



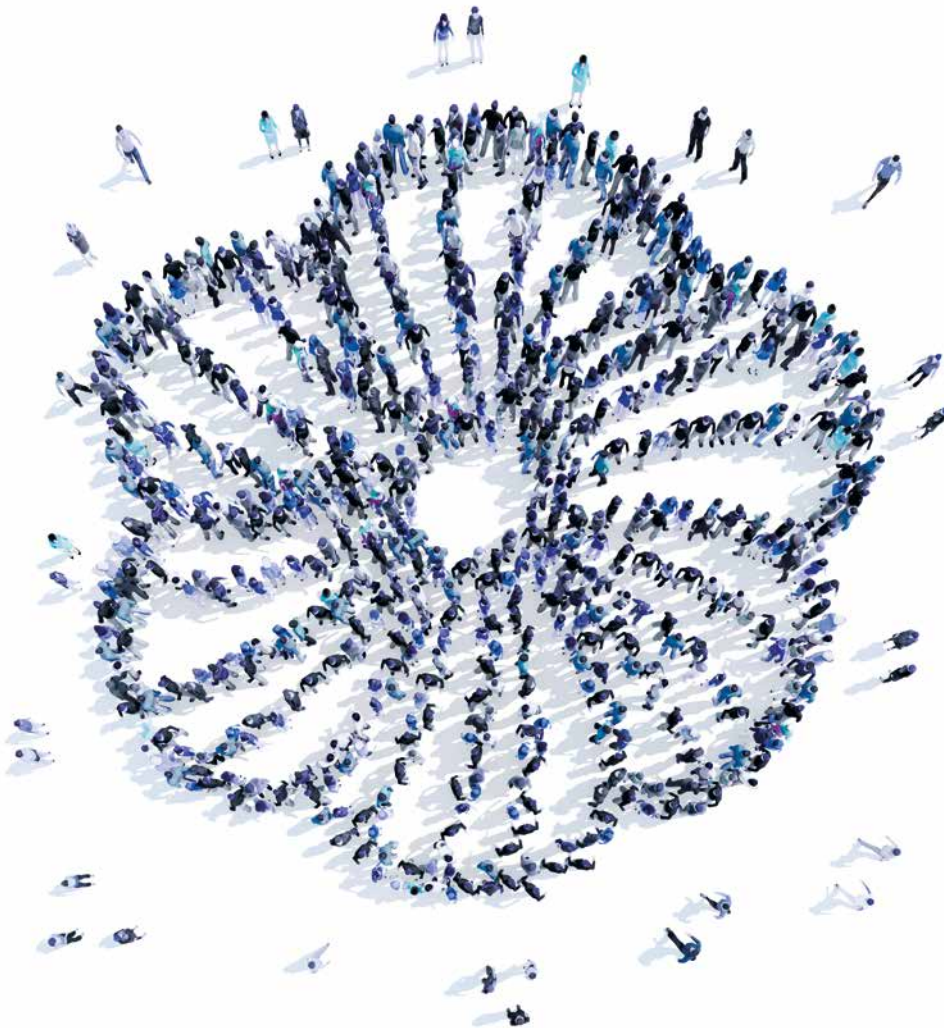
**BODOSSAKI
FOUNDATION**




S T U D Y

ON THE CONTRIBUTION
OF CIVIL SOCIETY
to the Greek economy

EXECUTIVE SUMMARY

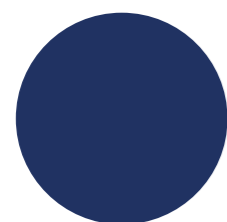


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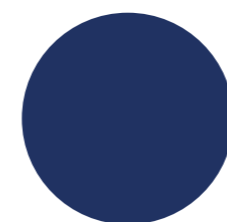

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THE INITIATIVE OF BODOSSAKI FOUNDATION

Fostering the development of a strong and independent civil society in Greece and to helping build the appropriate institutional framework for its functioning are core aims of Bodossaki Foundation.

A dynamic, healthy civil society can complement the state by providing services in critical areas as well as engage citizens in civic activities, help safeguard human rights, and promote democratic values.

Strengthening civil society is also a key objective of the EEA Grants Active citizens fund in Greece, for which Bodossaki Foundation, together with SolidarityNow, is Fund Operator.

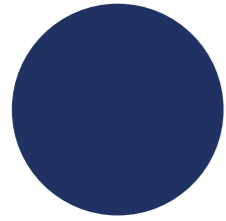
As Greek civil society continues its slow but steady path of development – facilitated greatly by the EEA Grants programmes in our country – there is a growing need for sector-wide data to provide an evidence base regarding the contribution, impact and potential of civil society in Greece. Responding to this need, Bodossaki Foundation, within the context of the Active citizens fund, commissioned the Foundation for Economic & Industrial Research (IOBE) to conduct the present study to measure and highlight the economic dimension of the contribution of Civil Society Organisations to the Greek economy.

The research demonstrates that the contribution of civil society to the Greek economy is considerable, and arguably greater than has generally been realized. At the same time, the study also highlights that the sector has considerable scope for further growth, particularly when compared to that in many other European countries.

In this context, it is hoped that the research will function as a springboard for wider advocacy and further research, and as such the research data has been made openly available on the project website, https://civilsocietycontribution.gr/index_en.html.

For its part, drawing on the findings of the study, Bodossaki Foundation is committed to continuing its support for the development of a strong, healthy civil society in Greece, and to advocate for an enabling environment for its functioning.





EXECUTIVE SUMMARY

Civil Society Organisations (CSOs) carry out important social work, while generating significant economic activity. According to Eurostat data, the production value of the non-profit institutions serving households (NPISHs)¹ in Greece has stabilised in recent years at €3.3 billion. Compared to other European countries, the production value per capita of the NPISHs is at a relatively low level (€304 per inhabitant in 2020, compared with €827 on average in the EU). Similar conclusions are also drawn from examining the gross value added they generate as a percentage of the country's GDP (0.64% in Greece against 1.16% in the EU).

The activities of CSOs offer significant support to the national economy. They support, directly or indirectly, the generation of 1.6% of the GDP and contribute with 1.9% of the country's employment. In absolute terms, the contribution of CSOs for 2021 is estimated at €3.0 billion in terms of GDP and at 88,400 jobs in employment terms. These figures do not include the economic value of volunteering, estimated at €357 million in 2021, which corresponds to about 0.2% of the country's GDP.

In addition, the activities of the organisations lead to a boost in government revenue, due to the stimulation of economic activity in the country, with annual amounts consistently above €1 billion, representing 1.9% to 2.1% of the annual government revenue in the 2019-2021 period. In the hypothetical case that the services offered by the CSOs in Greece were to be provided by the State, their cost for 2021 is estimated in the range of €2.1-€3.2 billion.

The CSO size of activity depends crucially on public acceptance and support. In a primary survey of 2,000 people carried out for this study during the months of May and June 2022, 45.5% of the respondents stated that they had financially supported an organisation in the past 12 months. Most respondents who have financially supported an organisation have done so on an ad-hoc basis (69.4% of valid responses), while relatively limited is the share of supporters who provide regular support to the organisations (22.0%). The percentage of respondents who do not contribute to the organisations because they do not trust that their donation will be well-managed is also relatively high (20.2% of valid responses).

Compared with other countries, based on international surveys compiled using a common methodology, Greece scores relatively low in donations and public trust in charities. In particular, Greece ranks in the penultimate place (125th), as per the CAF World Giving Index for the period

¹ The term NPISH refers to institutional units that are independent from the state and provide goods and services to households for free or at prices that are not economically significant. It includes charities, relief and aid organisations financed by voluntary transfers, trade unions, professional or learned societies, consumers' associations, political parties, churches or religious societies, and social, cultural, recreational and sports clubs. The term CSOs refers, for the purposes of this study, to associations, civil non-profit corporations and other civil entities pursuing purely public-benefit purposes.

2009-2019. Correspondingly, it ranks 34th out of 50 countries with available data in the World Value Survey based on positive answers to the question of whether the survey respondents have donated to an organisation or a political campaign. Lastly, Greece ranks 37th out of 54 countries based on the percentage of people who said they trust charitable organisations.

In conclusion, the activity of CSOs in Greece contributes significantly to the country's economy. This contribution can be further strengthened, given the relatively limited geographical scope of the organisations' work and the available possibilities to boost public trust in them. It is necessary that the organisations themselves, especially those active in sensitive sectors and with significant financial resources, have credible governance bodies involving independent members; have established internal and external audit procedures; and operate with the utmost transparency. Lastly, the obstacles that hinder the operation of CSOs should be lifted, mainly through the improvement of the supervisory framework and more broadly their cooperation with the state, in order to strengthen the economic contribution of CSOs and the significant social impact of their work in Greece.



1 INTRODUCTION

The Civil Society Organisations (CSOs) carry out important social work. They offer housing, food, medical services, empowerment activities, legal services, and psychological support to vulnerable social groups. They educate children and young people to be independent, responsible and active citizens. They advocate for the protection of the environment and fight for human rights. They collect donations to support development actions within and across the borders of Greece.

Although CSOs' actions are socially targeted, they are also involved in generating economic activity. Combining private sector initiative and independence with the supply of non-market goods and services that would otherwise be provided by the State, they cover a significant part of the operating space of the institutional units of an economy.

The aim of the project is to measure and highlight the economic dimension of the contribution of Civil Society Organisations (CSOs) to the Greek economy at national and local level. The assessment is carried out using large-scale field research and appropriate economic models. The scope of the project also includes an assessment of the economic value of volunteering in Greece and a comparison of the cost of the goods and services offered by the CSOs in relation to the State.

2 CIVIL SOCIETY IN GREECE

The economic activity of CSOs is not clearly reflected in the national accounts, but indications of the size of the sector can be derived from figures on non-profit institutions serving households (NPISHs). According to Eurostat data, the production value of NPISHs in Greece has stabilised in recent years at €3.3 billion, from €4.8 billion in 2009, €3.0 billion at the deepest point of the economic crisis in 2012, and €3.5 billion at the peak of the refugee crisis in 2016. Compared to other European countries, the production value per capita of the NPISHs is at a relatively low level (€304 per inhabitant in 2020, compared with €827 on average in the EU), close to levels recorded in other Southern and Eastern European countries such as Spain, Cyprus, and the Czech Republic. Similar conclusions are also drawn from an examination of the gross value added they generate as a percentage of the country's GDP (0.64% in Greece against 1.16% in the EU).

The number of CSOs operating in Greece has not been accurately measured, yet it is estimated to exceed 6,500, with most of them being small in size organisations operating locally and with limited financial resources. For the purposes of this study, a list of more than 550 organisations was compiled, while 98 of these organisations provided data through questionnaires on their type of activities, revenue, employment, and the number of volunteers supporting them.

The available data show a concentration of activity in the wider area of Athens, where 68.1% of the 376 organisations with available data are based. As this figure is about twice as much as Attica's share of the country's permanent population (36.4% in 2021), there are indications of significant room for further development of CSOs in the rest of the country.

The main source of funding for CSOs in Greece seems to be government grants and international programmes (69.5% of the total revenue on average in the study sample). However, the proportion of revenue coming from businesses and charitable foundations, as well as from members and supporters, is also noteworthy (15.1% and 5.5% correspondingly), while commercial activity is relatively limited for the CSOs in Greece (2.8%), partly due to restrictions in the domestic legislative framework.

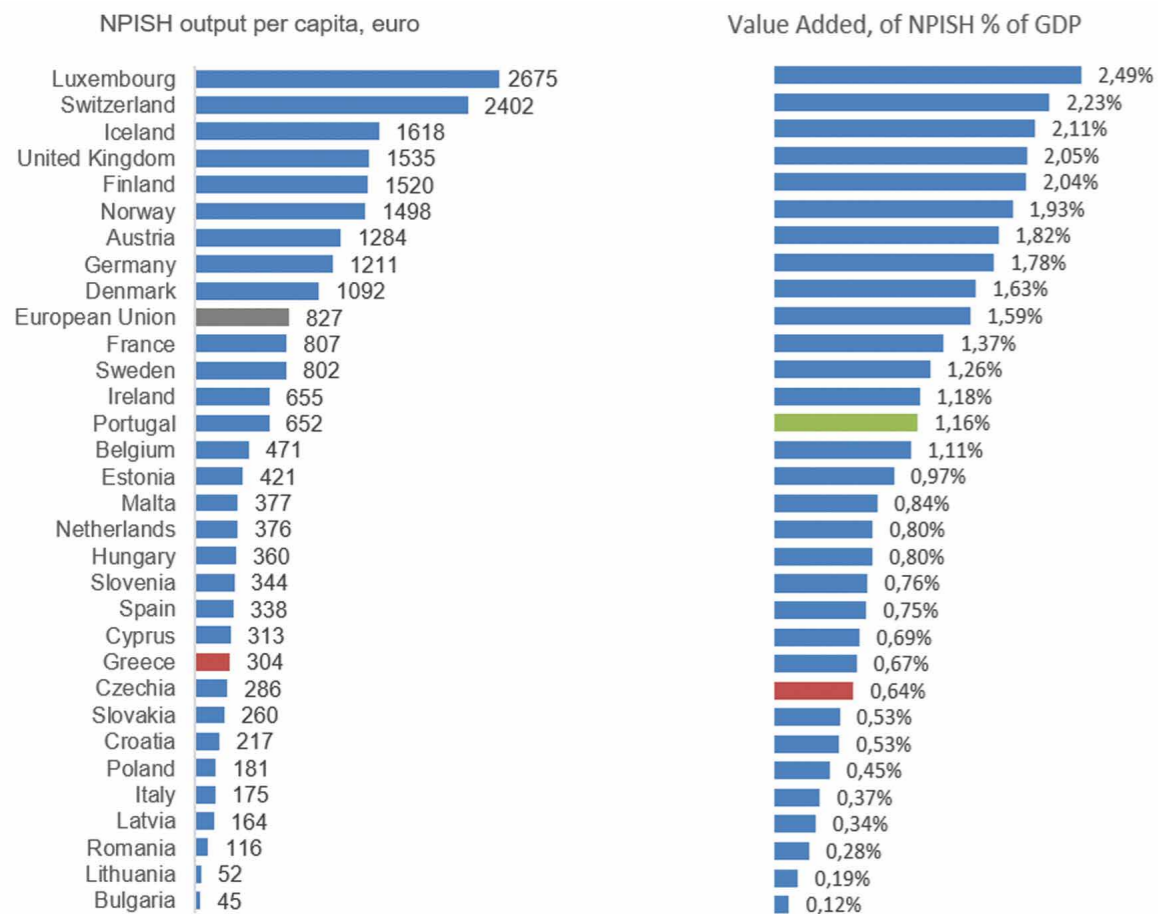
Among the key challenges faced by the organisations, the most important are those related to the State. In particular, 95.5% of the surveyed organisations reported bureaucracy and other difficulties in cooperating with the State as a rather important or very important issue that makes it difficult for them to operate. A very high percentage of responses assessed as a rather or very significant obstacle the issue of insufficient consultation with the State (91.3%). Next in significance came issues such as ambiguities and shortcomings in the legal framework regarding volunteering, the lack of a single register, distortions in the tax framework, and restrictions on the possibility of obtaining revenue through commercial activities.





Figure 1: Output and Value Added of the NPISH sector per country, 2020

Source: Eurostat (nasa_10_nf_tr). Data processing: IOBE. The figures for Malta and Luxembourg refer to 2018, for Bulgaria and the EU-27 to 2017 and Iceland to 2014.



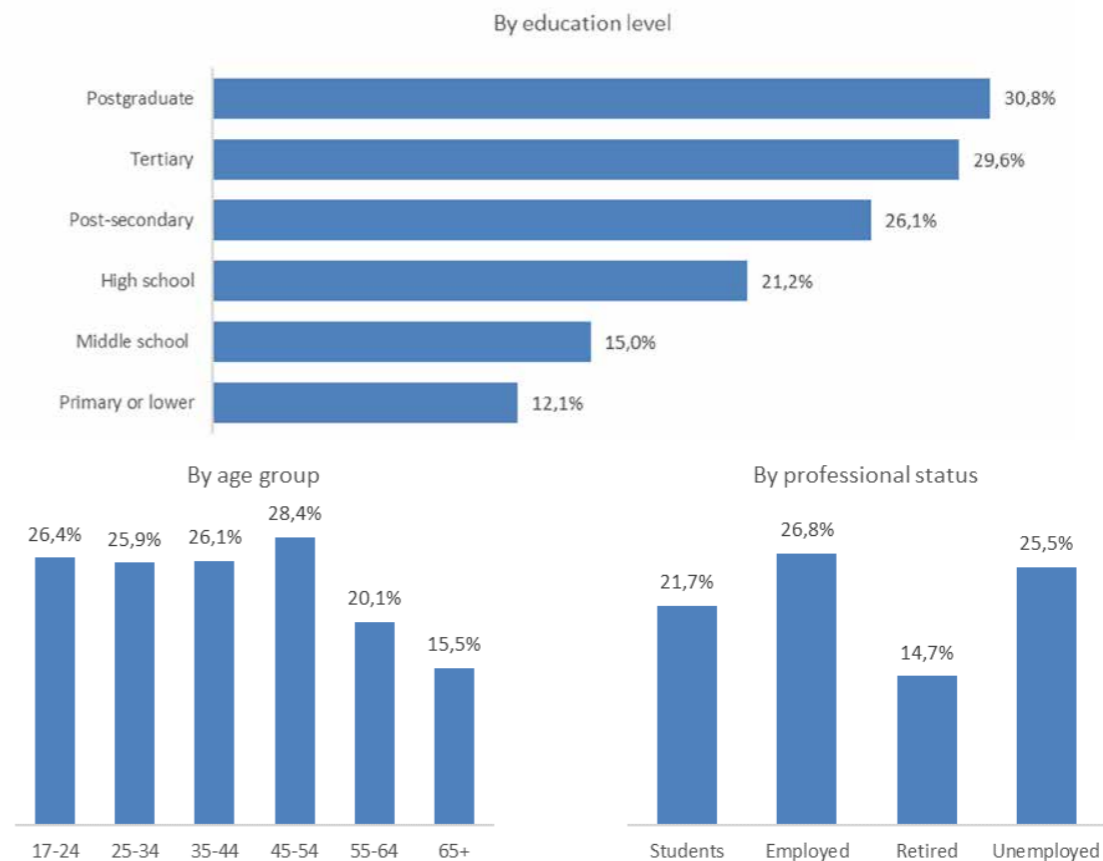
3 PUBLIC PERCEPTIONS OF CIVIL SOCIETY

The size of the activity of the CSOs depends crucially on the acceptance and support they receive from the country's population. In the primary survey of 2,000 people carried out for this study, a relatively low percentage (28%) of the respondents were aware of the term "Civil Society Organisations". However, a much higher percentage of people reported unprompted awareness of specific, recognisable organisations.

According to the survey, about 24.0% of the respondents have taken part in volunteering in the past 12 months. The participation rates in voluntary activities are higher among those with higher education, aged 45-54 years, and employees. Significant differences are observed between the regions of the country, with higher rates of participation in voluntary actions recorded in Western Macedonia (32.2%) and the lowest in Eastern Macedonia – Thrace (19.0%), Central Macedonia (21.2%) and the Peloponnese (21.7%). The most significant reason that motivates the respondents to participate in volunteering is a sense of giving and solidarity, while the most important deterrent is the lack of free time.

Figure 2: Participation in voluntary actions per category, share of positive in total valid answers

Source: Primary survey IOBE





4

CONTRIBUTION TO THE ECONOMY OF GREECE

Regarding financial support, 45.5% stated that they had financially supported an organisation in the past 12 months. Higher rates of financial support are observed along characteristics associated with higher income, such as educational attainment levels and having a job. Most respondents who have financially supported an organisation have done so on an ad-hoc basis (69.4%), while relatively limited is the share of backers who provide regular support to the organisations (22.0%). The deterrents for financial support of organisations include lack of financial capacity (52.9%), while relatively high (20.2% of valid responses) is also the percentage of respondents who do not contribute to the organisations because they do not trust that their donation will be well managed.

Compared with other countries, based on international surveys compiled using a common methodology across all countries, Greece ranks relatively low in citizens' contributions and trust in charities. In particular, Greece is in the penultimate 125th place based on the CAF World Giving Index for the 2009-2019 period and is 34th out of 50 countries with available data in the World Value Survey based on positive answers to the question of whether they have donated to an organisation or a political campaign. Similarly, Greece ranks 37th out of 54 countries based on the percentage of people who said they trust charitable organisations.

The activities of the CSOs offer significant support to the national economy. They support, directly or indirectly, the production of 1.6% of the country's GDP and the employment of 1.9% of the employment in the country. In absolute terms, the contribution of the CSOs for 2021 is estimated at €3.0 billion in terms of GDP and at 88,400 jobs in employment terms. In addition, the activities of the organisations lead to a boost in government revenue, due to the stimulation of economic activity in the country, with annual amounts consistently higher than €1 billion, representing 1.9% to 2.1% of the annual government revenue in the 2019-2021 period (Table 1).

The strongest effects of the activities of the organisations in absolute terms are recorded in the large population centres of the country. For example, 1.6% of GDP and 2.2% of employment in Athens in 2019 come directly or indirectly from the activities of the CSOs. However, strong effects in relative terms, as a percentage of local GDP output and local employment, also appear in many of the country's smaller regional units, such as Boeotia (1.8% of GDP), Corinthia (1.8% of GDP and 1.9% of employment), Kilkis (1.7% of GDP), and Euboea (1.7% of GDP and 1.8% of employment), highlighting that the activities of the organisations provide significant support to the local economies.

Table 1: Economic contribution of the activity of CSOs in Greece, 2019-2021

Source: IOBE estimates

	2019	2020	2021	2019	2020	2021
Impact on GDP	€ million			Percentage of total GDP of Greece		
Direct	990	982	1,066	0.54%	0.59%	0.58%
Indirect	1,001	1,004	1,078	0.55%	0.61%	0.59%
Induced	757	770	815	0.41%	0.47%	0.44%
Total	2,748	2,756	2,959	1.50%	1.67%	1.61%
Impact on public revenue	€ million			Percentage of total public revenue		
Direct	485	424	522	0.84%	0.89%	0.90%
Indirect	293	271	316	0.51%	0.57%	0.55%
Induced	334	318	360	0.58%	0.67%	0.62%
Total	1,113	1,012	1,198	1.92%	2.12%	2.07%
Impact on employment	Number of FTEs			Percentage of total employment of Greece		
Direct	36,598	38,268	39,409	0.80%	0.85%	0.86%
Indirect	30,025	38,170	32,331	0.66%	0.85%	0.71%
Induced	15,453	17,890	16,640	0.34%	0.40%	0.36%
Total	82,076	94,328	88,379	1.80%	2.10%	1.94%

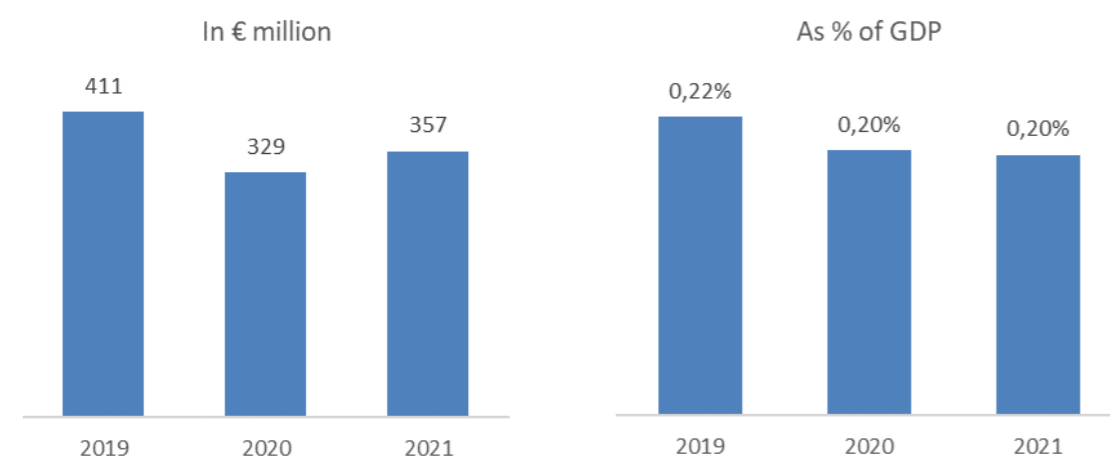
5 THE ECONOMIC VALUE OF VOLUNTEERING IN GREECE

The economic contribution figures presented in the previous section do not include the economic value of volunteering, which is not counted in the national accounts, as it does not generate direct spending for the organisations. Various approaches have been developed to measure this value.

The assessment of the value of volunteering in Greece in this study is based on replacement cost, as the prevalent approach in the literature and also the most suitable given the available data. Under this approach, the value of volunteering is calculated by multiplying the total hours of participation of volunteers in the activities of the CSOs, by the average hourly wage paid by the organisations to their employees.

Using this approach, the economic value of volunteering in Greece was estimated to total €357 million in 2021, from €329 million in 2020 and €411 million in 2019. This corresponds to about 0.2% of the country's GDP (Figure 3).

Figure 3: Economic value of volunteering, in absolute terms and as a percentage of GDP
Source: IOBE estimates



6 COST COMPARISON OF THE SUPPLY OF GOODS AND SERVICES

In the hypothetical case that the services offered by the CSOs in Greece were provided by the State, their cost for 2021 is estimated in the range of €2.1-€3.2 billion. The range arises from different assumptions about the amount the State would spend on consumables to offer these services.

Table 3: Public spending if the State had to provide the services supplied by the CSOs, million euro
Source: Eurostat, data processing IOBE και IOBE estimates

Scenario A: Same intermediate consumption with the CSOs	2019	2020	2021
Remuneration costs plus value of volunteering	1,507	1,475	1,538
Consumption of fixed capital (depreciation)	114	112	123
Spending on inputs (intermediate consumption)	1,409	1,386	1,517
Value of donations in kind	4	4	4
Total	3,033	2,977	3,181

Scenario B: Intermediate consumption based on public administration performance	2019	2020	2021
Remuneration costs plus value of volunteering	1,507	1,475	1,538
Consumption of fixed capital (depreciation)	114	112	123
Spending on inputs (intermediate consumption)	459	473	485
Value of donations in kind	4	4	4
Total	2,084	2,063	2,149

If the State were to spend the same on procuring goods and services as the CSOs, the total cost would be around 30.3% higher than the gross production value of the CSOs, with the difference resulting from higher average public sector wage expenditure and the need to replace the work of volunteers (in terms of hours worked) with the employment of civil servants. That said, if for the procurement of inputs for these services the State spends proportionally the same amount as that recorded per employee in the public administration, the total cost would be 10.7% lower. Even in this case, however, it appears that the activities of the organisations lead to significant budgetary savings, since a large part of their funding comes from donations from supporters, foundations and businesses rather than from public funding sources.

7

CONCLUSIONS AND POLICY IMPLICATIONS

Civil Society has relatively limited activity in Greece, while the participation of the population in voluntary actions is quite low. In addition, the country ranks relatively low based on individual donations to charitable organisations. Possible reasons for this performance include low trust in organisations, the strong role of family and church ties in the country's social life, and bias among the population against the private sector. However, issues that are susceptible to policy interventions, such as shortcomings in the supervisory framework and the limited strength of tax incentives, also play an important role.

The field research carried out as part of the study highlighted as important issues that hinder their cooperation with the State, various shortcomings in the legal and supervisory framework, and difficulties in obtaining financial resources. These are longstanding problems that require a series of targeted initiatives and actions. The development of an action plan aimed at recording and planning actions for the lifting of obstacles to the functioning of Civil Society goes beyond the scope of this study. However, based on the findings of the study, we can provide some ideas for indicative initiatives that could be taken, as part of a broader coherent process of meaningful consultation with CSOs and other stakeholders.

7.1 Supervisory framework and cooperation with the state

Law 4873/2021 on “Protection of Volunteerism, Strengthening the Action of Civil Society, Tax incentives to strengthen the charitable action of CSOs and other provisions” provides for several changes in the direction of improving the supervisory framework and correcting key shortcomings in the legal framework. In order to fully implement the provisions laid down in Law 4873/2021 and to make the envisaged supervisory framework operational, it is necessary to adopt all relevant secondary legislation (ministerial decisions, circulars, etc.) and to take the necessary administrative steps (changes in organograms, staffing of new agencies, etc.).

The functioning of the new supervisory and coordinating body will also help improve the procedures for consulting CSOs on issues related to their areas of activity. In the same direction, it is recommended that the organisations establish associations to represent them in their contact with the State, following the example set by the national and provincial volunteering councils that exist in Cyprus.

The operation of a single supervisory framework through an agency of the Interior Ministry also entails certain risks regarding the independence and autonomy of the CS in the country. The future evolution of the supervisory body, as the institutions of consultation and representation of CSOs mature, into an independent authority, following the example of the Charity Commission for England and Wales, with increased control responsibilities, but also with staffing and governance bodies that ensure maximum acceptance by CSOs and the wider public.

In addition to the supervisory function of the State, the organisations themselves have an important role in ensuring their credibility. Especially organisations active in sensitive sectors, such as social assistance to children, the elderly and vulnerable groups, and with significant financial resources (e.g. providing accommodation) should have established credible governance bodies involving independent members (without executive powers or relation with executives and employees), internal and external audit procedures and transparency of financial data, external audit results and activity impact. Lack of transparency and weak governance structures can lead to unfair practices or even harmful acts against particularly vulnerable people, thus undermining the people's trust not only in specific organisations, but also in the humanitarian activities of the Civil Society sector as a whole.

7.2 Financing and sustainability of the organisations

Improving the supervisory framework, through the implementation of appropriate changes, will help to strengthen people's trust in the functioning of the organisations. This will then allow for further remedying of the shortcomings that make it difficult for the organisations to finance and sustain themselves.

Indicatively, as long as an AMKE complies with the requirements for entry in the new single register, it would not be necessary for its non-profit status to be certified by the local tax office, which will remain responsible for the tax audit of the organisations' various activities. In this way, the organisations will be able to supplement their funding with revenue from commercial activities by paying the corresponding taxes when no exemption is provided, without the fear that their non-profit status lies in the judgement of a public administration executive who has no expertise in CS matters.

When the supervisory framework has demonstrated that it works effectively and the people's trust has begun to strengthen, it is worth considering ways to further improve the tax incentives for making donations from individuals to registered public-benefit entities. The strengthening of the incentives includes a change in the upper and lower limits of tax exemptions, as well as the establishment of mechanisms for collecting donations directly through the process of income tax returns, following the example of the Cinque per mille system applied in Italy, or directly through a taxpayer's payroll or pension, as applied in the United Kingdom.

In conclusion, the implementation of changes that strengthen the people's trust in the CSOs and improve their financial sustainability would also extend the scope of their activities. The expanded activity of the organisations will provide immediate economic benefits in the country, as the results of the study show. In addition, social cohesion in the country will strengthen and the pressure exerted by the organisations to improve State and business governance institutions will increase. Given the proven importance of social cohesion and governance institutions for the long-term growth of an economy, improvements in the functioning of the CS can also lead to a significant increase in the living standards in Greece over time.



The project “Study on the contribution of Civil Society to the Greek economy” is implemented as part of the Active citizens fund programme in Greece by the Bodossaki Foundation and subcontracted to the Foundation for Economic & Industrial Research (IOBE).

The **Active citizens fund** in Greece is supported through a € 13.5M grant from Iceland, Liechtenstein and Norway as part of the EEA Grants 2014 - 2021. The programme aims to develop the sustainability and capacity of the Civil Society sector in Greece, and to strengthen its role in promoting and safeguarding democratic procedures, active citizenship and human rights. The Fund Operator for the Active citizens fund in Greece is Bodossaki Foundation in consortium with SolidarityNow. More information: www.activecitizensfund.gr/en/

Bodossaki Foundation is a public benefit organisation founded in 1972 with the aim of continuing the contribution of its founder, Prodromos-Bodossakis Athanassiades, to the Greek society. Its vision is a society of equal opportunities and prospects for all. To promote its vision, the Foundation funds, plans and implements, in full alignment with the principles of transparency, accountability and integrity, actions and programmes of relevance to its four strategic action pillars: promoting education, improving healthcare, protecting the environment and empowering the Civil Society. From its establishment to this day, the Foundation has made available over €450 million for promoting its purposes. At the same time, Bodossaki Foundation today acts as a catalyst for fostering a broader culture of contribution in the Greek society, managing resources on behalf of third parties –Legators, international organisations, and other major donors– wishing to fund programmes with a strong social impact that address critical needs in education, healthcare, the protection of the environment and the empowerment of the Civil Society. Bodossaki Foundation is recognized as a “public benefit organization”, completely independent of any political, religious or other institution, operating as an entity that develops and coordinates projects in line with its vision.

The **Foundation for Economic and Industrial Research (IOBE)** is a private, non-profit, public-benefit research organisation. It was established in 1975 with the dual purpose of promoting research on current problems and prospects of the Greek economy and its sectors and of generating reliable information, analysis and proposals for action that are non produced elsewhere and can thus be of high value to policy makers in the context of economic policy making.

The full details of the Study on the Contribution of Civil Society to the Greek economy:
<https://civilsocietycontribution.gr>

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The policy judgments and proposals contained in this study reflect the views of the researchers and do not necessarily correspond to the opinions of the members or the administration of IOBE, EEA Financial Mechanism or the Fund Operator of Active citizens fund Greece (Bodossaki Foundation in consortium with SolidarityNow).

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