



**LILLY FAMILY
SCHOOL OF PHILANTHROPY**
INDIANA UNIVERSITY

The 2025 Global Philanthropy Environment Index: Southern Europe Regional Report

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SUMMARY

Overall, the environment for philanthropy in Southern Europe has remained relatively stable between 2021 and 2023, particularly compared to the disruption caused by the COVID-19 crisis in 2020. Stability, though, should be interpreted as a balance of positive and negative developments, particularly in regard to the political and sociocultural environment for philanthropy.

Changes in the legal and tax environment for philanthropic organizations have been limited, incremental, and mostly related to the implementation of previously existing frameworks. The aftermath of the pandemic shock has anchored philanthropy in the context of broader recovery efforts and organizational support systems led by governments. This new environment has turned cross-sector and intra-sector collaboration (e.g., between philanthropic foundations and NGOs) into a mainstream practice with the potential to enhance the positive impacts of philanthropic organizations on both people and the planet.

Global trends already affecting the region before 2020 accelerated their pace between 2021 and 2023. The speed of digital transformation of philanthropic organizations and their relations with relevant stakeholders, including employees and donors, increased in the aftermath of COVID-19, parallel to the augmented visibility and urgency of natural disasters and other challenges derived from climate change. Overall, the economy got back on track thanks to recovery and resilience plans and despite new circumstantial crises—for example, energy and inflation, compounded with external shocks; natural catastrophes; wars in Ukraine and Gaza; and structural challenges in the region, such as the arrival of refugees and migrants. The escalation of the war in Ukraine, due to Russia's February 2022 invasion, imperiled food security and energy supply in the EU, disproportionately impacting the most vulnerable segments of the population and spreading Ukrainian refugees across Europe.

These crises, combined with changing social needs, elicited emergency responses on the part of philanthropic organizations. These acute responses have been blended with more long-range work on both traditional and emerging issues, from the elderly to the ethical use of Artificial Intelligence (AI). Toning down perceptions of regional stability and incremental improvements, however, is a

¹ Authors of the 2025 *GPEI* report are providing updates to the 2022 *GPEI* report, and regional reports may not reflect the views of the country experts.

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concern among country experts about the negative effects on philanthropy and civil society, including increased political polarization and cultural distrust.

Table 1: Regional Level Trends Between 2021–2023

Ease of operating	Tax incentives	Cross-border philanthropic flows	Political environment	Economic environment	Socio-cultural environment	Overall
Stable	Stable	Stable	Mixed	Stable	Mixed	Stable

Source: Indiana University Lilly Family School of Philanthropy, 2025 *Global Philanthropy Environment Index*

KEY FINDINGS

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

**To what extent can individuals form and incorporate the organizations defined?
To what extent are POs free to operate without excessive government interference?
To what extent is there government discretion in shutting down POs?**

- Civil regulations, and even national Constitutions (e.g. in Italy, Portugal or Spain), remain protective of the freedom of individuals to form and incorporate POs. Registration procedures with the public authorities vary in complexity, taking from a few hours (in the case of electronic procedures) to several days or months. Registration fees or minimum capital or membership requirements generally apply.
- POs are free to operate without excessive government interference within the limits outlined in civil and tax regulations, and government discretion in shutting down POs is clearly limited. However, ease of operations varies across legal forms; for example, in Spain, supervision and control procedures are more intense for foundations than for associations. In Portugal, a new piece of legislation entered into force in 2022 that specifies the situations that may lead to shutting down a foundation, either voluntarily or by court decision. In Greece, regulations are more stringent for POs active in typical public services, such as those aimed towards minors or the elderly. Additionally, regulations unspecific to POs (such as the 2018 law that protects unaccompanied minors in Greece) are sometimes applied to depose the board of directors of POs or in reaction to scandals involving POs, causing concern on the side of civil society.
- Although no major regulations have changed during the period, new registration and operating regulations (Italy, Greece) and ongoing interpretation of the law by supervisory authorities sometimes lack consistency. This may result in less favorable scenarios relative to those foreseen by major regulations. In Italy, regional and local authorities still face the challenge of implementing the protagonist role foreseen for POs in the 2017 Third Sector Code, based on the principles of subsidiarity, public-private coordination, and shared administration. In Greece, cases of POs misusing funds or mishandling refugees, starting in 2019, elicited a governmental response consisting of promoting two new public registry laws with more stringent requisites for members of the board of directors of POs and the obligation to register volunteers. One state registry is compulsory for POs working with refugees and

migrants and has been already operationalized in 2020; the other is universal and optional for all POs, and though dating back to 2021, it is yet to be implemented.

- Red tape, though stable on average, is signaled as the main problem for the operations of POs vis-à-vis public authorities. In Spain, an increased bureaucratic burden for foundations on the side of state authorities exists; in Portugal bureaucratic requirements disproportionately affect young and/or smaller POs, hindering growth of the third sector.

II. Domestic Tax and Fiscal Issues

To what extent is the tax system favorable to making charitable donations?

To what extent is the tax system favorable to POs in receiving charitable donations?

- The tax system remains generally favorable to making charitable donations to qualified POs and overall stable, with recent incremental improvements in Italy, Greece, and Spain. Spanish reform of tax incentives for philanthropic donations came into force on January 1, 2024. Percentage tax incentives for donors increased, although applicable donation limits remain unchanged. The new incentives are more favorable for small donations but do not affect larger ones. However, for the region as a whole, tax incentives largely vary across legal forms, notably voluntary organizations vs. social enterprises.
- The tax system remains also favorable to POs receiving charitable donations, with some limits. POs are sometimes required to undergo specific procedures in order to achieve tax-favored status (e.g., a declaration of public utility in the cases of Spain and Portugal). In Greece, POs that will register in the new universal registry of the Ministry of the Interior will have access to higher percentage tax incentives.
- However, organizational size and red tape clearly impact the possibility of tax-incentive access in practice, with medium and small POs at a disadvantage compared to larger ones. Portugal is one case of this, with a reduced volume of difficult-to-implement donations to POs that are mostly absorbed by the largest organizations; a complex process for POs to access the public utility status that would guarantee fiscal incentives; and a lack of information on tax incentives for donors.

III. Cross-Border Philanthropic Flows

To what extent is the legal regulatory environment favorable to sending cross-border donations?

To what extent is the legal regulatory environment favorable to receiving cross-border donations?

- The principles drawn from EU case law—originating from the European Court of Justice to avoid discriminatory tax treatment for charitable organizations operating across Member States and sending and receiving cross-border donations (inheritance or gifts)—have not been consistently implemented across the region. Implementation in Italy is insufficient, as it is in Greece, where cross-border philanthropy is not recognized in practice by local tax authorities, despite the existence of a specific law that equals the treatment of donations to POs in other EU countries to those directed to Greek POs. In Portugal, cross-border philanthropy is unusual in the broader context of a small volume of domestic donations to

domestic POs. Once again, inconsistent or partial application and red tape are symptoms of practical barriers to positive regulatory and tax developments for cross-border philanthropy.

- Spain stands out against this background; a positive change occurred there in January 2021, when an infringement procedure open in the EC resulted in the application of the same tax regime for donations to both domestic and foreign NPOs. Consequently, the NPO Tax Law has been amended to accommodate the landmark Stauffer and Persche cases. Provided they are “analogous” to Spanish foundations or associations, both non-resident entities that operate in Spain with a permanent establishment and entities resident in a Member State of the EU (or in other Member States of the European Economic Area for which there are regulations on mutual assistance regarding the exchange of tax information with or without a permanent establishment in Spain), can be considered nonprofit from a taxation point of view. Therefore, they can receive donations that give right to deduction.

IV. Political Environment

To what extent is the political environment favorable for philanthropy?

To what extent are public policies and practices favorable for philanthropy?

- Overall, the political environment remains favorable for philanthropy, with Spain as an example of a country with largely stable, yet recently improved, public policies and practices. Space for further improvement lies in the reduced extent to which public administrations coordinate with POs in fields such as services to people with disabilities or mental health issues, minors, or the elderly (in the case of Greece); the extent to which they systematically collaborate; or the facilitation of civic engagement and participation by public authorities. The lack of a shared roadmap or a national strategic vision for supporting the highly diverse field of philanthropy is highlighted.
- However, scandals involving POs and political polarization are identified as sources for instability in some countries. In Greece, recent scandals have generated a political backlash against POs and critiques on the side of public officers. The operationalization of the two new public registries is interpreted as a political response to the perception that some POs are not doing good work on controversial topics, such as the migration and refugee crisis. In Portugal, POs connected to the Catholic Church, which play a very relevant role accompanying the government as main players in the social service field, remain unaffected by the growth of the extreme right. By contrast, NGOs that are working on ideologically loaded issues such as migration and refugees, the housing crisis, or gender equality in schools are under political fire.
- Overall, support to non-European migrants and refugees emerges as the most controversial public interest topic in the region.

V. Economic Environment

To what extent is the economic context favorable for philanthropy?

- The economies of the region have gotten back on track after the COVID-19 pandemic, thanks to state and EU involvement. During recovery, POs have been included in Temporary Employment Regulation Files (TERFs) and some have been able to benefit from European funding toward navigating digital transformation and the sustainability transition. Currently,

some countries demand reforms in the public procurement systems that allow POs to better compete with business actors in their traditional fields of involvement, from educational and social services to the circular economy.

- Despite financial instability affecting the region after COVID-19, charitable foundations have remained active in Greece, with some of them proactively connecting with NGOs during curfews. Similarly, in Italy, foundations of banking origin have maintained and even slightly increased their flow of disbursements, playing to some extent a counter-cyclical role. In any case, philanthropic donations to NPOs in the region still represent a small percentage of GDP vis-à-vis comparable economies, as solidarity is practiced in a variety of ways (e.g., informally, in-kind, etc.) under the Catholic charitable traditions dominant in Italy, Spain, and Portugal.

VI. Socio-Cultural Environment

To what extent are socio-cultural values and practices favorable for philanthropy?

- POs and their volunteers have had a profound impact on the social welfare and quality of life of the region. Socio-cultural values and practices are generally favorable for philanthropy, and the aftermath of the COVID-19 pandemic increased societal awareness about situations of vulnerability (e.g., elderly people) and, most generally, the need for collective support and solidarity. Recent scandals have eroded societal trust in POs (as in the case of Greece) resulting in a lack of philanthropic culture or awareness about the importance of giving, more generally, or even a hostile environment, as in Greece and Portugal, where informal solidarity and in-kind support substitute for formal philanthropy and monetary donations. In Spain, there is a broad social misunderstanding regarding the importance of philanthropy in the configuration of civil society, and donors tend to avoid visibility.
- Socio-demographic changes bring uncertainty about the future of philanthropy, as new, younger migrant populations combine with aging locals, inflation disproportionately affects lower-income households, and POs experience difficulties in connecting with younger audiences. Climate action, environmental conservation, gender equality, mental health, and ethical AI forcefully emerge as new public interest topics.

VII. Climate Change and Philanthropy

Please provide a brief summary of the role of philanthropy as it pertains to climate change.

- Public domestic funding for climate action generally plays a relevant role in the region. Governments encourage private sector engagement, including philanthropy, in climate change mitigation and business investments in environmental projects. European funding from Next Generation projects is also relevant, particularly in Spain and Portugal.
- However, the intensity of government support for climate change and environmental policies largely varies across administrative levels and political parties, and there is a general lack of concerted action.
- Philanthropy has increasingly tackled this novel topic, motivated by raising awareness from social movements and civil society. There is a general perception of increased visibility and support for climate action on the parts of both nonprofits and businesses. While private funding from foundations of banking origin is relevant for Italy, private funding from companies

stands out for Spain and Portugal, where foundations connected to global companies from the energy sector have taken a leading role.

- Beyond expert perceptions, data on the actual contribution of philanthropy to climate change are lacking for the region. Some attempts to build quantitative data bases on climate action and funding opportunities for environmental projects are taking place in Portugal. In Greece, some NGOs are gathering qualitative data based on expert opinions and practitioner evidence.

VIII. Emerging Trends in Philanthropy

What major events prompted philanthropic responses, and what sources of funding addressed them?

- The region has been affected by numerous natural disasters during the period that have prompted the corresponding philanthropic responses, such as floods (Italy, 2023; Greece, 2023), wildfires (Greece, 2022), earthquakes (Turkey and Syria, 2023), and volcanic eruptions (Spain, 2021).

What are the main lasting innovations or impacts in the nonprofit sector and philanthropy in response to the COVID-19 pandemic?

- The aftermath of the COVID-19 pandemic has dominantly shaped the philanthropic landscape between January 2021 and December 2023, consolidating increased intra- and cross-sector collaboration, particularly between the government and philanthropy, and digital transformation of the workplace of POs.

What issues or trends are emerging as significant to the nonprofit sector and philanthropy?

- POs in the region tackle a broad variety of issues, from social welfare to labor relations; from culture and arts to sports; and from education to research. A significant portion of POs is connected to religious purposes, with the Catholic Church playing a dominant role in Italy, Portugal, and to a lesser extent, Spain. In the context of the crises and shocks outlined here, urgent needs, such as aiding the most vulnerable segments of the population (e.g., elderly, migrants, low-income households affected by inflation or the energy and housing crises) have gained importance. The war between Russia and Ukraine and the resultant Ukrainian refugees compounded traditional immigration flows into Southern Europe (e.g., Sub-Saharan migrants arriving to Spanish coasts).
- Ongoing professionalization of the nonprofit sector is inextricably linked to digital transformation processes, encompassing both POs, through virtual or hybrid workplaces, and their relevant stakeholders, through increased online giving and crowdfunding platforms, for example.
- Overall, experts in the region demand intensification of efforts towards the establishment of a single market for philanthropy at the EU level. Additionally, the need for more effective communication of the societal contribution of POs and for a strategic vision that reinforces the development of philanthropic ecosystems is highlighted.

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