

Increasing citizen investment in civil society

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Civil society organisations (CSOs) have a pivotal added value and an irreplaceable role in making societies more sustainable anywhere, including in Latvia, Estonia and Sweden, as well as the Baltic Sea region as a whole. Therefore, it is important to create a favorable environment for individuals and corporations to invest in CSOs.

In 2020, three organisations - Civic Alliance-Latvia (CAL), Swedish Fundraising Association - Giva Sverige and Network of Estonian Non-profit Organizations (NENO) - set to identify factors that could increase incentives for individuals and businesses to invest in CSOs, looking at three forms of investments - financial donations, service and material donations (e.g. second-hand furniture or office equipment), as well as voluntary work. This is a summary of that work conducted in the framework of the project "Increasing citizen investments in sustainable CSOs", with the support of the Nordic Council of Ministers.¹

Current situation

In Sweden, CSOs working with children and research attract the most financial support.² 66% of funds received by approximately 160 member organisations of the Giva Sverige come from individuals, including in the form of legacies or a donation that is either linked to an inheritance or in commemoration of a deceased individual.³ The importance of easy ways to support CSOs is visible by the fact that 79% of young people prefer to donate via mobile payment application.⁴ In addition, Facebook donation tool has enabled the support of more than 10 million EUR (110 million SEK) to the member organisations of Giva Sverige. At the same time, 51% of Swedes have done voluntary work in the last year.⁵

In Estonia, the total amount of financial donations to CSOs in 2019 was 40 million EUR. According to NENO, approximately half of 22 thousand CSOs involve volunteers in their work. 35% of Estonians follow the work of CSOs on media, with 52% donating to CSOs and 54% volunteering.⁶

In Latvia, the tax reform introduced in 2018 has resulted in a dramatic decrease in corporate donations for CSOs from 97 million EUR to 15 million EUR, with the most popular sectoral CSOs (sports, culture, charity) seeing the largest drop in donations.

This affects approximately 12 thousand CSOs who are financially active (do not work on a voluntary basis).⁷ At the same time, the involvement in voluntary work is far less common as in Estonia and Sweden - only 9% of the population say they engage in volunteering.⁸

¹ The project included conducting surveys in Latvia, Estonia and Sweden in August, learning from Swedish CSO experience in a meeting in October, as well as discussing the challenges and possible ways forward in a meeting in November, 2020.

² Study from the Ersta Sköndal Bräcke University College, 2020.

³ Data from 2020 from Giva Sverige.

⁴ Novus public opinion poll of January 2020.

⁵ Study from the Ersta Sköndal Bräcke University College, 2020.

⁶ Good Citizen study, 2020.

⁷ Data from Latvian State Revenue Service, October 2020.

⁸ Source: The World Giving Index 2019.

Survey results

In August 2020, surveys were conducted in Latvia, Estonia and Sweden with individuals, as well as representatives of non-governmental organisations and businesses on three types of investments in CSO work: financial donations, donations of services and goods, as well as voluntary work.⁹ These are the main conclusions from this exercise.

Respondents in all countries said that the main motivation to invest in CSOs is the belief that CSOs do good work and people feel that donating is “the right thing to do”. Surveys in all countries also pointed out the significance of social media, as well as the “word of mouth” of family and friends that motivate people to invest in CSO work.

While in Latvia and Estonia respondents said they needed easy-to-understand information about the ways of supporting CSOs, this was a lesser concern for the respondents in Sweden. But in all three countries, people are expecting more accessible ways to contribute, e.g. via online platforms or applications, donation boxes or social media.

In this regard, Sweden has a better environment for CSO support, where many organisations get regular donations through mobile payments (Swish) and Facebook that allows CSOs to make fund-raising campaigns through the “donations button”. This function is currently not available for the Baltic states, thus not allowing CSOs in Latvia and Estonia to use this tool, that - according to survey results - might be highly appreciated by the potential supporters.

In Sweden, respondents also appreciated special fundraising events as a way to support CSOs, while many CSO respondents in Latvia and Estonia said a more motivating tax system would also increase their investments in CSOs.

The surveys also included questions on the likely effect of Covid-19 on support for CSOs. Most respondents in Latvia and Estonia foresee a larger impact of Covid-19 on financial donations, with service and material donations and volunteering likely to be affected less, although this support is also expected to decrease. In Sweden, however, many respondents said that the financial donations as well as material or service donations given by individuals or companies and received by CSOs are likely to remain unchanged or even increase due to the increased need for CSO work linked to Covid-19 challenges. This is already seen by the organisations working on social service provision. But with regard to volunteering in Sweden there are also some reservations due to social distancing rules and

⁹ In Latvia, 65 individuals, 36 CSO representatives and 14 business representatives participated in the survey. In Estonia 78 individuals, 84 CSO representatives and 23 business representatives participated in the survey. In Sweden, 381 individuals, 36 CSO representatives participated in the survey.

THE MOST POPULAR FORMS OF SUPPORT FOR CIVIL SOCIETY ORGANIZATIONS

SWEDEN

- Monthly donation – 31,03%
- Money donation for a specific purpose or as a tribute to someone (for example as a birthday gift) – 17,24%
- As a response from CSO asking, for example donation campaigns – 17,24%
- Communication tool that inspires to support CSOs
- Social media – 26,67%
- Fundraising activities – 16,67%
- Easily available donation box in stores and other places – 16,67%



ESTONIA

- Volunteer work – 53,8%
- Money donations – 51,9%
- Active participation in the organization – 50%
- Communication tool that inspires to support CSOs
- Social media – 82,7%
- Donating according to the recommendations of friends, family, colleagues – 61,5%
- Fundraising activities / donation through the website – 32,7%



LATVIA

- Fundraising activities – 33,3%
- Holiday Fundraising events (for example charity event at Christmas) – 22,2%
- Money donation for a specific purpose or as a tribute to someone (for example as a birthday gift) – 11,1%
- Communication tool that inspires to support CSOs
- Social media – 38,9%
- Donating according to the recommendations of friends, family, colleagues – 19,4%
- A call from an CSO – 13,9%



the overall environment where people are careful not to risk getting infected or spread the infection to others via direct contacts.

Recommendations

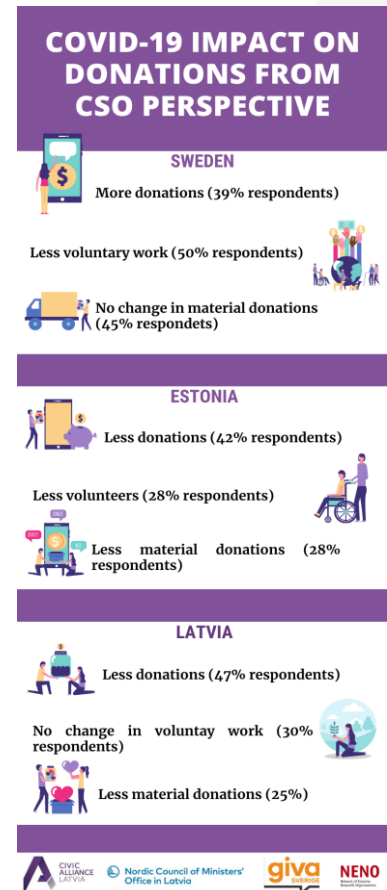
Opportunities identified by CSOs to work together to strengthen the financial/ material sustainability of civil societies in their countries and the Baltic Sea region, touch on four topics: legal framework, CSO capacity, donation culture and concrete tools to make the investments in CSOs more accessible.

With regard to the legal framework, Latvian CSOs identified the need to change regulation currently requiring companies to pay VAT on the pro-bono services provided to CSOs. At the same time, CSOs in Estonia need a favorable legal framework for the donation of food products. Both countries' civil society actors said that financial donations would be more popular if the tax system would be more motivating.

Conversations with CSO representatives in the three countries revealed the need to strengthen confidence of CSOs in themselves and the value of the work that they do, which does not always translate in the way that they communicate with potential supporters - either companies or individuals. There was also a strong encouragement for CSOs to showcase their work that is based on evidence rather than only emotional stories, i.e. concrete tasks that supporters can invest in, resulting in a concrete number of beneficiaries that will thus receive the needed help. At the same time, CSOs must be careful to not overburden supporters with too much information - concise information on the use of donations is needed, without expectations that individuals or companies would read annual financial reports of the supported organisations.

Concrete initiatives were suggested to build CSO capacity in fundraising via conversations with supporters - individuals and companies. This would also address the need for CSOs to be selective and identify potential supporters who could be dedicated to the cause the CSO works for, instead of attempting to attract the attention of the general public. This was found as likely to result in a long-term relationship with the supporters.

With regard to donation culture, it is visible that in Sweden, it is a common practice for companies to include in their statutes a goal to invest in specific areas of the society via supporting CSOs, as well as running volunteering programs for their employees. In Latvia and Estonia, these practices are slowly gaining ground, though there is an increasing interest among companies to engage in this work more systemically, especially with regard to regular volunteering programs of company staff. Initiatives that would help companies in this domain could lead to more volunteering.



Finally, with regard to concrete tools to make the investments in CSOs more accessible, conversations focused on online platforms, applications and social media to link potential supporters with CSOs. Specifically, Facebook donation button was discussed, that is currently not available for CSOs in the Baltic states. Even if an individual makes an average donation of 3 EUR per Facebook, it can lead to substantial support for CSO work, if the organisation is successful in attracting many helpers. The fact that the White Friday initiative in Latvia in 2020 has resulted in more than 18 thousand-euro donations to CSOs is another indication that easier ways to donate, really help. Other examples to highlight this point are crowdfunding platforms like Hooandja in Estonia and application, #paliecmājās in Latvia for volunteers helping with basic needs for individuals in Covid-19 restrictions.

Presentations from November 10th discussion “Application form for discussion - How open is society to provide forms of support to strengthen civil society?” about different CSOs situation in Latvia, Estonia and Sweden.

- [Civic Alliance – Latvia presentation.](#)
- [Network of Estonian Nonprofit Organizations presentation](#)
- [Giva Sverige presentation](#)