

Philanthropic Freedom



A Pilot Study



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Philanthropic Freedom: A Pilot Study

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DIRECTOR'S WELCOME



The staff at Hudson's Center for Global Prosperity (CGP) is delighted to present the first analysis of philanthropic freedom across the world. In this 13 country pilot study, we examine barriers and incentives for individuals and organizations to donate resources to social causes. CGP scored and compared countries on their ease of giving by collecting detailed information on three main indicators: the ease of registering and operating civil society organizations (CSOs); domestic tax policies for deductions, credits, and exemptions; and, the ease of sending and receiving cash and in-kind goods across borders. This research is a major step in helping countries identify policy changes that will encourage philanthropy, the goal of this study.

This new research follows on our ground-breaking work measuring private financial flows from developed to developing countries. The analysis showed that of all financial flows to the developing world, some 80 percent are private and only 20 percent are official, the reverse of 40 years ago. As international philanthropy increases, there is growing interest in how philanthropy can be encouraged for humanitarian causes, economic growth, and community development.

Despite the research and interest in global philanthropy, there has been limited work on comparative private giving and even less on the state of philanthropic freedom around the world. Until now, the basic information on the ease of registering CSOs, receiving deductions and exemptions, and transferring donations across borders has not been identified. Furthermore, this information has not been assembled to assess and measure philanthropic freedom across countries.

Our research fills an important measurement gap in development policy and philanthropic research. The World Bank's *Doing Business* report compares countries on the ease of doing business. The Bank also compares countries on their governance by measuring transparency, efficiency, and other indicators of good governance. Numerous other indexes measure and compare social and economic indicators among countries. This study shows that key indicators of philanthropic freedom can be identified, measured and compared across nations, providing invaluable guidance in improving the environment for giving and improving the state of civil society. By identifying the barriers and incentives for philanthropy and civil society, our research provides a practical roadmap for changing policies and thus grow-

ing philanthropy.

Exploring new territory in philanthropy brings interesting new results which abound in this summary and in the 13 country reports, available online at www.hudson.org/PhilanthropicFreedom. Our pilot study shows a more positive picture for philanthropy in emerging economies than was expected. India, South Africa, and Mexico have tax incentives that fall in the high to medium range, and their barriers to CSO operations and cross-border flows fall in the low to medium range. While Brazil and Egypt provide similar tax incentives, the barriers to CSO operations and cross-border flows are significantly greater in Egypt. Egypt is joined by Russia and China with the most restrictions on philanthropic activity due to the governments' interference in civil society activities and cross-border flows.

Our research also showed that countries with excellent philanthropy-related laws on the books may be hindered by cumbersome procedures and corruption. In some countries where the philanthropic sector is newly emerging, there is a reported lack of public trust in CSOs and philanthropy in general. Thus, laws and public policy will need to be accompanied by transparency and good governance in order to gain trust in private philanthropic organizations.

In completing the work, CGP is grateful for its exceptional Advisory Board whose names are listed on page 2. These individuals were committed to helping us design a methodology and tackle an entirely new field of philanthropic research with enthusiasm and dedication. In particular, Mr. Douglas Rutzen, president and CEO of the International Center for Not-for-Profit Law, helped us in framing the key indicator categories and the survey questions, recommending country experts, and reviewing research results. Our country experts are also listed on page 2, and we thank them for their excellent work on the questionnaire and their time in clarifying additional aspects of the philanthropic environment in each of their countries. Finally, we are grateful to our partners and supporters, listed on page 2, who believed that this research was important to advancing philanthropy, freedom, and prosperity in the world.

We believe this new initiative comes at an opportune time as new governments throughout the world strive to work positively with growing civil societies. We hope that the best practices of countries with strong civil societies, through their traditions and public policies, can serve as an example to encourage philanthropy and grow generosity throughout the world.

-DR. CAROL C. ADELMAN
Senior Fellow and Director
Center for Global Prosperity
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BACKGROUND OF THE PILOT STUDY

INTRODUCTION

Philanthropy is defined as an activity performed with a goal of promoting well-being. More specifically, distinguished scholar, Dr. Helmut Anheier, defines philanthropy as the “voluntary use of private assets for the benefit of public causes.” Philanthropy can take on many forms such as individuals giving to non-profit organizations; diaspora communities funding relief and development projects in their home towns; foundations and charities supporting community projects; corporations undertaking cause-related marketing campaigns as well as multi-million dollar disease treatment programs; members of religious organizations going on short and long term missions to help orphanages in Africa; individuals using SMS to transfer funds to disaster victims, donating to overseas projects through internet giving websites; and, entirely new financial tools to transfer funds for social impact investing.

Regardless of what form private giving and social investing take, the presence of philanthropic activities in a country is encouraged by fundamental liberties such as the ability of individuals and organizations to assemble, own property, and engage in free speech and voluntary transactions. Researchers have demonstrated that philanthropy can be affected by numerous influences including personal, cultural, and governmental. For instance, studies on generosity show that education, home ownership, and in some cases, religiosity, can all influence an individual’s participation in philanthropic activities. The motivations for giving can vary from passion for human needs to tax benefits to improving one’s standing in the community.

While numerous motivators for giving are related to personal and cultural factors, there are also laws and regulations independent of these that can affect a country’s philanthropic environment. This pilot study, carried out over the last two years, set out to measure a country’s philanthropic freedom or ease of giving. We identified, measured, and compared countries on their incentives and barriers to philanthropic activity, particularly those that are readily amenable to policy changes. Philanthropic freedom in this study refers to the ability of individuals and organizations (both profit and non-profit) to donate time and money to social

causes. Broadly, this study assesses the policies that lead to an environment where philanthropy thrives or, on the other hand, where it is inhibited.

The philanthropic sector is not uniform across borders. Philanthropy in countries such as the United States and the United Kingdom has been encouraged through tax incentives as well as a strong cultural history of private giving. Scandinavian countries are less encouraging of philanthropy with their high taxation rates, fewer tax deductions, and more government welfare. In addition to understanding the tax laws governing donations, civil society freedoms also play a large role in the overall philanthropic environment of a nation.

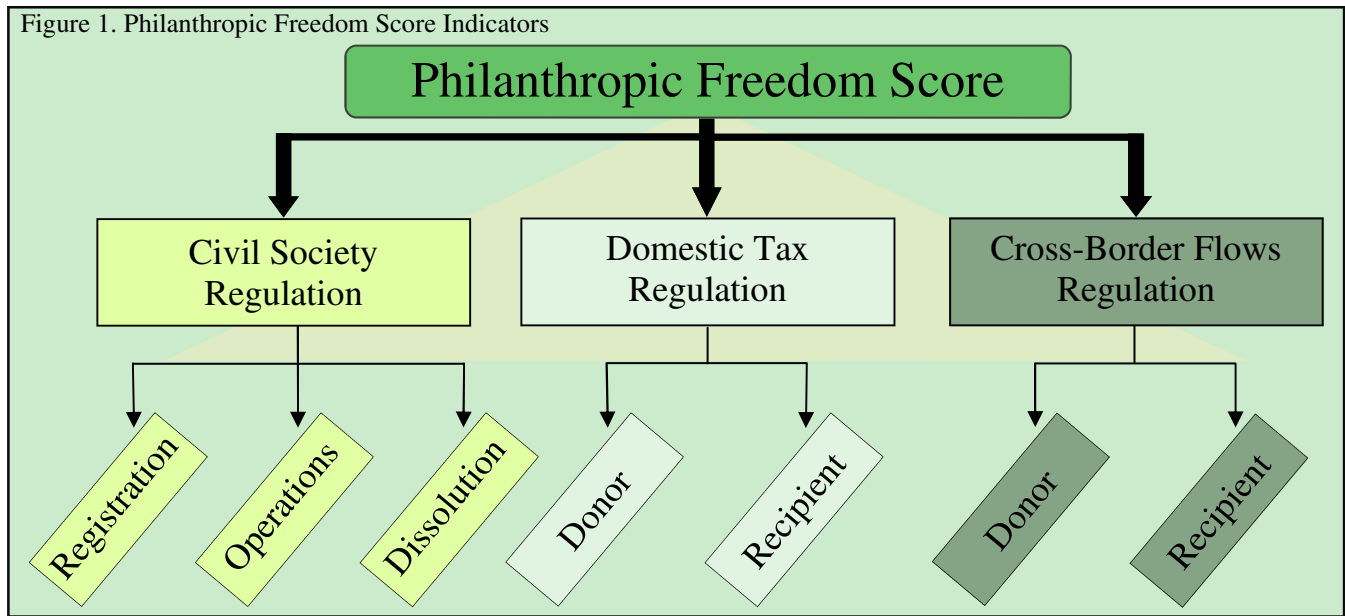
Philanthropy does not stand on its own, but is dependent on a vibrant civil society. Even a nation of the wealthiest donors cannot exhibit generosity without a civil society to help identify, organize, and implement activities that help people in need. The same Scandinavian nations, while having low incentives for tax donations, also have low barriers to civil society registration and operations which improve the population’s ability to undertake philanthropy.

Furthermore, philanthropy’s role in creating civil society organizations (CSOs) and other sources of wealth and power outside of central government control helps democracies flourish by strengthening freedom of assembly and freedom of speech. This integral role of philanthropy in strengthening civil society can be best demonstrated by current political events in Egypt and Russia. The post-revolutionary transition in Egypt has resulted in a governmental tightening of civil society rules. To ensure control of non-profit organizations’ activities, the Egyptian government has proposed restrictive legislation to prohibit philanthropic flows to organizations working in Egypt. Similarly, in Russia the government has enacted new regulations on cross-border financial flows to limit the activities of non-profit organizations. Thus, the existence of philanthropic freedom in a nation can strongly impact the health of that nation’s civil society and vice versa.

RATIONALE

Over the last decade, cross-border philanthropy has

Figure 1. Philanthropic Freedom Score Indicators



gained significant attention. The Center for Global Prosperity at Hudson (CGP) was the first to measure and report on international philanthropic flows from developed to developing nations in its *Index of Global Philanthropy and Remittances*. While CGP's previous research focused on measuring these flows and highlighting best practices and success stories, it did not examine the incentives and barriers to sending donations abroad or receiving them from foreign institutions. Because international philanthropy is increasing, governments are just now beginning to evaluate the extent of global philanthropy—its role and activities in their countries—as well as their own policies on cross-border philanthropic flows. This indicator is one of three major areas most relevant to philanthropic freedom. The other two areas are countries' regulation of civil society activities and their domestic tax laws. Combined, these indicators can play a significant role in measuring and comparing how conducive countries' policies are to philanthropy, both domestically and internationally.

Despite the large and growing research on philanthropy and remittances, there has been limited research on comparative private giving and even less on the state of philanthropic freedom across the world. The basic indicators of whether and how easy it is to give within a country or across borders have not been systematically identified. Nor have they been assembled in a way that philanthropic freedom in countries can be measured and compared. This pilot project measures philanthropic freedom in 13 countries of various economic levels by examining the barriers and incentives for individuals and organizations to donate money and time to social organizations. By identify-

ing the barriers and incentives, this project will help pinpoint necessary policy actions to encourage private giving, such as tax deduction policies, ease of non-profit registration, and ease of receiving funds from domestic and foreign donors, among many other potential actions. By highlighting the necessary policy changes, we hope to increase generosity, the ultimate goal of this study.

INDICATORS EXAMINED

This pilot study measures philanthropic freedom using three main categories of indicators: Civil Society Regulation, Domestic Tax Regulation, and Cross-Border Flows Regulation. While not used in the scoring system, countries' socio-cultural environments are presented to provide a background on the culture of giving and citizens' perceptions of philanthropy and civil society. Figure 1 shows the schema used in determining the overall philanthropic freedom score for each country.

The Civil Society Regulation indicator uses three separate measurements to assess country policies on: 1) barriers to registering a CSO; 2) barriers to operating a CSO; and, 3) the process of terminating a CSO. The Domestic Tax Policy indicator uses 4 separate measurements to assess country policies on: 1) donor tax incentives; 2) the process to obtain tax benefits; 3) tax benefits for CSOs; and, 4) the process of receiving tax benefits and public benefit status. The Cross-Border Flows indicator assesses barriers to sending and receiving funds from other nations and the taxes, fees and other costs of those transactions. This indicator uses two measurements to evaluate: 1) the cost of sending or receiving cross-border donations; and, 2)

the ease or difficulty in sending or receiving cross-border donations.

METHODOLOGY DEVELOPMENT

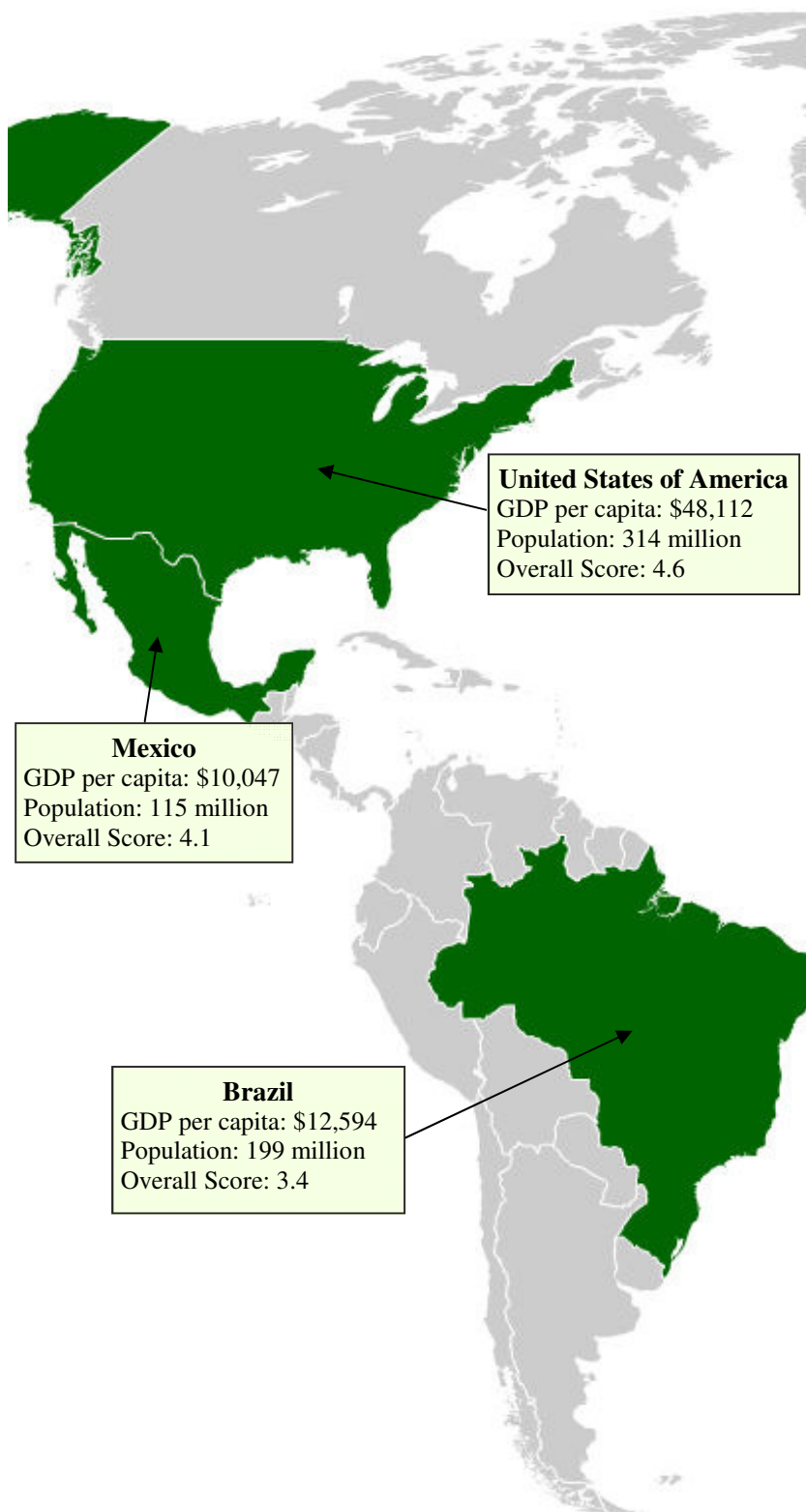
The Center for Global Prosperity (CGP) established an advisory board consisting of high level academics, practitioners of philanthropy, and survey and design experts. These members are listed on page 2 of this report. The advisory board assisted in all phases of the project, including the selection of key categories relevant to philanthropic freedom, the questionnaire, and selecting and vetting country experts who conducted the surveys. We developed a series of questions to address the three indicator categories mentioned above, and they were compiled into one questionnaire that was distributed to a philanthropy expert in each country assessed. Each country expert conducted the questionnaire by both scoring appropriate questions and providing a short narrative to describe the overall philanthropic environment. The full questionnaire is included under Appendix A of this study on page 24 and the results of each full country survey can be downloaded from CGP's website: www.hudson.org/PhilanthropicFreedom.

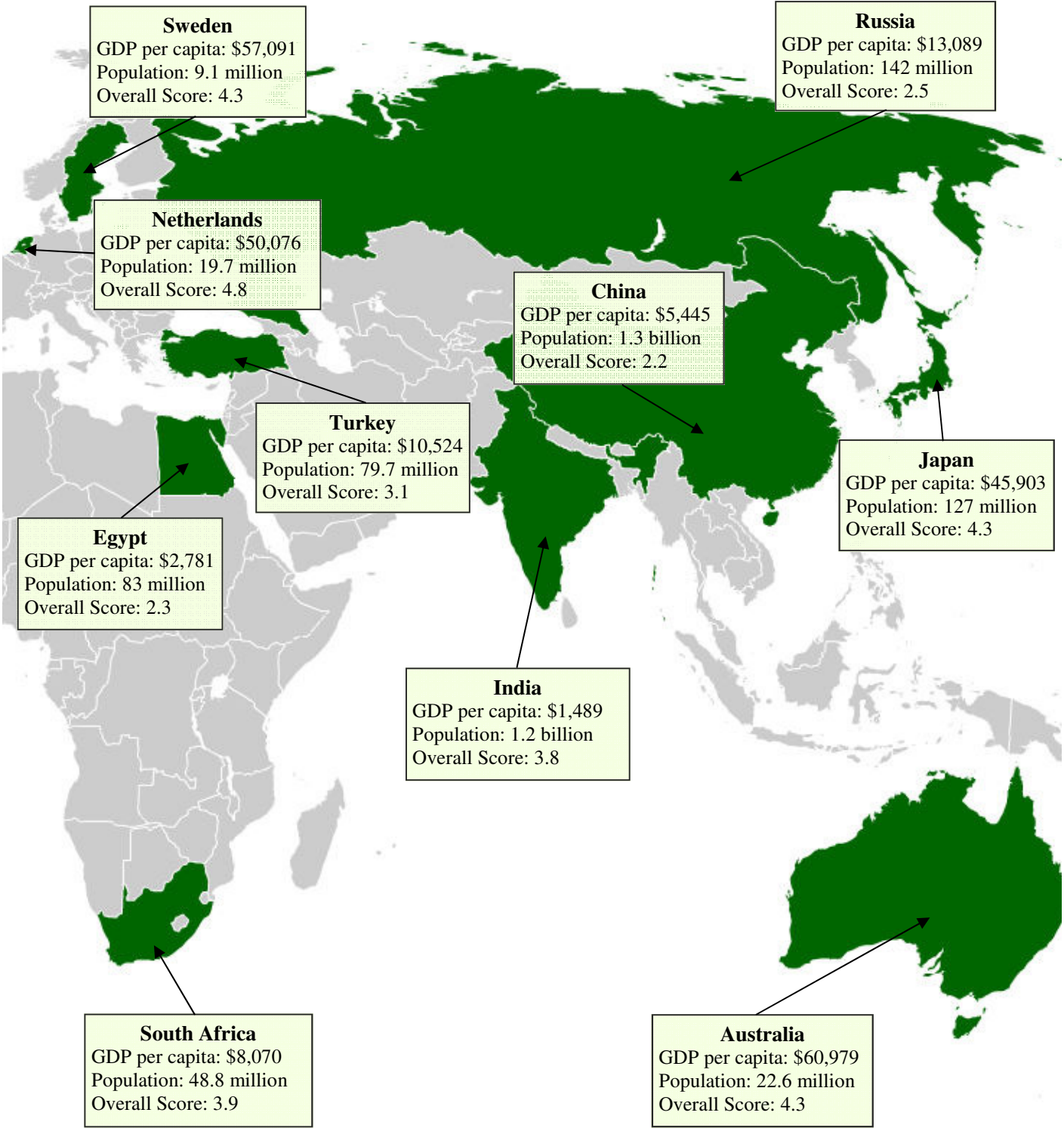
Because this research relied on experts in each country, it was essential to design a survey that was manageable in length but at the same time covered the necessary indicators. Keeping this in mind, we created a fairly compact questionnaire, analyzing the three categories of indicators by using nine questions plus a section for a short narrative of the philanthropic socio-cultural environment. The questions are scored using a five point system. Countries with lower scores demonstrate policies that are more restrictive to philanthropy, and countries with higher scores have policies that are more conducive to philanthropy.

COUNTRIES ASSESSED

Figure 2 show the countries assessed, which represent different political systems, economies, and cultures. Ideally, in order for this research project to be used as a full

Figure 2. Countries Assessed





comparative *Index*, a significantly larger number of countries will need to be assessed in the future. However, for the purposes of this pilot study, we chose 13 countries that varied in their level of philanthropic activities and also had more accessible data and readily available survey experts.

The countries included in the pilot study are the following: Australia, Brazil, China, Egypt, India, Japan, Mexico, Netherlands, Russia, South Africa, Sweden, Turkey, and the United States. The high-income countries (Australia, Japan, Netherlands, Sweden, and the U.S.) vary in geography, culture, and level of philanthropy. While these countries may take a somewhat similar approach to civil society regulation, they all vary in their domestic tax policies and in the regulation of cross-border flows. Similarly, the middle-income countries (Brazil, China, Egypt, India, Mexico, Russia, Turkey, and South Africa) span a number of continents and cultures. These nations, while having different tax policies, also differ significantly in their regulation of civil society and the freedom of cross border flows.

IMPLICATIONS OF RESEARCH AND FUTURE WORK

With the growth in emerging economies and the current transitions in the Middle East and Russia, it is clear that a strong and vibrant civil society, supported by philanthropy, is vital to ensuring free and open democracies. Scoring and ranking countries on their philanthropic freedom can help highlight which public policies are conducive and which are restrictive for philanthropy to grow. While previous research has assessed different components included in this pilot study, none has uniquely addressed the topic of philanthropic freedom in a comprehensive way. While

This research will not only assess the environment for giving in nations, but provide a roadmap to improve it so that philanthropy and generosity can grow.

there are existing measures and rankings of countries on good governance and the ease of doing business, this pilot study is the first attempt at measuring ease of giving. Thus, this research will complete a measurement gap in these three major areas of social and economic activity.

Because the research was a pilot study, only 13 countries could be assessed. In the future, more countries need to be surveyed to create a complete *Index of Philanthropic Freedom*. A more comprehensive country sample will accomplish other objectives in addition to growing and improving generosity and civil society. First, the research will help fill large gaps in the overall knowledge of philanthropic activity and the propensity to give. Second, it will develop an entirely new line of inquiry into individual freedom to give and its importance to growth and prosperity. Third, for the first time, policymakers will have access to indicator-based rankings on the ease of giving in their countries which can serve as a guide for changing existing policies, eliminating barriers to giving, and creating the proper incentives for charitable giving. This research will not only assess the environment for giving in nations, but provide a roadmap to improve it so that philanthropy and generosity can grow.

Figure 2. End Notes:

GDP Country Data:

World Bank. (2012). Data retrieved December 26, 2012, from World Bank Databank.

Population Country Data:

Central Intelligence Agency. (2012). Data retrieved December 26, 2012, from The World Factbook 2012.

OVERALL FINDINGS

OVERVIEW OF PHILANTHROPIC FREEDOM SCORES

This study’s preliminary findings show that the methodology used to measure philanthropic freedom has been successful. The ranking displayed in Figure 3 on the right shows that the 13 countries selected have variation in their total scores comprised of three indicators – civil society regulation, domestic tax regulation, and cross-border flows regulation.

As was mentioned earlier, this pilot study did not include countries that have the most restrictive philanthropic environments, scoring between one and two. Thus, none of the countries in the pilot study scored below two. When the study is expanded, other countries such as Belarus and North Korea will likely have scores in the one range.

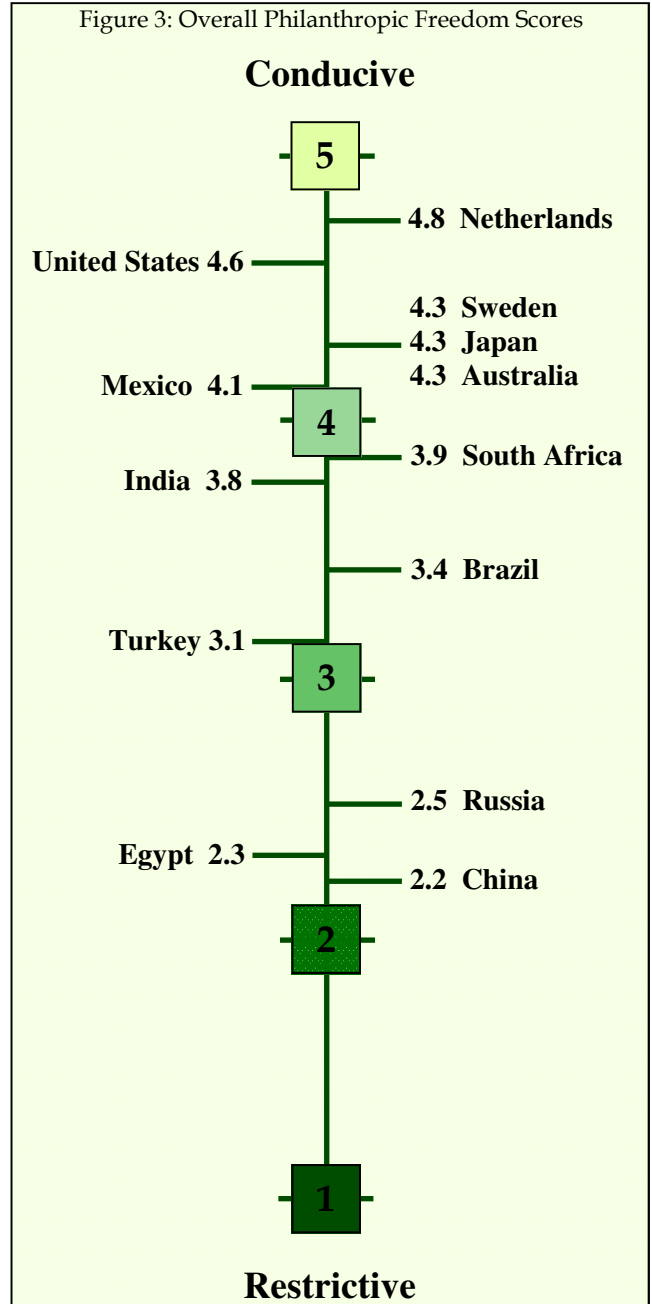
Many of the high scoring nations are also high income countries, reflecting the long history of philanthropy and civil society in these countries. Additionally, some emerging economies scored high also, reflecting an improving environment that is conducive to philanthropy in those nations. For example, South Africa, India, and Mexico have implemented policies that promote a healthy civil society and provide tax deductions for donors.

Because this study assesses the barriers to civil society organizations and cross-border flows, countries that have restrictive regulations in these two categories scored lower, despite having relatively large tax incentives for donors. For example, countries such as Egypt and Russia provide tax deductions for donors, but the limitations on registration and operations of CSOs are restrictive. Furthermore, the barriers to the flow of cross-border foreign funds in both countries are tightly regulated and highly restrictive.

The ranking shown in Figure 3 was calculated by assigning an equal weight to each of the three indicators. CGP also created an alternative ranking by assigning the Cross-Border Flows indicator a smaller weight, and thus increasing the effect of the Civil Society Regulation and Domestic Tax Regulation indicators. This ranking is discussed in the methodology section on page 22.

In addition to the overall scores, an overview and ranking of the countries by each indicator category –

Figure 3: Overall Philanthropic Freedom Scores



civil society regulation, domestic tax regulation, and cross-border flows regulation – is provided on the following pages. Furthermore, detailed information on each country can be found in individual country reports, which are available for download on CGP’s website, www.hudson.org/PhilanthropicFreedom.

CIVIL SOCIETY REGULATION SCORES

Figure 4 on the right shows country rankings based on the Civil Society Regulation score. The countries with the highest scores have the least barriers for civil society organizations to register. Furthermore, these countries have fewer restrictions on how these organizations should operate, and there is judicial oversight and recourse if organizations are involuntarily terminated.

Countries with Low Barriers

The top scoring countries, Japan, Netherlands, Sweden, and the U.S. all have low barriers to entry for civil society organizations. The Netherlands, Sweden, and the U.S. have all had long histories of active civil societies, and the non-profit sector in all countries continues to grow. Although the non-profit sector is rarely scandal free, generally the populations in these countries have trust in CSOs. While Japan has a shorter history with civil society, its laws governing the establishment and operations of CSOs are currently conducive for the sector to grow in the future.

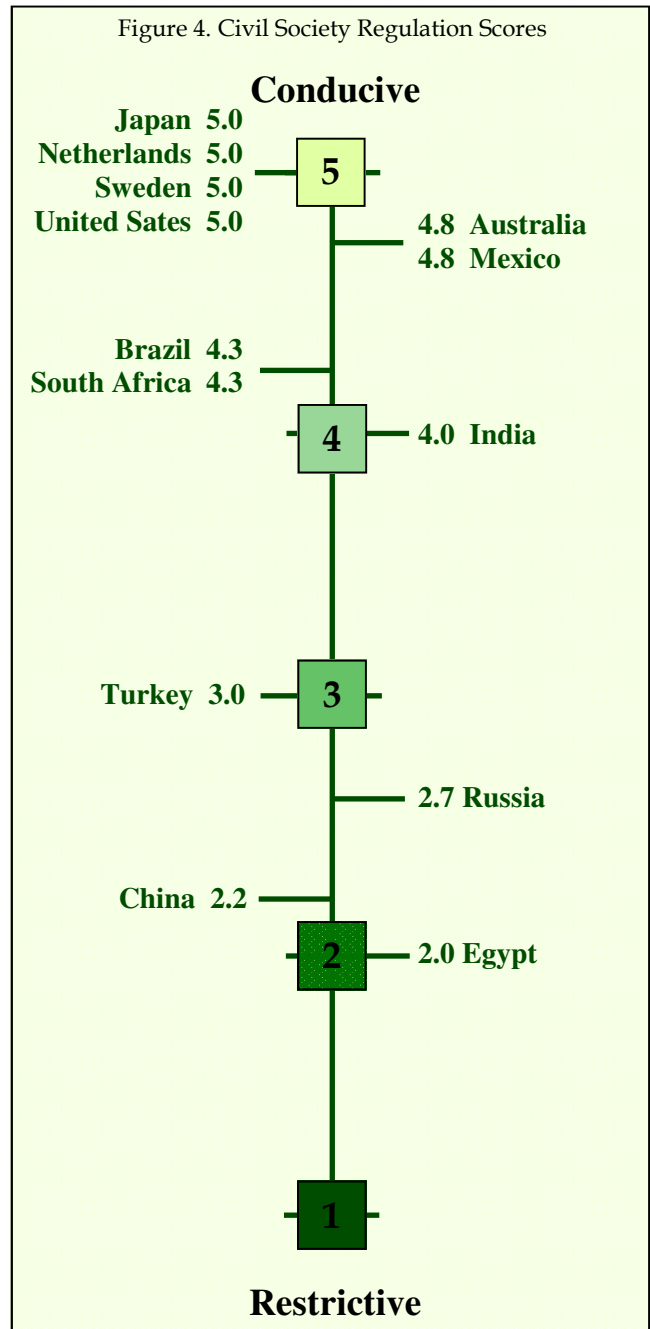
Countries with Low to Medium Barriers

While the countries that scored the highest are all high income, some emerging economies scored well above a four on this indicator. Besides Australia, Mexico also provides an easy entry for civil society organizations to register, obtain status, and operate. In Brazil, South Africa and India, the right to associate is freely granted and setting up a nonprofit organization is relatively easy and inexpensive. Nevertheless, government bureaucracies can hinder the process by creating delays. Thus the laws on the books may not vary significantly from higher scoring countries, however, the implementation of the laws is hindered by inefficiencies, causing delays and impediments.

The regulations in all five countries allow CSOs to use internet and other communication technologies. Additionally, the reporting requirements are reasonable and fair. Dissolution laws in these nations allow for voluntary termination, and any involuntary termination requires judicial oversight. In Brazil, voluntary termination is available, however the process can be lengthy and bureaucratic. Interestingly, India, where only illegal organizations can be involuntarily terminated, recently experienced an arbitrary termination of nearly 4,000 organizations, affecting its Civil Society Regulation score.

Despite the conducive civil society regulations in

these countries, the socio-cultural narrative portion of the India, Brazil, and Mexico reports all mention that the general population either distrusts civil society or does not have a good understanding of its role. This demonstrates that, while the policies are not overly restrictive, because the civil society sector is relatively new and underdeveloped, positive social perception has yet to develop. Civil society in South Africa is reported to be viewed positively by the public.



Countries with Medium Barriers

Of the 13 nations reviewed, Turkey has some significant barriers to civil society operations. Individuals are not allowed to act collectively, unless they register for legal status as an association. Also the registration process of an association is cumbersome due to heavy bureaucracy. However, the barriers to registration on the books are relatively low, with small costs and easy procedures. Some CSOs, depending on their activities, encounter more operating constraints than others. Furthermore, involuntary termination of CSOs is possible under a process that is not transparent.

In Russia, registering a CSO can be a highly bureaucratic and political process. Organizations may face restrictions on the types of communication technologies they can use, and organizations can be terminated involuntarily. Russia has recently implemented and proposed a number of new regulations regarding civil society operations. Newly proposed laws in 2012 have created stringent requirements for any non-profit that receives funding from abroad. The effects of this law are demonstrated in the scoring of the Cross-Border Flows Regulation indicator in our survey. In March of 2013, the Russian parliament proposed a law that would subsidize funding for non-profit organizations that promote “patriotism.” The details of this regulation have yet to surface.

Countries with Medium to High Barriers

The countries with the lowest scores on the Civil Society Regulation indicator have some of the highest barriers. China and Egypt both implement heavy obstacles to registering a CSO. Organizations in these countries often choose to register as businesses or remain unregistered to avoid the complex and political process.

In China, while a CSO registered as a business is technically illegal and can be shut down, most continue to operate anyway. Interestingly, although the laws on the books for CSO registration are highly restrictive, the implementation of these regulations is inefficient, allowing for a larger space for CSOs off the books than what is available legally. Furthermore, some Chinese provinces are beginning to implement local laws that would ease registration barriers for CSOs.

Civil society in China is composed of grassroots NGOs which are private and more regulated than government-organized NGOs (GONGOs). NGOs that are active in sensitive activities, which is unclearly

China and Egypt both implement heavy obstacles to registering a CSO.

Organizations in these countries often choose to register as businesses or remain unregistered to avoid the complex and political process.

defined, can be shut down at the discretion of the government, while organizations that work on democracy-related issues are not allowed to operate in China. Restrictions on social media and other forms of communication are prominent in China.

While Egypt and China both scored low on the Civil Society Regulation indicator, the narrative from each expert indicates that China may be progressing in a positive direction, while the clamp down on civil society in Egypt will continue to increase with newly proposed laws.

Registering a CSO in Egypt is met with many barriers and involves cumbersome procedures. Organizations with activities that are viewed as out of line with national unity are denied registration. Moreover, once an organization is registered, it is subject to rigid structural regulations, including instructions on how to hold meetings and select board members. The government is able to remove any members from the board of directors whom it does not see as qualified. Additionally, government representatives can attend the general assembly or board meetings of organizations. Egyptian CSOs can be involuntarily terminated for a number of reasons, many of which are at the discretion of the government. Egyptian organizations can appeal a decision, however, it is almost impossible to overturn an involuntary termination in practice.

Table 1. Overview of Civil Society Organizations Indicators

Country	Types of Civil Society Organizations	Estimated Time to Register a CSO
Australia CSO Score: 4.8	There are three main types of civil society organizations: incorporated associations, charitable trusts, and companies limited by guarantee. The vast majority of what would be described as philanthropic foundations is in the form of a charitable trust.	Registration time varies depending on the CSO's legal form. Charitable trusts and companies take a couple of days and incorporated associations can take up to a month.
Brazil CSO Score: 4.8	There are two main types of civil society organizations: an association and a foundation (private and public). An association is formed via the organization of individuals, while a foundation is set up via an endowment.	If the CSO has all the necessary documents completed, it takes around two months to become registered.
China CSO Score: 2.2	There are three main types of organizations: social associations, civil non-enterprise institutions, and foundations. Social associations are formed through membership and many have government backing, thus considered government organized NGOs (GONGOs). Civil non-enterprise institutions provide social services. Foundations are grant-making organizations.	CSO registration depends on how long it takes to find a government sponsor which is a major hurdle. This ranges from a few weeks to a few years. Once a CSO finds a sponsor, then registration should take no more than a few months.
Egypt CSO Score: 2.0	There are three types of organizations: associations, foundations, and unions. Associations are organizations formed by at least ten individuals for a specific purpose and are the most common type of organization in Egypt.	Under law, it should take less than 60 days. If the government does not reply within 60 days, the organization is considered as registered. Yet in practice, this can take several months.
India CSO Score: 4.0	There are three types of organizations: public charitable trusts, societies, and section 25 companies. Charitable trusts are charities with diverse purposes. Societies are membership based organizations that can be registered for a charitable purpose. Section 25 companies are limited liability and do not distribute profit among members.	Registering a non-profit is estimated to take a few months.
Japan CSO Score: 5.0	The most common types of organizations are associations, foundations and special nonprofit corporations (SNCs). There are many activities a SNC can pursue in order to be established with a public benefit status. Associations and foundations can also have this status, if verified by a committee review.	It takes at least 4 months for a SNC to register and 2-4 weeks for an association or foundation. At least 4 months are needed to obtain a charitable status.
Mexico CSO Score: 4.8	There are two relevant forms of CSOs: civil associations and private assistance institutions. Civil associations are formed via the organization of individuals to pursue diverse non-profit purposes and private assistance institutions are formed to pursue a particular charitable purpose supervised under state jurisdictions.	It takes approximately 1 - 4 months for a CSO to be registered, depending on whether the organization wants to be tax deductible.
Netherlands CSO Score: 5.0	There are two main types of organizations: associations and foundations. Associations are membership organizations that cannot divide profit among members.	Data not available.
Russia CSO Score: 2.7	There are a number of different types of organizations in Russia, including: associations, foundations, institutions, non-commercial partnerships, and autonomous non-commercial organizations.	Data not available.
South Africa CSO Score: 4.3	There are three main types of organizations: voluntary associations, non-profit trusts, and non-profit companies. Voluntary associations are the most common and are formed by the association of three individuals or more.	It takes approximately 3 months for a CSO to be registered.
Sweden CSO Score: 5.0	There are two main types of organizations: grant-making foundations (receive their income from the return of invested assets) and operating foundations (project-or business-related activities).	The Swedish Company Registration Office reports that the average application process presently takes 9 days. Additional time is required if a CSO wants to run a business.
Turkey CSO Score: 3.0	There are two main forms: associations and foundations. CSOs are able to apply for public benefit status, however only a small percentage receive this status. Associations and foundations are not prohibited from directly engaging in political activities, but political CSOs may face more significant government interference in practice.	The government has up to 60 days to review. If the administration decides documents are missing, or the association's bylaws violate existing regulations, the association is given 30 days to rectify.
United States CSO Score: 5.0	Organizations are registered as non-profit, most commonly with a 501(c)(3) or a 501(c)(4) status. 501(c)(3) organizations are public charities and private foundations that are eligible for a tax exempt status, but are limited in their lobbying activities.	The process to incorporate an organization takes a few days.

Number of CSOs	Key Findings from CSO Indicator
It is estimated that there are over 600,000 non-profit organizations.	Requirements for registering a CSO are clear and reasonable, usually with nominal registration fees. Structure for CSOs can be flexible, and the reporting requirements are mostly clear and predictable. CSO termination is voluntary, while involuntary termination is subject to judicial jurisdiction.
According to a 2010 official survey, there are 291,000 private foundation & non-profits.	CSOs can form easily, with few restrictions. There is little government interference in affairs and they operate in an open environment. However, depending on the tax exemption certificate, the organization can be required to submit reports, which can be a burden. A CSO governing body is able to voluntarily terminate the organization and there are few cases of involuntary termination by government.
Government registered social organizations is estimated at 450,000. But only 1,000 are allowed to publicly fundraise.	Due to cumbersome registration processes, many non-profits are registered as businesses or unregistered. There are restrictions on the types of activities CSOs can pursue. Some activities that are regarded as sensitive can get a CSO investigated or shut down, but there are no clear lines on what those activities are. Involuntary interference in and termination of CSO activities by a government entity does occur, often without judicial process.
In 2007 it is estimated at 24,500 organizations.	CSOs are heavily restricted in the types of activities they can pursue. Associations and foundations are subject to extremely detailed and rigid structural requirements. The government is able to interfere in significant ways. Egyptian CSOs can be involuntarily terminated by the government for a variety of reasons.
Official estimates are 18,000-25,000. Though most observers agree the number of active organizations is less.	CSOs may pursue any lawful purpose. However, the State has the power to frame laws and thus reasonable restrictions can be imposed on this right as being in the interest of the sovereignty and integrity of India. The law does interfere with internal governance structures of CSOs. CSOs can voluntarily dissolve.
It is estimated that there are 500,000 non-profits.	Foundations and associations can be easily established and registered. A specified non-profit corporation may engage in one or more of the 'specified non-profit activities' listed in the NPO Law, which includes health care, environmental work, education, disaster relief, youth activities, international cooperation and others. A CSO can terminate its own activities.
There are 19,995 organizations registered as of January 2013.	While some restrictions exist on the formation and operation of CSOs, generally organizations are easy to form and operate. CSOs do not have any specifications for their internal governance. The organization's governing body is able to voluntarily terminate the CSO.
Data not available.	All CSOs that do not involve illegal activities are permitted. CSOs are free to operate without excessive government interference. Involuntary termination may occur upon a court order after illegal activities are demonstrated. Involuntary terminations are subject to judicial supervision.
There are approximately 220,000 non-commercial organizations.	The process is somewhat onerous. Procedures are overly bureaucratic, with excessive requirements. The requirements are somewhat inconsistent, unclear, difficult to access, and require significant resources. Legal regulations exist to guide the involuntary dissolution but are inconsistently implemented.
As of 2013 there are approximately 101,860 NGOs registered.	Voluntary association is the most popular legal entity used for setting up a non-profit and is fairly quick, inexpensive, and easy. However, registration can have significant delays, up to 6 months, due to government understaffing. Organizations are generally allowed to decide on their internal governance structures with no significant interference. The governing body of an organization is allowed to voluntarily dissolve the organization.
There are 217,000 organizations, however, only 77,000 are economically active.	All individuals are free to form CSOs and the process of doing so is simple, transparent and fair. Organizations are free to form and design their activities and there are no restrictions on their ability to communicate through any kind of media. The termination and dissolution of an organization is decided by its members.
As of 2012, there are 92,081 CSOs. 406 of which have public benefit status.	Although the law does not require an overly complicated list of documents during registration or a registration fee, the registration process is still cumbersome due to the nature of the bureaucracy. Tax exemptions provided to CSOs are insignificant and narrowly available. Although involuntary termination is subject to judicial supervision the process is not apolitical or transparent.
There are approximately 1.5 million CSOs.	People wishing to act collectively do not need to obtain legal recognition in advance. Non-profits have substantial autonomy over their structure, governance, membership rules, and activities, subject only to generally applicable laws. Governing boards have the authority to dissolve non-profits, following procedures in their by-laws. State agencies usually have the power to dissolve non-profits for failing to comply with incorporation laws. However, these actions generally require approval by a state court.

DOMESTIC TAX REGULATION SCORES

The Center for Global Prosperity assessed domestic tax regulation by measuring the tax incentives available for individuals and corporations to make donations and the ability of CSOs to receive tax deductible status and be tax exempt. In addition to measuring the available incentives, the country experts were also asked to rate the overall process of obtaining tax benefits. Figure 5 on this page shows country rankings based on their scores on the Domestic Tax Regulation indicator. The countries with the highest scores have the highest incentives for individuals and corporations to donate resources and for CSOs to receive tax deductible status and tax exemptions.

Countries with High Incentives

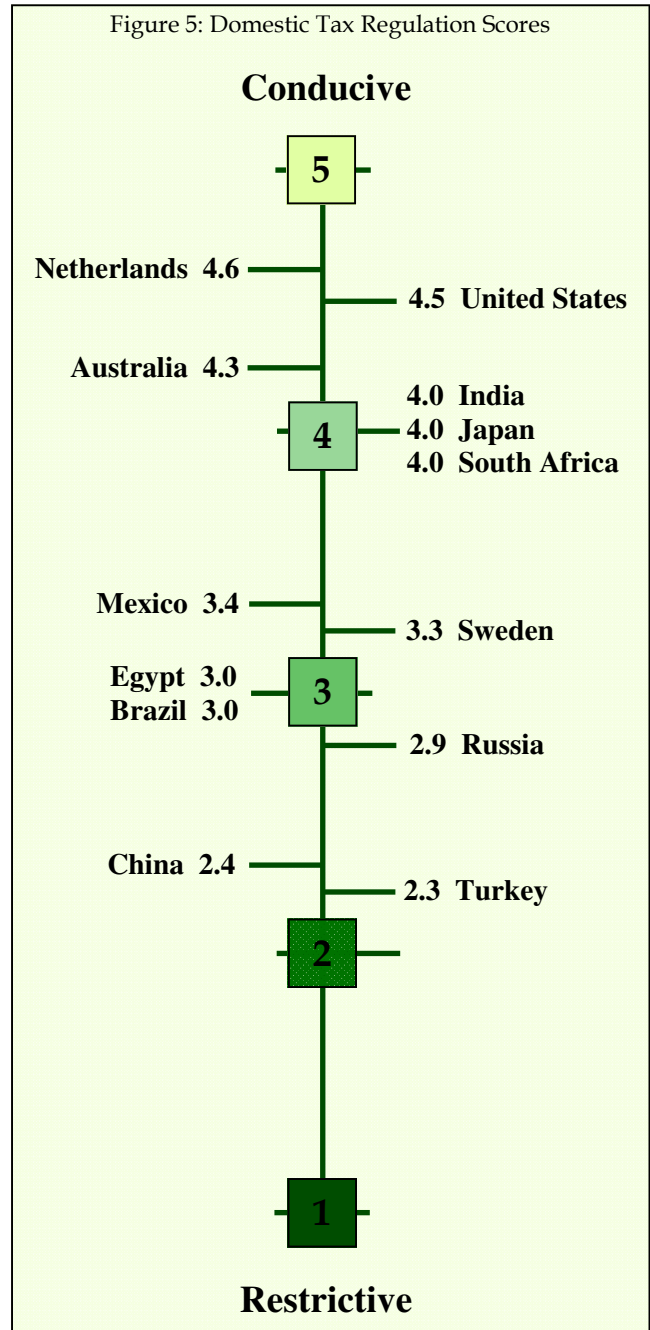
The Netherlands, United States, and Australia have the highest incentives. Table 2 summarizes the available tax incentives for individuals and corporations in each country.

The Netherlands, while scoring high on this indicator as a whole, does not have high tax incentives for donors. Individuals have a threshold value of 1% of income that needs to be met in order to receive a deduction, and corporations have a low ceiling of €100,000 (\$135,000) of what they can donate. The Netherlands receives a high score on the entire indicator due to the ease in obtaining tax exemptions for CSOs and the financial benefit that all registered CSOs do not have to pay any taxes, except for VAT.

The U.S. and Australia have significantly greater tax incentives for donors than the Netherlands. Individuals and corporations in Australia are able to receive tax deductions, and Australia does not have any ceilings for the amount donated. However, a serious limitation is that only about half of registered charities can have a “deductible gift recipient” status in Australia. CSOs whose activities are deemed for a charitable purpose enjoy a wider range of exemptions. There are, however, some eligibility issues depending on the definition of charitable purpose. For example, organizations whose main activities are political may not be eligible.

In the U.S. the ceiling is high, with 50% of taxable income for individuals and 10% for corporations. In the U.S., tax deductibility for individuals is limited to those who itemize their deductions, which is only one-third of U.S. households. While non-profits in the U.S. can easily apply for a tax exempt status, they also have to abide by various annual reporting requirements.

Figure 5: Domestic Tax Regulation Scores



Countries with High to Medium Incentives

Individuals and corporations in India, Japan, and South Africa can receive tax deductions for their donations. While all three countries have limitations on the size of deductible donations, the ceiling is moderate. Similarly, the process of receiving deductions is clear and predictable. The tax benefits to the CSOs in these countries are also significant. However, not all registered CSOs can receive tax exemptions. Organizations that are operating in activities for public benefit are eligible for benefits, and the range of activities that would qualify an organization for tax exemptions is fairly broad.

Table 2. Tax Incentives for Individual and Corporate Donors

Country	Summaries of Tax Incentives for Individual and Corporate Donors
Australia Tax Policy Score: 4.3	Individuals and corporations can obtain deductions on cash donations and on limited in-kind donations. There is no ceiling for corporations or individuals.
Brazil Tax Policy Score: 3.0	There are no general tax incentives for individuals. However, certain exceptions are made for donations to specific projects, such as contributions to projects approved by the Ministry of Culture and Ministry of Sports. Corporations can deduct up to 2% of their tax income.
China Tax Policy Score: 2.4	Individuals and corporations can obtain full deductions. The ceiling on donations is 30% of taxable income for individuals and 12% of taxable income for corporations.
Egypt Tax Policy Score: 3.0	Individuals and corporations can obtain full tax deductions on cash and goods. The ceiling on such donations (corporate and individual) is 10% of annual taxable income.
India Tax Policy Score: 4.0	Individuals and corporations can obtain 50% to 100% deductions on cash donations. The ceiling on such donations for corporations and individuals is 10% of annual taxable income. In-kind donations are not tax deductible.
Japan Tax Policy Score: 4.0	Individuals can obtain a deduction on 50% of the donation amount, in which 40% is deducted from one's income tax and 10% is from the residential tax at the local level. The ceiling on eligible donations from individuals is 40% of total income. Corporations can also obtain tax deductions on donations; the amount of this deduction is based on a formula that can be found in Japan's full country report online.
Mexico Tax Policy Score: 3.4	Individuals and corporations can obtain full tax deductions on cash and goods. The ceiling on such donations (corporate and individual) is 7% of annual taxable income.
Netherlands Tax Policy Score: 4.6	Individuals can obtain deductions on their donations. For individuals, there is a minimum threshold for deductions of 1% of (before tax) income or €60.00 (\$80.00), whichever is higher. For corporations, there is no minimum threshold for deductions, but a maximum of €100,000 (\$135,000).
Russia Tax Policy Score: 2.3	Individuals can obtain a deduction on cash donations. The ceiling on donations is 25% of taxable income for monetary donations. In-kind contributions are not deductible. Corporations cannot obtain any deductions on donations.
South Africa Tax Policy Score: 4.0	Individuals and corporations can obtain a tax deduction on their donations. The ceiling on donations is 10% of taxable income.
Sweden Tax Policy Score: 3.3	Individuals can obtain a deduction on cash donations. Annual charitable gifts of at least \$300 and at the most \$900. Of the donation value, 25% can be deducted. Corporations cannot obtain tax deductions on donations.
Turkey Tax Policy Score: 2.3	Individuals and corporations can receive full deductions on donations. The ceiling for both is 5% of taxable income.
United States Tax Policy Score: 4.5	Individuals and corporations are eligible to receive full deductions on their donations. The ceiling for individuals is 50% of taxable income. The ceiling for corporations is 10% of pre-tax net income.

Interestingly, India and South Africa are two emerging economies that have fairly progressive regulations to promote philanthropic activity. Both countries have tax exemptions for CSOs that complement and support the more open regulatory environment of these nations as described in the previous Civil Society Regulation indicator analysis. While the philanthropic sector in these nations is young, the regulatory environment suggests that philanthropy may expand in the future.

Countries with Medium Incentives

These countries include Mexico, Sweden, Egypt, and Brazil. The high incentives in Mexico and Sweden have varied levels of tax benefits for donors and CSOs. Some regulations offer incentives while others are restrictive. Mexico provides greater tax incentives for donors. Individuals and corporations are eligible for tax deductions on their cash and in-kind gifts. The ceiling on such donations is 7% of the taxable annual income of both individuals and corporations. However, not all of Mexico's CSOs are eligible for tax exemp-

tions, and eligibility depends on the activities they pursue. Furthermore, not all CSOs receive an authorized donee status. In 2013, there were nearly twenty thousand registered CSOs, but less than half of them were authorized to receive tax deductible donations.

Sweden has very limited tax incentives for donors. Individuals can deduct gifts that are at least \$300 and at most \$900. Corporations in Sweden, however, receive no tax benefits for making philanthropic contributions. Compared to other high income countries, Sweden's tax benefits for philanthropy are minor. Sweden only implemented the deductions for individuals in 2012, and there is still some confusion about which organizations are eligible to receive these funds. There is no overall status for CSOs which would classify them as either a public benefit or deductible gift recipient. Thus far, only donations to non-profit "aid organizations" are eligible for a deduction. However, which organizations fall under this label is not clear and still debated because many organizations have multiple activities.

Swedish CSOs are not tax exempt and are required to pay an income tax. However, there are numerous available exemptions. For example, if the CSO serves a public interest, its activities are in accordance with its purpose, and its economic gains are proportional to its activities, the organization is exempt from paying income tax. Since most CSOs meet these requirements, they pay very little taxes. However, both Mexico and Sweden impose limitations on which groups can receive tax deductible donations, which limits philanthropic activity regardless of the tax incentives available to donors.

Although Egypt and Brazil both have a score of three in this category, these countries have very different policies. Egypt allows corporations and individuals to receive tax deductions on donations up to 10% of annual income to all registered CSOs, but the process for claiming such deductions is not clear. Although tax deductions are available in Brazil, they are very limited. Corporations can deduct up to 2% of their profit. Generally, individuals are not eligible for tax deductions. However, if individuals and corporations donate to CSOs with specific activities, they may qualify for tax deductions. Depending on the activity of the CSO, individuals and companies can deduct up to 6% of their income. On a state level in Brazil, donations that accumulate to \$25,000 within a year are subject to a state tax which is levied on the CSO. However, if the CSO does not pay, then the donor is respon-

sible. Furthermore, the process of receiving tax deductions in Brazil is cumbersome which results in only a minority of individuals and companies actually receiving any tax benefits.

On the CSO side, Egypt does allow CSOs to receive a wide variety of tax exemptions. Egyptian CSOs can also receive a public benefit status. The process of obtaining this status, however, is rarely followed because it requires a presidential decree which is difficult to obtain. The benefit of having this status allows CSOs to bid on government contracts. Interestingly, while all registered CSOs can receive tax deductible donations, few CSOs can register due to the high barriers described under the previous section which discusses the Civil Society Regulation indicator. Therefore, the CSOs that find it necessary to register as businesses do not receive any tax exemptions.

In Brazil, CSOs are generally tax-exempt. However, if the organization sells services or merchandise, they are required to pay value added taxes. Generally, Brazilian organizations that provide education or social assistance are exempt from all taxes at all levels, providing they follow federal requirements. If an organization does qualify for this exemption, it may qualify for exemptions on the state or the municipal level.

Countries with Medium to Low Incentives

Russia, China, and Turkey also have tax incentives for donations from individuals and corporations. In Russia, only individuals can receive tax deductions, and the ceiling is 25% of annual income. Individuals in China can receive tax deductions on donations up to 30% of their annual income, and corporations can donate up to 12% of income. In Turkey, individuals and corporations can receive deductions on donations up to 5% of annual income.

While all three countries provide tax incentives for donors, the process of receiving these deductions is very difficult, and the organizations that can receive tax deductible donations are limited in number. Furthermore, the tax benefits of CSOs are available to only a few organizations.

In Russia, CSOs do not have to pay income taxes on donations and grants. However, organizations are taxed on income derived from economic activities in the same manner that businesses are taxed. Russian legislation specifies activities that qualify CSOs to receive tax deductible donations, and these activities include health, science, and education. Despite the

available benefits, the overall process of receiving tax deductions and exemptions for CSOs is cumbersome and inconsistent.

In China, only a small number of CSOs have been approved to provide receipts for donors to receive tax deductions. Furthermore, only registered CSOs can apply for this status. The many CSOs that register as businesses are not eligible for this benefit. In fact, CSOs that are registered as businesses have to pay a business tax of 5.5% on their income. Registered CSOs receive few tax exemptions for which they have to negotiate with the local tax agency. Only a much smaller percentage of CSOs called public fundraising foundations—some 1,000 out of 450,000 registered organizations—can legally engage in public fundraising.

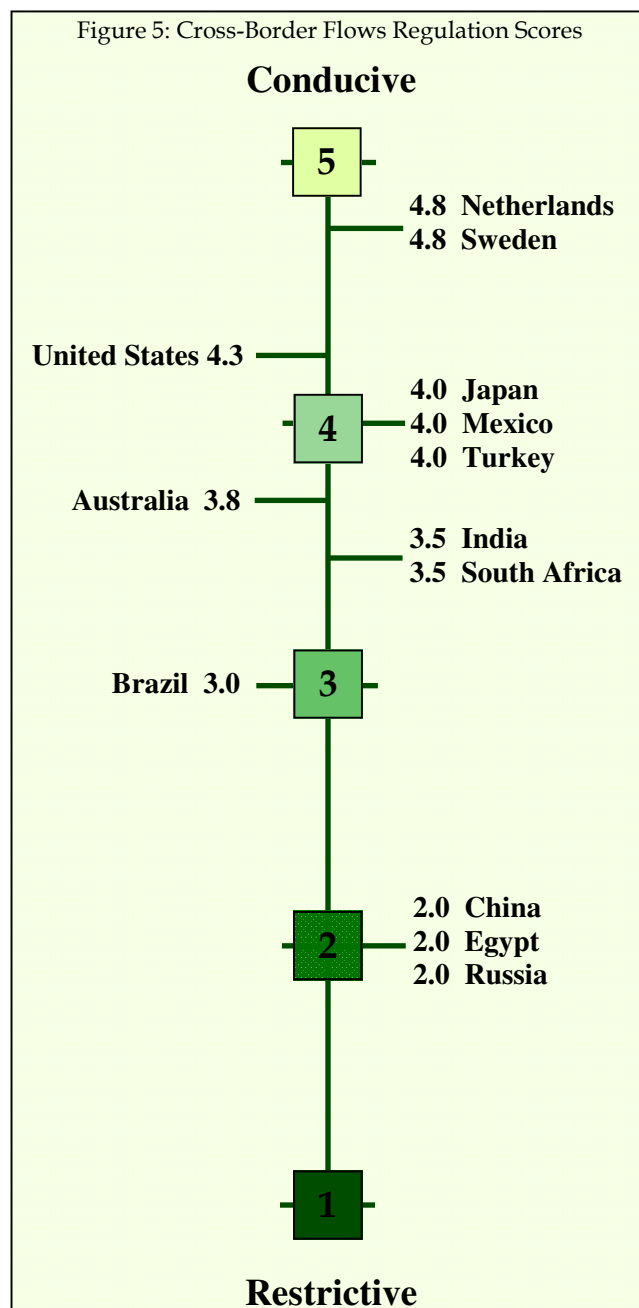
In Turkey, while donations from individuals and corporations are tax deductible, the organizations eligible to receive these donations are limited. Only foundations that perform a public service can receive tax deductible donations. Turkish CSOs are exempt from income tax, however, they are subject to all other taxes, such as real estate tax, value added tax, stamp tax, and others. Tax exemptions are only given to organizations with activities covering the whole country. Thus, community CSOs and regional groups are not eligible for these tax exemptions. While organizations can obtain a public benefit status, the process is unclear and highly political. For this reason, as of August 2012, only 406 out of 92,081 associations have the public benefit status and only 243 out of 4,624 foundations are tax exempt.

For more information on a specific country's tax policies, please download the individual country reports at our website: www.hudson.org/PhilanthropicFreedom.

CROSS-BORDER FLOWS REGULATION SCORES

The Center for Global Prosperity assessed the Cross-Border Flows indicator by measuring the cost and the ease for individuals and organizations to send and receive international philanthropic donations. While the other two indicators—civil society regulations and domestic tax regulations—focus on assessing the internal country policy environment, this indicator looks at cross-border barriers to both sending and receiving donations from abroad. The countries with the highest scores have the lowest barriers to sending and receiving cross-border donations.

Figure 5: Cross-Border Flows Regulation Scores



Countries with Low Barriers

The Netherlands and Sweden scored highest on this indicator, having the least amount of barriers. In both countries, private individuals and organizations can send donations abroad without any fees, taxes, or additional costs. Swedish individuals giving a charitable gift to an organization in another EU country can get the same tax deduction as they would for a domestic gift in Sweden. This also extends to 82 non-EU countries that have agreements with Sweden. Donors in the Netherlands also receive the same tax deductions for gifts they make to international organizations as they would for gifts they make to their domestic or-

ganizations. Some limits exist, however. The EU, like the United States, has created a list of organizations with terrorist affiliations and it is illegal to donate to these groups. Furthermore, while Swedish and Dutch donors can receive the same tax deductions for international donations as for domestic donations, these deductions are relatively minor because of their domestic tax policies. On the receiving end, there are few barriers. Organizations in Sweden and the Netherlands can receive donations from abroad without fees, taxes or additional costs.

In the U.S., while donating to organizations abroad does not require any extra costs for individuals, these donations are not eligible for tax deductions. The restrictions on international giving from foundations have increased since 9/11 in an effort to prevent the flow of funds to terrorist organizations. While U.S. foundations can include international donations in their annual giving amounts, they must show that an overseas CSO is using the donation for charitable purposes and operates on an equivalent basis as a U.S. non-profit. This process of “equivalency determination” can be time consuming and costly, ranging from \$5,000 to \$10,000. On the U.S. receiving end, donations from foreign sources are not considered taxable income in the U.S. Thus, there are no taxes or fees and few barriers to receiving funds from abroad. Gifts of \$100,000 or more, however, have to be reported to the Internal Revenue Service.

Countries with Low to Medium Barriers

Japan, Mexico, Turkey and Australia all have low to medium barriers on cross-border flows. Private individuals and organizations in these four countries can send donations abroad without any restrictions or additional costs. However, none of the countries offer tax deductions on international donations. In many high income countries, including Japan and the U.S., some organizations that operate mostly internationally can still receive a tax deductible status. Thus in the U.S., while donations that go directly overseas cannot be tax deductible, donations to domestic organizations that operate mostly overseas are eligible for tax deductions. In Australia, this is not the case—only organizations that operate principally in Australia can receive a deductible gift recipient status. Some organizations can be approved to operate overseas, but this process can take several years.

Organizations in all four countries can receive donations from abroad. In Mexico, organizations can

obtain permits that create incentives for receiving in-kind donations that comply with customs law. In Australia, incoming donations may be subject to customs duties depending on the type of good and its origin, but this is generally not regarded as a significant barrier. In Turkey organizations can receive in-kind and cash donations from abroad without fees, taxes or extra costs. However, these funds have to be reported to the government.

Countries with Medium Barriers

Sending money overseas for philanthropic purposes from India and Brazil is met with barriers. In India sending charitable contributions abroad is highly restrictive and requires approval from the Reserve Bank of India. In Brazil, sending donations abroad can incur a cost of up to 35% of the value of the good, and the process is cumbersome taking up to two months. Sending donations from South Africa, on the other hand, is easier than from India and Brazil, but the process still involves approval from the Financial Surveillance Department.

In India, organizations receiving funds are required to report to the Home Ministry. Furthermore, Indian organizations that pursue political activities cannot receive foreign funding. Receiving money in Brazil is less costly and bureaucratic than sending money. International funds can be taxed at a rate of up to 2%, and they accrue banking fees. Otherwise, the barriers are minimal. In South Africa, organizations do not need government approval to receive funds from abroad, and customs duty rebates are available for funds that are intended for a charitable purpose.

Countries with Medium to High Barriers

The countries with the highest barriers included in this pilot study have regulations that heavily restrict cross-border financial flows, especially on the receiving end. Sending money from Russia is not costly, however the process is burdensome, and cross-border donations are not eligible for tax deductions. In China, sending donations abroad is a relatively new activity and thus there are limited regulations on the books. Cross-border donations are also not eligible for tax deductions. While there are no extra costs to sending money from Egypt, government approval is required.

All three countries implement restrictive regulations on charitable inflows. In Russia, a highly controversial Foreign Agents Law labels any CSO that receives funding from abroad as a “foreign agent.” This

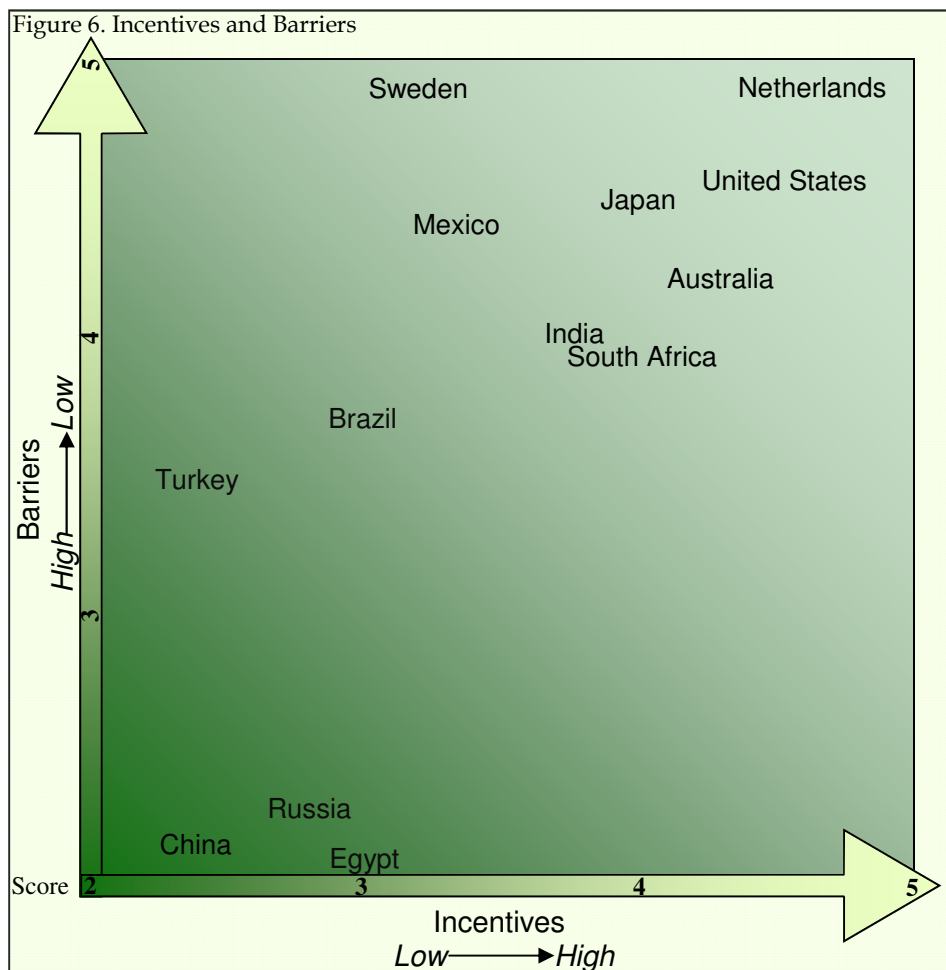
label is synonymous with “foreign spy,” and therefore creates onerous restrictions for the organization. Any money received from a foreign source has to be immediately reported, as it is potentially considered money laundering or financing terrorist activities. In China, the process for receiving donations from abroad is highly bureaucratic. Chinese government-operated NGOs (GONGOs) are exempt from the heavy regulation that non-governmental CSOs have to follow. In Egypt, any incoming foreign funding must go through the Egyptian government, which can refuse the transfer of such funds without reason. In 2013, the Egyptian government proposed a new law which will further restrict foreign funding to Egyptian CSOs. Already the process to receive funding has increased to nearly 15 months. The law is especially burdensome for organizations working on human rights issues.

For more information on a specific country’s Cross-Border Flows policies, please download the individual country reports at our website: www.hudson.org/PhilanthropicFreedom.

SUMMARY OF INCENTIVES AND BARRIERS

Policies that influence philanthropic freedom can be assessed in two general ways—those that create barriers and those that create incentives. For this reason, the three categories of indicators are generally discussed as either creating barriers or incentives. Each country has different policies, some of which provide incentives and some cause barriers. Figure 6 demonstrates how the 13 countries compare among each other in terms of barriers and incentives.

The nations in the top right of Figure 6 have the most conducive policies for philanthropy with high incentives and low barriers. Moving horizontally to the left in Figure 6, countries have the same low barriers, but fewer incentives. For example, while the U.S. and Sweden may have similarly low barriers to CSO registration and operations, the U.S. provides greater tax incentives than Sweden. Similar comparisons can



be made vertically, from top to bottom. While Brazil and Egypt may provide similar domestic tax incentives, the barriers to CSO operations and cross border-flows are significantly greater in Egypt, thus placing it in the bottom left. Egypt is joined with China and Russia because of similar low incentives and high barriers to philanthropic freedom. Regulation of CSOs and cross-border flows in India, South Africa, Brazil, and Turkey have relatively similar barriers. These countries differ, however, in the domestic fiscal incentives provided to donors and CSOs.

Understanding which policies provide barriers and which provide incentives is intended to help guide policy makers in improving the philanthropic environment in their countries. Broadly, the reduction of barriers requires improvement of CSO regulations by easing the registration, operation, and dissolution procedures for organizations. Reducing the barriers to cross-border flows can also improve the status of CSOs and the philanthropic environment. On the incentives side, policy changes can create better tax incentives for deductions on donations by individuals and corporations. Similarly, government fiscal policies can create more opportunities for CSOs to receive both

ISSUES AND APPLICATION

RESEARCH ISSUES

This pilot study, for the first time, measures, ranks and compares philanthropic freedom in countries with different economies and cultures. As with any new field of research, new issues emerge. These topics are addressed in this section so scholars and practitioners can comment on and contribute to how they might be addressed when the study is expanded to include additional countries for a more comprehensive *Index of Philanthropic Freedom*.

Developing a Measurement Tool

Initially, the Center for Global Prosperity (CGP) had planned to compile existing data from other published Indexes and reports in order to arrive at one score for measuring a country's philanthropic freedom. After more in-depth research on all existing Indexes and other relevant reports, CGP decided that this approach would not be sufficient due to data inconsistencies across countries and missing indicators. As a result CGP, with considerable assistance and expert guidance from Mr. Douglas Rutzen, the president and CEO of the International Center for Not-for-Profit Law (ICNL), created its own expert opinion survey that could be conducted in all 13 countries of the sample. Expert opinion surveys are used in many other studies, including Freedom House's *Freedom in the World Index*. Our country experts, over half of whom worked with ICNL, are distinguished individuals and highly respected in philanthropy and civil society circles.

While our questionnaire provided a detailed scoring guide for each question, there is always the possibility of variations in interpretation across countries and continents. To ensure that each question was interpreted as uniformly as possible, we requested each country expert to provide a detailed narrative for each scored question. The country questionnaires were then reviewed in detail by CGP staff and the project's advisory board. If certain scores did not reflect the narrative, or if CGP staff or the advisory board found that specific information was not included or inconsistent with reports from ICNL and the USIG, CGP contacted the country expert with comments and questions to ensure that the score reflected the coun-

try environment to the fullest extent possible. Minor adjustments resulted from this process, and no scores were changed without approval from the country experts.

Socio-Cultural Country Differences

The pilot study examined philanthropic freedom by measuring government policies that were either conducive or restrictive to philanthropy in each country. Thus, when the answer to the government policy was known, the policy change would be obvious. In this way, we believe our research can be most practical for public policy makers. None of the scored questions measured societal perceptions of philanthropy or trust in CSOs. Nevertheless, CGP values the context in each country as an important backdrop to understanding the full philanthropic environment. These perceptions and traditions can be important building blocks for encouraging philanthropy through leadership and advocacy. For this reason, each country expert was asked to contribute a short narrative on the socio-cultural background of philanthropy in his/her country. Experts were asked about the history of philanthropy, the perception of CSOs by the public, and public views on philanthropy. Each narrative is included at the beginning of the questionnaires which can be found online.

Country Variations in CSO Structures

CGP examined the barriers to CSOs, fiscal incentives, and barriers to cross-border flows in each country. However, the CSO structures in the 13 countries varied greatly, and the U.S. model of a 501(c)(3) was not necessarily transferrable to other countries. For this reason, the questionnaire does not define civil society organizations; rather each country expert is expected to address the appropriate types of organizations in their narrative. The most prominent example of this was in China where private grassroots NGOs coexist with government operated NGOs, referred to as GONGOs. Because GONGOs are government operated, they do not fit into the traditional definition of a CSO. They are, however, a large component of what the Chinese now refer to as civil society. In the questionnaire narratives, the China country expert defined

Chinese civil society to be composed of GONGOs and grassroots NGOs. We did have some estimates of the number of private NGOs versus government, so readers can make their own conclusions on the status and numbers of private NGOs in China.

Addressing the Practical Impact of Regulations

Understanding that the laws and regulations on the books may not reflect the actual environment on the ground, CGP asked each country expert to rate both the laws and their enforcement. We wanted to address issues of cumbersome bureaucracies, corruption, and lack of transparency that occur in the implementation of regulations. For this reason, country experts were asked to take into account the practical impact of the regulations. The narratives in many country questionnaires reflect the value in doing this. For example, India's law on CSO dissolution allows for CSOs to appeal to a court in cases of involuntary dissolution, and involuntary termination only occurs when CSOs engage in illegal activity, and would warrant a score of five. However, the country expert noted that despite these laws, numerous CSOs have recently been terminated arbitrarily, which resulted in India's score of four. Similarly, the laws in South Africa allow for CSOs to form and register with minimal costs. However, the actual process of registration can be bureaucratic due to significant delays caused by understaffed public institutions. Thus again, while the laws on the books can be conducive to the ease of giving, implementation can be more restrictive.

APPLICATION OF RESEARCH TO POLICY MAKING

With the completion of this 13 country pilot study, the Center for Global Prosperity (CGP) wants to expand the research to include a total of 50 countries, thus creating a full *Index of Philanthropic Freedom*. This will enable CGP to not only make country comparisons, but also to compare regions and to extrapolate other trends among countries. Including more countries will enable the research to be used for indicator-based comparisons that can improve the policy environment for philanthropy.

The idea of indicator-based competition in new areas of social science is based, in part, on the belief of British physicist, Lord Kelvin, who said, "If you cannot measure it, you cannot improve it." This assumption lies behind modern leadership and management theories such as Six Sigma, which emphasize the im-

The goal of the project – growing generosity – can and should be embraced by all parties involved in commerce and nation building to make the free flow of resources and private initiative a priority.

portance of results measurement in corporate and non-profit organizations. It is the same idea behind the *Doing Business* report published by the World Bank in which countries are compared on the ease of doing business, such as obtaining a business license, repatriating profits, and hiring and firing personnel. Numerous other Indexes measure different areas of countries' social and economic activities. A comprehensive *Index of Philanthropic Freedom* will fill an important measurement gap in global development policy. In sum, by measuring the barriers and incentives to freedom of giving in different countries, comparing these countries through an *Index of Philanthropic Freedom*, and publicizing these results, CGP can help grow and improve civil society and, ultimately, generosity.

As private philanthropy increases in the developing world, governments will continue to be interested in the sources and magnitude of these financial flows which impact not only basic human needs, but the creation of wealth, a skilled workforce, and economic prosperity. Beyond just bilateral and multilateral donor organizations, it is anticipated that this research will be used by government policy makers, businesses, the diaspora community and NGOs themselves as they seek to create an environment where philanthropy can flourish. The goal of the project – growing generosity – can and should be embraced by all parties involved in commerce and nation building to make the free flow of resources and private initiative a priority. The existence of philanthropic freedom in a nation can strongly impact the health of that nation's civil society.

The ultimate goal of creating a more complete *Index* is to encourage government officials to use it for policy decisions that impact philanthropy and civil society. These policies, in turn, impact basic liberties and promote democracy. Giving policymakers access to indicator-based rankings on the ease of giving in their countries can serve as a guide for changing existing policies, eliminating barriers to giving and creating the proper incentives for charitable giving.

METHODOLOGY

The data presented in this pilot study was collected using an expert opinion survey. The questionnaire, included in Appendix A on page 24, was designed by CGP staff with assistance from the International Center on Non-profit Law and key advisory board members. Indicators of philanthropic freedom were organized into three main categories—Civil Society Organization (CSO) barriers, Domestic Tax incentives, and Cross-Border Flows barriers. CGP developed a total of nine questions to capture key information in these three categories. Questions were accompanied by an explanation of an “Ideal Scenario,” representing a score of five, followed by explanations of scenarios for lower scores of four through one. This provided clear guidance to country experts on what criteria they should use in assigning different scores to each of the nine questions. The score of five is the most conducive to philanthropic freedom and score of one is the most restrictive. Experts were also required to provide a narrative supporting their score. In addition to scores and narratives for these nine questions, country experts were asked to provide a short narrative on their countries overall philanthropic and civil society environment, including cultural and socio-economic factors. This background information was not used in scoring.

Civil Society Organization (CSO) Regulation Score

The Civil Society Organization (CSO) Regulation indicator consisted of three questions which dealt with the overall environment for CSOs. Question one addressed the ease of registering a CSO. Question two addressed the ease of operating a CSO in the country, and question three examined the process of dissolving a CSO, paying attention to whether dissolution could be done involuntarily and under what conditions. Each indicator question required a score by the country expert. These three scores were then averaged into a final CSO Regulation score.

Domestic Tax Regulation Score

The Domestic Tax Regulation indicator consisted of four questions. The first two questions involved incentives for donors, and the second two questions covered tax benefits for CSOs. Thus, for donor incen-

tives under question four, country experts were asked to list the available tax benefits for individuals and corporations to make charitable donations. This information allowed CGP, with assistance from its advisory board, to assess these benefits and score this question. Country experts were then asked to approve the scores and any discrepancies between the experts and CGP were addressed until consensus was reached. For question five, experts were asked to score their country on its overall fiscal incentives, i.e. the existence of and process for individuals and corporations to receive tax deductions/credits for their charitable donations. Country experts provided a narrative to explain their scoring on this question.

Questions six and seven, which assessed tax benefits for CSOs, were designed in the same manner. Question six asked experts to list the available tax benefits for CSOs which CGP then scored. Question seven asked country experts to score the overall tax system and the process of obtaining a tax deductible donee status and tax exemptions for CSOs. The scores to these four questions were then averaged to comprise the Domestic Tax Regulation score.

Cross-Border Regulation Score

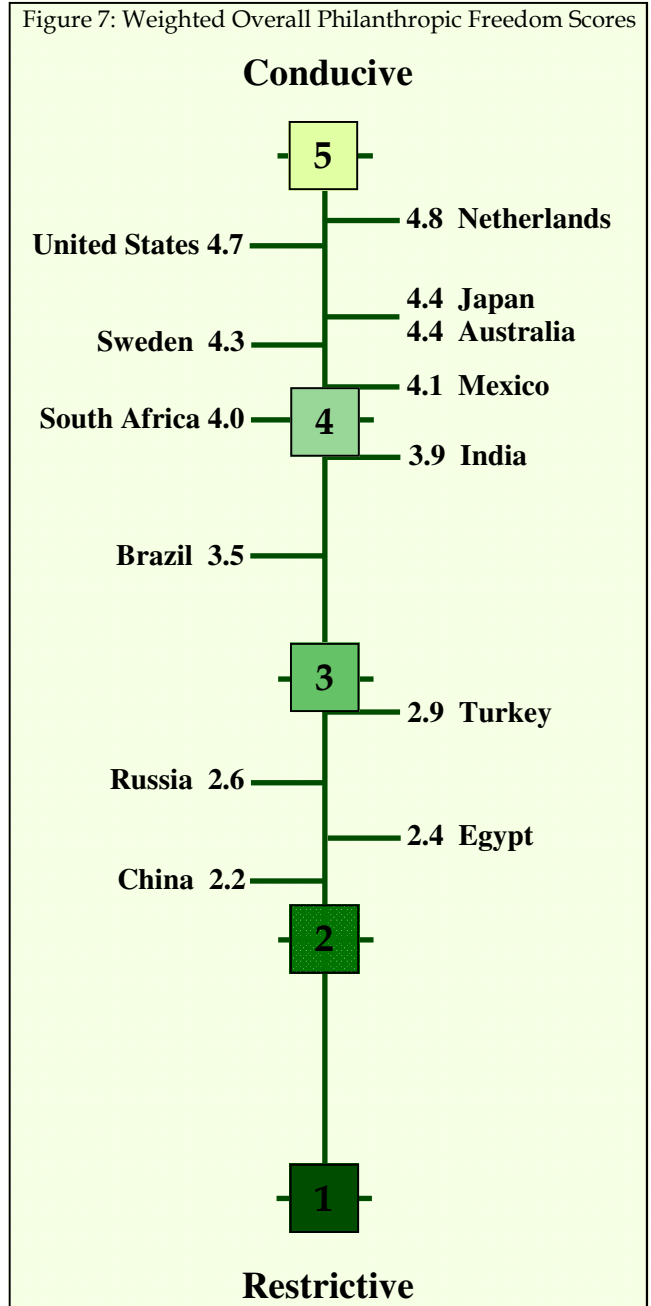
The Cross-Border Flows Regulation indicator consists of two questions, numbers eight and nine. In question eight, experts were asked to list any costs/taxes on cross-border cash and/or in-kind donations. These included customs duties, VAT, or other costs. Like questions four and six, this question was scored by CGP and then verified by country experts. In question nine, the expert was asked to score the overall favorability of the legal environment for cross-border flows, including costs and the process. The scores to these two questions were then averaged to comprise the overall indicator score for Cross-Border Regulation.

Indicator Weighting

To determine the overall philanthropic freedom score of each country, CGP averaged the scores of each indicator question into one score for each of the three categories – CSO regulation, domestic tax regulation, and cross-border flows regulation. Each category received equal weight in the final country scoring.

These scores were presented in the Overall Findings section on page 9. In discussions with the project's advisory board, we deliberated on whether the Cross-Border Flows indicator should receive the same weight in the overall score as the other two indicator categories. Regulations of civil society and domestic tax policies were believed to have a more significant effect on the philanthropic environment than the regulation of cross-border flows. On the other hand, particularly in developing countries where humanitarian and other development flows are more consequential, creating barriers to cross-border flows may have a more significant effect on civil society than in developed countries. CGP decided to use equally weighted scores in the Overall Findings section. We did, however, produce a weighted scale for readers to consider in Figure 7 on the right.

In the weighted scoring, the Civil Society Regulation indicator and the Domestic Tax Regulation indicator are weighted at 40% each, while the Cross-Border Flows Regulation indicator is weighted at 20%. Thus, countries that had low scores on the Cross-Border Flows Regulation indicator, but scored high on CSO Regulation and Domestic Tax Regulation, improved their overall score using the weighted scores. While the scores only changed slightly, the weighting did alter the overall ranking of these countries. For example, Australia, which provides many tax incentives for donors, but has some restrictions on cross-border flows, improves its ranking with the weighted scoring. It moves above Sweden, which has few tax incentives for donors, but low barriers to cross-border flows. Although Russia, Egypt, and China did not change their ranking among each other, the overall scores of all three nations improved because the highly restrictive cross-border flows regulation accounted for a smaller portion of the overall score. When the study expands to include more countries, CGP will reconsider the weighting of scores.



Appendix A. Philanthropic Freedom Expert Opinion Questionnaire

Guidelines for the Expert Opinion Questionnaire

Purpose:

The purpose of this Philanthropic Freedom pilot study is to evaluate and rank the philanthropic environment in 13 countries to be included in a study to be published in March 2013. The evaluation will use a 1-5 scoring system and an accompanying brief narrative (300 word maximum per question) for specified questions. The narrative should provide a short explanation for the expert's numerical score choice. Specifics on the scoring system and narrative are detailed below.

Timeframe:

Because this is a pilot project, the timeframe evaluated should cover the most recent state of the philanthropic and civil society environment, placing an emphasis on the developments of the past several years. If there have been recent changes in the rules and regulations due to political or economic turmoil, the narrative report should mention these developments.

Scoring and Narrative:

Each indicator question should be evaluated and assigned a score on a scale of 1 to 5. Please follow the scoring parameters as closely as possible, and in the event you encounter a relevant circumstance that does not fit within the framework provided, please contact the CGP program manager describing the issue so we can ensure that the scores remain standard across all countries.

Country experts are provided with an ideal scenario for each category or sub-category. Each indicator question is accompanied by "Questions to consider when scoring," and each score value is accompanied by brief parameters.

After choosing an appropriate numerical score, please provide a 300-word narrative that addresses the score parameters and relevant "questions to consider when scoring." Some of the questions to consider will undoubtedly be more relevant than others and, accordingly, questions of greater import should be emphasized. As you will be scoring, consider the narrative to be the explanation of the scores. The narrative should take into account the practical impact of the laws, regulations, and implementation, not only on whether provisions exist on the books. Some questions do not require a score, but only a narrative response. While the narratives are attributed to country experts, the final scores are the responsibility of the Hudson Institute's Center for Global Prosperity.

Review Process:

All reports will be reviewed by CGP staff and/or advisory board members. Country experts may be asked to respond to reviewers' comments before the draft is finalized. The final copy will be provided to country experts for review prior to publication.

Expert Opinion Questionnaire

I. CSO Formation/Registration, Operations, Dissolution

The questions in this section pertain to the laws and regulations governing civil society organizations (CSOs). These include organizations that operate independently of the government including non-profit organizations and grant-making organizations. Faith based organizations that partake in secular activities should also be considered. The scoring questions for this category cover three aspects of regulations: (A) formation and registration, (B) operations, (C) dissolution.

CSO Formation and Registration:

Ideal Scenario

Creation of a CSO. Through protection of fundamental freedoms of expression, association, and peaceful assembly, CSOs should be allowed freely to come into existence. CSOs should not be required to obtain legal personality in order to engage in lawful activities.

Permissible Purposes. Generally, CSOs should be free to pursue any purpose, whether for the benefit of its members or for the benefit of the public.

Registration (Incorporation) of CSOs. Laws governing CSOs should be written and administered so that it is relatively quick, easy, and inexpensive for all persons to register or incorporate a CSO as a legal entity. The governing body that is vested with the responsibility for giving legal existence to CSOs should be transparent in its activities, adequately staffed with competent professionals, it should be even-handed in fulfilling its role, and its decisions not to register CSOs should be appealable to an independent court.

Indicator Question 1: To what extent can individuals form and incorporate the organizations defined?

Questions to consider when scoring:

1.1 Does the law permit individuals to act collectively through unregistered groups or organizations? Or, by contrast, does the law prohibit the formation and operation of "unregistered" groups?

1.2 Are CSOs restricted from pursuing any legal purposes?

1.3 Are CSOs organizations free from legal impediments from the state and from onerous requirements for registration?

1.4 Is the law permissive regarding who may serve as a founder? Or are there restrictions on some categories of founders (individuals, legal entities, foreigners, stateless persons, minors, etc.)?

1.5 Is a certain amount of minimum capital or assets required at the time of establishment, and if so, is that amount set at a reasonable level or at a level likely to deter applicants?

1.6 Does the law require a clear, closed list of reasonable documentation or an overly complicated list of documents?

1.7 Does the law require a registration fee, and if so, is it set at a reasonable level or at a level likely to deter applicants?

1.8 Does the government body tasked with processing applications carry out its duties in a professional, consistent, independent, and apolitical manner? Are the governing body's activities transparent?

1.9 Does the law include appropriate safeguards, such as a fixed time period within which the responsible regis-

tration authority must review and decide upon registration; a clear and closed list of grounds on which registration may be denied; the requirement to provide a written explanation in case of denial; and the right to appeal in case of denial?

Score 5 – Individuals are free to form organizations. There is little government interference on the types and purposes of such organizations during the formation process. The registration process is clear and consistent, requiring a reasonable amount of time and resources. The governing body is independent, apolitical, and transparent.

Score 4 – Individuals are mostly free to form organizations. There are some government restrictions on the types and purposes of organizations. The registration process is somewhat demanding, requiring moderate time and resources. However, the governing body is consistent and apolitical.

Score 3 – Individuals are somewhat free to form organizations. The government enacts some restriction on the types and purposes of the organizations that can be formed. The process of formation and registration is somewhat onerous. The government body is somewhat inconsistent, but mostly apolitical.

Score 2 – Individuals are restricted in their ability to form organizations. The government heavily monitors and limits the types and purposes of organizations formed. The registration process is extremely burdensome, requiring heavy fees and resources. The governing body is inconsistent and political.

Score 1 – Individuals are greatly impeded in their ability to form organizations. Formation of organizations is tightly controlled by government authority, which enacts tight restrictions on the types and purposes of organizations, inhibiting the creation and registration processes. The registration process requires significant resources and fees. The governing body is inconsistent, political, and unchecked.

B. Operations:

Ideal Scenario

Structure and Governance. Laws should require that certain minimum provisions necessary to the operation and governance of the organization be stated in the governing documents of a CSO. At the same time, the laws should give a CSO broad discretion to set and change the governance structure within legal limits.

Communication and Cooperation. Like individuals and other legal entities, CSOs should be free to communicate and cooperate with partners from all sectors, both inside and outside the country.

Reporting and Audits. To the maximum feasible extent, all reports required of CSOs should be as simple to complete and as uniform among state organs as is possible.

Indicator Question 2: To what extent are CSOs free to operate without excessive government interference?

Questions to consider when scoring:

2.1 Does the law allow for sufficient discretion in setting the structure and governance of the CSO? Or are the governance rules so detailed as to constrain the discretion and freedom to run the organization's internal affairs?

2.2 Are there restrictions on the activities of a CSO (e.g., "political" or "extremist" activities or activities that undermine "national security," morality, etc.)?

2.3 Are CSOs permitted to contact and cooperate with colleagues in civil society, business and government sectors, both within and outside the country? Or are there any restrictions on this kind of activity (e.g., requiring advance notice of international cooperation, restricting travel, prohibiting conferences, etc.)?

2.4 Are CSOs permitted to participate in networks and use the Internet and all forms of social media? Or does the law or government impose restrictions on such forms of communication?

2.5 Are reporting requirements clear and predictable? Are the same reporting requirements applicable to all CSOs or does the law impose graduated requirements, depending on the amount and source of income?

Score 5 - Organizations are minimally inhibited in their internal governance with little or no impediments on the purposes of their activities. Organizations are free to communicate through various media channels and cooperate with domestic and international entities. The reporting requirements are clear, consistent, accessible, requiring reasonable resources for completion.

Score 4 - Organizations are somewhat inhibited in their internal governance due to rules and regulations, but have little or no impediments on the purposes of their activities. Organizations are free to communicate through various media channels and are somewhat restricted in their cooperation with domestic and international entities. The reporting requirements are clear, consistent, but are slightly onerous.

Score 3 - Organizations are somewhat inhibited in their internal governance due to rules and regulations, and have some limitations on the purposes of their activities. Organizations are somewhat restricted on their communication via media channels and on the cooperation with domestic and international entities. The reporting requirements are clear and consistent, but difficult to access and require moderate resources for completion.

Score 2 - Organizations are moderately inhibited in their internal governance due to detailed rules and regulations and are moderately restricted on the purposes of their activities. Organizations are restricted and/or monitored on their communication activities and on their cooperation with domestic and international entities. The reporting requirements are somewhat inconsistent, unclear, difficult to access and require significant resources for completion.

Score 1 - Organizations are severely inhibited in their internal governance due to detailed rules and regulations and are severely restricted on the purposes of their activities. Organizations are prohibited from using certain social media channels and are prohibited from cooperating with international entities. The reporting requirements are inconsistent, inaccessible, and extremely onerous.

C. Dissolution:

Ideal Scenario

Termination, Dissolution, and Liquidation. The governing body of a CSO should be permitted to voluntarily terminate its activities, dissolve it as a legal person, and liquidate its assets pursuant to the decision of a court and upon application by the organization. The registration or supervisory agency or court should be allowed to involuntarily terminate a CSO's existence only for the most flagrant of violations, and then only after a requested correction of a legal or ethical violation has not occurred. To ensure that fundamental rights are not violated, all involuntary terminations should be subject to judicial supervision.

Indicator Question 3: To what extent is there government discretion in shutting down CSOs?

Questions to consider when scoring:

Is the governing body able to voluntarily terminate the CSO?

If involuntary termination is provided for, are there appropriate limits in the law, including notice and the opportunity to be heard prior to termination?

Is involuntary termination subject to judicial supervision?

Score 5 - The organization's governing body is able to voluntarily terminate its activities. Involuntary termination by a government entity occurs only during severe violation and failure to correct said violation. Clear and fair legal regulations exist to guide the involuntary dissolution of an organization.

Score 4 - The organization's governing body is able to voluntarily terminate its activities. Involuntary termination by a government entity occurs only during severe violation with government discretion in providing the opportunity to correct said violation. Clear and fair legal regulations exist to guide the involuntary dissolution of an organization.

Score 3 - The organization's governing body is able to voluntarily terminate its activities, however the process requires onerous reporting. Involuntary termination by a government entity can occur after a violation with or without opportunity to correct. Legal regulations exist to guide the involuntary dissolution of an organization, but are inconsistently implemented.

Score 2 - The organization's governing body is able to voluntarily terminate its activities only upon receiving government approval. Involuntary termination by a government entity is permissible with significant warning. Legal regulations exist to guide the involuntary dissolution of an organization, but are not implemented.

Score 1 - The organization's governing body does not have the authority to voluntarily terminate its activities. Involuntary termination by a government entity is permissible without justification or warning. Involuntary dissolution is not monitored by any legal regulations.

II. Domestic Tax and Fiscal Issues

The questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically. The scoring for these questions pertain to the donor and receiving entities. This category includes open-ended questions and ranking questions.

Ideal Scenario

Donor Entity: Both individual and corporate donors should be eligible to receive significant tax incentives for cash or in-kind contributions to registered CSOs. The process to receive these exemptions should be uniform and simple to complete.

Receiving Entity: CSOs should be eligible for significant tax-exemptions. The process of receiving a tax-exemption status is simple to complete and uniform. A wide range of organizations regardless of activity should be eligible for this status.

Indicator Question 4: Are there income tax incentives (at national, state, or provincial levels) in the form of credits or deductions for individuals and/or corporations to donate money or charitable gifts? If so, what is the maximum value of credit or deduction? Are there ceilings on eligible donations from individuals and/or corporations? If so, at what value are the ceilings placed?

Indicator Question 5: To what extent is the tax system favorable to making charitable donations?

Questions to consider when scoring:

5.1 Do individual and/or corporate donors receive income tax deductions/credits (refer to question 4)? If so, how broadly available are these incentives?

5.2 Is the process of receiving tax benefits when making donations clear and predictable?

Score 5 - Both individuals and corporations are eligible for significant tax deductions/credits when making charitable contributions. The ceilings on such incentives are high, placing few limitations on donations.

The process of receiving tax benefits is clear, consistent, and requires a reasonable amount of time and resources. Entities making the donations are mostly free from government regulation.

Score 4 - Individuals and/or corporations are eligible for income tax deductions/credits. The ceilings on such incentives are moderately high, placing few limitations on donations. The process of receiving tax benefits is clear, consistent, and requires a reasonable amount of time and resources. Entities making the donations are mostly free from government regulation.

Score 3 - Individuals and/or corporations are eligible for tax deductions/credits. The ceiling on such incentives is somewhat restrictive, limiting the size of donations. The process of receiving a tax benefit is clear and consistent, but somewhat onerous, requiring moderate time and resources. Entities making the donations are moderately regulated by the governing body.

Score 2 - Individuals and/or corporations are eligible for limited income tax deductions/credits. The ceiling on such donations is low, significantly restricting the size of donations. The process of receiving a tax benefit is unclear, inconsistent, and onerous, requiring heavy resources for completion. Entities making the donations are heavily regulated by the governing body.

Score 1 - Neither individuals nor corporations are eligible for tax deductions/credits when making charitable contributions and may be prohibited from making charitable contributions by the governing body.

Indicator Question 6: Do CSOs receive tax exemptions in the form of property tax exemptions, income tax exemptions, or others? If so, what are these exemptions?

Indicator Question 7: To what extent is the tax system favorable to CSOs in receiving charitable donations?

Questions to consider when scoring:

7.1 Do CSOs have financial benefits in terms of tax exemptions? How significant are these exemptions?

7.2 Is the process of receiving the tax exemption status clear and predictable?

7.3 How narrow/broad is the range of CSOs that are eligible for tax exemption?

7.4 How narrow/broad is the range of CSOs that can receive support from private donors?

Score 5 - Organizations are eligible to receive significant tax exemptions. The process to receive the tax exemption status is clear and consistent, requiring a reasonable amount of resources and time. A wide variety of organizations are eligible to receive such tax benefits. Organizations are able to raise a significant amount of funds from private sources.

Score 4 - Organizations are eligible to receive significant tax exemptions. The process to receive the tax exemptions status is clear and consistent, but somewhat demanding, requiring moderate time and resources. There are few restrictions on the types of organizations that receive such tax benefits. Organizations are able to raise a significant amount of funds from private sources.

Score 3 - Organizations receive moderate tax exemptions. The process to obtain the tax exemption status is somewhat onerous and inconsistent. There are limitations on the types of organizations that qualify for tax benefits. Organizations are able to raise some funds from private sources.

Score 2 - Organizations receive some tax exemptions. However, the process to obtain the tax exemption status is inconsistent, onerous, and can be corrupt. There are strict limitations on the types of organizations that qualify for tax benefits. Organizations are heavily restricted in their ability to raise funds from private sources.

Score 1 - Organizations are not eligible for tax exemptions. Organizations' capacity to raise funds from private sources is severely impeded.

III. Cross-Border Philanthropic Flows

The questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertain to the donor and receiving entities. This category includes open-ended questions and ranking questions.

Ideal Scenario

Donor Entity: Private entities should be able to send charitable contributions abroad without extra cost and should receive similar tax benefits for international contributions as for domestic. The process to send charitable contributions from abroad should be simple to complete and uniform. There should be few restrictions on the types of activities that can be supported abroad.

Receiving Entity: Civil society organizations should be eligible to receive donations from abroad and should receive similar tax benefits for international contributions as for domestic contributions. The process of receiving cross-border donations should be simple to complete and uniform. A wide range of organizations regardless of activity should be eligible to receive cross-border donations with equivalent tax treatment.

Indicator Question 8: Are there costs/taxes on cross-border philanthropic cash and/or in-kind donations (e.g. customs, duties, VAT, etc)? If so, what are these costs?

Indicator Question 9: To what extent is the legal regulatory environment favorable to cross-border flows impeded?

Questions to consider when scoring:

- 9.1 Are there extra costs to making or receiving a cross-border donation? If so, how significant are these costs?
- 9.2 Is there an approval process to send charitable contributions abroad (e.g. advance government approval procedures, requirements for foreign grants, etc.)?
- 9.3 Are there restrictions on sending cross-border charitable donations (e.g. procedural requirements for foreign grants, restrictions on financial transactions with sanctioned countries, restrictions on the types of activities that can be supported abroad, etc)?
- 9.4 Is there an approval process to receive charitable contributions from abroad (e.g. advance government approval procedures, post-receipt procedures and reporting requirements, foreign exchange requirements, etc.)?
- 9.5 Are there restrictions on receiving cross-border charitable donations (e.g. mandatory routing of foreign funding through government channels, restrictions on the types of activities that can be supported with foreign funding, restrictions on source country, etc)?

Score 5 - Cross-border charitable donations can be sent or received without additional cost. Tax incentives can be obtained for international charitable donations as for domestic donations. The process to send or receive charitable donations abroad is clear and consistent, requiring a reasonable amount of resources and time. A wide range of activities can be supported through received or donated cross-border contributions.

Score 4 - Cross-border charitable donations can be sent or received without additional cost. Cross-border donations are not eligible for the same tax incentives as domestic donations. The process to send or receive charitable donations abroad is clear and consistent, requiring a moderate amount of resources and time. There are some limitations on the type of activities supported through received or donated cross-border contributions.

Score 3 - Cross-border charitable donations can be sent or received with minimal additional cost. The process to send or receive charitable donations abroad is clear and consistent, but is somewhat onerous requiring moderate resources and time. There are moderate limitations on the type of activities supported through received or donated cross-border contributions.

Score 2 - Cross-border charitable donations can be sent or received with moderate to significant additional cost. The process to send or receive charitable donations abroad is inconsistent, onerous, and can be corrupt. There are significant limitations on the types of activities that can be supported through received or donated cross-border contributions.

Score 1 - Cross-border charitable donations are significantly impeded with high costs or not permitted. The process to send or receive international charitable donations is onerous, costly, and inconsistent.

IV. Socio-Cultural Environment

The questions in this section will not be used in the final ranking. Instead, these questions will be used to provide a more complete picture of the philanthropic environment in the final report. In addition to the expert's narrative, CGP will compile data from other sources, such as the World Values Survey and the Gallup World Poll to societal perception and cultural environment of philanthropy.

How is philanthropic activity perceived in the society?

Is there a cultural history and/or expectation of engaging in charitable activities? If so, please explain.

Are there any subjective cultural indicators that may impact philanthropic activity on an individual and/or organizational level? If so, please explain.

How are CSOs perceived in the society?



HUDSON INSTITUTE CENTER FOR GLOBAL PROSPERITY

The Center for Global Prosperity (CGP) provides a platform—through conferences, discussions, publications, and media appearances—to create awareness among U.S. and international opinion leaders, as well as the general public, about the central role of the private sector, both for-profit and not-for-profit, in the creation of economic growth and prosperity in countries.

The Center's core product is the annual *Index of Global Philanthropy and Remittances*, which details the sources and magnitude of private giving to the developing world. The *Index* reframes the discussion about the roles of public and private sectors in foreign aid by showing that the full scale of a country's generosity is measured not just by government aid, but by private giving as well.

The Center has published the first analysis of philanthropic freedom across the world. By examining barriers and incentives for individuals and organizations to donate money and time to social causes, CGP has measured, ranked, and compared countries on their ease of giving. The research is a major step in identifying the public policy actions to encourage private giving, thus increasing generosity.

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