

# **National policy responses for philanthropy and civil society across Europe in the context of COVID-19**

## 1. Introduction

This paper consolidates the major elements of a discussion on European governments' policy responses to supporting civil society and facilitating philanthropy and individual giving in the context of the coronavirus pandemic.

It is vital that governments recognise the crucial role of civil society and philanthropy in the immediate response to the crisis and the part they play in continuing to build the resilience of our communities. Governments must now fully consider how the sector can be harnessed to support and complement their own rebuilding efforts.

At the same time, the pandemic has put civil society under immense pressure and many organisations are in a position of needing help just to survive. Policymakers must step in to support civil society organisations (CSOs) and the wider social economy so that they can continue to serve the needs of those communities affected by COVID-19 today, but also ensure their longer-term resilience in the years to come. That said, measures to tackle the crisis cannot, in turn, result in constraints on civic space, rights and freedoms, and the wider operating environment for civil society.

This paper looks at European and national policy responses to COVID-19 which target or impact on philanthropy and civil society. We highlight examples of good and bad practice in an attempt to distil lessons regarding the use of giving for crisis response and sector resilience. We take a broad view: while national situations may vary, these observations will help us explore what the changing environment may mean for policymakers in rebuilding civil society, and the role giving and philanthropy can play therein.

We note that previously there does not appear to have been a concerted effort to learn the potential cross-border lessons of past crises. We are now presented with the opportunity to think in a considered way about what we need the response to look like next time we face a crisis. It is also a chance to review our understanding of the role and value of philanthropy, giving and civil society to the communities they represent and serve, and the state's relationship to the sector.

While philanthropic organisations and foundations are part of wider civil society, they can also sit in a slightly separate space: policymakers' interest in philanthropy as a source of additional funding, in particular on the EU level, can be inferred from references to it in bailout packages, support for public-private partnerships and match-funding, and some movement around tax incentives. However, we believe that it is important to resist the narrative that philanthropy can be an alternative to adequate public funding and be asked to 'fill the gaps'. The scale of philanthropy, the distribution of resources and the methods for holding it accountable all make it unsuited to this task. Hence it is important that those seeking to promote a positive narrative about government support for philanthropy are clear about its role. As a result, our primary interest is in looking at policy responses designed to incentivise philanthropy and giving *as a means of financing civil society*.

Prior context is significant: while the relationship is by no means homogenous across different countries, often the balance between the role of state and philanthropy has long been unclear - and remains so. Philanthropy can never be a panacea, but there are more effective ways for the state to leverage it as a part of the response. Wider systemic issues mean that if states are not set up well to

respond to crisis events, the shift into ‘crisis mode’ can deprioritise civil society - which has in some states lived through a continued period of austerity and has been pushed down on the agenda of decision-makers. While collective voice for civil society exists in certain forms - with infrastructure playing a crucial role in expressing it - this needs to be stronger in order to effectively set out demands for support and ensure civil society and philanthropy are proactively included in crisis management and response planning.

## 2. General Observations

### **Have states included civil society proactively and successfully as part of the response?**

We observed a lack of strategic involvement of civil society that puts it at the heart of the response, and the same for philanthropy and individual giving. Despite the mobilisations of volunteering initiatives, there has also been a lack of strategic deployment of that resource. The view persists that civil society comes “on top of” and is not essential to a successful response. Finally, currently no flagship campaigns supported by governments on the national level exist to leverage philanthropy, individual giving and draw in corporate philanthropy to the social sector response.

### **Have states supported civil society impacted by the crisis, and protected civic space?**

We see few examples of tailored responses or sector-specific stimulus packages. Where present, they do not seem to fully address the level of financial need and are less sizeable than the support for other (sometimes even smaller) sectors. The focus of policymakers is on the economic response. Many support schemes for businesses have been opened up to civil society but in such a way as to be *retrofitted* to CSOs. There have been some good examples of government contract/grant adjustments to ease pressures on cash-flow, and interventions for particular sub-sectors e.g. funding for Arts and Culture. But overall there seems to be a lack of understanding of the wider fundraising ecosystems in which CSOs are operating. A general assumption is that services can just “stop now and resume later”. This doubtless applies to many for-profit enterprises as well, and we will see in the recovery phase whether private sector and charitable activity can resume in a seamless manner. This ties in with the observation that CSOs do not seem to be thought of as being central to a strategic response to the crisis, accounting for the value and necessity of the sector.

In the context of the crisis, there is concern about the acceleration of closing civic space. Many CSOs are having to make trade-offs between public health and civil liberties, with little guidance on how to protect rights and freedoms. In a few cases governments are using measures designed to counter COVID-19 to further close civic space. In certain contexts, governments even create competition with civil society by tailoring tax incentives or setting up their own funds to collect donations.

### **What does this mean for philanthropy and giving, and the broader case for civil society?**

Despite the pressure on civil society, we have seen some democratising developments in philanthropy: there is a wide diversity in who is giving, and in some countries an increased understanding of the value of greater diversity of methods of giving (both financial and non-financial). Big philanthropy and mass giving require different incentives but should be leveraged in complementary ways by policymakers.

Positive steps must still be scrutinised e.g. the development of specific tax incentives as opposed to a generalised subsidy to civil society as a whole may have intended or unintended negative consequences i.e. prioritising certain cause areas more palatable to the state, or diverting greater amounts of private finance to the COVID-19 response (and perhaps in place of adequate public funding) to the detriment of other causes.

Civil society as an afterthought, in the response and in bailouts, may demonstrate that the case for its value has not been successfully made. The voice of civil society and philanthropy may also be disconnected, pointing to the important bridge-building role of infrastructure for both parts of the sector. Despite the increased interest, policymakers are often taking a narrow view of philanthropy or acting from the perspective of specific cause areas: a narrative on the role and added value of philanthropy in its broader form seems to be lacking in a lot of countries. The after-the-fact advocacy that has been required to stimulate more tailored support again highlights a preceding lack of coordinated and action-oriented efforts, across different parts of the sector and others such as businesses, to communicate the value of civil society - or perhaps the continued government deafness to the sector's efforts in this area.

### 3. Good and bad practice policy design

Policies on philanthropy, individual giving and wider support for civil society do vary across European states, but we can observe some positive indications:

- Cases of targeted measures tailored to the needs of CSOs, which leverage philanthropy and incentivise further giving to help with the response
- An increased interest in leveraging philanthropy and giving on the EU level, albeit from a sometimes narrow point of view and with a focus on health, social care and volunteering. This nevertheless represents an opportunity to turn a temporary interest in philanthropy into a more permanent one; and to deepen the understanding of its role in relation to civil society vis-a-vis the state
- Some flexibility on the side of regulators and authorities

#### **Example: sector-specific stimulus packages and job retention measures**

The **UK** has introduced a [£750m support package](#) for frontline services and small charities. Whilst this represents a notable sector-specific response, the caveat remains that it falls short of anticipated need, and questions remain around effective distribution. UK charities can furlough staff with the state paying 80% of their salaries and benefit from the business interruption loan scheme, though initially requirements on trading ruled out many charities. **Germany** introduced a wage subsidy that CSOs can use for staff who have had to reduce their working hours (although job retention measures that can apply to CSOs do not seem to cover all cause areas), and **Italy** has extended job retention measures to CSOs.

However, we can observe examples showing how policy levers have not been adequately designed or implemented to leverage philanthropy and giving, as well as regressive moves that infringe the operating environment for civil society.

- A lack of strategic involvement of civil society and philanthropy in the response to the pandemic
- Few government initiatives leveraging philanthropy and individual giving, and almost no flagship campaigns and partnerships driven by government that also leverage the corporate response and link to the social sector response
- Few tailored responses and sector-specific stimulus packages, and retrofitting policy measures designed for businesses to CSOs, following advocacy efforts
- Some cases of states using the COVID-19 response to further close civic space

**Example: Lack of targeted sector packages and lack of clarity**

In **Switzerland, Portugal and Spain** there was initially little or no specific information on how stimulus schemes apply to CSOs. In **Turkey**, stimulus packages, credit and relief schemes prioritise overwhelmingly the private sector; not everyone is eligible for short term working allowance and those who are will be paid less than the minimum wage. In no country was a stimulus package specific to the sector proactively created.

**Your input is valuable: we are collecting a repository of best and worst case practices and examples across various policy levers from different countries in [this framework](#).** This is a live document and we welcome additions to the framework.

You will find some examples pulled from the framework in **Annexes 2 and 3** of this paper.

#### **4. Transferable lessons**

We can identify some lessons learned that hold across contexts for the effective use of philanthropy and individual giving to support civil society - in its response to the crisis, its resilience throughout, and health in the future (in both rebuilding and preparing for future crises).

##### **Civil society surviving the crisis**

**Governments should be designing response packages specific to the sector and tailored to CSO needs and operations – rather than seeing civil society as an afterthought, and philanthropy an input of additional resources rather than a partner. The need to advocate for this approach points to the importance of stronger, coordinated/united civil society voice and leadership, and thus well-designed and resourced infrastructure.**

The impact on CSOs is proving to be severe: [CAF America's survey](#) of over 500 charities across 93 countries worldwide found that 60% reported eliminating or suspending some regular programmes and services, with 15% forced to suspend operations. [CAF's UK polling](#) found in April that 54% of charities could only continuing operating in their current form, assuming no extra help became available, for up to 12 months, and within that 37% said up to 6 months.

To support the sector so it can continue to help people in need, governments should design sector-specific stimulus packages rather than retrofitting wider economic bailouts to CSOs. Taking note of

CSO needs, fundraising channels, legal forms and operating models is important when designing support schemes, and understanding of the funding ecosystem and mixed-income models that CSOs use when deciding on scheme thresholds and application criteria. Philanthropy should be leveraged as a partner in this endeavour, rather than being viewed narrowly as solely an input of additional resources to state efforts - left to identify “the deserving” and plug the gaps without guidance or coordination - with multi-stakeholder partnerships and incentives to leverage a corporate response.

The need for specific incentives will vary based on different cultures of giving. Tax deductions tied to certain cause areas or organisational forms might be understandable in the current climate but could set a negative precedent for government partiality in financing civil society in the future - and therefore need to be carefully considered before implementation. Tax incentives also need to apply and work in cross-border contexts: governments have closed borders, but such a global crisis requires global action so it remains crucial to facilitate the flow of philanthropic resources while maintaining transparency and accountability.

The opening up or clarifying of measures for CSOs has in many cases been down to intense advocacy efforts on the part of the sector, and this creates its own problems because organisations are forced to divert resources towards highlighting gaps in the state response rather than focusing on their own core work. In many countries, austerity has led to civil society playing a gap-filling role, putting it in a worse position to lobby during this time of crisis as it scrambles for resources. The lack of a stronger, coordinated voice for our diverse sector shows the importance of properly designed and resourced civil society infrastructure.

#### **Civil society a key strategic partner**

**Governments should consider how civil society and philanthropy can be leveraged as strategic elements and partners in the COVID-19 response (and future crises), moving beyond a narrow view of philanthropy (e.g. as being simply a source of additional funding or with a focus on particular cause areas only) and mindful of a clear definition of its role vis-à-vis the state. Ongoing collaboration (not just for crisis situations) forums are needed for early engagement and building multi-sector partnerships.**

States should be taking a strategic view of how civil society fits into the wider response to COVID-19. This links to valuing its contribution to society more generally, and also demands a clear view of how to utilise philanthropy and individual giving strategically, and extend their potential outside of the context of the current crisis. To facilitate this early engagement, collaboration forums for building up new multi-sector partnerships and networks quickly are required. Forums need to be active in-between crises too, so that they are in a strong position to respond and coordinate effectively when the time comes. On the issue of closing civic space, philanthropy could play a larger role in ensuring that in particular the human rights agenda is not being left out of the conversation; and it may be necessary to balance this against wider pressure to prop up charities on the frontline.

Considering the diverse effects of the pandemic across society, government and the sector must work together on what it means to distinguish between getting money to the perceived ‘frontline’ and meeting the needs of organisations economically impacted by COVID-19, inclusive of the vast grey area in between. When leveraging philanthropy for the response, we must balance celebrating charitable giving and individuals’ agency in their fundraising efforts, while challenging governments

that may be using this to plug insufficient public spending. Clearly defining the role of philanthropic organisations and CSOs as well as communicating the sector's value is one imperative for the strengthening of a collective, representative civic voice. Meanwhile, states should recognise how in responding to meet increased demand, civil society is continuing to demonstrate its vital role. This applies in particular for states where, battle-worn by a long process of austerity and denigration, civil society has been pushed down the political agenda.

### Civil society preparing for the future

**Changes in the way the value and role of philanthropy and civil society is understood, approached and worked with must be dealt with to improve their operating environment, with the case for long-term vision and preparedness, collaboration forums and resilience needing to be made now.**

Some good approaches to flexibility on the side of public and private stakeholders (e.g. tax returns, philanthropic organisations' ways of funding, associations and assemblies permitted online) could signal a moment to take forward improvements in the civil society operating environment longer-term and capitalise on the increased interest in philanthropy. The debates on fundraising and government engagement with the sector could hold a light to the respective responsibilities of philanthropy and the state.

The current emphasis on rapid distribution, efficiency and coordination within philanthropy may have implications for how governments see their convening role. Scenario-planning based on evidence from the sector will be a best practice going forward. Beyond just getting enough money out, questions are emerging on effective and equitable distribution of funds, again spotlighting a lack of, or underfunded, infrastructure. The case for long-term vision and preparedness, mechanisms for collaboration, foresight and resilience (both on the side of the state and important private stakeholders such as funders and other CSOs) must be made now, as the cost is borne by the most vulnerable in society.

## 5. Looking to the future: civil society and philanthropy in a post COVID-19 world

In addition to considering the immediate impact of COVID-19 we also look ahead to what the future may bring. Nothing is certain, but from looking at past events and joining the dots across present contexts we can inform our thinking about how the policy environment may shift and what actions we need to take to ensure the longer-term health and sustainability of philanthropy as a means of financing civil society. We can at least start asking some of the right questions, e.g.

- Will we see a shift in public expectations of state vs philanthropic provision?
- Will there be a rebalancing of the mutual vs the charitable tradition?
- Is the short-term imperative to meet critical need going to lead to a longer-term desire to rationalise philanthropy?
- Will the advocacy role of civil society be valued and protected alongside its role in providing direct services to address needs?
- Will the future see more philanthro-localism or philanthro-globalism?
- Are decentralised and networked organisational models an opportunity or a threat for civil society?

- Will there be longer-term changes in attitudes to core costs, unrestricted grants and reporting requirements?
- Will we see a shift in perception/norms with regard to endowed assets?

Funders and CSOs must together consider what comes next; only by doing so will we be able to shape the future we want for philanthropy, civil society and the people they serve.

## 6. Next steps

We are focusing on how philanthropy and giving can be leveraged and incentivised to unlock support and resourcing for the sector, during the crisis and looking towards rebuilding efforts. What needs to be different the next time a crisis like this occurs? How must we be better prepared? And, importantly, what are the root causes to address (e.g. weaknesses and low resilience on the side of some CSOs, exacerbated by an unclear understanding of the role and value of civil society and philanthropy on the side of governments) so we are not left fighting symptoms?

At CAF, we are keen to find answers to these questions, recognising the importance of the work being done in parallel by other experts and organisations.

- We see this paper as part of a continuing and evolving exchange with interested stakeholders
- This paper provides some early lessons (see also Annexes 1, 2 and 3) coming out of the crisis response, and a repository of state (as well as some CSO) practices. It provides some initial answers but also raises key questions on how states can best leverage giving and philanthropy to enable civil society to be a more effective part of the response
- Your input is valuable - we will continue to crowdsource information to develop and build this framework for capturing good and bad practices that can inform lessons for decision-makers, in how to better respond to the crisis now, in the recovery phase and in the future. Interested parties can email us on [dferrell@cafonline.org](mailto:dferrell@cafonline.org) or simply add your insights into the framework [here](#)

Other forums and networks on the national, European and global level are having these crucial discussions at the moment and we hope that our ideas and insights can feed into these different discussions and help enhance them

### **This paper has been informed by a collective discussion with experts from the following institutions:**

Association of Charitable Foundations (ACF)  
Ariadne Network  
Charities Aid Foundation (CAF)  
European Center for Not-for-Profit Law (ECNL)  
European Foundation Centre (EFC)  
Donors and Foundations Networks in Europe (DAFNE)  
Euclid Network  
Global Dialogue  
King Baudouin Foundation (KBS-FRB)

Third Sector Foundation of Turkey (TUSEV)

### Annex 1: Aggregate typology of government attitudes to civil society

Few **'centres of excellence'** = civil society is core to the response and supported in a way that elevates its effectiveness

**'Muddling through'** = civil society recognised as important but policy responses address mainly wider economy and are retro-fitted for CSOs

**'Late converts, but not firm believers'** = enhanced understanding and willingness to support civil society but no real belief that its involvement in response requires significant levels of government funding

**'Pushed to the brink, and late realisation'** = crisis levels reached that brought systems to almost collapse, role of civil society recognised as part of the emergency response to hold systems together

**'Silence and ignorance, or even curtailing'** = COVID-19 seen as opportunity to tighten their grip on civil society and close civic space further

**'State as a competitor'** = governments setting up own fundraising vehicles but want to be seen as the main collector of donations and responder to the crisis, having an adverse stance on reforms that could increase giving to CSOs

### Annex 2: Good practice policy examples (see wider framework [here](#))

#### Fiscal measures & financial support

- **Stimulus packages:** A few countries have introduced stimulus packages specific to civil society e.g. UK [£750m support package](#) for frontline services and small charities.
- **Appeals & match-funding:** The UK National Emergencies Trust is acting as a central fundraising vehicle for the emergency response, distributed via community foundations. Government is matching funds from the BBC's 'Big Night In' fundraising event.
- **Job retention schemes:** Germany introduced a wage subsidy that CSOs can use for staff who have had to reduce their working hours. Italy has extended job retention measures to CSOs. UK charities can furlough staff with the state paying 80% of their salaries.
- **Loan schemes:** the UK Coronavirus Business Interruption Loan has been extended to include charities. The [Big Society Capital Loan](#) has been set up for social sector organisations who won't be able to access this in part.
- **Re-purposing of EU funding:** [Croatia](#) will be re-allocating EU funding to help CSOs, also feeding into community resilience programme; Italy plans to re-grant unused EU structural funds via community foundations.

#### Taxation

- **Special tax incentives for charitable giving:** Italy has introduced specific tax incentives for charitable donations that help tackle the crisis.
- **Adjustments of tax systems:** In Spain there are calls for government to lift VAT on donations, e.g. in-kind donations are taxed at 21% VAT. Similar calls have been made in Serbia to exclude CSOs from VAT (as was done for businesses). Belgium has introduced income tax deductions until end June for gifts in-kind to hospitals.

- **Flexibility from tax authorities:** the German MoF has indicated it will be flexible around the use of donations by CSOs and how to account for losses and capital decreases.

### Legislation and regulation

- Regulatory bodies allowing virtual board, annual and other governance meetings.
- The UK Charity Commission has said it will be flexible with annual reporting deadlines.

### Self-regulation

- European Philanthropy Statement on COVID-19 ([Dafne & EFC](#)) currently has 171 signatories.

### New partnerships and platforms

- **DAFNE and the EFC** [have called on the Presidents of the EU](#) institutions to facilitate philanthropy's urgent response to the global pandemic.
- **ECNL and ICNL launched the [COVID-19 Civic Freedom Tracker](#)** to monitor government responses to the pandemic that affect civic freedoms and human rights, focusing on emergency laws.
- **WHO, UN Foundation & Swiss Philanthropy Foundation** COVID-19 Solidarity Response Fund, which is using the [European TGE network](#) to raise funds.
- **The European Commission announced the global online pledging conference** for 4 May 2020 to raise €7.4bn and kick-start global cooperation in science and research to respond to the crisis.
- **Portals** are being established to map needs and resources e.g. [Italia Non Profit](#), the [Ukrainian Philanthropy Forum](#) and the French [Action Fondation Covid19](#).

## Annex 3: Bad practice examples

### Fiscal measures & financial support

- **Lack of targeted sector packages and lack of clarity on how other schemes apply to CSOs:** In Switzerland, Portugal and Spain there is little to no specific information on how schemes apply to CSOs. In Germany, job retention measures that can apply to CSOs do not seem to cover all cause areas.

### Taxation

- **Tax incentives for charitable giving:** Few examples of states introducing special tax incentives for giving to crisis-related activities and causes.
- **Barriers for cross-border giving remain:** While there is heightened interest in the topic, in practice many barriers persist and there is no 'single market' for philanthropy and charitable giving (while [Transnational Giving Europe](#) exists as a workable solution).
- **Lack of swift tax system reforms befitting CSOs:** No examples of states proactively solving issues that impact CSOs specifically (e.g. around irrecoverable VAT).

### Operating environment

- **Impacts of emergency measures on civic space:** little discussion on how emergency response measures can be proportional in terms of their impact on rights and freedoms.

- **Competitiveness vis-a-vis the sector:** In Turkey the government positions itself as the sole collector and distributor of assistance.
- **Infringements on civil liberties:** In Hungary an indefinite extension of a state of emergency is envisioned; in Slovakia, Russia & Hungary there are proposals for state institutions to be permitted access to data from telecommunications operators etc.

#### **New partnerships and platforms**

- **Almost no use of COVID-19 related big philanthropy pledges** on the national level, and almost no new partnerships that could leverage foundation endowments and philanthropic assets in new, innovative ways (e.g. loan guarantee scheme).
- **Few examples of flagship campaigns** supported by government on the national level that leverage individual and also the corporate philanthropic response.

#### **Annex 4: Summary of lessons**

**Safeguarding an enabling operational environment** for CSOs and philanthropy

**Strategic view** of how civil society fits into the response

**Taking note of CSO needs, legal forms and operating models** in design of support schemes for wider economy.

**(Sub-) sector-specific** stimulus packages

**Understanding of funding ecosystem and mixed-income models** of CSOs when deciding on schemes' application criteria and thresholds.

**Clear view of how philanthropy & individual giving** can be leveraged

**Early engagement and forums** to build partnerships, guaranteeing [participation](#) in policy-making that affect CSOs and philanthropy

**New incentives for corporate giving** and multi-stakeholder partnerships

**Scenario planning** based on evidence provided by the sector.