WHERE AND HOW IS THE GLOBAL ENVIRONMENT FOR PHILANTHROPY CHANGING?

May 9, 2018

Speakers

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Natalie Ross, Vice President, External Relations, Council on Foundations
The Changing Global Environment:
Findings from the *Global Philanthropy Environment Index*

Una Osili, Ph.D.
Associate Dean for Research and International Programs

May 9, 2018
Increasing Visible Role of Global Philanthropy

Natural Disasters  Migration Crises  Health  Education  Environment

Sustainable Development Goals


17. Partnerships for the Goals
Setting the Stage

Gaps in knowledge of global philanthropic landscape

Need for broader dissemination of knowledge

Better understanding of the factors that can help improve or constrain philanthropy
Global Philanthropy Environment Index

- Formerly the *Index of Philanthropic Freedom*
- Explores how conducive countries’ policies are to philanthropy, both domestically and internationally
- Identifies barriers and incentives for individuals and organizations to engage in social causes
• What Does the 2018 Report Tell Us?
  – Restrictive overall philanthropic environment in 40% of 79 economies
  – Improved regulatory conditions for philanthropy in 6 of the 11 regions from 2015
  – Challenging political environment for philanthropy
  – More restricted cross-border flows vs. Increasing cross-border societal needs
The Global Philanthropy Environment Index
The 2018 Report: 79 Economies

Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index
Note: No economies scored below 2 on a scale of 1 to 5.
How Does the Index Measure the Enabling Environment?

- Country Expert Questionnaire
- Initial Internal Review
- Regional Review
- Advisory Board Review
- Final Scores
2018 Global Philanthropy Environment Index

Key Findings
The Global Philanthropy Environment Index

What Does the Index Measure?

Enabling Philanthropic Environment

- Ease of Operating
- Tax Incentives
- Cross-Border Flows
- Political Environment
- Socio-Cultural Environment
2018 Global Philanthropy Environment Index Scores
by Range

79 Economies

- 60% Favorable
  - 40% Restrictive

Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index
Note: No economies scored below 2 on a scale of 1 to 5.
2018 Global Philanthropy Environment Index Scores by Region

- Overall Score

<table>
<thead>
<tr>
<th>Region</th>
<th>2018 Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Average</td>
<td>3.64</td>
</tr>
<tr>
<td>Balkan Countries</td>
<td>3.66</td>
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<tr>
<td>Central Asia and South Caucasus</td>
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<td>Middle East and Northern Africa</td>
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<tr>
<td>Northern and Western Europe</td>
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</tr>
<tr>
<td>Oceania</td>
<td>4.25</td>
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<tr>
<td>Southern and Southeastern Asia</td>
<td>3.30</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>3.21</td>
</tr>
<tr>
<td>United States and Canada</td>
<td>4.58</td>
</tr>
</tbody>
</table>

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

**Overall Score by Region**

- **United States and Canada**: 4.58
- **Northern and Western Europe**: 4.53
- **Sub-Saharan Africa**: 3.21
- **Middle East and Northern Africa**: 3.17

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

Ease of Operating a Philanthropic Organization

<table>
<thead>
<tr>
<th>Region</th>
<th>Score</th>
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<tbody>
<tr>
<td>Global Average</td>
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<td>Balkan Countries</td>
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<td>Central Asia and South Caucasus</td>
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<td>Eastern and Southern Europe</td>
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<td>Latin America</td>
<td>3.64</td>
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<td>Middle East and Northern Africa</td>
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<td>Northern and Western Europe</td>
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<td>Oceania</td>
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<td>Southern and Southeastern Asia</td>
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<tr>
<td>Sub-Saharan Africa</td>
<td>3.47</td>
</tr>
<tr>
<td>United States and Canada</td>
<td>4.75</td>
</tr>
</tbody>
</table>

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

Score on Ease of Operating by Region

United States and Canada 4.75
Northern and Western Europe 4.79
Middle East and Northern Africa 2.80
Southern and Southeastern Asia 3.46

Global Average 3.92

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

by Region

- Tax Incentives

<table>
<thead>
<tr>
<th>Region</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Average</td>
<td>3.51</td>
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<tr>
<td>Balkan Countries</td>
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<tr>
<td>Central Asia and South Caucasus</td>
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<td>Eastern and Southern Europe</td>
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<td>Eastern Asia</td>
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<td>Middle East and Northern Africa</td>
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<td>Northern and Western Europe</td>
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<td>3.33</td>
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<tr>
<td>United States and Canada</td>
<td>4.75</td>
</tr>
</tbody>
</table>

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

Score on Tax Incentives by Region

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

- United States and Canada: 4.75
- Central Asia and South Caucasus: 3.08
- Latin America: 3.11
- Oceania: 4.35

Global Average: 3.51
2018 Global Philanthropy Environment Index Scores by Region

Cross-Border Flows

Global Average 3.58
Balkan Countries 3.67
Central Asia and South Caucasus 3.30
Eastern and Southern Europe 4.09
Eastern Asia 3.92
Latin America 3.31
Middle East and Northern Africa 3.17
Northern and Western Europe 4.40
Oceania 4.30
Southern and Southeastern Asia 2.86
Sub-Saharan Africa 3.00
United States and Canada 4.00

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

Score on Cross-Border Flows by Region

<table>
<thead>
<tr>
<th>Region</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Northern and Western Europe</td>
<td>4.40</td>
</tr>
<tr>
<td>Southern and Southeastern Asia</td>
<td>2.86</td>
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<tr>
<td>Sub-Saharan Africa</td>
<td>3.00</td>
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<tr>
<td>Oceania</td>
<td>4.30</td>
</tr>
</tbody>
</table>

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

Global Average
3.41

Balkan Countries
3.37

Central Asia and South Caucasus
3.24

Eastern and Southern Europe
3.51

Eastern Asia
3.67

Latin America
2.88

Middle East and Northern Africa
2.63

Northern and Western Europe
4.55

Oceania
4.00

Southern and Southeastern Asia
3.47

Sub-Saharan Africa
2.75

United States and Canada
4.38

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

Score on Political Environment by Region

United States and Canada 4.38
Northern and Western Europe 4.55
Middle East and Northern Africa 2.63
Sub-Saharan Africa 2.75

Global Average 3.41

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

- Socio-Cultural Environment

Global Average: 3.80
Balkan Countries: 3.49
Central Asia and South Caucasus: 3.26
Eastern and Southern Europe: 3.31
Eastern Asia: 4.10
Latin America: 3.56
Middle East and Northern Africa: 4.10
Northern and Western Europe: 4.65
Oceania: 4.10
Southern and Southeastern Asia: 3.59
Sub-Saharan Africa: 3.50
United States and Canada: 5.00

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

Score on Socio-Cultural Environment by Region

- United States and Canada: 5.00
- Northern and Western Europe: 4.65
- Eastern and Southern Europe: 3.31
- Central Asia and South Caucasus: 3.26

Global Average: 3.80

Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index
Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index
Note: No economies scored below 2 on a scale of 1 to 5.
Data: GDP per capita from World Bank national accounts data and OECD National Accounts data files
Economies with Changes in Regulations Affecting the Philanthropic Sector
January 2014 — March 2018

79 Economies

- Nearly one-quarter introduced restrictive regulatory changes after January 2014
- 24% Favorable regulatory changes
- 13% Mixed implications
- 20% Restrictive regulatory changes
- 3% No significant changes in regulation
- 4% Changes with uncertain impact

Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index
Percentage of Change in the Regulatory Environment Scores in 57 Economies by Region

2015 – 2018

Change in Global Average: 1.7%

Central Asia and South Caucasus (6*)
Middle East and Northern Africa (6*)
Eastern and Southern Europe (6*)
Southern and South-eastern Asia (8*)
Oceania (2*)
Northern and Western Europe (8*)
Sub-Saharan Africa (5*)
Eastern Asia (2*)
United States and Canada (2*)
Latin America (9*)
Balkan Countries (3*)

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 parentheses indicates the number of economies included in each region.
Changes in Regulations Affecting the Philanthropic Sector

• Examples of Favorable Regulatory Changes

  o Simplified the registration process

  o Repealed laws exercising control over philanthropic organizations (POs)

  o Adopted or improved tax incentives for giving
Examples of Restrictive Regulatory Changes

- Tightened management over foreign donations
- Required public fundraising credentials for POs
- Unintended restrictive impact on POs of anti-money laundering or anti-terrorism laws
Philanthropic Environment in Hungary

<table>
<thead>
<tr>
<th>Category</th>
<th>Hungary</th>
<th>Eastern and Southern Europe Regional Average</th>
<th>Global Average</th>
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<tbody>
<tr>
<td>Overall Score</td>
<td>3.30</td>
<td>4.00</td>
<td>3.50</td>
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<tr>
<td>Ease of Operating a Philanthropic Organization</td>
<td>3.50</td>
<td>4.00</td>
<td>3.50</td>
</tr>
<tr>
<td>Tax Incentives</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
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<tr>
<td>Cross-Border Flows</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
</tr>
<tr>
<td>Political Environment</td>
<td>2.50</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td>Socio-Cultural Environment</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
</tr>
</tbody>
</table>

Source: Indiana University Lilly Family School of Philanthropy, 2018 *Global Philanthropy Environment Index*
• Favorable Conditions and Changes:
  o Ease of operating
    ▪ Free-of-charge registration
    ▪ Cross-sector collaboration is encouraged
  o Various tax exemptions available for POs
  o An increasing level of public trust towards POs
  o A modest growth in digital fundraising, including crowdfunding
• Restrictive Conditions and Changes
  o Increased administrative requirements for POs
  o No tax benefits for individual charitable donations
  o Additional reporting requirements on cross-border donations
  o A more hostile political environment for
    ▪ human rights organizations, and
    ▪ advocacy organizations
### Philanthropic Environment in Nigeria

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Nigeria</th>
<th>Sub-Saharan Africa Regional Average</th>
<th>Global Average</th>
</tr>
</thead>
<tbody>
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<td>Overall Score</td>
<td>3.33</td>
<td>3.70</td>
<td>4.00</td>
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<tr>
<td>Ease of Operating a Philanthropic Organization</td>
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<td>Tax Incentives</td>
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<td>Socio-Cultural Environment</td>
<td>4.00</td>
<td>4.00</td>
<td></td>
</tr>
</tbody>
</table>

Source: Indiana University Lilly Family School of Philanthropy, 2018 Global Philanthropy Environment Index
• Favorable Conditions and Changes:
  o A growth in formalized and structured philanthropy
  o No tax benefits for individual charitable donations
  o Tax-deduction for certain corporate donations
  o Recent growth and recognition of social entrepreneurship
• Restrictive Conditions and Changes:
  o Bureaucratic registration process
  o Prohibition on POs with same-sex-related mission
  o Increased reporting requirements on cross-border donations
  o Possible restrictions on foreign-funded POs if the *NGO Regulatory Bill was enacted*
Philanthropic Environment in Venezuela

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

• Favorable Conditions and Changes:
  o Deductible charitable donations
  o A cultural and religious tradition of philanthropy
  o High trust in POs by society
  o Growing diaspora with philanthropic potential
Philanthropic Environment in Venezuela

• Restrictive Conditions and Changes:
  o Increasingly restrictive political and economic freedoms
  o Limitations in the ability to form organizations
  o Heavy government investigations of certain types of POs
  o Severely restricted cross-border donations
2018 Global Philanthropy Environment Index

- Key factors affecting the enabling environment globally
- Major regulatory changes after January 2014 around the world
- Overview of philanthropic environment in 11 regions worldwide
- Status of the enabling environment in 79 economies
- and more ……

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• Developing an Investment Strategy MAY 31
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• Inclusive Economic Prosperity
• Climate Impacts and Vulnerability

by MAY 31

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• HR Summit Denver, CO – SEPT 12-13
• Inclusive Economic Prosperity
  South—Spartanburg, SC — MAY 23-24
  Midwest—Minneapolis, MN — AUG 28-29

Community Foundation Events

• Legal Matters for CFs Workshops
  Dallas, TX – APR 2
  Milwaukee, WI — JUN 28
  Raleigh, NC — JUL 24
• CFE Fundamentals
  Denver, CO— MAR 8-9
  Baltimore, MD— JUL 18-19