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The TS in Europe: Challenges, Opportunities and Required Leadership Skills

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Abbreviations

FPO(s)	For Profit Organisation(s)
TS	Third Sector
TSO(s)	Third Sector Organisation(s)
TSL	Third Sector Leaders
SE	Social Entrepreneur

1. Introduction

The European Commission itself has indicated its support for the role of third sector organisations as partners in the implementation of the Europe 2020 Strategy and all its seven flagship initiatives. The Commission recognizes a lack of entrepreneurial skills in the third sector – a point to which THIRD EUROPE will respond directly¹.

The contention of this project is that a new profession (Entrepreneurial Third Sector Leader) would be needed in order to reassert the vision and mission of third sector organisations (TSOs) through building pro-active capacity among managers at all levels to become entrepreneurial leaders, able to identify, address and exploit emerging opportunities and to deal adequately with existing challenges.

The project thus aims at contributing to the improvement of entrepreneurial leadership skills in TSOs. As a basis, the report at hand identifies challenges, opportunities, and resulting needs for skills and competences of TS leaders.

In the following, we present results from an encompassing study on conditions for TS leadership in all of the 28 EU member states. We will give a short overview on the situation of the TS in the member states and on the EU-level. Further, challenges and opportunities for the TS will be given and competences and skills required for professional leaders in the TS will be identified.

The working paper starts with a short section on terms and definitions (chapter 2). Further, it gives an overview on methods and the data used (chapter 3). Based on that, the findings are presented (chapter 4), and a short conclusion is given (chapter 5).

¹ http://ec.europa.eu/growth/sectors/social-economy/index_en.htm

2. Terms and Definitions

2.1. THIRD SECTOR AND THIRD SECTOR ORGANISATIONS

The third sector consists of the Nonprofit Organisations (NPOs) of a region or country, which are thus also named Third Sector Organisations (TSOs). According to the definition used most in international comparisons and investigations, NPOs or respectively TSOs shall be defined as follows (Meyer & Simsa, 2013; Salamon & Anheier, 1992):

- A minimum of formal organisation (legal form, official registration)
- Privately organized (a minimum of independence from state authorities)
- Non-Distribution Constraint (profits can be made but must not be distributed to owners or other stakeholders)
- A minimum of voluntary activity (voluntary work, membership or funding)
- A minimum of autonomy

2.2. LEADERSHIP AND MANAGEMENT

The notion of leadership goes beyond management, by putting a stronger focus not only on methods and techniques, but also on the person of the leader, on his or her charisma and possibility to motivate and inspire others. Often, the term is used with romanticising pathos: »Managers are people who do things right and leaders are people who do the right thing« (Bennis & Nanus, 2005, p. 20). Within mainstream literature, the assumption persists that leadership is the result of designated leaders and their acting. Therefore, an organisation is perceived as shaped by its leader's decisions, style and personality. Leadership is ascribed to a person with certain qualities, a formal position within a hierarchy and the exercise of authority. Critical leadership studies question this view (Sutherland, Land, & Böhm, 2014), and argue that leadership is not necessarily the effect of one person (the leader) but of a system of leadership, a relational process realized through the interaction of diverse actors within networks. Nevertheless, in all approaches, leadership is associated with motivation, inspiration and spirit, a sense and the search for innovation and new possibilities (Simsa & Patak, 2016).

For the purposes of this paper, we define leadership as purposeful interventions in organisations of one leader or a group of actors, designed to effect the strategy, the climate, the decisions and the structures of that organisation, with responsibility for the survival and the success of the whole organisation.

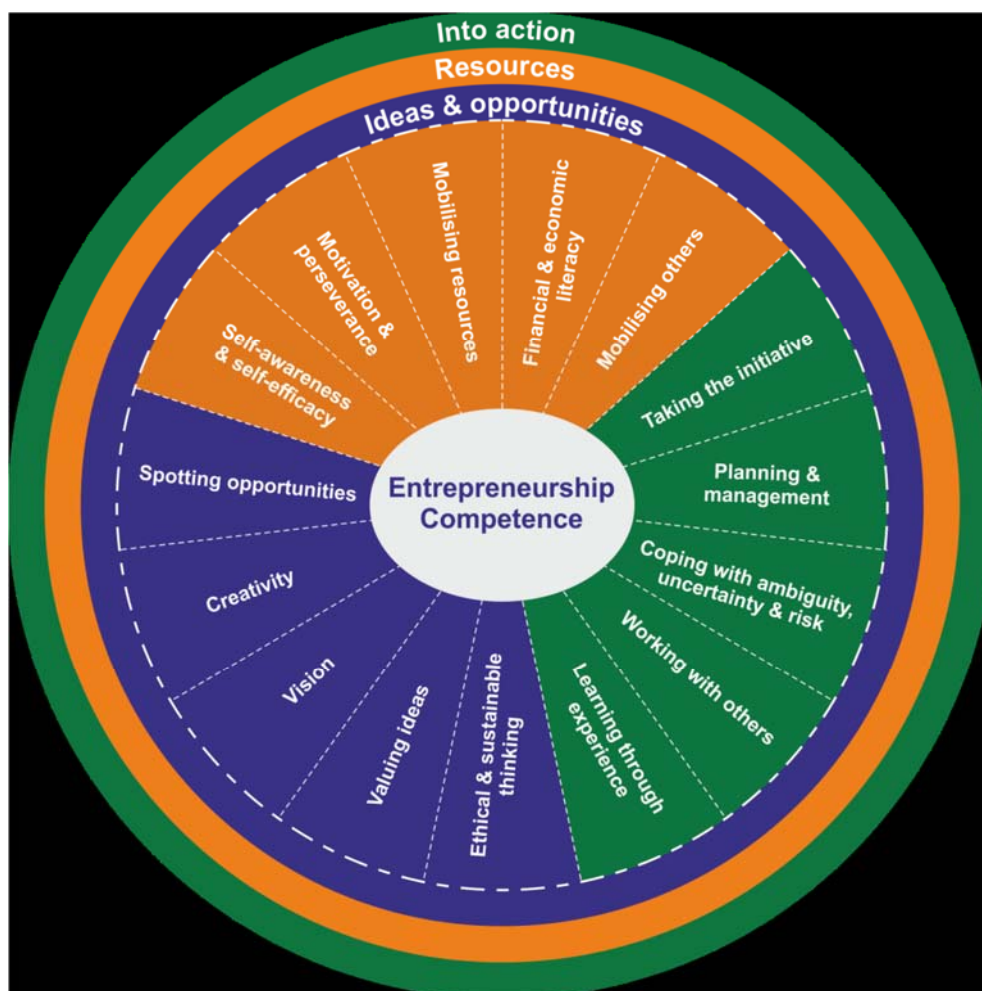
2.3. THE ENTREPRENEURIAL THIRD SECTOR LEADER

In the European project “The Entrepreneurship Competence Framework (EntreComp)”, the development of the entrepreneurial capacity of citizens is defined as necessary for a knowledge-based society and it is thus framed as key policy objective for the EU and member states².

EntreComp was developed by the Joint Research Centre (JRC) of the European Commission on behalf of the Directorate General for Employment, Social Affairs and Inclusion (DG EMPL).

EntreComp defines entrepreneurship as a transversal competence, which applies to all spheres of life aiming at the creation of cultural, social or economic value. The Entrepreneurship Competence Framework consists of 3 interrelated and interconnected competence areas: ‘Ideas and opportunities’, ‘Resources’ and ‘Into action’. Each of the areas is made up of 5 competences, which, together, constitute the building blocks of entrepreneurship as a competence. The framework develops the 15 competences along an 8-level progression model and proposes a comprehensive list of 442 learning outcome (see figure 1).

Figure 1: EntreComp Framework²



² <http://publications.jrc.ec.europa.eu/repository/bitstream/JRC101581/lfna27939enn.pdf> The interested reader will find all documents related to the project on the JRC Entre-Comp website: <https://ec.europa.eu/jrc/en/entrecomp>.

3. Method and Data

The 3rd Focus Research paper is based on a broad and comprehensive literature review and completed by the findings of our joint survey of experts (Survey 2017 - IO2 & 3) across the European countries.

The literature reviews comprises the most important third sector research journals like *Nonprofit and Voluntary Sector Quarterly* (NVSQ), *Voluntas: International Journal of Voluntary and Nonprofit Organizations* and a range of other Journals like the *International Journal of Sociology and Social Policy*, the *Journal of Peace Research* and the *Journal of Power, Politics & Governance*. Furthermore, recent national as well as international reports of the United Nations, the European Commission or the U.S. Agency for International Development (USAID) and many others named in the country chapters, provided third sector specific data. Data and findings gained by recent European research projects like the Third Sector Impact (TSI) or Social Innovation and Civic Engagement (ITTSOIN) were included.

Additionally, the findings from the survey of experts across the European countries (Survey 2017 - IO2 & 3) completed the data from the literature review. The experts were identified by the research team and asked to complete the survey. Those experts who didn't participate in the survey were followed up by mail or by phone.

Table 1: Survey 2017 - IO2 & 3 - Response

Country	Number of Expert responses
Croatia	1
Czech republic	4
Denmark	1
France	1
Germany	1
Greece	1
Italy	1
Latvia	1
Lithuania	1
Netherlands	1
Poland	2
Portugal	5
Romania	1
Slovakia	2
Slovenia	1
Spain	1
Sweden	4
UK	2
Total	28

The main field of interest were:

- The challenges facing third sector leaders in their country (IO2)
- The opportunities facing third sector leaders in their country (IO2)
- Where do third sector leaders go for leadership development opportunities (IO3)
- How developed is leadership development in their country (are there leadership frameworks, qualifications etc.) (IO3)

4. Findings

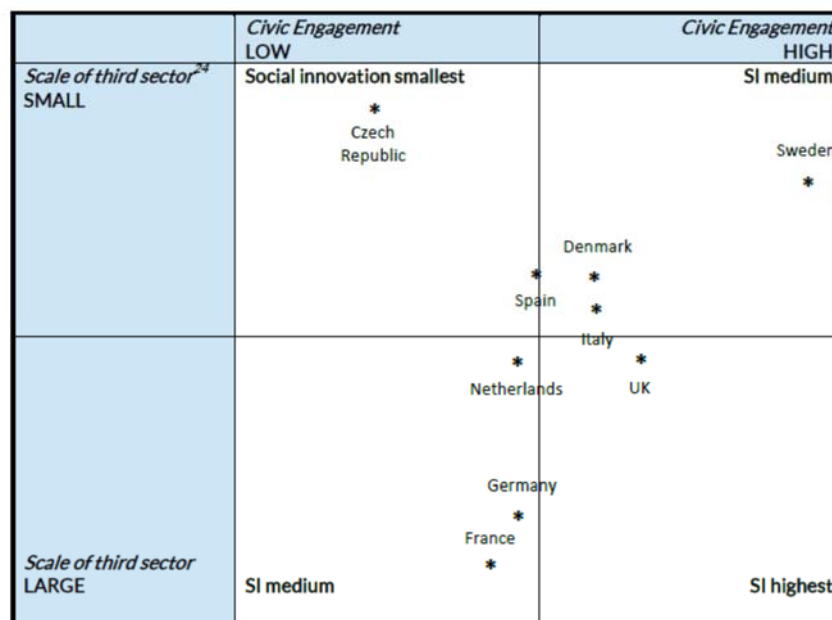
4.1. EUROPEAN PERSPECTIVE

4.1.1. European Third Sector

Third sector organisations (TSOs) are usually defined as organisations being both independent from the state and the market. They are playing an important role in Europe (Evers & Laville, 2004). The third sector (TS) is a vital element of the European identity and a major productive field. In most European countries, TSOs are growing in number, in size and get more professionalized. They are recognized as a strong economic power and count with more than 28 million of full-time equivalent workers (paid and volunteer) for 13% of the EU workforce in 2014 (Salamon & Sokolowski, 2016).

It encompasses very diverse organisations with slightly different definitions and legal frames. Due to different historical developments, the TS between the European countries vary significantly in scale and volume of civic engagement. Figure 2 shows the aggregated social innovativeness measured by the amount of civic engagement and the scale of the TS, measured by engagement in welfare activities, share of paid national workforce and share of GDP (Anheier et al. 2014: 22).

Figure 2: Aggregated social innovativeness (All of the below relations are in relative and not in absolute terms)³



For example Sweden with its social democratic welfare regime shows a high amount of civic engagement but the scale of the third sector is relatively small and government social spending is high. In contrast, the Czech Republic is classified as a statist welfare regime and therefore both, the scale of the third sector is

³ Anheier et al. (2014)

small and civic engagement is relatively low (Anheier et al., 2014). Despite the overall third sector growth and the persistence of different « third sector regimes », common trends or barriers have been observed, that do not ease the development of these organisations (Brandsen, Pape, Duarte Ebers, & Hulscher, 2016; Pape et al., 2016). Generally, context conditions for TSOs in Europe have significantly changed as a result of the global economic crisis, including decreasing levels of public funding and changing modes of relations with the state. The following common trends can be observed:

First, there is a higher demand for managerialism, which means, that TSOs are increasingly gaining legitimacy by applying business-like methods and business-like organisational forms. Thus, what Sanders describes as an inherent tension between mission and market, being the consequence of working for the common good (Young & Salamon, 2003) and the necessity to function as financially independent entities within a market economy (Sanders, 2015) at present seems to be (dis)balanced more and more in favour of TSOs becoming more business-like. This trend can be judged as an aspect of commercialization.

Not uncommonly, this trend is somewhat mixed up with the notion of professionalization. While the traditional notion of professionalism encompasses "occupational control of the work" through professional associations (Freidson, 2001), in TS-discourses the term often refers to efficiency and effectiveness, to stakeholders' needs and innovation (Meyer, Buber, & Aghamanoukjan, 2013). In regard to managerialist TSOs, the term refers to being controlled by management boards. Thus, "professional bureaucracies" become managed organisations (Mintzberg, 1983). Since the 1990ties, TSOs have increasingly applied management methods and hired management staff.

A driving force towards increasing managerialism is the pressure towards accountability (Christensen & Ebrahim, 2006; Ebrahim, 2005, 2009; Hittleman, 2007). TSOs are not only expected to act in accordance with accounting standards and management control. They are more and more forced to unfold their impact. Philanthropy is not based on trust and compliance with a TSOs' mission any more. It has increasingly exposed itself as social investment or impact investment (Maier, Schober, Simsa, & Millner, 2015). Philanthropists apply the Social Return on Investment as their major rationale (Lingane & Olsen, 2004), thus forcing TSOs more and more to apply corresponding managerialist methods.

These developments are accompanied and partly caused by developments regarding the relations of the public sector and TSOs. They have been shaped by empty coffers, especially true at the regional and the municipal level and by concepts of public management that focus on service contracts instead of subsidies. The "world-wide shift toward market solutions for solving public problems" (Wijkström & Zimmer, 2011, p. 10), thus, the deregulation and privatization of social tasks can also be seen in parts of Europe. We assume that competition will be implemented even more radical: Social Services are increasingly financed by grants given to clients instead of organisations.

Generally, as a consequence of ideological developments, the increase of the amount and the concentration of private wealth and changing practices of public spending, private donors have gained importance - not mainly in a quantitative sense, but in qualitative terms. Especially private foundations are becoming more and more the centre of attention, of fundraising activities and of management strategies - a trend being called philanthropic capitalism.

The common trend of blurring boundaries, leading to an increase of „hybrid“ actors like social entrepreneurs, social businesses, venture philanthropy and public-private partnerships as well as to a certain convergence of all sectors seem to be applicable to most European countries. An aspect of this development is the accelerating competition between TSOs and business organisations. Developments of the European competition law might lead to further liberalization and increased competition between for-profit- and non-profit-organisations and thus might have even more severe effects on the sector (Herzig, 2006).

In the last years many policy fields, where TSOs are substantially engaged, have gained importance, e.g. sustainability, ageing and care, migration, health, social inequality, youth and education. Demographic changes will further accelerate these developments (Europäische Kommission, 2012). Two general trends are evident: First, in the field of social services, demands of clients for quality which had been rising in the last decades (Simsa, Schober, & Schober, 2004) will probably further increase. Clients and their relatives expect professional services, tailored to their needs. Second, as a consequence of growing social inequality and structural unemployment as well as reduced public infrastructure, new demands will arise (Maaser, 2009). In any case, TSOs won't run out of work.

Regarding civic engagement, we find more diversity, but less stability and loyalty. The TS is confronted with quantitative shifts, leading to slight reductions of voluntary work mainly due to urbanization and the lower engagement rates in cities compared to rural areas (More-Hollerweger & Rameder, 2013; Rameder & More-Hollerweger, 2009). Further, there is a basic shift in individuals' motivation to volunteer. Civic engagement and volunteering has become more project oriented and increasingly linked to individual goals and values. Thus, it will be an ongoing challenge for TSOs, to develop management strategies and organisational structures to cope with quantitative and qualitative changes of volunteering. Long term commitment is on the retreat which is best exemplified by the difficulty of recruiting board members while engagement, which is of temporary nature, enjoys a high popularity (Brandsen et al., 2016; Pape et al., 2016).

To summarize the dominant aspects of the development, a strong trend of economization is affecting the TS in Europe, leading to more market-structures in the field, to increasing applications of tools and methods of the business world, to financial insecurity, increased competition and the necessity to develop and prove increased efficiency. On the other hand, in most countries, TSOs have undergone a significant process of professionalization. A recurrent topic is gaining access to EU funding. This is important in all countries, with bigger TSOs and TSOs from countries with better developed support-structures having significant advantages.

4.1.2. Challenges and Opportunities for the Third Sector

In the following, we elaborate challenges and opportunities for the TS in EU member states. Besides literature reviews, they are systematized and categorized on the basis of country specific findings (chapter 4.2.). The most important challenges and opportunities relate to the topics of (1) funding, (2) innovation and entrepreneurial thinking, (3) human resource management, (4) public image and trust in the sector, (5) accountability and governance, (6) cooperation and (7) dealing with (country specific) legal and governmental frameworks.

4.1.2.1. Funding

Funding is a challenge in almost all countries. Traditionally, the TS was strongly dependent on governmental funding. Generally, a decrease in public funding (due to the economic crisis and neoliberal policies in many countries) is observable. Thus, in most countries financial strains are reported. Most TSOs see a need to diversify funding sources and to commercialize fundraising in order to ensure stable and sustainable resources. Although there are trends of new forms of funding, the sector still is dependent on public funding.

The transfer from public subsidies to service contracts leads to higher requirements regarding accountability, including resource intensive (impact) measurement. In some countries, the high financial dependency from public funding implies also high political dependency. Thus, the TS might lose its watch-dog function.

Donations are one source of income that can help to ensure the watch-dog function of TSOs. But, the amount of household donations to TSOs in 2013 varies considerably between the European countries (table 1). From 16,380 Million Euro in the United Kingdom with 64,1 Million inhabitants, down to 91 Million Euro in Hungary

with 9,8 Million inhabitants. Moreover, some countries report a decrease in private donations and/or membership fees (e.g. Greece, Netherlands).

Table 2: Donations per Households and Year in 2013⁴

	Household Giving (Euro per Year in 2013)	Population in 2013 (million)
Austria	360.000.000	8,4
Belgium	***402.000.000	11,1
Croatia	n/a	4,2
Czech Republic	**407.000.000	10,5
Denmark	**795.000.000	5,6
Finland	*152.000.000	5,4
France	3.400.000.000	65,9
Germany	6.300.000.000	80,6
Hungary	*91.000.000	9,8
Ireland	**378.000.000	4,6
Italy	**7.200.000.000	60,2
Lithuania	n/a	3,0
Netherlands	1.944.000.000	16,8
Norway	**503.000.000	5,1
Portugal	n/a	10,5
Slovakia	96.000.000	5,4
Spain ⁱ	***1.014.000.000	46,6
Sweden	*545.000.000	9,6
United Kingdom	**16.380.000.000	64,1

* Lower bound estimation, total estimation not available

** Other year

*** Lower bound estimation and other year

ⁱ Estimates for Spain produced by VU Amsterdam

Another challenge in this context is the strong focus on social entrepreneurs and other forms of hybrid organisations (like e.g. in Ireland). Therefore, the financial situation of traditional TSOs is comparatively worsening.

A big topic is getting access to EU funding and other international funding sources, e.g. through EU projects. Knowledge and resources vary widely amongst different countries, with richer countries having big advantages, since EU projects require general professional requirements, high human resources and language skills and are accompanied by a high bureaucratic burden. EU or country level projects are an important source of funding in most countries and thus an opportunity. Nevertheless, the short (or middle-)term project logic implies problems regarding the long term sustainability of funding.

New forms of finance-strategies like social impact bonds or crowd funding might be opportunities for TSOs. However, they are not yet well developed in many countries.

4.1.2.2. Innovation and entrepreneurial thinking

In the light of the difficult funding situation, new social problems and other challenges, social innovation and entrepreneurial thinking are seen as important opportunities for the TS in all EU countries.

Experts and TSL from some countries report a lack of entrepreneurial thinking. Some countries criticize a "top down" definition of social entrepreneurship and claim for stronger independency and the "bottom up"

⁴ <http://ernop.eu/wp-content/uploads/2016/12/Factsheet-7-HR.pdf>

development of innovation and new social enterprises. Nevertheless, TSOs in general tend to be innovative in finding solutions for social problems and SE often are fast in finding new opportunities.

Further, the call for more entrepreneurship is a symptom of the aforementioned shift toward market solutions for public problems; an adequate supply of public goods not necessarily needs more SE or more innovation but sufficient public spending. While social entrepreneurs indeed might be providing new products or services in some fields, in general, working conditions of social entrepreneurs often are very precarious, with a high degree of insecurity, low wages and a large amount of unpaid work (Hartmann 2012, Vandor 2016). A crucial challenge thus is to secure innovation and entrepreneurship with adequate working conditions.

4.1.2.3. Human Resources Management; Developing (leadership)competences

Human Resources Management offers diverse challenges for TSOs. First, mobilizing, keeping and training volunteers is challenging for many organisations in all EU-member countries. In the light of the declining stability of volunteering, organisations have to develop new and flexible strategies to mobilize and keep volunteers. Many countries report difficulties of attracting enough volunteers. Thus, developing adequate strategies of volunteer management and mobilization is an important task for many TSOs in order to enhance their capacities and their impact. Increasing capacities to mobilize and attract more citizens to participate in civic actions would also enhance the sector's advocacy and thus its democratic power.

Second, motivation of regular staff is sometimes reported as a challenge because of the low wages in the sector and demanding working conditions.

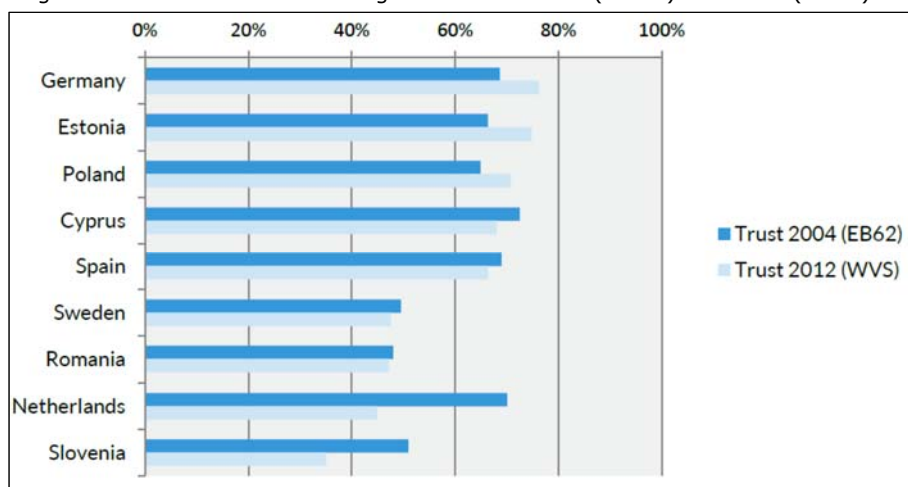
Third, the development of leadership competences is both a challenge and an opportunity. In the last decade, in many countries in northern and central European regions large parts of TSOs have undergone significant processes of professionalization. Still, especially in smaller and grass-roots organisations, there is still a need for further capacity building. In Southern and Eastern European countries, a lack of leadership capacity and also of management skills is reported as a problem.

4.1.2.4. Public image and trust in the sector

In some countries, TSOs enjoy high credibility. Trust in the sector and its manifold organisations is high. This is the case for e.g. Austria, Germany and the Netherland where TSOs have a very positive public image. Nevertheless, their credibility is somewhat endangered and they increasingly have to prove their right to exist also in these countries, due to the rather neoliberal tendencies to expect efficient solutions for social problems from the market rather than from public benefit organisations.

In the post-communist countries, the public image and the trust in TSO is rather low but still higher than in the Scandinavian countries like Denmark, Sweden and Finland (Bekkers & Verkaik 2015). Thus it is a challenge to increase the trust in the sector by e.g. communicating its impacts and its benefits.

Figure 3: Trust in third sector organizations in 2004 (EB62⁵) and 2012 (WVS⁶)



Source: Bekkers & Verkaik (2015)

4.1.2.5. Accountability and governance (Impact measurement and organizational management)

Requirements of high accountability and good governance are high in all countries. Tendencies of rising importance throughout Europe are given. TSOs are increasingly forced to prove their impact. This might be an opportunity for rather large and well-funded TSOs, since impact measurement enables them to communicate their achievements in a language that is easily understood (key figures). Furthermore it helps to increase organisational learning and the efficiency of the organisation. For smaller and not well-funded organisations it is also a challenge due to its resource-intensity.

Regarding governance, TSO are required to ensure organizational structures, which enable transparency, internal democracy, control of management bodies and participation. While this topic is an advantage in many countries and it is discussed, what profit organizations can learn from TSOs, for some countries a need for improvement is reported.

4.1.2.6. Intra- and intersectoral cooperation

Ensuring effective cooperation within the sector but also to other organisations and stakeholders is both a challenge and an opportunity in most countries. Apart from being a means to improve the financial situation and the quality of services, it mainly is a means to improve the image of the sector, its advocacy-power, and its possibilities to ensure viable environmental frameworks (public funding, suitable legal frameworks, etc.).

In some countries encompassing umbrella organisations exist which simplify and enhance both inner-sectoral and cross-sectoral cooperation. In other countries, a lack of umbrella organisations and consequently, the fragmentation of the sector is reported as a challenge.

Relations to governments are depending widely on the welfare regimes and the history and situation of the respective countries. Nevertheless, ensuring good relations to public bodies is important for the TS in all EU countries, being both a challenge and an opportunity.

⁵ Eurobarometer 2004

⁶ World Value Survey 2012

4.1.2.7. Legal and governmental framework

In many countries, TS-representatives face challenges and opportunities regarding the legal and governmental framework of the sector.

Currently, in a number of countries (e.g. Hungary, Poland, Spain, Greece,) the political situation is challenging the watch-dog function of the TS. By limiting civil rights and by restricting funding of TSOs that are critical, governments pose severe challenges on advocacy and other political activities of TSOs.

For TSOs of some countries getting knowledge regarding legal aspects poses a challenge.

In some countries, the federal structure of governmental bodies poses challenges and opportunities (bureaucratic structures versus local anchoring), in others too centralized structures are named as challenging, especially for working on a local level.

However, this topic is very country specific and can thus not be fully addressed by EU-regulation or EU-wide capacity building.

4.1.3. Required Skills and Competences for Third Sector Leaders

In the following, we name required skills and competences for TSL. They are systematized and categorized from the country specific findings (chapter 4.2.). Not all of them may have the same relevance for all countries. However, currently they are the most prominent and they are much in line with literature on leadership in the TS (Simsa & Patak, 2016).

4.1.3.1. Fundraising and financial management

- Securing independent and sustainable funding (stabilize income sources)
- Obtaining EU and handling EU funding
- Gaining alternative funds (crowd funding, impact investment, corporate giving, cross-sector partnerships...)
- Keeping in touch with donors
- Successful application for diverse funds (EU and others)
- Financial management skills (budgeting, cash-flow management, ...)
- Marketing skills regarding fundraising

4.1.3.2. Innovation and entrepreneurial leadership skills

- Start-up and Business-modelling (business plan, organisational development)
- Social innovation (Design-thinking, idea generation, ,
- Entrepreneurial skills and thinking (opportunity recognition, development of visions, personal development, working on strategies)

4.1.3.3. Impact measurement

- Monitoring
- Evaluation
- Impact assessment (knowledge of diverse methods of impact measurement, dealing effectively with performance- and impact assessment)

4.1.3.4. General Leadership skills

- Being mission-driving leaders (visionary skills, future thinking, agility of organization)
- Motivating and inspiring others
- Strategy development
- Leading change (being emotionally able to cope with change, developing visions, establishing participatory processes, taking care for the people)
- Decision making skills (adequate, situative)
- Dealing with conflicts and contradictions (mission/money, etc.)
- Representing the organization (attracting volunteers, donors, etc.; advocating for the mission)

4.1.3.5. Basic management skills

- Basic management tools and know-how
- Project management (time-management, designing and planning projects)
- Marketing (how to position the organization on the market and face competition)
- Knowledge management
- Dealing with complex organizations
- Contextual know how (dealing with legal framework like tax-law, employment law, corporate law)

4.1.3.6. Public relations

- Successful communication with the media (gaining positive coverage, social media skills)
- General communication skills (storytelling, enhance visibility of the organization, visualization of content)
- Stake-holder specific communication
- Campaigning and advocacy (agenda-setting, channel spontaneous movements and protests)
- Building trust

4.1.3.7. Human Resources Management

- Volunteer management (mobilizing, recruiting, training, retaining, addressing needs of volunteers)
- Management and motivation of paid staff
- Recruiting (attracting skilled people/graduates)
- Training of professional skills (including language skills)
- Training of social skills (personal development, teamwork, communication, emotional intelligence)

4.1.3.8. Stakeholder Management

- Involving and bonding stakeholders (members, volunteers, citizens, donors)
- Capacity building for participatory strategies and processes
- Member recruitment

4.1.3.9. Intra- and intersectoral cooperation

- Establishing good government relations (public-private partnerships, balancing cooperation and critical views)
- Establishing good relations to for-profit organizations (corporate volunteering, CSR, cooperative projects, dialogue with business-actors)
- Intrasectoral cooperation (build bridges within the sector, alliances, umbrella organizations, discuss and negotiate sector-identity)
- International relation building

4.2. COUNTRY SPECIFIC PERSPECTIVES

4.2.1. Austria

4.2.1.1. The third sector in Austria: patterns and trends

As a federal state, Austria is politically divided into nine federal provinces, each of which has extensive rights due to the principle of subsidiarity. TSOs often face different applicable national laws and therefore develop several action strategies. As a result, there are far more locally acting TSOs compared to nationwide organisations (Pennerstorfer, Schneider, & Badelt, 2013).

Regarding legal forms, associations, cooperatives, foundations, non-profit private limited companies and non-profit stock corporations exist (Simsa, Simic, & Herndler, 2015). Associations represent the most important legal form of TSOs in Austria. Over the past 50 years, the number of registered associations tripled to 116.556 (status as of 2010). Since 2003, the activities of the organisations are no longer recorded in the register. At this time, sports, savings and cultural associations represented the largest groups. Further statistical information on the different organisations and legal forms are not available due to poor data in Austria (More-Hollerweger et al., 2014). As there is a shift to professionalization and partial alignment with for-profits, private limited companies and stock corporations become more important for TSOs. However, there were 352 private limited companies and 10 stock corporations listed in the commercial register bearing "non-profit" in the title in Austria (status as of January 2012).

The total production value of the TS was around € 7 billion (1.9 % of GDP) and € 4.7 billion value added in 2005 (Haider, Leisch, Schneider, & Stöger, 2008). In 1995, the most important field of the Austrian third sector measured by employees was social services (64 percent). A comparative country study by the Johns Hopkins project thus classifies the sector of Austria as "social service dominant" (Salamon et al., 1999).

In 2010, the total number of employment contracts was estimated at 212.000 (5.2 percent of all employed persons over 15 years). The three biggest fields were social services (36 percent), interest groups, church and religious organisations (20 percent) and education, research & development (14 percent). In the years 2000 to 2010, the number of contractual relationships in the TS increased by 39 percent, in particular the sectors of kindergartens (93 percent) and social services (76 percent) made up the greatest share. As these projections are based on the number of employment contracts, such high rates might be at least partly the result of fluctuation and short contract periods (Simsa & Schober, 2012).

Volunteering is an important part of the Austrian TS. In 2006, around 28 percent of all Austrians voluntarily worked for TSOs and contributed about 8 million hours per week. The largest fields of volunteering are culture, disaster relief and sports (Pennerstorfer et al., 2013).

Common Trends in the Austrian TS are to a wide range reflecting those in other Western European countries, particularly in Germany (Freise & Hallmann, 2014; Meyer & Simsa, 2014; Zimmer & Simsa, 2014). They can be summarized as follows:

A higher relevance of managerialism can be observed, TSOs are increasingly gaining legitimacy by applying business-like methods and business-like organisational forms and thus the tension between mission and market, seems to be (dis)balanced more and more in favour of TSOs becoming more business-like. Also, this is accompanied by the demand for increased professionalization. In regard to managerialist TSOs, the term refers to being controlled by management boards.

The development of the Austrian TS in the last years shows significant professionalization especially of the management and organisational development (Simsa et al., 2015) and it is to be expected that this trend

will continue. Since the 1990ties, TSOs have increasingly applied management methods and hired management staff. Concerning accountability, an increasing pressure on Austrian TSOs is observable to measure their impact.

Relations of the public sector and TSOs have changed in the recent two decades. Neoliberal policies of deregulation and privatization of social tasks can also be seen in Austria, yet in a so far mitigated version in a still more or less functioning welfare state.

Although the sector is still highly dependent from public funding, private donors have gained in importance, especially private foundations are increasingly becoming the centre of attention, of fundraising activities and of management strategies. With regard to these forms of philanthropic capitalism, Austria seems to be a taillight of the European development but it is catching up.

The common trend of blurring boundaries, which leads to an increase of „hybrid“ actors like social entrepreneurship, social businesses, venture philanthropy and public-private partnerships as well as to a certain convergence of all sectors, seems to be relevant for the Austrian TS as well.

Civil engagement and volunteering has become more project oriented and increasingly linked to individual goals and values (More-Hollerweger & Rameder, 2013). It requires new management strategies and organisational structures to cope with quantitative and qualitative changes of volunteering.

Further, in spite of increasing transnationalisation of the third sector, local activities and networks might also be gaining importance, reflected by the rising interest in commons or collaborative consumption, consumer cooperatives and other forms of sustainable consumption or production. (Simsa et al., 2015)

4.2.1.2. Challenges and opportunities

Challenge: Financial challenges and expected decrease in public funding

A financial barrier stems from a lack of public funding, as this is the main source of resources for most TSOs. In addition, the majority of organisations report a lack of private individual contributions and decreasing profit margins from business activities. Therefore, some TSOs need to increase their revenues from business activities in order to fill those gaps, thus the financial barrier restricts the organisations to serve their real purposes. (Simsa et al., 2015)

Challenge: Applying new strategies concerning professionalization

Participants of the TSI-survey reported an ongoing trend of professionalization, thus increasing costs for professional controlling and evaluation occur. As the expectations for future tend to be negative for most TSOs, the potential of professionalization to solve future problems seems to be restrained. This marks a potential barrier, as TSOs have to develop and apply new strategies in future (Simsa et al., 2015).

Challenge: Federal provinces with substantial political autonomy and power

As before mentioned, Austria is politically divided into nine federal provinces, each of which has extensive rights due to the principle of subsidiarity. The different national laws lead to a fragmentation of the sector since TSOs often organize on the level of provinces. (Pennerstorfer et al., 2013).

Challenge and opportunity: Blurring boundaries between non-profit and for-profit organisation

Blurring boundaries between non-profit and for-profit organisation lead to increased competition TSOs face. Thus topics such as marketing, performance- and impact measurement gain importance in order not to disappear in the crowd.

Challenge and opportunity: Growing interest in social entrepreneurship/social businesses

Due to the marketization of the sector and an increase in social business, advocacy and community building might be at risk. However, such approaches breathe new life into the Austrian third sector. Furthermore they attract more attention and resources.

Challenge and opportunity: Mobilization of volunteers and increase episodic volunteering

The arrival of refugees mainly from Syria and Iraq in 2015 showed the enormous potential of (episodic) volunteering in Austria. Numerous spontaneous initiatives, social media campaigns and TSOs were founded leading to a diversity within the sector (Simsa et al, 2016). Even though an increase in episodic volunteering is evident in Austria, such developments lead to less stability and loyalty compared to classical volunteering. Especially for small TSOs this poses a challenge. TSOs have to adapt their management of volunteers in order to address the need of more project-oriented civil engagement. A minor barrier regarding volunteers is observable as the majority of TSO indicated problems mobilizing volunteers for operative tasks and board activities. However, TSO see themselves as attractive employers with highly motivated and skilled employees, thus the barrier is restrained (Simsa et al., 2015).

Opportunity: Legal changes

Legal changes mainly in favour of TSOs such as the Law on tax deductibility of donations („Spendenabsetzbarkeit“ 2009, expansions 2012 and 2016) und law on charities („Gemeinnützigkeitsgesetz“ 2015) have been made in the last couple of years.

Opportunity: Existence of umbrella organisations

The Austrian third sector is well networked. Numerous umbrella organisations exist e.g. BAG, FVA, IGO. Some of these umbrella organisation possess considerable political power and are thus able to lobby effectively for the third sector. Furthermore, they provide space for exchange and learning.

Opportunity: Cross-sector collaboration and partnerships

Cross sector collaboration and partnerships between TSOs and private enterprises are becoming more popular in Austria. They provide learning opportunities for all actors engaged (Christanell, Moder, & Millner, 2017).

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4.2.2. Belgium

4.2.2.1. The Third Sector in Belgium: patterns and trends

The TS looks back upon a tradition of working closely together with government, particularly at the local level of governance. TSOs do not perceive themselves per se as a "countervailing power" vis-à-vis the state. On the contrary, government –nonprofit relationships are traditionally based on a model of partnership and close co-operation. Thus, the principle of "subsidiarity" has been central in countries such as Belgium, especially with respect to church related initiatives (Defourny & Pestoff, 2008). Belgium is a typical example of a third-party government, in which private TSOs act as governmental agencies delivering public services on behalf of government.

The "third sector" concept is almost unknown in Belgium (Defourny & Pestoff, 2008). The term used most is that of "social economy". Since 1990, this notion has been increasingly recognized, on the basis of a first official "Report on the social economy in Wallonia". It states that the social economy is made up of economic activities (in a broad sense) carried out by cooperatives and related enterprises, by mutual societies and by associations, who follow the following principles: a purpose of serving members or the community rather than seeking profit, an independent management, a democratic decision-making process, and the primacy of people over capital in the distribution of income (Conseil Wallon de l'Économie Sociale 1990).

With 86 per cent of TSOs involved in service-delivery, the Belgian third-sector is service dominant (Hustinx, Verschuere, & Corte, 2014), also education and (to a lesser extent) the socio-cultural sector play an important role. What is surprising is the high share of grassroots TSOs, one out of five TSOs is of this type (Hustinx et al., 2014, p. 14). Various parts of the social economy have experienced a significant growth - in the recycling industry and environmental activities, in quite diverse activities carried out by work integration initiatives, as well as in the wide spectrum of personal services. In the last four years, a subsidized "voucher system" for house cleaning and related home services has extracted 80,000 unskilled workers (mainly women) from the black market by offering them a normal labour contact; about one fourth of these jobs (one third in terms of worked hours) have been created within social economy organisations (Simsa, Simic 2014).

The cooperative movement, experienced major transformations and a strong decline in job numbers over the last decades, although it is still significant in services provided to agricultural producers and in pharmaceutical distribution. Mutual societies are mainly seen as delegates of the public authorities, although they manage various types of home care services under the legal form of association. (Defourny & Pestoff, 2008, p. 11f.)

A new generation of initiatives appeared in the final quarter of the 20th century; dealing with new challenges, which were not addressed by traditional TSOs, like the fight against unemployment (worker cooperatives, worker-owned firms, work integration enterprises, etc.), the need to combat social exclusion (housing and urban revitalization initiatives, new services for the poorest and people at risk in many respects), local development of remote areas, etc.

4.2.2.2. Challenges and opportunities

Challenge: Acquiring and keeping volunteers

The diversification of volunteer patterns accompanied by difficulties attracting volunteers and also appointing volunteer board members is one major challenge. Episodic and project based volunteering is becoming more important, resulting in a higher mobility of volunteers (Hustinx, 2010; Hustinx, Cnaan, & Handy, 2010).

Challenge: High number of grassroots TSOs

The high number of grassroots TSOs poses challenges for the sector. It remains a question whether they will be able to develop in a sustainable way and strengthen the Belgian TS.

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4.2.3. Bulgaria

4.2.3.1. The third sector in Bulgaria: patterns and trends

First forms of civil society engagement in Bulgaria emerged in the late 19th century. However, more important for the current state of the third sector are organisations established during the late 1980ies, when the communist regime gradually lost its power. Some of them included organized protest of the Turkish minority, which had been suppressed by the communist regime for decades. After 1989, the state gradually withdrew from the sphere of civil society. As a consequence, TSOs had more freedom regarding their activities.

Access to public funds, however, became restricted leading to a foreign-donor driven agenda from the early 1990ies onwards. As foreign donors are now slowly withdrawing, the lack of financial sustainability becomes more obvious. EU funds are distributed through government authorities. In Bulgaria, this led to a conflict of interest in many cases, as the level of corruption remains high. Alternative sources of funding are not yet well developed. There is a constant increase in private donations, both corporate and individual. The amounts

raised by philanthropy, however, remain modest and foreign donors are still the predominant source of funding for Bulgarian TSOs (Bulgarian Donors Forum, 2014; Smilova, 2017).

The level of civic participation, e.g. in terms of volunteering, is quite low in Bulgaria. This is also reflected in a generally very low level of trust in public institutions and TSOs alike. The latter are often perceived as "foreign agents" or "Sorosoids", referring to the Open Society Foundation initiated by the US philanthropist George Soros (Bulgarian Center for Nonprofit Law, 2013, EVS 2008, cited in Kabakchieva & Kurzydowski, 2012).

In 2013/2014, large scale anti-government protests took place, indicating the potential for civil protests and engagement and leading to the emergence of spontaneous initiatives and grass-roots movements. The protests addressed the involvement of a member of parliament in one of the biggest media companies of the country, severely challenging the freedom of press. This development paralleled the building of coalition of established TSOs, caused by the high administrative and financial requirements imposed by the EU in order to obtain funding. Those requirements often exceeded TSOs' capacities, making cooperation a necessity (Smilova, 2017).

This trend might explain part of the decline of newly registered TSOs since EU accession in 2007 after its peak in the mid/late 1990ies. Of the about 41,500 registered TSOs, less than 25% are estimated to be active (NSI 2010, NSI 2014). Those organisations that are active cover mainly the fields of social services, education and culture. Arts and culture is often regarded as an important field of activity for TSOs, for the post-communist state withdrew from supporting such activities. However, only a small percentage of active TSOs is estimated to be active in this field (3.8%) (Bulgarian Center for Nonprofit Law, 2006). A more important area of TSO activity is social service provision. About 21% of TSOs are involved with social services. They often act as a partner in public service provision (Bulgarian Center for Nonprofit Law, 2014). Even though the threshold of TSOs active in the field of advocacy is estimated to be low, they are very active and thus highly visible (Kabakchieva & Kurzydowski, 2012).

Overall, Bulgarian TSOs are facing many important challenges over the next couple of years. Their ability to sustain networks, engage with citizens and promote participation will be crucial to the enhancement of the democratic process of the country.

4.2.3.2. Challenges and opportunities

Challenge: Acquiring sustainable funding

As stated above, there is an urgent need for the diversification of funding sources. Foreign donor institutions, until now the most important financiers of Bulgarian TSOs, are withdrawing their funds. EU funding is distributed through government institutions, leading to another problem: TSOs should fulfil a watchdog function, holding the government accountable. If funding is predominantly received by public authorities, this function might be at stake. Given the unsustainable funding and the continuing low level of trust/negative public image of TSOs, some experts even see TSOs' role in society as threatened.

In order to address this issue, TSOs will need to consider alternative sources of funding, such as private philanthropy (which is not very well developed in Bulgaria) or revenues created through the sale of goods and services. Non-monetary funds, such as voluntary work, should also be considered.

Challenge: Building an adequate organisational structure

The higher the requirements for TSOs in order to maintain their activities, the more the need for professional and sustainable organisational structures becomes visible. The professionalization of TSOs is an important

trend in most countries, including Bulgaria. In this context, it is mainly linked to the establishment of organisational capacities in order to obtain sustainable funding. Issues such as human resource management and the usage of voluntary work are relevant as well.

Challenge: Fighting the low level of trust and negative public image

The media in Bulgaria are classified as only “partly free” (RSF 2016) and the relationship between media and TSOs is not always a friendly one. There have been campaigns against TSOs and TSO leaders, the negative image of TSOs as foreign agents is maintained.

Strengthening independent media as well as establishing a less hostile relationship with the media will pose a major challenge over the next years.

Opportunity: Building cooperation and alliances

Based on the requirements posed by EU funding, there is an increased trend towards coalitions and alliances of TSOs. This also poses an opportunity for making use of shared knowledge and resources in order to establish more sustainable organisations.

Opportunity: Engaging with social media movements and initiatives

Grassroots initiatives and social media movements emerged over the past couple of years. However, as described above, they often remain unsustainable. TSOs could perceive them as an opportunity, indicating a higher potential of civic participation than currently exploited. By cooperating with young activists and offering opportunities of engagement, TSOs could expand their scope and reach.

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4.2.4. Croatia

4.2.4.1. The third sector in Croatia: patterns and trends

As in many other post-communist countries, civil society in Croatia was rediscovered in the early 1990ies. After the Yugoslav War, TSOs have again gained momentum from the early 2000s onwards, increasing their influence and strengthening their role in the Croatian political and institutional framework.

Even though the size of the sector has increased considerably in terms of organisations, active membership and civic participation still remains on a comparatively low level. This is partly due to the legacy of communist rules. In the communist regime, freedom of association was restricted and all kinds of interest groups, such as sport associations or religious groups, were part of the state-controlled system. Thus there is no tradition of engagement and self-organisation (Bezovan et al. 2017). The first more or less independent TSOs did not emerge until the late 1980ies, focusing on environmental and human rights issues. Some of them turned out to be the predecessor organisations of today's political parties (Bezovan 2005).

Following the years after the end of the war for independence, civil society activities and agendas were mainly set by foreign donor institutions, often at the expense of grassroots organisations and dissident movements. The process of European integration and EU membership was important for the development of civil society as well as in terms of civil society related policies.

In terms of funding, it can be seen that Croatian TSOs are less foreign-donor dependent than other TSOs in the region. Funds are predominantly domestic, mainly coming from public institutions and local/municipal governments. However, the government is still perceived to be maintaining a paternalistic attitude towards TSOs, interfering with their activities and restricting them (CERANEO 2015, Matancevic 2014). Furthermore, the practice of CSR is gaining momentum in Croatia, leading to an increase of private corporate donations and engagement directed towards TSOs (Bezovan & Matancevic 2011).

Croatian TSOs are mainly active in the fields of sports, culture, and social services. The increase of TSOs in social service provision is linked to the limited governmental capacity to provide social services. The influence of advocacy TSOs had remained limited for a long time. Only after the European integration process platforms in order to make their claims heard were established.

4.2.4.2. Challenges and opportunities

Challenge & Opportunity: (EU-)Funding and finances

Sustainable funding is an issue and lack of financial resources a significant problem in Croatia. This is related to problems such as payment of salaries. Some organisations have problems with the sustainability which was possibly affected by the turbulent year 2016 and the reduction of funds for the development of the TS. Diversification of funding sources is, therefore, a trend. More organisations are developing economic activity and are "producing" a bigger number of project applications (Survey 2017). Furthermore, it is expected that EU funding will gain more importance. Similarly to other countries in the region, TSOs are likely to team up and build alliances in order to obtain EU funding. EU funds also provide an opportunity for modernisation. They are helping TSOs to develop the capacity to be competitive in tenders that can enhance their further development. More organisations are developing economic activities and competing in relatively "weighty" EU funding programs, in which they are relatively successful. Those capacities are now better than in public

administration or the private sector and the TS has shown leadership potential in adapting to the new environment (Survey 2017).

Challenge: The bureaucratization and projectization

A lack of support to organisations is combined with an increase of bureaucracy demands. Organisations use a variety of strategies to adapt in order to survive in precarious conditions. They apply to the increasing number of tenders, which demand a higher degree of administrative tasks. Projectization is a trend in the sector. According to critical voices, it partly distracts organisations from their primary mission and those more developed increasingly resemble private companies (Survey 2017).

Challenge: Negative public image of TSOs

During the 1990ies, there was a discussion about the general "desirability" of TSOs. This legacy, combined with the generally low level of participation, fosters a climate of distrust in TSOs by the public. A challenge will be to convince the public of the necessity of a functioning civil society in order to maintain democracy.

Challenge: Government – TSO relations

The state still maintains a paternalistic attitude towards TSOs, leaving funding possibilities somewhat arbitrary. Thus, for third sector leaders building a partnership with the government at different levels is a severe challenge. In order to strengthen the sector, a more equal relationship will be needed (Survey 2017).

Challenge: Tax framework

The lack of recognition and support to the economic activity of third sector organisations by the tax system is a significant obstacle. Currently, the tax framework is unclear in the aspect of economic activity in the sector and is a disincentive for its development. It is especially limiting for development of social entrepreneurship. In addition, a new Act on Financial Operations and Accounting (2015) limits the work, especially for smaller organisations (Survey 2017).

Challenge: Human Resources

The share of organisations with stable human resources is small. Unsustainable and weak human resources are barriers to the stronger professional development of TSOs as well as their sustainability. Recruitment of new staff is usually carried out depending on the projects, without a strategically developed proceeding. Working in the third sector is becoming increasingly stressful. The growth of the sector not only in scope and funding but in significance was hardly accompanied by the introduction of educational programs. However, attracting young unemployed graduates to join the sector can be seen as an opportunity for third sector leaders (Survey 2017).

Opportunity: New responsibilities for TSOs

In recent years, the state limited its capacity to provide social services, expecting TSOs to take over this responsibility. This implies a light shift of predominant TSO activities. New organisations and social enterprises are expected to emerge in order to secure social service provision.

Opportunity: Growing role of TSOs in service production

TSOs in Croatia will increasingly provide social and personal services for vulnerable target groups. The growth of unmet needs for personal social services opens up space for the development of private initiatives within the legal/organisational framework of TSOs. Social services are perceived as an area for the development of

social entrepreneurship activities for those purposes. Growing provision by TSOs is especially noticeable in the areas of the elderly care, childcare and in-home health care. However, the centralized and paternalistic government over-regulates services and social programs. Cooperation and partnership between different local stakeholders is still not sufficiently developed (Survey 2017).

Opportunity: Strengthening role of TSOs in social innovations and potentials for positive change at local levels

Civil society and TSOs exhibit capacity, especially at the local level, for fostering sustainable and positive social change in Croatia. TSOs have also been the first ones to put new issues on the public agenda (e.g. sustainable sources of energy) and are initiating new structures of social governance in society. The TS is recognized as space for discussion of social innovation and a new perspective to address the social risks in innovative ways. Volunteer work, trust, and commitment to co-operation are the source of Croatian social innovations (Survey 2017).

Opportunity: Promotion of social entrepreneurship

Social entrepreneurship is an emerging policy and practice field in the Croatian context. In the abovementioned prospects of the EU funds, TSOs have been increasingly considering forming new types of organisations that will provide economic support for their social mission (such as social enterprises and social cooperatives). Many of them have also started to think about self-sustainability. Most social entrepreneurial initiatives are within the fields of social inclusion and social services, ecological sustainability and agriculture. Against the background of decreasing public funds, money allocated for social entrepreneurship through the European Social Fund could provide an important nudge for the development of the sector (Survey 2017).

Opportunity: Professionalization of civil society.

The above noted trend of third sector growth in service provision, opens a question of strengthening professional capacities. Professionalization of TSOs will focus mainly on the level of human resource management as well as (financial) sustainability and transparency. There is growing need for and more emphasis put on relevant skills, such as management, leadership and entrepreneurship in the sector. The growing sector is showing a new need for specific education programs, e.g. in the areas of project proposal writing and management skills. (Survey 2017)

Opportunity: Knowledge transfer from "old" EU member states

An opportunity for TSOs would be knowledge transfer from other EU member states concerning government relations, management structures, financial aspects and the like (Survey 2017).

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4.2.5. Cyprus

4.2.5.1. The third sector in Cyprus: patterns and trends

Since gaining independence from Britain in 1960, Cyprus has experienced ongoing political instability, ethnic division and serious inter-communal violence, with at times a United Nations peacekeeping force being deployed to the island and a Green Line being established in the capital Nicosia to keep the warring factions of Greek and Turkish Cypriots apart (Gillespie et.al. 2011).

Nevertheless, in 1960, a welfare state covering the whole population was developed and established, with many voluntary organisations supplementing public services (European Commission 2010).

Since 1974, Cyprus has been a divided island. In 1983, the Turkish Cypriot leadership, with the support of Turkey, unilaterally declared independence. Apart from Turkey, no other country recognised this declaration, and it was followed by an economic embargo. The country faces great challenges, like the "division of the island, the segregation of its two main communities, and the isolation of one of these from the international community. In addition, over one third of the population are either displaced persons or their recent descendants. The island has also been host to the longest serving United Nations Peacekeeping force in the world" (Gillespie et.al. 2011, S.3).

In 2004, the Republic of Cyprus became a full member of the European Union. Particularly in the period following this time, the civil society played an important role in peace building. Although insufficient institutional incentives and the prevalence of mono-communal activities rather than cross-community, bi-communal level activities, only some years later led to a decline of the importance of civil society, the civil society in Cyprus still has a key role in creating spaces for dialogue and cooperation between the Turkish Cypriot and Greek Cypriot communities.

Research suggests that the civil society in Cyprus has been generally relatively weak (Civicus 2005) and that a high dependency on political parties has served to undermine and devalue its efforts in promoting participatory democracy. Still, it also shows that the civil society in Cyprus is not content with the status quo and is open to reconciliation (Hadjipavlou 2007, quoted in Gillespie et.al. 2011).

Regarding voluntary activities, Cyprus has a long history and tradition (European Commission 2010) but the prevailing political culture and attitudes to civil society are not conducive to broader inclusion of the third sector in the political or policy development process (Gillespie et.al. 2011). Nevertheless, the island's civil society has become increasingly active over the last decade.⁷ Data from a 2008 survey allowed for the estimation that about 20% of the population is working voluntarily. The number of volunteer organisations, registered by the Pancyprian Volunteerism Coordinative Council (which does not include foundations, clubs or other forms of voluntary organisations) - shows continually rising numbers of voluntary organisations, most of which are working in welfare and health, or sports (European Commission 2010, S.4f). Voluntary organisations are defined as "every organisation which is comprised by volunteers and its main or exclusive purpose is non-profit" (European Commission 2010).

The third sector encompasses organisations such as labour and trade unions, professional associations, environmental organisations, religious organisations, student societies, cultural societies, community groups and sports clubs, all of which are engaging volunteers.

⁷ <http://eeagrants.org/News/2012/Civil-society-in-Cyprus>

As both the Turkish and the Greek community are governed by different legislative contexts, and because of their history, it has not been possible to develop island-wide TSOs. In the southern part of Cyprus, TSOs are working in a difficult and unclear legal environment with complicated registration and operation procedures. In the northern part of Cyprus, the administration has attempted (unsuccessfully) to take control of TSOs through replacing already unhelpful legislation with draconian associations' legislation.

A main institution fostering civil society activities is the Pancyprian Volunteerism Coordinative Council (PVCC), which promotes the principles and values of volunteerism, aims to advance the shared interests of the voluntary organisations and delivers a strategic vision for the further development of the voluntary sector. It is an umbrella body of voluntary organisations and it is independently administrated. Promotion and support of volunteering and voluntary organisations is also a long-standing objective of the government. Funding for the PVCC and grant-in-aid schemes are main the means for achieving this objective, as well as the Social Fund programme. Other organisations that promote volunteering, facilitate cooperation and exchange of information, are the NGO Support Centre, and The Young Volunteers Association.

4.2.5.2. Challenges and opportunities for the Third Sector

Challenge and opportunity: Linkages between TS and the socio-political institutions

Civil society activities are not sufficiently linked to official processes and institutions. By further developing links with local and international policy makers and institutions, civil society could be a stronger player in the peace process and in the social development of the country.

Challenge and opportunity: The application of international standards on citizen participation

Challenge and opportunity: Strengthen cooperation between voluntary organisations

So far, dilution and duplication are to be found. More cooperation could also help to learn from each other and develop innovative strategies

Challenge and opportunity: Increasing innovation

Increasing innovation, also by organisational development, is still challenging but could be an opportunity for the sector.

Challenge and opportunity: getting access to EU-funding

The Ministry of Labour and Social Protection has developed a series of measures to assist voluntary organisations in getting familiar with programs that are financed by the EU. Nevertheless, there still exists a lack of technical capacity, experience and resources of voluntary sector organisations to compete successfully for EU co-financing programmes.

Challenge and opportunity: Improve strategies to secure funding

As in many other countries, limited funding and resources are a challenge. Many organisations are heavily dependent on state, or private sector funding, which restricts autonomy. Many organisations lack expertise and experience in securing external funding. There is an opportunity in developing funding strategies.

Challenge: The division of civil society

"With civil society itself divided by the Green Line – with separate support, NGOs, advocacy groups, labour unions, professional associations, and relief and charitable organisations, providing similar functions in their

respective communities – opportunities or the desire for TSOs to become involved in joint activities have been limited.” (Gillespie et.al. 2011) Working across the Green Line still is a challenge for many TSO.

Challenge: Lack of coordinated support for the sector

There is a lack of a comprehensive strategic plan for volunteering and the voluntary sector at a national level; and lack of policy or tax framework to encourage volunteering. Thus, the work of TSOs should be better supported, including the development of networking and appropriate infrastructural support. For TS leaders this implies the challenge of create stronger and better linkages with local authorities.

Challenge: Integrating Monitoring and Evaluation

Monitoring and evaluation procedures are not always formally integrated into project proposals, yet, this could improve the work of TSO.

Opportunity: contributing to the peace process

Sustainable peace needs the participation of citizens and this can be fostered by TSO. This role of the civil society in Cyprus has been officially acknowledged by UN Secretary General Ban Ki Moon.⁸ Civil society and its organisations play an important role in providing contacts between people of different communities, thus fostering participation and building of trust. Especially in education activities, civil society could further promote knowledge in order to build and develop mutual understanding, respect, trust, empathy, tolerance, and the tools to exist in a multicultural society.

Opportunity: Better use of media

Given the previous deficit in media coverage of TSO activity in Cyprus, TSOs have recently made several successful attempts to addressing this. Nevertheless, a better use of the mainstream media (television, radio and newspapers) could raise the visibility of civil society more generally.

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⁸ 'Civil society wants bigger say', *The Cyprus Weekly* 9-15 September, 2011, 2.

4.2.6. Czech Republic

4.2.6.1. The third sector in the Czech Republic: patterns and trends

The TS in the Czech Republic has its roots in the 19th century. Between the two world wars in the 20th century, civil society, associations and civic engagement flourished. This was brutally ended first by the Nazi occupation, then repressed by the communist regime. After 1989, many of the old organisations were re-established, transformed and professionalized. They also managed to maintain informal ties and networks. Parallel to this process, professional social service TSOs emerged (Frič, 2004; Navrátil & Pospíšil, 2014).

On the one hand, the Czech Nonprofit regime displays characteristics of a corporatist regime, maintaining a culture of dialogue between TSOs and the government in order to prevent social and political conflict. On the other hand, neoliberalist features are also inherent to the civil society-state relations, indicated by the general perception of the state as ineffective and bureaucratic (Císař et al., 2011). However, public funding remains by far the most important source of funding for Czech TSOs, distributed mainly on the national level. Other important sources of funding are revenues from selling goods/services and private philanthropy (Czech Statistical Office, 2015a). Foreign donor institutions played an important role during the early 1990ies, withdrawing their funds in the course of the EU accession process.

Generally, the Czech TS is a vivid one. The level of civic engagement, volunteering and memberships is generally high (Navrátil & Pospíšil, 2014; Pospíšilová, 2010). In economic terms, the TS plays a notable role: Slightly less than 1.8% of GDP were generated by TSOs and about 2.1% of all employees were employed in the third sector in 2013. Main fields of activities include social services and health, sports and education (Czech Statistical Office, 2015b).

It is expected that the number of grassroots organisations and civic initiatives will increase over the next few years, supplementing traditional TSOs and leading to a new wave of professionalization.

4.2.6.2. Challenges and opportunities

Challenge: Professionalization

Czech TSOs are increasingly facing pressure for professional operating which is accompanied by a growing degree of bureaucracy. TSOs lack skills in financial planning and control and to conduct sound marketing. Public funds do not make it possible to cover these activities (Survey 2017).

Challenge: Public opinion and reputation of the sector

The public opinion and reputation of the sector is rather negative. Not only the mass media but also populists (whose popularity is growing) spread a bad image of TSOs labelling e.g. refugee workers as supporters of foreigners and not the residents. TSOs are viewed as unprofessional by members of society. Consequently, third sector leaders and employees gain little respect for their work. TSOs lack financial means and human resources to thoroughly promote their work and impact on society (Survey 2017; USAID, 2015).

Challenge: Neo-liberal attitude towards TSOs

Like in many other European countries, Czech TSOs face an increasing demand to substitute public services (Survey 2017).

Challenge and opportunity: Human resources

Nowadays, the Czech Republic is lacking workers and people are more easily attracted by other organisations than TSOs. Experts are increasingly volunteering for TSO sharing information on financial consulting, legal issues, fundraising and the like pro bono. Employment on project-basis combined with little remuneration compared to the private sector makes jobs in the third sector less appealing. Lately, corporate volunteering is on the rise (Survey, 2017; USAID, 2015).

Challenge and opportunity: Blurring boundaries

This trend can be observed in many European countries: As there is an increased need for professionalization and diversification of funding, NPOs often become more “business-like”. However, given the trend towards social entrepreneurship and the increase of CSR activities, businesses might become more “social”. It will be a challenge to handle this trend and direct it towards the general public good, but can also be seen as an opportunity for a more inclusive society.

Challenge and opportunity: Coping with declining public fund

Czech TSOs are mainly funded by public sources. This high dependency on public funds comes along with a dependency on current government objectives and politics. Since a cut in public funding is observable, third sector leaders not only face changing objectives but also monetary tightness. Becoming more effective with limited resources is an issue. Furthermore, a declining membership base is perceivable. However, new sources of funding, such as e.g. testament fundraising or crowdfunding, are seen as opportunity (Survey 2017).

Challenge and opportunity: Participation in international projects

Concerning internationalization, little participation of Czech NGOs in international projects (blocked by organisations of the Ministry of Education) is given. Nevertheless, at least some cross-border cooperation projects exist e.g. ERASMUS +. These are fostering exchange of experience, good practice and connecting people from different countries (Survey 2017).

Challenge and Opportunity: Research on the TS

On the one hand small interest of universities in generalizing and researching good practice in TSOs is criticized. On the other hand, new research on the impact of their work and volunteers is given (Survey 2017).

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4.2.7. Denmark

4.2.7.1. The third sector in Denmark: patterns and trends

The concept of the “third sector” is known and used in Denmark mainly by public authorities and the academic field. Furthermore concepts of “non-governmental organisations” (NGOs) and “non-profit sector” are widespread. However, in everyday language the term “voluntary organisation” is most common. (Pestoff & Stryjan, 2008)

Historically, like in other European countries, TSOs have played an important role in the evolution of the Danish Welfare State. The sector’s roots date back to the 19th century. At that time, it was connected to the struggles for democracy and enlightenment. Ever since, a close connection between the public and the third sector has existed, characterizing a relation of cooperation and consensus. Especially in the last decades, the public sector and the third sector have come even closer to each other concerning their thinking and forms of practice. The interaction has increased since the public sector started to use TSOs as service providers especially in the social and health area (Pestoff & Stryjan, 2008). It is well known, that extensive social services are a hallmark of the Danish welfare state. Services are provided universalistic: Denmark still has a comparatively high level of taxation and general social benefits (Henriksen, Smith, & Zimmer, 2012). Many TSOs function as service providers or entrepreneurs for the public. Apart from service provision, politicians and administrators have discovered and increasingly consider TSOs as means to implement public social policy. Contracts have become more and more common to involve TSOs in politically decided programs and engaging them in carrying out politically defined welfare tasks. Thus funding for TSOs increasingly has the character of a “project support” (Pestoff & Stryjan, 2008). However, central government grants, which are not earmarked for a specific activity or project, still exist besides project grants (Hjære, 2015).

Like many other European Countries, also Denmark established volunteer centres (VC) in the 1980ies and 90ies. Such local platforms for voluntary work have the purpose of assisting, inspiring and supporting voluntary action. Usually, VC are independent, autonomous, self-governing institutions with a board. In order to strengthen their work, the Danish Parliament provided funds in the amount of 6.5 million Euros from 2005-2008. In 2010 the government announced the permanent support of VCs via a basic fund. Thus, each VC receives a minimum of 46,000 Euros when meeting four criteria (Hjære, 2015).

That Denmark truly is a land of association, becomes explicit when looking into the voluntary sector in numbers. Today, approximately 65 local volunteer centres exist. The majority of Danish non-profit-welfare organisations are membership-based local associations (Henriksen et al., 2012). Every Dane is a member of approximately 3.5 of the almost 100,000 existing voluntary organisations (Boje & Ibsen, 2006; Hjære, 2015). More precisely, in 2004, around 83,000 local and regional and 3,000 national associations were counted, around 6,200 foundations and approx. 8,000 self-governing institutions (Vasilescu & Hjære, 2009).

Looking into financial numbers, it comes clear that around 50% of the total income of voluntary organisations is funded by themselves through membership fees, events and production. Around 43% of the income is provided by government funding and the missing 7% are obtained from philanthropy and interest income. However, the funding situation is quite different when looking into the field of activity. Social TSOs, e.g. voluntary social work, receive nearly 80% of their income from the government. For local community organisations, TSOs in sports and leisure as well as environmental ones the share of government funding on their income is far lower. These differences can be explained by historical developments, different organisational structures and policies (Hjære, 2015).

The sector constitutes an essential part of the Danish economy and amounts to 10%-12% of the Danish GDP. (Hjære, 2015; Survey 2017) Concerning employment, the third sector accounts for 13% of total employment in Denmark. (Sivesind & Selle, 2010) Measured by workforce, paid work in the voluntary sector amounts to around 141,000 FTEs and unpaid work to around 111,000 FTEs (Vasilescu & Hjære, 2009).

Volunteering is an important part of the Danish culture and civil society can be found in all sectors and spheres of society (Vasilescu & Hjære, 2009). According to the Danish national longitudinal report on volunteering, in 2014 about 42% of the Danish population engaged in voluntary activities. Young people aged 16 to 29 tend to volunteer less (37%) than other age groups. Especially the areas of culture, sports and leisure as well as social and humanitarian welfare are popular fields of volunteering in Denmark (Center for Frivilligt Socialt Arbejde, 2015).

4.2.7.2. Challenges and opportunities

Challenge: Recruiting and retaining members and volunteers

Like in many other European Countries, Danish TSOs face the challenge of recruiting and retaining members and volunteers. Work-family time conflicts for example prevent citizens from volunteering. It is getting more and more difficult for the organisations to get new volunteers and recruit young people (Survey 2017; Vasilescu & Hjære, 2009). Before mentioned data from the Report on Volunteering (Center for Frivilligt Socialt Arbejde, 2015) reaffirm these developments. Thus, it is necessary for TSOs to make their organisation attractive for a new generation of volunteers.

Challenges: Blurring boundaries and a new welfare mix

In Denmark different types of welfare providers exist. A trend towards detailed regulation on the local as well as the national level contributed to blurring boundaries between public and non-profit providers. Even though the share of non-profit providers is quite high, the discussion on new types of welfare mix mainly focuses on for-profit providers. Recent publications from the government hardly mention non-profit welfare providers. Until now, the proportion of non-profit providers is stable in the fields of care homes for elderly, sheltered residences for disabled people and institutions for socially deprived people with a proportion up to 50% of non-profit providers. However, e.g. in child care a decrease in non-profit provision is observable. (Thøgersen, 2015) For-profit providers have gained a foothold in important service fields, such as hospitals, elderly care, and activation policies. The implementation of market principles in the area of welfare provision is evident. Free choice of institution has been implemented and internal markets have been established in

the before mentioned fields (Henriksen et al., 2012). Thus, professionalization of third sector activities stays important leading to challenges for TSO leaders e.g. concerning new public management approaches (Survey 2017).

Challenge and opportunities: The interconnectedness between the public and the third sector

The interconnectedness between the public and the third sector as well as the third sector's important role in service provision entail a heavy dependence on public support in some parts of the sector. Even though an increase in the professionalization of TSOs has occurred, critics argue that this was at the expenses of the ideological basis of TSOs. On the bright side, the interconnectedness also leads to politicians putting a greater emphasis on TSOs' role as promoters of societal change and integration. Thus, the creation of common values and norms stays important (Pestoff & Stryjan, 2008). In the survey conducted, the transformation from service production to advocacy was mentioned as an opportunity for the Danish third sector (Survey 2017). In 2014 the Danish Parliament agreed to support voluntary organisations in the form of project grants. 16 million Euros will be spend from 2014 to 2018 for this purpose (Hjære, 2015).

Challenge and opportunity: Governance of TSOs

A lack of democratic involvement of the citizens and members of the TSOs is seen as a governance issue the sector faces. More democratic and participatory involvement of citizens and a transformation of rather hierarchical to horizontal organisations might help concerning governance. IT facilities and social media provide numerous possibilities to involve citizens in the age of digitalization (Survey 2017).

Opportunity: High degree of self-determination

Compared to countries like Sweden or Norway, Danish social service providers have a freer legislative status. Thus a higher degree of self-determination is given (Thøgersen, 2015).

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4.2.8. Estonia

4.2.8.1. The third sector in Estonia: patterns and trends

Looking into the TS in numbers: In 2015, 31,581 TSOs were registered in Estonia in the commercial register, but “about half of the 30,000 non-profit associations are created for the shared management of apartments, garages or other buildings or plots of land that are not traditionally deemed part of civil society” (ECSDP 2015-2020)⁹. 813 out of the 31,581 TSOs are foundations and 579 are religious associations. In 2013, about 30% of the TSOs occupied regular employees¹⁰ and about 78% of the citizens’ associations involved volunteers (ECSDP 2015-2020)¹¹. From 2010 to the end of 2013, the average gross remuneration of employees in the TS increased by €60 up to €414 per month, reflecting the high share of part time work models¹². Donations to TSOs increased (€17.3M in 2013) in the last years¹³, while the percentage of donors within the population is only 12% (ECSDP 2015-2020)¹⁴.

Based on the objectives and principles specified in the Estonian Civil Society Development Concept¹⁵, the Ministry of the Interior together with the public sector, joint committee of the citizens’ associations and strategic partners prepared a new Civil Society Development Plan 2015-2020. “The general objective of the sectoral development plan ‘Civil Society Development Plan 2015-2020’ [...] is citizens’ associations with operational capability and socially active citizens, thereby contributing to the achievement of the ‘Promoting citizens’ initiative and participatory democracy in cooperation with citizens’ associations and the public authorities’ objective of the performance area of state governance” (ECSDP 2015-2020). The previous development plans (Development Plan for Supporting Civic Initiative 2007-2010; Civil Society Development Plan 2011-2014) „have significantly increased the development of Estonian civil society and improved cooperation between the public sector and citizens’ associations” (ECSDP 2015-2010). New legislation, concerning e.g. the reimbursement of volunteers’ expenses through involvement in citizens’ associations, still entered in force. With a budget of €2.9M in 2014, the National Foundation of Civil Society (NFCS)¹⁶, aims to increase the capability of Estonian TSOs. It primary focuses on institutional capacity building of the non-profit sector and the implementation of innovative civil society programmes and projects. Its two main objectives are: “1. Non-governmental organisations are capable and operate efficiently. [...] 2. The development of civil society and non-governmental organisations is supported by providing assistance in the formation of a favourable operating environment meeting the needs of the target group and by development and support activities” (NFCS, 2013: 2).

Social enterprises are predominantly founded as associations or foundations. In its mapping report of 2014, the European Commission described a trend towards the establishment of hybrid organisations: “a private company for entrepreneurial activities and an association or foundation for reaching the social aims” (15). The field of activity of Estonian SEs ranges from public services, such as care for elderly, kindergartens, job provision or health support to full work integration tailored for disadvantaged people, environmental friendly

⁹ Commercial Register as at 1 January 2015;

¹⁰ Estonian Statistical Office (2013).

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¹⁶ <http://www.kysk.ee/failid/Upload/files/ENG/NFCS%20Strategy%202014%20-2020.pdf>

consumer services, culture, as well as community and social capital development (European Commission, 2014: 14).

4.2.8.2. Challenges and opportunities

Challenge: Stable funding

Decreasing grants from the public sector and increasing competition for grants among citizens' associations are given. The need to involve grants from the business sector will increase (ECSDP 2015-2010).

Challenges: Governance structures and transparency

Increasing of the internal democracy of citizens' associations and the transparency of the work of umbrella and representative organisations (ECSDP 2015-2010).

Challenge: Lack of knowledge how to set-up an enterprise

Many associations and foundations are ambitious about becoming social enterprises. However, they lack knowledge and experience needed for a successful enterprise set-up. The staff is used to a project-to-project style of operation, lacks understanding of market based activity and has difficulties in changing its approach (European Commission, 2014: 20).

Challenge: Entrepreneurial support mechanisms

There are no entrepreneurial support mechanisms for associations and foundations. Social enterprises need investment, start-up and growth support just like for-profit enterprises. However, due to their legal form as association or foundation, they are not eligible for the entrepreneurial support mechanisms (European Commission, 2014: 20).

Challenge and Opportunities: Blurring Boundaries

The use of business models in citizens' associations will increase, which includes generating revenue and the necessity to enhance competence in the provision and development of services. Thus, differences between the sectors will decrease. (ECSDP 2015-2010).

Challenge and Opportunities: Ease of establishing legal entities

To establish legal entities can be done very fast and easy online in Estonia and "...laws are rather flexible allowing organisations to operate a liberal approach to citizen activism". As in most other European countries, there is no specific legal form for SEs in Estonia. "This creates confusion over which legal form should be used, and which kind of support mechanisms and benefits could be used" (European Commission 2014: 20).

Opportunity: Well developed advisory support systems for SEs

The Estonian Social Enterprise Network is a "central point of information". An existing nationwide network of business consultants, trained on social entrepreneurship, provides support in this field (European Commission 2014: 20).

Opportunities: TSOs as service provider and partners

Importance of citizens' associations as providers of services will increase because the public sector needs, and is looking for, partners who are capable of offering high quality professional services (ECSDP 2015-2010).

Opportunities: Shaping policy

„The role of citizens' associations will also increase in the participation of shaping policy and with that the responsibility of citizens' associations“(ECSDP 2015-2010)

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4.2.9. Finland

4.2.9.1. The third sector in Finland: patterns and trends

Various terms have been used to name the Finnish third sector and its organisations such as 'unofficial sector', 'voluntary sector', 'non-profit sector', 'non-governmental sector', 'organisations of general interest', 'social economy', 'civil society' or 'intermediate' sector. However, the most common term to refer to such organisations nowadays is 'civic organisations' (Pättiniemi, 2008).

Historically, persistent citizen activity arose during the Enlightenment in the 18th century. At the end of the 18th century, Finland saw the rise of associations promoting national issues and culture. Due to poverty, from the early 19th century onwards numerous associations focussing on socially disadvantaged groups emerged. In the last century, the foundation of Finnish national well-being was built in a bottom-up process without huge public investment but civil society activity. Various advocacy groups and special interest groups took part in the growth of the Finnish welfare state. In the 1970s spontaneous movements changed into more bureaucratic structures marking a formalization process of the TS. The following decades can be described as a renaissance period of civil society: TSOs took on the role of supplementing welfare services produced

by the state and professionalized. Funding changed from subsidies to grants or project funding, transforming the sector significantly. Privatization of welfare services became an issue. New types of organisations started to appear. Social movements mushroomed and short-term, spontaneous action boomed. Until today, TSOs have taken up the role of a complement and/or substitute to the public sector (GHK, 2010a; Pietila, 2000; Seppo, 2013).

Mapping the TS in numbers, one obtains total figures of more than 130,000 organisations (cooperatives, mutual societies, foundations and associations) with 9.5 million members and 181,500 employees. The main source of income of civic organisations are private donations with around 58% of the total income. Public funds amount up to 36% of total income. Gaming monopolies, like e.g. STEA¹⁷, have a key importance to Finish TSOs providing financial support since the government regards the use of their profits for civil society in the public interest. Concerning the legal form, associations are by far the most common form of TSOs in the country. In 2005 around 123,000 civic associations could be found employing about 65,000 people. Despite their comparatively small number of only around 3,500 organisations, cooperatives constitute the main employer with around 95,000 employees. Furthermore, at the end of 2012, around 2,400 foundations were included in the Finish Foundation register. The large number of foundations, associations and cooperatives compared to the size of the population, represents the strong philanthropic tradition of the country (Herberts & Hohti, 2015; Pättiniemi, 2008; Seppo, 2013).

Concerning the workforce, intense changes took place in recent years when paid employment in the TS expanded. The share of paid employment is increasing in TSOs which used to be organized on a voluntary basis. As a consequence, TSOs struggle with managing the fast-growing evolution of paid employment (Ruuskanen, Selander, & Anttila, 2016).

No official data is available on the number of volunteers in Finland. (GHK, 2010a) Thus, different versions on the number of volunteers exist. Seppo (2013) states that Finland is on the European average in terms of voluntary activity. Key areas of volunteers are sports, exercise and the social and health sector. According to the Eurobarometer, Finland is on third place in the EU concerning voluntary activity on a regular or occasional basis with 39% of people claiming to be active. (TNS Opinion & Social, 2011) As shown by member figures, voluntary work in the country is characterised by a focus on membership. Membership based volunteering is in decline. Members are getting older. Thus, concerns about the future of voluntary organisation arise. Similar to other European countries, young Finns prefer project based volunteering (GHK, 2010a).

Currently, a decreasing importance of social economy is observable in Finland and other European countries (e.g. Netherland, UK, Hungary, Portugal and Italy). Unlike in the Netherland or UK this is not due to austerity measures and restrictive budget policies but rather as a consequence of expanded state activities according to Schönert, Freise, and Zimmer (2016). Instead of developing the cooperation between state and social economy, and thus focusing on cross-sectoral partnerships, the Finish state expands its activities. Social associations, foundations or co-operations are rarely involved, e.g. in the long-term care market in Finland, unlike in Germany, France or the Netherlands, where they have a traditional role (Schönert et al., 2016). Other researchers, such as Cepel (2012) however argue that high public spending and EU harmonization processes caused the Finish state to limit the support for civil society, a part of society given a special role since the 19th century.

¹⁷ The Finish Slot Machine Association (RAY) was transferred to STEA, the Funding Centre for Social Welfare and Health Organisations, in 2017. (Ministry of Social Affairs and Health, 2017)

4.2.9.2. Challenges and opportunities

Challenges: Job quality in the Finish Third Sector

In their regression analysis of quality of work life survey data from Statistics Finland, Ruuskanen et al. (2016) show that a substantial difference between the job quality in the third, public and private sector exists. Their results contradict previous findings of higher job satisfaction in the TS. Thus, TSO employees are less satisfied with their jobs compared to employees in the public or private sector. Comparably more intensity and qualitative insecurity is reported by TSO employees. However, compared to private sector employees, TSO employees perceive their jobs as less insecure (lower quantitative insecurity) and they enjoy higher levels of job autonomy. Since the sample consisted of trade union members only, the generalisability of the results to non-members may be limited.

Challenge: Commercialization of fundraising

In addition to government funds, funds from different sources are an important income of Finish TSOs. Rapid changes and commercialization of fundraising lead to key challenges. Specific marketing campaigns command higher attention, time and money. Thus, more resources are needed to secure enough resources – a balancing act (Seppo, 2013).

Challenge: Lack of umbrella organisations

The TS in Finland is quite heterogeneous and its social visibility is weaker than in other European countries. Furthermore, a lack of umbrella organisations is given (Seppo, 2013). Considering the important role of umbrella organisations for networking or lobbying activities, the exchange of experiences and capacity building, their rare existence constitutes a major shortcoming of the Finish TS.

Challenge and opportunity: Legislation and autonomy of TSOs

The Finish TS is characterized by autonomy. The state has regulated its activities quite modestly. However, tax interpretations have become less favourable of TSOs (Seppo, 2013).

Opportunity: Cooperation between players on national and international level

More cooperation within the TS on a national and international level opens up new possibilities. Especially small foundations, and small TSOs in general, could have a stronger impact by developing ideas, projects and innovation in cooperation with other players (Herberts & Hohti, 2015).

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4.2.10. France

4.2.10.1. The third sector in France: patterns and trends

In France local authorities used to enjoy little autonomy and the country was traditionally highly centralized. Nevertheless, the TS is very similar to Germany or Austria. In the last decades, decentralization has been introduced in France with an impact on the TS. New kinds of partnerships and cooperation between local governments and TSOs evolved. A remarkable growth of the sector is noticeable especially since the 1970s. In the 1980s and 90s non-profit organisations were created with considerable support of the government to address social exclusion issues such as unemployment. Besides the existing TSOs in the fields of handicapped citizens and sports or culture, facilities for elderly got on the rise. Furthermore social entrepreneurship is in the ascendant (Archambault, 2014).

In France the Social and Solidarity Economy (SSE) is the most commonly used concept concerning the TS. SSE includes associations, foundations, cooperatives and mutual organisations. The 2014 institutionalized law on social and solidarity economy¹⁸ opened the field also to commercial companies with a social utility purpose and certain management criteria. Such commercial companies are called ESUS (entreprise solidaire d'utilité sociale). The French government enforces competition between non-profit and for-profit organisations especially in the field of health and social services. Due to their important role in social service provision, high dependence of non-profits on public funding exists. A large amount of funding goes to core welfare areas, namely, education, health and social services. Apart from public funding, professionalized organisations get up to 40% from market income (e.g. fees for services). Compared to large professionalized TSOs, local ones are less dependent on public funds. Membership fees matter the most for non-professionalized organisations which exclusively rely on volunteers. Philanthropy, donations or support from companies account only 5% of the sector's total income – a comparably low percentage. The financial crisis had a negative impact on the funding situation of the French TS as well. Cuts of subsidies or delay of grants and reimbursements were given, leading to cash flow difficulties, dismissals or even bankruptcies. Mergers have also been an outcome of such macro-economic developments (Archambault, 2014; Petrella et al., 2016).

¹⁸ Law No. 2014-856 of July 31, 2014 on the Social and Solidarity Economy - LOI n° 2014-856 du 31 juillet 2014 relative à l'économie sociale et solidaire

The largest proportion are associations (85% of SSE). In 2013 around 1.3 million associations existed. Every year between 60,000 and 70,000 associations are founded in France. The vast majority of TSOs is small, active on a local level and run exclusively by volunteers or only a little number of paid employees. Very few large organisations exist. Only 1% of French TSOs have more than 250 employees. Cooperatives and mutual organisations made up 11.7% and 3.3% respectively in 2013. Figures for 2011 show, that the number of foundations was rather low with about 2,000 (only 0.6% of SSE). Many new corporate and individual foundations have emerged since 2003 when fiscal incentives were implemented. Over 1,000 endowment funds (fonds de dotation) were originated since the law on Modernization of the Economy was created in 2008 (CNCRESS, 2014; Archambault, 2014; Reynaert/d'Isanto, 2016).

A positive trend concerning job and enterprise creation can be observed in SSE in comparison to a negative one in the private economy. Nevertheless, about 26,000 jobs were cut in TSOs in 2011. SSE made up a share of about 10% of total employment in 2011. Atypical contracts are a general issue of the sector and flexible work arrangements on the rise. Seasonal or short-term contracts and low wages are more frequent than in the private sector leading to poor quality of employment. However, part-time jobs are less common compared to the private sector. Since women constitute 69% of the workforce in SSE, mainly they are affected by such developments. The sector is highly feminized. However, females can hardly be found in upper management positions (Archambault, 2014; Petrella et al., 2016).

Volunteering plays an essential role especially for associations. A positive development has been observable for the last two decades concerning the number of volunteers. In 2013 nearly one quarter of the French population aged 16 years or older stated that they provided services without receiving remuneration within the last 12 months. Added up, volunteering working hours equate to 680,000 FTE. Involvement is particularly popular in culture, sports and leisure related fields but also advocacy. Membership quota in voluntary associations and quota on private donors are slightly under the European average (Archambault, 2014; Petrella et al., 2016; Reynaert/d'Isanto, 2016).

4.2.10.2. Challenges and opportunities

Challenge: Blurring boundaries between non-profit and for-profit sector

Since TSOs are "pushed towards the market" (Petrella et al., 2016), they are confronted with increased competition and the need to professionalize. Thus, TSOs face the challenge of improving their managerial performance while at the same time keeping their social mission strong. Moreover, improving or preserving democratic decision processes within the organisation is important. Enforcing governance structures, which play a strategic and democratic role - not only a compliance one - is perceived as challenging but essential in this context (Survey 2017).

Challenge: Intergenerational renewal and employment

The staff of TSOs is rather old and around 600,000 jobs will have to be renewed until 2020. Especially executive positions are affected. Concerning voluntary board members and paid directors, further professionalization is an issue as well (Tchernonog, 2013). The intergenerational renewal could be a chance to get more females into upper management positions. However, it is assumed, that employment in the sector will decrease (Archambault, 2014: 536). The quality of the jobs in the sector is a challenge as well as.

Challenge: Increased administration and reporting

A tendency towards more administration and reporting leads to organisations battling red tape and bureaucratic burden. In times of scarce resources such developments are even more challenging.

Challenge and opportunity: Diversifying financial resources

Diversifying financial resources is especially important to be less dependent from public funds. This is an issue, since public subsidies haven been shrinking in the last period. Nevertheless, comparably large public financial schemes and schemes to support social innovation initiatives exist. New financial sources such as crowdfunding or social impact bonds might produce relief (Survey 2017).

Challenge: Attracting and keeping volunteers

In France, volunteering is becoming more volatile and individualistic like in many other European countries. Thus, attracting, motivating and keeping volunteers is an issue (Survey 2017).

Opportunity: Strengthened entrepreneurial dimensions

Entrepreneurial dimensions of TSOs are strengthened and Social Entrepreneurship is *en vogue*. Cross-sector partnerships and alliances between different actors are formed. Thus new ways of financing are on the stocks (Petrella et al 2016).

Opportunity: Large (public) support infrastructure for TSOs and legal incentives

In general a large eco-system to support third sector organisations exists, giving technical assistance, counselling, network and training. One example is the DLA (dispositif local d'accompagnement), a public institution providing help to third sector leaders concerning governance, HR management, financing, marketing, advertising etc. (Survey 2017). Moreover, the government supports TSOs through subsidies and tax incentives (Archambault et al., 2014).

4.2.10.3. References

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4.2.11. Germany

4.2.11.1. The third sector in Germany: patterns and trends

The German third sector experienced a steady growth in the last decades and is rich in tradition with some institutions dating back to medieval times. Roots of a number of today's associations (*Vereine*), umbrella associations (*Verbände*) and cooperatives (*Genossenschaften*) can be found in the 19th century. At that time, close co-operations between the government and third sector organisations concerning the provision of social

services evolved due to the development of the “principle of subsidiarity”. Furthermore, the “pillarization” and thus the third sector’s structure is an outcome of the historical social conflicts in the 19th century. However, developments in the last decades such as the re-unification and integration of the former DRG brought some major changes. Germany became the largest member state of the EU, a prime destination for migrants and a driving force for liberalization as well as de-regulation. Thus, the country’s society became more heterogeneous. Homogenous social milieus eroded. Furthermore, the privileged position of third sector organisations, e.g. their protection by law from commercial competition, diminished. Politics and government react to a given trend of individualisation by focussing on affirmative action and campaigns for individuals. The institutionalized third sector is hardly addressed. In fact, the government’s focus lies on the vitalisation of individual citizens to spend their time, money or know-how on common goals. Another trend in the German third sector is that public affairs management and campaigning as well as member recruitment is increasingly carried out by for-profit. (Archambault, 2014; Zimmer, 2012; Zimmer et al., 2013; Zimmer et al., 2016)

Looking into the sector in numbers, the majority of TSOs in Germany are associations (*Vereine*). About 600.000 associations are registered, which implies around 700 associations per 1.000 inhabitants. The majority of associations is small or very small and active on a local level. Foundations are also an important player in the German third sector. Around 21.000 are currently operating, making the German foundations sector the second largest in the world after the US. The legal form of a private foundation boomed due to legal reforms in 2000/2002 and 2007. Furthermore, rather business compatible legal forms became more popular in the last decades with currently around 10.000 existing tax-exempted limited corporations (GmbHs) and 400 existing tax exempted UGs (*Unternehmensgesellschaften*). Moreover, around 900 tax-exempt cooperatives with nonprofit status exist mainly in the areas of shared housing and renewable energy or effluent disposal. (Priller et al. 2012; Zimmer et al., 2013; Zimmer et al., 2016)

Capturing the size of the sector via indicators on labour force, it comes clear that about 1 out of 10 employees is working in a TSO. Looking at labour force indicators, especially the fields of environment, international activities and foundations are growing. The sector’s labour force is mainly female, which is linked to the dominance of female professionals in social services and health care. (Priller et al., 2012; Zimmer, 2016)

In general, TSO are traditionally divided into two areas: (1) the welfare domain (social and health care services) predominantly financed through social and health insurance allowances and (2) the areas of sports, arts and cultures mainly funded via membership fees, donations and a high rate of volunteering or local government grants and subsidies. (Zimmer et al., 2016)

According to the German Survey on Volunteering, around one third of the Germans volunteer on a regular basis. Especially sports as well as leisure, arts and culture are popular areas of involvement. A slightly positive trend on volunteering can be found. Similarly, giving in Germany has slightly increased in the last years with around four out of ten Germans donating on a regular basis. (Zimmer et al., 2013)

4.2.11.2. Challenges and opportunities

Challenge: Acquiring and keeping volunteers

The diversification of volunteer patterns accompanied by difficulties attracting volunteers and also appointing volunteer board members is one major challenge German TSOs face nowadays. Episodic and project based volunteering is becoming en vogue resulting in a higher mobility of volunteers. Furthermore, organisations are increasingly competing for volunteers (Priller et al., 2012; Zimmer et al., 2016; Karakayali/Kleist, 2016).

Challenge: Coping with liberalisation of the sector and blurring boundaries

The liberalisation of the non-profit sector is leading to blurring boundaries. Liberalisation and austerity pressure lead to planning insecurity for some TSOs. Furthermore, cross-financing from market-income is hard to implement. Thus building a sustainable, modern infrastructure is at stake (Archambault, 2014; Zimmer et al., 2016).

Challenge: Dealing with the government's ambivalent attitude towards TSOs and its consequences

As mentioned above, the government's focus lies on individuals rather than organisations. Thus, the institutionalised sector is given comparably little attention. Long-term funding is rare and the current law (*Gemeinnützigkeitsrecht*) sophisticated. Moreover, interpretation of clauses vary between authorities. Nevertheless, the sector is in demand when it comes to marginalized groups (e.g. long-term unemployed), fostering the integration of migrants or taking preventive measures against violence.

Challenge and opportunity: performance and (social) impact measurement

Growing awareness of social impact of organisations in all sectors puts third sector organisations in the lead. Nevertheless, it challenge appear proofing TSO's impact and legitimizing funding (Survey 2017).

Challenge and opportunity: potential of citizen activism

Recent happenings such as the refugee crisis in 2015 showed the high-performance of TSOs and the willingness of members of society to volunteer. However, it will remain a challenge to channel the big potential of activism and civic engagement in the long run (Survey 2017; Karakayali/Kleist, 2016).

Opportunities: social media as means to create public awareness

Zimmer et al. (2016) show that the limited public awareness of their organisation is a serious problem for 73% of the surveyed third sector organisations. Lobbying and advocacy activities get more and more outsourced. By using social media, public awareness on topics can be created and thus TSOs could further spread their mission or gain new volunteers.

Opportunities: New forms of funding (e.g. crowdfunding or cross-sector collaborations)

Cross-sector collaborations could be an option for TSOs to cope with the liberalisation and tense financial situation. New forms of private funding, like crowdfunding, are also on the rise. Nevertheless, difficulties in managing the varying requirements of funders may occur.

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4.2.12. Greece

4.2.12.1. The third sector in Greece: patterns and trends

Unfortunately, there is still no general registry for TSOs in Greece (Tzifakis et al., 2017). Hence, no official data on the total number of TSOs is available. Lacking sufficient and reliable data, no full picture of the Greek TS can be drawn. In the last two decades, many authors described the TS as weak and flawed illustrated by the quotations stated below:

"The study of civil society's structure revealed widespread apathy and a lack of civic engagement among Greek citizens. The majority of Greeks do not participate in non-partisan political activities, nor engage in any voluntary work, with the exception of the Olympic Games in 2004" (Sotiropoulos & Karamagioli, 2006, 9)

"Basically, the absence of a strong civil society is a structural characteristic of Greek society" (Polyzoidis, 2009, 191)

"Every social scientist studying civil society in Greece or documenting and measuring social capital at the societal level (...) agrees that [Greek] civil society is cachectic, atrophic or fragile" (Hadjiyanni, 2010, 20)

„Greece is a country with a traditionally weak civil society sector, featuring low levels of associational density and weak volunteerism" (Tzifakis et al., 2017: 19)

Nevertheless, modest estimates based on different studies suggest that the number of TSOs is still very low, but slightly rising (Tzifakis et al., 2017: 19). Findings of the Thales Survey (2011-2013)¹⁹ show that 61% of Greek TSOs were founded before 2000 and 32% between 2000 and 2009. Numbers on employees in TSOs are uncertain as well. The Thales Survey counts 5.150 paid employees and 19.869 volunteers in 2013 (Tzifakis et al., 2017). The percentage of people who volunteer for TSOs lies at 8 %²⁰ (OECD 2015:3) representing one of the lowest volunteering rates in the OECD and the European Union. However, a recent study analysing the impact of the economic crisis on TSOs in Greece observes a steady rise in volunteers since 2012, partly due to rising unemployment (Tzifakis et al., 2017).

Before the economic crisis hit Greece in 2011, TSOs were largely funded by the state and/or EU (e.g. EQUAL, LEADER). "EU and state financial support to Greek NGOs have over time created a rent-seeking civil society and in effect, undermined the latter's ability to increase social solidarity, promote trust and develop spontaneous grassroots movements" (Tzifakis et al., 2017: 19). The generous funding of TSOs between 2000 and 2009, especially by the EU,

"also created adverse incentives, blurring the distinction between profit and nonprofit activities and between volunteers and professionals. In addition, consultancies presented themselves as

¹⁹ <http://excellence.minedu.gov.gr/thales/en/thalesprojects/377323>

²⁰ <http://www.oecd.org/els/family/CO4.1-Participation-voluntary-work.pdf>

NGOs. Local authorities created 'pseudo-NGOs' in order to create job positions for the unemployed with EU funds. [...] Many NGOs that started out as voluntary associations were transformed into service-providing agencies competing with corporations to secure a market share in EU-funded projects" (Tzifakis et al., 2017: 8).

Beside such funding driven (resource dependent) blurring boundaries between sectors, whole sectors were delegated to EU-funded TSOs like the social care for refugees and asylum seekers, as well as for drug addicts (Tzifakis et al., 2017: 9).

4.2.12.2. Challenges and opportunities

Challenge: Accountability

"[T]he 'upward' accountability of NGOs to the EU and responsible state agencies increased at the expense of their 'downward' accountability to their members and the broader society" (Tzifakis et al., 2017: 9).

Challenge: Relation with the state - independency and autonomy

„Civil society in Greece has not succeeded in developing autonomous rules and values apart from politics: social and class struggles have primarily taken place through party political confrontation. As a result civil society has developed a strong dependence on the state" (Polyzoidis, 2009, 191). Although „the dependency on EU and state funds of previous years [...] had constrained NGO independence and autonomy [,but] may at last have started to wane. However, a new funding dependency is now on the rise. Greek NGOs are increasingly relying on big private foundations.[...] this privatization of funds creates another type of dependency. Greek NGOs continue to look for funding at the 'top' rather than at their grassroots bases" (Tzifakis et al., 2017: 20f; Survey 2017).

Challenge: Funding

The decrease of individual donations and state-financed programs is a major challenge for Greek TSOs (Tzifakis et al., 2017; Survey 2017). The decrease in private donations (-19.2% between 2001 and 2013) and member contributions (-50% between 2001 and 2013) hit especially TSOs outside Athens. Compared to that, TSOs in Athens recorded an increase of private donations (8.3 % between 2001 and 2013) and member contributions (3.7 % between 2001 and 2013) (Source: Thales Survey Data; (Tzifakis et al., 2017). There is a lack of finance for social start-ups as well as for scaling up activities. As a consequence, social enterprises depend on funding from abroad as well as on volunteers (students for work-practice) from abroad (European Commission, 2014: 25).

Challenge: Voice and Advocacy for TSOs and SEs

"Social economy organisations and enterprises have no voice, and no identity based on shared values; they have no capacity for influencing the political agenda, and no representation in the partnerships that govern the implementation of the European Structural and Investment Funds throughout the whole programme cycle, as stipulated in the European Code of Conduct on Partnership". (European Commission, 2014: 25). "Social economy organisations and enterprises have no face; there are hardly any accepted role models or good practice examples for social entrepreneurs, and their value to reshaping Greek society and economy is not widely recognised" (European Commission, 2014: 25).

Challenge: Lack entrepreneurial spirit

"NGOs, self-help initiatives, and social entrepreneurs are often grant-oriented and lack entrepreneurial spirit" (European Commission, 2014: 25).

Challenge: Capacity building (Survey 2017)

"Lack of skills and capacity in how to start up and run a social enterprise" (European Commission, 2014: 25).

Challenge: Fragmentation of the sector (Survey 2017)

"Social enterprises are hardly connected with one another (outside Athens and Thessaloniki) in Greece, and practically not with their peers outside Greece, which impedes mutual learning, the development of professional capacity, and the exploitation of scaling opportunities" (European Commission, 2014: 25).

Challenge: Bureaucracy. (Survey 2017)Opportunity: Increasing Efficacy.

Many TSOs have developed strategies to decrease operation cost to "increase the chances of successfully bidding to private foundations" (Tzifakis et al., 2017). "The competitive and demanding procedures that foundations follow have an overall positive effect on how existing Greek NGOs evolve. Whether such a situation will persist and continue to positively affect the NGO sector remains to be seen" (Tzifakis et al., 2017: 20)

Opportunity: Funding

"Emergence of private foundations as the leading donors" (Tzifakis et al., 2017: 10). Availability of great amounts of funds of private foundations (Tzifakis et al., 2017: 20; Survey 2017).

Opportunity: Capacity-building initiativesOpportunity: Rising volunteerism

"The receding welfare state encouraged civic engagement and mobilized citizens. As our research showed, the number of volunteers offering service to Greek NGOs has remarkably increased during the last years" (Tzifakis et al., 2017: 20; Survey 2017).

Opportunity: Transparency

"According to the Thales survey, a constantly increasing number of NGOs (51.2% of respondents) has been publishing yearly activity reports and data about its budget and its human resources on its website" (Tzifakis et al., 2017: 14).

Opportunities: Rising interest for the Third Sector by professionals and employees

"Moreover, professionals who usually work as contractors (e.g., lawyers, accountants, photographers, video production experts) have been becoming more and more prone to offer their services pro bono in order to expand their portfolio and establish a relationship with a potential future client (Tzifakis et al., 2017: 18). "[A]n increasing number of Greeks have been applying for openings in NGOs because either they could not find a job elsewhere, or they prefer for a more or less similar wage to work in an organisation that helps the less advantaged" (Tzifakis et al., 2017: 19)

Opportunity: re-structuring (Survey 2017).Opportunity: horizontal action coordination (Survey 2017).

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4.2.13. Hungary

4.2.13.1. The third sector in Hungary: patterns and trends

Hungarian civil society and TSOs can look back on a long and turbulent history. There was a growing intensity of private initiatives and civic participation before the 1948-49 revolution and the war for independence. After its failure, most of these organisations were abolished. Between the World Wars, there was again considerable growth of civil society organisations and initiatives. The degree of freedom for TSOs was comparably high in Hungary during the communist regime. Especially during the 1980ies, the scope for private initiatives increased. Since 1989, after the fall of the iron curtain, considerable development of the third sector took place. Many organisations in various fields emerged, a favourable legal framework was established. Among the new legal regulations was the 1%-rule, giving citizens the possibility to dedicate 1% of their personal income tax to TSOs and charitable organisations (Gerencsér and Oprics 2008, Török 2005, Vajda and Kuti 2002).

TSOs in Hungary (more than 63,000) are mainly active in the fields of sports and recreation, culture, education, social care, and economic development. However, many of them are not well funded, leaving only one-fifth to be able to hire paid employees (KSH 2016). Most TSOs are active in the broadly defined field of culture, engaging in various activities (KSH 2016). Some of them are relatively large organisations, being

responsible for well-known orchestras and festivals, whereas there are also numerous small organisations, operating on a community level and e.g. the preservation of cultural heritage (Reisinger 2014). A somewhat smaller number of TSOs provide social services in various forms. They employ more staff than cultural organisations and play an important role in assisting the disabled and the elderly as well as alleviating poverty (KSH 2016). The number of advocacy organisation is, according to statistical data, quite low with only around 750. However, they form a very visible and given the recent political developments important part of civil society (KSH 2016, Kuti, 2017).

Civic engagement in Hungary is typically informal, only about 28% of all adults are members of some kind of formalized communities or networks. Many Hungarians donate either money or commodities to people in need, however, the amounts raised are very small.

For about two decades, TSOs operated in a relatively friendly environment, but since the election of Viktor Orbán and his establishment of an “illiberal democracy”, the situation has changed. Many aspects of democratisation were taken back and the legal status of public-benefit organisation was restricted. There are less public funds available for TSOs that are not “government-friendly” or that act in opposition to the government in some way (Kolejanisz and Móra 2012, Kuti, 2017, Sebestény 2013). Experts remain pessimistic about the future outlook for civil society and society in general in Hungary.

4.2.13.2. Challenges and opportunities

Challenge: illiberal state and autocratic government

The current political situation and the fairly repressive, conservative government in Hungary poses a huge challenge on Hungarian TSOs. The once constructive relations with government authorities are now at stake, the level of trust and civic engagement is diminishing. However, oppositional movements and watchdog TSOs are now more needed than ever.

Challenge: need for diversification of funding and income sources

As government funds for TSOs are decreasing and now back on the level of the year 2000, there is an increased need for alternative funding sources. International donor organisations have largely already withdrawn their funds, those still active are often harassed by the government. An example is the case of the Norwegian Civil Fund and the open hostility towards George Soros and the Open Society Foundation. TSOs are increasingly looking for possibilities to create market income and alternative sources of funding.

Challenge: low level of trust in TSOs

Trust in TSOs and civil society actors in general is undermined because the government is abusing foundations for their own interests, e.g. distributing funds among their allies. Furthermore, “pseudo-civic” organisations are established, contributing to the decreasing level of independence and credibility of the third sector.

Challenge and opportunity: need for more community-based engagement

Given the trends and challenges described above, experts attest an increased need for more community-based engagement. This could contribute to a re-gain of trust in civil society as well as a re-politicization of citizens who have by now resigned from the public sphere.

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4.2.14. Ireland

4.2.14.1. The third sector in Ireland: patterns and trends

Historically, the Roman Catholic church was a significant provider of health, education and community services within the Irish state (Fahey, 1998). Although today its institutional influence is declining, it nevertheless plays a significant role in educational, health and social service provision in the third sector in Ireland. (Donnelly-Cox, Reid, Begley, Finn, & Harmon, 2012).

Mapping the Irish third sector concerning number of organisations, human resources, expenditure, and the like is not an easy task. Various attempts have been made by universities (e.g. Donoghue, 2006) or by support and representative bodies of the sector (e.g. INKEx, 2012; The Wheel, 2014). Furthermore, a public database of civil society organisations in Ireland called benefacts²¹ was established in 2014 which gets partly funded by the Department of Public Expenditure and Reform. However, all sources only work with samples because no nationally-available or complete database of TSOs in the Republic of Ireland exists (Donoghue, 2006).

In 2013, a Special Module on Volunteering was included in the Quarterly National Household Survey (QNHS) of the Irish Central Statistics Office. Thus, accurate numbers exist, providing an insight into volunteering in the Irish third sector. Irish society has a long tradition of grass roots voluntary community work. However, due to increased government controls and restrictions, in the 1990s the voluntary community work became more formally organized, centrally regulated and depoliticised. (Neville, 2016) In the QNHS, volunteering was defined according to the ILO Definition²² and both informal and organisation-based volunteering was captured. Results show, that over a quarter (28.4%) of adults aged 15 or over volunteered in Ireland. Annually, more than 2232.8 million hours were worked voluntarily. By applying the national minimum wage,

²¹ <https://benefacts.ie/>

²² "Unpaid non-compulsory work, that is, time individuals give without pay to activities performed either through an organization or directly for others outside their own household." (International Labour Office, 2012)

the value of this unpaid work would be equate to more than €2 billion. Nearly half of the hours worked (45%) was carried out through TSO. Especially young adults aged 15 to 24 tend to volunteer in organisations rather than directly. However, this age group volunteered the least amount of hours (7%). 45 to 64 years olds carried out nearly half (47%) of all volunteering hours. Hardly any gender difference exist concerning the percentage of volunteers. Looking deeper into the data, hours worked by men and women vary though (58% contributed by females). (Central Statistic Office, 2013)

Concerning funding, the Irish third sector relies on grants and donations from public and private entities, earnings from activities (including service fees from government), fundraising, and earnings from investments (INKEx, 2012). TSOs are often the main provider of state-funded services like education, social provision, disability supports, health care and the like. Thus state funding is crucial for the sector and by far the most common source of income (Donnelly-Cox et al., 2012; Donoghue, 2006). The effects of the economic crisis of 2008 had a severe impact on the sector. Austerity measures got introduced by the government and cuts in funding to the sector occurred. Moreover, the social partnership finally collapsed in 2009 as a consequence (Donnelly-Cox et al., 2012; Forde, O'Byrne, O'Connor, O'Hadhmaill, & Power, 2016).

Apart from changes regarding funding, on-going policy changes since the 1990s have affected the third sector. The Charities regulations Act (CRA) in 2009 was a key development in legislation for TSO in Ireland focussing on good governance and accountability in the charity sector. A definition of charitable purposes was provided for the first time in primary legislation and a Register of Charities Institutional bodies such as the Charities Regulatory Authority and the Charity Appeals Tribunal evolved in the last couple of years. (Donnelly-Cox et al., 2012) The main function of the state agency is to establish and maintain a public register of charitable organisations operating in Ireland and ensure their compliance with the Charities Acts²³. Furthermore, the Local Government Reform Act 2014 attempted to bring the community and voluntary sector under greater local and central government control. (Forde et al., 2016) While formal politics and policy get increasingly centralized, Irish political culture is dominate by localism. (Donoghue, 2006)

4.2.14.2. Challenges and opportunities

Challenge: Declining public trust – crisis of legitimacy

Scandals concerning poor governance, undisclosed salaries and top-up payments paid to executives hit the Irish third sector in 2013 resulting a crisis of legitimacy. Public trust, levels of volunteering and donations were declining. (O'Shaughnessy & O'Hara, 2016) Thus, transparency will remain an issue for TSOs and it is likely that TSOs will have to provide more information to their donors in the future.

Challenge: Strained financial situation of TSOs

Irish TSO face a difficult fundraising environment not only due to the declining public trust. The before mentioned changing nature of governance in Ireland, which is being fundamentally modernized (meaning marketised) and austerity pressure since 2008 pose a challenge for the third sector as a whole. (Forde et al., 2016) The role of the state as a majority and secure funding source for TSOs changed significantly due to the economic crisis. The tumultuous state of the Irish economy has also led donors to be increasingly cautious in making long-term commitments. On top, two major philanthropic funding sources are diminishing: Atlantic Philanthropies closed applications for funding in 2013 and the One Foundation will close in 2020. This will likely cause a significant gap in the availability of non-statutory funding/supports for the sector into the future, which will compromise its ability to grow independently of the state. Effects of the economic crisis

²³ <http://www.charitiesregulatoryauthority.ie>

also include increased internal tension within TSOs since they respond to these developments by economizing and becoming more managerialist. (Donnelly-Cox et al., 2012; O'Shaughnessy & O'Hara, 2016; Visser, 2015)

Challenge: Collapse of social partnership in 2009 and its effects on TSOs

After 22 years, the Irish social partnership collapsed as result of economic crisis 2009. Since social partnership agreements incorporated the views of civil society especially via the Community and Voluntary Pillar, the collapse has had a vast impact on TSOs. The formerly rather inclusive and strategic relation between the government and TSOs diminished leaving uncertainty. (Donnelly-Cox et al., 2012) However, the social partnership is unlikely to be repeated in the future, leaving a negotiating vacuum. (Teague & Donaghey, 2015)

Challenge: Influence centralized decision processes while operating on a local level

Looking at developments concerning the centralization of the state, the challenge for third sector organisations seems to be to still operate on the local level and at the same time directly affect centralized national decision processes. (Donoghue, 2006)

Challenge and Opportunity: Regulatory Bodies

The regulatory bodies, mandated in the Charities Act of 2009, got finally established after 2014 filling a gap in concerning regulatory and making it easier to tackle fraud. However, government regulations might lead to increased bureaucracy for TSOs.

Challenge and Opportunity: Function-specific, strategic and managerial trainings for social entrepreneurs

The majority of the trainings undertaken by social entrepreneurs and third sector leaders is compliance-related. Function-specific, strategic and managerial programs are needed to deliver longer-term productivity gains in areas such as strategic management, leadership, operations management, marketing and innovation (Hynes, 2016).

Opportunity: Cross-sectoral membership organisations and platforms

Since personal relationship still have a strong impact in Ireland, networks and platforms are crucial. Cross-sectoral membership organisations such as the Wheel and the Irish Charities Tax Reform Group not only lobby for nonprofit organisations in public but also build capacity within the sector. Furthermore, they function as networking hub and strengthen links between different actors. (Donnelly-Cox et al., 2012) Other popular platforms and umbrella organisations for capacity building and exchange are Dochas, the Charities Institute Ireland, DFI (disability Federation of Ireland) or the National Volunteer Development Agency, Volunteer Ireland.

Opportunity: Government's focus on social enterprises

In response to a crisis in public finances, and continued high unemployment levels, the Irish Government re-focused attention on social enterprise. The 2012 Irish Government Action Plan for Jobs included concrete actions to maximise employment. Furthermore, it contained a definition of social enterprises as business models. The delivery of public services is a potential market for social enterprises and the Irish National Procurement Service has progressed a number of initiatives to improve social enterprise access to public procurement. (O'Shaughnessy & O'Hara, 2016)

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4.2.15. Italy

4.2.15.1. The third sector in Italy: patterns and trends

A long tradition of third sector organisation working in the human services field marks the Italian welfare state. Historically, the Roman Catholic Church and related institutions provided care for elderly, disabled, orphans and socially disadvantaged groups. In the last few decades, during a process of secularization, the traditional institutions have partly been replaced by new organisations acting independently from the Church or Communist subcultures. At the same time, an Italian welfare state emerged allowing TSOs to establish a strong partnership with the public sector. The welfare mix lead to a partial transformation of TSOs from rather voluntary based associations to professional agencies focussing on social service provision. The past two decades is also a turning point concerning the regulatory framework. Due the contracting out and the

introduction of more market-oriented financial relations between the third sector and the public sphere a need for new regulations evolved (Ranci, 2015).

In the period from 2001 to 2011 the third sector in Italy has grown notably (28%) in comparison to for-profit enterprises (8.4%). Public institutions decreased by 21.8 per cent in the same period. (Francesco & Orsini, 2016) Even though the third sector takes on greater significance nowadays e.g. in social service provision, it is still comparably small. In 2011 the total number of NPOs amounted to approx. 235,000. The predominant legal form is that of an association and the far most Italian TSOs rely on volunteers. Roughly one quarter of Italian NPOs engaged paid employees. In total, nearly 500,000 people were employed in TSOs and around 3,3 million volunteered in 2011. The sector is dominated by a female workforce: Women represent 67% of the total employment in the third sector in 2011. Even though the sector is small in size, it is characterized by a high level of community involvement and a strong welfare orientation (Pestoff & Stryjan, 2008; Ranci, 2015).

Apart from associations, the legal form of social cooperatives is especially important for TSOs in healthcare services. They have increased in the last few years compared to traditional or voluntary organisations and are the most popular category of 'social enterprises' in Italy. (Edmiston, 2015; Pestoff & Stryjan, 2008) Currently more than 12,000 social cooperatives can be counted with about 350,000 employees and an overall turnover of more than ten billion euros. The role of social cooperatives in healthcare services has changed significantly since the economic-financial crisis in 2008 when public expenditure and healthcare expenditure has been rationalized and the access to services restricted. This new situation led social cooperatives to develop a supply of healthcare services. In numerous regions new social cooperatives have been established or existing ones made healthcare services their new core business. (Borzaga & Fazzi, 2014) Thus, like in other European countries, the Italian third sector is specialized in human and social services today. 68% of paid and unpaid employees are concentrated in this field (Ranci, 2015).

Around two thirds of Italian TSOs are active in the field of culture, sport and leisure. Concerning the number and not the size of organisations social services amount to nearly 10% (Pestoff & Stryjan, 2008).

Overall fields, state financing amounts to around one third of TSOs funding sources. Contracting out is far more popular (29.2%) than grants or subsidies (5.1%). Membership fees and fees for services make up a high percentage. Sources of funding vary heavily depending on the field of activity. Whereas in social and healthcare services a high dependence on public funds is given due to the welfare mix, TSOs in the fields of culture, sport and leisure receive less public grants or subsidies. However, these TSOs count on private funding. For social service organisations, public sector funding reaches over 56 % of total income and for healthcare organisations it exceeds 68 % (Ranci, 2015).

As mentioned before, volunteers function as backbones of many Italian TSOs. In total 71 Volunteer Support Centres (Centri di Servizio per il Volontariato - CSV) exist and most of them are part of the National Coordinating Body of Volunteer Support Centres, named CSVnet²⁴. Its main objective is to strengthen cooperation, exchange of experiences and expertise among CSV by providing training, consulting and general support.

Looking into numbers on volunteerism shows that around 2.2% of the Italian population donated their time to volunteering in 2006. More than half of these 1.125 million people carried out their volunteer activity on a regular or systematic basis with an average of 5 hours dedicated per week. Volunteers in Italy generally tend to hold an upper school degree and are more likely to be male (GHK, 2010b).

²⁴ <http://www.csvnet.it>

4.2.15.2. Challenges and opportunities

Challenge: Labour market

Like in many other countries, the labour market is also an issue for TSOs. Due to financial constraints the remuneration is comparably low making it harder to attract qualified staff. Furthermore rigid and static labour market regulations contribute to a tense situation (Survey 2017).

Challenge and opportunity: The welfare mix and its effects on the third sector

Changes in the provision of healthcare services and the stronger involvement of TSOs in this field lead to a professionalization of the sector. As a consequence, the third sector obtains full recognition of its service delivery capacity. However, government funding started to concentrate on the most professionalized organisation making it harder for smaller TSOs to survive. Core and long-term support for voluntary organisations not engaged in healthcare services is hardly given. Furthermore, more open competition for government funding in social services marks another challenge TSOs in Italy face. A shift from grants or subsidies to contracts took place, introducing new rules e.g. stricter accountability, impact assessment procedures and the like. TSOs complain about the heavy burden of administrative procedures in projects with public institutions. Acting like an entrepreneur and not a bureaucrat poses a challenge for TSO leaders. Furthermore, it takes time to get reimbursements on public contracts and projects leading to a strain on liquidity (Survey 2017; Ranci, 2015).

Challenge and opportunity: Greater involvement of TSOs in planning and assessing social policy implementation

In the last two decades, Italian TSOs got increasingly involved in the making of social policy. As a consequence, new forms of coordination between the government and TSOs evolved. For TSOs leaders it can be challenging to stay the voice instead of going into politics. Coordination has grown on the strategic, organisational and operational level. However, the "culture gap" between different actors has started to close. Furthermore, the process of rapprochement led to a growth of second-level umbrella organisations providing consultancy, managerial services and access to financial resources (Survey 2017; Ranci, 2015).

Challenge and opportunity: Heterogeneity, fragmentation and diversification of the sector

Due to increased differentiation of organisational types and multiple legal forms a diversification trend is observable in the third sector. On the bright side, new activities got development and the sector got more comprehensive. However, representation bodies such as the *Forum del Terzo Settore* faces increased incapacity to speak with one voice since multiple umbrella organisations tailored to specific legal forms, activities, territorial areas emerged (Pestoff & Stryjan, 2008). Furthermore, the Italian voluntary sector is quite fragmented and many small organisations operating on the local level exist addressing a wide variety of problems. Nevertheless, the fragmentation makes it difficult to get a clear picture of the needs and social issues which affect the country. Thus, networks and umbrella organisations play a crucial role in the Italian third sector (GHK, 2010b).

Opportunity: The Italian Social Innovation Policy Agenda

In 2012 the Social Innovation Taskforce was established in Italy aiming to create the facilitating environment for start-ups. A year later, the social innovation agenda was launched. Its goal is to support and monitor social innovation in the country. Furthermore, a range of funded trainings, beneficial tax arrangements and incentives, another public support instruments were designed. E.g. Start-Ups are supported by the Italian chambers of commerce who established *Startup di imprenditoria sociale*. However, it remains to be seen if the intended outcomes will occur (Edmiston, 2015).

Opportunity: New actors and forms of civic engagement

In Italy, neighbourhood sharing economy services are gaining ground, possibility leading to a new form of community involvement. Furthermore, the civic engagement of millennials is an opportunity for TSOs. However, one has to bear in mind that like in other countries, episodic volunteering is becoming more popular. Thus, the management of volunteers will stay important in the future (Survey 2017).

Opportunity: Institutional and legal developments

New institutional and legal developments favouring horizontal subsidiarity open a chance for third sector leaders (Survey 2017).

4.2.15.3. References

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4.2.16. Latvia

4.2.16.1. The third sector in Latvia: patterns and trends

At the beginning of the 1990's a large number of TSOs were founded in Latvia. Nevertheless, due to its history, the TS in Latvia is not as strongly developed as in other countries, yet it is increasing quite rapidly. Public bodies are acting ambivalently. For example, in 2005, diverse activities to strengthen the TS were introduced, like the Volunteering Activity Law and the State programme "Strengthening of Civil Society 2005-2009", but the main public responsible institution (ĪUMSILS) for this topic was closed in 2008 (GHK, 2010). Generally, the political and economic environment for the TS is characterised by neoliberal policies, fostering foreign direct investments by offering international banks favourable offshore possibilities. Especially after the EU-accession in 2004, a strong increase in foreign direct investments was given. "The outcome was national income for consumption, but at the expense of a lost opportunity for more balanced and sustainable economic development." (Sommers/Woolfson, 2014). The policies were not changed after the crisis, with the effects of high unemployment, poverty and inequality.

Nevertheless, the environment for TSOs is also judged as enabling (Caune et.al., 2016), since it is easy to establish a TSO. Many TSOs are becoming more professional, but there are still large differences regarding

scale, impact and professionalism between small organisations and larger, often internationally operating TSOs.

In 2014, more than 20.600 associations and foundations existed. Per 1000 inhabitants, 10,5 non-governmental organisations could be counted. Almost 5% of the population are a member of some TSOs, almost 16% are a member of an interest group and more than 35% have been involved in TSO activities in the last three years²⁵. Volunteering is rather low: Only 3.6% of the adult population volunteered in an association or foundation in 2014. By applying a broader focus, this number is larger, e.g. in 2007 a citizen survey indicated that 24.3% of respondents had engaged in some voluntary activity during the course of that year (GHK, 2010). However, no consistent data on voluntary activities have been collected on a national scale yet.

In 2015, only 34,7% of the population expresses trust in associations and foundations, with a decrease of trust in the last years. Nevertheless, civic engagement of the population is increasing, and more people are using different forms of participation. Digitalization had ambivalent effects, it eases participation but the quick creation of informal groups also leads to high fluctuation: "Communities appear and disappear based on the characteristics of social problem or challenge" (Caune et.al., 2016).

Public attention as well as the number of TSO is increasing. Between 2013 and 2016, there was an increase of almost 10%. In the same period, also the density of TSOs has increased from 8,5 associations and foundations per 1 000 inhabitants to 9,4. With 44%, most organisations are concentrated in Riga. Taking the greater region of Riga, TSO are even more concentrated with 61% in this region. "NGO survey shows that on average, organisations do not have employees, they have one employee, five volunteers in scope of a certain project and no seasonal employees" (Caune et.al., 2015).

In 2015, most of the associations and foundations have operated in the field of advocacy (13,5% from 164 organisations, which had stated their field of operation). Further, education (12,9%) and economic, social development of the community (11.09%) complete the first three in the list of NGO fields of operation. The smallest number of organisations (less than 1%) have mentioned management, spirituality and religion, disaster relief and assistance and international activities as their main field of operation.

2015 was a turning point for Latvian TSOs. Using the term NGO, the government started an NGO support programme and established an NGO-fund, which shall (1) strengthen the operation of NGOs, (2) support the civic society activities of NGOs; and 3) shall strengthen the advocacy of NGO interests. (Caune et.al., 2015)

Some TSOs (about 10%) receive more than 50% of their total revenue from economic activity, with these numbers increasing²⁶. This led to discussions about the limitation of economic activity (Caune et.al., 2015) because of concerns that TSOs might abuse the situation that they are exempt of enterprise income tax.

Other discussions arouse with regard to anti-government TSOs, whose activities were framed as putting state security at risk. "Lately the understanding about state security has significantly changed, also the question about the NGO as a non-militar tool to reach different anti-governmental goals has appeared on the agenda" (Caune et.al., 2015). The establishment of legal limitations and institutional solutions is discussed, TSOs fear that this might lead to unproportional limitations of constitutional rights.

²⁵ All figures from Caune et. al. 2016

²⁶ The Ministry of Finance. Informative report "On the possibility to Clarify the Definition and Notion of Operation in the Public Benefit Organisation Law.", p. 10. Available on the Cabinet of Ministers website www.mk.gov.lv category „Draft legislation”: <http://tap.mk.gov.lv/lv/mk/tap/?pid=40354993> – accessed on 07.06.2015.

The Law on Voluntary Work came into force on January 1, 2016. It serves as the basis for several legal enactments, which will protect volunteers the same way as every other person in labour relations. Further, regulations on the Classification of Associations and Foundations were established in 2016

Concerning social entrepreneurship, it is planned to include social entrepreneurs as the subjects of privileged rights agreements, i.e. the buyer has the right to hold the procurement only for those candidates or applicants who employ mainly people with disability (more than 30% of the average number of employees per year), who cannot be employed in general labour market.

4.2.16.2. Challenges and opportunities

Challenge: Gain respect from governmental authorities

So far, it is difficult for TSO to gain respect of municipalities. Authorities do not invite them to participate in decision making processes, but just welcomes them as observers. (Survey 2017)

Challenge: Financial shortages

Financial shortages make it difficult for TSO, to fulfil their missions and goals. Specifically, the environment is difficult for fundraising and donations are low. Experts trace this back to the history of the country, which did not encourage a climate of fundraising. (Survey 2017)

Challenge: Diversification of funding

Most TSOs have very few different income sources, which makes them dependent from EU sources and foreign companies (Survey 2017).

Challenge: Development of pro-active, long term strategies

TSO-representatives say self-critically that they often just react to developments instead of pro-actively establish their own agenda in cooperation with other TSO. (Survey 2017)

Challenge: Thin human resource-base

Even the operation of large organisations is based on the work of one person, which poses a challenge for the Latvian TS. Consequently, there is a lack of people to represent the organisation, its goals and ideas.

Challenge: Public opinion and reputation of the sector

The public opinion and reputation of the sector is rather negative. Trust in the sector is quite low. Consequently, third sector leaders and employees get little stable support.

Opportunities: Growing attention and appreciation of the TS

There is growing attention and appreciation for the TS and its organisations, expressed for example by the law on voluntary work or the newly established NGO-fund.

Opportunities: Growing attention and appreciation for social entrepreneurship

It is planned to include social entrepreneurs in the privileged rights agreements, which would allow buyers to treat them privileged (the buyer has the right to hold the procurement only for those candidates or applicants who employ mainly people with disability (more than 30% of the average number of employees per year), who cannot be employed in general labour market). "Increasing number of actors in the traditional

non-profit sector – associations and foundations – are starting to become more entrepreneurial and develop commercial activity as a means to secure sustainability of their operations, especially as grant funding from international philanthropic foundations and religious movements has started to dry up.” (European Commission 2014: 17)

Opportunities: High commitment of TS-Leaders

“Stay on line. Don’t giving up. Emotionally. Always worrying about cash flow, how to pay to staff, office rent, etc.” (Survey 2017).

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4.2.17. Lithuania

4.2.17.1. The third sector in Lithuania: patterns and trends

Following the years of Soviet rule the TS in Lithuania is supposed to be “weak and not well organised” (GHK 2010: 1). However, Since the early 1990s the scope of TSOs’ activities in Lithuania grew dramatically (Juska, Poviliunas, & Pozzuto, 2005). Numbers rose from about 1,000 TSOs in the early 1990s up to 24,000 register TSOs (including foundations, professional and business associations, hospitals, schools, local community organisations) in 2012. Nevertheless, only 10,000 to 12,000 of these seem to be active and most of them are active on a local level, rely on volunteers and have very small budgets (USAID 2014). 67% of the non-governmental organisations are founded as associations (USAID 2014).

Due to the “voluntary’ structures under the Soviet regime, where people of different ages were expected and forced to participate by the state, [...] volunteering developed against this background of mistrust and negative perceptions” (GHK 2010: 1). “As it was noted somewhere else, the institutionalization of democracy gave Lithuanian citizens not only freedom to assembly and to participate in activities of civic organisations, but also freedom from participating in such activities, and the data on citizens’ associational involvement indicates that Lithuania’s population opt for the freedom from participation” (Žiliukaitė 2012; 247). Today, “it is also visible that younger people [...] are much more willing to engage in voluntary activities. [...] A strong impetus for development of volunteering in Lithuania has come from abroad, including the activities under the United Nation’s International Year of Volunteers in 2001, the EU youth programmes and other activities sponsored by foreign donors”(GHK 2010: 1). In 2010, only about 3% of the population participated in volunteering (GHK 2010: 2). However, to date, there is no regularly updated database on voluntary activity

in Lithuania. In 2009, TSOs differed significantly from each other by the number of volunteers, ranging from 3 to 700 (Medišauskaitė, 2012).

Except for the USAID CSO index (USAID 2014), no recent publications providing updated information on the situation of the TS in Lithuania since 2012 are available (Survey 2017).

4.2.17.2. Challenges and opportunities

Challenge: Role of TSOs in local governments

TSOs do not have an important role in local governments (Butkeviciene et.al. 2010)

Challenge: Negative attitudes towards volunteering in Lithuania

The absence of a tradition of volunteering still implies a negative attitude of society towards volunteering (e.g. inappropriate understanding of volunteering; the negative attitude to unpaid activity in schools²⁷) "The benefit of voluntary activities is insufficiently valued or understood by government representatives" (Medišauskaitė, 2012: 10).

Challenge: Volunteer management and cooperation

A lack of skills in planning and coordinating voluntary activities as well as insufficient cooperation of "volunteer organizers" is observable at the national level (Medišauskaitė, 2012: 10).

Challenge: Funding

"Lack of knowledge about budget planning and finance management; A shortage of funds; The absence of stable funding; Lack of skills to search effectively for donors; Insufficient information about the possible sources of financial support" (Medišauskaitė, 2012: 10).

Challenge: Legal framework

Legal status and procedures to found a social enterprise are challenging (European Commission 2014).

Opportunity: Public discussion on social entrepreneurship

"The ongoing public discussion on the 'Conception of Social Entrepreneurship' and the role of social entrepreneurship in the state system. [...] If approved, this Conception would introduce a new trend in development of Lithuanian policy on social enterprises" (European Commission 2014).

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²⁷ Vilmorus research (2011). *Attitudes to voluntary activities*. See: http://ec.europa.eu/lietuva/abc_of_the_eu/duk/savanoryste/savanorystes_tyrimas_lt.htm;

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4.2.18. Luxembourg

4.2.18.1. The third sector in Luxembourg: patterns and trends

Although single TSOs were founded more than 100 years ago (e.g. football federation and youth organisation Scout in 1908) the TS in Luxembourg only emerged significantly since the 1960s. Especially the fields of third world, support for migrants, disabled people and elder people became popular (European Commission, 2010: 1). In 2010, 2,300 NPOs were registered with the Voluntary Agency (European Commission, 2010: 2). Volunteering as an important social phenomenon just gained attention by the government in the course of the International Year of Volunteers in 2001 (European Commission, 2010). The proportion of the population volunteering for TSOs varies between 21% and 36%, depending on the data source (European Commission, 2010: 4). As the first University in Luxembourg was founded in 2003, research on volunteering and the TS is still very scarce.

4.2.18.2. Challenges and Opportunities

Opportunity: société d'impact sociétal– SIS

In December 2016, a new legal form of business reserved for businesses active in the social and solidarity economy was created, the 'societal impact company' (société d'impact sociétal- SIS). The SIS is for both existing organisations, which are set up as non-profit organisations (ASBL), foundations or cooperatives, and for project owners, who wish to start socially innovative activities²⁸.

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²⁸ <http://www.guichet.public.lu/entreprises/en/creation-developpement/forme-juridique/societe-capitiaux/societe-impact-societal/index.html>

4.2.19. Malta

4.2.19.1. The third sector in Malta: patterns and trends

With less than 440.000 inhabitants²⁹, Malta is a small country. Compared with other new member-countries of the EU, its economic situation is quite positive. The economy traditionally relied on agriculture and fishing, today shipbuilding, tourism, and financial services are the most important fields of economy. In total, 1,4 percent of total GDP stems from the primary sector, 15,5% from industrial production, and more than 83% from services. Due to specific fiscal regulations, namely low taxes, Malta serves as offshore tax haven. Thus, the main share of services are financial services. During revelations of the so-called Panama Papers, Malta was accused by the EU parliament to impede investigations of tax evasion and money laundering.³⁰

There is not much research on the Third Sector available. Nevertheless, civil society activism is important, for example expressed by the Civil Society Network Malta³¹. Its members are active in community building and in the enhancement of skills, e.g. in conflict resolution and negotiations. Also, they advocate for a more ecological development of the country, specifically regarding the destruction of open spaces by building industry and by speculative land grab. The Civil Society Network supports efforts of Transparency International and of human rights organisations like Amnesty International.

The terms "voluntary organisation", NGO, CSO or NPO are often used synonymously. In line with most other European definitions, these organisations are defined by the Voluntary Organisations Act as formal organisations, which are not created to generate personal profit, which are voluntary, independent and autonomous, in particular of government and other public authorities, political parties or commercial organisations

NPOs (Voluntary organisations) have historically played a key role in the Maltese society. The third sector is regarded as vibrant and diverse, with organisations and associations stemming from political and cultural groups, sport organisations and band clubs, as well as from foundations of different kinds (National report, S.3). The tradition of volunteering is particularly rooted in activities of Church organisations and in teacher trainings.

Many of the NPOs have charitable or philanthropic purposes and nearly all have public and socially beneficial purposes. Nearly all NGOs are run by volunteers. The term 'voluntary organisations' emphasises the choice to associate for a common purpose and some donation of one's time and labour - at least of the board members or organisers (national report, p. 7) Most of Malta's NGOs are small and medium sized NGOs.

In recent years, there has been substantial growth of the third sector. Thus, NPOs play important roles in democratic processes. Also economically, the sector has gained importance in recent years, by generating more income and investing more money. Most NPOs operate with volunteers, with the number of volunteers being quite stable. The number of full-time and part-time employees in NGOs has been increasing steadily (national report, p. 9), but comparable and timely data are scarce.

The only comparable data related to NGOs refers to membership. According to the National Statistics Office, during the 1993-2003, there has been a rising interest in the third sector. In 2000, a total of 63,718 people became members of NGO – signifying an important increase of 31.1% over the previous four years. Subsequently, about 20,000 more members (86,125) were reported in 2007. Such growth can signify an increasing

²⁹ <https://de.statista.com/statistik/daten/studie/312466/umfrage/gesamtbevoelkerung-von-malta/>

³⁰ <http://m.taz.de/Ein-Jahr-Skandal-um-Steuerflucht/!5415874;m/>

³¹ <https://www.facebook.com/CivilSocietyNetworkMalta/>

number of NGOs Malta or/and the consolidation of the third sector – with new organisations being founded while others are expanding their work (national report, p. 8).

In 2005, Malta was appointed as a new member of the European Union. Soon after that, important institutional changes regarding the nonprofit-sector took place. Nevertheless, until 2007, there was no overall authority responsible for all NPO in Malta, nor existed provisions for their registration or monitoring or supervisory structures. With the introduction of the 2007 Voluntary Organisations Act, two key institutions were established to ensure greater professionalism and coordination within the voluntary sector: the Commissioner for Voluntary Organisations and the Council for Voluntary Organisations. The council for the Voluntary Sector is a governmental institution to support the development of a more effective and efficient voluntary and community sector in Malta through the delivery of a range of support and capacity building services including information, advice and training. Also, it aims at the development of a more influential and cohesive voluntary and community sector by facilitating networking and partnership within the sector, and between the same sector and the private and public sectors. Further, a national volunteer award has been founded to foster youth volunteering, voluntary organisations, and corporate volunteering. Also in 2007, the first federation of non-governmental organisations (NGOs) has been set up with a membership of 23 organisations. It aims to represent the interests of NGOs working in all sectors and to develop policies and practices to promote NGOs and to facilitate communication between them, as well as lobbying on NGO-issues.

From 1st July 2016 onwards, this Civil Society Fund, was managed by the Malta Council for the Voluntary Sector on behalf of the Ministry for Social Dialogue, Consumer Affairs and Civil Liberties. It regards Civil Society Organisations (CSOs) as the backbone of any democratic society. Through this fund, the government is committed to provide financial incentives to support CSOs engagement in activities with other organisations not only at a local level but also at a European level with the aim to encourage the exchange of best practices, knowledge and information amongst organisations at a local and at an international level.

4.2.19.2. Challenges and opportunities

Challenge & Opportunity: (EU-)Funding and finances, EU regulations

Sustainable funding is an issue and lack of financial resources is a problem for TSO in Malta. As the country is a relatively new member state, knowledge regarding EU regulations and funding opportunities are still to be further developed. It was seen as challenge to influence policies and plans and access EU funds.³²

Consequently, the civil-society-fund, which funds applications of CSO, focusses on the following goals:

- To assist CSOs to keep abreast with the developments occurring at an EU level;
- To enable CSOs to better educate their members on EU matters related to their respective fields of competence; and
- To enable CSOs to participate effectively in the decision-making process at a European level.³³

Furthermore, it is expected that EU funding will gain more importance for Maltesan TSOs, demanding a higher degree of administrative capacity for TSOs.

³² http://www.sosmalta.org/admin_backup_service

³³ <http://maltacvs.org/civil-society-fund/>

Challenge: Networking at the European level

As Malta's history as a member of the EU is comparatively short, integration in the European Third Sector and networking at the European level is a challenge and an opportunity. The Malta Resource Center for NGOs and Civil Society Organisations described it as challenge for NGOs to become more effective and efficient and better equipped to operate and participate within the European Union³⁴. The civil-society-fund thus also funds the following activities:

- Attendance at conferences, seminars and meetings abroad in relation to affiliations in European umbrella organisations, groupings, federations, confederations or networks and participation in Training Abroad related to EU Policy or Programmes³⁵

Challenge: Networking of CSO

Networking of TSO is a challenge. MRC was pivotal in initiating a culture of networking among NGOs and in setting up a number of civil society platforms in Malta. Some infrastructure has been built, e.g. by Malta Resource Center for NGOs and Civil Society Organisations. There exist some networks, like the Malta health Network, or the national Federation of NGOs of Malta.

Challenge & Opportunity: Networking between the TS, the private and public actors

The voluntary and community sector in Malta could be more influential and cohesive by networking and partnership not only within the sector, but also between the same sector and the private and public sectors.³⁶

Challenge & Opportunity: Refugees

Due to its geographical situation, Malta is confronted with high numbers of refugees coming from different African countries. Repeatedly, it has been criticized for situations and policies that do not comply with Human Rights. This has had some impetus on civil society activities, such as Human Rights groups or initiatives supporting refugees.

Opportunity: Knowledge transfer from "old" EU member states

An opportunity for third sectors would be knowledge transfer from other EU member states concerning government relations, management structures, financial aspects and the like.

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³⁴ http://www.sosmalta.org/admin_backup_service

³⁵ <http://maltacvs.org/civil-society-fund/>

³⁶ <http://maltacvs.org/>

4.2.20. Netherlands

4.2.20.1. The third sector in the Netherlands: patterns and trends

In the Netherlands, the area of TSOs is rarely described by the terms 'third sector' or 'non-profit sector'. The Dutch rather refer to organisations between the state and business firms with non-economic terms such as 'private initiatives', 'societal midfield' or 'civil society' (Dekker, 2005). This chapter, however, will stick to the term 'TS' as an umbrella term even though it is hardly used in the Netherlands.

While the philanthropic history in the Netherland is dating back to the Middle Ages, the development of the TS is linked to the evolution of the public sector. Due to the so-called 'pillarization' (*Verzuiling*) a vast growth of the TS was given when welfare programmes emerged in the beginning of the 20th century. With the expansion of the welfare state, TSOs became prominent public services providers and stayed important even after the break-down of the pillarised system. Nevertheless, the sector got fragmented. Thus, a sense of shared identity within the TS is hard to find (Brandsen et al., 2016; Dekker, 2005).

The John Hopkins study revealed in the mid-1990s, that the Dutch TS is one of the largest in the world.³⁷ Looking at paid non-agricultural employment, it was actually the largest with 12.9% of the total. The majority of paid employment is in the field of social welfare services: Almost 90 per cent of all non-profit employment can be found in health, social services and education and research. Volunteering in the Netherlands is also on a comparably high level. 38% of the Dutch population engaged in an unpaid work for an organisation at least once a year. Informal care, for example organized by neighbourhood initiatives, is becoming more and more important. Voluntary organisations are represented by the NOV, the association of Dutch Voluntary Effort Organisations, which has about 350 member organisations (Brandsen & Pape, 2015; Dekker, 2005).

The vast majority of TSOs in the Netherlands are either associations or foundations. In contrast, cooperatives have little importance (Brandsen & Pape, 2015). In 2012 about 55,000 non-profit organisations were counted in the Netherlands (Wiepking & Bekkers, 2015).

A characteristic of the Dutch TS are memberships. The total number of formal memberships was at 31.4 million in 2012, which is a high number considering the about 16 million inhabitants. Even though a very slight decrease is given in the last few years, their role is undeniable. Community organisations (*wijkorganisaties*) play an important role on the local level and a rising number of memberships can be found in sports and recreation (Brandsen & Pape, 2015; Brandsen et al., 2016).

Concerning financial input in the TS, a reliance of TSOs on public funds is especially given in areas like health care, education and social services. In 2005 94% of the population donated on average USD 338 to non-profit organisations. Fiscal incentives on donations have been made in the last few years such as charitable gift deductions from income tax. However, the Dutch hardly make use of deductions, since it is not well-known within in the population and perceived as rather complex. Nevertheless, a declining donor loyalty is observable recently (Wiepking & Bekkers, 2015).

All in all, the Dutch TS is dynamic and versatile. Regardless of economic and social changes, it still plays an important societal role. It used to play a role in complementing the state. However, since the economic crisis in 2008 the relationship between TSOs and government gradually changed. Today, the government relies on and collaborates more with TSOs. In 2011, a covenant got signed by the government and TSOs in which they agree on collaboration in the provision of public goods and services. (Wiepking & Bekkers, 2015)

³⁷ Unfortunately, no comprehensive analysis on the third sector has been made ever since.

4.2.20.2. Challenges and opportunities

Challenge: Decrease in government funds and private donations

Until the financial crisis, public funding was sufficient for many third sector organisations leading to a “subsidy-dependence”. Since 2008, however, new sources of funding gain importance. The crisis left its mark on government funding as well as private donations. In particular the recruitment of new members has become tougher and membership-loyalty became an issue. Finding new financial sources as government funding goes down will remain an issue. (Survey 2017 (Wiepking & Bekkers, 2015)). However, according to the survey results, the retreating government is also seen as an opportunity for the sector (Survey 2017).

Challenge: Lack of identity within third sector

The third sector in the Netherlands is highly fragmented. Thus, a lack of identity within the sector is one major challenges of today. Organisations are hardly united across policy fields. NOV, the association of Dutch Voluntary Effort Organisations, is one of the few umbrella organisations. Since most of TSO leaders use informal networks and personal contract for their advocacy, the role of networks is crucial (Brandsen & Pape, 2015).

Challenge: Administrative burden of accountability mechanisms

TSOs are facing an increased amount of paperwork concerning accountability measures such as online reporting, benchmarks, peer reviews or stakeholder forums. According to Brandsen and Pape (2015) more time is spend on administrative procedures than on the service for clients. Developments towards more accountability seem to have had a negative effect on TSOs not only concerning bureaucracy. Some TSOs have also been publicly accused of mission drift and abuse of their position. TSOs face harder questions concerning their legitimacy and accountability towards the public. There is a public consensus that a social mission alone is no guarantee for effective internal control.

Challenge: Political discussions on reducing diversity

As observable in neighbouring countries, political discussion on the need to reduce diversity are also an issue in the Netherlands. Thus, finding out new ways to voice for beneficiaries are crucial (Survey 2017).

Challenge and opportunity: Impact measurement movement

Impact measurement is en vogue in the Netherlands like in many other European countries. On the one hand, impact measurement generates results which are useful for legitimation or marketing. On the other hand, it also poses a challenge for third sector managers (Survey 2017).

Challenge and opportunity: Rise of CSR and social enterprise

Social enterprises are gaining more and more attention in the Netherlands leading to a marketization of the sector. CSR initiatives are on the rise leading to cross-sector partnerships which foster learning processes. Maintaining independent from funders is one challenge TSL face in this context (Survey 2017).

Opportunity: High civic engagement

The fundamental healthy state of volunteering in the Netherlands is seen as one of the sector strength (Survey 2017).

Opportunity: Social media

Social media are seen as an opportunity for TSO also in the Netherlands. Their growing use and the growing input from young people are mentioned as positive developments for the TS (Survey 2017).

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4.2.21. Poland

4.2.21.1. The third sector in Poland: Patterns and trends

During the communist regime, civil society in Poland was more diverse and to a higher degree free than in other communist countries, especially after 1956. Apart from trade unions and organisations supported by the Catholic Church, some of the pre-communist structures of civil society survived, especially at the local level (Kurczewska, 2004). After the rise of the Solidarity movement, its illegalization and the experiences of the martial law in the early 1980ies, civil society movements were characterized by pragmatism, a trend that continued after the fall of the communist regime and the process of democratization (Ekiert et al., 2017).

Ekiert et al. (2017) identify four main development patterns in Polish civil society since 1989: Reconstitution and recombination, i.e. the dense network of organisations inherited by the old regime was adapted to the new democratic conditions and new organisations emerged; De-etatisation, i.e. the state lost control over the formerly state-controlled TSOs; De-corporatization, i.e. the trade unions lost their influence; and professionalization (Ekiert et al., 2017; Stark, 1996). The two most recent developments point at different directions: On the one hand, internationalization of TSOs took place after the EU accession. On the other hand, since 2010 a strand of illiberal, nationalist TSOs has emerged. It is supported by parts of the still influential Catholic Church, especially Radio Maryja, and has gained further momentum after the election of the right-conservative PiS party for government in 2016.

Even though the Polish TS has often been characterized as “weak” (e.g. Howard 2003), there is a high density of TSOs in the country and the level of participation, volunteering and civic engagement is comparatively high (Ekiert et al., 2017). However, according to a survey conducted by the association Klon and Jawor, about 42% of the respondents had no knowledge about civil society or third sector organisations (Klon & Jawor, 2015). This imposes a challenge on TSOs in order to make themselves and their agenda visible to the general public.

In 2014, there were about 100,000 registered TSOs in Poland, of which an estimated 70% were active (ngo.pl, 2016). The growth of the number of TSOs has been constant over the past decades and relatively

evenly distributed across sectors and fields of activities. Polish TSOs are predominantly funded by membership dues, local governments' funds and donations. Another important source income is the 1% deduction of individuals' personal income taxes. The income of TSOs in Poland is generally low, with a reported median income per year of PLN 18,400 (about EUR 4,248) in 2012.

In terms of numbers, social services is the main field of activity for TSOs. Big social service TSOs, such as the Red Cross or the so called Great Orchestra of Christmas Charity enjoy particularly high levels of trust. In the face of recent political events, however, the field of advocacy has gained importance. The anti-government protests gave rise to new movements and institutionalized organisations such as the KOD, the Committee for the Defense of Democracy.

There are numerous possible scenarios for the outlook for the TS in Poland. Experts expect an increase of individual donations and a higher degree of professionalization, as in most European countries. Some also foresee a polarization of civil society, due to the developments mentioned above. Nationalist movements will pose a huge challenge upon Polish civil society.

4.2.21.2. Challenges and opportunities

Challenge: Financial sustainability

The Polish third sector is facing a significant lack of funding partly due to the country's political situation. A comparable large interdependence from public funding is given. Large TSOs tend to gain most of the available funding, leaving small and medium-sized TSOs behind. At the same time, poor individual and corporate philanthropy is observable. Thus third sector leaders face the challenge to find and secure funding for their organisations (Survey, 2017; USAID, 2015).

Challenge: Insufficient management skills

Poor knowledge on organizing internal management structure comes along with a lack of project management and time management skills among TSOs (Survey 2017).

Challenge: Attracting and keeping staff/volunteers

Some Polish TSOs face the lack of hands on deck. Thus, scarcity of both paid staff and volunteers is given. Moreover, salaries in the third sector are low and short-term, project-based contracts standard ("projectization"). That is why attracting and keeping experienced staff in an uncertain employment environment is an issue which third sector leaders face. (USAID, 2015) However, it was explicitly mentioned in the survey that third sector leaders are highly committed to their work irrespective of working hours. (Survey 2017)

Challenge: Lack of entrepreneurial thinking

Polish TSOs are focused on public funds rather than looking for new horizons such as commercial activities. (USAID, 2015) In the survey, the need to spread entrepreneurial thinking was mentioned. Social entrepreneurship is seen as key to stimulate financial input apart from charity. (Survey 2017)

Challenge: Polarization of civil society

The above described development towards polarization of civil society presents a huge challenge for already well-established as well as emerging organisations. It will be an important, but difficult task to include all citizens in TSO activities and to avoid the emergence of nationalist, anti-democratic movements that can be called "illiberal civil society". In the survey, it is mentioned that results in the Polish third sector remain weak. Thus the sector is exposed to attacks from different sides. (Survey 2017)

Challenge and opportunity: Conservative autocratic government and the sector's reaction

The current nationalist-conservative government further fuels the polarization of Polish society in general as well as civil society. A poor recognition of the sector by the state authorities is observable which try to divide the sector. Government attacks on the third sector and threats of losing access to public funding forces TSOs to think about changing their modes of operation. The government's anti-democratic attitude also leads to a higher degree of civic engagement and many protests that again lead to the establishment of new, broad organisations and civil rights movements. As a consequence, people might become also more interested in the work of TSOs. Furthermore, there is tradition of social activism in the country (deeply rooted in its history) which is helpful in this context. (Survey 2017)

Challenge and opportunity: Media coverage

Rather than focusing on the impact of TSOs, media report on financial scandals, large protests and the like. Thus, public perception is influenced, placing special emphasis on financial and political interests instead of social and public interests of TSOs (USAID, 2015). However, private media become more interested in TSOs' operation and to a greater degree form a positive view on the sector (Survey 2017).

Challenge and opportunity: Establishing (inter)national and cross-sectoral partnerships

International and cross-sectoral are mentioned to be rather rare. Polish TSOs tend to work alone, without much support from and exchange with other TSOs or institutions. Some limited international projects foster mutual learning and the exchange of experiences. Moreover, (inter)national and cross-sectoral partnerships provide access to additional funding. However, a lack of foreign language skills hamper transnational cooperation (Survey 2017).

Opportunity: Internationalization and high degree of European integration

Opportunity: Social media and online tools/platforms

The access to the Internet and ICTs helps improving the sectors efficiency and effectiveness owing to communication facilities and online available resources. Due to social media, volunteers and social activists can cooperate online regardless of distance and time. Furthermore, the usage of crowdsourcing platforms such as TuDu.org.pl, wspieram.to, fundujesz.pl, and zrzutka.pl is en vogue. (Survey 2017; USAID, 2015)

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4.2.22. Portugal

4.2.22.1. The third sector in Portugal: patterns and trends

Historically, the landscape of the TS was highly fragmented in Portugal with different types of organisations and traditions, platforms and networks, political coalitions and different relations with the state. Some organisations being more market oriented while other are closer to the state (Ferreira, 2015; Parente, 2012).

In her analysis, Ferreira (2015) describes two main frameworks in Portugal today: The non-profit model and the social economy model. The non-profit framework is defined by organisations between state and society, which are self-governing, voluntary, private and non-profit. Dominant organisations are in the field of social services. IPSS (Private Social Solidarity Institutions) characterize this model with a heavy dependence on the state. Their activities are aimed at collective or public-wellbeing which neither public nor private sectors are able to provide (cf. European Commission, 2014; Parente, 2012). On the other side, the social economy framework is based on the identification of the organisational form of cooperatives, associations, mutuals and foundations. No constrain on area of activity is given. The social economy definition is based on a set of governance principles such as democracy, freedom, autonomy, education, collaboration and community interest.

Two surveys for the satellite account exist, one focusing on the non-profit model and the other one on the social economy model. Nevertheless, concerning the shape of the TS, both satellite accounts come to similar results (Ferreira, 2015). Current data on the Portuguese TS originate from the Social Economy Satellite Account in 2013. Approximately 61,000 entities were identified within the scope of the Social Economy Satellite Account representing 2.8% of national gross value added and 2.7% of national output. Predominant areas of activity are culture, sports and recreations when looking at the number of entities. However, social services accounted for nearly half the gross value added and for 55% of paid employment. Associations are by far the biggest group of entities within the Social economy (94%) (Statistics Portugal, 2016).

Unlike it Spain, the level of engagement in social movements is low in Portugal. According to the Eurobarometer, the level of volunteering in Poland is below European average. Only 12% of respondents stated that they had a voluntary activity on a regular or occasional basis. (TNS Opinion & Social, 2011).

The economic crisis hit the Portuguese TS in two ways. On the one hand, austerity measures had a negative effect on the financial balance of TSOs. Their members and beneficiaries increasingly suffered of lower income, increased housing rents or even unemployment. On the other hand, a growth of social problems and needs is observable but at the same time public welfare benefits decrease. Simultaneously, the TS became part of the emergency social and employment policy measures and assumed a new role in the project of reforming the state role in welfare. Since the crisis, new institutions, such as the first governmental program oriented to the overall social economy, the first umbrella body encompassing the entire sector and the first framework law the social economy emerged. Thus, it seems as if the Portuguese TS will become less fragmented and take over responsibility for social services abandoned by the state. Links of the third sector with the economic system seem to get strengthened while links with the welfare state weakened (Ferreira, 2015).

4.2.22.2. Challenges and opportunities

Challenge: State dependency

Portuguese TSOs have a severe funding problem and financial sustainability is a major issue. Most of the TSOs are state-funding dependent, making new project and innovative approaches more difficult since state organisations have low flexibility and openness to new ways of solving social problems. A lack of autonomy vis-à-vis the state and the market is given both concerning funds and the definition and regulation of activities, recipients and social intervention (Survey 2017; Parente, 2016)

Challenge: Precarious contractual arrangements and low salaries

Research shows that compared to the private sector the safety provided by contractual arrangement in the TS is far lower (Parente, 2012) Furthermore, low salaries mark employment in the sector. Thus, attracting qualified and motivated staff poses a challenge (Survey 2017).

Challenge: Legal and bureaucratic requirements

A huge amount of legal and bureaucratic requirements were mentioned as challenging for TSO leaders (Survey 2017).

Challenge Poor governance within TSOs

Concerning TSO governance a lack of internal democracy was mentioned by survey participants. Furthermore, a limited commitment of members to the mission became apparent (Survey 2017).

Challenge: Monitoring social impact

Measurement of social impact is not yet fully established. In Portugal only a small minority of social enterprise have systems in place for monitoring social impact (European Commission, 2014).

Challenge and opportunity: De-Fragmentation of the sector

As mentioned above, the fragmentation of the sector is an issue. Even though the rise of the social economy framework raises hope concerning the de-fragmentation of the sector (cf. Ferreira, 2015), scepticism remains. Survey participants mention almost inexistent networks within the various areas of the sector and very low benchmarking within the sector as challenging. In their perception an 'atomization' of the sector is still prevalent. Thus, creating a network within the sector or at least between TSOs in similar fields, nationally and abroad is seen as essential to unite the third sector. It helps sharing resources and fosters inter-organisational learning via e.g. benchmarking or cooperation in projects (Survey 2017).

Challenge and opportunity: Integrating new generation

The integration of the new generation is seen as opportunity since young people are generally more educated. They give fresh impetus to the TS (Survey 2017). However, concerning the rather low levels of volunteering (cf. TNS Opinion & Social, 2011), low salaries and precarious contracts (cf. Parente, 2012) this will not be an easy task.

Challenge and opportunity: Social Entrepreneurship and social businesses discourse

Social entrepreneurship is increasingly at the center of discussions, especially between academics and actors from the social economy (cf. Braga, Proenca, & Ferreira, 2014; Parente, 2016; Parente, Santos, Marcos, Costa, & Veloso, 2012). Even though no common definition exists, the topic is booming and awareness about social entrepreneurship is rising. It is seen as a possible way to address demographic change and high unemployment rates while at the same time creating employment opportunities. However, the lack of a formal definition creates difficulties for measuring the activity and its income (Avila & Amorim, 2014; European Commission, 2014). Fragmentation is given but platforms for sharing knowledge and experience such as the Impact Hub Lisbon³⁸ are on the rise. Furthermore, IES Business School, a business school focused on Innovation and Social Entrepreneurship, offers a portfolio of training, research and consulting in the field.³⁹ Critics of the concept argue that social organisations cannot be transformed in social businesses since 'not all we do can be business' (Survey 2017).

Challenge: Strategic planning and sustainability (Survey 2017; European Commission, 2014)

Opportunity: Social networks and media

The internet opens up new possibilities for TSOs. Social networks help reaching new audiences and a high positive media coverage makes the sector more visible and attractive (Survey 2017).

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³⁹ <https://www.ies-sbs-en.org>

4.2.23. Romania

4.2.23.1. The third sector in Romania: Patterns and trends

Romanian civil society has a long history, some organisations having their roots in the 19th century. However, the communist regime has disrupted the development of an independent third sector, streamlining existing organisations in order to maintain communist ideology (Les and Jeliaskova 2007). Nevertheless the TS has played an important role during the transition from dictatorship to democracy, from planned economy to a market economy by demanding public participation and promoting a new legislation in this regard (Lambriu, 2017).

Today, most TSOs in Romania are registered as associations. Founding an association became quite easy after legal changes in the 1990ies, requiring only a minimum of three individuals and a common purpose. The total number of TSOs in 2010 was about 62,680 organisations, accounting for one organisation per 343 inhabitants. Roughly one third of them is estimated to be active. Main fields of activity include sports and recreation, education and social services. (Lambriu, 2017)

The financial situation of Romanian TSOs is precarious. More than two thirds of them have an annual budget of less than EUR 1,000. Accordingly, only very few organisations managed to obtain EU funding. Private donations, both individual and corporate, are a source of income for about 18% of organisations. In Romania, it is possible to dedicate 2% of the personal income tax to TSOs, which accounts for an increasingly reliable source of income for many organisations (Lambriu and Vamesu 2010). From 1996 until the EU accession of the country, the TS was largely supported by foreign donor institutions. They contributed significantly to shaping the sector's characteristics and identity. Their withdrawal in the process of European integration posed serious challenges upon organisations. (Lambriu, 2017)

TSOs play an important role in the provision of social services in Romania. The social assistance sector was restored after the fall of the communist regime towards a welfare mix. For a long time, social services were funded by foreign donor institutions. After their withdrawal in the early 2000s, funds remained low. Public funds are still scarce for the government prioritizes social benefits over social service provision. Advocacy TSOs and civic participation are largely acknowledged by the Romanian government and public. What is actually done in terms of participation and advocacy work, however, remains limited. Social entrepreneurship is an emerging phenomenon in Romania. Early initiatives date back to the 1990ies, mainly TSOs trying to generate additional funds by selling goods and services on the market. In July 2015, a new law on social entrepreneurship was passed, taking mainly the EU/EMES definition of social enterprise WISEs into account (Lambriu, 2017).

Recent developments in Romanian civil society include massive anti-corruption protests, first in the aftermath of 65 people dying in a fire in a Bucharest night club, in 2017 large-scale anti-government protests were held in all major Romanian cities.

4.2.23.2. Challenges and opportunities

Challenge and opportunity: More responsibility in social service provision

As noted above, the Romanian government focusses on social security provision rather than social services. Thus working with and empowering people at the margins of society remains a task of TSOs.

Challenge and opportunity: Social entrepreneurship

The generation of market income has been on the agenda for TSOs since the 1990ies. Given the recent developments on the European level, a specific form of social enterprises gains momentum. It will be a challenge to include variations of social enterprises as well as organisations deviating from the EMES definition of social entrepreneurship. The phenomenon, however, also provides an important opportunity for the sector, given the unsustainability of public funding sources.

Challenges: High demand for third sector expertise

A high demand for third sector expertise and work is given. (Survey 2017) It will be a challenge in the future to meet the demand given financial restrictions.

Challenge: Funding difficulties

Funding for Romanian TSOs remains precarious. The organisations often lack the financial and administrative capacity to obtain EU funding. Private donations, both corporate and individual, are still on a comparatively low level in Romania. However, the 2014 passed Law 346/2004 gives third sector organisation access to public funds, which used to be available for small and medium-sized organisations only. Nevertheless, (long-term) funding remains problematic. (USAID 2014)

Challenge: Time and money consuming registration process for TSOs

The registration process for third sector organisations in Romania is quite bureaucratic and time consuming. Not only its complexity but also diverse interpretations of the law by public authorities pose a problem. In Romania, it is cheaper to register a company than a TSO. (USAID 2014, 2015)

Opportunity: Expected increase in private donations

Underdeveloped charity practices are mentioned in the survey. (Survey 2017) However, an increase in private donations is expected for the future.

Opportunity: Large-scale protests as possibility for civic participation

The recent mass protests have shown that there is huge potential for civil activism in Romania. This could be an opportunity for TSOs to set their agendas and to channel the spontaneous movements towards sustainable organisations.

Opportunity: legal changes concerning the role of volunteers

Legal act 78/2014 brought specific rights for volunteers, strengthening their position. It is expected that this change will stimulate volunteer activities. (USAID 2014)

Opportunity: Trust in the sector by youth

The trust of society in TSOs fell from 38 percent in 2013 to 29 percent in 2014 partly due to negative media coverage in certain television channels. (USAID 2014) However, a relatively high trust regarding the sector is observable among youth. (Survey 2017)

Opportunity: New intersectoral partnerships

In the last few years, intersectoral partnerships have emerged. (USAID 2014) At present it remains unclear whether these developments will constitute a general trend in the Romanian third sector.

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4.2.24. Slovakia

4.2.24.1. The third sector in Slovakia: Patterns and trends

TS in Slovakia is an important space for creativity, civic engagement and interaction that has gained influence since the democratization of the country. However, similarly to Slovakian society as a whole, the TS remains ambivalent. TSOs are often divided through ethnical dimensions (Slovakian, Hungarian, and Roma) with only limited interaction (Buerkle, 2004; Butora et al., 2012; Gyrafasova et al., 2003; Vasecka, 2010). Compared to other countries in the region, the level of volunteering and civic engagement is high (about 28% of all citizens) (Brozmanova-Gregorova 2012).

The TS in Slovakia is furthermore characterized by discontinuity. Most notably, the communist regime has destroyed already existing structures and organisations of civil society. After the fall of communism, a huge number of associations emerged. Formerly existing associations had to adopt to the new circumstances. The process of European integration, resulting in the EU accession in 2004, is regarded as an important step and as a symbol for the maturity and democratic capability of the country. The period following the EU accession was marked by growth in the activities of TSOs and strengthening existing relationships with public partners. Since 2010, a polarization in the TS becomes visible. On the one hand, there are liberal, pro-EU organisations and forces, on the other hand, conservative, religiously inspired TSOs gain momentum. The surprising rise of a far right political party in the parliamentary elections in 2016 additionally contributed to this concerning development (Strecansky, 2017).

Earned income plays a key role in the funding structure of TSOs. In 1996, it even amounted for the most important source of income, the absolute number stagnating since then. A considerable amount came from public authorities and subsidies. Income stemming from the 1% tax designation rule also constitutes a stable

source of funding. Charitable giving also amounts for more than one fourth of total TSO income (Statistical Office of the Slovak Republic, 2014).

In 2014, there were more than 52,000 TSOs in Slovakia according to the statistical office. Most of them were registered as associations of various kinds and approx. 3,500 are church-established organisations. Some foundations and non-investment funds could also be counted. Surveys suggest that the most important fields of activity are education, sports and social services (Statistical Office of the Slovak Republic, 2014; Strecansky, 2017).

In the field of social services, constant growth both in terms of employment and volunteering has taken place. Apart from organisations directly providing social services, there is also a considerable number of organisations that is active in the field of social service advocacy and concerned with improving e.g. the legal framework. Social entrepreneurship is still in its infancy, mainly dominated by the EU/EMES⁴⁰ definition focused on WISEs⁴¹. Parallel to this concept, several younger, innovative organisations start to emerge (Strecansky, 2017).

4.2.24.2. Challenges and opportunities

Challenge: polarization and rise of "illiberal" civil society

The polarization within the TS is perceived as an important challenge and a serious threat of liberal movements. It will be a challenge to find the root causes for this polarization and to target them. This can not only be done by civil society alone, of course, but also needs political commitment to a pluralist, liberal version of civil society (Strecansky, 2017).

Challenge: "top down" definition of social entrepreneurship

The Slovakian government relies on the EMES definition of social entrepreneurship, prioritizing WISEs. In order for the phenomenon to gain momentum and unfold potential it will be necessary to also take younger organisations into account and to support them (Strecansky, 2017).

Challenges and opportunity: focus on (social) innovation

As in many other European countries, the topic of (social) innovation is becoming more and more popular in Slovakia. It leads to a higher attention of social issues. However, according to the survey results, a tendency is given to focus on innovative activities only. Thus, regularity and constancy falls behind, so the concern (Survey 2017).

Challenge: systematic support and funding for third sector

Financial sustainability of TSOs is also a challenge in Slovakia despite economic growth. Financial means mainly derive from projects. Long-term maintenance of the organisation and volunteers even without grant activity is difficult. Moreover, support from state and self-government is improvable (Survey 2017). Compared to other countries, Slovakia receives little funding from foreign donors (USAID 2015).

⁴⁰ EMES is a Research Network on social enterprises (www.emes.net)

⁴¹ Work Integration Social Enterprises

Challenge: need for new generation of third sector leaders and capacity building

A stagnation of organisational capacity within in last years is observable since finding time for building it is hard. Not only small organisations or unexperienced leaders are exhausted by day-to-day operations. Employees face rising workloads and multiple functions (e.g. PR, project management, fundraising). Furthermore, employment on project-basis rather than long-term and full-time are common practice (USAID 2015). The search for young, motivated and skilled leaders poses a challenge, putting personal sustainability at risk. A new generation of third sector leaders is missing. However, the profile of volunteers gives hope since graduates or professionals are high in number (Survey 2017).

Opportunity: Increase in private donations

Donations within the public are not particularly popular and TSOs have some room for improvement (Survey 2017). Nevertheless, an increase in private philanthropy, both corporate and individual, is expected. Donation platforms like Dobrakrajina.sk, Dakujeme.sk, and Ludialudom.sk gain popularity. This can be an opportunity to obtain new funding sources for specific purposes, requiring targeted fundraising campaigns (see Strecansky, 2017; USAID, 2015).

Challenge and Opportunity: Cooperation, partnerships and cross-sector collaboration

As boundaries between the sectors become less and less visible, an increase in collaborative projects and actions between TSOs, FPOs and the public sector is expected. This can potentially lead to new ways of addressing problems and joint efforts towards their solution. Currently, voluntary organisations are perceived as less professional and less reputable service providers. Thus, governments and businesses hesitate to collaborate. Nevertheless, cross-sector partnerships with large or international companies gain importance. Cooperation within the TS, but also between the (local) government, FPOs and TSOs open up new perspectives and exchange of experiences (Survey 2017; USAID, 2015).

Opportunities: Professionalization of volunteer management

Traditional volunteering as well as cooperate volunteering is gaining importance and popularity. A professionalization of volunteer management takes place. For 2017 a conception for education on volunteering is planned (Survey 2017; USAID, 2015).

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4.2.25. Slovenia

4.2.25.1. The third sector in Slovenia: Patterns and trends

Like all other former communist countries, Slovenian TS has undergone major changes since the early 1980ies. However, unlike some other countries Slovenia managed to maintain or rebuild structures of civil society that had already existed before the rise of the communist regime. Even under communist rule, relative freedom and various forms of voluntary organisations existed. It was the first former Yugoslavian country to become a full member of the NATO and the EU.

In 2014, there were more than 25,000 registered TSOs in Slovenia, most of the being societies or associations. They employed roughly 8,000 people (AJPES, 2015b; CNVOS, 2016a). Most TSOs are active in the field of culture and recreation, business associations and trade unions as well as social services. The bulk of volunteering hours was served in the field of social services (Kolarič & Rakar, 2010; Ministrstvo za notranje zadeve, 2013). A great part of associations (about 17%) are active in the field of culture.

Funding remains critical for these organisations because the state reduced its budget for cultural activities following the crisis in 2008/2009. Membership fees are by far the most important source of income for Slovenian TSOs, followed by national budgets and charitable or corporate sponsors. Earned income through selling goods or services also ranges comparatively high (Hafner-Fink et al., 2016).

Compared to other countries in the region, the level of civic engagement and membership is high in Slovenia. About 26% of Slovenians are members of at least one TSO and 18% perform voluntary work (Novak & Hafner-Fink, 2015).

Slovenia adapted a law on social entrepreneurship in 2011. In fall 2016, 140 social enterprises were registered with the Slovenian Ministry of Economy. However, there appears to be a general lack of ambition concerning the potential role of social entrepreneurship.

4.2.25.2. Challenges and opportunities

Challenge and opportunity: New role for TSOs concerning the provision of social services

Experts note an increasing trend concerning the state delegating the provision of social services to TSOs. Until now, funds have not been increased accordingly, posing pressure upon TSOs to operate with limited funds while maintaining quality of work.

Challenge and opportunity: Finding a new sector identity

As discussed above, both funding structures and fields of activities are changing for Slovenian TS. On the one hand, social entrepreneurship is on the rise, social service provision is becoming an increasingly important field of activity, whereas cultural TSOs face decreasing funds. This implies the need and opportunity for stronger networks and a new sector identity.

Challenge: funding difficulties, need for diversification of funding

Like in almost all European countries, funds for TSOs become scarcer in Slovenia. Especially in the field of culture, this poses a huge challenge upon organisations. Also for social service providers, it becomes increasingly difficult to take up all expectations and delegated functions. The exploitation

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4.2.26. Spain

4.2.26.1. The third sector in Spain: patterns and trends

Historically, restrictions of freedom of association and expression during the dictatorships (Primo de Rivera, Franco) restrained the development of a Spanish third sector until the mid-1970s. Public delivery of social services was scarce and subsidiary to social services provided by private organisations, mainly church-based TSOs. Social integration could hardly be found on the agenda. Thus, the family functioned as a main pillar of social services. In 1958, when Franco was still in power, only 0.5 percent of the national governments budget was spent on social services. (Chaves-Avila, Alguacil-Mari, Fajardo-Garcia, & Savall-Morera, 2016; Rodríguez-Cabrero, 1990)

The years of democratization lead to major changes also for TSOs. A vibrant third sector environment arose and the sector secularized. TSOs with focus on welfare services deployed and the number of associations increased. The growth of the sector is evident when observing the public expenditure on social services: it rose from 0.18% of GDP in 1978 to 0.87% in 1990 (Barea, 1996). A look at the mean annual registration rate of associations reveals the same trend: At the beginning of the democratization in the 1970s the mean annual registrations rate was at 100 associations per year. In the 1980s more than 5,000 associations got registered per year and over 10,000 in the 1990s. The last decade of the 20th century is marked by a "transition of the third sector from a 'claiming' model to a 'delivery' model" (Chaves-Avila et al., 2016) and the professionalization of the third sector. Until the economic crisis, the institutionalization deepened and legislative changes (laws on foundations, associations, taxation of NPOS and donations) lead to a transformation of the sector. Saving banks played an important role since they contributed a substantial amount of money to social service organisations. However, the social and economic crisis had a deep impact on Spain. It brought severe austerity policies in combination with a rearrangement of welfare services. Private and public funds got cut. At the same time, social needs increased. High unemployment rates especially within the group of young people, low work security and work flexibility illustrate this development. TSOs responded to the changing environment by building platforms. Despite efforts the sector remained rather fragmented. Lately, new social movements have appeared which gave birth to new organisations hardly tied to the big TSOs. (Chaves-Avila et al., 2016; Simsa & Totter, 2017)

In Spain, the social economy concept is used besides the term non-profit organisation for TS entities. The concept of social economy includes cooperatives, mutual societies, associations, foundations and other labour-oriented enterprises. Spain was the first European Country passing a Social Economy Act in 2011 and four years later a new Social Third Sector Act followed. However, it does not cover entities in sports, culture, research or cooperation for development. Social enterprises are hardly existent. Nevertheless, the business sector nowadays starts to become more relevant not only due to increasing demand (e.g. elderly care) but also privatizations. Sponsorship and corporate social responsibility is on the rise. Even though philanthropic private funding in the ascendant, it will stay subsidiary compared to other funding sources. (Chaves-Avila et al., 2016)

The country's policy structure is decentralized and the allocation of funds and services rather complex. About half of the funding comes from regional governments, one third from municipalities and 15% from the national government. The different government institutions hardly have contact (formal or informal) with each other. EU-funding only plays a role for large organisations. Especially the social third sector is highly dependent on public funding. The economic crisis lead to a decline of public funding of about 24% from 2010 to 2013. Thus impact of austerity measures is for some NPOs especially tough. Medium-sized NPOs have been mostly affected since around two-thirds of their income used to come from public funds. Very large and very small NPOs are less dependent and therefore less hit. Whereas small organisation rely on donations by

private individuals, larger organisations focus on public contracts and agreements. Since the large organisations are also the most popular ones, private companies concentrate their sponsorship and collaboration on these. (Ruiz, 2015)

Looking into numbers, the most common legal forms of TSOs in Spain are associations, foundations and cooperatives. In 2008, about 156,000 associations were active, employing about 588,000 persons and generating expenditure of roughly € 23,000 million. Social and health services, sports, leisure and culture are the main areas of action of associations. More than 4,000 foundations with around 50,000 employees and 2,800 million in expenditure can be found. With nearly 45,000 enterprises cooperatives and similar accepted forms also play an important role in the sector. In Spain, hardly any mutual societies are operating. Paid employment in the social economy makes up nearly 7% of total employment in Spain. From 2002/2003 to 2009/10 the amount of people employed in the social economy nearly doubled from 872,214 to 1,243,153. (Chaves-Avila et al., 2016; Chaves Ávila & Monzon Campos, 2012)

The level of volunteering within organisations is rather low in Spain. Less than one third of the population is involved in civic activities such as volunteering. The dictatorships during the 20th century definitely left its mark on the population's culture concerning civic activities. Whereas formal volunteering rates are rather low, informal activities and engagement within the family are quite popular. During the economic crisis an increase in volunteers could be reached. Nevertheless, more flexibility, less involvement and less regularity within the group of volunteers can be found. (Chaves-Avila et al., 2016) Nevertheless, in the course of the protest movement of the Indignados, less traditional forms of volunteering and civic action in movement organisations and movement activities increased substantially, yet they are not covered in official statistics.

4.2.26.2. Challenges and opportunities

Challenge: Building long-term partnerships with governments

Building long-term partnerships is hard for TSO and short-term contracts are on the rise. The problem is exacerbated by government agencies often functioning as single funding source. The privileged status of social service providing organisations is diminishing. TSOs focus increasingly on volunteers concerning work-force and funding, in order to manage the challenges. Only few organisations take another path and become a social business. More than a few TSOs experience difficulties when shifting their funding from public to private.

Challenge: Difficulties in recruiting employees

In connection with the fewer funds for the third sector, the workers sometimes have precarious employment conditions (low wages, unpaid overtime, little professional development, etc.). Organisations face problems recruiting employees. Concerning volunteers, this is a challenge as well even though the number of people willing to engage tends to increase. Especially the appointment of volunteer board member is an issue regarding governance. It is important to increase and enrich communication in order to explain the important role of the TSO, to increase the volunteers and social bases and also to improve fundraising. (Survey 2017)

Challenge: Internal debates within the sector

The heterogeneity within the sector leads to major internal debates especially between new social movements and traditional social service providers.

Challenge and opportunity: Improving management systems and professionalization

The Spanish third sector is little professionalised and the management issues are not considered important for some the TSO. In fact, sometimes these issues are perceived as a wasting of time. Improving management systems and the organisations' planning as well as the professionalization of these aspects are challenges the sector faces. Without the inclusion of tools and protocols that allow to define clear objectives, standard criteria and assessment systems in both management and the intervention, it is impossible to progress in transparency and accountability. However, there is growing pressure for social agents to improve transparency and accountability, especially when counting on public resources. In fact, there is a regulation affecting entities that compels them in order to gain access to subsidies. Hence, this pressure can be seen as an opportunity to advance and improve the tasks to have greater transparency and accountability in order to generate more trust among the social base, public administration, partners and citizenship. (Survey 2017)

Challenge and opportunity Economic crisis and its twofold effect on NPOs

The economic crisis had a twofold effect on Spanish TSOs: While on the one side social needs have been increasing at the same times funds got cut. An increase in debt of TSOs can be observed. Moreover, TSOs have more difficulties to get bank loans ever since. Only a minority of organisations found new funding sources such as crowdfunding, ethnical banks, raffles or co-working. On the positive side, the economic and institutional crisis is leading some citizens to claim citizenship for new ways of participation. It is an opportunity to develop new models of participation for the third sector, to increase the social base and to gain greater independence from the public administration. (Survey 2017)

Opportunity: High reputation and degree of trust within population:

According to the CIS (2001) and Elcano (2014) barometer TSOs enjoy a good reputation in Spain. The population has a high degree in trust in TSOs. Especially those focusing on combating exclusion and poverty have the population's trust. Rather low levels of trust face religious organisations and lobbying organisations such as trade unions. Thus, the population is more willing to give public funds to organisations caring for people on the fringes of society. However, the awareness of the impact of TSO is rather low.

Opportunity: Strengthened links between NPOs through platforms and umbrella organisations:

The already established platforms are not only an opportunity for networking and institutional learning but also guarantee a higher bargaining power with for-business and public decision makers. Umbrella organisations fulfil political advocacy functions, raise social awareness more easily and get higher media attention. Furthermore they work on mutual understandings and foster collaborations. However, informal networks and contact remain significant to access and collaborate with policy institutions. Since NPOs hardly collaborated with each other, the building and maintaining platforms and umbrella organisations - such as PTS, CEPES, ONG, CERMI or REAS - has been and will be crucial. However, the strong competition among organisations makes partnership and networking among organisations more difficult. (Survey 2017)

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4.2.27. Sweden

4.2.27.1. The third sector in Sweden: patterns and trends

The images of the Swedish third sector and also the terminology used changed over time: Whereas the “charity” label was abandoned in the first decades of the 20th century, the “popular movement” (folk rörelse) label became more popular and a dominant term. In the mid-1980s the concept of “civil society” entered the discourse, emphasizing on the independence from the state. At the same time, the transformation of welfare services lead to a demand for a terminology focussing on service-production. Thus, the “third sector” concept was introduced. In the early 1990s the term “voluntary sector”, which has two Swedish translations “freivillig” and “ideel”, also gained ground (Pestoff & Stryjan, 2008).

The role of third sector organisations also shifted over time from the role of an independent actor to an ambiguous role of a potential service provider within the welfare state on the one hand and an implicit challenger of the state on the other hand (Pestoff & Stryjan, 2008). Since the year 2001, the Social Democratic party has dominated the Swedish welfare state. Thus, the third sector welfare provision is closely linked to this political force (Vamstad, 2007).

In 2016, the fifth Swedish statistic on the civil society and the second satellite account provided extensive knowledge on civil society: The number of TSOs in Sweden amounted up to around 238,000 in 2014. However, only about 38% were economically active. In comparison to 2013, the total number and the percentage of economically active organisations had increased slightly. Civil society made up 3.1 % of Sweden’s total production in 2014. In absolute numbers, the satellite accounts showed SEK 216 billion of total production. The contribution of civil society to the Swedish GDP was at a level of 3.2% in 2014. By far the largest proportion of total value added was in the development and housing field. Religious activities made up the second largest proportion followed by activities in education and research as well as recreation and culture. In 2014, there were 2,370 providers of services purchased by municipalities and county councils in civil society. Nearly two-thirds of them operated in activities related to education and research. The number of providers in reception of refugees more than doubled compared to the previous year. In 2014-2015 approximately 6.2 million people (77.5%) aged 16 years or older were members of one or more association. Compared to other European Countries, this figure is quite high. Concerning employment, statistics show that in 2014 around 183,000 people were gainfully employed in civil society. Compared to total gainful employment, this represents a share of about 4%. Roughly one-third of all gainfully employed persons were found in providers of services purchased by municipalities or county councils. In Sweden, approximately six out of ten employees in civil society are female. Concerning volunteer work, the data show that in 2011-2012 nearly 2.2 million people aged between 16 and 65 did volunteer work for charity or non-profit organisations

in the past 12 month. Thus, volunteer work is quite common in Sweden with about one-quarter of people volunteering (Statistics Sweden, 2015, 2016).

4.2.27.2. Challenges and opportunities

Challenge and opportunity: New forms of civic engagement

The general pattern of civic engagement in Sweden still has a strong focus on membership. Nevertheless, a change was observable in the last few decades since traditional membership-based voluntary work has declined. Episodic and more flexible forms of volunteering are preferred over "rapports" today. As answer to this developments, the National Volunteering Agency (Volontärbyrå⁴²) and local volunteer centres were established (GHK, 2010c). Nevertheless, it will remain an issue for TSO to adjust to the trend of more flexible and irregular commitment of volunteers (less loyal and more demanding volunteers). However, according to experts, high engagement within the populations is given and expected to remain. Members and volunteers are seen as crucial in order to maintain legitimacy but also resources (Survey 2017).

Challenge: Changes in financial landscape

In Sweden, TSOs face a more crowded and restricted funding landscape nowadays than it used to be. Government (and municipal) funds are transforming from subsidies to contracts, which puts a pressure on the organizations. Concerning accountability, funders increasingly ask TSOs for hard results and measures, which tend are difficult to capture in the third sector (Survey 2017).

Challenge: Blurring boundaries and mission-drift

The leadership role is getting more complex due to diverse influences from the private and public sector. A mission-drift is observable, slowly taking the organisations away from their original purposes and mission statements. This process is often mitigated by a business language implemented at management level in many organisations according to survey participants. Even though many TSOs have a historical link to and origin in different social movements, this link is getting weaker as TSOs mature. Thus, preserving third sector values and maintaining third sector specific qualities in order to balance influences from private and public sector is seen as a challenge in the future (Survey 2017)

Challenge: Increased administrative burden – bureaucracy

Experts mention bureaucracy due to the legislation regarding registration or the need for measuring and justifying funds to mention a few. Furthermore, new accountancy standards increase administrative burden for TSOs (Survey 2017).

Challenge and opportunity: Rise in people in need

Many new groups of people in need of both advocacy and services, which currently only partly are catered for by the public sector and existing TSO pose a challenge for TSOs. The refugee crisis for example has put a strain on organisational resources. Nevertheless, such developments might function as stimulus to think about new and innovative welfare services, to challenge the existing offers further and to provide alternatives for groups and issues not yet visible or prioritized (Survey 2017).

⁴² <https://www.volontarbyran.org/>

Challenge and opportunity: Positive environment towards the thirds

The third sector can build on a high level legitimacy and trust within the Swedish population. Political will and interest in the sector is mainly given. Consequently, TSOs receive comparably much credit for their commitment from decision makers and the public. However, it is mentioned in the survey that increasing media attention poses a risk for “scandals” within the sector (Survey 2017).

Challenge and opportunity: Voice and advocacy capacity of TSOs

To level up the voice and advocacy capacity, which has been a strong feature of Swedish civil society, pushing for new frontiers and new groups will be necessary. A lack of visionary leaders in the public debate is mentioned and seen as a void to fill. Furthermore, a more open discussion about welfare and roles creates new space (Survey 2017).

Networks, umbrella organisations and cooperation within the sector

Several small-scale initiatives of cooperation between organisations from different fields in the sector bear the promise of more leverage and pooling of resources. Another positive aspect is that networks, umbrella organisations and cooperation within the sector strengthen its role in society, bring the individual strengths to a larger consortium and provide opportunities to scale up. In that regard, internationalisation and taking organisations to a transnational level is an issue as well. The international level is still quite underdeveloped in Sweden. However, experts believe that Swedish organisations are well placed to make a substantial contribution (Survey 2017).

Opportunity: Increased awareness of third sector’s weakness

There is a growing awareness that many organisations lack the governance tools and competencies necessary which might provide an opportunity for development (Survey 2017).

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4.2.28. United Kingdom

4.2.28.1. The third sector in United Kingdom: patterns and trends

In the UK, the term third sector is associated with New Labour and its ambitious attempt to involve non-state actors in public life. The terms voluntary sector or voluntary and community sector are synonymously used. Although the government promoted civil society and abandoned the third sector terminology in 2010, the term has remained in use ever since and researchers, amongst others, still favour third sector (Rees & Mullins, 2016).

The third sector in the UK is extremely diverse with significant differences in size, aims and activities of TSOs. In general, numbers on the third sector are provided by the National Council for Voluntary Organisations (NCVO). A deep insight on volunteers and workforce, income, spending, assets and liabilities is given in the UK Civil Society Almanac 2017 (NCVO, 2017). According to this, the number of voluntary organisations in 2014/15 amounted up to more than 165,000. The majority of these organisations are small (less than £1 million annual income). However, its economy is dominated by larger organisations: TSOs with an annual income over £1 million account for 80% of the sector's total income but only make up 3% of the total number of charities. The most common activities by both number and spending are social service provision, culture and recreation (NCVO, 2017).

The sector had a total income of £45.5 billion in 2014/15. Nearly half of the income (45%) comes from individuals. £15.3 billion was received from government bodies, of which 81% was earned through contracts or fees. Whereas income from local government has been decreasing for the last 8 years, income from central government has been on the rise. In 2014/2015, for the first time in the last decade, the income gained from the central government exceeded that of local governments. After rapid changes in the first decade of the century, the ratio of government income to the sector from grants and contracts now remains relatively stable, at between 17% and 21%. The total spending of the voluntary sector was £43.3 billion in 2014/2015. This means that 95% of the sectors income was spent. 84% of the spending went towards charitable activities or grant making. Overall spending was highest for social service organisations. Concerning the size, smaller organisations tend to spend more on governance whereas large organizations tend to spend more money on fundraising activities. Spending on generating funds continues to yield significant results, with each pound spent resulting in £4.16 being raised. The estimated value of the voluntary sector in the UK national accounts is £12.2bn, or 0.7% of the country's GDP (NCVO, 2017).

Concerning human resources, the sector can build on 853,000 paid employees, which represents 2.7% of the total UK workforce in 2016. Furthermore, in 2015/16 an estimated 14.2 million people (27%) formally volunteered at least once a month and 21.9 million (41%) at least once in the last year. Regular volunteers spend on average 11.6 hours per month on activities in TSOs resulting in an estimated value of £22.6 billion in 2015. The rates of regular formal volunteering differ concerning the population density: in rural areas, rates are higher than in urban areas (33% vs. 26%). The lowest rates exist in inner city areas (17%). Employer-supported volunteering (corporate volunteering) remains low, nevertheless, interest and investment in it was growing in 2015/16 (NCVO, 2017).

The delivery of public services by third sector organisations is crucial and was strongly promoted by the British government in the last few decades. Collaborations and partnerships between the state, the private sector and the third sector emerged. Thus, a significant amount of resources was designated to build and strengthen the relationships between the sectors. Whereas in the 1980s and 1990s the relationship can be described by the term contract culture, after 1997 a relationship on an equal footing is described. The Coalition government of 2010-15 promoted the Big Society, in which civil society was meant to play a significant role in social services and the civic life especially on the local level. However, austerity in public finances

became reality and the Conservative government elected in 2015 seems less open and supportive. Marketization, privatization and payment by results constitute characteristic developments of the last years (Rees & Mullins, 2016).

A government focus on social enterprises as key providers of social services has been given in the last decade. The concept of social enterprises gained importance due to the financial crisis of 2008 and its aftermath. Furthermore, the Public Services (Social Value) Act of 2012 created new opportunities for social enterprises since public bodies are required to consider the social impact of their service commissioning policies and not just financial aspects. To promote social enterprises and to ensure their growth, new funding bodies have been created e.g. Big Society Capital⁴³ and Key Fund⁴⁴. Furthermore, umbrella and support organisations for social enterprises mushroomed e.g. Social Enterprise UK⁴⁵ and EUCLID Network⁴⁶. Many charitable organisations have gone down the social enterprise route as well. By the end of 2012, it was estimated that about 68,000 social enterprises existed contributing to £24 billion to the British economy. Today, further growth of the sector is assumed (Webster, 2017).

4.2.28.2. Challenges and opportunities

Challenge: Reduction in public expenditure

TSOs in Britain express concerns about the negative impact of reductions in public expenditure. The two British governments since 2010 have put deficit reduction, austerity and the shrinking of the state on their agenda. Policies concerning cost reduction and efficiency gained momentum. A shift from grant to contract-funding in social service delivery is evident. Especially local government funds have been and are cut. In particular organisations of a larger size mentioned that concern. Public funding streams played a significant role in deprived areas. Thus, concerns about resource constraints, marketization, increased competition and the ability to balance functions (service provision, community building and advocacy) were expressed most strongly by organisations situated in these areas (Clifford, Geyne-Rahme, & Mohan, 2013; Survey 2017; Mohan, Kendall, & Brookes, 2016; Rees & Mullins, 2016).

Challenge: Long-term funding and assets - organisational sustainability of recently established TSOs

Another challenge, which is at least partly related to the previous one, is long-term funding. Even though there is a plethora of bodies providing funds for or lending grants to TSOs, their quantity and short-term nature remains an issue. This especially hinders start-ups, innovation and the scaling up of operations (Survey 2017; Webster, 2017). Data on assets reveal that nearly 90% of total assets are held by just 3% of organisations. The majority of organisations have little or hardly any reserves at all (NCVO, 2017). Experts in the field also mention the challenge of sustaining and developing work in a time of increased demand but reduced resources (Survey 2017). Concerns about resource shortages and the future financial environment were most likely to be expressed by recently established organisations. Long-established organisations were much less likely to report experiencing barriers. The finding of the "Third Sector Impact – Second Briefing" suggest a "liability of newness" problem: Young organisations make an effort to build up resources and relations, but do not have as much to fall back on than longer-established TSOs. Thus, the early years of organisations seem to need special attention by policy makers in order to foster sustainable development in the third sector (Mohan et al., 2016). Leaders are challenged to manage scant resources and to be creative or innovative in identifying new resources at the same time (Survey 2017).

⁴³ <https://www.bigsocietycapital.com/>

⁴⁴ <http://thekeyfund.co.uk/>

⁴⁵ <https://www.socialenterprise.org.uk/>

⁴⁶ <http://euclidnetwork.eu/>

Challenges: Work-life balance of (potential) volunteers and community engagement

According to the UK Civil Society Almanac 2017, the most commonly mentioned reasons to stop volunteering is a lack of time due to changing home or work situations. Less-frequently mentioned were issues concerning the management of volunteers such as too little appreciation, bureaucracy or bad organisation (NCVO, 2017). Even though this findings bode well concerning volunteer management, they imply little space for action and influence of TSOs.

Challenge and Opportunity: Mixed economy of welfare and cross-sector collaborations

The British third sector looks back on many years of service delivery in close collaboration or even partnerships with the state and/or the private sector (Rees & Mullins, 2016). Generally, providing space and enforcing cross-sector partnerships may lead to mutual learning on various aspects e.g. organisational structures, roles, knowledge and the like. Moreover, cross-sector partnerships and collaborations lead to an increased understanding between sector and funders. However, managing organisations with blurred boundaries and multiple relationships implies more challenges for leaders due to e.g. various shareholders or divergent logics and thinking. Being recognised and treated as an equal partner with public sector or statutory agencies remains a challenge (Survey 2017).

Challenge and Opportunity: Public Service (Social Value) Act 2012

Concerning the impact of third sector organisations, the Public Services (Social Value) Act received Royal Assent in March 2012 and came into force in January 2013. It requires public bodies to consider how the services they commission and procure might improve the economic, social and environmental well-being of the community⁴⁷. However, varying understanding of the Act and inconsistent practices exist since the definition of social value and its measurement is not yet fully developed. (Cabinet Office, 2015) The Act is seen as being potentially beneficial for the Third sector. However, the bidding processes given tends to favour large, well-established TSOs over smaller ones. (Webster, 2017)

Challenge and Opportunity: BREXIT and its impact on the third sector

The influence of the BREXIT remains a timely, yet so far completely open issue. TSO are concerned about potential negative effects but so far, further developments regarding mainly the legal and financial situation and future demand for TS services are not clear.

Challenge and Opportunity: Big Data Analysis as means to develop tailored services

Big Data can help TSOs to improve existing services and operate more efficiently and effectively by providing services tailored to people's need and preferences. E.g. the UK charity MacMillan Cancer Support analysed NHS data to gain a comprehensive understanding of people's needs. Keyfund, a Newcastle-based charity, also used demographic data and data related to young beneficiaries in order to improve and personalise its services. Even though Big Data may be a valuable tool for TOSs, a number of challenges such as privacy and confidentiality issues or the shortage of resources and data analysts might occur. Furthermore, charitable objectives within TSOs are predominantly driven by experience and personal insights of employees rather than data science. Thus, focussing on Big Data would imply a change in the organisational culture and thinking. (Harvey, 2016)

⁴⁷ <https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>

Challenge and opportunity: Demonstrating impact and (recognition of) impact measurement

Due to the Public Service (Social Value) Act, demonstrating and measuring impact became increasingly important. However, survey participants mention that getting recognition for data and evaluation of impact is not an easy task since results tend to be seen as not robust enough by statutory health and other government agencies (Survey 2017).

Opportunity: Existing platforms, umbrella organisations and collaborations to support social entrepreneurship and innovation

Platforms and umbrella organisations exist to support social enterprises and innovation. Furthermore, they help sharing knowledge or good practice and building capacity. Collaborations *within* the third sector for increased impact is an opportunity in the UK. Moreover, concerning the challenge of cross-sectoral collaborations, the Scottish membership organisation ACOSOVO for example provides a remedy: A leadership exchange across sectors helps to share cross-sector knowledge⁴⁸ (Survey 2017).

Opportunity: Millennial generation

The millennial generation is expected to breathe new life in the third sector. They bring in new ideas and innovative thinking. Furthermore, as early adopters of digital technologies, they raise hope concerning the emergence and utilization of new technologies (Survey 2017).

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⁴⁸ <http://www.acosvo.org.uk/leadershipexchange>

5. Conclusion

The analysis shows that the Third Sector in Europe faces many challenges and opportunities. Some of them are observable all over Europe, like growing tendencies of managerialism, increasing inequalities and thus also increasing demands for Third Sector organisations and decreasing public funding as effects of neo-liberal policies. TSOs in all countries are operating in highly dynamic environments, with high diversity and rapid changes in the so-called VUCA-world, which is characterized by volatility, uncertainty, complexity and ambiguity. The most important challenges and opportunities relate to the topics of funding, innovation and entrepreneurial thinking, human resource management, public image and trust in the sector, accountability and governance, cooperation and dealing with (country specific) legal and governmental frameworks.

Some challenges and opportunities are specific for certain countries or regions. Rich countries in Northern or Central Europe face a different situation than Southern European countries, which have been hit more severely by the economic crisis, or Central- and East European countries, which show specific conditions as a consequence of the transition from communist to capitalist systems.

Given the common as well as the country-specific challenges and opportunities, good and effective leadership in TSOs is an important condition for effective TSOs. Leadership-development and the further strengthening of entrepreneurial competences of TSL are important means to increase the contributions of the TS to solving societal needs.

6. General Literature

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