

Charity Lotteries in Philanthropy

Wallace Watson & Pamala Wiepking

Author version (December 2025)

Published as:

Watson, W., & Wiepking, P. (2026). Charity lotteries in philanthropy. In R. A. List, H. K. Anheier, & S. Toepler (Eds.), *International encyclopedia of civil society*. Springer.

https://doi.org/10.1007/978-3-319-99675-2_9739-1

Title: Charity Lotteries in Philanthropy

Synonyms: Society Lottery, Nonprofit Lottery

Key Words: charity lotteries, philanthropy, nonprofit funding, lotteries, state lotteries, private lotteries, fundraising mechanisms

Definition

The Association of Charity Lotteries in Europe (ACLEU) defines charity lotteries as lotteries that donate part of their profits to good causes, with donations ranging from relatively low contributions towards one specific sector to larger contributions for a much wider range of organizations (ACLEU, n.d.). ACLEU accompanies this definition with several criteria: charity lotteries are typically privately operated under a government license, decisions about the distribution of funds are made without political interference, no private profits are made, a substantial part of their revenue goes to recipient organizations, institutional support is provided to allow recipients autonomy in spending, and funding is designed to be long-term. This strict definition, however, excludes a wide range of charitable lotteries that are state-linked or operate under hybrid models.

An alternative definition is offered by Hadzi-Miceva-Evans (2009). She characterizes charity lotteries as being designed with the aim of raising funds for civil society organizations and disadvantaged groups or to support their own activities. In addition, they donate their income to beneficiaries, make no profits, allocate funds through an independent body, have a government license, and tend to supplement, not substitute, state support (Hadzi-Miceva-Evans, 2009). These lotteries fall into three organizational categories: privately owned, hybrid, or state-owned.

Summarizing, charity lotteries can broadly be understood as lotteries that direct a substantial share of their proceeds to charitable or public benefit purposes. They may take different organizational forms, either private, hybrid, or state-owned, but all feature a common mechanism of supporting good causes through lottery-generated funds.

Introduction

Charity lotteries have a distinctive role in philanthropy. By combining a game of chance with the redistribution of proceeds to charitable causes, charity lotteries provide a distinguished instrument to generate income for the nonprofit sector and public benefit purposes as a whole. Charities have become increasingly reliant on alternative sources of income, contributing to the growth of charity lotteries (Peloza & Hassay, 2007). For example, the Postcode Lottery Group, operating postcode lotteries from Germany, the Netherlands, the UK, Sweden, and Norway, allocated more than 900 million euros to charitable causes in 2024 (Novamedia, n.d.). Similarly, from its revenues accrued from betting and lottery ticket sales, the Hong Kong Jockey Club donated approximately 1 billion euros (HK\$ 9 billion) to charitable causes between 2024 and 2025 (HKJC, 2025). Such figures highlight the sizeable role charity lotteries play in countries in which they are active. Additional examples of charity lotteries compiled for this entry can be found in the entry's Appendix, which includes a non-exhaustive list of charity lotteries identified during the research process.

Instead of relying on private wealth or government budgets, charity lotteries offer a more stable model of supporting civil society due to their income being generated through (rather stable) lottery ticket sales. In addition, charity lotteries will oftentimes provide long-term organizational support, strengthening civil society organizations and their capacities, rather than providing short-term project-based funding (Daatselaar et al., 2025).

The organizational structures of charity lotteries differ significantly from each other, particularly regarding the degree of state involvement (Hadzi-Miceva-Evans, 2009). Broadly, three categories can be distinguished: private lotteries, which operate independently; hybrid models, where operations are partly private but closely align with government priorities; and state-owned charity lotteries, where operations are fully managed by state authorities.

In recent years, drastic funding reductions from the public sector and individual donations to the nonprofit sector globally, have shown the growing relevance of charity lotteries as a means to fill this gap (Daatselaar et al., 2025; Knecht-Turkanik et al., 2025). The following sections cover how charity lotteries evolved historically, what key issues and debates surround them, and what next steps lie ahead for their role in philanthropy.

Historical Background

Lotteries have a long history of serving as fundraising tools for social welfare and public causes. An early form, known as 'Keno,' emerged during the Han Dynasty (206 BCE – 220 CE) and has been said to support the development of the Great Wall of China (Maloney, 2024). Centuries later, by the 15th century, lotteries reappeared in the Low Countries, present-day Belgium, the Netherlands, and parts of Northern France, where major towns used them to fund refortifications, churches, and other municipal obligations (Willmann, 1999). Compared to raising taxes, they offered a more popular way of generating revenue, particularly in periods when taxation systems were less centralized. By the 16th century, national lotteries began to emerge. England established the first national lottery under Queen Elizabeth I in 1567, while the Netherlands introduced their state lottery (*Staatsloterij*) in 1726, which remains the world's oldest continuously running state lottery to date (Goudriaan, 2014; Willmann, 1999). Lotteries were especially relied upon during times of hardship, such as in the United States during the Civil War in the 19th century (Rychlak, 1992). As such, government-sanctioned lotteries were commonplace, with revenues directed toward basic government responsibilities in insecure times, such as financing city infrastructure and educational institutions, including elite universities like Harvard and Yale.

Independent, multi-cause charity lotteries in their modern form entered the picture in 1989 with the establishment of the Nationale Postcode Loterij (Dutch Postcode Lottery) in the Netherlands (Novamedia, n.d.). The Dutch government granted the Dutch Postcode Lottery the license to operate on the condition that it must allocate 60% of its revenue to social causes, which has since been adjusted to 50% and then 40% in 2004 (Wiepking, 2021). This unique postcode lottery model, in donating a fixed-revenue percentage and providing largely long-term unrestricted funding to charities, proved extremely successful. Against the backdrop of declining government support and growing charity competition, postcode lotteries soon started spreading to other European countries, starting in Sweden and the UK in 2005, under the umbrella of the Postcode Lottery Group (Daatselaar et al., 2025; Novamedia, n.d.; Postcode Lottery Group, n.d.; Raddon, 2023). The Postcode Lottery Group is an international social enterprise owned by the nonprofit Novamedia Foundation.

Key Issues

Before addressing the central debates surrounding charity lotteries, it is important to first describe in greater depth the characteristics of the three main organizational structures they can have: private, hybrid, or state-owned.

Main Types

Private charity lotteries are entirely privately owned and operated. They are considered to be independent from government influence and shareholder interests. Their organizational structure enables them to provide multi-year, unrestricted funding to charities, as they are less affected by political shifts or economic fluctuations compared to government or philanthropic donors (Daatselaar et al., 2025; Hadzi-Miceva-Evans, 2009). Lotteries within this category mainly differ in supporting either a single cause or multiple causes. For instance, some charity lotteries focus on one cause because they are, most often, operated directly by a nonprofit organization working in that area. A good example is the Spanish National Organization for the Blind (ONCE), an organization established in 1938 to provide social and labor integration programs for the blind or visually impaired (ONCE, n.d.; Rey-Garcia et al., 2012). Its work has been funded by proceeds from its lottery, the *Cupón*. After receiving a national monopoly in the 1980s, the charity lottery grew in popularity, and today lottery contributions constitute one of every three euros ONCE dedicates to social services (ONCE, n.d.). In contrast, the Dutch Postcode Lottery supports a wide variety of causes, both nationally and internationally (Wiepking, 2021). This postcode lottery system selects a winner based on a random draw of all postcodes in the given country (a four-digit number combined with two letters in the Dutch context). If you participated and won, then the prize amount is divided between all those participating with that given postcode – so neighbors win together.

Hybrid forms of charity lotteries occupy a space between being entirely state-owned and operating fully privately. They differ from state-owned charity lotteries in that the distribution of funds is most often done by a separate entity, albeit with government representation or involvement in decision-making (Hadzi-Miceva-Evans, 2009). As a result, funding decisions frequently align with government priorities (e.g., focusing exclusively on domestic organizations). A prominent example is the Hong Kong Jockey Club Charities Trust. After its establishment in 1884, the nonprofit foundation has since become Hong Kong's largest taxpayer, one of the city's largest employers, and among the world's largest private donors (HKJC, 2025; Wiepking, 2021). The Hong Kong Jockey Club operates horse racing, sports, membership, and betting (including lottery) activities under an exclusive government-granted monopoly. Using a portion of its revenue, its charitable trust grants funding towards nationally relevant causes, such as elderly care, youth development, and poverty reduction. Like the Postcode Lottery Group, the Hong Kong Jockey Club provides part of its funding in the form of long-term, unrestricted support to

beneficiaries (Wiepking, 2021). However, involving the state in funding decision-making carries the risk that lottery revenue may substitute for state funding of public obligations, including national development programs (Hadzi-Miceva-Evans, 2009).

In contrast to private or hybrid systems, some charity lotteries are operated entirely by the state. In practice, funding decisions are then usually made by government ministries, with revenues directed to state budgets or programs designated by law. For example, the Chinese Welfare Lottery, operated by the Ministry of Civil Affairs, and the Sports Lottery, overseen by the General Administration of Sports, are China's only legal lotteries and together constitute the world's largest lottery system, resulting in a record-high revenue of 84.8 billion USD in 2024 (Huang, 2025; Junfang, 2017). Both lotteries and the authorities managing them fall under the supervision of the Ministry of Finance.

While state-operated lotteries can guarantee significant revenues for social causes, they carry an increased risk of politicization and weak operational oversight (Hadzi-Miceva-Evans, 2009). In private charity lotteries, oversight is usually done through government regulation and licensing. In state-owned systems, however, governments act as both the operator and the regulator, reducing external monitoring capabilities. This has been the case in China, where a corruption scandal came to light involving high-ranking officials at lottery-issuing agencies (Huang, 2025). Furthermore, in contexts where state and private charity lotteries operate simultaneously, such as in the United Kingdom (UK) and the Netherlands, state lotteries have been criticized for creating an uneven playing field for civil-society-based lotteries (Hadzi-Miceva-Evans, 2009).

Ethical Considerations

One of the central debates surrounding charity lotteries concerns the ethical implications of raising funds for the public good through what is, *de jure*, a form of gambling (Egerer et al., 2018). This dilemma is best illustrated in the case of hospital-run charity lotteries: while they are prohibited from selling harmful products, such as tobacco and alcohol, because of their negative public-health effects, this same metric does not seem to apply to lottery practices (Fletcher, 2013). More broadly, this raises questions about whether financing the public good using lottery-based funding mechanisms ultimately undermines the very goals these charitable organizations aim to promote (i.e., supporting the public good).

To assess the current consensus on this issue, a global meta-analysis by Tran et al. (2024) is particularly informative. Among more than 3.4 million adults across the world, 45% had participated in lotteries or raffles in the past 12 months. This group also showed the lowest prevalence of problematic gambling (i.e., causing harm to personal, professional, and financial circumstances) compared to other gambling activities, such as casino gambling. These findings have policy implications; the Chartered Institute of Fundraising, among others, has called for a clearer distinction between commercial gambling and social lotteries, given their different impacts on players (CIOF, 2021; Pelozo & Hassay, 2007). Not acknowledging this differentiation might lead more people to choose commercial gambling, particularly online, who might have otherwise been interested in social lotteries (de Goede et al., 2018, pp. 201–204).

Still, ethical concerns remain. Critics argue that lower-income groups contribute disproportionately more to the charity lottery system, essentially 'buying hope' for a better life (Hadzi-Miceva-Evans, 2009). This concern is starker for national lotteries, where ticket sales directly contribute to government income. This is because the lowest-income players spend the largest share of income on tickets but seem to benefit the least from the earmarked revenues, such as those directed to sports, heritage, and culture (Smith, 2008, pp. 109–113). In that way, it essentially functions as a regressive tax. That said, this pattern is not universally consistent: for example, a report by Regulus Partners (2024) has shown that participation in private charity lotteries leans slightly more towards higher-income earners.

Moreover, one might ask why rely on charity lotteries instead of promoting voluntary donations, where funds will go directly to recipient organizations. Yet, it has been shown that the lottery mechanism itself plays a fundamental role. Lotteries attract a broader participant base and can generate more revenue for charities compared to voluntary donations alone, because they reduce the tendency for individuals to rely on others to contribute (Smith, 2008, p. 119).

Future Directions

Both opportunities and challenges lie ahead for the future of charity lotteries. Their development will depend on how the charity lottery sector adapts to emerging innovations, policy shifts, and new insights from academia and practice. Future research should work with broader, more inclusive definitions of charity lotteries. The small body of academic literature largely relies on Western, Eurocentric notions of charity lotteries being completely independent from the state and

situated primarily in Western contexts. In many regions, hybrid or state lotteries play a key role in funding civil societies, which should not be left out of the picture. Incorporating this diversity of structures allows for better cross-national comparisons and for a clearer understanding of how lotteries, governments, and civil society are interlinked. Currently, a long-term understanding of the effects of charity lotteries on civil society is also missing, which will become increasingly important with alternative forms of funding likely to decrease in the coming years (Daatselaar et al., 2025).

Emerging Innovations

Looking forward, several notable emerging innovations will shape how charity lotteries operate. First, we have seen a surge in online lottery participation, particularly among younger demographics (Tran et al., 2024). As charities struggle to attract younger audiences, charity lotteries appear better positioned to engage them more effectively by addressing their need for social impact while incorporating game-like elements into the revenue system (van Teunenbroek et al., 2025). Thus, greater participation from this demographic is expected in the coming years. This trend is particularly evident for countries that experienced rapid growth in mobile connectivity, such as Nigeria and Kenya, where smartphone use among youths is driving exponential growth of online gambling markets (Bitanihirwe et al., 2022).

Second, recent developments in artificial intelligence (AI) have also shaped the charity lottery space. With 61% of UK-based charities reporting that they use AI tools on a day-to-day basis and 83% of grantmaking trusts and foundations, including charity-lottery foundations, noting the same, its significance should not be understated (Amar & Ramsay, 2024). This is underscored by the National Lottery Community Fund's recent decision to permit the use of AI in funding applications, while emphasizing that caution should still be taken (National Lottery Community Fund, 2025). They noted that AI tools increase overall efficiency and also improve accessibility for non-native English speakers. Despite its benefits, increasing reliance on AI tools can exacerbate existing inequalities in the charity lottery sector. It has been shown that larger, better-resourced organizations, often already receiving more support from prominent charity lotteries, are better equipped to adopt and benefit from AI tools than smaller organizations with fewer resources (Amar & Ramsay, 2024).

The Future of Regulation

Shifts in policy priorities will most likely play an equally significant role in the trajectory of charity lotteries. Governments primarily regulate private charity lotteries to prevent unchecked growth and to maintain a balanced level of competition with state-run lotteries and other charity lotteries (Brazzill et al., 2025). Such regulation is typically implemented by limiting draw size and total sales and by requiring that a fixed percentage of proceeds be directed toward civil society. The growth in participation of charity lotteries has been accompanied by a change in political discourse toward deregulation and the introduction of charity lotteries in countries where they previously did not exist. This is illustrated by Hillary Clinton's support for proposed legislation to establish charity lotteries in Northern Ireland, a jurisdiction that did not allow them yet (BBC, 2025). Although gradual, it can thus be expected that in the coming years larger charity lotteries will increasingly gain traction in countries that have newly opened to them, while smaller ones may require more time to establish themselves.

All in all, charity lotteries are here to stay. They are showing promise as an alternative, albeit debated, support mechanism for charitable causes. Time will tell how the sector will adapt to dramatic changes in technological innovations and shifting governmental priorities. Despite this uncertainty, it is clear that its continued expansion should promote equitable support to beneficiaries and strengthen, instead of undermining, the common good.

Cross-References

Fundraising

King Baudouin Foundation

ONCE Foundation

Philanthropy in East Asia

Philanthropy in Europe

Public Good and Public Benefit

Regulation of Nonprofit Organizations

References

- ACLEU. (n.d.). *Definition of a charity lottery*. <https://www.acleu.eu/charity-lotteries/>
- Amar, Z., & Ramsay, N. (2024). *Charity digital skills report 2024*. Zoe Amar Digital and Think Social Tech.
- BBC. (2025, May 20). *Hillary Clinton calls for lottery reform in Northern Ireland*. <https://www.bbc.com/news/articles/cd0l23ezy3zo>
- Bitanhirwe, B. K. Y., Adebisi, T., Bunn, C., Ssewanyana, D., Darby, P., & Kitchin, P. (2022). Gambling in sub-saharan africa: Traditional forms and emerging technologies. *Current Addiction Reports*, 9(4), 373–384. <https://doi.org/10.1007/s40429-022-00449-0>
- Brazzill, M., Chitrao, A., Peel, L., Bamiro, T., & Fontana-Reval, R. (2025). *Assessing the impacts of changes to the society lotteries sales limit*. United Kingdom Government, Department for Culture, Media and Sport. <https://www.gov.uk/government/publications/research-report-assessing-the-impacts-of-changes-to-the-society-lotteries-sales-limit/assessing-the-impacts-of-changes-to-the-society-lotteries-sales-limit>
- CIOF. (2021, May). *Ensuring the success of charity lotteries for the future*. Chartered Institute of Fundraising. <https://ciof.org.uk/events-and-training/resources/ensuring-the-success-of-charity-lotteries-for-the>
- Daatselaar, R., Fleming, M., Wilén, M., Besozzi, C., Rossella, R., & Vespa, M. (2025). *Supporting civil society under pressure*. Association of Charity Lotteries in Europe (ACLEU) and Civil Society Europe (CSE).
- de Goede, P., Schrijvers, E., & de Visser, M. (Eds.). (2018). *Filantropie of de grens van overheid en markt [Philanthropy at the intersection of government and market]*. Wetenschappelijke Raad voor het Regeringsbeleid, WRR.
- Egerer, M. D., Kankainen, V., & Hellman, M. (2018). Compromising the public good? Civil society as beneficiary of gambling revenue. *Journal of Civil Society*, 14(3), 207–221. <https://doi.org/10.1080/17448689.2018.1496306>
- Fletcher, J. (2013). Gambling and hospital lotteries: Looking out for losers. *CMAJ : Canadian Medical Association Journal*, 185(12), 1019. <https://doi.org/10.1503/cmaj.131102>

- Goudriaan, A. E. (2014). Gambling and problem gambling in the Netherlands. *Addiction*, 109(7), 1066–1071. <https://doi.org/10.1111/add.12213>
- Hadzi-Miceva-Evans, K. (2009). Lottery Proceeds as Tool for Support of Good Causes and Civil Society Organizations: A Fate or a Planned Concept. *International Journal of Not-for-Profit Law*, 12(4), 71–79. <https://heinonline.org/HOL/P?h=hein.journals/ijnpl12&i=374>
- HKJC. (2025). *Racing for good: Annual report for the year ended 30 June 2025*. <https://corporate.hkjc.com/corporate/english/history-and-reports/annual-reports.aspx>
- Huang, J. (2025, February). *China's 2024 lottery sales hit 40-year high*. Voice of America. <https://www.voanews.com/a/voa-mandarin-china-s-2024-lottery-sales-hit-40-year-high-/7974602.html>
- Junfang, D. (2017). *How China's national lotteries contribute to public services*. People's Daily Online. <https://en.people.cn/n3/2017/0702/c90000-9236105.html>
- Knecht-Turkanik, S., Berculo, N., & Vennema, B. (2025, January 30). Navigating uncertainty: Innovative finance for (I)NGOs in a shifting political landscape. *Social Finance NL*. <https://socfin.nl/navigating-uncertainty-innovative-finance-for-ingos-in-a-shifting-political-landscape/>
- Maloney, J. (2024). Reflections on the History of Gaming Regulation. In *Western Legal History* (Vol. 34). The Journal of the Ninth Judicial Circuit Historical Society.
- National Lottery Community Fund. (2025, January). *AI can be a powerful force for good: Harnessing Artificial Intelligence for people and communities*. <https://www.tnlcommunityfund.org.uk/news/ai-can-be-a-powerful-force-for-good-harnessing-artificial-intelligence-for-people-and-communities>
- Novamedia. (n.d.). *Postcode Lottery Group 2024*. Retrieved August 19, 2025, from <https://publicaties.novamedia.nl/postcode-lottery-group-2024/page/1>
- ONCE. (n.d.). *Organización Nacional de Ciegos Españoles (ONCE)*. <https://www.once.es/otras-webs/english>
- Pelozo, J., & Hassay, D. N. (2007). Does vice make nice? The viability and virtuousness of charity lotteries. *Journal of Nonprofit & Public Sector Marketing*, 18(1), 57–80. https://doi.org/10.1300/J054v18n01_04

- Postcode Lottery Group. (n.d.). *Our history*. Retrieved December 16, 2025, from <https://www.postcodelotterygroup.com/who-we-are/our-history/>
- Raddon, M.-B. (2023). The Neoliberal Foundations of Fundraising, 1995–2008. In *The Business of Hope* (pp. 15–32). Palgrave Macmillan, Cham.
https://doi.org/10.1007/978-3-031-18837-4_2
- Regulus Partners. (2024, November). *Beyond the jackpot: Analysing the safety of charity lotteries*. Regulus Partners.
<https://a.storyblok.com/f/226002/x/8da55d8a87/beyond-the-jackpot-analysing-the-safety-of-charity-lotteries-regulur-partners-november-2024.pdf>
- Rey-Garcia, M., Alvarez-Gonzalez, L. I., & Valls-Riera, R. (2012). The evolution of national fundraising campaigns in Spain: Nonprofit organizations between the state and emerging civil society. *Nonprofit and Voluntary Sector Quarterly*, 42(2), 302–323. <https://doi.org/10.1177/0899764012465492>
- Rychlak, R. J. (1992). *Lotteries, revenues and social costs: A historical examination of state-sponsored gambling*.
- Smith, S. (2008). Lotteries as a Source of Revenue. In M. Viren, *Gaming in the New Market Environment* (pp. 99–125). Palgrave Macmillan UK.
https://doi.org/10.1057/9780230582613_5
- Tran, L. T., Wardle, H., Colledge-Frisby, S., Taylor, S., Lynch, M., Rehm, J., Volberg, R., Marionneau, V., Saxena, S., Bunn, C., Farrell, M., & Degenhardt, L. (2024). The prevalence of gambling and problematic gambling: A systematic review and meta-analysis. *The Lancet Public Health*, 9(8), e594–e613.
[https://doi.org/10.1016/S2468-2667\(24\)00126-9](https://doi.org/10.1016/S2468-2667(24)00126-9)
- van Teunenbroek, C., Wymer, W., & Čačija, L. N. (2025). Fostering, promoting, and encouraging philanthropy: Mechanisms to attract younger generations of donors and volunteers. *Journal of Philanthropy*, 30(2), e70018.
<https://doi.org/10.1002/nvsm.70018>
- Wiepking, P. (2021). *The societal significance of charity lotteries*. Inaugural lecture, Vrije Universiteit Amsterdam.
https://research.vu.nl/ws/portalfiles/portal/135016058/Inaugural_lecture_Pamala_Wiepking_March_19_2021.pdf
- Willmann, G. (1999). *The history of lotteries*. <http://willmann.com/~gerald/history.pdf>

