

A flourishing European philanthropy sector

European philanthropy is rapidly expanding. At the same time, there are as many types of philanthropy as there are countries.

Produced by Fondation de France in partnership with the Centre d'étude et de recherche sur la philanthropie (Centre for the Study and Research of Philanthropy), this overview of philanthropy in Europe examines the relationship between giving and philanthropy in ten European countries*.

The largest philanthropy network in France, the Fondation de France brings together founders, donors, volunteer experts, employees and thousands of associations, all of whom are committed and driven by a willingness to take action. It draws its expertise from 45 years of daily philanthropic activity, through its own programmes and the associations it supports, and in serving the projects led by the 775 foundations that it hosts. To improve knowledge of the sector and facilitate the emergence of new forms of action, both in France and worldwide, the Fondation de France regularly conducts studies on philanthropy to analyse the areas and ways in which foundations are active, and to assess their effectiveness and contribution to the economic and social life of the countries they operate in.

First observation

A rapidly growing funds and foundations sector

Over the last two to three decades, foundation numbers have increased rapidly everywhere in Europe. While some countries have a long philanthropic tradition such as the United Kingdom, European foundations today are characterised by their youth and dynamism. This is a sign that the philanthropic culture is making progress. It can also be explained by changes in legal and fiscal frameworks. The introduction of new, more flexible legal forms of foundation, such as the endowment fund in France, has modified the French philanthropy landscape.

The countries with the largest number of foundations are Germany, Poland and Spain.

* Germany, Belgium, Spain, France, Italy, Netherlands, Poland, United Kingdom, Sweden and Switzerland.

NUMBER OF FOUNDATIONS

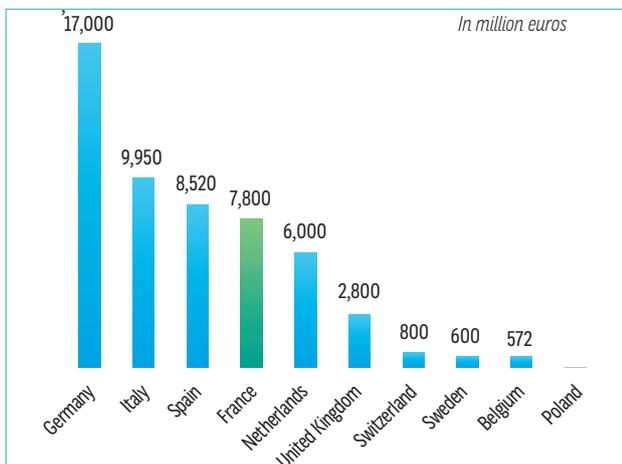


New foundation models

The traditional foundation model based on permanent capitalisation of significant assets, the income of which funds long-term philanthropic activity, is marking time. While the majority of assets continue to be concentrated in a small number of foundations, huge numbers of small foundations have been created, a trend seen in several countries: community foundations focusing on local fundraising, absence of initial endowment or non-permanent endowments, foundations relying on incoming donations rather than capital, and so on. The young foundations of Europe are dynamic and define themselves more in terms of their actions than their assets.

Second observation the striking vitality of European foundations

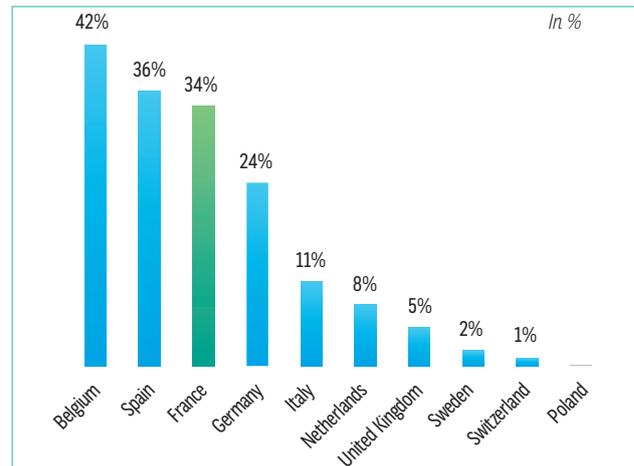
FOUNDATION EXPENDITURE



With total expenditure of €17 billion in 2014, German foundations have a commanding lead over other European countries.

On the other hand, with an average budget of more than €2 million per year, France is ranked first in terms of average annual spending per foundation.

FOUNDATION VITALITY (EXPENDITURE/ASSETS RATIO)



Although not numerous, French foundations are among the most active in Europe, with a vitality rate of 34%, and spending accounting for one seventh of total foundation expenditure.

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The priority causes for Europeans: international solidarity, social welfare and religion

The main causes supported in the different countries demonstrate different conceptions of solidarity.

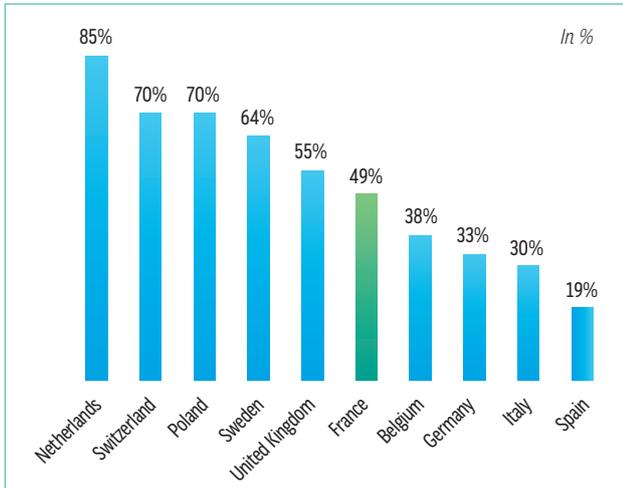
In France, giving for national causes is dominant: French donors, like the Spanish, donate primarily for their own most vulnerable compatriots (37% of donations).

For the Germans, Belgians and Swiss, international and humanitarian aid is the priority: 74% of total German donations, 61% of Belgian donations, and 43% of Swiss donations.

In the Netherlands and United Kingdom, religion is the largest cause supported by individual philanthropy.

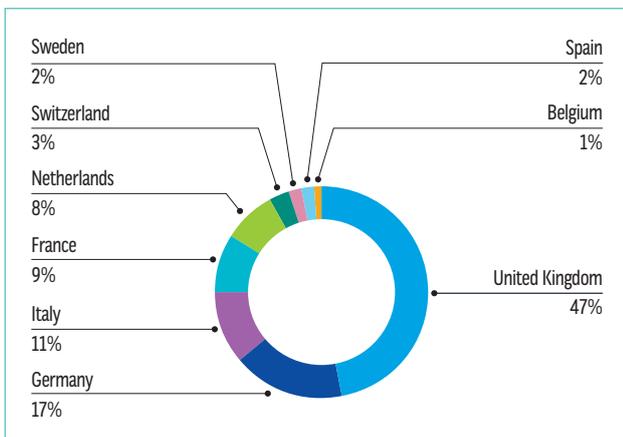
Third observation individual generosity: behaviour varies widely from one country to another

PROPORTION OF DONORS BY NATIONAL POPULATION



The population of the ten European countries surveyed contain 44.3% of donors for total giving of €24.4 billion (nine countries). This average conceals significant discrepancies between countries: 85% of the population are donors in the Netherlands, while in Spain this figure is only 19%.

CONTRIBUTION OF DONORS IN EACH COUNTRY TO TOTAL GIFTS RECORDED



France, in fourth position, is one of the countries where individual generosity is growing, together with Belgium and Germany.

In contrast, although the volume of British donations is well above that of other European countries, it is constantly declining, and currently at its lowest level since 2004.

The total of Spanish gifts is also down (-47% in eight years), due largely to a drop in the average contribution by donor.

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Taxation: what impact?

In all the countries studied, the State offers tax advantages to donors, in recognition of private initiative and individual commitment that benefits the public interest. The last country to introduce tax incentives for giving was Sweden in 2012. Tax incentives appear to have more influence on the amounts given than on the number of donors. In France and the United Kingdom, where tax systems offer more incentives than elsewhere, the average donation is the highest in Europe, while the proportion of people who give is only average.

In most countries where taxation is high, the proportion of people who give is lower (France, Belgium and Italy). This can be seen as an interpretation of the distribution of roles between individual and State: a strong State with high levels of public spending funded by high tax levies, is assumed to be the sole guarantor of the public interest.

Another taxation feature of note is a mechanism in six European countries (Germany, Italy, Spain, Sweden, Switzerland and Poland): **direct allocation of tax to a cause or organisation of general interest**. This is generally a percentage of the tax due (1% in Poland, 5% in Italy, etc.) which the taxpayer can allocate to a cause of their choice. The most well-known example is that of Germany, where a very high rate of «church tax» is added to the initial tax amount (additional tax of 8 to 9%).

Europe / United States: what lessons?

Philanthropy is often associated with American society and English-speaking cultures where attitudes to wealth are more relaxed, and where returning part of that wealth for the common good is an integral part of the individual's relationship with society. European efforts pale into significance next to those of the United States: 44.3% of donors in Europe for a total giving figure equal to 0.2% of GDP, compared with 95.4% of donors in the United States for a total giving figure representing 1.5% of GDP.

However, there is another reality which somewhat qualifies America's philanthropic hegemony: **estimated total giving by European foundations is equivalent to that of American foundations** (€54 billion for nine

European countries - \$71 billion for the United States, or €53.5 billion**). In relative value (as a proportion of GDP), the European foundation sector is just as committed as its American counterpart (0.45%).

While the assets of foundations are much more significant in the United States than in Europe, **allocation of this wealth to activities of general interest is more dynamic in Europe**. Half of the European countries

studied, including France, have a higher philanthropic vitality index (foundation expenditure/asset ratio) than in the United States. This can be explained by the fact that American foundations are largely capital appreciation or stock foundations, while the dominant and growing model in Europe is the foundation reliant on donation inflows.

	EUROPE	UNITED STATES
FOUNDATIONS***		
Number	129,975	104,107
Total expenditure	€54 billion	\$71 billion (€53.5 billion)
Total assets	€433 billion	\$823 billion
Vitality (expenditure/asset ratio)	12.7%	8.6%
Expenditure as proportion of GDP	0.45%	0.45%
INDIVIDUAL GIVING		
% of donors	44.3%	95.4%
Individual giving total	€24.4 billion	\$229 billion
Proportion of giving to GDP	0.2%	1.5%

Some country-specific features

The United Kingdom: the country of giving

One in five European donors is British. In absolute value, the United Kingdom is by far the largest contributor in terms of European individual generosity: British donors contributed €11.5 billion, or almost half the European giving total (€24.4 billion).

Germany: the country of foundations

Germany has the most foundations in Europe and, with €17 billion of assets, makes the highest country-specific contribution (almost one third) to the total European foundations budget (€54 billion). Examples are the Robert Bosch Foundation (€5 billion in assets) and the Volkswagen Foundation (€119 million of grants awarded each year).

Poland: an example of emerging philanthropy

Despite the lack of data available, we have chosen to include Poland in this European overview, where a philanthropy sector has recently emerged, encouraged by American and European support in the post-communist period.

With almost 16,000 foundations, just under 15% of European foundations are located in Poland. However, most of them have very small endowments and local mechanisms need to be strengthened to raise funding.

Citizen engagement is equally dynamic: 70% of Poles are donors and 57% of them pay some of their tax to organisations in the charity sector.

Italy: the highest amount of philanthropy capital in Europe

With €90 billion, or more than 21% of European foundation assets, Italy holds the largest amount of capital dedicated to European philanthropy. The «Amato Law» on the privatisation of banks profoundly changed the landscape of Italian foundations in 1990. By separating social welfare activities from savings banks and their credit activities, the law led to the creation of 88 foundations, which, although they represent only 2% of Italian foundations, hold just under half the assets of the country's philanthropy sector (€41 billion).

** 2013 exchange rate average.

*** The number of foundations is taken from 19 countries; assets and expenditure are the estimates for 13 countries.