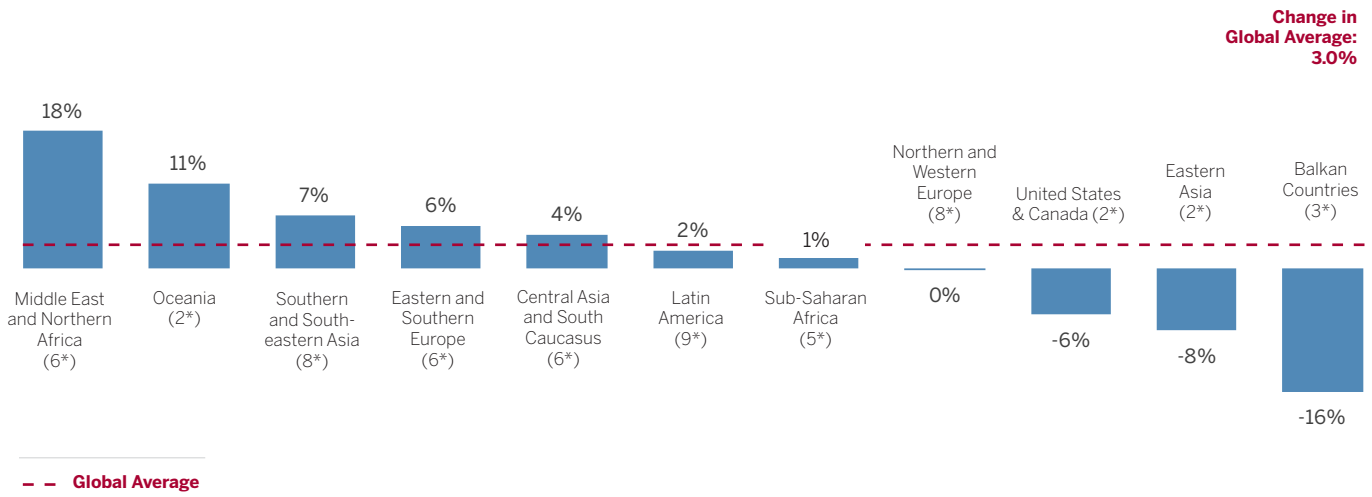
**Notes:** Data on the regulatory environment in the 57 economies that are included in both 2015 and 2018 reports are presented.

\*Number in brackets indicates the number of economies included in each region.



**Tax incentives:** The Middle East and Northern Africa had the largest regional improvement, while Latin America witnessed the largest regional decline.

**FIG 6. Percentage of Change in the Cross-Border Flows Score in 57 Economies by Region, 2015–2018**



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

**Notes:** Data on the regulatory environment in the 57 economies that are included in both 2015 and 2018 reports are presented.

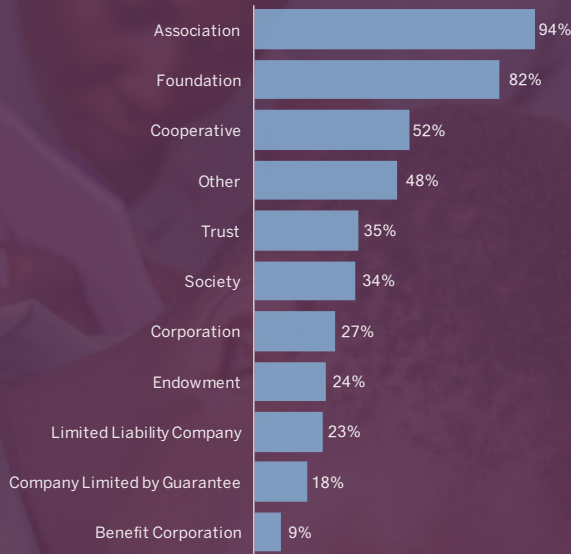
\*Number in brackets indicates the number of economies included in each region.



**Cross-border flows:** The Middle East and Northern Africa had the largest regional improvement, while the Balkan countries saw the largest regional decline.

# | QUICK FACTS

**FIG 7. Legal Forms of Philanthropic Organizations**



Philanthropic organizations around the globe take many legal forms (Figure 7). The most common legal forms found in this study were Associations (94%) and Foundations (82%). Cooperatives are very common in both developing and developed economies, particularly in the United States and Canada, Latin America, Eastern Asia, Northern and Western Europe, and Oceania. Trusts are also common types of philanthropic organization, especially in Sub-Saharan Africa, United States and Canada, Eastern Asia, Northern and Western Europe, and Oceania.

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

**FIG 8. Philanthropic Causes**

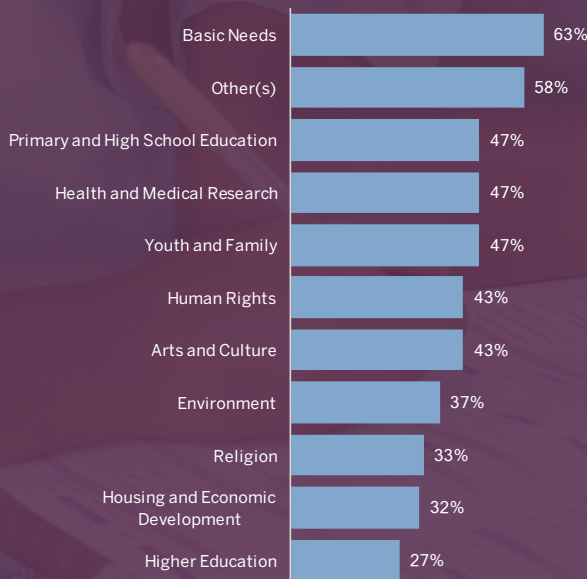
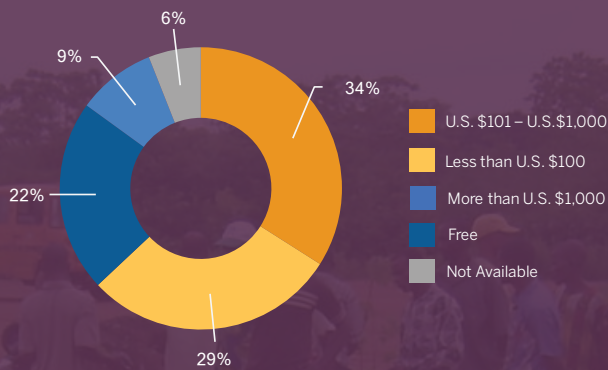


Figure 8 shows that basic needs (63%) is the most common social cause with which philanthropic organizations are primarily involved, followed by other causes (58%), primary through high school education (47%), health and medical research (47%), and youth and family (47%). This trend is more visible in Sub-Saharan Africa, Latin America, and Southern and Southeastern Asia; however, in Southern and Southeastern Asia "housing and economic development" is among the three most common social causes. Arts and culture, environment, and international causes are the more common social causes in developed economies, particularly in all three European regions and Oceania. Human rights is one of the most common social causes for philanthropic organizations operating in Central Asia and South Caucasus, as well as the Balkan Countries.

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

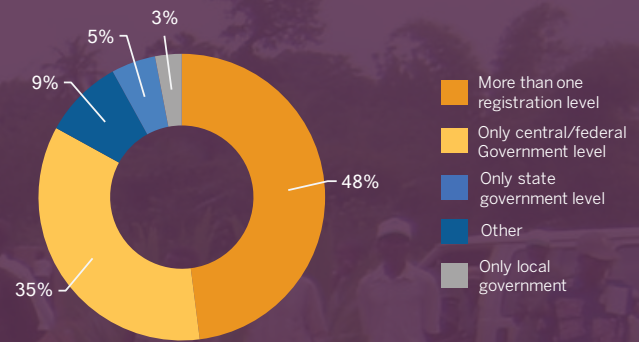


**FIG 8. Average Registration Costs**



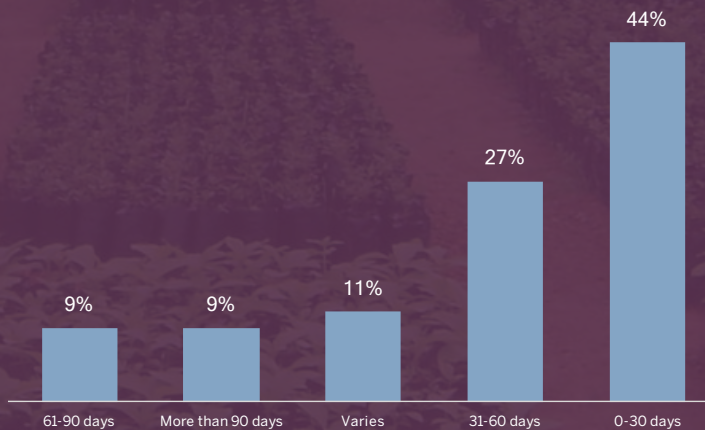
**Source:** Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*

**FIG 9. Government Registration Levels**



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

**FIG 11. Average Registration Time**



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

Measures of time, cost, and level of registration speak to the ease of registering philanthropic organizations. Centralized processes in countries with low technological readiness can make registration cumbersome for aspiring organizations. Centralized registration also increases the potential for government control in imperfect democracies. Prohibitive costs and excessive registration time reflect existing barriers in the registration process.

Figure 9 shows that more than 50 percent of the economies have very low registration costs (below US \$100 or free of cost). Most of the countries in Central Asia and South Caucasus, as well as in the Middle East and Northern Africa (except for Israel and Qatar), have free or very low registration fees, while in Sub-Saharan Africa and Latin America the registration costs are generally high, averaging US \$500 in Latin America, and US \$250 in Sub-Saharan Africa (except Zimbabwe, where registration costs are

around US \$5,000). Registration costs in the Southern and Southeastern Asia region vary from very low (less than US \$100) in Nepal to very high (US \$1,000) in Singapore, and even higher in Thailand (over US \$1,000).

Similarly, the time of registration is reasonable in most economies, taking between less than 30 days (44%) to 60 days (27%) (Figure 11).

Almost half of the economies (48%) participating in this research have more than one registration level (Figure 10). Having more than one level for registration is more common in Sub-Saharan Africa, United States and Canada, Eastern Asia, and Southern and Southeastern Asia. More than one third of the countries (35%) provide centralized registration for philanthropic organizations, particularly in regions including Latin America, the Middle East and Northern Africa, and Eastern and Southern Europe.

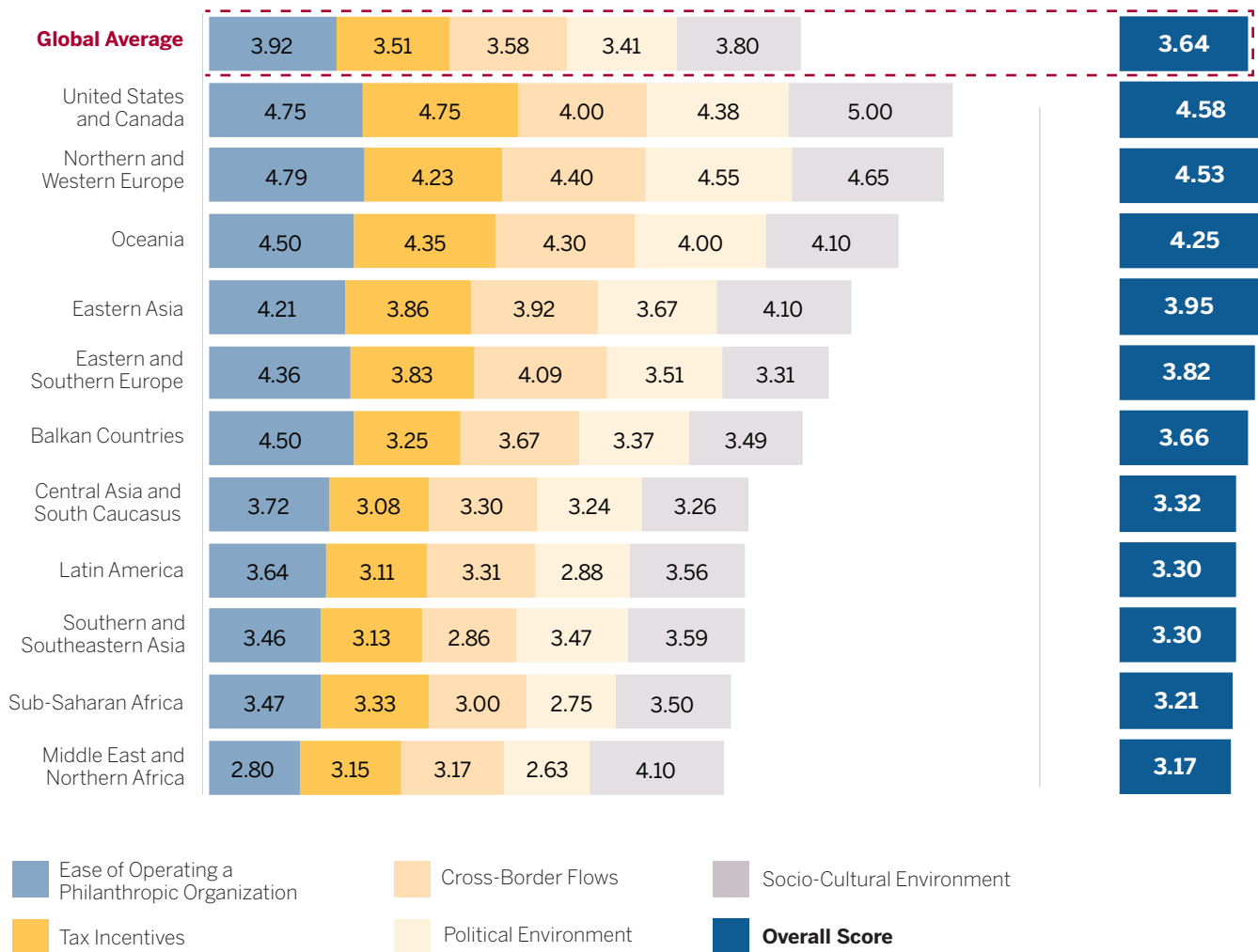


# HOW REGIONS COMPARE

The 2018 index shows that the global average score is 3.64 on a scale of 1 (least favorable) to 5 (most favorable). Six regions ranked above the global average, while the other five regions scored below average. Figure 12 presents scores by region and by factor measured, ranked by overall score. The United States and Canada (4.58) is the region with

the most favorable philanthropic environment, followed by Northern and Western Europe (4.53). By contrast, the Middle East and Northern Africa region (3.17) and Sub-Saharan Africa region (3.21) ranked the lowest among all 11 regions.

**FIG 12. Global Philanthropy Environment Index Scores, by Region and by Factor Measured**



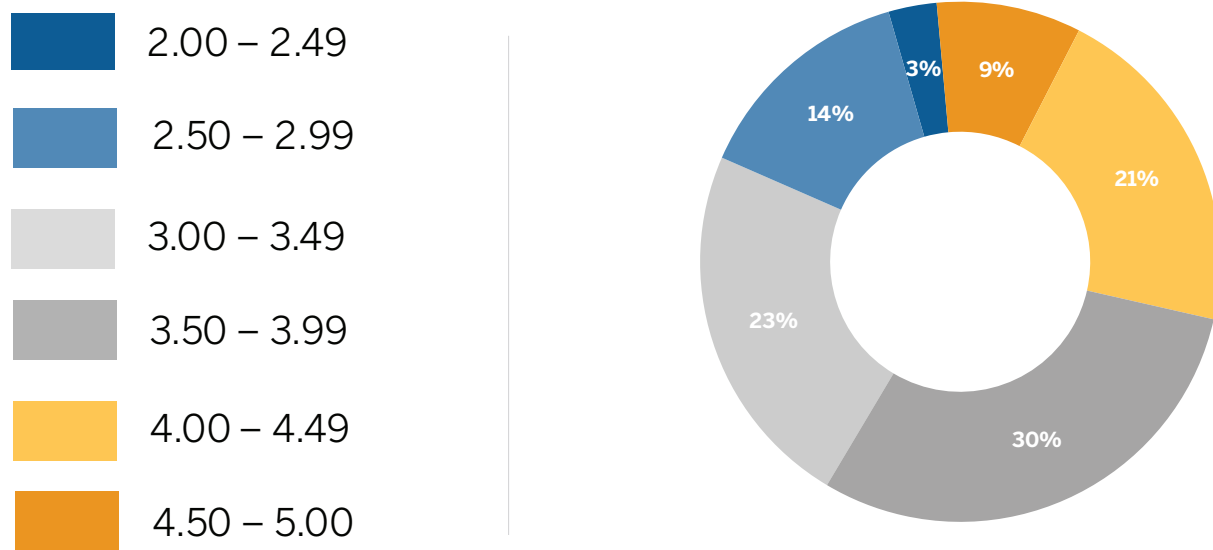
Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index



Of the 79 economies analyzed, 30 percent have a favorable or highly favorable philanthropic environment (scored 4.00 or above), less than one-third have a moderately favorable environment

(scored between 3.50 and 3.99), and the remaining 40 percent scored below 3.50, indicating a restrictive environment (Figure 13).

**FIG 13. Global Philanthropy Environment Index Scores by Range**



**Source:** Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*  
**Note:** Data on 79 economies are included, and no economies scored below 2 on a scale of 1 to 5.



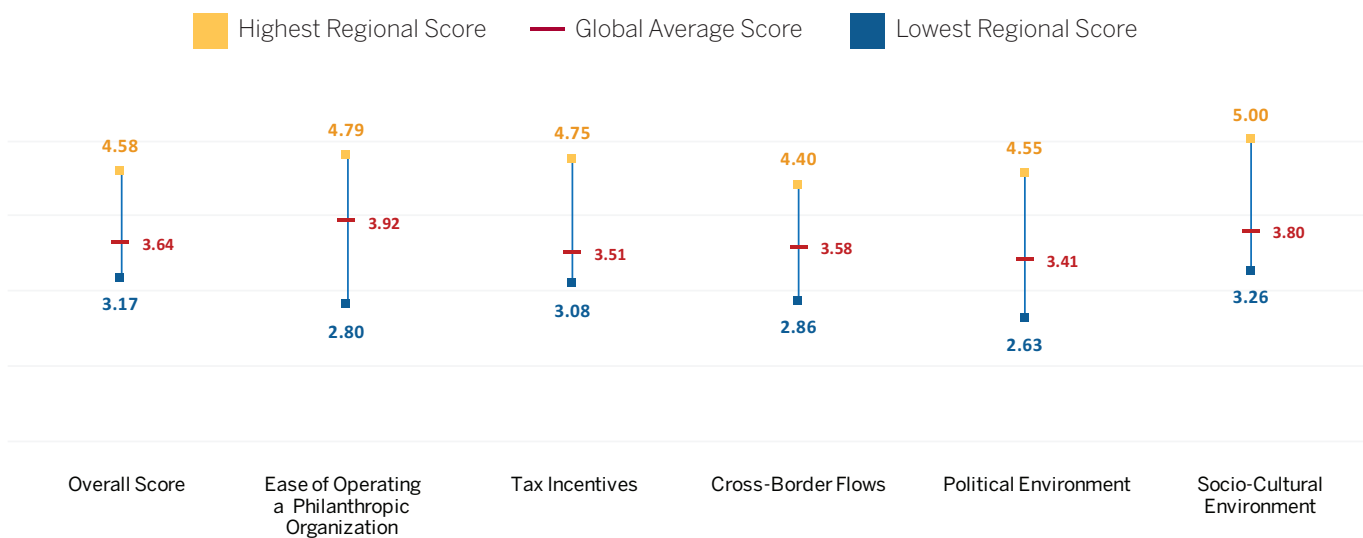
Community members arrive to select trees for planting. NEW Foundation raised in nursery and planted 41,000 trees in Enyigba/Edda communities of Ebonyi State, Nigeria.

## Score Variability

Each factor is scored differently within regions (Figure 14). The factor with greatest score variability and highest average score is the “ease of operating a philanthropic organization.” This factor

refers to regulations for the formation, operation and dissolution of philanthropic organizations. Scores range from 2.80 in the Middle East and Northern Africa region to 4.79 in Northern and Western Europe, where governments are less likely to exert influence on nonprofit organizations.

**FIG 14. Variability in Regional Average Scores by Factor**



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

The second factor with wide variability range is “political environment,” which measures the quality of the relations between government and philanthropic organizations, and the support organizations receive from government. With the lowest global average score (3.41) of all factors, the evaluation given by country experts to this factor reflected that even in the region with the highest score (Northern and Western Europe, at 4.55), where government policies and practices actively support philanthropy, there were still circumstances that could affect the relationships with government, such as “Brexit” and its effects on future funding from the European Union to philanthropic organizations in the United Kingdom.

The factor “cross-border flows” measures the influence of laws and regulations governing fiscal incentives and disincentives of giving and receiving donations across the border. Together with the political environment, cross-border flows are a critical factor influencing the sustainability of philanthropic organizations that maintain funding relationships abroad. This factor presents the smallest variability range, and a relatively low top score (4.40) in comparison with other factors, indicating that restrictions to cross-border flows affect many economies globally. Particularly in Southern and Southeastern Asia (2.86) — except for the Philippines — nonprofits are subject to a type of regulatory control in the form of a



strict legal framework, along with cumbersome bureaucratic processes.

The factor “tax incentives” measures the influence of laws and regulations governing fiscal incentives and disincentives of giving and receiving donations domestically. Scores for tax incentives range from 3.08 to 4.75, with an average of 3.51. The United States and Canada (4.75) and Oceania (4.35) regions offer the best tax incentives for individual and corporate donors and philanthropic organizations, and are rated with the highest scores. The United States and Canada have significant tax incentives for donors and philanthropic organizations. Both individual and corporate donors can freely donate to philanthropic organizations. The effects of the recent 2017 Tax Cuts and Jobs Act in the United States are still uncertain.

Finally, the “socio-cultural environment” factor assesses cultural philanthropic traditions, public trust, awareness of the importance of philanthropic organizations within an economy, and the space that a society as a whole creates and maintains to exercise philanthropy. The factor ranged between 3.26 (Central Asia and South Caucasus) and 5.00 (United States and Canada), with a global average of 3.80. Higher scores mainly reflect high levels of public trust in philanthropic organizations. No region was rated below 3.00 on this factor, demonstrating that the act of giving is embedded in different ways in all societies.

### Ease of Operating

Countries in Northern and Western Europe, the United States and Canada, and Oceania have a favorable environment to form, operate, and dissolve philanthropic organizations. In most of these countries, registration costs are affordable (less than U.S. \$1,000), with an average registration time normally between 0–30 days and clear legal procedures to form, operate, or dissolve organizations. Three other regions—the

Balkan Countries (4.50), Eastern and Southern Europe (4.36), and Eastern Asia (4.21)—also showed scores higher than the global average (3.92). The Middle East and Northern Africa region had the lowest score (2.80), which reflects the highly restrictive regulatory environments. Although the constitutional framework provides for freedom of association, the laws governing the non-governmental organizations are restrictive and allow for arbitrary, inconsistent, or intimidating government practices. The number of involuntary terminations of non-governmental organizations grew in the last two years in several countries in the region. For example, in Turkey, 1,125 organizations were reported to have been shut down since the promulgation of the Extraordinary Decree (7/22/2016, “in the context of coup attempt and fight against terrorism”), and has been termed alarming in 2016 (AI-Monitor, 2016; Amnesty International UK, 2016). In Egypt, some officials from human- rights organizations have been arrested, and their employees have been subjected to travel bans.

In several countries, nonprofits face challenges in the registration process, as this is required to operate legally. Nonprofit organizations are approved by the central government (except for the federal state of the United Arab Emirates, where state or emirate governments have the authority to approve registration). Jordan has arbitrarily denied registration to organizations. In Egypt, Morocco, and Lebanon, the governments may take months to approve registration, or deny registration without any explanation. In Saudi Arabia, the law does not guarantee freedom of association, and philanthropic organizations that are not considered culturally and politically appropriate are denied registration. However, the cost of registration of associations is either free or very low, (except in Qatar, where a three-year registration fee may cost as much as U.S. \$5,495).

## Tax Incentives

Most economies in Northern and Western Europe have favorable policies that provide benefits to individuals and corporate donors. France, with the highest score in the region in this category (5.00), offers one of the most generous tax incentives, as the value of income tax deduction 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.

The Central Asia and South Caucasus region (3.08) and Latin America (3.11) had the lowest regional average scores regarding tax incentives. In general, tax systems and policies in Latin America are still in an ongoing process of modernization. Most economies in the region have weaknesses in taxation levels, tax evasion, and tax collection, which reduces the potential effect of tax policies as incentives for giving. Even though the region is known for providing a wide range of tax incentives to corporate entities, tax incentives for donors and tax exemptions for philanthropic organizations are still limited in most of the countries, or exemptions are not applicable to all types of philanthropic organizations (such as in Uruguay). In Central Asia and South Caucasus, incentives are either limited or offered only to certain kinds of donors. Economies in the region do not provide individual tax incentives—such as in Georgia—or offer them only for a low percentage of taxable income—such as in Belarus, Georgia, and the Kyrgyz Republic. However, other economies in Central Asia have implemented positive regulations. The 2015 Law of the Republic of Kazakhstan on Charity has established tax incentives for individual and corporate donations in Kazakhstan. Both individuals and corporations can make donations in the form of charity or sponsorship and receive up to 4 percent of income tax deduction.

## Cross-Border Flows

Legislation that targets illicit financial flows and regulates foreign funding is becoming a global

practice as the need to apply preventative measures and enhance the transparency of international cooperation increases. Countries have chosen to exercise different levels of control over philanthropic organizations, which has clearly reflected on the level of independence permitted by new legislation.

In Central Asia and South Caucasus, incentives are either limited or offered only to certain kinds of donors. Economies in the region do not provide individual tax incentives.

Countries in Northern and Western Europe present the most favorable environment (4.40) for cross-border philanthropy. As member states of the European Union, most of these countries share agreements that reduce restrictions for cross-border donations, not imposing additional costs or requirements for government approval on cross-border flows. However, despite the European Court of Justice's key judgments that creates a general non-discriminative principle, the comparability procedures for defining charitable organizations as public benefit or a foreign philanthropic organization according to the different countries' tax regulations have raised significant challenges for cross-border philanthropy. Cross-border donations are likely to increase among European member states due to the enforcement of the European Union's non-discriminative policies. 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.

On average, tax incentives available to donors and philanthropic organizations that send and receive donations across the border are less favorable in the United States and Canada (4.00) than the incentives in Northern and Western Europe (4.40), because both Canada and the United States have limited tax incentives for cross-border donations. Canada has a tax treaty on cross-border giving that offers tax incentives only with the United States, while the United States has established special tax treaties on cross-border charitable contributions with Israel and Mexico as well. Additionally, the increasing concerns for security and international terrorism, as well as recently discovered foreign involvement in internal political campaigns, have negatively influenced the environment surrounding cross-border philanthropy.

The Southern and Southeastern Asia region (2.86) registers as the region with the most restrictive environment for cross-border flows. Singapore, Pakistan, and India have restrictive legal frameworks in place for sending cross-border donations that require organizations to have permission or approval from government. Specifically, the Foreign Contribution Regulation Act (enacted in 2010 and amended in 2015) in India regulates the inflow of foreign funds received by NGOs. Similarly, Thailand, Pakistan, and Nepal require that organizations obtain prior registration, approval, and/or permission from respective government offices in order to receive foreign donations.

The Sub-Saharan Africa region (3.00) received the second-lowest score in cross-border flows. Kenya (2.00) had the lowest score in the region. Cross-border giving in Kenya is complex; it is governed by multiple laws, including the Income Tax Act, the Central Bank of Kenya Act, the Proceeds of

Crime and Anti-Money Laundering Act, and the Banking Act. The complexity of the process means that many decisions on whether or not to permit cross-border donations are left to the discretion of any of the regulatory authorities processing the donations. In Nigeria, a proposed bill to regulate donations has caused significant tension between the government and civil society. The government seeks to disable terrorism and money laundering in the country, but in doing so, it is also crippling the resource flows for philanthropic organizations. The proposed bill to Regulate the Acceptance and Utilization of Financial/Material Contributions of Donor Agencies to Voluntary Organizations (2014) intends to impose restrictions for organizations that receive foreign funding, requiring voluntary organizations to apply for prior government approval to receive cross-border donations, to use official financial channels (Nigerian banks) for such donations, and to prepare additional financial reports. A public hearing was held in December 2016, raising awareness that such laws would be a duplication of the current regulations of the Special Control Unit for Money Laundering and might attempt to control the Nigerian civil society sector.

## Political Environment

Based on the index results, regions with the most favorable regulatory environment are also the regions where the political environment is more favorable for philanthropic organizations. This is reflected in the economies of Northern and Western Europe (4.55), the United States and Canada (4.38), and Oceania (4.00) that have a strong democratic tradition and long-term experience with the philanthropic sector.

The Middle East and Northern Africa (2.63) and Sub-Saharan Africa (2.75) are the regions ranked at the bottom. In the Middle East and Northern Africa region, the political environment and legal and administrative restraints intended to increase security in all economies in the region pose major challenges to philanthropic organizations. The economies showing major restrictions and



unfavorable practices toward philanthropic organizations are Egypt and Qatar. Restrictive practices may include denying legal registration; harassing human-rights organizations (e.g., by using travel bans or denying them permission to carry out events); exerting control over funding (e.g., awarding funding only to certain organizations to advance the governmental political agenda); allowing for only limited access to funds; or monitoring the use of funds received. Morocco has gone through gradual changes that have opened the space for civil society organizations at the grassroots level to emerge. However, there are still challenges affecting freedom of assembly and association. Recent changes in Saudi Arabia to support the role of philanthropic organizations in social development and the professionalization of the sector are notable, together with the increasing collaborations between government and the philanthropic sector in Israel, Lebanon, and Kuwait. This has not impeded the implementation of restrictive policies, such as preventing collection of cash donations in Kuwait, or the application of the

Transparency Requirements for Parties Supported by Foreign State Entities in Israel in 2016, which forced organizations receiving more than half of their funding from abroad—including countries of the European Union—to disclose it in official reports.

In Sub-Saharan Africa, the countries reported increasing governmental scrutiny of non-governmental organizations focusing on advocacy, democratization, and human rights. Kenya, Nigeria, Tanzania, and Zimbabwe reported a hostile environment for foreign-funded non-governmental organizations in the name of protecting national security and combating the financing of terrorism. Nigeria's Non-Governmental Organizations Regulatory Commission Bill (2016) proposed stricter registration and approval procedures, and more burdensome financial reporting requirements for NGOs to receive charitable contributions. Public hearings were held in December 2017, where NGOs expressed opposition to the proposed bill. In Tanzania, the government is collaborative with



*Female survivors of domestic violence who testified at a panel discussion to mark Project Alert's 16th Anniversary in Lagos, Nigeria.*



non-advocacy philanthropic organizations, but hostile to those with political agendas. Recently enacted laws, the Freedom of Information Act (2015) and Cybercrimes Act (2015), threaten the freedom of speech by penalizing the release of inaccurate information. Kenya and Zimbabwe, both with significantly low scores in this factor, have seen the relations between the state and philanthropic organizations become increasingly strained in recent years. Specifically, in Zimbabwe, philanthropic organizations pushing for the adoption and implementation of measures to increase government accountability have met with resistance to their initiatives and have been accused of being agents of Western-funded agencies seeking to change the regime.

Notably, economies in the Central Asia and South Caucasus region have shown positive developments in this factor. In Azerbaijan, conditions for philanthropy have changed substantially, showing increasing government recognition of and collaboration with the philanthropic sector. There are currently at least nine state bodies and agencies that provide funding of millions of euros annually to local NGOs. At the same time, nearly all ministries have set up public councils composed of NGO members and individual experts. Armenia and Kazakhstan passed several laws to open opportunities for philanthropic organizations to engage in entrepreneurial activities and to establish tax incentives and regulate volunteerism. Georgia, in particular, has expressed its desire to become a member of the European Union, and has continued working toward further integration with the European Union, which has positively impacted the regulations affecting the philanthropic sector. Among them are the Law of Volunteerism (2015) and the tax code amendments with new tax incentives and exemptions for philanthropy.

## Socio-Cultural Environment

Eight of the 79 economies scored 5.00 in this factor, all in two regions—the United States and Canada, as well as Northern and Western Europe. Both regions have strong socio-cultural traditions for philanthropic giving, often deeply rooted in religious values. These two regions also have high levels of public trust and formal institutions that support the philanthropic sector. In both regions, volunteering and giving are important social values, and have become common social practices shaped, in the case of Northern and Western Europe, by the role of the social democratic welfare state.

In the United States and Canada (with the highest possible score of 5.00), volunteering and giving are important social values in the region. Almost 25 percent of Americans volunteered through or for a philanthropic organization between September 2014 and September 2015 (Bureau of Labor Statistics, 2016), and 44 percent of Canadians volunteered in 2013 (Turcotte, 2015). Individual giving has been increasing in both countries in the last several years.

Economies in Eastern and Southern Europe (3.31) and Central Asia and South Caucasus (3.26) were rated with the lowest scores. Eastern and Southern European countries are social democratic welfare states, where the government is responsible for developing the infrastructure and providing social services. Citizens tend to overlook the role of philanthropic organizations, as the state is still expected to serve as the main provider of social services because of the history of socialist regimes in the 20th century. In Bulgaria, Czech Republic, Hungary, Poland, Slovakia, and Ukraine, private initiatives were restricted and highly monitored until the political and economic transition between 1989 and 1991; therefore, the role of the philanthropic sector tends to be underestimated even today. There is also a crisis of legitimacy facing the sector. As the regional reviewer Vladimír



Hyánek explained, countries in the region “...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 the Central Asia and South Caucasus region (3.26), although the society is familiar with the concept of giving as part of traditional or religious practices and affiliations, philanthropy as an organized practice is new. The deeply rooted charitable tradition in Russia, supported by the Tsar and Russian elites in Imperial Russia, was either suppressed or broken during the communist regime, although some of the essential roots that

marked the relationships between benefactor and beneficiary have remained (Dinello, 1998). The idea of philanthropy and charity in pre-Soviet Russia that connoted rigid hierarchy of an authoritarian centralized state was continued by the Soviet state that became the sole provider of public goods and social wellbeing. The recent growth in private philanthropy only took place in the 1990s, following the dissolution of the former Soviet Union and the emergence of new wealth holders. In general, civil society in these countries has evolved alongside the political and economic processes in the post-Soviet period. Paternalism prevails in the culture of many post-Soviet societies, but civil participation as part of the solution to social problems is slowly developing, and middle-class professionals are becoming more engaged in philanthropic activities.

## The Crisis in Venezuela

Harriette Rothwell & Jeffrey Velásquez, *Pionero Philanthropy*

Over the past few years, Venezuela has experienced one of the biggest humanitarian crises in recent Latin American history. Political and social unrest are exacerbated by an economy that is endangered by several factors. The causes of the crisis include tightened government controls and growing international isolation, a condition worsened by the unconstitutional election of the national assembly in 2017. In 2018, oil production, the mainstay of the economy, dropped to its lowest rate in 28 years (Gillespie, 2017), inflation rose by 4,000 percent and the Bolivar lost 98 percent of its value (Gillespie, 2018a). For ordinary people it has become nearly impossible to reach a financial standing where basic needs like food and medicine can be met.

The work of local and international nonprofit organizations (NPOs) has been impacted, in part because of the failing economy and financial strain, but also due to stricter legislation and controls. For example, the 2010 Law for the Defense of Political Sovereignty and National Self-Determination represents an attempt to take away support from activists who denounce human-rights violations and draw attention to the negative effects of the regime on Venezuelans. Guadalupe Marengo from Amnesty International's Americas Program has said that this "is a clear and unacceptable way to cut their independence and prevent them from continuing

their work" (El Nacional, 2016). The law prohibits organizations with political aims from receiving foreign funding from individuals or organizations. Non-compliant NPOs can be fined.

Another barrier affecting philanthropy flows lies in exchange control laws. Because NPOs are seen as possible money laundering instruments by the 2012 Organic Law against Organized Crime and Financing of Terrorism, they are subject to intense scrutiny and government surveillance.

In May 2017, Diosdado Cabello, the government's second in command, launched Operation Knock Knock, which attempts to interrupt the protests' supply chains. Shipments of supplies from abroad have been effectively cut off, so organizations, such as the United States-based "Politically Persecuted Venezuelans in Exile," are turning to more clandestine methods of accessing resources. According to the organization's president, Jose Antonio Colina, some four tons of material, such as gauze and energy bars, can be sent through the mail, but radios and gas masks supplied to resistance groups must be sent on charter planes or smuggled across the border.

Although the foreign aid received by Venezuela has been stable in past years (at an average of US \$43.56 million per year), according to data shown by the Organisation



for Economic Co-operation and Development (OECD, 2017), the country is becoming more isolated from the rest of the world. Causes of this isolation are the refusal of the government to accept foreign aid, as well as more economic sanctions being imposed by countries that are, conversely, among its biggest donors (the United States and the European Union). The Trump administration recently ruled that U.S. citizens cannot buy or sell Venezuela's cryptocurrency, the Petro, and even other Latin American countries and Canada are considering taking action against the Maduro government (Gillespie, 2018b).

This raises the question of the future of individual and corporate philanthropy reaching a country in the midst of stricter government controls and with the barriers that are being placed against foreign aid. Venezuela is undoubtedly facing a humanitarian and economic crisis, while simultaneously the potential role of international philanthropy in alleviating the situation is being undermined by a hostile political environment toward foreign aid and the work of nonprofit and social organizations.



# TRENDS IN PHILANTHROPY

Three major trends were clearly identified in the narratives developed by the experts about the future of philanthropy in their countries. These are: 1) increasing collaborations between governments and the philanthropic sector to advance social goals; 2) new vehicles for fundraising—especially crowdfunding; and 3) the emergence of a new generation of wealthy philanthropists around the world.

## **Collaboration Between Government and the Philanthropic Sector to Advance Social Causes**

Cross-sector collaboration is one of the 17 Sustainable Development Goals promoted by the United Nations. The partnership between the public and philanthropic sectors has been traditionally strong in Europe, and it has received more attention globally, creating the potential for a growing role for nonprofit organizations. In China, India, Kazakhstan, and the Republic of Korea, there is a developing trend of partnership between the government and the nonprofit sector. For example, in China, the government allows greater access to resources and networking opportunities to “service-oriented” philanthropic organizations working in areas of education, poverty alleviation, and health. The focus on “social economy” in the Republic of Korea and Japan has led to the emergence of several types of social and community organizations.

Russia is also using philanthropy strategically for sustainable development. Governments are accommodating social goals through their regulations and deepening partnerships with selected philanthropic organizations while accelerating public understanding and innovation of the philanthropic sector. A highly collaborative environment was also visible in Latin America, where cross-sector collaborations are increasingly

promoted, especially in Argentina and Uruguay. Intra-sectoral collaborations through regional umbrella organizations, which were designed to share resources and best practices, also became stronger across Latin America. Similarly, cross-sector partnerships are expected to rise in Albania and other Balkan Countries.

Governments are also encouraging corporations to support human capacity development and sustainable growth through corporate social responsibility. Corporate giving is gaining importance especially in Asian and Middle Eastern economies. In several countries, government corporations or government-assisted corporations are on the rise. India’s Companies Act of 2013 for corporate social responsibility (CSR) mandates businesses/corporations in India with revenues more than 10 billion rupees (approximately U.S. \$131 million) to disperse two percent of their net profit to charities primarily in areas related to sustainable development such as education, poverty, hunger, and gender equality. Though the Act is still under critical scrutiny, it has drawn attention especially in developing nations. Meanwhile, Kazakhstan’s approval of the concept of corporate social responsibility through the “Law on State-Private Partnership,” adopted in October 2015 and amended in April 2016, is expected to accelerate voluntary and obligatory corporate contributions to the social sector in the upcoming years. Finally, the United Arab Emirates government expects the corporate sector to engage in Corporate Social Responsibility by annually allocating the percentage established by the Ministry of Economy and declaring their audited CSR accounts to the ministry upon license renewal at the Department of Economic Development. With that, the government seeks to promote a larger role of businesses in philanthropy in the country (Khamis, 2017). In December 2016, United Arab Emirates President,



His Highness Sheikh Khalifa bin Zayed Al Nahyan, declared 2017 as “The Year of Giving”, an initiative to institutionalize humanitarianism in the public and private sectors based on three main pillars: Corporate Social Responsibility, Volunteering, and Serving the Nation (The Year of Giving, 2017).

## Crowdfunding

With the advance of technology, online giving and crowdfunding are growing fast globally. Most regions included in the report witnessed a growth in philanthropy through new online tools, such as online donation platforms, social media, and crowdfunding, which are expected to further increase in the future. According to the 2017 *Global Trends in Giving Report published by Your Public Interest Registry and Nonprofit Tech for Good (2017)*, 61 percent of donors worldwide preferred to give online. This number was lower in Africa (39%) and Asia (42%) due to the lack of access to basic nonprofit technology. #GivingTuesday is “a global day of giving fueled by the power of social media.” In 2017, five years after its launch, people from 150 countries and territories donated U.S. \$300 million online in the 24-hour timeframe (GivingTuesday, 2018).

Crowdfunding is being used in many economies around the world to fundraise both locally and internationally. Its ability to reach vast populations aided by social media and the Internet allows donors to give to more than one cause, and allows donees to easily reach and diversify their donor bases. As reported on Fundly.com, crowdfunding campaigns raised more than U.S. \$39 billion in donations worldwide in 2017.

In Central Asia and South Caucasus, the increasing use of Internet and social media has increased the prospect for crowdfunding in this region. Especially in the Kyrgyz Republic, there is an emerging trend of collecting funds through social media for various ad hoc purposes. In Belarus, the initial boom of crowdfunding projects influenced the spread of this practice to attract local resources to all segments

of civil society. Crowdfunding has also become a promising tool for fundraising in the Balkan Countries, Eastern and Southern Europe, Northern and Western Europe, Southern and Southeastern Asia, Sub-Saharan Africa, and the United States and Canada.

## High Net Worth Philanthropists

Since 2014, both the wealth of the general population and the amount of wealth owned by high net worth individuals have increased globally. In 2016, the Asia-Pacific region and North America had the highest level of individual high net worth wealth, while Africa and Latin America experienced the highest percentage of increase, 10.7 percent and 8.9 percent respectively (Capgemini, 2017).

Philanthropy by the wealthy has grown significantly in the East Asian region in recent years. For example, according to the *2015 Coutts Million Dollar Donors Report*, the total amount of donations at the million-dollar level or above in China increased by over a third, reaching U.S. \$3.61 billion, in 2014. During the 2010–2016 period, donations from the top 100 philanthropists from China have tripled to U.S. \$4.6 billion (Harling & Tung, 2017). The *2015 Coutts Million Dollar Donors Report* also showed an expanding trend in Hong Kong, calling 2014 “the year of the mega-grants,” with 128 donations at the million dollar level or above amounting to U.S. \$2.67 billion.

The Sub-Saharan Africa region also witnessed a growth in the number of high net worth individuals during the past decade (Business Wire, 2015), which is expected to result in more African philanthropists. In the Middle East and Northern Africa, many royal foundations and billionaires have helped to elevate the philanthropic profile of the region. In 2015, Sheikh Mohammed, Vice-President and Prime Minister of the United Arab Emirates and Ruler of Dubai, launched the Mohammed bin Rashid Al Maktoum Global Initiatives (MBRGI).



According to the *2016 Wealth-X and Arton Capital's Philanthropy Report*, the charitable giving by ultra high net worth individuals had been on a rise from 2008 to 2015. In 2015, the approximate 18,500 ultra high net worth individuals around the world in Wealth-X UHNW database donated an estimate of U.S. \$550 billion in their lifetime.

According to the report, the lifetime donations by ultra high net worth individuals in the Americas reached U.S. \$315 billion in 2015, followed by those in the Asia-Pacific region (U.S. \$135 billion) and those in the Middle East and Africa (U.S. \$100 billion). The report highlights the importance of impact investing as an innovative way to address social issues and how ultra high net worth individuals make use of all available resources to maximize return, blurring the lines between the philanthropy of their company and their personal foundations.

The Giving Pledge initiative—a commitment by the world's wealthiest individuals to give back the majority of their wealth during their lifetime or in their will—also shows that high net worth philanthropy is advancing globally as the number of pledgers continues to increase. As of March 2018, pledgers represented 23 countries and economies in 10 regions around the world. In 2017, individuals from countries including Australia, China, Norway, the United States, and Tanzania joined the initiative (The Giving Pledge, 2018). The global increase of the high net worth population and their commitment to philanthropy has the potential to change the philanthropic landscape, as high net worth donors seem to prefer impact investing and more strategic interpretation of philanthropic data (The Philanthropy Workshop, 2017).





# IMPLICATIONS

Conditions enabling and hindering philanthropy reflect an economy's institutional framework, level of socio-economic development, the government's approach to addressing social needs, and the strength and stage of development of the philanthropic sector. In their reports, country experts were asked for three key recommendations to improve the environment for philanthropy in their economy. They addressed key issues impeding the development of the philanthropic sector in their countries, revealing differences across regions along with four recurrent themes: fiscal regulations, government policies and practices, transparency and accountability, and development of the sector. These recommendations can be used to continue conversations about how to improve the environment for philanthropy locally and between regions, moving forward.

**Fiscal regulations:** Country experts in all regions recommended the development of a more effective regulatory and fiscal environment for philanthropy. This would include better tax incentives for individual and corporate donors, standardization of the criteria for tax exemptions to nonprofits, greater access for nonprofits to engage in commercial activities, clarification of tax benefits for charitable donations, and amendment of tax reforms that negatively impact individual giving.

**Government policies and practices:** Experts also offered specific recommendations to revoke laws that have been used as excuses to shut down organizations under the pretext of lack of compliance, and to revoke laws that impose greater government control on the registration, operation, and funding of philanthropic organizations (such as Belarus, Egypt, Indonesia, Turkey, United Arab Emirates, Venezuela, and Zimbabwe). In economies with a diversified philanthropic sector (such as Azerbaijan, Colombia, Kosovo, and Uruguay), experts have advised the enactment of laws that better define the activities of the sector or unify its operation, and help simplify the registration process.

Other recommendations include increasing collaboration and support from government in the development and implementation of public policies (Bulgaria, China, Hong Kong, Kyrgyz Republic, Nepal, and Peru), and increasing the levels of financial and political independence of the sector from government (China, Georgia, Kazakhstan, Portugal, the Republic of Korea, and Tanzania).

**Transparency and accountability:** Transparency and accountability of philanthropic organizations emerged as an issue that needs to be addressed to improve the public image of philanthropic organizations and to increase public trust. The theme was recurrent in economies with young formal philanthropic sectors in Sub-Saharan Africa (Nigeria), Central Asia and South Caucasus (Armenia, Kazakhstan, and Russia), Middle East and Northern Africa (Israel and Kuwait), Eastern Asia (Hong Kong, Japan, the Republic of Korea, and Taiwan), Eastern and Southern Europe (Czech Republic and Ukraine), the Balkan Countries (Albania and Serbia), and Latin America (Peru).

**Development of the sector:** The main concern in several regions is the lack of institutionalization, professionalization, and the required infrastructure to support the growth of philanthropy. The development of internal capacities and professionalization, strategies of coordination and collaboration within and across sectors, and the implementation of strategies to evaluate the impact of the sector were recommended by several country experts in all regions except the United States and Canada, where the philanthropic sector is characterized with a high level of professionalization.





PHILANTHROPY  
ENVIRONMENT  
IN THE REGIONS



# SUB-SAHARAN AFRICA



**Regional Reviewer:** Tade Akin Aina,  
*Partnership for African Social  
& Governance Research*

Philanthropy remains a multi-sided, diverse, and complex terrain with a wide range of dynamics and actors in terms of its intersection with states, societies, communities, civil societies, and businesses in Africa. This complexity and variety have implications for the often diverse, and sometimes contradictory, conditions of the philanthropic environments found in the region.

Overall, philanthropic organizations' relationships with the states and governments continue to determine the philanthropic environment in the period under review. These relationships are not uniform, as they depend on contexts and the issues involved. They range from hostility when it comes to issues related to governance, rights, and accountability, to acceptance and accommodation when it comes to the provision of services and humanitarian response. With regard to other issues — such as women's economic empowerment and climate change — the relationship can be

characterized by ambivalence and/or avoidance. So the philanthropic environment, as defined by the indicators used in this review—such as freedom to organize and associate, freedom to give and receive both within and across countries, and constraints that culture and traditions impose on philanthropy—cannot be reduced to simple generalizations that ignore the more complex and diverse contexts and periods.

Another important consideration that can be derived from the review is that, although many African societies have vibrant philanthropic traditions based on religion (such as Islam, Christianity, and other traditional faiths) the modern forms of philanthropic expression as typified in structured and systematic institutionalized giving are unevenly distributed across countries, regions, and groups. The review, however, shows that new philanthropic institutions owned and established by Africans continue to

emerge and grow. There are also new trends in the modes and ways of giving, particularly those driven by new technologies such as the Internet and mobile telephones. These are creating new conversations and orientations around not only philanthropic giving but also the interventions and actions of philanthropic organizations. While new modes of engagement have implications for the philanthropic environment of the region, they have also provoked governmental efforts aimed at creating new regulations and restrictions. Simultaneously, however, nervous and insecure governments are using aspects of negative global trends — such as transnational terrorism, money laundering, and trafficking — to impose greater controls on what they consider to be unwanted and/or unacceptable expressions of philanthropy. Thus, the space for civil society has been increasingly shrunken by governments in the period under review through hostile or ambivalent actions.

In spite of these trends, the period is not characterized by unmitigated pessimism for the future of the environment for philanthropy. This is because the period saw innovations in organizing and mobilization through social media and other electronic means. It saw the birth of new formal philanthropic organizations by high net worth individuals, communities, and corporations. It also saw the resilience of civil society and philanthropic organizations as their drivers and actors invent new ways of managing difficult human rights and social justice conditions and governments.

The review, in fact, pointed to the inadequacy of a monolithic understanding of the region's philanthropic environment and the need to avoid generalizing about any particular trend across the continent. The review shows that, although a lot remains to be done to attain a more vibrant philanthropic environment, the outlook is not entirely negative or pessimistic.

SUB-SAHARAN AFRICA AVERAGE SCORES						
ECONOMY	EASE OF OPERATING	TAX INCENTIVES	CROSS-BORDER FLOWS	POLITICAL ENVIRONMENT	SOCIO-CULTURAL ENVIRONMENT	OVERALL SCORE
Kenya	3.83	3.50	2.00	2.00	3.00	2.87
Nigeria	3.67	3.00	3.00	3.00	4.00	3.33
Senegal	4.67	3.00	3.25	3.50	4.00	3.68
South Africa	4.00	4.00	3.00	4.00	4.00	3.80
Tanzania	2.67	3.50	3.50	2.50	3.00	3.03
Zimbabwe	2.00	3.00	3.25	1.50	3.00	2.55
<b>REGIONAL AVERAGES</b>	<b>3.47</b>	<b>3.33</b>	<b>3.00</b>	<b>2.75</b>	<b>3.50</b>	<b>3.21</b>

# I LATIN AMERICA



**Regional Review:** *Van Evans,*  
*Generations Humanitarian*

The Latin American region has had a rich history of philanthropy since the conquistadores established themselves in the New World. From 1492 onward, they instigated similar administrative functions in New World colonies used at the time in Spain, including deference to the Catholic Church for public welfare. For three and a half centuries of Spanish and Portuguese rule in the Americas, philanthropy was instilled by the Church and the crown, and a rich tradition of philanthropy imbued the region. After the wave of independence in the 19th century, secular philanthropy evolved differently in the hearts and politics of each nation, and continues to do so, which explains the vast disparity in today's country scores, although derived from a singular history.

This report includes all sovereign countries of South America, except Paraguay, Guyana, and Suriname. It does not represent territories and dependencies of Central America, but it does

include the North American country of Mexico. All told, representative countries herein contain approximately 86 percent of the population of the entire Latin American region.

A wide range of philanthropic policies and enabling environments span the region. Very favorable philanthropic climates exist in Chile and Uruguay, with minimal regulation and oversight, high levels of freedom to form philanthropic organizations (POs) in all subsectors, and government-driven complementary contracts. Such climates also cultivate a tradition of philanthropic giving and volunteering.

A larger portion of the countries in this region experience somewhat restrictive philanthropic climates, including nations such as Argentina, Colombia, Peru, and Mexico. They have high levels of volunteerism and rich cultures of giving, but with some burdensome regulations regarding PO

formulation, tax treatment, oversight, and cross-border transactions. These put a damper on civil society institutionalization, and so a significant informal philanthropic sector exists in these countries. Brazil, for example, does not permit tax-immune organizations to donate outside its borders, but informal groups circumvent the law. Widespread corruption and lack of trust in the sector reduce effectiveness of individual donations to POs, despite increased anti-laundering and transparency laws. To their credit, however, these governments are generally encouraging of solutions stemming from the third sector, and even strategically partnering with it. Additionally, corporate social responsibility, likely driven by Millennials, is making great strides in these countries.

Finally, a couple of socialist-leaning nations have highly unfavorable philanthropic environments, namely Ecuador and Venezuela. POs are generally considered adversarial. Human rights organizations are not permitted; involuntary dissolution of POs does not honor due process and recourse of such is limited; PO registration authorities are corrupt and inconsistent; and cross-border transactions are controlled or taxed. Civil society leaders are even imprisoned or otherwise punished. At the end of 2014, USAID was forced to leave Ecuador by a presidential decree. The situation is worse in Venezuela, as even philanthropic activities in non-political areas, such as health and food, have been under threat or outright blocked. The philanthropic outlook in these two countries is bleak, although socio-cultural values and practices remain strong.

### LATIN AMERICA AVERAGE SCORES

ECONOMY	EASE OF OPERATING	TAX INCENTIVES	CROSS-BORDER FLOWS	POLITICAL ENVIRONMENT	SOCIO-CULTURAL ENVIRONMENT	OVERALL SCORE
Argentina	4.00	2.75	3.75	3.50	3.50	3.50
Bolivia	3.17	3.00	3.50	2.75	3.00	3.08
Brazil	4.33	3.00	3.00	3.50	3.00	3.37
Chile	4.70	3.15	3.85	3.90	4.30	3.98
Colombia	4.17	3.00	3.35	2.15	4.50	3.43
Ecuador	2.73	3.25	3.00	1.50	3.00	2.70
Mexico	3.93	3.25	3.75	3.10	3.30	3.47
Peru	3.33	2.90	3.00	2.90	3.00	3.03
Uruguay	4.33	3.00	3.50	4.50	4.00	3.87
Venezuela	1.67	3.75	2.40	1.00	4.00	2.56
<b>REGIONAL AVERAGES</b>	<b>3.64</b>	<b>3.11</b>	<b>3.31</b>	<b>2.88</b>	<b>3.56</b>	<b>3.30</b>



# UNITED STATES AND CANADA



**Regional Reviewer:** Kathi Badertscher,  
Indiana University Lilly Family School of  
Philanthropy



Economies in this region enjoy a highly favorable environment for philanthropy. Both Canada and the United States have a large and diverse philanthropic sector with minimal regulation and high participation in volunteerism and charitable giving. The region’s governments support nonprofit organizations primarily through favorable tax treatment, service programs that promote volunteering, demand-side funding through grants and contracts, supply-side funding for users of nonprofit services, and public recognition of charitable activities. The government supports philanthropy and relies on it for essential services, healthcare and education in particular.

The region’s donors have grown increasingly sophisticated in their knowledge and expectations of nonprofit organizations. Donors in Canada and

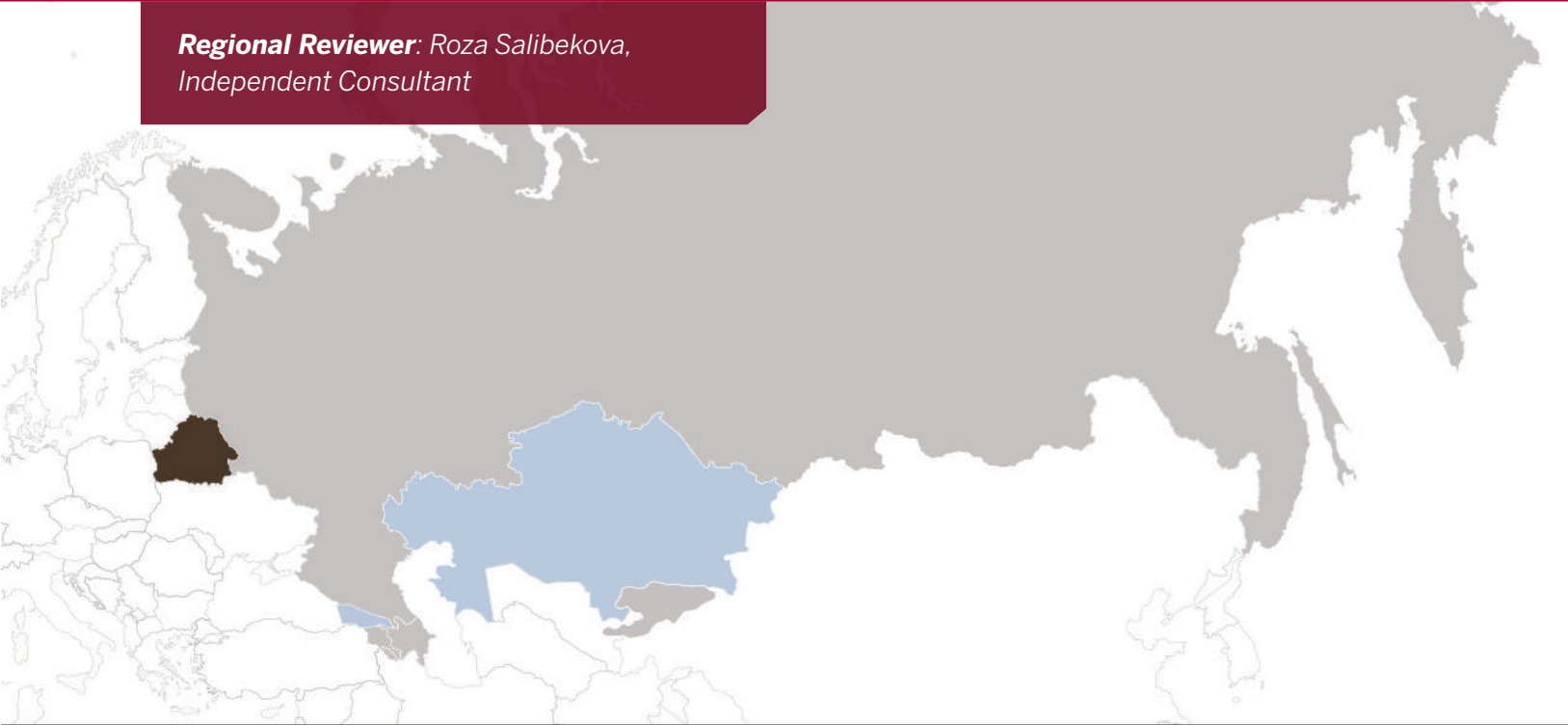
the United States seek more feedback about the impact of their gifts and organizations’ mission impact, governance, and management. As donors expect more involvement and information, they hold philanthropic organizations accountable to be professional, transparent, responsive, and effective. New investment vehicles, including online platforms, donor-advised funds, LLCs, and crowdfunding will drive donor expectations higher and challenge philanthropic organizations accordingly. While the public level of trust in philanthropic organizations is high in the region currently, the sector must continually perform and evolve to maintain its longstanding crucial role in society.

### UNITED STATES AND CANADA AVERAGE SCORES

ECONOMY	EASE OF OPERATING	TAX INCENTIVES	CROSS-BORDER FLOWS	POLITICAL ENVIRONMENT	SOCIO-CULTURAL ENVIRONMENT	OVERALL SCORE
Canada	4.67	4.50	3.50	4.25	5.00	4.38
United States	4.83	5.00	4.50	4.50	5.00	4.77
<b>REGIONAL AVERAGES</b>	<b>4.75</b>	<b>4.75</b>	<b>4.00</b>	<b>4.38</b>	<b>5.00</b>	<b>4.58</b>

# CENTRAL ASIA AND SOUTH CAUCASUS

**Regional Reviewer:** *Roza Salibekova,*  
*Independent Consultant*



In most countries in the region of Central Asia and South Caucasus, the philanthropic sector is still relatively new, weak, and highly dependent on government grants and/or external donors. Although the size of the sector has increased significantly since 1991, there are significant differences among countries. The different levels of development are sometimes related to the economic (like in Belarus) and regulatory conditions in each country, or tied to specific events.

Several countries show the presence of an unfavorable legal environment that does not respond to the needs of the philanthropic sector (for example, barriers to freely exercise the right to freedom of association). This leads to a poorly institutionalized sector with low levels of professionalization; lack of capacity for effective

management, public relations and funding skills; and high levels of informal philanthropic activity.

In recent years, some countries have created even more restrictive conditions for the development of a sector that is already highly dependent on foreign funding, for example, labeling foreign-funded philanthropic organizations as foreign agents, as in Russia. Only in Georgia, organizations benefit from a favorable legal and regulatory environment, and are able to function without government interference. Some economies in this region maintain limited to moderately flexible tax incentives that support charitable programs and activities rather than charitable organizations, while others offer tax incentives only to certain kind of donors. The limitations on the incentives to donate are observable, not only in the percentage of taxable income, but also in the potentially

low effect of these incentives on the growth of philanthropy, due to an insufficiently developed philanthropic culture in the region.

In general, policies in the region seem to be more restrictive for receiving than for sending donations across borders, and several countries are almost solely recipients and rarely donors. In most of the economies in the region, philanthropic organizations operate under growing political control, high levels of scrutiny, and reduced government and international funding to certain types of independent philanthropic organizations.

Although civil society in the region is familiar with the concept of giving as part of traditional or religious practices, civil participation as part of the solution to social problems is slowly developing.

Additionally, in many of these economies, corporate philanthropy is evolving and middle-class professionals are becoming more engaged in philanthropic activities. This hints that there is potential for the growth of philanthropy and for the creation of a more enabling environment.

### CENTRAL ASIA AND SOUTH CAUCASUS AVERAGE SCORES

ECONOMY	EASE OF OPERATING	TAX INCENTIVES	CROSS-BORDER FLOWS	POLITICAL ENVIRONMENT	SOCIO-CULTURAL ENVIRONMENT	OVERALL SCORE
Armenia	3.83	2.75	3.50	3.50	3.50	3.42
Azerbaijan	4.07	2.00	3.50	3.00	4.00	3.31
Belarus	2.50	2.15	1.60	2.75	2.50	2.30
Georgia	4.50	4.00	4.00	3.80	3.00	3.86
Kazakhstan	3.63	3.90	4.00	3.80	3.80	3.83
Kyrgyz Republic	4.17	3.25	3.00	3.00	2.50	3.18
Russia	3.33	3.50	3.50	2.80	3.50	3.33
<b>REGIONAL AVERAGES</b>	<b>3.72</b>	<b>3.08</b>	<b>3.30</b>	<b>3.24</b>	<b>3.26</b>	<b>3.32</b>



# EASTERN ASIA



**Regional Review:** *Russell C. Menyhart,  
Taft Stettinius & Hollister LLP*

Eastern Asia exhibits a wide range of philanthropic policies and levels of freedom. Most governments in the region provide favorable tax treatment, limited restrictions on cross-border philanthropy, and strong support for cooperation between social-service organizations and the government. There are strong social and cultural philanthropic traditions across Eastern Asia, which tends to support charity as a fundamental part of the social fabric. However, there is a stark contrast between China (score of 2.75) versus the other four Eastern Asia participants (all over 4.0) in terms of the current philanthropic environment. As civil society is seen as a potential source of unrest by some in China, philanthropic support for advocacy organizations has become more strained despite strong support for social-service organizations. In the rest of the region, legal reforms in recent years

have primarily been in the direction of increased transparency and encouragement of philanthropy.

The region faces various social and political stresses that may shift the philanthropic culture in the years ahead. An aging population and low birth rate will create a strain on government social services that may need to be supplemented by philanthropic organizations. Growing wealth, particularly in China, is leading to the emergence of megadonors and an increasing professionalization of the philanthropic sector, although still significantly less developed than in Europe and North America. While there is a shared history of philanthropy in the cultures and religions of the region, the view of current governments as to the proper role of philanthropy is much less consistent or settled.

### EASTERN ASIA AVERAGE SCORES

ECONOMY	EASE OF OPERATING	TAX INCENTIVES	CROSS-BORDER FLOWS	POLITICAL ENVIRONMENT	SOCIO-CULTURAL ENVIRONMENT	OVERALL SCORE
China	2.20	2.40	2.40	2.75	4.00	2.75
Hong Kong	4.83	4.25	5.00	3.00	4.00	4.22
Japan	4.83	4.25	4.50	4.25	4.00	4.37
Republic of Korea	4.67	4.40	4.20	4.10	4.50	4.37
Taiwan	4.50	4.00	3.50	4.25	4.00	4.05
<b>REGIONAL AVERAGES</b>	<b>4.21</b>	<b>3.86</b>	<b>3.92</b>	<b>3.67</b>	<b>4.10</b>	<b>3.95</b>

# SOUTHERN AND SOUTHEASTERN ASIA



**Regional Reviewers:** Shazia Maqsood and Muhammad Ali, Pakistan Centre for Philanthropy. **Secondary Reviewer:** Samiul Hasan, United Arab Emirates University

The enabling conditions for the philanthropic environment are at their best in Singapore and the Philippines, and moderate in India, Indonesia, Pakistan, and Thailand, whereas in the remaining regional economies, the situation is not encouraging. The nearly ideal environment in Singapore is attested to by other sources, as well. For example, the *Doing Good Index* published by the Centre for Asian Philanthropy and Society has placed Singapore in the highest category. Indicators show that the government is supportive and encouraging toward philanthropic organizations (POs), policies are well defined and diligently followed, tax exemptions are generous, and the culture is accommodating. In the case of the Philippines, the environment has improved when compared with 2015 results. However, there are some restrictions and requirements that leave the Philippines short of providing the same environment as Singapore. For example, foundations face a minimum capital requirement as a precondition for formation, POs have to register with the Bureau of Internal Revenue and, for that purpose, they have to get a permit from

the local government, and the Securities and Exchange Commission issues circulars periodically, thereby requiring organizations to keep up with the changes. These and many other formalities leave many POs, especially the smaller ones, struggling to comply with the law.

Economies with a rather moderate enabling philanthropic environment are those that are doing very well in some areas, but performing badly on many fronts. For example, India, Pakistan, Indonesia, and Thailand have quite liberal policies regarding the formation of organizations, but there are restrictions in certain areas. With regard to tax exemptions, all four countries have more or less the same environment. While India and Pakistan perform equally well in allowing tax benefits for donors and receivers, Thailand's tax policies for receiving charitable donations are quite hampering. Indonesia applies a completely different policy of tax benefit for donors from the rest of the countries in the region. The tax law does not provide tax credits for individuals, but corporate donors receive 100 percent of tax credits.

Sending cross-border donations is one area that seems to be quite restrictive in many of the economies. India not only links the outflow with approval of the Central Board of Direct Taxes, but also conditions donations to match the interests of India as a country. In Pakistan, though the process and policies are clear, sending cross-border donations is a rarely observed practice due to resource scarcity.

Finally, there are countries that are doing poorly on most measures of the philanthropic environment. The restrictive environment in Myanmar is explained by the fact that the country has been under the control of an army that is not usually supportive of civic liberties. According to the country expert, Myanmar remained under sanctions (financially) for two decades, which severely affected cross-border transactions. But with the new fairly democratic government in place, things have started to improve. Vietnam's performance in terms of philanthropic freedom is surprising. There are increasing signs of collaborations and consultations between POs and the government, but the impact of this mutual understanding is not seen in other areas, i.e., formation and operation of organizations are

restricted, and tax incentives are not encouraging. More upsetting is the deterioration of the philanthropic environment compared with the previous year studied: 2015. Nepal has shown some improvement recently, but has lagged behind in many areas. Unregistered POs are considered illegal; there is no timeframe for the registration process to be completed, which might lead to indefinite delays by the offices involved; tax incentives for individuals and corporate donors are negligible; sending cross-border donations is not allowed; and receiving donations is permitted only with prior approval. Though the government recognizes POs as agents of social change and policy documents are positive as well, there is an underlying tension between the two sectors.

Lastly, it appears that the socio-cultural environment is very positive for philanthropic freedom in almost all countries. Most of them have a very rich culture and history of charitable giving, driven mostly by religious factors. Myanmar, which otherwise presents a gloomy picture, ranks even higher than Singapore in terms of socio-cultural environment for philanthropy. In fact, for the third year in a row, Myanmar topped the Charities Aid Foundation's *World Giving Index*.

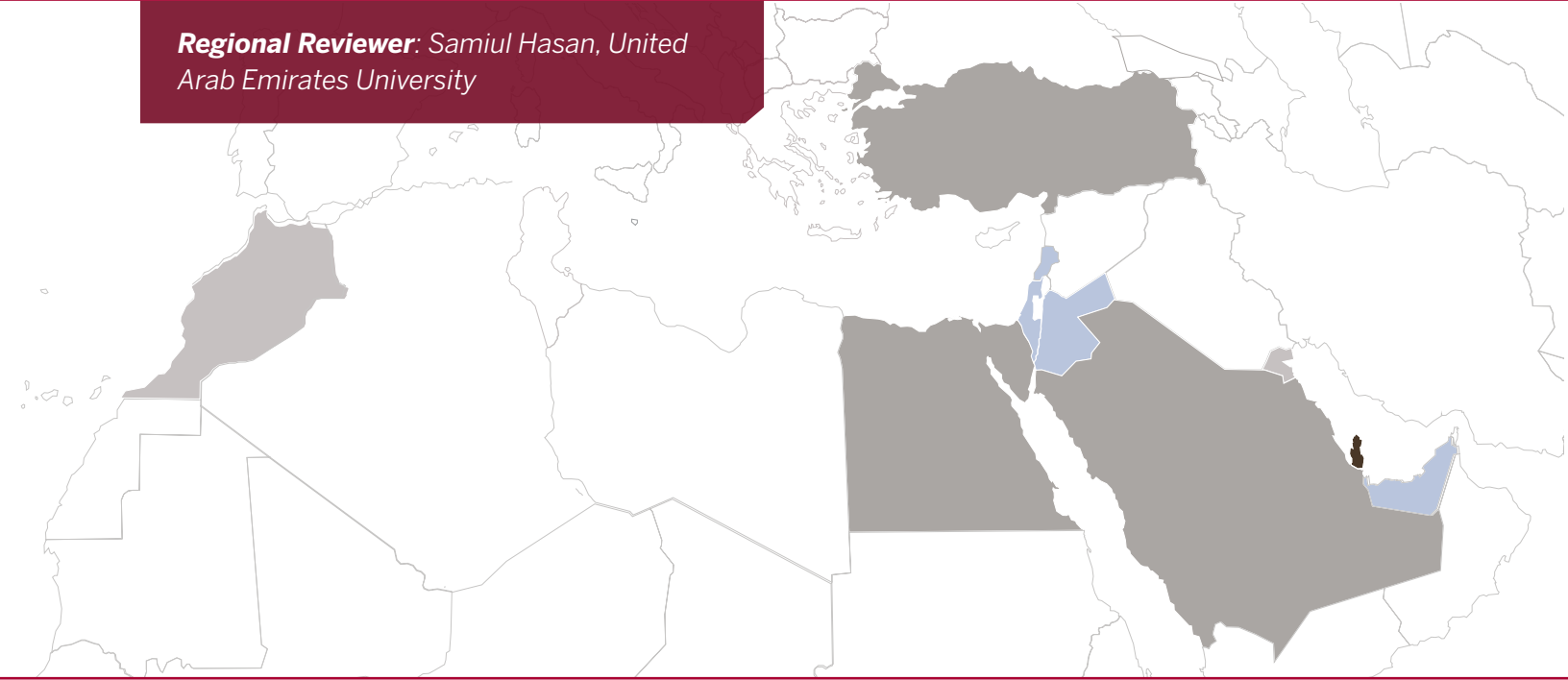
### SOUTHERN AND SOUTHEASTERN ASIA AVERAGE SCORES

ECONOMY	EASE OF OPERATING	TAX INCENTIVES	CROSS-BORDER FLOWS	POLITICAL ENVIRONMENT	SOCIO-CULTURAL ENVIRONMENT	OVERALL SCORE
India	3.33	3.50	2.70	3.50	3.00	3.21
Indonesia	3.33	2.75	2.75	3.00	4.00	3.17
Myanmar	2.83	2.00	2.50	3.00	4.00	2.87
Nepal	3.00	2.75	1.50	2.75	3.00	2.60
Pakistan	3.67	3.50	3.00	3.50	4.00	3.53
Philippines	4.00	3.75	4.25	4.50	4.00	4.10
Singapore	4.83	4.80	3.90	4.75	3.80	4.42
Thailand	3.50	3.00	3.00	3.00	3.00	3.10
Vietnam	2.67	2.10	2.10	3.20	3.50	2.71
<b>REGIONAL AVERAGES</b>	<b>3.46</b>	<b>3.13</b>	<b>2.86</b>	<b>3.47</b>	<b>3.59</b>	<b>3.30</b>



# MIDDLE EAST AND NORTHERN AFRICA

**Regional Review:** *Samiul Hasan, United Arab Emirates University*



The Middle East and Northern Africa (MENA) region has witnessed major incidences of youth agitation and collapse of (or major changes in) many governments since 2010. These events were spurred by the self-immolation of a fruit vendor protesting against the government's failure in Tunisia in 2010. Citizen organized or impromptu activities during these civil movements have forced many governments to change their policies toward philanthropic activities. Countries with liberal policies toward the philanthropic sector (such as Israel and Turkey) have tightened the laws, and others—especially those with a hereditary system of executive power—have expanded both the space for and monitoring of philanthropic activities (such as United Arab Emirates). As a result, the gaps in philanthropic environment among the economies in the region have narrowed.

This report includes about half of the twenty or so economies included in the MENA region, but, because of the inclusion of a wide variety of

countries, the report portrays a representative picture of the philanthropic environment in the region. With an overall score of 3.17 out of a possible 5.00, philanthropic environment in the region is not encouraging.

Peoples' traditions and religions in all countries of the region promote giving to individuals—albeit, primarily to members of the extended family. Further, the tribal leaders see supporting kin as their responsibility. Many government leaders, being tribal leaders, did not see any need for philanthropic organizations because that may imply the government's failure in fulfilling its responsibility. Eventually philanthropic organizations create a challenge to the government's authority, or, at least, become a vehicle of misusing public funds or trust (like the *awqaf* or Islamic trusts). As a result, the potential benefit of the high score earned by many countries in 'socio-cultural environment' (average 4.1) is mitigated due to the unfavorable 'political and

governance environment' (average score 2.63). The resultant 'philanthropic infrastructure or operation' score in the region remains low (average 2.8), and cannot be compensated by the better tax regime score (3.15) or cross-border philanthropic flow score (3.17).

There are major differences among the economies in the region in overall country-level scores: the scores range from 2.07 (Qatar) to 3.83 (Israel). Mainly because of the absence of any income tax on individuals or organizations, and the liberal laws for cross-border philanthropy, the score of philanthropic environment in the United Arab Emirates is among the highest in the region. Turkey,

on the other hand, since the failed attempt at dislodging the government in 2016, has restricted the activities and monetary transactions of all forms of philanthropic organizations, pushing its score to the lower end.

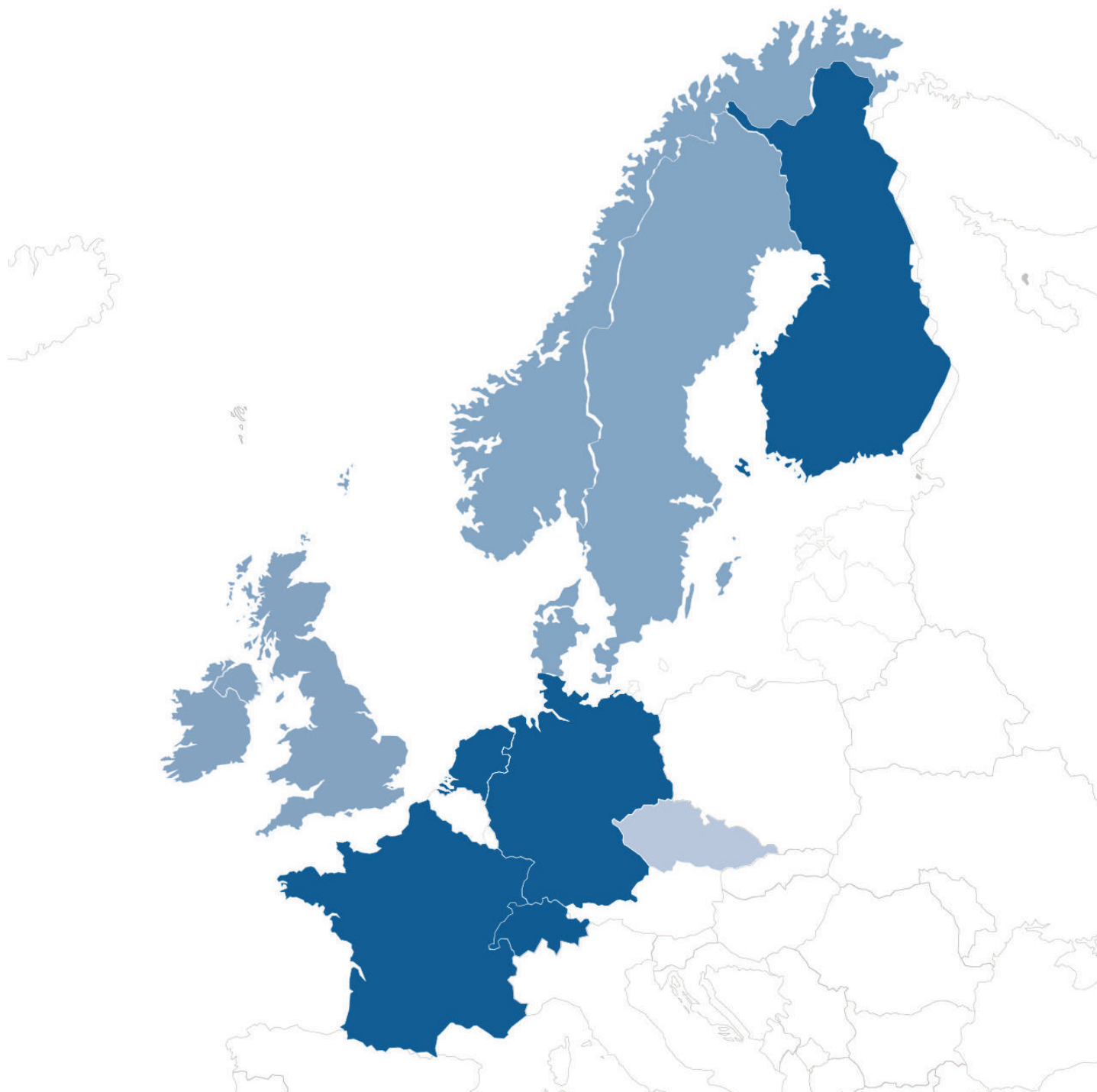
The current volatile and tense political situation and the drying up of overseas funds for philanthropic organizations, due to increased restrictions on cross-border philanthropic support in the OECD countries, are unlikely to help improve the philanthropic environment in the MENA region anytime soon.

#### MIDDLE EAST AND NORTHERN AFRICA AVERAGE SCORES

ECONOMY	EASE OF OPERATING	TAX INCENTIVES	CROSS-BORDER FLOWS	POLITICAL ENVIRONMENT	SOCIO-CULTURAL ENVIRONMENT	OVERALL SCORE
Egypt	2.50	3.25	2.25	1.75	4.00	2.75
Israel	3.67	3.75	3.50	3.75	4.50	3.83
Jordan	3.33	4.25	3.50	3.00	4.00	3.62
Kuwait	3.33	3.00	3.20	3.00	4.00	3.31
Lebanon	3.33	2.75	4.00	3.25	5.00	3.67
Morocco	3.00	3.00	3.25	2.50	4.50	3.25
Qatar	1.83	2.25	2.25	1.00	3.00	2.07
Saudi Arabia	2.00	3.00	2.75	3.00	4.00	2.95
Turkey	2.17	2.00	3.50	2.00	4.00	2.73
United Arab Emirates	2.83	4.25	3.50	3.00	4.00	3.52
<b>REGIONAL AVERAGES</b>	<b>2.80</b>	<b>3.15</b>	<b>3.17</b>	<b>2.63</b>	<b>4.10</b>	<b>3.17</b>

# NORTHERN AND WESTERN EUROPE

**Regional Review:** Bernard Enjolras,  
Institute for Social Research (Oslo, Norway)



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 are still less favorable than the incentives in North America and the Pacific. However, cross-border donations are likely to increase among European member states as a result of the enforcement of the European Union's non-discriminative legislation.

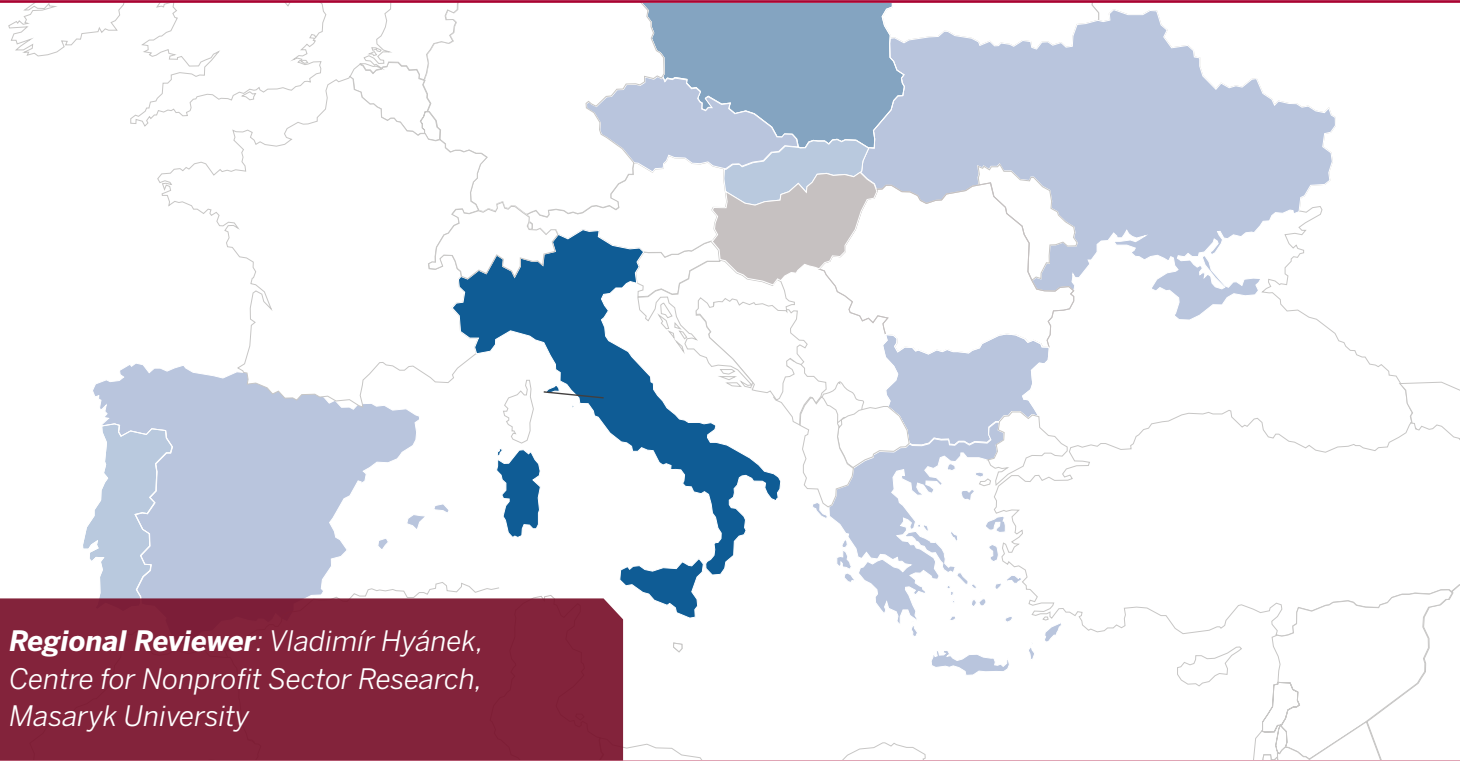
The arrival of a large number of asylum seekers in Northern and Western Europe in 2015 has resulted in the establishment of new philanthropic initiatives aimed at addressing the social issues provoked by the refugee crisis. The philanthropic sector is becoming more professionalized, in terms of both 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.

### NORTHERN AND WESTERN EUROPE AVERAGE SCORES

ECONOMY	EASE OF OPERATING	TAX INCENTIVES	CROSS-BORDER FLOWS	POLITICAL ENVIRONMENT	SOCIO-CULTURAL ENVIRONMENT	OVERALL SCORE
Austria	4.57	4.00	4.20	4.60	4.70	4.41
Denmark	4.83	4.00	4.00	4.75	4.50	4.42
Finland	5.00	4.00	5.00	5.00	5.00	4.80
France	4.33	5.00	4.00	5.00	5.00	4.67
Germany	4.67	5.00	4.00	5.00	5.00	4.73
Ireland	4.67	4.25	4.25	4.00	4.50	4.33
Netherlands	5.00	4.50	5.00	4.50	5.00	4.80
Norway	5.00	4.00	4.50	4.50	4.00	4.40
Sweden	5.00	3.00	5.00	4.50	4.00	4.30
Switzerland	5.00	4.75	4.50	4.50	5.00	4.75
United Kingdom	4.67	4.00	4.00	3.75	4.50	4.18
<b>REGIONAL AVERAGES</b>	<b>4.79</b>	<b>4.23</b>	<b>4.40</b>	<b>4.55</b>	<b>4.65</b>	<b>4.53</b>



# EASTERN AND SOUTHERN EUROPE



**Regional Reviewer:** *Vladimír Hyánek, Centre for Nonprofit Sector Research, Masaryk University*

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.

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

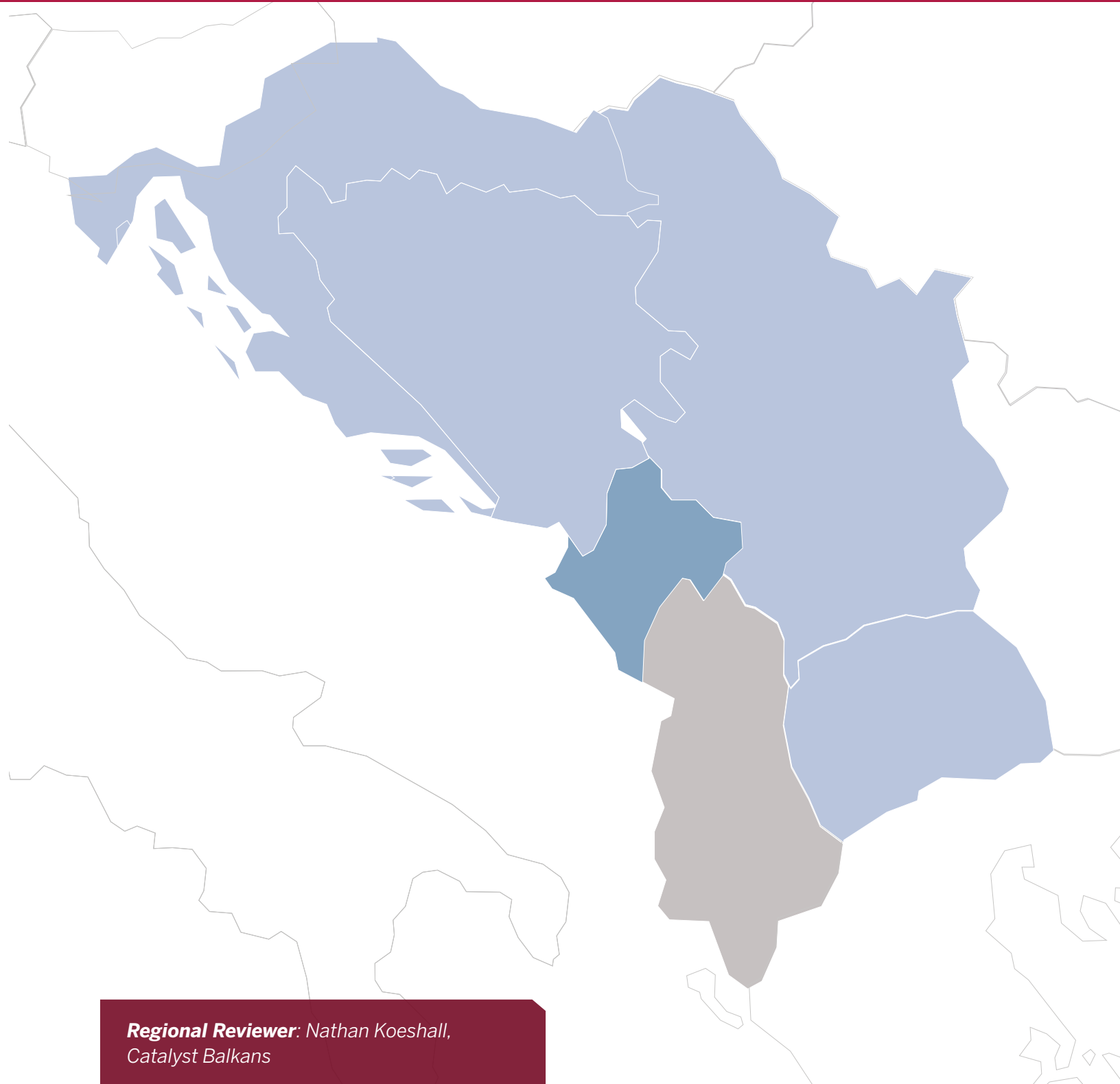
philanthropic organizations (which is particularly true in Hungary and Greece). Finally, fragile partnerships between the philanthropic and public sectors should be mentioned.

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.

### EASTERN AND SOUTHERN EUROPE AVERAGE SCORES

ECONOMY	EASE OF OPERATING	TAX INCENTIVES	CROSS-BORDER FLOWS	POLITICAL ENVIRONMENT	SOCIO-CULTURAL ENVIRONMENT	OVERALL SCORE
Bulgaria	4.00	3.75	4.25	3.75	3.00	3.75
Czech Republic	4.33	3.50	3.60	4.00	3.00	3.69
Greece	4.63	4.00	3.60	3.30	2.40	3.59
Hungary	4.00	3.50	3.50	2.50	3.00	3.30
Italy	4.83	4.50	4.50	5.00	4.50	4.67
Poland	5.00	3.50	5.00	2.50	4.00	4.00
Portugal	3.67	4.00	4.00	3.60	3.00	3.65
Slovakia	4.27	3.70	4.05	3.10	3.00	3.62
Spain	4.33	4.00	4.50	3.50	3.50	3.97
Ukraine	4.57	3.85	3.90	3.85	3.70	3.97
<b>REGIONAL AVERAGES</b>	<b>4.36</b>	<b>3.83</b>	<b>4.09</b>	<b>3.51</b>	<b>3.31</b>	<b>3.82</b>

# BALKAN COUNTRIES



**Regional Reviewer:** *Nathan Koeshall,*  
*Catalyst Balkans*

In a region with the backdrop of variable levels of political and economic stability, and a civil society sector still oriented toward foreign donations as the primary source of revenue, there is great potential for the emergence and further development of the nascent domestic philanthropy ecosystem in each country. However, there is an imbalanced legal and regulatory framework on paper and an inconsistent application of even the most progressive frameworks for philanthropy organizations in practice. With growing corporate and individual philanthropy in each economy over the past several years, the importance of philanthropy organizations advocating for improved frameworks and their implementation has begun to rise on the prioritization of these organizations' advocacy agendas.

While philanthropy organizations are generally free throughout the region to form and function with little restriction from the government, except to ensure that anti-constitutional actions or overtly political purposes are not a part of a nonprofit's intended purpose, the test of whether philanthropic freedom really functions is in how giving and receiving is actually regulated and/or fostered. Although several countries in the

region have laws and regulations on the books for providing corporate and/or individual tax exemptions for giving, and some countries even have a developed public benefit designation freeing those philanthropic organizations from paying Value Added Tax, in practice, these frameworks are cumbersome to navigate, time-consuming to realize, and confusing for all but the most experienced philanthropy stakeholders. The steady and incremental growth of domestic philanthropy can then not be attributed to the existence or application of improved tax treatments, but rather as a result of the efforts of philanthropy organizations to conduct improved outreach among their individual and corporate donor pools, and of an increased awareness of corporate citizenship among companies.

As such, while philanthropic freedom broadly exists, as philanthropy organizations increasingly orient themselves to domestic sources of philanthropic flows, the demand for an improved enabling environment will increase, and economies within this region will be expected to see improvements in their overall ranking on their philanthropic environment.

### BALKAN COUNTRIES AVERAGE SCORES

ECONOMY	EASE OF OPERATING	TAX INCENTIVES	CROSS-BORDER FLOWS	POLITICAL ENVIRONMENT	SOCIO-CULTURAL ENVIRONMENT	OVERALL SCORE
Albania	4.23	2.40	2.00	3.45	3.50	3.12
Bosnia and Herzegovina	4.33	3.50	4.00	3.00	3.00	3.57
Croatia	4.77	3.35	3.75	3.50	3.80	3.83
Kosovo	4.07	3.00	3.25	3.75	3.50	3.51
Macedonia	4.67	3.50	4.50	3.00	4.00	3.93
Montenegro	4.80	3.50	4.70	3.55	3.60	4.03
Serbia	4.67	3.50	3.50	3.35	3.00	3.60
<b>REGIONAL AVERAGES</b>	<b>4.50</b>	<b>3.25</b>	<b>3.67</b>	<b>3.37</b>	<b>3.49</b>	<b>3.66</b>



# OCEANIA



**Regional Reviewer:** Susan Barker,  
Sue Barker Charities Law

The philanthropic environment in Australia and New Zealand is generally good. Both New Zealand and Australia enjoy stable democracies with high rankings on Transparency International's perceptions of lack of corruption.

A key issue for Australia is the growing tension around advocacy activities of environmental organizations, a surprising development given Australia's statutory recognition of the importance

of advocacy by charities in section 12(1)(l) of its Charities Act 2013. Advocacy by charities is also a key issue in New Zealand, with many charities denied registration or facing deregistration for this reason. Australia is also affected by a lack of harmonization of state fundraising legislation, creating a significant burden for charities operating in more than one state in Australia. New Zealand, by contrast, has a unicameral one-state system with fundraising largely self-regulated.

### OCEANIA AVERAGE SCORES

ECONOMY	EASE OF OPERATING	TAX INCENTIVES	CROSS-BORDER FLOWS	POLITICAL ENVIRONMENT	SOCIO-CULTURAL ENVIRONMENT	OVERALL SCORE
Australia	4.33	4.00	4.50	4.00	4.00	4.17
New Zealand	4.67	4.70	4.10	4.00	4.20	4.33
<b>REGIONAL AVERAGES</b>	<b>4.50</b>	<b>4.35</b>	<b>4.30</b>	<b>4.00</b>	<b>4.10</b>	<b>4.25</b>

# I METHODOLOGY

The *Global Philanthropy Environment Index* seeks to answer the following question: What are the regulatory, socio-cultural, and political barriers and incentives to philanthropy in developing, emerging, and developed economies?

In responding to this question, the index:

- Identifies the incentives and barriers to philanthropy in the 79 economies included in the study; and
- Fosters the exchange of knowledge and ideas among nonprofit experts, scholars, and leaders about enabling philanthropic practices and regulations, and significant global trends through dissemination of results.

Ultimately, the index serves to inform the development of philanthropic environments across economies by providing rigorous, comparative international data that can raise the awareness and understanding of the best strategies to create a more enabling environment for philanthropy globally.

To achieve these objectives, a standard expert questionnaire was used to collect each country expert's assessment of the environment for philanthropy in a given economy. One or more experts for each of the 79 economies included in the study responded to the questionnaire. Following this country-level data collection, 11 regional reviewers discussed scores and narratives with the country experts for their regions. The Indiana University Lilly Family School of Philanthropy research staff then calculated the average values for each indicator and factor at the country, regional, and global levels and identified the key trends that emerged across regions since 2014. The highlights of the narratives collected were included in the report.

## Methodological Improvements

The 2018 report provides new baseline data for future research, and includes several methodological improvements as explained below.

### 1. Changes in the Conceptualization of the Index

- a. The index is built on a theoretical framework that clarifies the concept of philanthropy, defines the notion of the environment for philanthropy, and uses indicators supported by this definition to measure enabling conditions.
- b. The number of indicators measured in the index has been expanded from seven fiscal and regulatory environment indicators to ten, including three new indicators that assess political and socio-cultural environments.
- c. The research focuses on philanthropic organizations, therefore centering the study specifically on organizations dedicated to philanthropic causes around the world.

### 2. Changes in the Methodology

- a. In addition to the three new indicator questions, the new country expert questionnaire requests information that provides context to help understand the environment for philanthropy in each country. Specifically, the questionnaire captures information in the following areas:
  - i. Legal forms of philanthropy
  - ii. Important social causes supported by philanthropic organizations
  - iii. Average time for registration
  - iv. Average registration costs
  - v. Current state of the philanthropic sector
  - vi. Major recent events affecting the philanthropic landscape in the country

- vii. Future observable trends
- viii. Recommendations for improvement
- b. The questionnaire was distributed online to facilitate the data collection process. The use of an online survey streamlined the process and interactions with country experts during and after completion of the questionnaire. It also facilitated the analysis of emerging patterns and trends in the data, both regionally and globally.
- c. Experts and reviewers included individuals with different backgrounds and experience: academics, legal experts, nonprofit leaders, and researchers in regional or national research organizations.
- d. Scoring was a multi-step process involving country experts, research staff at the Lilly Family School of Philanthropy, regional reviewers who discussed scores with country experts in each region to reach consensus, and the final validation of the scores by the Advisory Board members.

### 3. Changes in the Publication Package

In addition to the current report, the new publication also includes two additional sets of reports: 79 country reports and 11 regional reports. Each country report offers background information on the enabling environment for philanthropy in a specific economy, and a detailed update on relevant changes that occurred after January 2014. Each regional report presents an overview of the region and key findings about the current state of philanthropy in the region in terms of ease of operating, tax incentives, cross-border flows, political environment, socio-cultural environment, and future regional trends.

## The Expert Questionnaire

The index collects data through an expert questionnaire that contains ten indicator questions to measure the environment for philanthropy

in each economy. Results are grouped into five factors that measure: 1) Ease of operating philanthropic organizations; 2) Tax incentives; 3) Cross-border flows; 4) Political environment; and 5) Socio-cultural environment.

These five factors were evaluated through the following ten indicator questions.

### I. Ease of Operating Philanthropic Organizations

*Indicator Question 1:* To what extent can individuals form and incorporate the organizations defined?

*Indicator Question 2:* To what extent are philanthropic organizations free to operate without excessive government interference?

*Indicator Question 3:* To what extent is there government discretion in shutting down philanthropic organizations?

### II. Tax Incentives

*Indicator Question 4:* To what extent is the tax system favorable to making charitable donations?

*Indicator Question 5:* To what extent is the tax system favorable to philanthropic organizations in receiving charitable donations?

### III. Cross-Border Flows

*Indicator Question 6:* To what extent is the legal regulatory environment favorable to sending cross-border donations?

*Indicator Question 7:* To what extent is the legal regulatory environment favorable to receiving cross-border donations?

### IV. Political Environment

*Indicator Question 8:* Is there a favorable political and governance environment for the operation of philanthropic organizations?

*Indicator Question 9:* To what extent are public policies and practices favorable for philanthropy?



## V. Socio-Cultural Environment

*Indicator Question 10:* To what extent are socio-cultural values and practices favorable for philanthropy?

### Future of Philanthropy

Four new questions were included at the end of the questionnaire. These four final questions were open-ended and not scored. They were used to gain information on the current status and future of philanthropy in each economy, as well as key recommendations to improve the philanthropic environment. These questions were:

1. In general, how would you describe the state of the philanthropic sector in this country?
2. List **three major events** affecting the philanthropic landscape in this country between January 2014 and December 2016.
3. Identify future development trends in the philanthropic landscape in this country.
4. Provide **three key recommendations** to improve the environment for philanthropy in this country.

### Scoring

The index relies largely on the information provided by country experts in explaining the enabling environment for philanthropy in their countries and economies. Country-level experts—one or more per economy, most of them country-based—responded to all questions included in the expert questionnaire with rich information. The research team at the Indiana University Lilly Family School of Philanthropy coded the data and conducted supplementary research as needed.

For each of the ten indicator questions, country experts provided a score (to a single decimal place) using a 1–5 scale. A score of 5 represents the most favorable environment for philanthropy, and 1 represents the least favorable environment.

To guide the scoring process, the questionnaire includes an ideal scenario, score parameters to explain the meaning of each score, and a set of guiding questions for each indicator question. In addition to the specific score, experts further provided a concise narrative (approximately 300 words) to offer additional information explaining the score. The narratives considered the practical impact of the laws regulating the operation of philanthropic organizations and their implementation in practice, and the practical description of the political and socio-cultural factors influencing philanthropy in each economy. The evaluated timeframe covered the most recent state of the philanthropic and civil society environment since January 2014 and covered events that occurred until March 2018 when they were recorded in the regional review process.

### Score Validation and Review Process

In order to increase the validity of the scores, each questionnaire was first reviewed by members of the Lilly Family School of Philanthropy research staff and additional information was collected from experts as needed. Where the experts provided information on economies that are also included in the 2015 report, the 2015 results were used as a benchmark for the most recent data to identify changes that occurred in the economy's regulatory environment in the last three years. No changes in the scores were expected where experts reported no significant changes in their regulatory framework since 2015. The country reports share the information provided by experts. Based on the country reports and the supplemental information collected through secondary research, research staff drafted regional reports. Both the drafts of regional reports and completed country reports were then sent to regional reviewers for the validation of country scores and the content of the draft regional reports. Regional reviewers discussed the scores with country experts, and added relevant content to the regional reports. Interactions between regional reviewers and country experts also led to updating

the content in many of the country reports to include changes that occurred in 2017 and 2018. Regional reviewers wrote the summary description of the environment of philanthropy for each region, which is included in this report.

Lastly, the Advisory Board reviewed and discussed

scores from a global perspective, and suggested adjustments for some economies. The research staff then calculated the average values for each indicator and factor at the country, regional, and global levels and developed the index.







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The Indiana University Lilly Family School of Philanthropy is dedicated to improving philanthropy to improve the world by training and empowering students and professionals to be innovators and leaders who create positive and lasting change. The School offers a comprehensive approach to philanthropy through its academic, research and international programs, and through The Fund Raising School, Lake Institute on Faith & Giving, and the Women's Philanthropy Institute.

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A background network diagram consisting of a complex web of thin grey lines connecting various sized grey circular nodes. The nodes are distributed across the page, with some larger nodes and more connections in the upper-left and lower-left areas, and fewer connections towards the right side. The overall effect is a sense of interconnectedness and a global or digital network.

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