

## NUMBER OF REGISTERED PUBLIC BENEFIT FOUNDATIONS IN EUROPE EXCEEDS 147,000

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New data compiled by the Donors and Foundations Networks in Europe (DAFNE) and analysed by Foundation Center (New York) indicates that there are more than 147,000 registered “public benefit foundations” in Europe, with combined annual expenditures of nearly 60 billion euro. These figures are based on the latest available data from 24 European countries in the DAFNE network, including 18 European Union members.<sup>1</sup>

This report follows on and updates information published by DAFNE a year ago. The 2015 report included data from 22 DAFNE countries. With the addition of information from Austria and Croatia, this year’s report includes data from 24 countries. Data for ten countries included in last year’s report – Belgium, Finland, France, Germany, Ireland, Portugal, Russia, Spain, Switzerland, and Turkey – have been updated or adjusted based on new information that has become available since last year.<sup>2</sup> Data for the other 12 countries remains unchanged from last year.

### KEY FINDINGS

For the second year in a row, this year’s report includes increasingly comprehensive data from more countries than ever before. Since the 2014 report, the number of countries reporting data on the number of public benefit foundations has increased from 19 to 24, the number reporting data on PBF expenditures has increased from 15 to 18, and the number reporting data on PBF assets has increased from 15 to 17.

- The number of public benefit foundations in each country varies from 40 (Ireland) to 20,200 (Germany). In both of these cases, these figures represent the number of ACTIVE public benefit foundations in each country. **It is important to keep in mind, however, that in most countries the available data includes both active AND inactive foundations.**
- Data on foundation expenditures were provided by 18 of 24 countries.<sup>3</sup> Total reported expenditures for these 18 countries were 59.5 billion euro, based on the latest available data in each country.<sup>4</sup>
- **Germany** not only has more active public benefit foundations than any other European country (20,200, as of 2015), but also has the highest level of total charitable expenditures – approximately 17 billion euro (in 2012). This is about 70 percent higher than **Italy**, which ranks

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<sup>1</sup> It is important to note that these estimates do not include all organisations that operate as foundations in Europe, only those with a **public benefit** focus. In about half of the countries represented by DAFNE members, the term “foundation” can also refer to organisations that serve private purposes. According to the EFC, “private benefit foundations are those that pursue private purposes, such as the advancement of one family, relatives of the founder, trust funds for the education of the founder’s children, etc.” Including private benefit foundations, the total number of foundations in Europe would exceed 200,000.

<sup>2</sup> Adjustments were made to the data presented last year for two countries – Portugal and Russia. Portugal: last year’s figure for public benefit foundations in Portugal (800) erroneously included 399 church-based foundations. The correct number for 2014 should have been 401. Russia: last year’s figure of 2,000 public benefit foundations has been updated with more complete information. As of 2016, there are 7,494 registered public benefit foundations in Russia. The previously-reported figure was an estimate of the number of “active” PBFs in Russia in 2013.

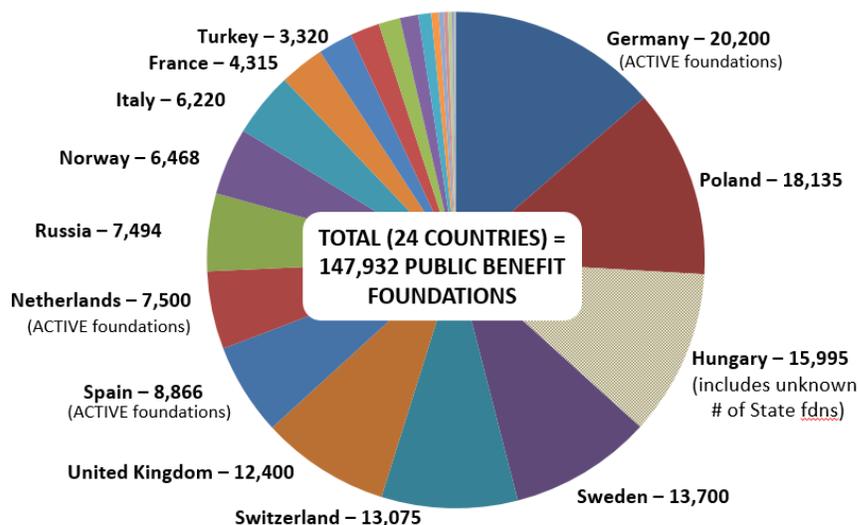
<sup>3</sup> Data on foundation expenditures were not available for Belgium, Bulgaria, Croatia, Poland, Portugal, and Ukraine.

<sup>4</sup> In all but four cases (Italy, Netherlands, Slovak Republic, and Sweden), the data are from either 2014, 2015, or 2016.

second in total expenditures. Based on available data, Germany probably accounts for more than 25 percent of all charitable expenditures by European public benefit foundations.

## Public Benefit Foundations in Europe, 2016

*(Figures may include both ACTIVE and INACTIVE foundations, unless otherwise noted)*



OTHER COUNTRIES: Finland (2,830); Czech Republic ( 2,075); Bulgaria (1,755); Liechtenstein (1,239); Austria (701); Belgium (491); Portugal (401); Slovak Republic (376); Croatia (226); Ukraine (110); Ireland (35)

- In addition to Germany, six other European countries have at least 10,000 **registered** public benefit foundations – **Poland, Hungary, Spain, Sweden, Switzerland, and the United Kingdom**. With the exception of Spain, however, it is not known how many of these foundations are active or inactive. In Spain, 62 percent of registered public benefit foundations (8,743 of 14,196) were confirmed to be active as of 2012.
- Average foundation size varies widely across countries. For example, in **Germany**, the average charitable expenditure for public benefit foundations in 2012 was about 900,000 euro. In **Hungary** (2013), the comparable figure would be about 50,000 euro.
- The top 7 countries in terms of **total charitable expenditures** are **Germany, Italy, Spain, France, Netherlands, United Kingdom, and Switzerland**. Based on available data, these seven countries probably account for more than 90 percent of charitable expenditures by all European public benefit foundations.

### Total Expenditures

1. <b>Germany</b>	17.00 billion euro (2012)
2. <b>Italy</b>	9.95 billion euro (2011)
3. <b>Spain</b>	8.07 billion euro (2014)
4. <b>France</b>	7.50 billion euro (2015)
5. <b>Netherlands</b>	6.00 billion euro (2013)
6. <b>United Kingdom</b>	4.40 billion euro* (2015)
7. <b>Switzerland</b>	1.60 billion euro (2015)
<b>Totals (7 countries)</b>	<b>54.52 billion euro</b>

\* This estimate is based on a survey of the 300 largest public benefit foundations in the UK

- Data on foundation assets were provided by 17 of 24 countries.<sup>5</sup> Total reported assets for these 17 countries were 511.3 billion euro, based on the latest available data in each country.<sup>6</sup>

## QUESTIONS & ANSWERS ABOUT THE FINDINGS

### What is a “public benefit foundation”?

Typically, the term refers to *private, independent organisations whose activities are intended to benefit the public*. Such foundations are characterized primarily by the purposes for which they distribute their financial resources. To qualify as a “public benefit foundation” (which is a legal status with tax implications in some European countries), an organisation must expend its funds for educational, cultural, religious, social or other public benefit purposes.

For purposes of this report, a foundation is considered to be a **PUBLIC BENEFIT FOUNDATION** if it meets the following five criteria:

1. They are independent, separately-constituted non-profit bodies
2. They have no members or shareholders
3. They have their own established and reliable source of income, usually but not exclusively from an endowment
4. They have their own governing board
5. They distribute their financial resources for educational, cultural, religious, social or other public benefit purposes, either by...
  - Supporting associations, charities, and educational institutions or individuals; or,
  - Operating their own programmes

### How do public benefit foundations carry out their charitable work?

Foundations may carry out their work either by operating their own programmes, such as cultural institutions, or by awarding grants to associations, charities, educational institutions and individuals. In most European countries, public benefit foundations typically operate their own programmes. Many may also make grants to other civil society organisations. In only a few European countries, such as Ireland and the United Kingdom, is grantmaking the primary activity of public benefit foundations.

### How do public benefit foundations get the funds they need to do their work?

All countries require foundations to possess a minimum level of assets as a condition of establishment. Traditionally, many countries have also required foundations to hold additional capital to ensure that they have sufficient funds to pursue their stated purpose. In some cases, this takes the form of an **endowment** that is large enough to allow the foundation to operate its charitable programmes with support drawn largely (or entirely) from the interest income generated each year by the endowment.

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<sup>5</sup> Data on foundation assets were not available for Austria, Bulgaria, Croatia, Hungary, Liechtenstein, Russia, and Ukraine.

<sup>6</sup> In all but five cases (Belgium, Italy, Portugal, Slovak Republic, and Sweden), the data are from either 2013, 2014, 2015, or 2016.

But the requirement that foundations must hold a dedicated capital reserve has become more relaxed in recent years. According to the recently-released report *Comparative Foundation Laws in Europe* (European Foundation Centre, 2015), “New forms of foundations, with new forms of income generation, have developed and it is becoming more important for the foundation to have reliable mechanisms in place to ensure that it has adequate financial resources to pursue its public benefit purposes rather than to have a fixed amount of static capital at the moment of establishment.” In other words, many public benefit foundations now engage in **fund-raising** activities to support their programmatic activities.

Data on the prevalence of fund-raising foundations across Europe is spotty. But based on available information, it is clear that fund-raising foundations make up the majority in some countries, such as Spain and the Netherlands, while they represent a small minority in countries such as Sweden and Liechtenstein. In countries such as Finland, Germany, and Switzerland, they likely account for between one-third and one-half of all public benefit foundations.

### **How was the definition of public benefit foundations developed?**

Because the legal definition of “foundation” differs across countries, it has been challenging to construct a coherent portrait of European institutional philanthropy. But despite the lack of a common definition of “foundation” across Europe, the European Foundation Centre (EFC), in consultation with its members, was able to develop in 2001 a provisional definition of “public benefit foundations” that served as a basis for the one used in this report. According to the EFC:

[Public benefit foundations are] independent, separately-constituted non-profit bodies with their own established and reliable source of income, usually but not exclusively from an endowment, and their own governing board. They distribute their financial resources for educational, cultural, religious, social or other public benefit purposes, either by supporting associations, charities, educational institutions or individuals; or by operating their own programmes.

Since the emergence of the Donors and Foundations Networks in Europe (DAFNE) in 2006, country-based foundation associations have had the opportunity to meet with each other and discuss topics of common interest, including the collection of better data on the scope of European philanthropy. DAFNE members have shared information about philanthropy in each of their countries through both annual surveys and biannual meetings.

Recognizing that not having a common definition of “public benefit foundation” would hinder DAFNE’s ability to collect and share useful information with its members and to communicate effectively about the work of foundations across Europe, DAFNE organized a conversation among its members in May 2014 to discuss and validate the EFC definition. At that meeting, DAFNE members unanimously agreed that the DAFNE/EFC definition was sufficient to allow “public benefit foundations” to be counted in their countries.

### **How many public benefit foundations are there in Europe?**

Although this report presents a **best estimate**, there is no definitive answer to this question. While having a standard definition allows a systematic answer to be developed, there are at least four main challenges to answering this question precisely:

1. In some European countries, foundations may pursue **private purposes** as well as public purposes. According to the European Foundation Centre, such purposes could include “the advancement of one family, relatives of the founder, trust funds for the education of the founder’s children, etc.” In order to determine how many “public benefit foundations” there are in these countries, private benefit foundations must be excluded from the totals.
2. In some European countries, foundations may be established and largely **operated by the state**. Because such foundations are not privately governed and do not operate independently from the state, they do not conform to the definition of “public benefit foundation,” as it is generally understood, and need to be excluded from the totals.
3. In some European countries, **comprehensive, precise data on foundations and their activities is not readily available**. Where this is the case, we have only estimates concerning the number and activities of public benefit foundations.
4. Finally, in some countries, **available data may not distinguish between active and inactive foundations**. This means that, in some countries, the reported number of public benefit foundations may include many that are no longer active. In some cases, the number of inactive foundations included in the reported data may be as high as 50 percent.

#### **Where does data on public benefit foundations come from?**

The data cited in this report comes from members of the Donors and Foundations Networks of Europe (DAFNE), a group of 25 country-level associations of foundations representing 24 European countries. These 24 countries include 18 European Union members – Austria, Belgium, Bulgaria, Croatia, Czech Republic, Finland, France, Germany, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Slovak Republic, Spain, Sweden, and United Kingdom. Together, these 18 countries represent more than 90 percent of the total population of the EU. The six non-EU countries that belong to DAFNE are Denmark, Liechtenstein, Russia, Switzerland, Turkey, and Ukraine.

#### **How are the data collected in each of the DAFNE countries?**

This varies widely from country to country. In most cases, the data are collected by the state and made publicly available at varying levels of detail. The state entity responsible for collecting information on foundations may be a specific ministry (6 countries), a central statistics office or state census (4 countries), a central tax registry (3 countries), regional or local tax registries (3 countries), or specific foundation supervisory authorities (4 countries).

##### **Countries in which foundation data is collected by specific ministries:**

- Belgium (Justice)
- Czech Republic (Justice)
- France (Interior)
- Russia (Economy)
- Slovakia (Interior)
- Ukraine (Justice)

##### **Countries in which foundation data is collected by a central statistics office or state census:**

- Hungary (Hungarian Central Statistics Office)
- Italy (National Institute for Statistics, Industry Services Census)
- Poland (National Statistics Office)
- Portugal (State Census)

**Countries in which foundation data is collected through a central tax registry:**

- Bulgaria (Central Register for Public Benefit Juridical Entities)
- Netherlands (ANBI tax register - "algemeen nut beogende instelling" or "institution for public benefit")
- Switzerland (Swiss Commercial Register)

**Countries in which foundation data is collected through regional or local tax registries:**

- Germany (16 federal states)
- Spain (58 government registries)
- Sweden (21 county administrative boards)

**Countries in which foundation data is collected through specific foundation supervisory authorities:**

- Finland (Register of Foundations)
- Liechtenstein (Foundation Supervisory Authority/STIFA)
- Norway (Foundation Authority)
- Turkey (Directorate General of Foundations)

In two countries, Ireland and the United Kingdom, there is no legal definition of "foundation," and hence, ***no official data on foundations***. In Ireland, what is known about public benefit foundations is based on information about the two dozen or so foundations that belong to Philanthropy Ireland, the national association of foundations in Ireland. Likewise, in the United Kingdom, much of the available data on foundations comes from the National Council for Voluntary Organisations (NCVO), an umbrella association for the voluntary and community sector in England.

**Do all European countries have both public and private benefit foundations?**

No. But in most (14) of the 24 DAFNE countries, there are both public and private benefit foundations – Belgium, Bulgaria, Czech Republic, Germany, Hungary, Italy, Liechtenstein, Netherlands, Norway, Sweden, Switzerland, Turkey, and Ukraine. In these countries, it is generally straightforward to distinguish between foundations whose activities are either wholly or primarily intended to benefit the public and those that are not.

In 10 of the 24 DAFNE countries, there are only public benefit foundations – Finland, France, Ireland, Poland, Portugal, Russia, Slovakia, Spain, and the United Kingdom.

**If a foundation is legally designated as a "public benefit foundation" in a particular country, is it automatically counted as a public benefit foundation according to the DAFNE/EFC definition?**

In most cases, yes. But not always. For example, in the Netherlands, there are more than 60,000 foundations registered as "institutions of public benefit" (an official tax status), which means that they meet the Dutch standard for qualifying as tax-exempt organisations based on

the public benefit-nature of their work. But the vast majority of these entities cannot be counted as “public benefit foundations” according to the DAFNE/EFC definition because it is more restrictive than the Dutch standard. This is due to the fact that most of the Dutch foundations with official “public benefit” status fail to meet one or the other of the following conditions of the DAFNE/EFC definition, namely, 1) they must be independent, separately-constituted non-profit bodies, and 2) they must have no members or shareholders.

In Turkey, the situation is even more complicated. As of 2013, there were a total of 4,774 foundations in Turkey. According to a 2006 report produced by TUSEV, the Turkish Association of Foundations, “foundations are asset-based entities, established with a minimum of one person (individual or legal entity), with an endowment, *and a purpose to advance the common or public good (health, education, environment, etc).*”<sup>7</sup> [emphasis added] By this definition, it seems that all Turkish foundations should be considered “public benefit foundations.”

At the same time, while Turkish foundations in general are defined as having a purpose “to advance the common or public good,” not all are legally designated as having “public benefit status.” In fact, only a handful of foundations in Turkey – 255 (just 5 percent) – had such status as of 2013. “Public benefit status” in Turkey exempts foundations from certain kinds of taxes that foundations without this status are subject to. According to the report cited above, “[public benefit status] is available upon application to regulatory officials and subsequent approval of the Council of Ministers. Regulatory bodies, procedures and criteria vary for foundations and associations (*the process is currently far more complicated and cumbersome for foundations*).” [emphasis added] For this reason, relatively few Turkish foundations have been accorded official “public benefit status.” So, when attempting to count the number of “public benefit foundations” in Turkey, which number should be used – 4,774 or 255?

As it turns out, neither is the right number to use. Among the 4,774 foundations in Turkey in 2013 were about 1,500 that are considered “public foundations.” The governance structure of these foundations is a mixture of both public officials and private persons and, in practice, their function is to implement the policies of the relevant government body. As such, they are not “independent, separately-constituted non-profit bodies,” and so cannot be counted as “public benefit foundations” according to the DAFNE/EFC definition. So, while 4,774 foundations in Turkey were considered to operate “to advance the public or common good” and 255 had “public benefit status,” the number of public benefit foundations in Turkey in 2013, according to the DAFNE/EFC definition was actually 3,245.

### **In which countries do we have to rely primarily on estimates regarding public benefit foundations?**

In most European countries, relatively precise figures about the total number of public benefit foundations are available. In Ireland and the United Kingdom, however, as noted earlier, because there is no legal definition of “foundation,” there is no official data available on foundations. It must be compiled through research conducted by non-governmental organisations, such as Philanthropy Ireland, the National Council for Voluntary Organisations (England), and the Association of Charitable Foundations (UK).

### **How many inactive foundations are included in the data on public benefit foundations?**

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<sup>7</sup> Bikmen, Filiz, “The Landscape of Philanthropy and Civil Society in Turkey: Key Findings, Reflections, and Recommendations.” TUSEV (Third Sector Foundation of Turkey), 2006.

We don't know. But it is probably fair to assume that in most countries the available data includes a sizable number of inactive foundations. For example, the total number of registered public benefit foundations in Spain, as of 2012, was 14,196. Additional research by the Association of Spanish Foundations, however, found that just 8,743 of these foundations (62 percent) were active.

At present, we know that the latest figures for Germany, Netherlands, and Spain include **only active foundations**, and that the figure for Finland probably includes fewer than 100 inactive foundations. Additional research is being conducted to better understand how many inactive foundations may be included in the statistics of other countries.

### **So, what is our best estimate of the number of public benefit foundations in Europe?**

We estimate that there are more than 147,000 public benefit foundations in the 24 European countries represented by the Donors and Foundations Networks of Europe (DAFNE), based on the latest data available from these countries. These countries include 18 members of the European Union, representing more than 90 percent of the total population of the EU, and 6 non-EU members - Denmark, Liechtenstein, Russia, Switzerland, Turkey, and Ukraine.

Caveats to keep in mind:

1. In many countries, the total number of public benefit foundations includes both active and inactive foundations. In most cases, it is not possible to determine how many inactive foundations are included in the totals.
2. While we have taken every care to include only public benefit foundations that strictly meet the DAFNE/EFC definitional criteria, we know of at least one case in which we have not been able to completely isolate and remove all non-independent foundations (e.g., foundations that are not completely independent of the state). In Hungary, the data are not specific enough to allow us to differentiate between independent and non-independent foundations. So, the number of public benefit foundations reported for Hungary – 15,995 – likely overstates the number of public benefit foundations that operate independently of the state.

### **About Foundation Center**

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