

The funding of volunteering in Denmark

Denmark is the land of associations – we often say about ourselves. The voluntary sector has a long history, dating back at least 165 years, and its diverse organisations are found in every sphere of society. Two-thirds of the Danish population is volunteering at one point in their life, 35 percent on a more regular basis¹, and every Dane is a member of approximately 3.5 of the almost 100.000 voluntary organisations we have found in our national survey². So I guess there is some truth in our saying.

Another well known saying is that although voluntary work is *voluntary* and unpaid, it is not free or without cost. On the contrary, the voluntary sector is an essential part of the national economy and amounts to nearly 10 percent of the Danish GDP.³

How the voluntary sector, including volunteer centers, is funded is the subject of this article, but it will obviously only touch upon a fragment of the situation.

Funding in general

Overall, the Danish voluntary organisations raise most of their income themselves: Around 50 percent of the total income is funded through events, services, membership fees and various kinds of production, whereas 43 percent is provided through government grants. The remaining 7 percent comes from philanthropy (donations, inheritance etc.) and interest income.

¹ Fridberg, Torben og Henriksen, Lars Skov (red.): "Udviklingen i frivilligt arbejde 2004-2012". København 2014. SFI - Det nationale forskningscenter for velfærd.

² Boje, Thomas og Ibsen, Bjarne (2006): "Frivillighed og nonprofit i Danmark – omfang, organisation, økonomi og beskæftigelse". København: Socialforskningsinstituttet, Rapport 06:18

³ In 2004, *ibid.*

The sources of income of the Danish non-profit sector, by percent of total income⁴

	%
Services, production, membership fees etc.	49,6
Transfers from local authorities and state	43,7
Interest, transfers	6,7
Total	100

This overall income picture, however, is quite different when we look at the organisations by field of activity. Within the social field, i.e. voluntary social work, transfers from local authorities and state amount to 79 percent of the total income, in sports and leisure it amounts to 33 percent, whereas the government funding only amounts to 12 percent of the total income within environmental organisations and 6 percent in local community organisations. The point is that voluntary organisations and their activities are financed quite differently – and differentially dependent upon government funding. History and policies towards parts of the sector combined with different organizational structures are some of the explanations to this diversity.

Central funding

As mentioned, public funding, especially central and local is highly important to many organisations. A survey among voluntary organisations within the health, social and humanitarian field also reveals this fact.⁵

Did your organisation receive income from:	Yes (%)
Government grants (central)	66
Membership fees	64
Local authority grants	53
Events, production, sales etc.	52
Foundations	49
Donations, heritage ect.	38

⁴ Ibsen, Bjarne (2006): "Foreningerne og de frivillige organisationer", in *Boje, Fridberg og Ibsen (eds) Den frivillige sektor i Danmark – omfang og betydning*. København: Socialforskningsinstituttet, rapport 06:19

⁵ "Den frivillige sociale indsats. Frivilligrapport 2012". Composed by Center for frivilligt socialt arbejde. The Ministry of Children, Gender Equality, Integration and Social Affairs, May 2013.

Private companies	31
Interests, advertising, rentals	25
Subsidies from the national association	14
Grants from other local government (regions)	7
EU	4

The percentage does not add up to 100 pct. as it is a multiple question

When looking at central government grants, they are provided partly as basic grants, partly as project grants. Basic grants are grants awarded to the organisation without being earmarked for a specific activity or specific project. Instead, they are awarded on basis of objective criteria such as purpose, turnover and own collected funds. Basic grants from the state are awarded through the “Allocation funds” (national lottery money), that every year distributes approx. 236 million Euros to all kinds of purposes in (civil) society. Voluntary social work receives nearly 25 million Euros, distributed via funds to ‘national organisations’, ‘national organisations for the elderly’ and ‘special social purposes’ respectively. Voluntary social work is also supported financially through a government pool (the so-called PUF-pool) that support projects working with marginalized and social vulnerable people – in 2015 the fund has reserved 6.5 million Euros for this purpose.

In addition to the basic grant, project grants are awarded directly to specific projects and activities. One of the substantial pools is the special pool for the social area, which is politically negotiated and agreed among the members of the Danish Parliament. The parties agreed in 2014 to support voluntary organisations and their work with 16 million Euros during the next four years.

Local funding

Local government supports the voluntary sector through various funding. Within the social field

The Social Services Act imposes an obligation on local authorities to provide financial support for local voluntary work, and to cooperate with voluntary organisations in the municipalities. In order to meet these goals, the local authorities receive an annual financial compensation from the central government, paid via block grants.⁶ In 2013, the local authorities received around 20 million Euros from the state via these block grants, but actually supported voluntary social work financially with 21 million Euros.⁷

⁶ A block grant is distributed by the state to the local authorities. However, the local authorities are not obliged to spend the grant on the specific cause, but can choose to spend the grant on other activities.

⁷ ”Det kommunale samarbejde med frivillige sociale foreninger. En kvantitativ analyse af kommunernes fordeling af § 18-midler”. Composed by Ankestyrelsen. The Ministry of Children, Gender Equality, Integration and Social Affairs, December 2014.

The Danish Act on Popular Education obliges local authorities to support public education with grants, premises and other support initiatives. The Act provides for two main categories of grant recipient: 1) adult education associations and other groups engaged in teaching and organizing study groups or lecture activities; 2) sports and youth associations and clubs. When local authorities are allocating grants, they must earmark at least 5% of their total budget for innovation and development work.

In 2013 the total subsidies from local authorities amounted to approximately 200 million Euros.

Funding of Volunteer centers

As in many other European countries, Danish volunteer centers were established during the 1980'ties and 1990'ties. Today there are approximately 65 local volunteer centers (VCs) in Denmark. They are local platforms for voluntary work, with the purpose of assisting, inspiring and supporting volunteering and the voluntary organisations in the local community. Although they work to fulfil local needs, many have the same activities, structure and funding. Most VCs are independent, autonomous organisations, organized as self-governing institutions or associations with a board, but a few VCs are organized by the local municipalities.

In order to strengthen volunteering in general and the work and visibility of VCs in particular the Danish Parliament entered an agreement of a development fund. From 2005 – 2008 this fund of a total of 6.5 million Euros contributed to a strengthening of the VCs work and capacity. A comprehensive evaluation of the fund established the income structure, as indicated in the table below:⁸

Volunteer Centres source of income in 2008 (n = 46)

Source of income	Percentage of total income (in %)
Government grants (central)	47,21
Local authority grants	41,45
Other sources	4,71
Events, production, sales etc.	2,84
Foundations	1,24
Lottery money	0,96
Grants from other local government (regions)	0,5

⁸ The tabel is based on tabel 6.2 in the fourth evaluation report: Henriksen, Lars Skov (2009): "Frivilligcentrene I Danmark: Fjerde og afsluttende delrapport vedrørende evaluering af puljen til oprettelse af nye og styrkelse af eksisterende frivilligcenter i Danmark". Institut for Sociologi, Socialt Arbejde og Organisation, Aalborg Universitet.

Membership fees	0,41
Private companies	0,16
Interests, advertising, rentals	0,28
Donations, heritage ect.	0,1
Subsidies from the national association	0
EU	0
Total	100

Public funding makes a substantial percentage of the total income in VCs. According to the figures in the table public funding amounts to a little less than 90 %. The fund is of course a central cause, and the relatively high percentage of local authority grants indicates their rising interest in supporting volunteering. The government decided in 2010 to permanently support VCs by the establishment of a basic fund. Each VC receives by application a minimum of 46,000 Euros provided an equal co-financing from the local authority as well as the compliance of four other criteria.

This article has given a short factual insight into the funding of the Danish voluntary sector, mainly in relation to associations and volunteer centres – although the nonprofit sector consists also of foundations and self-governing institutions. Another aspect of funding I have not touched upon in this article is the political discussion. How should the nonprofit sector be funded? Is substantial public funding good or bad? Are basic grants preferable to project grants? Does public funding have a negative effect on the autonomy of the organisations? These questions are just a few examples, and even though the Danish nonprofit sector through international glasses is well-off and fortunate of having good funding opportunities, the debate is important and the answers vital to a thriving associational life and civil society.

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