

FOUNDATIONS IN BELGIUM

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Hoger instituut
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Making a picture of the foundation sector

The European Foundation Centre (EFC) is the major European membership association of the European foundation sector. In 2003 the European Foundation Centre embarked on an ambitious project. The project is steered by the EFC Research Task Force and benefits from the support of the King Baudouin Foundation of Belgium. Through a concerted effort the EFC wants to collect key-data on the foundation sector in all the European countries. The key-data will give a fairly comprehensive view of what the sector is all about. They relate to the different types of foundations, their total assets and expenditures, their main areas of activities, the number of people they employ, the number of volunteers they mobilise, the programmes they run and the target populations they reach.

This is the first attempt ever to make a comprehensive family picture of the European foundation sector. It will help to give an idea of the state of the art of the foundation sector. It is also a benchmarking exercise that will help to interpret future changes within the sector.

For Belgium also this is the first time that data are collected on the foundation sector in a systematic way. The foundation sector is a fairly old sector, but has never been well documented. Foundations are not included as such in general socio-economic statistics and no comprehensive public record of their assets, expenditure or activities is available. So far no governmental agency or department and no co-ordination or apex body of the sector has been charged with documenting the sector. In addition, academia has not been very interested in the sector either. Information on the Belgian foundation sector is thus really scarce. As a consequence much that is said and written about the foundations and the foundation sector is unfounded. There is a widespread belief that the foundation sector is only a marginal phenomenon in Belgium. But is this really so? Some suggest that the foundation sector in Belgium will get a new momentum for two reasons. First, Belgium might be engaged in a worldwide resurgence of the foundation sector in the wake of widespread and Anglo-Saxon-driven interest in corporate social responsibility and philanthropy. Secondly, the legal framework for the sector has changed with the new law of 2002. It is not as yet clear what the changes will be that this new legal regime will induce in the sector.

We see at least five reasons for a benchmarking and systematic research on the foundation sector. This research can be seen as a first building block to reach these objectives.

1. We must identify the position and role of the foundation sector in the new governance system. This governance system foresees the participation of non-state actors at different levels (local, national, international).
2. We must identify the place of the foundations within the Third Sector. Foundations share the domain of the Third Sector or the Social Economy with other civil society organisations such as co-operatives, associations or mutual benefit societies.
3. We must identify the collective identity of the foundations. We have to find out what often very different foundations have in common in terms of values, purposes, revenue structures or social involvement.
4. We have to show what the foundation sector can do in a globalising world. Foundations are important stakeholders in social and economic development both at national and international level. We must identify the specific contributions of the sector to meet global challenges such as poverty reduction and sustainable development.
5. We have to use research and teaching as powerful tools to promote the foundation sector. They are forceful instruments that help create a better understanding and a wider appreciation of the valuable social role of the sector.

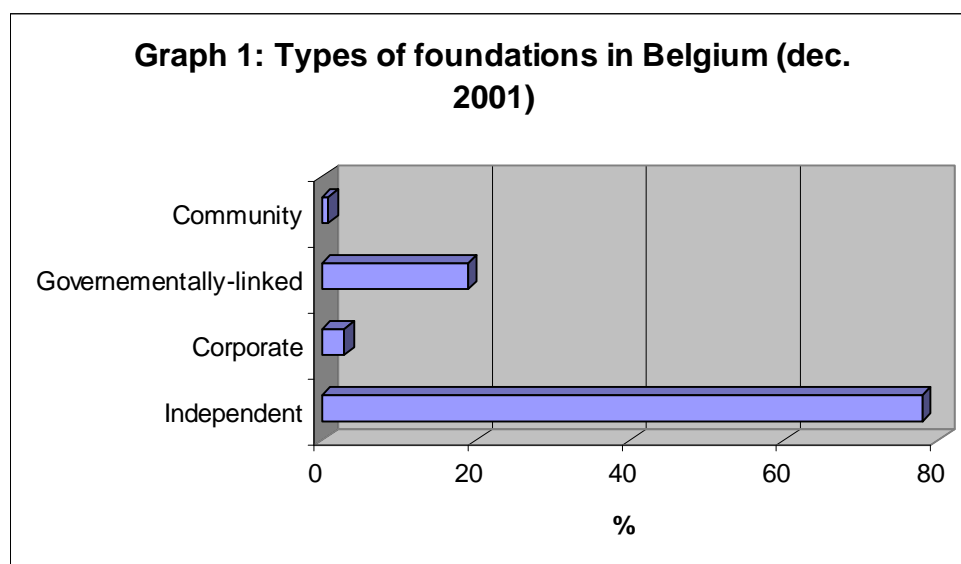
The survey in Belgium was executed in the period May – October 2003. The EFC-elaborated questionnaire was send to all the 323 registered and active foundations. 119 foundations (37%) responded, which is a fairly satisfactory response rate. All data refer to the situation as of December 31st of 2001.

A first typology of foundations

The foundations share a number of characteristics. They are autonomous, not-for-profit institutions that pursue a public benefit purpose. The following broad definition elaborated by the European Foundation Centre is also generally accepted in Belgium.

“Foundations are separately-constituted non-profit bodies with their own established and reliable source of income (usually, but not exclusively) from an endowment or capital. These bodies have 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”.

In most countries four broad, generic categories of foundations are distinguished: 1. independent foundations, 2. corporate foundations, 3. governmentally-linked foundations and 4. community foundations and other fund-raising foundations. As the graph below shows, the great majority of the foundations in Belgium are independent foundations (78%). 22 respondents (19%) were identified as governmentally-linked foundations that were established to look after public goods such as education, art or energy.



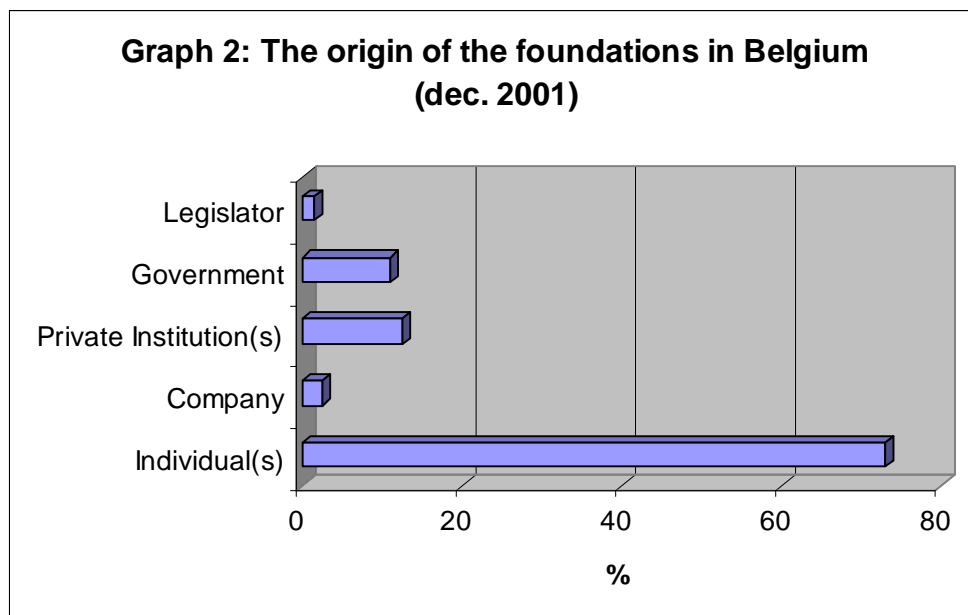
Belgium only counts very few corporate foundations. Within the King Baudouin Foundation (KBF) some 16 "corporate funds" were created between 1993 and 2001. These "funds" serve in a way as alternatives. They are temporary partnerships that do not have a separate legal personality. They are managed by the KBF.

The phenomenon of community foundations, serving local communities, is of very recent vintage in Belgium. So far, only a few have been established.

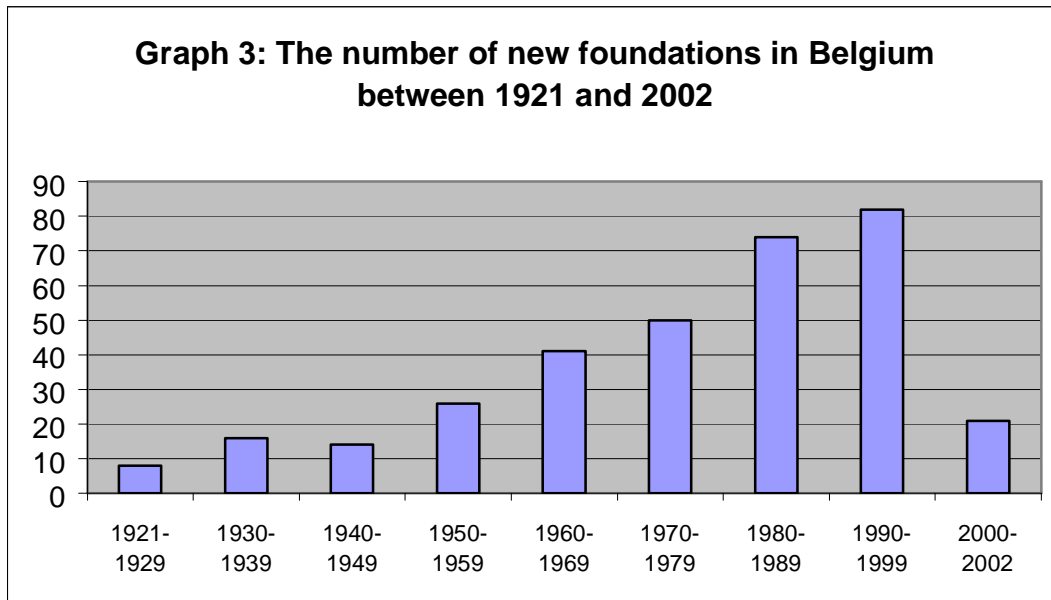
One can also bring the foundations into two groups by looking at their source of income. Some foundations do fund-raising, others rely on their own resources (e.g. endowment). In the survey about one quarter reported that they got some or all of their resources from fundraising.

Establishment of foundations

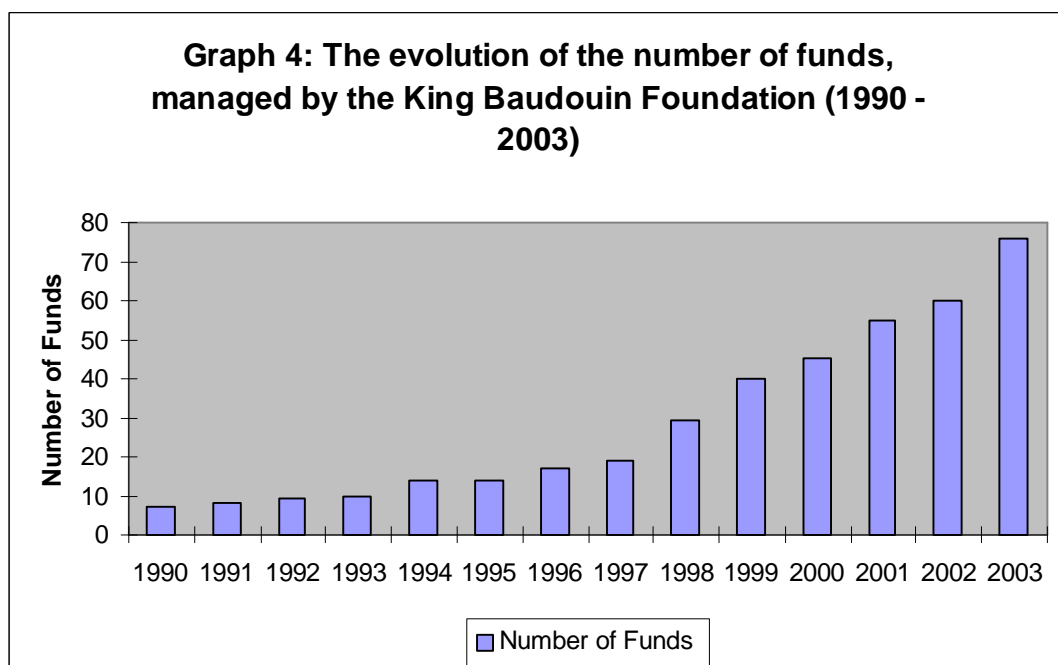
The following graph gives an indication of the origin of the foundations in Belgium. As can be seen the large majority (73%) of the foundations under review were created by an individual person or by a joint initiative of several individuals. Private institutions and governments are the second most important group of initiators of foundations. They are at the origin of respectively 12.5% and 11% of the foundations. Just a few foundations were created on the initiative of a company or the legislator.



From the data available in the foundation registry one can conclude that the sector is expanding and gaining momentum. The following graph gives the overview of the number of foundations created in each decennium since 1921. More than half of all foundations in Belgium were created after 1980.



One can also add to this the emergence of the so-called “funds”, initiated by individuals, groups or companies desirous to pursue the same objectives as traditional foundations do but who do not want to establish a new legal entity and thus have their fund managed by the King Baudouin Foundation. Over the last two decades some 80 such “funds” were established.



Employment, volunteers and outreach

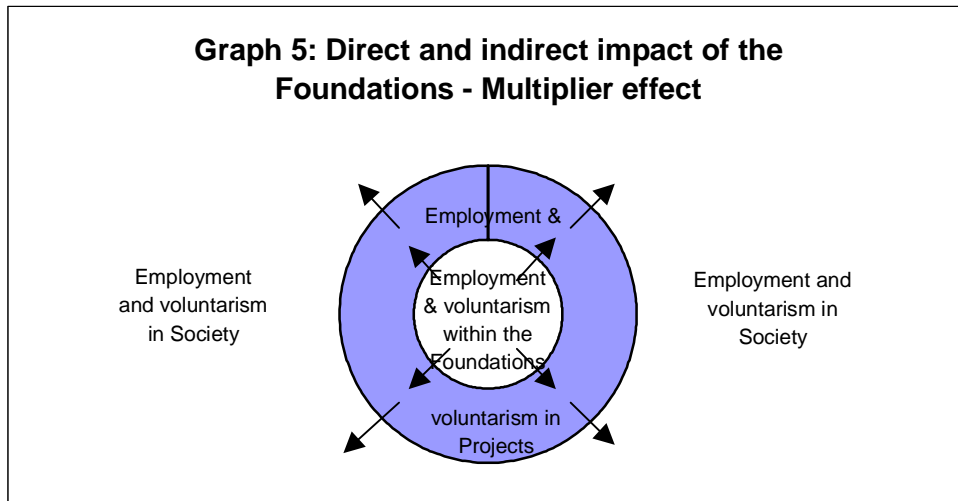
The foundations under review collectively employ some 4544 staff. However, the median is 1 staff member. This means that half of the foundations in Belgium have only 1 or no staff member at all. There are, on the other hand, a few foundations that have a large staff with over 100 or even 500 people.

It has to be noticed that the survey did not register the total employment created or sustained by the foundations. As we will see later, many foundations do give grants or capital support to employment creating and sustaining initiatives in different fields such as arts and culture, science or non-profit infrastructure. The contribution to employment creation is thus many times more important than the above figures suggest.

Foundations also involve volunteers in their affairs. They participate without material or financial rewards as members in boards of directors, in selection commissions, in programme-steering committees or in fund-raising activities. They guarantee democratic decision-making as well as accountability within the sector.

Again, like with employment, foundations do foster voluntarism on a broader scale. As we will see many of the programmes run and supported by the Belgian foundations give important incentives to civic engagement. Civil society and voluntarism rank high on the list of areas that are favoured by foundations, but many of the other initiatives undertaken or supported also rely on and contribute to local community participation or social capital.

The following figure graphically projects the way Belgian foundations directly create employment and room for voluntarism but also have a multiplier effect by creating, supporting or sustaining employment and civic engagement through their programmes.



Assets of the foundation sector

One of the key-parameters that help us to get an idea of the characteristics and scope of the foundation sector is the assets they hold.

We calculated that the 119 foundations under review have a total of approximately 555.000.000 € in assets (book value).

The following table gives an overview of the top 15 Belgian foundations in terms of assets.

Table 1: The top 15 Belgian foundations in terms of assets (Dec. 2001)

	Name of foundation	Assets in euro
1	Koning Boudewijnstichting – Fondation Roi Baudouin	206.366.803
2	Stichting Marguerite Marie Delacroix – Fondation Marguerite Marie Delacroix	56 082 013
3	Fondation Bernheim Fonds	51 200 253
4	Fondation Francqui Fonds	41 278 102
5	Fondation Médicale Reine Elisabeth – Geneeskundige Stichting Koningin Elisabeth	21 680 144
6	Instituut voor Tropische Geneeskunde Prins Leopold – Institut de Médecine Tropicale Prince Léopold	20 252 901
7	Chimay Wartoise	18 800 361
8	Centre Neurologique William Lennox	14 535 722
9	Le College d'Europe – Europa College	11 000 000
10	Fondation Simon et Lina Haim	7 246 446
11	Centre d'Economie Rurale	7 199 339
12	Fondation Prince Laurent – Stichting Prins Laurent	6 197 338
13	Fondation Fernand Lazard Stichting	5 723 355
14	Belgisch Werk Tegen Kanker – Oeuvre Belge du Cancer	4 644 950
15	Fondation Claude Beckers	4 343 527

These foundations account for about 85% of the total assets held by the Belgian foundations under review.

Yearly expenditure

Foundations use their funds to give grants, to finance their own programmes, to pay for their running costs and many other things. The Belgian foundations in our sample spent some 150.000.000 € in the year 2001.

The following table shows the top 15 Belgian foundations in terms of expenditure.

Table 2: The top 15 Belgian foundations in terms of expenditure (Dec. 2001)

	Name of foundation	Expenditure in euro
1	Koning Boudewijnstichting – Fondation Roi Baudouin	35.364.541
2	Instituut voor Tropische Geneeskunde Prins Leopold – Institut de Médecine Tropicale Prince Léopold	29 152 278
3	Centre Neurologique William Lennox	14 613 044
4	Stichting Marguerite Marie Delacroix – Fondation Marguerite Marie Delacroix	13 446 563
5	Centre d' Economie Rurale	7 984 905
6	Het Toneelhuis	7 895 504
7	Het Paleis – KJT	6 074 159
8	FWO (Fonds voor Wetenschappelijke Onderzoek – Vlaanderen)	3 393 872
9	Stichting Wereld Dorpen voor Kinderen – Opération Terre des Enfants	2.696.274
10	Stichting Vlaamse Schoolsport (SVS)	2 560 412
11	Europees Centrum voor Vermiste en Seksueel Uitgebuite Kinderen – “Child Focus” - Centre Européen pour enfants disparus et Sexuellement Exploités	2 461 244
12	Intermixt	2 313 342
13	Chimay-Wartoise	1 733 291
14	Fondation Tanguy Moreau de Melen – Responsable Young Drivers	1 335 554
15	Centre Antipoisons – Antigifcentrum	1 334 162

These major foundations are responsible for about 92% of the collective expenditure of the foundations under review.

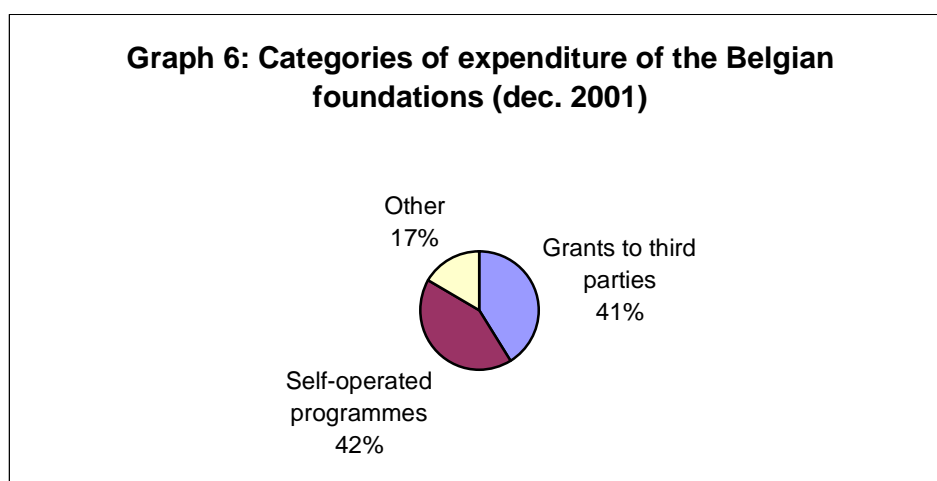
The expenditure to assets ratio of these Belgian foundations is 27.0%. At first sight this seems fairly high. However this can largely be explained by the fact that some important foundations are of the grant-making type who do get substantial financial support from the public authorities.

This is consistent with the finding that the foundations in our sample report a yearly income of 298.400.000 € for the year 2001. This can be explained by the fact that a number of foundations in Belgium do not get the bulk of their income from a return on their investments, self-generated income or private donations, but also resort to public funds for their income.

The data also show that the foundations in Belgium generate largely more income than they spend. There is thus some evidence that they are still strengthening their capital position.

Where does the expenditure go to?

The following graph shows that in 2001 42% of the expenditure of the Belgian foundations in the survey went to self-operated programmes. On the basis of the data we presented earlier on we can conclude that in many cases these self-executed programmes were financed by a mixture of resources mobilised internally and externally. An equal share (41%) went to grants to third parties. The Prins Leopold Instituut voor Tropische Geneeskunde (Institute for Tropical Medicine) is responsible for about 49% of these grants, the King Baudouin Foundation for about 37%. 17% of the expenditure went to miscellaneous matters such as administrative overheads or acquisition of assets.



About 60% of the Belgian foundations that gave detailed information on this issue combine grant-giving with the execution of their own programmes. The following

table shows that the foundations tend to specialise in either grant-giving or the execution of their own programmes.

Table 3: The expenditure mix of the Belgian foundations by category (Dec. 2001)

	Grants	Self-operated	Other
0%	40	43	43
1-19%	14	13	26
20-39%	3	6	12
40-59%	6	4	6
60-79%	12	3	1
80-100%	28	34	15
Total	103	103	103

The preferred fields of support of the Belgian foundations can be seen in the next table. The following 11 areas, based on the EFC Classification System, account for 87% of total expenditure of the foundations that gave detailed information on this.

Table 4: The preferred fields of support of the Belgian foundations (Dec. 2001)

Fields of support (grants and programmes)	% of total support	Amount in Euro
Arts & Culture	13%	15.812.652
Social science	12%	13.698.717
Education and initial training	11%	12.914.478
Science	10%	12.191.835
Health	9%	11.147.144
International development and relations	8%	9.394.750
Social services	6%	7.313.481
Philanthropy/voluntarism & non-profit infrastructure	6%	6.606.001
Civil society, law and civil rights	5%	6.094.857
Community development & housing	3%	4.141.893
Recreation & sports	3%	3.746.170
Other	13%	15.523.117
Total	100%	119.077.859

To a lesser extent, the foundations also reported investments in employment, religion, the environment and animal welfare.

Philanthropy and innovation

In Belgium as much as in other countries foundations see themselves as major catalysers of modern philanthropy and innovation in the country. We have seen that they mobilise and generate resources for a variety of public goods. We have also seen that they give preference to certain domains in society that create images of the future (e.g. arts and culture or social sciences) but also that are vectors of social change (e.g. voluntarism, civil society).

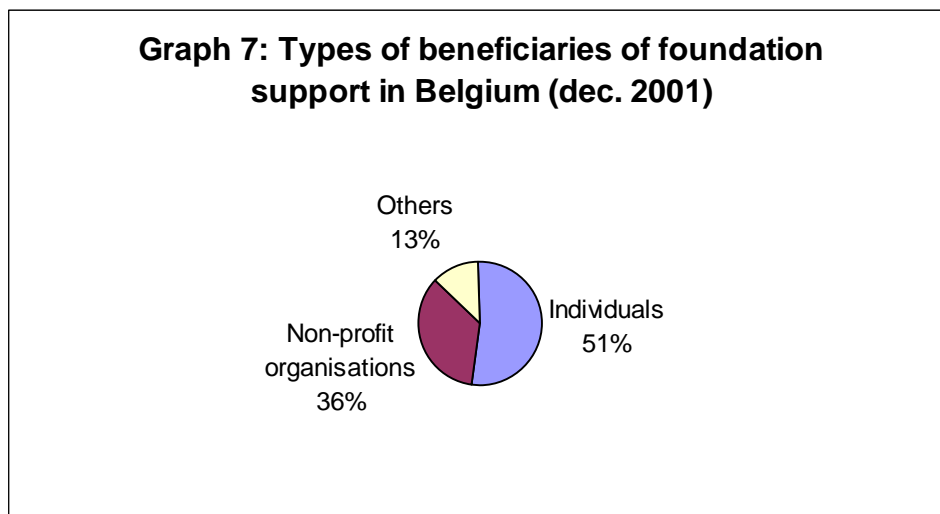
This choice for philanthropy and innovation is also reflected in the types of support the foundations use. The following table gives an overview of the different kinds of support that the foundations in our sample give both in grants and in self-operated programmes.

Table 5: Types of support given by the Belgian Foundations (Dec. 2001)

Types of support	% of total support	Amount in Euro
Funder-operated programme	31%	37 347 315
Awards and prizes	21%	25 422 726
Capital support	11%	13 175 701
General support	10%	11 906 198
Programme/Project	10%	11 602 550
Research	5%	5 999 539
Student Aid (excl. awards and prizes)	5%	5 498 089
Challenge/matching support	2%	2 562 582
Programme related investments/loans	0.3%	396 926
Others	4%	5 194 705
Total	100%	119 106 332

Who benefits?

Who are the beneficiaries of the foundations? The following graph shows that mainly individuals have a direct benefit from the support of the foundations. However, more in-depth analysis of the available data learns that many of these individuals get this support for the role they play in their community or in society at large. We can also conclude the same from an analysis of the category of "others". In most cases it concerns public purposes (such as support to initiatives of local authorities) or innovative initiatives that have to benefit society at large (such as support to research networks).



When looking at the target populations of the foundations under review one finds a double concern within the foundation community. The first and prime concern is for the future of society. 17% of total support goes to children and youth. A second concern is for groups in society that are vulnerable and have a high risk of being or becoming excluded from the mainstream of society: the disabled, the disadvantaged and low income groups, the immigrants and refugees. Taken together, these three categories receive about 32% of total reported support. The following table gives a detailed overview of the different target groups benefiting from foundation support.

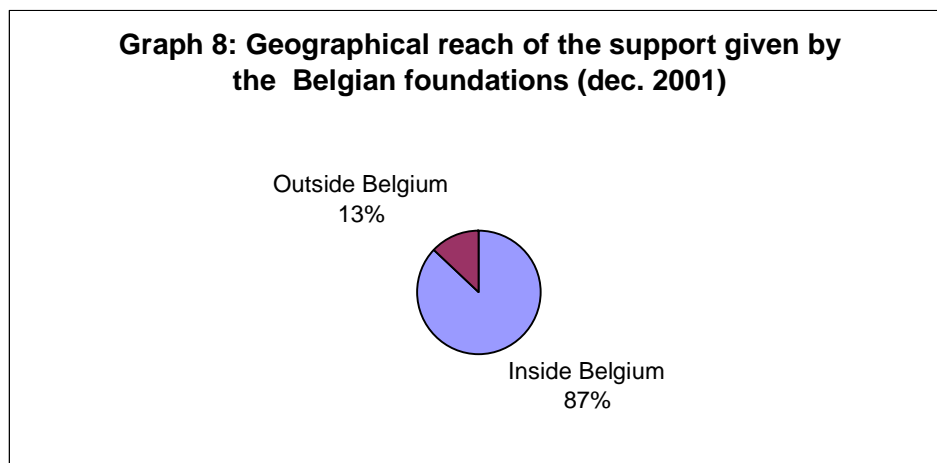
Table 6: The target population benefiting from foundation support (Belgium, dec. 2001)

Target population	% of total support	Amount in Euro
Children and Youth	17%	18.647.332
Disabled	12%	13.536.555
Disadvantaged/Low income	12%	12.585.992
Immigrants/refugees	8%	8.041.578
Youth only	3%	3.026.357
Family	2%	2.250.972
Ethnic Minorities	2%	1.876.093
Children only	0%	27.949
Women/girls	0%	5.534
Alcohol/drug addicts	0%	1.669
Offenders/ex-offenders	0%	0
Other ¹	42%	46.012.107
Total	100%	108.242.311

¹ 63% of this category is taken up by one foundation: the Instituut voor Tropische Geneeskunde Prins Leopold. Its target population is composed by people from the south and travellers.

Where does the support go to?

A final question concerns the geographical reach of the support given by the foundations. 87% of the support is given to groups and individuals operating within the boundaries of our country. Does that mean that other countries and their populations do not benefit from Belgian foundations? Does that mean that Belgian foundations are strongly inward looking? We can not draw such a drastic conclusion from the available data. Our information even suggests that there might be more international in the Belgian foundations than the figures indicate, there might even be an incipient internationalisation of the foundation sector. First, 13% of total support of the foundations goes to other EU countries, Africa, Asia-Pacific region, Central and Eastern Europe, the Newly Independent States and South America (in that order). Secondly, quite a few programmes executed or supported by the foundations are operated from Belgium but have an international mission. And, thirdly, Belgian foundations are increasingly networking at European and international level.



Conclusion

From this very first family picture of the Belgian foundation sector, we can already learn a number of things. First of all, we have to acknowledge that our picture is a bit blurred. Probably because it was the first time that everybody was called to participate in this family session, not everybody participated. And, not all foundations that joined in, did provide a full report. Several shyly kept part of their identity card.

This tentative family picture does permit us to say that the Belgian foundation community is mainly composed of independent foundations that were established by individuals. There is some evidence that the sector is expanding. Also, the group picture shows both small and bigger foundations in terms of employment, participation of volunteers, assets, income and expenditure. The available data also suggest that the Belgian foundations are catalysts of modern philanthropy and innovation. They share a common concern for the youth and for groups that face the risk to be excluded from society. And, finally, the Belgian foundations seem to prefer investments in their own country, but also to open up for Europe and the wider world.