The future evolution of civil society in the European Union by 2030

STUDY

European Economic and Social Committee

The future evolution of civil society
in the European Union by 2030

Study

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FOREWORD by Luca Jahier

I am delighted with the publication of the study on "The future evolution of civil society in the European Union by 2030". This study was commissioned by the European Economic and Social Committee (EESC) from CNVOS (Centre for information service, cooperation and development of NGOs, Slovenia) and ENNA (European Network of National Civil Society Associations). The trends and challenges outlined in the study will be very useful for the current and future work of Group III (Various Interests) as well as for the EESC as a whole.

The reasons for this study date back to 2010-2011, when I decided to start my presidency of Group III by collating the full body of work on participatory democracy carried out by the EESC since 1999, in a Compendium on "Participatory democracy: a retrospective overview of the story written by the EESC". The aim was to bring our institutional achievements back into play and to support the gradual development of participatory democracy, the second pillar of Europe's democratic life. The main focus at the time was more on the institutional role, implementing Article 11 TEU and harnessing the potential of civil dialogue with representative civil society organisations (CSOs).

In March 2011 Group III, together with representatives of CSOs and the European institutions, came together for a discussion on "What are the prospects for participatory democracy in Europe?" and drafted a roadmap for the future which has formed the framework within which our group has operated ever since.

In 2015, we commissioned a study from Bertelsmann Stiftung on "Reshaping Europe: Civil Society's Perspective on the Europe of Tomorrow" to review the work of Group III over the past five years until 2015, and examine future prospects for our work and how civil society would be able to influence the Europe of Tomorrow.

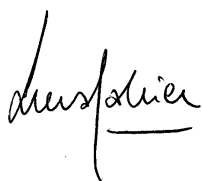The study showed clearly that "the Various Interests Group has carried out a tremendous amount of work in the past five years. The question now is: how can those insights emphasise a new European process of governance, in which not only national governments and regional and local administrations but also civil society stakeholders will contribute to bringing about a higher standard of governance in Europe?

An improvement certainly cannot be achieved solely by on-line consultation of stakeholder groups and citizens. A new process needs new structures and new channels of communication, encompassing different players".

We therefore decided to go further as regards civil society trends and asked them to look into what is going on within CSOs, what challenges they face, how those challenges are affecting them and how they react to them. The study identified five main influential societal trends affecting CSOs: Demographic changes, Economic crisis, Digitalisation, Populism and Shrinking civic space. More importantly, it describes what CSOs will probably look like within this framework by 2030. It also includes some initial suggestions about what needs to be done within civil society, by and in cooperation with institutional actors, to ensure they can adapt to change in order to play their advocacy role and participate fully and proactively in the decision-making process.

The study confirms the need "to put in place innovative ways of increasing civil dialogue" as already stressed in the 2015 study. More importantly, it also provides us with a series of specific avenues for exploration such as the development of new services (for example media literacy or media fact-checking, civic education), the need to diversify funding sources, the adaptation of managerial strategies to match CSOs' current and future situation, collaboration and exchange of services amongst CSOs and many more.

We now have the right tools and should use them to support CSOs so that they can navigate successfully through the societal trends identified, working with them to establish a better European process of governance and helping them enhance participatory democracy until 2030, and, hopefully, beyond.

Luca JAHIER

President of the Various Interests Group

Executive summary

The study analyses the main challenges faced by civil society organisations (CSOs) at the national and European level, the trends and drivers of change and the future prospects for relations between policy-makers at the national and European level and CSOs. It was developed with the purpose of examining what might await European CSOs in the next 13 years until 2030, what are the main challenges and how these should be tackled. This overview is accompanied by strategies recommended for CSOs and the EU and national public authorities in order to prevent, or at least minimise the effect of negative trends and make the most of the positive trends.

Based on comprehensive desk research of recent analyses and studies, series of interviews with representatives of academia, European and national CSO platforms and members of EESC and pan-European survey, the study identifies major societal trends that have been most affecting European CSOs in the last five years and will continue to do so until 2030 (and further): demographic changes, economic crisis, digitalisation, populism and shrinking of civic space. Even though these trends are common and present all over Europe, differences between countries, regions and policy fields can be observed. However, as one of the study's findings presents, notwithstanding the different history and general differences among them, the CSO sectors across Europe are becoming more and more alike due to the mentioned trends.

Demographic changes affect CSOs in several different ways, positive and negative. On one hand, the demand for CSO services is increasing and new fields of operation are emerging, such as inter-generational cooperation. Even though the trend is primarily positive, it, on the other hand, also has its downside. The provision of public services is increasingly based on contracts and not grants. Consequently, CSOs find themselves against a constant pressure of lowering prices, while wanting to deliver services of good quality. They also need to compete with other civil society actors such as businesses and new players on the market (e.g. social economy enterprises). With the overall aging of population, the CSO sector (management, members and volunteers) is aging as well. This directly affects the CSOs' potential for innovation and ability to follow modern approaches in fundraising, advocacy, public relations etc., resulting in the loss of influence and public image. In order to tackle the challenges, CSOs should acknowledge the changes and accordingly strengthen their structures, management procedures and increase innovation. They should also continue with their advocacy activities in order to prove that notwithstanding their new position as providers, they are still one of the key stakeholders. Institutions and CSOs together should develop new approaches to tackle the increasing needs.

Although the EU is recovering from the economic crisis, its consequences are still visible. In the course of the crisis, CSOs witnessed a decrease in public funding. Although the amount is slowly returning to the pre-crisis level, its makeup is different. Now, more support is available for service delivery, while advocacy organisations are struggling to acquire new financial sources. CSOs are already responding with the development of new business models, rationalisation and professionalisation, increased networking and joint campaigning, as well as the diversification of funding sources. CSOs should continue with the mentioned mitigating measures, while also investing

in advocacy, challenging the assumptions that public expenditure cuts are inevitable and privatisation the way forward. Here, they can work together with the EU institutions that should reverse the processes started at the beginning of the crisis. Institutions and CSOs together should promote philanthropy in order to stimulate a giving culture and volunteering.

Digital technology is another trend that affects the whole society and thus also CSOs and their relationship with institutions. With new media and social networks, some CSO activities became easier and more resonant, however with increased on-line and ad-hoc activism and individualisation, CSOs are becoming somewhat redundant. The same can be observed with the consultation process organised by institutions. In the past, CSOs were an indispensable broker between institutions and citizens, but institutions can now directly communicate with individuals. The consultation process has become broader, but less in-depth. To use the advantages of digitalisation, CSOs should continue to upgrade their activities, not only in relation to the implementation of programs, but also fundraising, PR, etc. with new approaches. Institutions and CSOs should be realistic about digitalisation, its positive effects, but also limitations. Digital technologies should not replace direct relations, but should rather complement them.

With emerging populism and Euroscepticism, European values that were set decades ago are being reopened, scrutinised and questioned. We are also witnessing the rise of fake news and scandal-oriented journalism. All of these reflect on CSOs. Their credibility is constantly being questioned by the authorities and pressures on their work are increasing, in the form of a decrease in funds for advocacy or even in the diminishing of basic rights, especially freedom of assembly and expression. Institutions and CSOs should work together to foster and promote civic education, to strengthen the role of public service media and to raise awareness about the dangers of fake news. CSOs should also increase their accountability, transparency and credibility, in order to be less vulnerable.

Shrinking civic space is a global phenomenon, increasingly witnessed in EU member states. It covers a broad spectre between basic freedoms being under threat to a decrease in public funding and restrictions to advocacy. EU intuitions should, together with CSOs, monitor civic space in Europe and promote the role of CSOs in democracy. EU institutions should also financially support advocacy and awareness-raising. CSOs should actively engage in civic education and increase their constituency in order to have a stronger voice against shrinking civic space.

Methodology

Whilst the term *civil society organisation* is commonly used to describe certain types of organisations, there is no European definition of CSOs. Furthermore, there are also big differences among EU member states with regards the definition, roles and general attitudes towards CSOs. For the purpose of this study, we use CSOs for the sum of all organisational structures whose members have objectives and responsibilities that are of general interest and who can act as mediators between public authorities and the public. CSOs include labour-market stakeholders (i.e. the social partners), other organisations representing social and economic players, non-governmental organisations, community-based organisations and religious communities.

To identify the state of play, the conducted analysis was broad, as well as in-depth. Firstly, the intensive desk research was made with the review of studies, comparative reports and academic research papers about the development trends and future prospects of CSOs. As the majority of studied papers were research studies themselves, involving several different research methods (e.g. surveys, interviews, focus groups, etc.), we can conclude that the findings of the desk research, included in this study, are rather representative.

Secondly, through discussion with the EESC task force, a broad online survey among CSOs was conducted. We asked respondents to identify the most influential development factors, both short and long term, for their organisation and the CSO sector as a whole. The survey was answered by 180 respondents; 33 European CSO networks and 147 CSOs from 24 EU member states.

And thirdly, to bring about an in-depth understanding of the elements of the state of play, we conducted 27 interviews with the members of EESC, EESC Liaison Group and Third Sector Impact academic consortium and representatives of national and European CSO platforms and global CSO network.

The same, or very similar, development factors were identified in the scope of all three methods used. In a workshop undertaken with members of Civil Society Europe, five major societal trends were identified, from nine commonly present development factors.

Content of the study

In the **first chapter**, the study examines the European civil society organisation, their scope, impact and regional differences.[1]

In the **second chapter**, the study examines the five societal trends in relation to their nature and evolution, geographical coverage, impact on CSOs and CSOs' response already taken.

In the **third chapter,** we closely look at some of the changes within and affecting the CSO sector (the shifts in public funding, the changing role of CSOs, the changing nature of volunteering and the rise of social economy), which have evolved as a combination of different trends; not only the mentioned five, but also others (e.g. increase of social inequalities, climate change, political changes, changes of political nature of the EU, i.e. Brexit, …).

In the **fourth chapter**, scenarios for the European Union and CSOs 2030 in regards to identified trends are described. The chapter includes the future prospects of the five trends, challenges for CSOs and their relations with the national and EU institutions, as well as recommended strategies to tackle the challenges.

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[1] The chapter is, to a large extent, based on the findings of the *Third sector impact project[1]*, the most recent comprehensive research on third sector organisations in the EU and Norway. Although the third sector as defined in the research is broader than CSO sector (it, for example, includes "non-organised" volunteers) and the impact results include Norway as well, the findings are very relevant for the scope of this study.

Third Sector [is defined] as set of organizational and individual activities that meet the following three underlying philosophical notions frequently evoked in Europe (and very likely beyond it):

i. Privateness—i.e. forms of individual or collective action that are outside the sphere and control of government;

ii. Public purpose—i.e., serving the broader community and not primarily to generating profit or otherwise creating something of value primarily to the persons undertaking the activities or those persons' family members; and

iii. Free choice—i.e., pursued without compulsion.

More specifically, this conceptualization includes organizations characterized by the five operational features;

a) It is an organization, that is, institutionalized to some extent, though not necessarily legally registered or constituted;

b) It totally or significantly limits through some binding provision distributing any surplus generated from their activities to its directors, employees, investors, or others;

c) It is self-governing, that is, it is institutionally separate from government, is able to control its own general policies and transactions and has the capacity to own assets, incur liabilities, or engage in transactions in its own right;

d) It is non-compulsory, that is, involving some meaningful degree of uncoerced free choice on the part of individuals working for, or participating in, its activities; and e) Private, i.e., not controlled by government.

In addition to organizations, the TSE sector embraces unpaid individual activities for social or public benefit.

Salamon, M.L. & Sokolowski, W. (2016) The Size and Scope of the European Third Sector, TSI Working Paper No. 12, Seventh Framework Programme (grant agreement 613034), European Union. Brussels: Third Sector Impact., p. 2-3.

1. CSOs in the European Union

"They are seen as drivers of change, a space for initiatives and society's development. They are also providers of alternative economic models and social innovations. Their work is affected most by the emergence of new and diverse needs that require new types of responses. It seems that civil society is considered a panacea for almost all EU problems."

Danijel Baturina, researcher, Institute for Social policy, Faculty of Law Zagreb[2]

Traditionally (and somewhat simplified) CSOs can be divided into two groups, service providers, delivering public services most commonly in the fields of social and health care, education, sports, culture, environmental protection, etc., and advocates that promote civic engagement, human rights and other important issues of general interest and participate in policy making. Since many CSOs actively pursue both of these roles, the practice is not black and white, their work and activities have various impacts, often interlinked. "Many TSOs[3] have an economic impact: As producers of social services and as employers of significant importance in many European countries – particularly in the social domain – TSOs are participating in the economy. But, depending on the political opportunity structure of the country and policy field, TSOs also participate in governance arrangements providing expertise and or acting as lobbyists on behalf of their constituencies or the wider public. Hence TSOs also have a political impact. And finally as membership organisations, TSOs contribute to the integration of citizens into the general public and the policy community at large. One of their definitive "impacts" consists of serving as a "transmission belt" for demands and concerns of citizens and the political apparatus." [4]

Due to differences among the member states, it is not easy to measure and compare national CSO sectors. Sectors differ institutionally (which organisations are counted as CSOs), as well as in numbers and scope. "The number of organisations, commonly cited in popular accounts, is misleading due to vast differences in the size of organisations. A sector with a few very large organisations carries more weight than one with many very small organisations."[5]

Notwithstanding the differences, it has to be noted that "the European Third Sector is an enormous economic force, outdistancing most major industries in the scale of its workforce. Taken together, as of 2014, the latest year for which data is available, the European third sector engages an estimated 28.3 million full-time equivalent (FTE) workers (paid and volunteer) in the 28 EU countries and Norway. The European TS thus accounts for nearly 13 per cent of the European workforce."[6] Out of 28 million full-time equivalent workers, more than half (55%) are volunteers.

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[2] The study includes several quotations, illustrating its findings. A big majority of quotations is taken from interviews; while some are also extracts from desk research materials.

[3] As already stated, CSO and TSO are not synonyms; however, when using citations from the TSI project materials, we selected only those that are relevant for CSOs.

[4] Zimmer, A. & Hoemke , P. (2016) "Riders on the Storm. TSOs and the European Level of Governance - Contested Terrain for TSOs!", TSI Working Paper No. 11, Seventh Framework Programme (grant agreement 613034), European Union. Brussels: Third Sector Impact., p.10

[5] Salamon, M.L. & Sokolowski, W. Ibid., p. 4.

[6] Ibid., p. 8.

Regional differences

Considering the 20th century's history with the EU member states, and the role that CSOs have had in the functioning of countries, it is understandable that the economic force of national CSO sectors significantly differs. We can illustrate this by showing the differences in percentage of the third sector workforce in total employment by region, 2014:[7]

29 countries	12.9%
Northern Europe (Austria, Belgium, France, Germany, Ireland, Luxemburg, Netherlands, United Kingdom)	13.8%
Southern Europe (Cyprus, Greece, Italy, Malta, Portugal, Spain)	13.2%
Scandinavia (Denmark, Finland, Norway, Sweden)	14.9%
Central and Eastern Europe (Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia)	9.4%

Based on studying different EU member states, Zimmer and Pahl[8] also identified similarities of neighbouring countries and thus differences between the regions, when it comes to the development of the third sector and its present situation. CSOs in Eastern Europe (based on the studies of Poland and Croatia) are still facing difficulties in gaining their position as service providers "because the sector is limited by a lack of public awareness and a lack of trust in its professionalism and the quality of its services."[9] The situation is slowly changing, primarily in social programs, where, for example in Slovenia, CSOs are already an integral part of social service delivery. Other fields that are opening up are also health care prevention and education. "On the grounds that alternative financial sources are missing to compensate for the tense situation of the public purse EU-funds are of particular significance for TSOs in Eastern Europe. Thus, EU-funds contributed to the growth of the sector. As EU-funds are very complex and bureaucratic highly professionalized organizations in administrative terms have evolved around EU-funded themes."[10]

In Central Europe (the case of Netherlands[11], Austria and Germany), "TSOs were privileged over commercial and public suppliers in the social service position and enjoyed a top dog position in the welfare domain. The policy environment shifted from subsidiarity to neoliberalism and the relationship with the state changed from a partnership at eye level to a customer-supplier relationship.

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[7] Ibid., p. 15.

[8] Zimmer, A. & Pahl, B. (2016) Learning from Europe: Report on third sector enabling and disabling factors, TSI Comparative Report No. 1, Seventh Framework Programme (grant agreement 613034), European Union. Brussels: Third sector Impact.

[9] Ibid., p. 15.

[10] Ibid., p. 16

[11] Geographical groups/regions among the TSI reports differ, i.e. Netherlands and France are part of the Northern Europe in Salomon % Sokolowski's paper, while in Zimmer & Pahl Netherlands is part of the Central Europe and France of Southern Europe. However, this distinction does not affect the findings, relevant for this study.

The share of The Third Sector, compared to other sectors, is stable. In emerging social markets TSOs successfully adapted to efficiency pressures and became more business-like."[12]

Southern Europe (the case of Spain and France), where social economy is an integral part of the third sector, was hit hard by the economic crisis. While public funding and private donations decreased, "the social needs of the population due to mass unemployment and social deprivation of the population were rising. Thus, TSOs in Spain have to survive in a particularly hostile environment "having to address more needs with fewer resources."[13]

Indeed, there are differences among the CSO sectors. However, as a result of many different trends, which we will discuss below, the differences are diminishing and the sectors are increasingly becoming more alike. We will be able to observe and study whether this trend will continue in the long run.

"My feeling is that there is no clear understanding of what civil society organization is."
> Marek Šedivý, President of Association of Public Benefit Organisations (AVPO), Czech Republic

"CSOs have 4 main roles: to gather people about certain topic, to organize small and bigger groups of people, try to influence the politics and search for solutions in terms of supportive innovations and relations to policy makers."
> Dirk Verbist, Director of FOV – Federatie van Organisaties voor Volksontwikkelingswer, Belgium

"Together we could federate the citizens in freedom and civic space, build on partnerships and financial autonomy, no matter the challenges of time we are living in."
> Conny Reuters, Secretary General of Solidar

"An independent voluntary sector lies at the heart of a healthy democracy and has helped shape much of what we value today, from abolition of slavery to rights for disabled people."
> An independent mission: The voluntary sector in 2015[14]

"In societies with different views of the public good, civil society creates institutional diversity, contributes to innovation and prevents monopolistic structures by adding a sphere of self-organization next to that of state administration and the market."
> Helmut K. Anheiner: Civil society challenged[15]

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[12] Ibid., p. 16.

[13] Ibid., p. 18.

[14] An independent mission: *The voluntary sector in 2015, Independence panel's Fourth and final annual assessment*, The Baring Foundation, Civil Exchange and DHA, February 2015

[15] Helmut K. Anheiner: Civil society challenged: towards an enabling policy environment, July 2017, p. 7.

2. Societal trends and CSO development

In this section, we will describe the results of the survey and interviews and reasons behind the identification of the five major trends. Each of the five trends is examined in more detail. We look into the state of affairs in 2017 (what is the character of the trend, are there any differences across the EU, etc.), how is the trend affecting CSOs and what response have CSOs already taken to tackle or adapt to it.

2.1 From several to 5 major trends (results of the survey and interviews)

In the survey, we asked national CSOs and European networks to state the most influential factors for their organisations in the last 5 years and those they anticipate will be the most influential in the future. The most influential factors for their organisations in the last 5 years identified by respondents were financial situation, politics, demographic changes, social events, decrease of volunteers and digitalisation. As for the future factors, they identified new technologies (digitalisation, social networks), economy, political crisis, demographic changes (especially migration), weather/climate changes, public image of CSOs, etc. These were also identified as those factors that will influence the CSO sector as a whole in the next 15 years.

On the question if civil society in 2030 will be in a better or worse condition than today, those who think that the conditions will improve gave reasons such as better education, increase in number of CSOs due to bigger population, consolidated EU in terms of democracy, promoting civic values, etc. Those who think that the situation will worsen, stated the following as potential reasons: possible wars, no need for CSOs due to enabled direct communication with politicians, decrease of donations, neoliberalism, etc.

From the aforementioned factors, respondents were asked to list those that will most likely influence the relationship between organised civil society and decision-makers on the EU level. Reasons given included new technologies (digitalisation, media), post-brexit EU reforms, economy (funding), migration, populism, demographics, etc.

Respondents were also asked to rank nine factors according to their importance for the future development of CSOs.

Table 1: scoring of most influential factors

Development factors	Weighted Average
Rise of populism & protectionism	4,12
Population ageing	3,61
Increase of social inequalities	4,12
Migrations	3,69
Decrease in size and scope of welfare state and its role in providing public services	3,94

Trending new economies (circular, collaborative, functional …)	3,44
Rise of social media and »instant activism« (enabling quick and broad outreach and mobilization on one hand, but on the other hand, the mobilisation is often too narrow without broader long-term impact)	3,89
Emphasis on open on-line consultations as main and often only method of governmental collaboration with the public in decision-making	3,43
Shrinking of civic space (restrictions to freedom of association and peaceful assembly, freedom of expression via imposition of unnecessary administrative burdens, negative state or political campaigns against CSOs etc.)	4,03
Decrease in active membership and involvement in CSOs	3,6
Shifts in public funding for CSOs (emphasis on funding service provision and entrepreneurial initiatives vs. funding for advocacy/policy influencing and operational/institutional financing)	4,07
n	180

As the weighted average of all nine factors is quite close together, we conclude that the respondents assess all factors as rather relevant. However, the highest score (the highest importance) 4.12 was given to social inequalities and the rise of populism & protectionism, also shifts in public funding for CSOs are not far behind with 4.07. As the least important, the respondents ranked on-line consultations (3.43) and trending new economies (3.44).

Figure 1: scoring of most influential factors
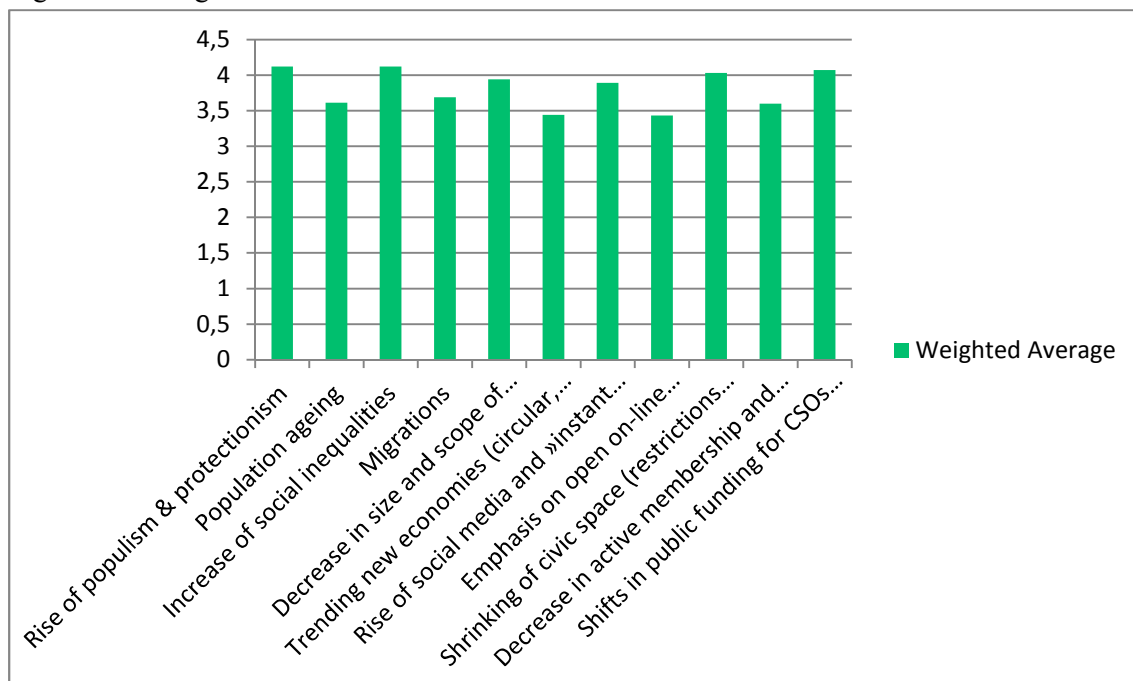
We conducted 27 interviews with members of EESC, EESC Liaison Group and Third Sector Impact academic consortium and representatives of national and European CSO platforms and global CSO network. As the most influential societal and political trends, the interviewers identified shrinking of civic space and decrease in public funding, role of social media, polarisation of society, increase of nationalism and the rise of right-wing parties, new technologies (resulting in completely different way of thinking of the new generations), private media spreading populism, demographic changes, poverty, climate change and rising inequalities.

All three methods identified the same or very similar development factors. Further research showed that all factors are interlinked, some are drivers and some are results (e.g. shrinking civic space is a result of many drivers, one of them being populism), but all of them can be described as trends.

Out of the nine development factors most frequently mentioned by different sources, 5 most influential trends were identified with the help of drivers' analysis workshop with the members of Civil Society Europe:
- Demographic changes
- Economic crisis
- Digitalisation
- Populism
- Shrinking civic space

The trends are defined broadly, with the intention to include different connected development factors (i. e. demographic changes include population aging and migration, economic crisis includes rise of social inequalities, populism includes rising polarization in society, digitalization covers everything connected to digital technology, including e-consultations, etc.). Furthermore, on the basis of the survey's results and conducted interviews, we can also conclude that the trends that have influenced the development of CSOs in the last 5 years will continue to significantly influence CSOs also in the next 13 years.

2.2   Demographic changes

"I wish that the public institutions recover the responsibility in the provision of the main public and social services and share their management with the CSOs."

> Isabel-Gemma Fajardo García, researcher, Research Institute on Social Economy and Entrepreneurship, University of Valencia, Spain

State of affairs in 2017

Statistics[16]

The European Union, similarly as all other regions of the developed world, is facing unprecedented demographic changes (an ageing population, low birth rates, changing family structures and migration).

Because people are living longer and healthier, the share of elderly people is rising. On the other hand, the EU is also witnessing low fertility rates, resulting in a decreasing share of young people. As a result, the proportion of people of working age in the EU-28 is shrinking, while the relative number of those retired is expanding. The share of older persons in the total population will increase significantly in the coming decades, as a greater proportion of the post-war baby-boom generation reaches retirement. This will, in turn, lead to an increased burden on those of working age to provide for the social expenditure required by the ageing population for a range of related services.

The population of the EU-28 on 1 January 2016 was estimated at 510.3 million. Young people (0 to 14 years old) made up 15.6 % of the EU-28's population, while persons considered to be of working age (15 to 64 years old) accounted for 65.3 % of the population. Older persons (aged 65 or over) had a 19.2 % share (an increase of 0.3 % compared with the previous year and an increase of 2.4 % compared with 10 years earlier).

Across the EU Member States, the highest share of young people in the total population in 2016 was observed in Ireland (21.9 %), while the lowest share was recorded in Germany (13.2 %). Regarding the share of persons aged 65 or older in the total population, Italy (22.0 %), Greece (21.3 %) and Germany (21.1 %) had the highest shares, while Ireland had the lowest share (13.2 %).

The median age in the EU-28 increased by 4.3 years (on average, by 0.3 years per annum) between 2001 and 2016, rising from 38.3 years to 42.6 years. Between 2006 and 2016 the median age increased in all of the EU Member States, rising by 4.0 or more years in Portugal, Greece, Lithuania, Romania and Spain.

The old-age dependency ratio for the EU-28 was 29.3 % on 1 January 2016; as such, there were almost four persons of working age for every person aged 65 or over. The old-age dependency ratio ranged across the EU Member States from a low of 20.4 % in Ireland, 20.5 % in Luxembourg and

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[16] The whole section is combined of different statistical data of Eurostat.

20.6 % in Slovakia to highs of 34.3 % in Italy, 33.1 % in Greece, 32.4 % in Finland and 32.0 % in Germany, thus with approximately three working age people for every person aged 65 or over.

However, the population is not changing only due to natural causes. A very important factor is also migration. While the population of the EU-28 as a whole increased during 2016, the population of 10 EU Member States declined. 2016 was the second year (since the series began in 1961) when there was a slight natural decrease in the EU-28. The population change (positive, with 1.5 million more inhabitants) was therefore due to net migration. Among the 18 EU Member States where the population increased in 2016, 14 recorded both a natural increase and net migration contributing to their population growth. In Germany, Spain, Poland and Finland, the positive net migration was the sole driver of population growth, as natural population change was negative. Of the 10 EU Member States that reported a reduction in their level of population during 2015, three — Croatia, Latvia and Lithuania — recorded a decline, largely as a result of negative net migration (although this was supplemented by a relatively low negative rate of natural population change). Conversely, in Bulgaria, Greece, Hungary, Portugal and Romania the decrease in the level of population was mostly driven by a negative rate of natural population change (supplemented by a relatively low negative rate of net migration). In Estonia and Italy, the decline in the population was solely due to negative natural change, while net migration was positive.

Demographic changes and CSOs
As consequences of population aging on CSOs we can observe:
- Aging CSO management and rigid management structures (if the management is holding its position with no plan for leadership succession, younger staff and / or volunteers tend to leave or disregard such organisations and establish new CSOs),
- Decrease in innovation and difficulty with following modern approaches. For example in fundraising, advocacy and public relations; resulting in losing influence and public image (while in the past CSOs' leaders were young and innovative and the state leaders were older, now the situation is reverse, young leaders of Europe perceive CSOs as obsolete),
- Aging staff, elected leaders, volunteers[17] and members,
- CSOs are increasingly taking care of the older population (as pointed out below), as providers of services, also because traditionally, the third sector tended to bring solutions to societal issues where the market does not provide one because of profitability issues,
- A decrease in traditional institutions, family as social structures in many EU countries brings new challenges that CSOs are coping with, such as the intergenerational topic (learning, understanding, relationships…).

However, the population aging is not the only factor influencing the work and behaviour of CSOs. In the last two decades, the lifestyle of the working population has significantly changed. Previously people had stable 9 – 5 employments with clearly defined free time, during which they tended to volunteer Employment nowadays is not stable. People work all the time or irregular hours, making it

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[17] For more information, see the chapter 3.3 CSOs in focus: Changing nature of voluntarism.

difficult to commit specific time to CSOs in a voluntary capacity and, most importantly, with digitalisation, people's free time, including activism, is spent on-line (so called "gig-economy").

Migration, especially from non-EU countries, has affected CSOs as well, not only in terms of being required to provide new services, but also in their character. With engaging migrants in their activities, often as volunteers, CSOs have in many cases become more diverse.

CSO response

CSOs are already adapting to the increasing needs of an aging population by diversifying existing or providing new services (community care, day-care centres, etc.). They are increasingly becoming part of the mainstream, an indispensable service provider. Their relations with the authorities are becoming stronger. However, while the trend is positive, it can also bring a backlash. With increasing service provision on the basis of contracts and not grants, the nature of CSOs and the perception of them is changing. While in the past, CSOs were mission-driven organisations, fighting for their cause, the authorities saw them first and foremost as stakeholders. Now the relationship is more and more business-like, with the state as outsourcer and CSOs as the provider. Furthermore, CSOs are becoming more and more a competitor to the private sector. Their relationship is changing as well; from donor-recipient to competing provider.[18]

CSOs are developing new business models; not only in terms of services, but also in terms of internal management of staff and volunteers, including approaches for attracting new volunteers.

When it comes to new services for migrants, the situation is rather different. Here, in most cases, an upgrade of existing services of established CSOs was not possible (with exceptions, such as the Red Cross, caritas, Diakonie, Johannites), as the migrant crisis facing today's Europe has not been witnessed since the end of WWII. Thus, completely new services needed to be developed. Social movements, grass-roots organisations and individual volunteers are the ones responding to the need of migrants. New organisations are thus appearing, in addition to delivering services, they are also advocating for the rights of migrants.

In view of the emerging needs of the elderly population, migrants and other groups, the need for CSO advocacy is strengthening. CSOs are responding with different advocacy campaigns aimed at strengthening public services for the elderly, ensuring the rights of migrants, building coalitions with other organisations, social movements and individuals (such as a coordination of NGOs for refugees in Slovenia). Often, such coalitions are a mixture of service provision and advocacy (i.e. Refugees welcome[19], a web platform that joins refugees with people prepared to host them in private apartments, while on the same time advocating for open and accessible Europe).

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[18] For more information, see the chapter 3.1 CSOs in focus: Shifts in public funding.

[19] http://www.refugees-welcome.net/

"In future there are some big challenges coming in our way, for example: demographic changes, a larger proportion of population will be older, the impact of big global agendas as poverty, climate changes and inequality. Many NGOs are set up to overcome these issues."

Ruchir Shah, Head of Policy Team, Scottish Council for Voluntary Organisations, UK

"The CSOs lack the possibility to change and to react fast. They should change the management and become more flexible, ready to address new challenges."

Johan Bortier, Director of UNIZO, Belgium

"We are challenged more, but on the same time we are more engaged; young people want to engage themselves in different ways, in different local initiatives."

Inge Geerardyn, Networking Officer, de Verenigde Verenigingen, Belgium

"It seems that we are witnessing the rise of new grassroots activities – especially in cities – which aim at advocacy for particular and local causes but at the same time may also reach the national level. This was also demonstrated during the recent migration crisis, when freshly established civic initiatives succeeded both in advocating for refugees in the public sphere and against xenophobic claims, and in organizing service provision for refugees, in contrast to established and professionalized NGOs."

Jiří Navrátil and Jakub Pejcal in Civil society in Central and Eastern Europe: challenges and opportunities[20]

2.3   Economic crisis

"The voluntary sector risks declining over the next ten years into a mere instrument of a shrunken state, voiceless and toothless, unless it seizes the agenda and creates its own vision."

Professor Nicholas Deakin, Panel on the Independence of the Voluntary Sector[21]

State of affairs in 2017

With the EU entering its fifth year of recovery in 2017, the economic crisis is not a major everyday factor anymore. However, as the third sector was the last to feel its consequences, it is also the one recovering at the slowest pace. A policy of saving continues, as the economic growth is not big enough to cover the public debt increased during the crisis. Furthermore, some paradigms (e.g. lean state) that emerged during the crisis are still altering CSOs and their relationship with the authorities.

"The global economic and financial crisis started in 2007 and can roughly be divided into four phases. The first phase began in the USA as a financial crisis linked to the real estate market and in 2008 and 2009 reached worldwide proportions. The global crisis most seriously affected the economy of developed countries, such as Germany (−4.7 percent in GDP). The second phase of the global

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[20] Vandor, P. & Traxler, N. et al. (ed.) (2017) "Civil society in Central and Eastern Europe: challenges and opportunities". Vienna: Erste Stiftung studies, p. 55.

[21] An independent mission: *The voluntary sector in 2015, Independence panel's Fourth and final annual assessment*, The Baring Foundation, Civil Exchange and DHA, February 2015, p. 14

economic and financial crisis began in late 2009 and has been concentrated on Europe. In 2009 and 2010, European governments deployed two kinds of economic policies to respond to the crisis: financial policies to rescue national banks and fiscal (Keynesian) policies to reactivate the economy. In the third phase (2010 and 2011), most European countries first recorded a growth of their GDP. However, with an even greater increase in public account deficits this trend turned into an increase in sovereign debt over the following years. In the fourth phase (2011 and after), Keynesian policies were replaced by austerity measures: European governments deployed austerity policies to stabilize public deficits and debt by national bank rescues."[22]

Economic crisis and CSOs

The economic crisis affected the EU member states and their CSOs differently. In some countries, the crisis was stronger and so were the consequences for the CSO sector (direct impact of the crisis on CSOs). In others, CSOs did not feel the crisis directly, but their work has nevertheless been affected by the societal changes, which can be attributed to the economic crisis (indirect impact). What is more, there are differences also among policy fields of the same country. Fields traditionally reliant on public funds were of course more affected.

In some countries, we could observe bigger cuts in public funding (e.g. Spain, France, UK, Germany). However, the cuts were more a result of changing government policies towards the third sector than the crisis itself. "These more long-term changes have begun before the economic crisis started in 2008. The economic crisis can, therefore, be understood as an accelerating factor that has reinforced already existing trends in third sector development."[23] On the other hand, in some countries the crisis did not result in significant budget cuts (e.g. Netherlands, where, however, CSOs faced decrease in private donations, and Poland, where public funding is not a major source of CSO income). While in some countries (e.g. Spain, UK) we witnessed significant decrease in financial stability of CSOs and even bankruptcies, in Eastern Europe, where CSO sector is not yet as included in the public service delivery as their western colleagues, the impact was not as severe. In fact, CSOs from Eastern Europe report that surviving in crisis is their natural state of functioning, since they are struggling ever since the region stopped being interesting for foreign donors. Consequently, differences between CSO sectors across EU are diminishing. "The context conditions for the third sector are becoming more similar across Europe. When one in the past could observe better conditions for TSOs in the North of Europe where collaborative welfare arrangements were widespread, the changes in the policy environment now make that TSOs are similarly confronted with decreasing levels of subsidies and tensed working conditions."[24]

Financial impact of economic crisis on CSOs
- Decrease of national public funds. With the necessary cuts to balance the decreased budgets, public funding for CSOs decreased. As public services were narrowed, CSOs that worked

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[22] Ulla Pape, Rafael Chaves-Ávila, Joachim Benedikt Pahl, Francesca Petrella, Bartosz Pieliński, Teresa Savall-Morera, (2016) "Working under pressure: economic recession and third sector development in Europe", International Journal of Sociology and Social Policy, Vol. 36 Issue: 7/8, pp.547-566, p. 550.

[23] Ibid., p. 561.

[24] Ibid.

solely as public service providers also faced severe cuts. Furthermore, in some countries, the economic crisis was used as an excuse for making the cuts, which were planned even before the crisis began.

Interestingly, with an increase in unemployment and poverty, the need for CSOs increased as well (especially charities and other types of humanitarian organisations). During the crisis, CSO relations with the authorities improved. Authorities were more willing to cooperate and include CSOs in the implementation of public policies. However, the new relations and expectations were not always reflected financially. What is more, participation in public service delivery brought additional pressures for low cost services and improved efficiency (doing more with less).

- Precarious employment patterns. "The cost and efficiency pressures and the financial instability were translated into precarious employments patterns. Personnel per service unit is downsized, the workload of employees intensified, the salaries are lowered and atypical employment patterns like fixed term contracts, part time and marginal part time jobs are on the rise."[25] Again, while this is the trend in Western and Northern Europe, this has been a reality in Eastern Europe long before the crisis.
- Revenue structures changed. Previously public funding and private donations constituted a significant percentage of income, now more emphasis is put on economic activity, membership fees, and new forms of fundraising.
- Additional competition in CSO sector. CSOs now face additional competition in public service delivery, not only from companies, but also other CSOs that changed their mission or just simply followed the money to increase their sustainability.

Political impact of economic crisis on CSOs
- Lean state and value for money. Even though the economic indicators have been improving and will continue to do so, the paradigm of lean state and the discourse of saving persist. To some extent, this is positive for CSOs and their economic impact as they are increasingly being outsourced for public service delivery. However, as the state invests (not donates) in outsourcing (grants vs. contracts), it demands good value for money. The demand for hard evidence for return value will continue. As a consequence, CSOs will increasingly invest more time in proving their financial efficiency and less and less time in their core mission-related activities.
- CSOs independent and autonomous. Also financially. The original, historically somewhat forgotten, view on CSOs has returned. CSOs are independent and autonomous; they can implement activities of their own choosing. As long as they find their own (private) donors.
- Public funding returned to the pre-crisis amount. But not the character. With increased outsourcing of public services, public funding of CSOs increased. Now it seems to be on the same level as before the crisis. However, this funding covers new CSO services that used to be provided directly by the public sector. With high amounts going to the third sector already, governments are hesitant to give additional funding for activities that were traditionally CSOs' core business (social innovations, advocacy, …).

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[25] Zimmer, A. & Pahl, B. Ibid., p. 10.

- From stakeholder to provider. With becoming key service providers, CSOs are losing their position as key stakeholder for the authorities. They are losing their advocacy role in exchange of financial stability.
- Difficulties in recruitment of members. "Organisations need to invest more to stay attractive for members, donors and volunteers. Citizens have increased expectations with regard to the organisations they are participating in. If an organisation does not meet the expectations of its members, people more easily leave the organisation or terminate their permanent donor relation."[26]

CSO response

In the years of crisis, CSOs adapted to the new reality of austerity. Responses include different fundraising approaches, new business and managerial models, as well as networking:

- Europeanisation of CSOs. With decreasing national budgets for CSOs, the pressure on the EU's funds increased. CSOs that used to work only at national level, started to apply for centralised EU funds. This is especially the case for Central and Eastern European CSOs, while Western European CSOs are a bit more hesitant due to the large administrative burden. In any case, such a strategy could be financially successful in the short term but in the long run, it affects CSOs core activities as the EU funds in the majority of cases do not and are not intendent to cover CSO core business (e.g. activities for beneficiaries in their domestic country).
- Diversification of funding sources. Faced with a decrease in public funds and private donations, CSOs turned to new funding sources, applying innovative funding practices, such as crowdfunding.
- New business models. "Considering that TSOs are more dependent on market income to compensate for the lack of public grants TSOs professionalized their governance structures and became business-like: Managerial business strategies were implemented and the management level strengthened while the voluntary self-governing bodies were weakened".[27] "Additionally, managerial business practices were adopted, like controlling, cost and activity accounting, performance measurement."[28]
- Rise of social economy[29]. The global economic and financial crisis has acted also as a stimulus for emerging social economy enterprise initiatives. "The need to fill new gaps in personal and general interest service delivery, induced by demographic, social and economic transformations, growing environmental concerns and the economic crisis, explains the significant expansion of social enterprises in domains other than welfare that has occurred in several EU countries over the last decade."[30]
- Rationalisation and professionalisation. When faced with decreased funding, CSOs went through the process of internal rationalisation with re-thought missions and internal processes.

[26] Brandsen, T., Pape, U., Duarte Ebers, E. & ten Hulscher, E. (2016) Identifying external and internal barriers to third sector development in the Netherlands, TSI National Report Series No.2. Seventh Framework Programme (grant agreement 613034), European Union. Brussels: Third Sector Impact, p. 11.

[27] Zimmer, A. & Pahl, B. Ibid., p. 21.

[28] Ulla Pape at al. Ibid., p. 553.

[29] For more information, see the chapter 3.4 CSOs in focus: Rise of social economy.

[30] European Commission, Directorate-General for Employment, Social Affairs and Inclusion (2016): Social Enterprises and their eco-systems: developments in Europe. Authors: Carlo Borzaga and Giulia Galera, p. 16.

As they were forced to work with less staff, human resource management improved as well. More emphasis was put into staff capacity building, retention and skill development.

- CSOs connected. To be heard more (e.g. when opposing additional budget cuts), CSOs formed different coalitions, networks and umbrellas. Even though such partnerships were meant to be short-term and ad hoc, CSOs are recognising synergies and are continuing to work together. In order to increase their competitive advantage and service provision, CSOs tend to cooperate more. They are forming multidisciplinary teams that are able to offer a broad spectre of services to beneficiaries.

- Missions re-invented. With the need for more focused approaches, CSOs re-thought their missions. Some returned to their primary mission or developed new, more uniformed missions. Overlaps were reduced, there is less duplication. Consequently, the limited public funding is more efficiently spent.

"The pressure imposed by the current economic crisis and cutting the costs of the welfare state, as well as demographic and labour market trends across the EU are increasing needs for rethinking of society."

    Danijel Baturina, researcher, Institute for Social policy, Faculty of Law Zagreb

"We see that funding is decreasing (and changing from structural to project-based funding), so we are pressed to find alternative ways of funding. One way of doing so is by generating our own revenue (through economic activities), which means we are becoming more enterprise-like. For some sectors, this hybrid organisation structure works, but most sectors don't want this to happen."

    Inge Geerardyn, Networking Officer, de Verenigde Verenigingen, Belgium

"The environment CSO's are operating in is undergoing changes and CSO's need to be ready to adapt. This may require some to rethink their 'business model'."

    Johannes Kleis, Director of Communications, BEUS - The European Consumer Organisation

"In a working atmosphere increasingly geared towards managerialism and professionalism and away from social justice, the idea of volunteering has moved from self-help and campaigning to seeing volunteers as unpaid workers."

    NCIA Inquiry into the Future of Voluntary Services, Fight or Fright Voluntary Services in 2015[31]

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[31] NCIA Inquiry into the Future of Voluntary Services, Fight or Fright Voluntary Services in 2015, A Summary and Discussion of the Inquiry Findings, January 2015 in Jenny Bourne: Fighting for the soul of the voluntary sector, review, February 2015

2.4   Digitalisation

"Social media plays an important role as they can engage a lot of people in a short time. This also brings decrease of membership as people are not willing to commit for long term but are willing to support individual actions."
> Johan Bortier, Director of UNIZO, Belgium

State of affairs in 2017
Digital technologies are becoming a more and more indispensable part of everyday life. With digitalisation, more and more societal activities are moving on-line and thus changing the nature of human interactions. "The digital transformation of EU business and society presents enormous growth potential for Europe. European industry can build on its strengths in advanced digital technologies and its strong presence in traditional sectors to seize the range of opportunities that technologies such as the Internet of Things, big data, advanced manufacturing, robotics, 3D printing, blockchain technologies and artificial intelligence offer."[32] "Digitalisation has an important role to play in a wide range of areas (e.g. gender, good governance, transparency and accountability, the fight against corruption, job creation and private sector development, access to micro-finance, education and health)."[33] "New technologies are opening up opportunities to increase economic growth, reduce inequality and promote inclusivity."[34]

It should also not be forgotten that with the creation of artificial intelligence and robotisation some professions are becoming obsolete, some are evolving and others are emerging.

Digitalisation is a global phenomenon, hence it is present all over the EU. Of course, some countries are more advanced and quicker in applying new approaches (e.g. Estonia), however, when it comes to digitalisation's impact on CSOs, the reports show that the situation is quite similar in all EU member states.

Digitalisation and CSOs
Digitalisation severely affects the work of CSOs as well. According to the recent EESC's study, conducted by ECAS, "ICTs are largely employed by the organisations [members of EESC] mainly to facilitate and enhance the exchange of information with their membership and to mobilize their members/supporters to take action. Only in few cases new technologies are used to promote both campaigns or fundraising at EU level." [35]

New media and social networks enable broad, quick (instant) and direct action and reaction. We are witnessing an increase of on-line and ad-hoc activism on one hand and a decline of citizen engagement with CSOs on the other, since people can now directly participate in public life, state

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[32] https://ec.europa.eu/growth/industry/policy/digital-transformation_en

[33] https://ec.europa.eu/europeaid/news-and-events/european-commission-presents-strategy-mainstream-digitalisation-eu-development_en

[34] Digital transformation Initiative, Executive Summary, World economic forum, January 2017, p. 60.

[35] Lironi, E., Peta, D.: EU public consultations in the digital age: Enhancing the role of the EESC and civil society organisations, Europeam Economic and Social Committee, July 2017. http://www.eesc.europa.eu/sites/default/files/files/qe-07-17-001-en-n.pdf, p. 41.

their opinions or help a cause, without interacting with intermediary organisations, including CSOs. Consequently, the intermediary role of CSOs in democratic processes is perceived as becoming redundant from the perspective of both the government and the public.[36] "In contrast to "genuine citizen' engagement with traditional NGOs and their work", such [on-line] civic activism is "much more fluid and difficult to keep on the issue for longer periods", which "limits its chances to bring systemic change."[37]

Grassroots, which disregard the "old way of CSO" work, are emerging all over Europe. "Many recent grassroots movements have also been characterised by their use of new technologies, which has enabled them to engage in online and ad-hoc activism. However, only time will tell if these movements remain substantial."[38]

New technologies and e-democracy on the EU level
In March 2017, the European Parliament adopted the Resolution on e-democracy in the European Union: potential and challenges[39]. In the resolution, the EP acknowledges the benefits of e-democracy as a tool to foster citizens´ empowerment and highlights that e-participation can improve democratic processes by enhancing the quality and legitimacy of our democratic systems and engaging young people in the political debate. The report stresses however that e-participation can only be successful if accompanied by proper communication and education strategies (i.e. digital literacy) and if contributions submitted by citizens are duly followed up by decision-makers, noting that otherwise they lead to disappointment and distrust. The report also calls on EU institutions and Member States to promote, support and implement new e-participation methods, such as crowdsourcing platforms, that can enable a direct interaction between them and citizens at EU, national and local level, taking into account the best practices already identified in some countries.[40]

However, apart from all opportunities and the positive impact digitalisation has had on democratic processes; one should also not neglect its negative effects on the public discourse. Whilst it is true that everybody can give opinions, we are witnessing a lack of dialogue and in-depth discussions and consequently losing a lot of relevant information.

CSOs are also becoming increasingly redundant when it comes to volunteering. People can now organise and gather support for ad hoc targeted causes and needs at great speed and without interacting with CSOs. According to the EESC study, there are mixed feelings about the changes in EESC member organisations regarding the impact of new technologies on their membership. "50% of the Workers' Group and the Various Interests' Group noticed some significant changes in their membership after the use of digital tools. In particular, some specified that social media platforms allowed their organisation to attract new members and supporters, mostly young and middle age

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[36] For more information, see chapter 3.2 Changing role of CSOs.
[37] Smilova, R. in Vandor, P. & Traxler, N. et al. Ibid., p. 153.
[38] Vandor, P. & Traxler, N. et al. Ibid., p. 33.
[39] http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2017-0095+0+DOC+XML+V0//EN&language=EN
[40] http://ecas.org/parliament-adopts-report-e-participation/

people. However, the remaining 50% answered negatively to the question and only very few respondents provided an explanation through the optional open question."[41]

However, digitalisation also positively affects CSO activities. As all information is theoretically available, public demand for transparency is increasing; consequently, CSOs need to respond with improving their practices. With broad and quicker outreach enabled, new potentials for advocacy, fundraising, members and user recruitment emerged.

CSO response

CSOs are continuously adapting to the new digitalised world (using social media and viral PR in advocacy campaigns). They are changing their way of work and exploring new possibilities, such as blockchain (e.g. ACT[42], AID:Tech[43]).

They are engaging in civic education as people need to be aware of not only the possibilities, but also of threats (data and privacy security, fake news, etc.). CSOs are also called to help to tackle the issue of media literacy, in particular for older and disadvantaged groups.

Some developments were made also in increasing the transparency of CSOs on-line, but in this regard, there is still considerable room for improvement.

"Technology will change the nature of human relationships and communication, but it will also bring new and diverse opportunities for action and association that need to be used for positive social change".

> Danijel Baturina, researcher, Institute for Social policy, Faculty of Law Zagreb

"CSOs should use social media, get larger international connections (support each other across countries) and search for allies – other players being on the front line."

> Raffaella Bolini, International Affairs Director, L'Associazione ARCI, Italy

"On EU level there are some means to establish relationship, but we are not convinced in how much we can influence that."

> Lidija Pavić-Rogošić, member of EESC

"The legitimacy of CSOs as bridge between institutions and citizens has not yet been fully acknowledged by the European institutions, which rather seek individual participation of citizens via online consultations."

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[41] Lironi, E., Peta, D. Ibid., p. 43.

[42] ACT is a decentralized autonomous organisation addressing social accountability by aggregating micro payments from citizens to fund grass roots proposals that drive change), https://daoact.org/about-act/

[43] AID:Tech is building blockchain solutions with the goal of providing digital identities to the 2.4 billion undocumented people around the world. They work with governments and NGOs to increase efficiency in the flow of funds and welfare services, as well as to make the process of receiving donations more transparent, traceable, and immutable. https://developer.ibm.com/dwblog/2017/aid-tech-winner-smart-camp-launch-jason-calacanis/, https://aid.technology/what-we-do/

Alexandrina Najmowicz, Director of European Civic Forum

"We need to build our own capacity to be able to really activly participate. We need to maintain and deepen good contacts with people we represent. To have very active engagement with memberships we need new technologies and other means to make sure that we are getting input from but also giving input back to people that we represent."

Catherine Naughton, Director, European Disability Forum

"NGOs are slowly realising the impact blockchain can have on humanitarian work. And with good reason. Blockchain can free organisations from heavy transaction fees, secure their beneficiaries privacy and maybe even ensure more donor funds."

Caroline Tromer Dragsdahl, blogger on LinkedIn

"Through increasing access to the internet, social media and mobile phone technology, the power of the individual as a virtual citizen is on the rise. The scale of social networks has shifted the paradigm of citizen expression. Non-hierarchical communication structures are one result."

Silvia Magnoni, Head of Civil Society Communities , World Economic Forum

"The challenge of a further digital/robotic/Artificial intelligence divide will probably require new forms of flexicurity (2.0.) to empower and protect workers, in particular in view of spread of non-standard employment relations (gig-economy)."

Marco Buti, Karl Pichelmann, European integration and populism, addressing Dahrendorf's quandary

2.5   Populism

State of affairs in 2017

Theoretical framework of populism

For the purpose of this study, we will use the definition of populism put forward by Ingelhart and Norris[44] who, in their 2016 research paper, refer to Cas Mudde's definition as one of the most influential definitions.

The populist philosophy is a loose set of ideas that share three core features: anti-establishment, authoritarianism, and nativism. Firstly, populism is understood as a philosophy that emphasises faith in the wisdom and virtue of ordinary people (the silent majority) over the 'corrupt' establishment. Populism reflects resentment of existing authorities, whether big business, big banks, multinational corporations, media pundits, elected politicians and government officials, intellectual elites and scientific experts, and the 'arrogant and privileged rich'. Ordinary people are regarded as homogeneous and inherently 'good' or 'decent', in counterpart to dishonest elites. Secondly, populists also characteristically display authoritarian leanings, favouring the personal power exerted by strong

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[44] Inglehart R. F. & Norris, P., Trump, Brexit, and the Rise of Populism: Economic Have-Nots and Cultural backlashes, Faculty Research Working Paper Series, Harvard Kennedy School, August 2016.

and charismatic leadership, which is thought to reflect the will of the people. Populists also favour direct forms of majoritarian democracy for the expression of the voice of the people, through opinion polls, referenda and plebiscites, rather than the institutional checks and balances and representative democracy. Finally, populism favours mono-culturalism over multiculturalism, national self-interest over international cooperation and development aid, closed borders over the free flow of peoples, ideas, labour and capital, and traditionalism over progressive and liberal social values.

Statistics - populism on the rise
Ingelhart and Norris present two main reasons for the spread of populism and the rise of populist parties:
- Economic inequality perspective: populism reflects rising socioeconomic inequalities within affluent societies,
- Cultural backlash thesis: reaction towards progressive cultural change, reflecting on nostalgic reaction among the older population seeking a protection against the long-term process of value change.

They have also interlinked several studies and databases (e.g. 2014 Chapel Hill Expert Survey, Expert Judgement Survey of European Political Parties in Europe, European Social Survey 2002 – 2014) to discover the most common characteristics of the populist parties and their geographical coverage in the EU. They discovered that populist parties could be found on the political right, as well as the political left sphere (rather common in Central and Eastern Europe).

Based on these characteristics they extracted the data from the ParlGov database[45], which contains information on parties, elections and cabinets in modern democracies. The figures suggest that a rise occurred during the 1970s, and a surge of support during the 1980s and 1990s, before a subsequent slow down or levelling off in the last decade. The mean share of the vote for Populist Right parties rose from 6.7% in the 1960s to 13.4% in 2010s. During the same period, their average share of seats rose in parallel from 5.9% to 13.7%. The mean share of the vote for the Populist Left parties rose from 2.4% in the 1960s to 12.7% in 2010s, while their share of seats increased on average from 0.12 to 11.5% during the same decades (the calculation was made based on results of national and European parliamentary elections).

Reflections of populism in the society
With emerging populism and Euroscepticism, European values that were set decades ago, are being reopened, scrutinised and questioned. With the re-appearance of demands for national borders and economic protectionism, the four EU freedoms (free movement of goods, services, capital and persons) and EU multiculturalism are under threat.

Due to the lowering standards of scandal-oriented journalism and short messages promoted by the social media, people are no longer used to reading longer articles, they are getting used to quick information and news in 140 characters. Such an environment represents an excellent basis for the

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[45] http://www.parlgov.org/

spreading of fake news. Although difficult to define what, exactly, qualifies as fake news, Lazer defined it as "a subgenre of misinformation," calling it "information regarding the state of the world that's constructed with disregard of the facts and invokes the symbols of existing truth-tellers. It misinforms by appealing to the very worst of human nature, and undermines truth-tellers at the same time."[46]

"There are a number of reasons why fake news exists. Rising inequality has led to people losing trust in established media and looking for alternative sources of information and people are increasingly becoming creators of news as well as consumers. On top of that, social media algorithms are creating 'filter bubbles' and 'echo chambers', often confirming people's existing beliefs and exposing people to biased and misleading information. Business models built around grabbing people's attention and making money off their outrage are also fuelling fake news."[47]

Some would even argue that we live in post-truth world. "Post-truth politics (also called post-factual politics and post-reality politics) is a political culture in which debate is framed largely by appeals to emotion disconnected from the details of policy, and by the repeated assertion of talking points to which factual rebuttals are ignored. Post-truth differs from traditional contesting and falsifying of truth by rendering it of "secondary" importance. While this has been described as a contemporary problem, there is a possibility that it has long been a part of political life, but was less notable before the advent of the internet and related social changes."[48]

Populism and CSOs
Pressure on CSOs is increasing as well; their credibility is constantly being questioned by the authorities, while in some countries they are even subject to state harassment. "Seeking to reach the largest possible audience, journalists deal mainly with the most scandalous and the most successful CSO stories, thus doing both harm and good, sometimes worsening and in other cases improving the prestige of civil society."[49]

While pressures on CSOs in Western Europe are seen through decreasing funds for advocacy activities, in Central and Eastern Europe basic freedoms that are crucial for CSO work are under threat as well, especially freedom of assembly and expression.

Populism should not be underestimated. However, one needs to acknowledge that the media in general is still quite favourable towards CSOs. "Generally, except for radical left-wing or extreme right-wing activities and some selected issues (the rights of ethnic or sexual minorities), both the media and public are widely supportive of civil society structures and activities."[50]

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[46] www.stopfake.org

[47] Luc Steinberg, Media and Project Officer at European Association of Viewers' Interests (EAVI) at the ECAS's and EAVI's workshop *Beyond Fake News – A Workshop on Media Literacy and Fact Checking*, September 2017, http://ecas.org/wp-content/uploads/2017/10/Beyond-Fake-News-Report.pdf

[48] https://en.wikipedia.org/wiki/Post-truth_politics

[49] Kuti, E. in Vandor, P. & Traxler, N. et al. Ibid., p. 64.

[50] Navrátil, J. and Pejcal, J. in Vandor, P. & Traxler, N. et al. Ibid., p. 49.

CSO response

CSOs have already responded with increased awareness raising campaigns, including with the organisation of different events[51] and civic education (teaching people on how to think critically and build their own beliefs and be actively involved in their own governance).

Initiatives for fact-checking the news, either driven by CSOs, think-tanks or public institutions, such as schools and other formal education institutions, are emerging. For example, the European Broadcasting Union (EBU) conducted a survey in 2016 on tackling the fake news among its 22 members. The findings show that all participants considered tackling fake news a high or medium priority, 16 out of 22 currently have a fact-checking initiative in place or in development, 50% are taking-part in a global or local fact-checking initiative partnership or are considering joining one.[52] Similarly, Italian schools started a project on how to recognise fake-news. European parliament is emphasising the importance of spotting fake news and the European Commission is increasingly prioritising critical thinking and media literacy in its programs.

"There is a danger of post-fact society where facts have no value."
> Danijel Baturina, researcher, Institute for Social policy, Faculty of Law Zagreb

"The EU as an union or institution is not that strong anymore and people has lost their trust in it. This is also something that has a big influence on work of CSOs."
> Maris Jõgeva, Executive Director, NENO - Network of Estonian Nonprofit Organizations, Estonia

"The most influential development factor for the future of the CSOs is the tendency towards populism at the EU and national level; governments make it harder to engage meaningfully."
> Catherine Naughton, Director, European Disability Forum

"CSO should keep more developed contacts with media. And be better in presenting what they are actually doing for the society. Media should report about good cases of CSOs work."
> Ewa Les, Professor of Political Science at Warsaw University and Director of the Centre for Civil Society Development at the Institute of Social Policy

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[51] For example, ECAS's and EAVI's workshop *Beyond Fake News – A Workshop on Media Literacy and Fact Checking*. Events are not organized only by CSOs, but also by businesses (e.g. Digital Festival 2017), political parties (e.g. "Fake News" in Social Media as Reality Shapers, organized by GUE/NGL or S&D's conference on fake news).

[52] https://www.ebu.ch/about/digital-media/fake-news

2.6   Shrinking civic space

"I would like to see CSO´s that are independent of political pressure, with strong long-term sustainable funding, that do not have to go through long and discouraging processes in order to be registered and exist."
        Imse Spragg Nilsson, member of EESC

State of affairs in 2017
There is a general agreement among researches and practitioners that civic space has been shrinking around the globe and that "(i)n recent years, many measures and regulations have tried to control rather than enable CSOs. Governments seem unclear as to what role or roles CSOs can assume in the future, and what priorities to set. Some see them primarily as service providers and shun their advocacy potential, others see them as laboratories of new ideas and innovations, and others yet see them interfering with the policy process, seemingly trying to influence, if not dictate, governmental agendas."[53]

As we could recently read in the study of the European Parliament, the EU territory is no exception to this: "Today even several EU member states are witnessing restrictions to civil society."[54] Shrinking civic space can be recognised in variety of actions: restrictive legislation (either diminishing basic freedoms or limiting CSO functioning, such as foreign funding), influencing advocacy activities, undue state interference in internal matters of CSOs and undue use of control mechanisms (e.g. inspectorates), failing to provide protection from interference by third parties.

Based on different views of CSO roles and their involvement in societies across Europe, Governments' attitudes towards them differ as well. Recent studies[55] show that when it comes to shrinking civic space, significant differences between North & Western and Central, Eastern and South Europe can be found. While 61 % of respondents feel that democratic principles in N&W EU are not under threat, this percentage in C, E & S Europe is rather lower at 55 %. When it comes to basic freedoms, freedom of association and assembly are legally guaranteed in the whole of the EU, however, especially in Eastern Europe, some pressures have already emerged. Freedom of expression is under threat the most, again especially in Eastern Europe. "Some respondents from Central and Eastern Europe pointed out that the legal framework was effective to guarantee freedoms in terms of Assembly, Association and Expression, but that there was an increasing undue interference by the Government in the activities of associations."[56] In some counties, the Government's interference has been quite severe. "The government-level abuse of foundations, just like the establishment of "pseudo-civic" organizations, undermines the trust in CSOs, while the nationalization efforts (together with restrictive laws and mushrooming bureaucratic requirements) create an atmosphere of "fear and

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[53] Anheiner, H. K. Ibid., p. 6.

[54] Directorate-general for external policies, European Parliament. (2017) "Shrinking space for civil society: the EU response", Study. Authors: Youngs, R. & Echaugüe, A., p. 10.
http://www.europarl.europa.eu/RegData/etudes/STUD/2017/578039/EXPO_STU(2017)578039_EN.pdf

[55] E.g. Civil Society Europe, Civicus (2016): "Civic space in Europe. Survey."
[56] Ibid., p. 5.

foreboding", which is likely to further decrease the potential for solidarity and sector-wide cooperation."[57]

What is more, an additional worrying trend was observed. Namely, to supplement the activities of CSOs critical to authorities, new government-supported CSOs are emerging (GONGOs). This phenomenon was in the past observed in authoritarian non-democratic countries only, but is now spreading in the EU as well.

Shrinking civic space is not only seen in basic freedoms being under threat, but also in limitations of CSOs functioning. Concretely, in decrease of public funds due to different reasons. CSOs are facing a decrease in funds, especially for the protection of marginalised groups, such as Roma and migrants, culture, etc. Their advocacy activities are further being limited due to new counter-terrorism and money-laundering legislation, as well as legislation defining lobbying. The latter, increasingly often defines advocacy as political campaigning that CSOs should refrain from[58] or at least should not get public funds for.

As a result, advocacy CSOs are financially struggling. There is little or no domestic funding for advocacy activities, international donors changed their focus or are not welcome anymore. The only financial sources left are EU funds. However, while the EU is putting a lot of attention to shrinking civic space in neighbourhood and third countries[59], it is much more reserved when it comes to EU member states.

CSO response
CSOs are actively engaging in different awareness-raising and advocacy campaigns, at both EU and member state level[60]. National organisations have started to organise different awareness-raising events in the member states where shrinking civic space is not yet an issue[61].

Several EU networks are actively emphasising the dangers of shrinking civic space and the need to tackle the issue at EU level. The issue has been "promoted" by the already well established EU networks, such as European Civic Forum, as well as relatively new platforms, such as Civil Society Europe and Civil Liberties Union for EU. EU networks are also spreading the call for CSO solidarity across the EU[62].

CSOs are actively engaging in different advocacy campaigns, aimed at the European institutions, to use available mechanisms to prevent further shrinking (e.g. for the European Commission to use the

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[57] Kuti, E. in Vandor, P. & Traxler, N. et al. Ibid., p. 69.

[58] E.g. UK's Lobbying act 2014 provides a set of rules for people and organisations that publicly campaign on issues in the run-up to elections but are not standing as a political party or candidate, in order to ensure that individuals or organisations cannot have an undue influence over the vote.

[59] E.g. Directorate-general for external policies, European Parliament. (2017) "Shrinking space for civil society: the EU response", Study. Authors: Youngs, R. & Echagüe, A.

[60] E.g. #realnationalconsultations campaign organized by the Krétakör Foundation in Hungary; more than 50 UK charities signed a letter for overhauling the Lobbying act, etc.

[61] E.g. Slovenia: http://focus.si/krcenje-prostora-civilne-druzbe-szj/

[62] https://civilsocietyeurope.eu/who-we-are/campaigns/

infringement procedure in relation to the Hungarian NGO law, for the EC and European parliament to use the Article 7 of the EU Treaty in the case of Poland and Hungary).

The issue is already on the agenda of some EU institutions and agencies, such as European parliament and the EU agency for fundamental rights. There was also an event organised by the Estonian presidency of the EU[63].

"Image of CSO organizations needs to be improved. Right now we are worried about shrinking finances for NGOs and space for work, especially those who work on human rights issues."
> Lidija Pavić-Rogošić, member of EESC

"CSOs should, to avoid the potential threats, maintain their independency and reduce their public funding dependence."
> Miguel Angel Cabra de Luna, member of EESC

"As civil society organisations we need core funding to be able to remain independent. We also need to respond quicker to policy changes affecting us, and keep working with our own diversity management to ensure that we are truly representing our constituencies and European diversity."
> Annica RYNGBECK, Policy & Advocacy Adviser, Social Platform

"At the national level, CSOs are more and more confronted with shrinking spaces to voice criticism of public policies and scarce public resources to fulfil their mission."
> Alexandrina Najmowicz, Director of European Civic Forum

"One of the threats is definitely possibility of even more shrinking civic space. To avoid this, CSOs need to fight for democratic rights, freedom of speech and association, freedom of media and for civic engagement."
> Conny Reuters, Secretary General of Solidar

"Civil society needs independent sector with its own logic, way of functioning, without being instrumentalised by the government."
> Frank Heuberger, European Affairs Representative and Mirko Schwarzel, Head of European
> Affairs, Bundesnetzwerk Bürgerschaftliches Engagement (BBE), Germany

"The situation for CSOs is tense. There is a trend of restriction on public voice of CSOs in policy making. The state keeps tightening the regulations and imposing more and more restrictions on the work of CSOs, on what they can say and when they cannot say it. CSOs are constantly under pressure.
> Ivan Cooper, Director of Advocacy, The *Wheel, Ireland*

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[63] https://www.eu2017.ee/political-meetings/forum-state-civil-society-europe

"CSOs should stay open and active. Institutions, governments and organisations has to win back people's trust with using values that will make CSOs strong again."

> Maris Jõgeva, Executive Director, NENO - Network of Estonian Nonprofit Organizations, Estonia

"The governmental attitude towards civil society is changing slowly but surely: increasingly, organisations are expected to work for or with the government on government policy priorities. We already saw a civil society sector (the integration sector) being reorganised and replaced by state-operated bodies. And in one case, an organisation that had been critical of government policy was recently publicly 'threatened' it was not doing what it has been funded for and that regulatory action would be taken. This way of challenging civil society is definitely a new, but slowly-emerging development."

> Inge Geerardyn, Networking Officer, de Verenigde Verenigingen, Belgium

3. CSOs in focus

As we have observed, key societal trends are significantly affecting CSOs in the EU. The main consequences can be seen in the changing of fundraising practices and CSO economic behaviour due to shifts in public funding, redefinition of relations between CSOs and institutions, changing patterns of volunteering and emerging new business models, such as social economy. In this section, the aforementioned changes are examined further.

3.1 Shifts in public funding

"CSOs must become more entrepreneur like. Less depended on the state and find new ways to earn income to be more independent. They have to come together and express their voice collectively."

> Ivan Cooper, Director of Advocacy, The *Wheel, Ireland*

The character of public funding has significantly changed and decreased in recent years, due to the economic crisis and austerity policies. Some countries have been affected more than others. For example, in Spain CSOs were hit by a decrease of 30% and in France 17%[64]. In some countries the cuts were not as severe. However, the latter is mostly true for the Central and Eastern European countries, where the share of public funding in CSO income is generally lower than in the Western Europe. There were also differences among policy fields. Naturally, fields that are traditionally more linked to government policies, i.e. public service delivery in social and health care, education, culture, etc., were hit the most.

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[64] Ulla Pape et al. Ibid.

To replace the lost funds, CSOs have worked more on diversifying their funding sources, one of the most used practices being the advancement of their economic activity. However, this practice does not come without consequences. "TSOs report that there increased need to raise revenues from business activities is keeping them away to serve their real purpose often neglecting community building and the advocacy function of TSOs. Ultimately, TSOs might lose their civil-society add-on that makes their service so precious."[65]

When diversifying their funding sources, CSOs are increasingly turning to EU funds, being EU structural funds or direct programs of European Commission and agencies. "The European Union (EU) and European Economic Area (EEA) have been major sources of support for [polish] NGOs in recent years. In 2014, EU funds were used by 15% of NGOs, and an additional 5% benefited from various programs of the European Commission."[66] Interestingly, while EU funding is somewhat perceived as a saviour by the Eastern European CSOs, their colleagues in Western Europe perceive it as too bureaucratic. "The diversification of financial resources carries the risk of making the management more complicated as TSOs have to comply with the requirements of different funders. Particularly EU funding is perceived as very complex and bureaucratic. Thus, EU funding does not seem to be regarded as a financial alternative for most TSOs and applies only to large and highly professionalized organizations. In line with the results of the interviews only a very small number of the polled organizations regard EU funding as important, while for the vast majority of organizations EU-funds play no role and for 30 % EU funding seems to be a rather abstract term."[67]

The amount of public funds is slowly returning to pre-crisis level. However, their nature has changed and so is the relationship between governments and CSOs. This is the trend that is especially worrying for the future evolution of CSOs and their relationship with, especially national, authorities.

While before the crisis, public service delivery was mostly financed through grants, now competitive tendering and contracts are taking over. "Voluntary organisations earned £11.1 billion in contracts and received £2.6 billion in grants in 2011/12. More than 80% of the government funding received by charities is now in the form of contracts for delivering services rather than grants to support their work, compared to 49% in 2000/01. The value of grants fell by 14.5% in 2011/12, while the value of contracts fell by 7.4%, so the shift from grants to contracts observed over the last decade continued in a time of austerity."[68]

Why is this important? Firstly, because, "when public funders move from grants to a contract model, the formal, legal relationship changes. Under a grant, organisations propose a way to meet the funder's objectives and funders choose whether to support them. Under a contract, an organisation is legally obliged to deliver a service according to a specification."[69] Hence, CSOs are increasingly

[65] Zimmer & Pahl. Ibid., p. 9.

[66] Ekiert, G. et al. in Vandor, P. & Traxler, N. et al. Ibid., p. 81.

[67] Zimmer, A., Rentsch, C., Pahl, B. & Hoemke, P. (2016) National report Germany: Identifying external and internal barriers on third sector development, TSI National Report Series No.6. Seventh Framework Programme (grant agreement 613034), European Union. Brussels: Third Sector Impact, p. 20.

[68] UK Civil society Almanac 2014/29, https://data.ncvo.org.uk/a/almanac14/how-has-the-funding-mix-changed/

[69] Sally Bagwell: Times of change: Briefing on public sector commissioning, NPC briefing, April 2015

treated as a 'common contractor' and not as partner, who can help to develop and implement public policies. "The relationships between TSO's and public authorities have deeply changed. In the new public management context and the spreading of tendering processes, TSO's are seen more as services providers than as coproducers of public policies. This trend jeopardises its advocacy function and its innovative capacity of revealing new social needs."[70]

Secondly, in the course of tendering procedures, where the targets are defined in advance, CSOs need to compete with the business sector, which tends to be better equipped and can afford lower prices. "For-profit companies enjoy major comparative advantages over nonprofits when it comes to market activity: Nonprofits often lack the accountability mechanisms of forprofits and measures of profitability, the self-interest of owners, and focus on competition."[71]

In such a climate, smaller organisations are losing the battle. "Smaller organisations are being forced to cut services, close down or amalgamate. For the larger charities not only act as predators, swallowing them up, but the sector now has private sector companies and new social enterprises in competition too."[72]

Additionally, in some, mostly Western European countries, funding for CSOs was shifted from institutional support to project related grants. "The increasing project character of public funds results in a planning insecurity and a shortening of the financial planning interval. TSOs increasingly lack the capacity to establish a sustainable infrastructure."[73]

To adapt to the new reality, CSOs are going through major internal changes. They are professionalising their boards and management and introducing business practices, such as "controlling, cost and activity accounting, performance measurement such as quality management and benchmarking as well as personnel instruments such as performance based pay and target agreements."[74]

"Social policies increasingly follow a social-investment-logical. There was a shift from trust me to prove me culture for the third sector so CSOs have to do more to show their (social) impact."
  Danijel Baturina, researcher, Institute for Social policy, Faculty of Law Zagreb

"Many CSOs will finish operating because of losing the finances and citizens will lose services. This also means that we will miss citizens' activities and power of politicians will be stronger."
  Roman Haken, member of EESC

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[70] Petrella, Francesca; Richez-Battesti, Nadine; et al (2016) National Report on third sector barriers in France, TSI National Report Series No. 3. Seventh Framework Programme (grant agreement 613034), European Union. Brussels: Third Sector Impact. P. 31.

[71] Zimmer & Pahl. Ibid., p. 9.

[72] NCIA Inquiry into the Future of Voluntary Services. Ibid.

[73] Zimmer, A., Rentsch, C., Pahl, B. & Hoemke, P. Ibid., p. 19.

[74] Ibid., p. 22.

"97% of charities in the UK have an income of less than one million pounds, but receive only 20% of the whole income of the sector."
    Catherine McLeod[75]

3.2   Changing role of CSOs

"There has never been such a level and intensity of interlocution between CSOs and EU institutions and national governments. However, there is still significant room for improvement in terms of systematising and mainstreaming CSOs involvement in policy-making."
    Miguel Angel Cabra de Luna, member of EESC

Traditionally, CSOs served as an intermediary between the Government and the People. When governments wanted to discuss issues with the public, they generally turned to CSOs as they were perceived as "informal representatives" and there was no other way to get a quick and relatively broad response. And vice versa, when people wanted to influence public policies, they either joined or formed a CSO.

Now, this role is being questioned or even diminished due to different reasons:
- Digitalisation. Different on-line tools enable quick, broad and direct public participation in decision-making process. Furthermore, if in the past CSOs had big constituency that gave them legitimacy, due to which they were perceived as natural stakeholders in governments' consultations, now, even though the constituency is somewhat stable, they cannot compete with the outreach of digital technologies. Especially in the countries, where early involvement of key stakeholders in policy making process is not a common practice yet, public officials see no reason, why would they communicate with and through CSOs, if they can openly and directly consult with the people.
- Individualisation and loss of long-term membership. This reason is also linked to digitalisation. People do not need CSOs for activism, anymore, they increasingly engage in individual ad-hoc on-line activism.
- Loss of credibility. Public image of CSOs is somewhat split. Even though people in general support CSO activities, CSOs are also perceived as organisational mastodons, worrying more about themselves and their sustainability and less about fulfilling their mission of taking care of people's needs.
- Loss of trust. Although people still trust CSOs more than politicians, judiciary, etc., the trust in CSOs is nevertheless decreasing. The decrease is on one hand connected with the loss of credibility and on the other, with the populism of media searching for scandalous stories (each "CSO scandal" negatively affects the whole sector).
- Populism with its non-classical understanding of political parties as social movements that directly represent the (interest of) people.

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[75] Will the shift to tendering further limit the income of small charities?, https://www.linkedin.com/pulse/shift-tendering-further-limit-income-small-charities-mcleod-mbe

- Blurring the lines between party politics and CSOs advocacy. In consequence, in some countries restrictions of CSO advocacy and its funding has been introduced. If CSOs are no longer allowed to lobby for human rights, democracy and the rule of law, not only are they losing their advocacy role, but society overall is losing a dedicated advocate.
- Shift in public funding. Due to a decrease of funding for advocacy and civic education and an increase of funding for social service provision, CSOs are increasingly perceived as actors of social welfare and not as actors of democratic processes.

The intermediary role of CSOs is challenged at EU as well as member state level. "While governance in close co-operation with TSOs in Brussels was in part initially inspired by the concepts of "participatory and deliberative democracy", the Commission has also turned to "direct democracy" in a further attempt to reduce the EU's democratic deficit. Instead of working directly with or at least consulting TSOs, the "European Citizens' Initiative" (ECI) was introduced as a new approach to get Brussels closer to the European people. As a channel for mass mobilization organized around a specific legislative proposal, the ECI departs from previous procedures that gave preference to formal and informal consultations or "dialogues" with TSOs based in Brussels."[76] Interestingly, ECI is now more used by (national) CSOs (as a campaigning tool) than by the citizens, since the process is relatively complicated and people do not see particular added value of their engagement.

"Well functioning democracy needs certain participation by the civil society. Major decisions should be done in agreement with the civil society. National umbrella organizations must be a link between European and national level."
Frank Heuberger, European Affairs Representative and Mirko Schwarzel, Head of European Affairs, Bundesnetzwerk Bürgerschaftliches Engagement (BBE), Germany

"The role of civil society organisations across the EU is changing. In some countries, for instance we observe that their role to represent their constituencies in advisory bodies is under pressure."
Johannes Kleis, Director of Communications, BEUS - The European Consumer Organisation

"By limiting the spaces for action EU policy makers are keeping civil society away from contributing to the development of new market values and leaving them in the spheres of developing dialogues and attempts of dealing with almost irremediable and difficult problems from which the EU is „looking away."
Danijel Baturina, researcher, Institute for Social policy, Faculty of Law Zagreb

"While over the last decade the notion of "civil society" related to participation in policy shaping has become part of the institutional discourse both at EU and national level, there is still a wide gap between discourse and the realities of practice. CSOs should continue to create spaces for civil dialogue and real political debate, and to make sure that these spaces are accessible to a wider audience, trying to reach out to the excluded."
Alexandrina Najmowicz, Director of European Civic Forum

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[76] Zimmer, A. & Hoemke , P. Ibid., p. 16.

"There is no real status for CSOs dialogue in the EU treaties."

> Catherine Naughton, Director, European Disability Forum

3.3   Changing nature of voluntarism

"I would put education about non-profits, charity, donations and philanthropy to schools so people would have possibility to learn what civil and non-profit society is."

> Marek Šedivý, President of Association of Public Benefit Organisations (AVPO), Czech Republic

According to the findings of the TSI project[77], non-profit institutions engage 58 % of the third sector workforce, out of which 60 % is made up of volunteers. Comparing the EU regions, the share of volunteers in Central and Eastern Europe is much higher than in Western Europe. CSO sectors in Central and Eastern Europe are still mostly composed of small community organisations, even though the sectors are slowly professionalising. For example, in Slovenia in 2016, more than 92 % of all registered CSOs worked on a voluntary basis without employees.[78]

However, even though the factors influencing the nature of voluntarism are at the moment stronger in the Western & Northern Europe, they are affecting voluntary activities in other parts of Europe as well, only CSO adaptation methods may somewhat differ. As the organisations in these countries are mostly small and community-based, the recruitment methods are different than in bigger, professional CSOs.

When exploring influential factors, their consequences and CSO adaptation methods, we are focusing more on the Western and Northern Europe, where the trend is more visible.[79]

Factors of change:
-   Individualisation,
-   Increased mobilisation of citizens,
-   Limited time for activism, hence bigger wish for short-term engagement, e.g. volunteering at festivals, sports events, etc. People are more committed to the activity than to organisations,
-   Personal goals play a decisive role for taking up a voluntary job,
-   Digitalisation (individuals can organise volunteering activity on their own and are thus less dependent on organisations).

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[77] Salamon, M.L. & Sokolowski, W. Ibid.

[78] http://www.cnvos.si/article/id/10028/cid/359

[79] The chapter is based on the findings of Zimmer, A. & Pahl, B. Ibid., Zimmer, A., Rentsch, c: et al. Ibid, and Brandsen, T., Pape, U., Duarte Ebers, E. & ten Hulscher, E. (2016) Identifying external and internal barriers to third sector development in the Netherlands, TSI National Report Series No.2. Seventh Framework Programme (grant agreement 613034), European Union. Brussels: Third Sector Impact.

Consequences:

- Increase of on-line voluntarism outside traditional CSOs,
- Volunteering is more fluid and of temporary nature, informal, project based and not directly linked to organisations,
- Difficulties with appointing voluntary boards,
- Volunteers need to be actively retained, CSOs need to create awareness of their mission and sell the image of organisation to potential volunteers.

Adaptation of CSOs:

- Development of volunteer management systems to deal with fluctuation, recruitment and quality of voluntary work,
- Establishment of unique selling propositions and investments in professionalised marketing campaigns to gain new volunteers.
- CSOs increasingly use lean social business principles. Unlike in the business sector where "lean business" stands for reduction of costs and pressures on employees, lean social business emphasises added value of CSOs. Employees and volunteers in CSOs are more motivated if they know the impact of their work. Hence, not only mission, but especially organisation's social impact is monitored and promoted not only among the public and donors, but also among employees, current and potential volunteers.

3.4   The rise of social economy

"The European commission considers social economy enterprises as important civil society actors in Europe. It allows us to become more and more recognized."

Carlos Lozano, Head of CEPES International, Confederación Empresarial Española de la Economía Social (CEPES), Spain

The social economy plays an increasingly important role in the EU economy. Built on different history, traditions and values, the social economy is a vibrant "set of private, formally-organised enterprises, with autonomy of decision and freedom of membership, created to meet their members' needs through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote, or at all events are decided through democratic and participative decision-making processes. The social economy also includes private, formally-organised organisations with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them."[80]

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[80] Monzón, J. L. & Chaves, R. (2012). "The Social Economy in the European Union". Brussels: European Economic and Social Committee, p. 23. and Monzón, J. L. & Chaves, R. (2017) "Recent Evolutions of the Social Economy in the European Union". Brussels: European Economic and Social Committee, p. 11.

Thus, social economy organisations are hybrid organisations, merging together civil society's principles of working for the good cause (general, public interest) and principles of business behaviour. In recent years their development was largely promoted and encouraged in the majority of EU member states. In Eastern Europe, where the development is hindered by the remembrance of cooperatives from the communist era, social economy is identified as one of the major future opportunities for CSO sector.[81]

Social economy organisations have many positive impacts[82]:
- contribution to increasing and diversifying the supply of services to families and individuals,
- diffusion of a new model of relationship between work and motivations (high level of commitment on the part of the worker),
- resilience. The social economy enterprises have proven to be very resilient during the economic and financial crisis in recent years. They have demonstrated an ability to overcome multiple obstacles and to absorb shocks that aect the stability of employment.[83]
- Effective fostering of entrepreneurship and business creation. Firstly, they contribute to bringing economic activity in areas that are neglected due to their low profitability. Secondly, they bring an entrepreneurial culture in sectors that were traditionally considered outside of the scope of entrepreneurial behaviour,
- Encouragement of an entrepreneurial culture among people who are more driven by social goals than by financial return. These new entrepreneurial initiatives often benefit categories that have a harder time accessing work in the rest of the economy, like women and youth.

According to the latest study on the European social economy, commissioned by the EESC to CIRIEC, the European social economy provides:
- over 13.6 million paid jobs in Europe,
- equivalent to about 6.3% of the working population of the EU-28,
- employment of a workforce of over 19.1 million, including paid and non-paid,
- more than 82.8 million volunteers, equivalent to 5.5 million full time workers,
- more than 232 million members of cooperatives, mutuals and similar entities,
- over 2.8 million entities and enterprises.[84]

In the last two decades, in a relation to the social economy, a new type of organisation has emerged, i.e. a social enterprise. Social enterprises are an integral part of the social economy. According to the European Commission, "A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their [sic] owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion

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[81] Vandor, P. & Traxler, N. et al. Ibid.

[82] Monzón, J. L. & Chaves, R. (2012). "The Social Economy in the European Union". Brussels: European Economic and Social Committee.

[83] "Social enterprises and the social economy going forward, executive summary and recommendations, A call for action from the Commission Expert Group on Social Entrepreneurship" (GECES) (2016).

[84] Monzón, J. L. & Chaves, R. (2017) "Recent Evolutions of the Social Economy in the European Union". Brussels: European Economic and Social, p. 66.

and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involve [sic] employees, consumers and stakeholders".[85]

"Social enterprises are present in all EU Member States, regardless of the type of welfare system and whether or not there is a well-developed non-profit sector, a cooperative tradition, or specific legislation. The degree of coverage of general interest services ensured by the welfare system is one of the main factors explaining the different development and expansion of social enterprise across countries, in particular for social enterprises that develop in traditional welfare domains. Whereas in countries distinguished by extensive public and non-profit welfare structures, covering the majority of the needs of the population (e.g., Austria, Germany and the Nordic countries), social enterprises have emerged in niche areas, in countries characterised by severe gaps in general interest service delivery (e.g., Italy and Greece) social enterprises have mostly developed to cover unmet needs broadly."[86]

Social economy enterprises are on the rise also because of the shifts of public funding from grants to contracts and increasing competition between CSOs and businesses. While the majority views this trend as positive for social economy, others are somewhat hesitant. On one hand, some are emphasising the need for public procurements to involve social clauses and avoid tender competition solely on the criteria of price in order for social economy enterprises to increase their social impact[87], and on the other, some are drawing the attention to companies that are taking advantage of the tenders under a pretence of being a social economy enterprise: "A 'fourth sector' (after public, private and voluntary) is springing up, consisting of organisations that straddle the line between business and charity. They call themselves 'low-profit limited liability companies', 'social enterprises' and other names. These range from builders that seek to make a profit from housing poor people to fashion labels that employ disabled people to design and sell handbags."[88]

4. Future scenarios

In this section, we present scenarios for the European Union and CSOs 2030 in regards to 5 identified trends. We explore how far the trend will *probably* develop in the next 13 years, what are the challenges CSOs are already facing and what are the recommended strategies CSOs and the EU and national decision-makers should take in order to overturn, or at least minimise, the effects of negative trends or make the most from the positive trends.

Usually, scenarios are used to explore extreme or radical outcomes in order for people involved to be prepared for the worst. However, as the main topic of this study are CSOs in 2030 and having in mind that it is not very likely that CSO situation and political, economic and social environment in the EU

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[85] Extract from the Communication from the European Commission, *Social Business Initiative*, COM/2011/0682 final of 25/10/2011 in ibid., p. 22.

[86] Borzaga and Galera. Ibid., p. 13.

[87] Borzaga and Galera. Ibid.

[88] Charities are becoming more professional, Non-profit organisations are learning lessons from businesses. And businesses are learning from charities, The economist, September 2017.

will drastically change in the next 13 years, the scenarios are realistically built. Rather than radical outcomes, they present a future foresight for each of the trends.

As we already discussed above, the challenges deriving from different trends are interlinked. Due to this reason and because the same action can sometimes answer more challenges, the recommended strategies are to some extent repeating.

4.1 Demographic changes 2030

EU in 2030	The trend will continue. According to Eurostat, in 2030, there will be 12 million more people aged 65 or more, projected old age dependency ratio will rise from 30 % in 2017 to 40 % in 2030.
	Especially in the Central & Eastern Europe, where the trend of deinstitutionalisation has just properly begun, CSOs will (following their western colleagues) become key players in service delivery.
	The migration trend will continue to rise. Climate change migrants will join war refugees and economic migrants.
	After Brexit, western EU will suffer more pressure of EU-nationals migrating from East to West (and back from UK).
	With a lack of long-term volunteers CSOs will lose their added value and legitimacy, their mobilisation power will be smaller; resulting in significant loss of advocacy influence.
	Traditional roles of businesses as private and CSOs as third sector are blurred. Businesses with a social perspective and CSOs as public service providers are more and more alike. Marginal groups (elderly, minorities, migrants) are under-represented as there are few advocacy organisations left.

Challenges for CSOs and their relations with national & EU institutions	Development of new services for the elderly and migrants that will be more competitive than the services of the business sector, offering mission-driven quality for fair, but still a competitive price, considering also the decrease of volunteers.

Influencing public policies regarding elderly and migrants as the relevant mission-driven stakeholder, when in constant conflict as potential service provider.

Deinstitutionalisation and development of innovative services that will simultaneously respond to several different needs.

Preventing the loss of mission-driven behaviour on behalf of business behaviour.

Leadership succession; gradual, mentored and conflict-free change in CSO management structures. Attracting and keeping young staff.

Management of volunteers; attracting and keeping volunteers beyond one single project. |
| **Recommended strategies** | <u>Upgrade of service delivery</u>
CSOs should increase social innovations and upgrade their existing services (*"CSO look forward what they can do in the future, not only what they have done in the past."[89]*). They should not just copy services and approaches from the business sector, but develop their own path.

They should re-invent their mission, mission that is focused on prevention, not just the alleviation of problems, acting as an enabler of people and communities, rather than treating them as passive recipients of charity.[90] |

[89] James Magowan, Coordinating Director, DAFNE – Donors and Foundations Networks in Europe.

[90] Slocock, C. (ed.): Making good, the future of the voluntary sector, A collection of essays by voluntary sector leaders, Civic Exchange, 2014

	CSOs should promote *"'amateurism' in small actions with social innovations, ad hoc movements and solidarity economy."[91]*
	CSOs should be professional and efficient, but not rigorous. They should develop decentralised community approach (collaboration with other CSOs, exchange of services, etc.). With such multidisciplinary services it would be easier to show the CSO sector' competitive advantages.
	Collaboration in development of better services (enhancing CSO advocacy role) CSOs need strong, inclusive leadership around an ambitious agenda for change in society.[92]
	CSOs should seek better public services, not just through delivery, but through co-operation, collaboration and co-design.[93]
	They should collaborate within and beyond the sector to make change happen for the common good. They should promote the distinctive social value and social capital generated through people coming together in voluntary activity. They should celebrate the ability of activities located within communities to generate this value – with 'local first' as a new default switch, rather than 'big is best.'[94]
	CSOs should actively monitor implementation, quality and impact of services. Such exercise would on one hand, show the results of competitive tendering and on the other would enable CSOs to engage in strong advocacy for re-inventing the state, which should be better in serving communities.

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[91] Danijel Baturina, researcher, Institute for Social policy, Faculty of Law Zagreb

[92] Ibid.

[93] Ibid.

[94] Ibid.

	Finding finances
	CSOs should look for funding that better supports social value, locally based activity, innovation and the longer term.[95]
	CSOs should look for additional independent funding for upgrade of services paid by the state. This would enable them to deliver services in accordance with their mission (and not the lean version paid by the state) and increase their independence. Furthermore, additional funding would support CSO position as mission-driven stakeholders (as opposed to being 'only' service providers) in relation to institutions.
	Internal CSO governance
	CSOs need strong leadership that knows how to promote CSO agenda (bringing communities together).
	CSOs should acknowledge the shift from 'trust me to prove me' discourse and enhance their transparency, accountability and social impact. It should keep emphasising the value of the CSO activities (why are these programs better, how they empower communities, etc.).
	CSOs should continue with managerialism approach and keep introducing new procedures. However, the approaches should not be non-critically copied from the business sector, but principles of lean social business should be applied (motivation with added value).
	The role of the state (EU and national institutions)
	EU and national institutions should understand that the best advocacy is back-up with practice and instead of limiting CSO advocacy efforts, they should encourage them to feed her with the

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[95] Ibid.

	knowledge acquired through direct contacts with beneficiaries.
	Institutions should support infrastructural CSO networking and adaptation and upgrade of services.
	Institutions should also invest in CSO start-ups, similarly as they do in business.

4.2   Economic crisis in 2030

EU in 2030	The politics of austerity still persists, although the crisis is long over.
	Economic growth is stable and so are the tax incomes of national budgets.
	Public funding for CSOs is increasing, but only for service provision.
	Public funding procedures are further bureaucratized.
Challenges for CSOs and their relations with national & EU institutions	Further diversification of funds in order to be less prone to potential future economic crises.
	Continuous capacity building for further upgrade of management systems for delivering added-value, fundraising, professionalisation, etc.
	Showing CSO social impact and results of individual organisations and third sector as a whole.
	Fostering, designing and implementing public institutions' promotion of giving culture.
	Influencing the political discourse with politicians that have CSO background and are thus more understanding towards CSOs' primary role.

Recommended strategies	<u>Upgrade of service delivery</u> CSOs should increase social innovations and upgrade their existing services. They should diversify their activities to be more resilient toward risks arising from rapid changes in a turbulent policy environment. They should re-invent their mission, mission that is focused on prevention, not just the alleviation of problems, acting as an enabler of people and communities, rather than treating them as passive recipients of charity.[96] CSOs should be professional and efficient, but not rigorous. They should develop a decentralised community approach (collaboration with other CSOs, exchange of services, etc.). <u>CSO advocacy</u> CSOs should renew the understanding of their historical role and their values as set against the principles of neoliberalism; they should challenge the assumptions that public expenditure cuts are inevitable and privatisation the way forward.[97] CSOs should be actively against elite career politicians. As politicians should work for public good and serve communities, CSOs should be encouraged to actively engage in politics. To achieve this, CSOs should also fight against elitism of CSOs (CSOs that think that they are above politics). <u>Diversification of funding sources</u> Further diversification of funding sources is possible only with corporate and individual donations. Donations will increase only, if people trust CSOs. Hence, CSOs should increase

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[96] Slocock, C. (ed.): Making good, the future of the voluntary sector, A collection of essays by voluntary sector leaders, Civic Exchange, 2014

[97] NCIA Inquiry into the Future of Voluntary Services. Ibid.

	their transparency and accountability and constantly promote their social impact.

They should apply managerial strategies and procedures, but adapting them to CSO character. They should apply the idea of 'hybrid' organisations that compromise different organisations under the roof with varying organisational cultures and identities.[98]

CSOs should take advantage of new technologies and engage in new fundraising approaches (e.g. crowdsourcing, blockchain donations, etc.).

Organisations that support donors in making philanthropic decisions (finding proper organisations, define objectives and impacts, etc.) should be established in the CSO sector.

Especially in eastern Europe, giving culture should be further promoted.

CSOs should move from the discourse on numbers to storytelling (back to presenting real stories of people in need).

<u>The role of the state (EU and national institutions)</u>
Especially the institutions and not CSOs (only) should promote philanthropy and solidarity. |

4.3   Digitalisation

EU in 2030	Globally, according to World economic forum, from 2 million to 2 billion of people will be out of work due to digitalisation. On the other hand, 6 million of new high technological jobs will emerge.[99]

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[98] Zimmer, A. & Pahl, B. Ibid.

[99] Digital transformation Initiative, Executive Summary, World economic forum, January 2017, p. 22.

	All business, including citizens' interactions with state administration, will be done on-line.
	Work of CSOs will be completely transparent, donations will be transparent, traceable and immutable.
Challenges for CSOs and their relations with national & EU institutions	Re-building the CSOs recognition as indispensable actors in democratic society (while individuals advocate for particulate interests, civil society's role is much broader - advocating for public good).

Upgrading and re-inventing CSO', especially charities', societal role.

Proving that CSOs are based on internal democratic processes and that they are still actively connecting people and having close and real links with constituency.

Developing and promoting new activities, such as enhancing people's digital skills, and new advocacy role – awareness about the importance of data security.

Developing a CSO business model that will be based on digital recruitment of constituency, volunteers, etc., also taking advantage of the new technology, such as blockchain. |
| **Recommended strategies** | <u>CSO services</u>
CSOs should actively follow the trends and connect with start-ups to upgrade their activities in a way that they would take advantage of digital technologies as much as possible.

They should actively engage in civic education and offer new services, such as enhancement of media literacy.

<u>CSO advocacy</u>
CSOs should return to social movement principles in order to increase their constituency |

<table>
<tr><td></td><td>to be able 'to compete' with on-line direct democracy. For increasing constituency, they should use digital technologies for networking and attracting new people.

They should promote the need for civic education and enhancement of media literacy.

CSO internal governance
CSOs should build permeable, open structures which allow new impulses to enter the organisations. Such organisations are more likely to keep up with new trends, manage to address new developments and consequently maintain its attractiveness for members and volunteers.[100] In order to achieve this, CSOs should re-invent their internal democratic processes.

They should engage young staff and volunteers in order to successfully use digital technologies.

The role of the state (EU and national institutions)
All, including institutions, should be realistic about digitalisation, its positive effects, but also limitations. Digital technologies should not replace direct relations, but should rather complement them.

Institutions should develop their digital tools together with CSOs in order to make them more attractive and useful.</td></tr>
</table>

4.4   Populism

<table>
<tr><td>EU in 2030</td><td>Populism and Euroscepticism will continue to rise in waves, with peaks before national or European elections.</td></tr>
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[100] Zimmer, A. & Pahl, B. Ibid.

	The EU will face stronger opposition from some member states; the idea of an EU of two tiers will grow (coherent core and loose Eurosceptic outward bounds).
	The line between real and fake news will be blurred further, the power of argument will be lost.
	The need for CSO advocacy, awareness raising and civic education will be correspondingly high. At the same time, CSOs will constantly need to defend and prove themselves.
	CSOs will lose their position in society, especially in Eastern Europe, where instead of populist parties, populist social movements are emerging. As CSOs will be against such movements, they will act contra to people, who will turn against CSOs.
Challenges for CSOs and their relations with national & EU institutions	Defending and re-instating the trust in basic freedoms and human rights and fostering civic education.
	Development and, more importantly, funding of CSO activities that tackle populism (civic education, awareness raising and advocacy).
	Building new politicians (also through CSOs) in order to avoid use of manipulation for reaching their political objectives.
	Strengthening the role of public service media in order to properly react to fake news.
	Improving CSO transparency, accountability and credibility.
Recommended strategies	<u>CSO services</u> CSOs should actively engage in civic education and offer new services, such as enhancement of media literacy and fact-checking.

	CSO advocacy
	CSOs should loudly draw attention to the use of fake news, they should call for politicians to take responsibility for the fake news they generate.
	The role of the state (EU and national institutions)
	Institutions should promote and financially support civic education provided by CSOs and other organisations, enhancement of media literacy and development of fact-checking tools.
	The role of public media service should be enhanced as they are increasingly important trustworthy source that as opposed to commercial media service can be independent from the private capital.
	Political debates about the dangers of fake news and its elimination should be continued and increased (EU politicians should call for responsibility of their colleagues, EU institutions national institutions, etc.).
	EU should apply the same criteria of the rule of law that are used for enlargement (e.g. chapter 23 and 24 of the enlargement package) and neighborhood countries to EU members state (e.g. simplify the use of Article 7 of the EU Treaty).

4.5   Shrinking civic space

EU in 2030	Similarly and consequently of continuation of other trends, such as populism, the trend of shrinking civic space will continue. CSOs will be subject to different kinds of pressure, especially through decrease of funding and increase of administrative burdens.
	Pressure on the basic freedoms will continue, although limited to Central, eastern and South

	Europe.
	CSOs will adapt with new business model, finding new sources of funding, which will, on one hand, change their character and mission, and on the other hand, quietly support the authorities in their behaviour.
Challenges for CSOs and their relations with national & EU institutions	Keeping EU as democratic pluralistic society. Developing the EU strategy that would build on pluralism as the basis for flourishing EU and target shrinking civic space in EU.
	Defending and re-instating the trust in basic freedoms and human rights. Fostering civic education of CSOs and citizens. Involving more people in civic education.
	Re-instating the role of CSOs as crucial actors of democracy.
	Developing an EU funding mechanism that would offer financial and other support to opposition civil society.
	Diversifying CSOs' funding sources in order to be less vulnerable when faced with governments' negative attitude towards civil society.
	Fostering the role and importance of PMS in order to be able to independently report on the problems of shrinking civic space and decreasing pluralism.
Recommended strategies	<u>CSO services</u> CSOs should actively engage in civic education and offer new services, such as the enhancement of media literacy and fact-checking.
	<u>CSO advocacy</u> CSOs should increase their membership and legitimacy in order to have a stronger voice against the shrinking civic space.
	The whole CSO sector, not only NGOs, should

	discuss shrinking civic space as it affects the whole of society.
	CSOs should fight against limitations of advocacy activities under the cover of limitations of lobbying. Advocacy for democracy, rule of law and human rights cannot be equalised with the corporate lobbying.
	Pan-European CSO solidarity should be further promoted. National CSOs sectors should cooperate, to support each other and react to the shrinking of civic space in other countries. The new model of cooperation and the culture of internationalism should be actively promoted.
	CSO internal governance CSOs should increase their credibility. For this, they should increase their transparency and accountability and constantly promote their social impact.
	CSOs should enhance networking and collaboration with other CSOs (even if funding is terminated, the social network remains).
	The role of the state (EU and national institutions) EU institutions should monitor civic space in Europe and financially support advocacy and awareness-raising. In other words, EIDHR mechanism should be established for the EU member states.
	EU institutions should promote the role of CSOs in democracy, national institutions should understand that CSOs are sine qua non for democracy.
	Each EU institution has people responsible for human rights. They should be actively engaged in monitoring and awareness-raising about the importance of civic space.

"We don't know how is it going to be in 20, 30 years, but the important thing is that we know – like in the past - we will have to adapt and find ways to be autonomous and free to assume our role as civil society actor."

Conny Reuters, Secretary General of Solidar

"CSOs can get power with hard work, with believing in what they do (what they want to do), with motivating people and continuing to achieve things."

Ivan Nikoltchev, Senior Programme Manager, Civil Society Division, Directorate General of Democracy, Council of Europe

"NGOs should include experts, work with institutes, produce relevant documents and be able to organize massive voice in public."

Lidija Pavić-Rogošić, member of EESC

"We wish for the agreed collaboration between CSOs, citizens and governments, joined planning, organizing and policy making. For that CSOs need much greater level of transparency, accountability and participation in governments' policy agendas, civil society must also be much more open to engagement and participation of citizens."

Ruchir Shah, Head of Policy Team, Scottish Council for Voluntary Organisations, UK

"I would like to see CSOs with less formalized structures and much more decentralized network-based approaches."

Oliver Henman, Head of International Networks, CIVICUS

"Civil society has an important role in solving social problems. That is why civil society has to become more visible."

Carlos Lozano, Head of CEPES International, Confederación Empresarial Española de la Economía Social (CEPES), Spain

"CSOs should continue with self-evaluation, greater transparency and more efficient governance, at the same time they should also step-up efforts to increase the added-value brought into policy-making."

Miguel Angel Cabra de Luna, member of EESC

"CSOs need to have access to funding and policy makers. They should keep their independence and impartiality. They need to constantly work to show their relevance and their contribution to social cohesion."

Imse Spragg Nilsson, member of EESC

"CSOs should be more political (in the sense of shaping vision of the society and putting it forward towards citizens and political spheres), overcome divisions and fragmentation ("breaking the silos"), question ways of working and thinking for achieving change, be open to work with informal groups."
        Alexandrina Najmowicz, Director of European Civic Forum

4.6   Working together - future foresight of relations between CSOs and EU and national institutions

"From one side the EU political and legislative initiatives foresee cooperation between CSOs and policy makers but from the other side policy makers and public administration are not ready to realize cooperation to its full potential."
        Baiba Miltoviča, member of EESC

As we have observed, CSOs and EU/national institutions have faced a number of challenges in recent years. Some need to be addressed by the CSOs (e.g. internal restructuring, increasing transparency, accountability and credibility), while others can only be addressed with CSOs and institutions working together. In this section, we will examine some of these challenges and mitigating strategies. As the political situation, state of democracy and the rule of law, welfare systems, relations with CSOs, etc. differ among member states, we are putting more emphasis on the CSOs interactions with the EU institutions, while mitigating strategies for CSOs interactions with national institutions are more general.

Challenges that acquire joint action of CSOs and EU/national institutions:
- Austerity policy and lean state and corresponding shift of public funding from supporting CSO advocacy activities to focusing on service provision on one hand, and shift from grants to contracts for service provision on the other hand,
- Decrease (in Western Europe) and the status quo (in Eastern Europe) in philanthropy (private donations, volunteering, …)[101],
- Decrease of expert dialogue and CSO role in consultations due to the development of digital consultation tools (consultations are broader, but less in-depth) and recognition of CSOs more as sole service providers and less as key stakeholders,
- Blurred lines between lobbying and CSO advocacy and resulting restrictions of CSO advocacy,
- Limitation of basic freedoms, such as freedom of association, assembly and expression, state interference in CSO work.

Mitigating strategies for tackling the challenges
As EU institutions led the way with austerity policy, they should also lead the way to re-thinking of the current situation. Considering the fiscal and other economic rules as the result of the economic

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[101] See chapter 3.3. Changing nature of voluntarism for more details regarding the level of volunteering in the EU.

crisis, the EU institutions (especially the European parliament and the EESC) should lead the way for debates and awareness-raising about the importance of CSO advocacy activities, especially advocacy of marginalised groups and human rights. The European Commission already started with infringement procedures in member states, which have so far failed to transpose the Directives on public procurement and concessions. Further promotion of the directives is needed in order for tenders to include different 'social clauses'. CSOs can cooperate in this process with their advocacy and awareness-raising activities.

CSOs and national institutions should re-think their cooperation in order to re-instate the role of CSOs as one of the key stakeholders in policy-making.

CSOs and national institutions should cooperate in the development of new services for tackling new emerging needs, bearing in mind that beneficiaries should also be active stakeholders in this process, not just passive recipients of services.

CSOs and public institutions should jointly promote a giving culture, as well as volunteering. The role of institutions is indispensable, since they can not only promote philanthropy, but also provide for different support measures (such as tax incentives, different benefits for volunteers,…).

CSOs and institutions should work together to develop a consultation mechanism that would enable broad consultation with citizens, as well as properly involve key stakeholders in policy making. On the EU level, "EESC should advocate and set the agenda for the mandatory consultation processes and use credibility as a champion of traditional participatory democracy to advocate for random sampling as the future method to ensure representativeness of both 'organised' and 'unorganised' civil society."[102]

CSOs and national institutions should cooperate in the capacity-building of public officials in order for them to implement participatory decision-making process in accordance with the rules of Regulatory Impact Assessment. EU institutions should, together with CSOs, encourage member states to improve their RIA practices.

EU and national institutions should refrain from equalising CSO advocacy with corporate lobbying, as the two have completely different agendas and causes. CSOs should show their social impact related to advocacy. Together they should realise that CSO advocacy is a prerequisite for a healthy democracy.

EU intuitions should strengthen their activities to address the shrinking civic space. Together with CSOs civic education, democracy, rule of law and the role of CSOs should be promoted. EU institutions should activate all available mechanisms in order to address breaches of EU legislation and the EU charter of fundamental rights in member states. EU, national institutions and CSOs should further cooperate and show European solidarity, whenever civic space is under threat in one of the

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[102] Lironi, E. and Peta, D. Ibid., p. 54.

member states. EU institutions, especially the European Commission, should develop support mechanisms (especially funding) that would help CSOs to tackle the issue of shrinking civic space.

CSOs and institutions should jointly develop new modules of civic education in order for it to cover all relevant issues, such as fundamental rights, active and responsible citizenship, media and social media education, including the importance of fact-checking, the role of CSOs in democratic society, etc. Public institutions, on national and EU level, should support the implementation of civic education by CSOs.

"At EU level CSOs have more opportunities to cooperate with EU institutions but this is costly and therefore not possible for most national organizations. EU should think how to enable better possibilities for national CSOs to be involved in decision-making processes at EU level."
> Ivan Cooper, Director of Advocacy, The *Wheel, Ireland*

"We wish for the real partnership and understanding of decision makers about what NGO sector and civil society is. On the other hand, CSOs should be better in presenting their real impact, not just outcomes. And have a clear, simple and strong argumentation towards government people."
> Marek Šedivý, President of Association of Public Benefit Organisations (AVPO), Czech Republic

"We wish for the agreed collaboration between CSOs, citizens and governments, joined planning, organizing and policy making. For that CSOs need much greater level of transparency, accountability and participation in governments' policy agendas, civil society must also be much more open to engagement and participation of citizens."
Ruchir Shah, Head of Policy Team, Scottish Council for Voluntary Organisations, UK

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