



CROSS-BORDER FUNDING OUTFLOWS

Spotlight on Europe

Featuring data from the 2023 Global Philanthropy Tracker

JULY 2024



**LILLY FAMILY
SCHOOL OF PHILANTHROPY**
INDIANA UNIVERSITY

Highlights

The Global Philanthropy Tracker (GPT) uniquely tracks cross-border philanthropic outflows from 47 countries around the world, including 27 within Europe. It further compares this cross-border philanthropy to three other cross-border flows—official development assistance (ODA), remittances, and private capital investment (PCI).

Philanthropy
remained resilient
in 2020 despite global
challenges.

2023 GPT | Key Findings

Total Global Cross-Border Resource Flows: USD 841 billion*



*In billions of inflation-adjusted 2020 US dollars

27 European
countries

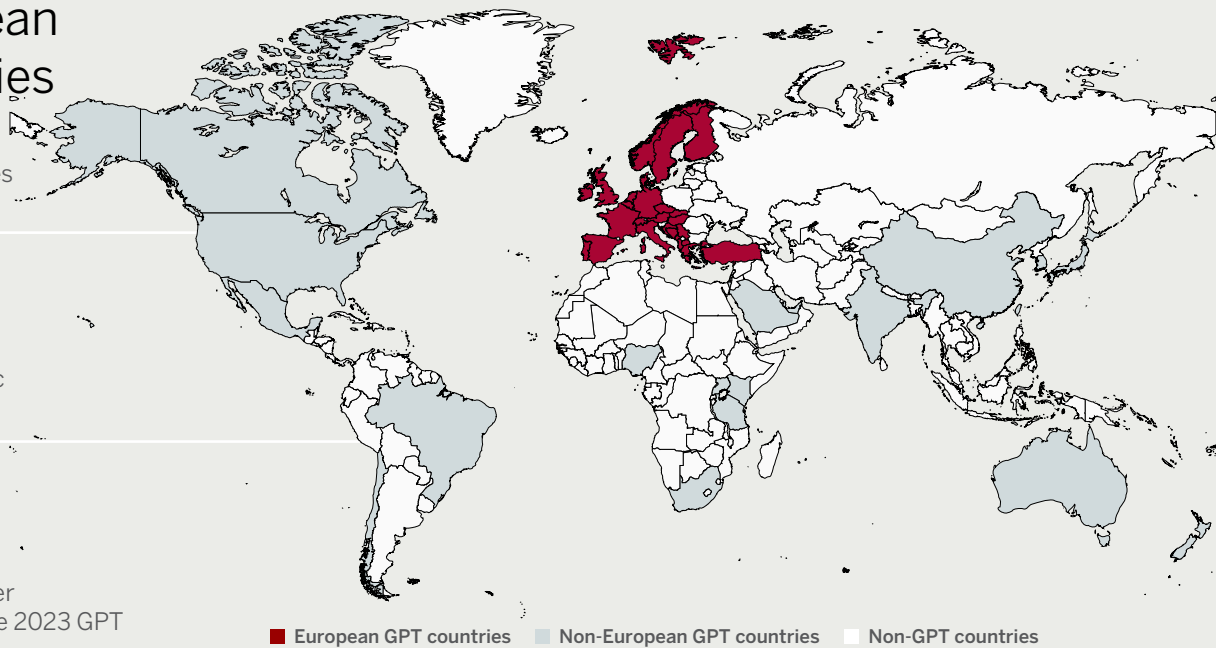
at all stages of economic
development, representing
57 percent of the 47 countries
included in the 2023 GPT

16 billion
USD

in cross-border philanthropic
outflows in 2020

22%

of the worldwide cross-border
philanthropy measured in the 2023 GPT



TOP CHARITABLE CAUSES EUROPE



Health

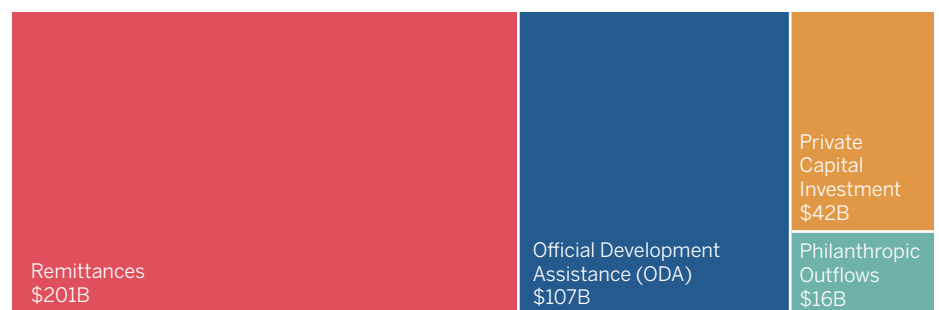


Education



Social
Infrastructure

TOTAL EUROPEAN CROSS-BORDER RESOURCES BY FLOW: USD 366 BILLION*



* In billions of inflation-adjusted 2020 US dollars

European Cross-Border Philanthropy

TOTAL EUROPEAN CROSS-BORDER RESOURCES BY FLOW: 2018 AND 2020

(In billions of inflation-adjusted 2020 US dollars)

Financial Flows from 27 European Countries	2020	2018	% Change from 2018 to 2020
Philanthropic Outflows	\$16	\$15	5%
Official Development Assistance (ODA)	\$107	\$102	5%
Remittances	\$201	\$166	21%
Private Capital Investment	\$42	\$75	-44%
Total	\$243	\$242	1%

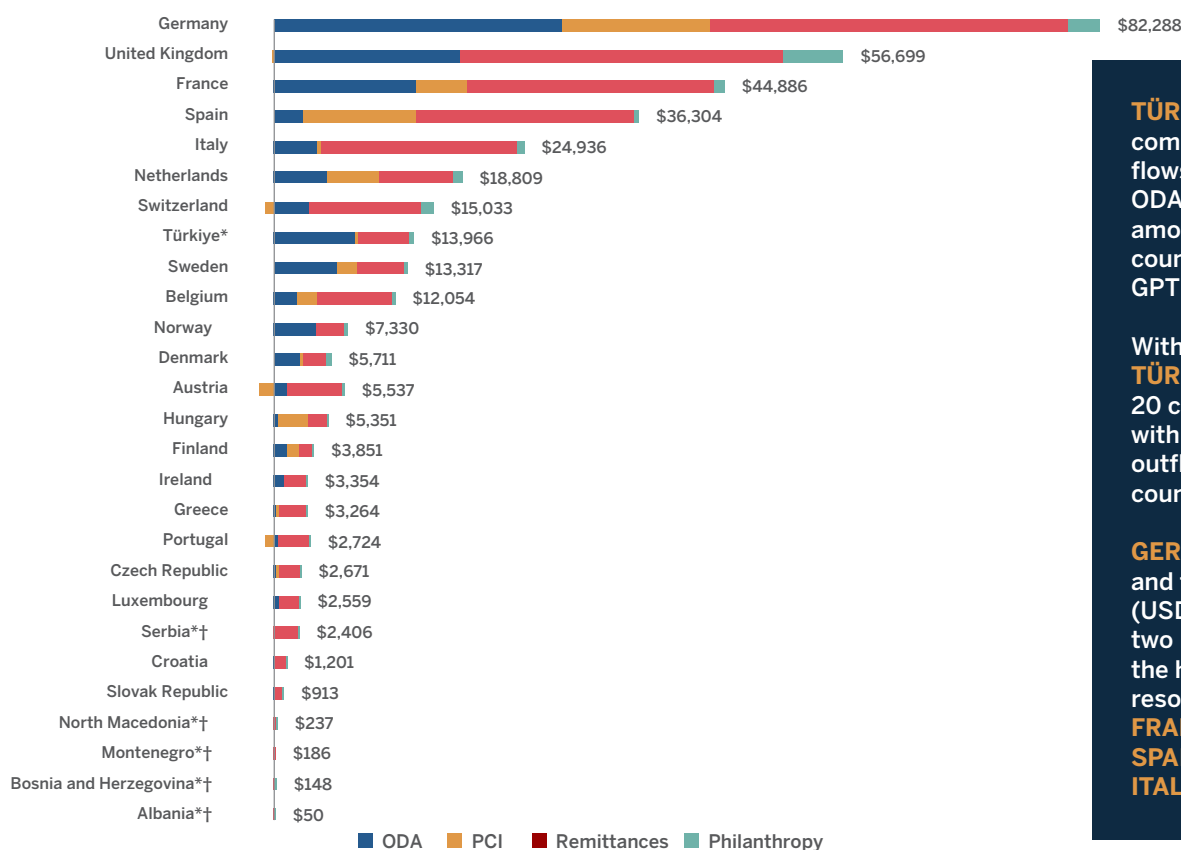
Source: Indiana University Lilly Family School of Philanthropy, *2023 Global Philanthropy Tracker*, *2020 Global Philanthropy Tracker*

Globally, all cross-border resource flows **decreased** from 2018 to 2020 except remittances. Philanthropy and ODA **decreased slightly** by less than 1% and PCI **decreased** by 100%, with remittances **increasing** by 19%.

2023 GPT | Global Key Findings

TOTAL EUROPEAN CROSS-BORDER RESOURCES BY FLOW AND BY COUNTRY, 2020

(In millions of inflation-adjusted 2020 US dollars)



TÜRKIYE had the largest combined amount of the four flows—philanthropic outflows, ODA, remittances, and PCI—among the 10 middle-income countries covered in the 2023 GPT report.

With the exceptions of **TÜRKIYE** and **INDIA**, the top 20 countries in the 2023 GPT with the highest combined outflows were all high-income countries.

GERMANY (USD 82 billion) and the **UNITED KINGDOM** (USD 57 billion) were the top two European countries with the highest amount in total resource flows, followed by **FRANCE** (USD 45 billion), **SPAIN** (USD 36 billion), and **ITALY** (USD 25 billion).

Source: Indiana University Lilly Family School of Philanthropy, *2023 Global Philanthropy Tracker*

Data: ODA and PCI from the Organisation for Economic Co-operation and Development; Remittances from World Bank; Philanthropic outflows from various sources researched by the Indiana University Lilly Family School of Philanthropy and shared by partner organizations for some economies. See [Appendix A](#) in the *2023 Global Philanthropy Tracker* for specific data sources for each economy included.

Notes:

* Upper-middle-income countries; all other countries are high-income countries

† Countries that do not have ODA estimates

Countries that do not have PCI estimates

Globally, the total philanthropic outflows in 2020 reported by the 47 countries included in the *2023 GPT* remained consistent, dropping only from USD 71 billion to USD 70 billion—a 0.5 percent decrease. Among the 28 countries with directly comparable data, philanthropic outflows had a modest increase of 4 percent.

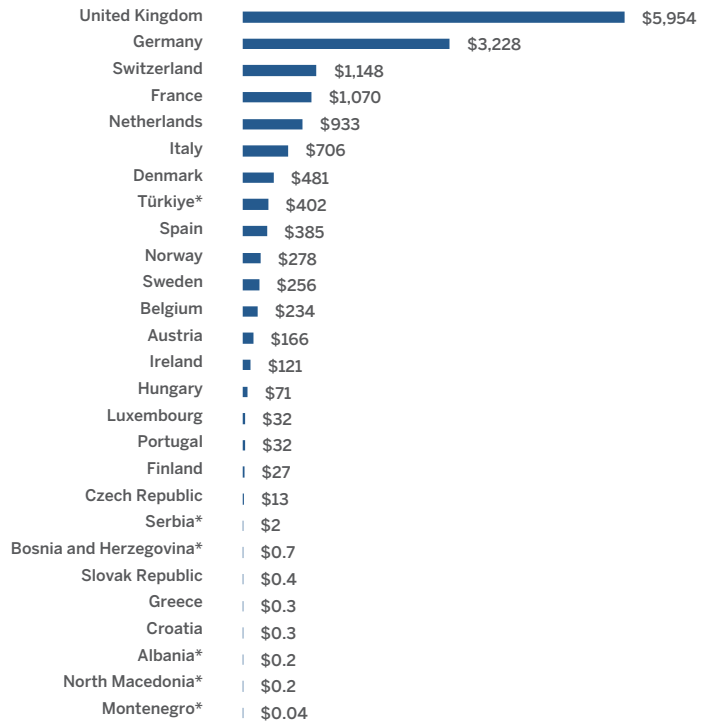
Three European countries were among **the top five countries** with the largest growths in dollar value globally.

The total amount of philanthropic outflows from the 27 European countries increased by 5 percent between 2018 and 2020 when adjusted for inflation. Of the European countries with directly comparable data, 12 saw an increase in philanthropic outflows. The **United Kingdom** (up by USD 837 million) was followed by **Germany** (up by USD 328 million), and **Switzerland** (up by USD 162 million), all of which grew by over USD 150 million.

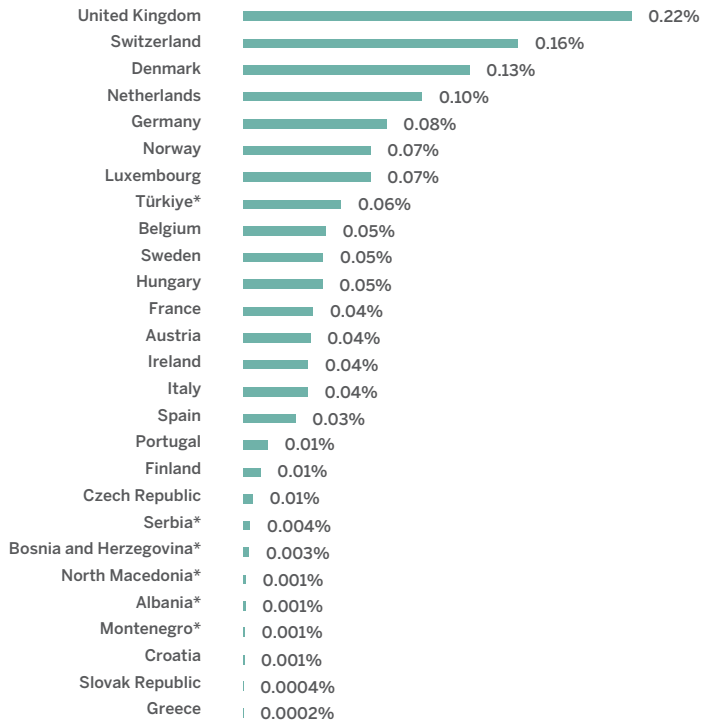
Of the European countries with directly comparable data, seven experienced a decrease in philanthropic outflows between 2018 and 2020, ranging from a 10 percent decline (the **Netherlands**) to a 71 percent decline (**Finland**). The largest decline in the dollar value came from **Türkiye** (down by USD 345 million), followed by the **Netherlands** (down by USD 105 million), and **Finland** (down by USD 68 million).

EUROPEAN PHILANTHROPIC OUTFLOWS BY COUNTRY, 2020

IN MILLIONS OF INFLATION-ADJUSTED 2020 US DOLLARS



AS A SHARE OF GROSS NATIONAL INCOME



Source: Indiana University Lilly Family School of Philanthropy, *2023 Global Philanthropy Tracker*

Data: GNI from World Bank; Philanthropic outflows from various sources researched by the Indiana University Lilly Family School of Philanthropy and shared by partner organizations for some economies. See [Appendix A](#) in the *2023 Global Philanthropy Tracker* for specific data sources for each economy included.

Note:
* Upper-middle-income countries; all other countries are high-income countries



Globally, 14 of the 47 countries included in the *2023 GPT* had available data on cross-border giving by charitable cause, and only four were European countries: Austria, Belgium, France, and Spain. In general, there is a lack of data on cross-border giving to specific causes, and most of the available data are not aligned explicitly to the SDGs.

Health was the top charitable cause supported by cross-border giving from European countries. Education, social infrastructure, humanitarian aid & emergency response, and international affairs/development were the other areas of focus cited by the European countries that collected data on supported causes.

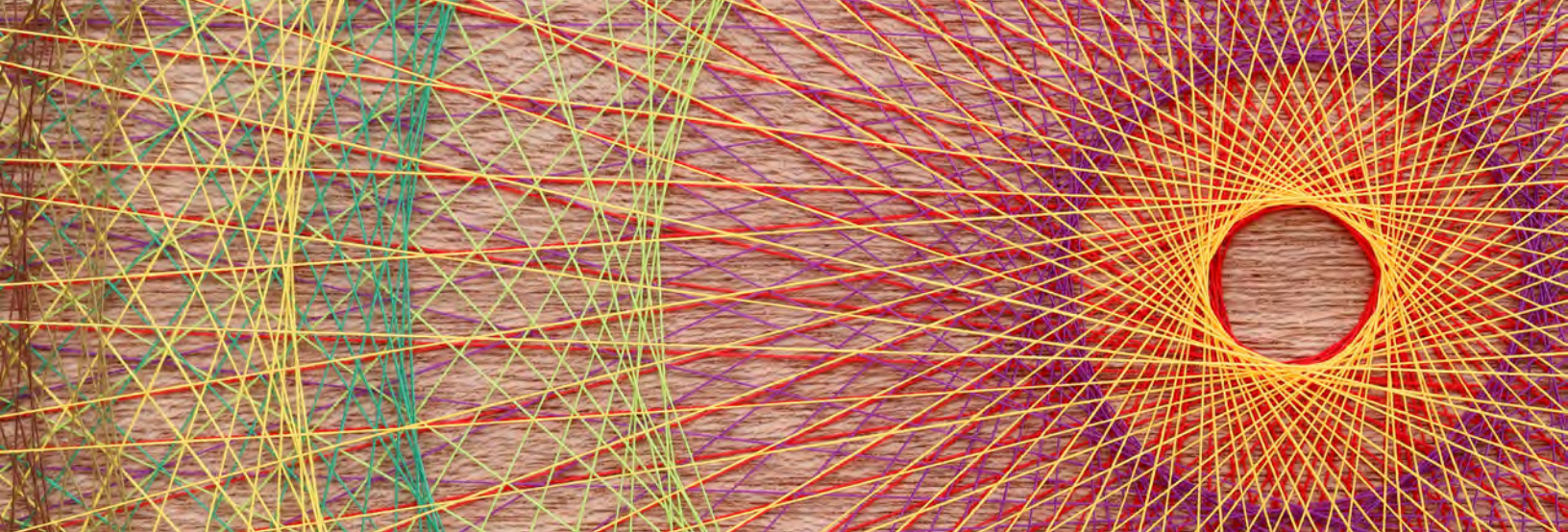
LIMITED DATA ON CROSS-BORDER PHILANTHROPY IN EUROPE



Education and health were also the top two causes at the global level, and they align directly with SDG 4 (Quality education) and SDG 3 (Good health and well-being) respectively. While religion was the third-most supported cause globally, no European country specified it among their top 3 causes.

Globally, Austria and France were the **only two countries** that indicated contributing to social infrastructure overseas, according to the *2023 GPT*.





The top regional recipient was Europe (7 countries), followed by Africa (6 countries) and the Middle East & North Africa (3 countries). While Europe and Africa were among the top 3 recipient regions at the global level, Asia was more commonly supported than the Middle East & North Africa.

Globally, 19 of the 47 countries included in the *2023 GPT* had available data broken down by recipient region. Of that group, **9 were European countries.**

TOP THREE RECIPIENT REGIONS OF EUROPEAN PHILANTHROPIC OUTFLOWS

DONOR COUNTRY	RECIPIENT REGION					
	Africa	Asia	Europe	Latin America & Caribbean	Middle East & North Africa	North America
Austria						
Bosnia and Herzegovina						
Croatia						
France						
Montenegro						
North Macedonia						
Serbia						
Spain						
Türkiye						
TOTAL	6	1	7	1	3	2

Source: Indiana University Lilly Family School of Philanthropy, *2023 Global Philanthropy Tracker*



Democracy in Focus

Over the past two decades, the world has experienced an erosion of democratic values. Even some countries with well-established democracies are struggling with increased polarization, immigration, economic inequality, and populist movements fueling the breakdown of democratic institutions. However, according to the 2023 edition of *The Freedom in the World* report, “the struggle for democracy may be approaching a turning point” (Gorokhovskaia et al., 2023, p. 1). The report notes that 35 countries experienced setbacks, however 34 demonstrated advancements in political rights and civil liberties, signaling that the global decline in democracy may be abating.

European nonprofit organizations play a crucial role in strengthening the rule of law, safeguarding civil liberties, and promoting accountability and transparency. Recent events—such as Poland’s successful rule of law reforms following record voter turnout in the October 2023 national election that reshaped the country’s political trajectory—are a testament to the resilience of civil society and the role that it plays in strengthening democratic institutions.

Polish nonprofit organizations have worked tirelessly to develop initiatives that support voter participation in local, national, and European Union (EU) elections. The Batory Foundation (n.d.)—a nonprofit organization focused on building democracy—has supported 12 such initiatives in Poland, with help from civil society and media organizations. In 2019, for example, the “Make a Stand or Lose Your Say” initiative sought to mobilize Polish voters for the parliamentary election. The record-breaking 74 percent voter turnout in Poland’s October 2023 national elections—a 13 percent increase from 2019 and the highest since 1989—further highlights the importance of initiatives by nonprofit organizations that encourage voter participation (TVN Media & Rzeczpospolita, 2023; National Democratic Institute, 2023).

Hungary is another country that stands out in Central and Eastern Europe for undergoing the largest decline ever measured in Freedom House’s *Nations in Transit* regional report on democracy in Europe and Eurasia (Freedom House, 2021). The Hungarian Civil Liberties Union (TASZ)—a non-governmental organization dedicated to promoting fundamental human rights and defending vulnerable communities from rights violations by the state—had an active role during the 2022 parliamentary elections in the country. In partnership with the Civil College Foundation, Political Capital, the activists of aHang¹, and other civilian partners, TASZ raised awareness of electoral abuses, educated the public on prevention methods, and aimed to decrease social acceptance of such misconduct (TASZ, 2023).

Supporting democracy worldwide remains a high priority for the Union. To that effect, the EU and EU Member States have formed The European Endowment for Democracy (EED)—an independent grantmaking organization—“to foster democracy in the European Neighbourhood and beyond” (EED, 2023, p. 8). From 2013 to 2023, EED awarded 2,169 grants to support causes linked to democracy, such as civic activism and participation; governance, rule of law and anti-corruption; women’s civic and political participation; and sexual orientation and gender identity (EED, 2023).

Beyond funding from the EU, civil society organizations’ (CSOs) efforts in helping safeguard democratic values have found support from philanthropic sources. Notably, the Open Society Foundations (OSF), established in 1993, has been dedicated to supporting those championing justice, democratic governance, and human rights. In 2022 alone, OSF reported expenditures totaling USD 1.3 billion, with USD 154.3 million dedicated to Europe and Central Asia (Open Society Foundations, n.d.). As stigmatization of foreign funding persists and governments increasingly impose restrictions on the sector, the future landscape of democracy funding in Europe is likely to be significantly impacted.

¹ Like a virtual megaphone, aHang (Trans. The Voice) is a nonprofit-operated online platform that aims to serve as a toolbox for social mobilization. The platform enables users to launch petitions, issue calls to action, or build campaigns for public interest.

Migration in Focus

Over the past decade, migration waves across the continent mobilized the European nonprofit sector, driven by a clear sense of urgency and—at least at the early stages of the crisis—widespread public empathy. In 2024, the prospects for migrants are grim. Due to ongoing barriers to safe passage, whether seeking safety or a better life, many resort to taking increasingly hazardous routes. In 2023, the Mediterranean alone witnessed over 3,100 deaths or disappearances, making it one of the deadliest years since 2015 (Missing Migrants Project, n.d.). Yet research found that migrant and refugee-led organizations receive minimal direct support. Foundations prioritize funding for reception and integration conditions in Europe, particularly within their host/home country, rather than addressing broader migrant and refugee movements and dynamics (Rogier, 2021).

Recently, amidst the warning from over 50 CSOs (PICUM, 2023), the normative landscape became more hostile. The “New EU Pact on Migration and Asylum” is likely to lead to increased human rights violations

as it calls for accelerating asylum procedures and facilitating returns (European Commission, 2023b), which, for example, allows for indiscriminate detention at borders. Whatever the narratives surrounding migration, due to active armed conflicts and climate change, more people are likely to arrive at European borders and foundations will continue to have a significant role to play.

Although a comprehensive cross-sectorial approach is essential, it is reassuring that as recently as 2021, research indicates that foundations plan to persist in funding migration issues despite the waning media attention and the internal and external constraints foundations encounter (Rogier, 2021). For example, The European Programme for Integration and Migration donor collaborative “strengthens the role played by civil society organizations in advocating for constructive approaches to migration in Europe” (Charles Stewart Mott Foundation, 2024, para. 1). Since Russia’s invasion of Ukraine, the Programme had a dedicated fund to support refugees within Europe.



² “EED works predominantly in the European Neighbourhood (Eastern Partnership, Middle East and North Africa), the Western Balkans and Türkiye, as well as Eurasia, and aims to ensure, as far as possible, a geographical balance of engagement and funding” (EED, 2023, p. 10).

Climate in Focus

Amidst tangible signs of climate change and escalating warnings from scientists, the world's efforts to address global warming remain marginal. *Global Climate Highlights 2023* reported that 2023 was the earth's warmest year according to records reaching back to 1850 (Copernicus, 2024); Europe was the "fastest warming continent, at about twice the rate of the global average" (European Environment Agency, 2024, p. 20). CSOs that work on people-focused climate solutions, from helping disproportionately affected vulnerable communities to advocating for climate change focused policies, are crucial to achieving inclusive climate action. Despite the pressing need, philanthropic funding for climate change continues to fall significantly short of enabling CSOs to engage effectively.

Major donors that have committed billions of dollars to climate solutions have helped create momentum in recent years. However, the latest global data on philanthropic funding for climate change mitigation points to a slowdown in 2022 compared to the consistent growth registered in 2019, 2020, and

2021 (Desanlis et al., 2023). Overall, climate change mitigation received less than 2 percent of philanthropic donations globally. Whether the slowdown trend will be reflected in Europe remains to be seen.

According to the latest available data in *Environmental Funding by European Foundations, Vol 6*. (Cracknell et al., 2023), the value of grants made to environmental work in 2021 more than doubled compared to 2018.³ Despite this significant jump, environmental grantmaking continues to remain a mere fraction (5%) of European foundation giving in 2021.

126 European foundations provided

EUR 1.6 billion

in environment grants within Europe and abroad during 2021, which were spread across 8,518 grants (Cracknell et al., 2023).



³ The report attributes this significant increase in the value of grants to the addition of some large funders not featured in previous editions, and a growth in grantmaking on the part of some of the regularly included foundations.

Notably, this edition of the survey reported the lowest number of grants distributed within Europe to date; 36.8 percent, totaling EUR 592.1 million, stayed within the continent.⁴ Of the 126 foundations studied in this report, nearly two-fifths allocated some funds to support overseas projects. Among them, 20 exclusively provided grants to cross-border projects; 18 focused over 80 percent of their grants abroad; and an additional 10 foundations dedicated 20 percent of their grants to initiatives outside of their home countries. Of the top 20 grant recipient countries, eight are based outside of Europe—India, China, United States, Brazil, Indonesia, Senegal, Kenya, and Rwanda.

Due to limited resources, CSOs have started to prioritize collaboration over competition. Striving for scalable systemic change, some pooled their expertise to unlock new funding opportunities. Others have pledged their commitment to meaningful climate action. The Systemic Climate Action Collaborative (n.d.) unites prominent foundations, philanthropists, systems change organizations, corporations, and public institutions, among others, with a common goal of radical collaboration, streamlined coordination, cohesion, and a pooling of resources among those dedicated to fighting climate inaction. The commitment made by 14 UK-based funders sparked a worldwide #PhilanthropyForClimate movement urging foundations of any and all missions and goals

to embed climate considerations into their operations, programs, and endowment investments (Philanthropy for Climate, n.d.). Additionally, the NGO Climate Action Network (CAN) Europe, a member of CAN International, brought over 200 member organizations in 40 countries across Europe together with the overarching goal of promoting sustainable policies in Europe (CAN Europe, 2024).

In parallel, an increasing array of both well-established and emerging CSOs are committed to tackling diverse aspects of climate change within the continent and abroad. The Switzerland-based Laudes Foundation, for example, aims to support the accelerated transition to a “climate-positive and inclusive economy” through accelerating advocacy, scaling research and innovation, amplifying narratives, strengthening accountability, cultivating alliances, and reimagining the economic system in three sectors: finance and capital markets, fashion, and the built environment (Laudes Foundation, n.d., p. 1). Elsewhere along the spectrum of climate change initiatives, The European Climate Foundation is a nonprofit that provides strategic and financial support to organizations with the aim to “drive progress towards the goals of the Paris Agreement, promote practical policymaking in response to the climate crisis, and broaden political and public support for climate action” (European Climate Foundation, n.d., para. 1).

CSOs advocating for policy reform play an important role in climate change mitigation. The European countries (EU27 plus Iceland, Norway, and Switzerland) reported over 3,000 policies and measures to achieve climate change mitigation and energy targets, including a 14 percent increase in country-level policies and measures to ensure a reduction of GHG emissions between 2021 and 2023 (European Environmental Agency, 2021). While these positive measures are anticipated to provide a 43 percent reduction in GHG emissions between 1990 and 2030, more will need to be done to reach the targeted 55 percent reduction target (European Environment Agency, 2023).

⁴ This shift, according to the authors, is mostly due to the greater number of large, globally-oriented foundations which were not previously included in the analysis. In addition, large one-off international grants in 2021 also contributed to this low share of funding within Europe.

European Official Development Assistance

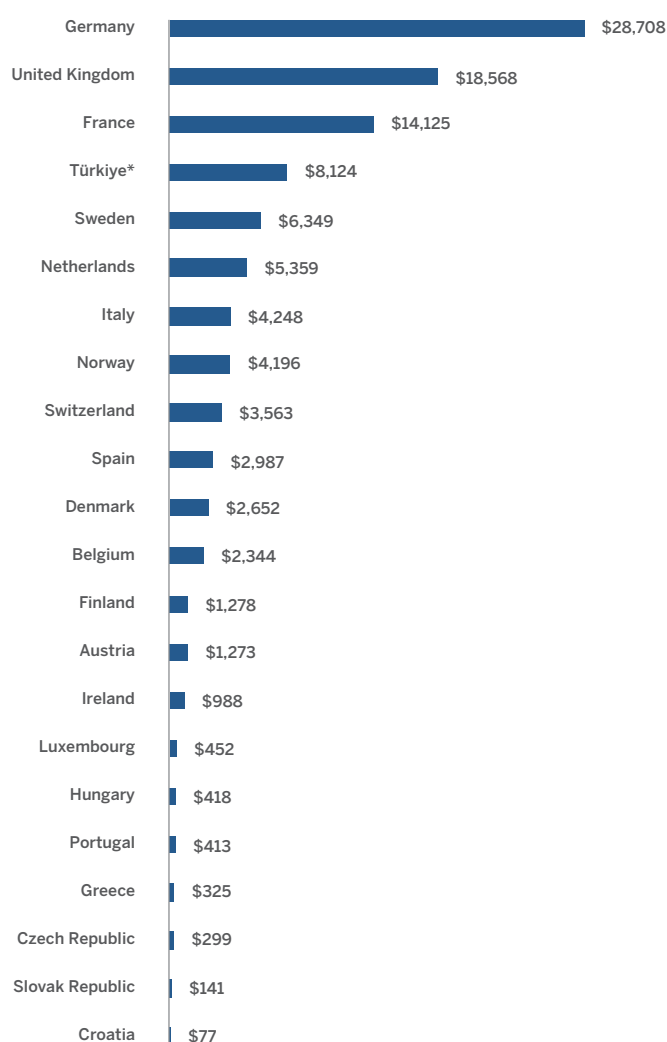
Twenty-two of the European countries included in the *2023 GPT* had available data on ODA from the Organisation for Economic Co-operation and Development (OECD). In 2020, ODA flows reached a total of USD 107 billion, representing a 5 percent increase from the total of USD 102 billion in 2018 (adjusted for inflation).

The highest contributor of ODA in 2020 was Germany at USD 29 billion, followed by the United Kingdom (19 billion) and France (14 billion). Just over half (14) of the European countries individually contributed more than USD 1 billion in ODA.

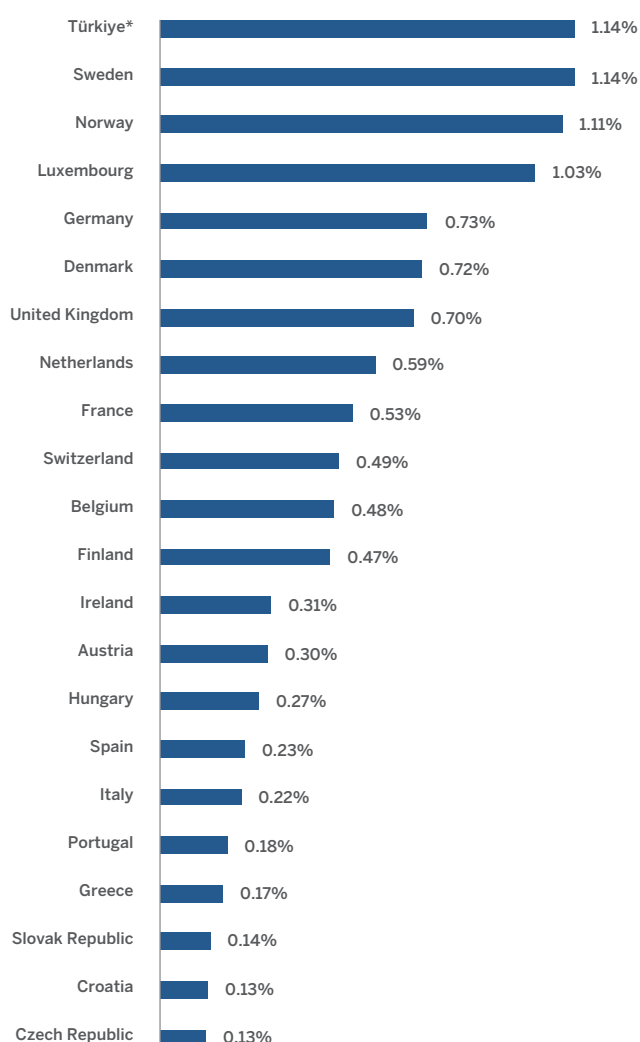
Official development assistance **increased** by 5 percent

EUROPEAN NET ODA BY COUNTRY, 2020

IN MILLIONS OF INFLATION-ADJUSTED 2020 US DOLLARS



AS A SHARE OF GROSS NATIONAL INCOME



Source: Indiana University Lilly Family School of Philanthropy, *2023 Global Philanthropy Tracker*

Data: ODA from the Organisation for Economic Co-operation and Development; GNI from World Bank

Notes:

* Upper-middle-income countries; all other countries are high-income countries

Five countries do not have ODA estimates, including Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia.

European Remittances

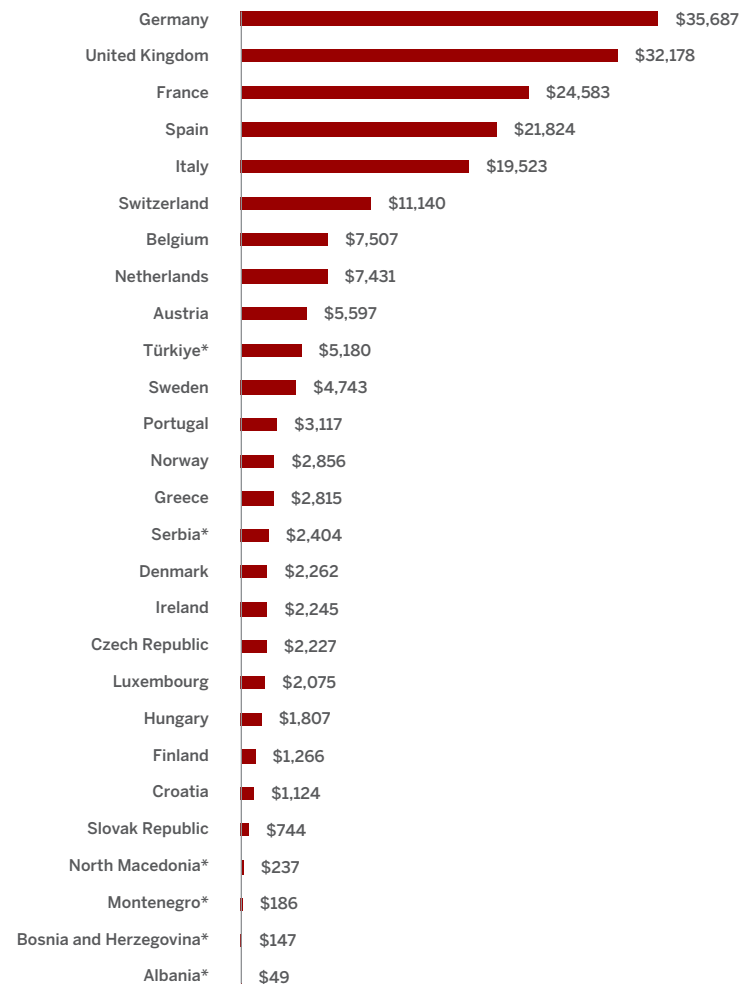
Remittances
increased
by 21%

Remittances from European countries rose from USD 166 billion in 2018 to USD 201 billion in 2020, a 21 percent increase. The top contributor of remittances by dollar amount was Germany (USD 36 billion), followed by the United Kingdom (USD 32 billion) and France (USD 25 billion). Six of the 27 European countries each contributed more than USD 10 billion in remittances; sixteen contributed between USD 1 billion and USD 10 billion each; and the remaining five countries contributed less than USD 1 billion each.

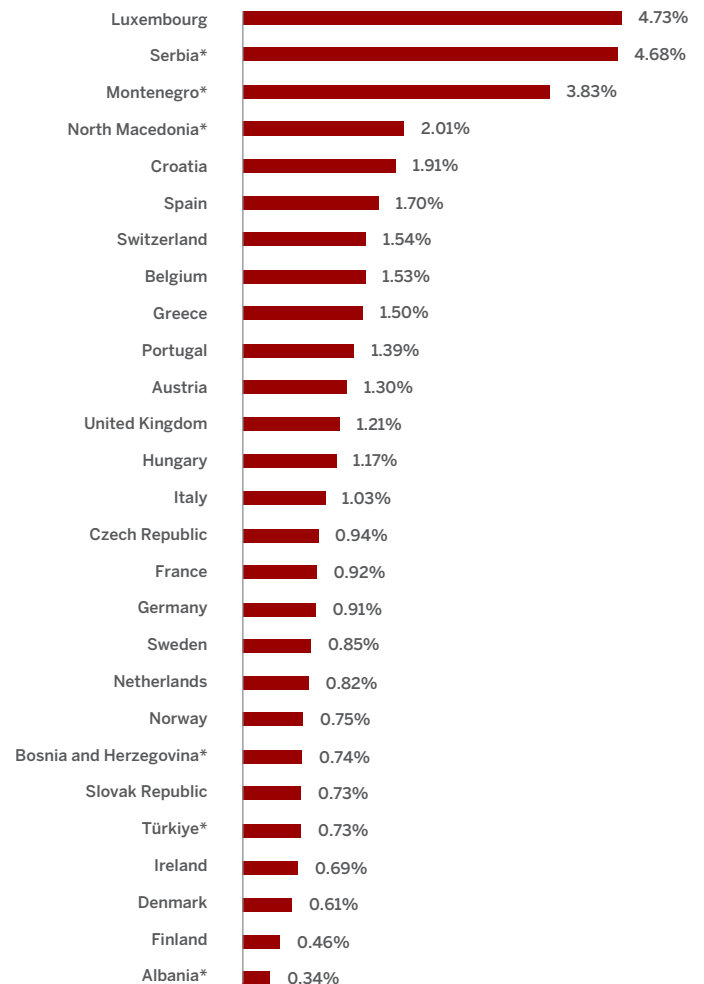
Of the USD 201 billion in remittances sent from European countries, 53 percent (USD 107 billion) went to high-income countries, while 47 percent (USD 94 billion) went to low- and middle-income countries. In only one-third (9) of the 27 countries, more than half of the total remittances went to low- and middle-income countries.

EUROPEAN REMITTANCES BY COUNTRY, 2020

IN MILLIONS OF INFLATION-ADJUSTED 2020 US DOLLARS



AS A SHARE OF GROSS NATIONAL INCOME



Source: Indiana University Lilly Family School of Philanthropy, *2023 Global Philanthropy Tracker*

Data: World Bank

Notes:

* Upper-middle-income countries; all other countries are high-income countries



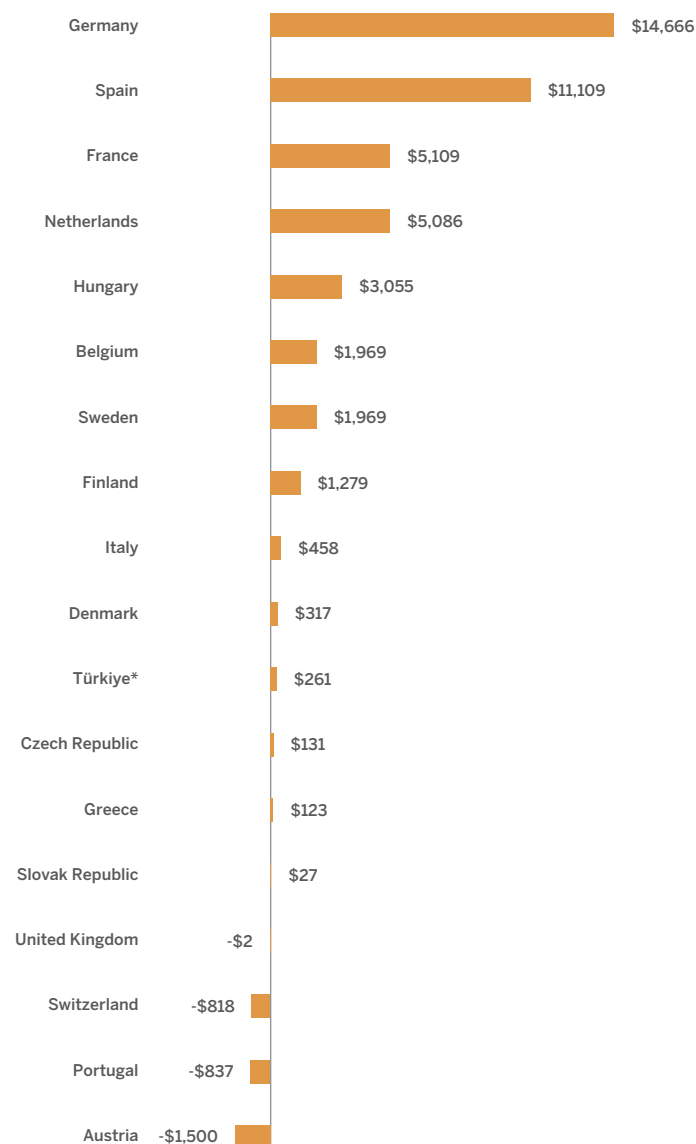
European Private Capital Investment

Eighteen of the European countries included in the 2023 *GPT* had available data on private capital investment (PCI) from the OECD. Among them, PCI fell 44 percent—from USD 75 billion in 2018 to USD 42 billion in 2020. Germany had the highest PCI outflow in 2020 with USD 15 billion, followed by Spain (USD 11 billion), and France (USD 5 billion).

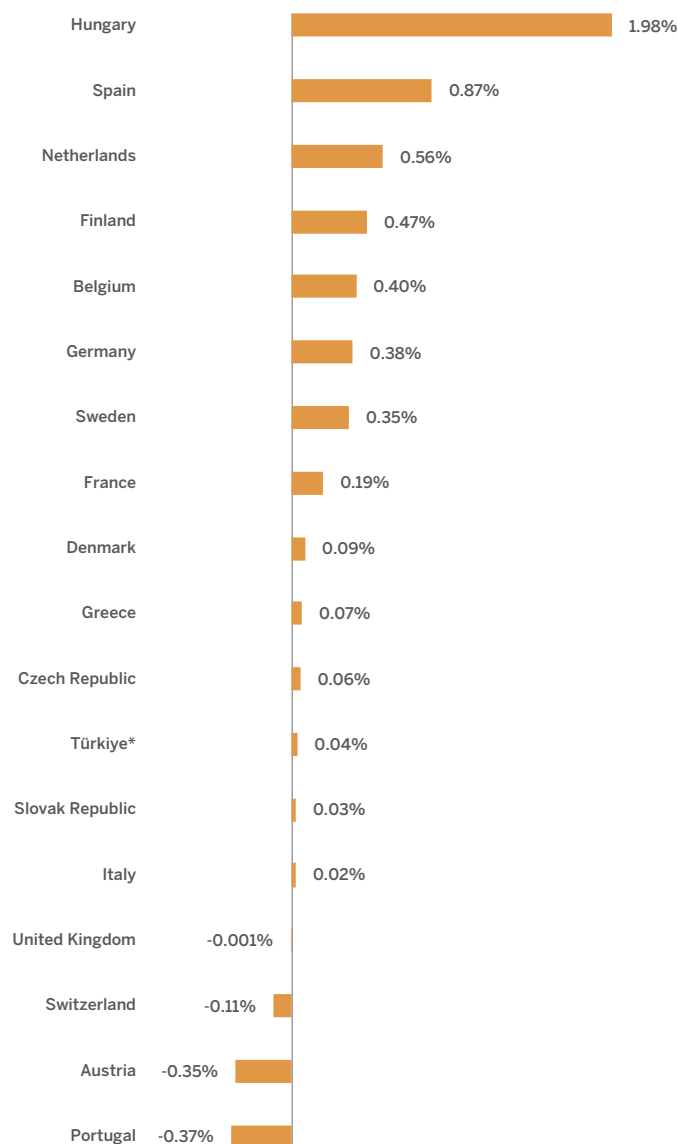
Private capital investment
dropped by 44%

EUROPEAN PCI BY COUNTRY, 2020

IN MILLIONS OF INFLATION-ADJUSTED 2020 US DOLLARS



AS A SHARE OF GROSS NATIONAL INCOME



Source: Indiana University Lilly Family School of Philanthropy, 2023 *Global Philanthropy Tracker*

Data: PCI from the Organisation for Economic Co-operation and Development; GNI from World Bank

Notes:

* Upper-middle-income countries; all other countries are high-income countries

Nine countries do not have PCI estimates, including Albania, Bosnia and Herzegovina, Croatia, Ireland, Luxembourg, Montenegro, North Macedonia, Norway, and Serbia

AI and Philanthropy

Nonprofits strive to excel in maximizing resources to achieve the greatest impact possible. Artificial Intelligence (AI) can be an opportunity to do even more. When employed thoughtfully, AI can become an asset for organizations, enabling them to access comprehensive data-driven insights. These insights, in turn, empower organizations to enhance operations and refine programs for greater effectiveness.

Nonprofits have started exploring the use of AI technologies. For example, The Greater DC Diaper Bank used a machine-learning model to analyze diverse sources of anonymous data, including data from government benefit rosters, local tax data, census demographics, and its own internal distribution data (Greater DC Diaper Bank, 2024). This analysis enabled the organization to identify underserved neighborhoods, establish new distribution partnerships, and raise awareness about diaper shortages.

A CAUTIONARY TALE

Some nonprofits have faced backlash for their AI implementations. For example, a child-welfare tool was criticized for discriminating against families with disabilities. A nonprofit organization that provides around-the-clock free and confidential text-based mental health support came under strict scrutiny for sharing user data with its for-profit AI-driven subsidiary, and another organization providing support to those affected by eating disorders drew criticism for operating an AI-supported chatbot tool that included weight-loss recommendations on their helpline.

A growing number of nonprofits supporting the 988 Suicide and Crisis Lifeline network are using AI-driven technology to train crisis counselors (Hepburn, 2024). Initially developed with Google.org, the Crisis Contact Simulator was deployed to help Trevor Project trainees practice lifelike conversations with LGBTQ+ youth personas. It was named by TIME as one of the 100 best inventions of 2021 (TIME, n.d.). Since then, similar technology has been adopted by other nonprofits such as Lines For Life in Oregon and Volunteers of America Western Washington that supports the Native and Strong Lifeline for indigenous communities.

HURIDOCs (Human Rights Information and Documentation Systems) aids human rights organizations in gathering and organizing information crucial to their work (Huridocs, 2024). Leveraging machine learning, this nonprofit develops tools and strategies to enhance accessibility to evidence, laws, and research for those advocating and safeguarding human rights.

The American Red Cross has launched several AI powered projects, including disaster-response chatbots, attendance-predicting algorithms for blood drives, and a fire risk assessment tool (American Red Cross, 2024). The latter informed a nationwide campaign for installing free smoke alarms in high-risk communities.

According to a recent study by Philea and Fondazione Compagnia di San Paolo, European foundations appear to be adopting a more cautious approach, particularly compared to their for-profit counterparts, where the more accelerated use of AI and data science may be driven by market competition (Candela et al., 2024). The surveyed foundations have reported certain engagement with data science and AI, but a considerable portion have yet to fully commit to utilizing these tools. While many recognize the potential to enhance their impact, they are critically reflecting upon the negative environmental impact of AI and the power imbalances it may generate.

The predominant approach among European foundations entails indirect involvement such as supporting programs that implement these methodologies or provide capacity-building related to the use of these tools (Candela et al., 2024). For example, a group of leading organizations joined to establish a pooled AI Fund. Hosted by the Network of European Foundations, the European AI & Society Fund provides assistance to organizations across the continent that advocate for policies which leverage AI to better support human-kind (European Artificial Intelligence & Society Fund, n.d.). Their grantees

helped embed fundamental rights and democratic freedoms into AI policymaking while amplifying the voices of marginalized communities .

The European nonprofit sector, based on the findings of the Philea report, is willing to explore harnessing the potential of AI technologies for philanthropy with fairness, transparency, and equity in mind (Candela et al., 2024). At the same time, legislation is catching up, introducing essential regulation to the field. Despite criticism of its shortcomings, the nonprofit sector welcomes the EU AI Act.



About the EU AI Act

Emphasizing the need to address potential ethical concerns surrounding current AI tools and algorithms, the world's first comprehensive law on artificial intelligence (EU AI Act) "aims to protect fundamental rights, democracy, the rule of law and environmental sustainability from high-risk AI" (European Parliament, 2024). Adopted by the EU Parliament in March 2024, the European Council approved the EU AI Act in May 2024.



Legal Environment For Cross-Border Philanthropy

Cross-border philanthropy plays an increasing role in addressing global challenges. The regulatory environment of each country can foster or significantly hinder cross-border giving. Recent global and regional events, including the COVID-19 pandemic, the climate crisis, and the 2023 earthquakes in Syria and Türkiye, have highlighted the potential of cross-border philanthropy, underscoring the critical role of supportive legal frameworks in facilitating international charitable giving.



Among the 27 European countries, a majority (23) had a highly favorable environment for sending cross-border philanthropic donations during the period of 2018-2020.



Albania, Portugal, Spain, and Türkiye enacted laws and regulations that may restrict sending donations abroad.



Nearly three-fourths (20) had a highly favorable environment for receiving cross-border philanthropic donations in 2018-2020.



Bosnia and Herzegovina, Croatia, Greece, Hungary, Portugal, Serbia, and Türkiye had laws and regulations that can hinder receiving donations from abroad.

Country-level laws and regulations enacted under the umbrella of national security and sovereignty are often burdensome, hindering the operations of legitimate CSOs that receive funding from abroad. The following excerpts are from country reports in the 2022 *Global Philanthropy Environment Index*, which reports on the enabling environment for philanthropy in 91 countries and economies.⁴

*In **Hungary**, adopted in June 2017, the Law on the Transparency of Foreign Funded Organizations (NGO Law) introduced the category of “foreign-funded organizations.” All Hungarian associations and foundations receiving approximately USD 24,000 or more within a given tax year from foreign sources had to register as “foreign-funded organizations,” indicate their status on their websites, publications, and press materials, and report on each donation that is above USD 1,700. Failure to comply with the law could result in high fines and possible involuntary termination. In June 2020, the European Court of Justice found the Hungarian NGO Law in breach of EU law. In May 2021, the Hungarian Parliament withdrew the law (Hartay, 2022).*

*In **Portugal**, while there are no substantial restrictions on sending or receiving cross-border charitable donations, the law does not provide considerable tax and customs benefits, which often discourages many donors (Marques, 2022).*

*In **North Macedonia**, nonprofit organizations are free to send donations abroad or receive donations from abroad to support their activities. There is neither a specific approval process nor preconditions for cross-border donations; however, nonprofit organizations need to meet the requirements of the Law on Prevention of Money Laundering and Financing of Terrorism when applicable. Additionally, North Macedonia provides tax incentives for cross-border donations to natural and other humanitarian disasters (Dokuzovski, 2022).*

In this context, Philea’s *European Philanthropy Manifesto* (2024) lays out suggestions for policymakers to develop a “Single Market for Philanthropy”, including a more enabling legal environment for philanthropy and CSOs, a risk-based approach to anti-money laundering and counterterrorism laws, and ceasing to enact regulations that restrict foreign funding.

In September 2023, the European Commission adopted a proposal to facilitate cross-border activities of nonprofit associations in the EU. Under the existing rules, around 310,000 nonprofit associations “do not receive uniform acknowledgment of their legal personality and capacity” when engaging in activities in a different Member State from the one they are initially registered with (European Commission, 2023a, para. 2). Currently, organizations often need to register separately or even form a new legal entity in the other Member State.

⁴ For more information about these and other countries, please refer to the country report citations or visit globalindices.indianapolis.iu.edu/environment-index.

Under the new rules, the legal and administrative costs affiliated with overcoming these operational obstacles are estimated to decrease by up to EUR 770 million per year, potentially totaling up to EUR 8.5 billion within 15 years. The removal of such barriers could potentially encourage another 185,000 nonprofit associations to engage in cross-border activities, which could lead to an added value of up to EUR 4.2 billion within 15 years (European Commission, 2023b). The European Parliament adopted a legislative resolution on this proposal in March 2024. If the proposal is later

approved by the Council of the EU, Member States will have two years to incorporate the Directive into their national legislation.

For more information about the significant administrative and tax barriers that donors and beneficiaries in Europe encounter, despite the increasing interest in cross-border philanthropy, please refer to the [*Guide Towards a Single EU Market for Philanthropy*](#), published by The King Baudouin Foundation and its partners.

Research Implications



Develop global standards for data tracking and promote data transparency



Strengthen the role of local philanthropic organizations through regional collaborations



Create conditions that enable innovation in cross-border philanthropy

Data Limitations

- Lack of public data on cross-border giving
- Very limited data on recipient regions and supported causes of cross-border giving
- Inconsistent methodologies in data gathering making data comparison challenging
- Minimal alignment with the SDGs or other international framework
- Data quality varies

To read more about the report implications, please refer to the [*2023 Global Philanthropy Tracker Executive Summary*](#), which is available in English, Arabic, French, German, Korean, and Spanish, and the [*full global report*](#).

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RESEARCHED AND WRITTEN BY

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INDIANA UNIVERSITY LILLY FAMILY SCHOOL OF PHILANTHROPY PROJECT TEAM

Una Osili, PhD
Associate Dean for Research and International Programs

Hannah Vos
Research Associate

Valerie Grau
Research Assistant

Xiaonan Kou, PhD
Managing Director of Research

Kinga Zsofia Horváth
Visiting Research Associate (fmr.)

P. Ellie Wilson
Research Assistant

Kinga Ile, LL.M.
Independent Consultant

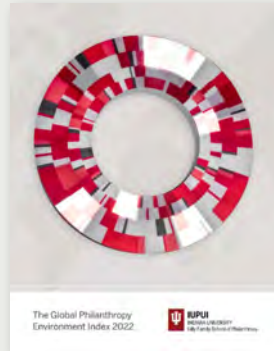
Karly Murat-Prater
Research Assistant (fmr.)

Diantha Daniels
Executive Assistant

DESIGN WORK BY

Ronald D. Crognale | [rdcDesigns](http://rdcDesigns.com)

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