

# Foundations in Europe – A Comparative Analysis

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## A View from the North

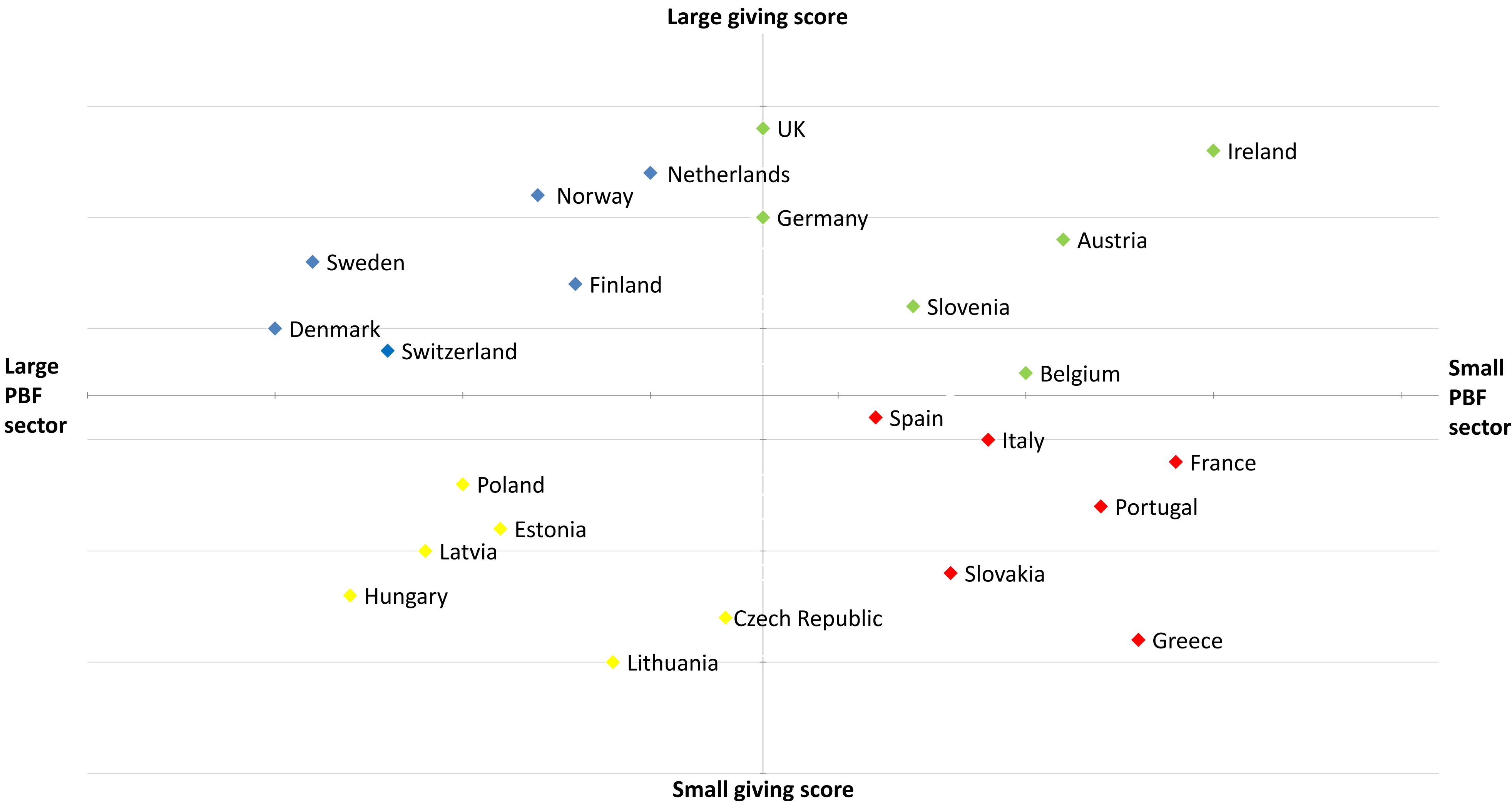
The so-called Nordic countries – Denmark, Finland, Norway, and Sweden – are clustered in the quadrant characterised by relatively large public benefit foundations sectors and large private giving for philanthropic purposes. As is the case with Switzerland and the Netherlands, these countries have enjoyed an unbroken tradition of self-regulated foundation management dating back to the 1600s.

These favourable historical circumstances have enabled diversified foundation sectors centred around a few extremely wealthy donors and a wide variety of smaller ones. A distinct role is played by business controlling foundations, offering commercial as well as charitable value creation, while social and pious purposes have been increasingly overshadowed by donations for arts and sciences.

## A Mixed View

The quadrant defined by large giving from private sources, but relatively few foundations per 100.000 inhabitants, consists of an assorted mix of country cases. No single one of them stands out as particularly representative. The common law countries (United Kingdom and Ireland) have stronger uses of charitable trusts than traditional public benefit foundations, while the continental ones have varied degrees of punctuated donor genealogies.

In this respect, Germany has had a particularly turbulent foundation history: After more than a millennium of pre-modern *pias causae* Stiftungen, the foundation tradition was effectively destroyed by the 20th century world wars. After 1949, however, a renaissance was initiated by secular donors, making Germany the fastest growing public benefit foundation sector in the 21<sup>st</sup> century.



## A View from the East

The current situation, with a considerable number for registered foundations, but relatively modest donations, must be viewed on the backdrop of rather late transformations towards multiparty systems and market economy of Eastern Europe. On the backdrop of punctuated donor genealogies, the foundation format has been used (and sometimes even overused or misused) by private as well as government actors.

The enthusiasm about the freedom of private initiatives and the somewhat naïve expectations about fundraising potential resulted in an extremely rapid growth in the 1990s. Tax avoidance, occasional fraud, and foreign influence, however, weakened the trust toward the newly created organizations. Consequently, public benefit foundations in Eastern Europe are large in numbers, but rather fragile in philanthropic scope.

## A View from the South

Southern European countries share a civil law regime, and a longstanding influence of the Napoleonic Code. Operating foundation models are more prevalent than grant-making ones, with a long history of public benefit provision linked to the Catholic Church. Under the State-Centered corporate model (France and Belgium) the overall importance of the foundation sector is low and state supervision intense.

Under the Mediterranean model (Spain, Italy, and Portugal) foundation sector importance is medium, with a rapid recent development after autocratic experiences. Spain stands out because of its centrality in terms of scale of both its philanthropic giving and institutions, and a shift towards the business foundation model, as reflected in a booming population of corporate foundations, including business controlling ones.

## Work in Progress

The variable **Public Benefit Foundation (PBF) sector** expresses the amount of public benefit foundations per 100.000 inhabitants. Data is retrieved from European Foundation Centre (2014-15: [www.efc.be](http://www.efc.be)). The variable **Giving Score** is based on World Giving Index, constructed by Charities Aid Foundation (2015: [www.cafonline.org](http://www.cafonline.org)).

The four views are illustrated by country-cases (Denmark, Hungary, Germany, and Spain) provided by Anker Brink Lund (CBS), Éva Kuti (Budapest College of Management), Volker Then (Universität Heidelberg), Marta Rey-García (Universidad de A Coruña). We invite other researchers to participate by sending drafts of country-cases to: [abl.mpp@cbs.dk](mailto:abl.mpp@cbs.dk)