

Funds and foundations in France

Philanthropy in France is a rapidly evolving sector: one third of the country's 2,500 foundations were created after 2010. Foundations' economic weight is growing at a swift pace, with €26.5 bn in assets and €10 bn in philanthropic spending per year. While operator foundations that run large medical and social care facilities represent the lion's share of the sector's economic clout, grant-making foundations (90% of new creations) account for an increasing proportion of the volume. The work done by foundations focuses predominantly on social welfare. Children and youth are the primary targeted group, and over half of foundations work in local communities.

As for endowment funds, after ten years of existence, their growth trend is mixed. While they are similar in number to foundations, 40% are vacant or inactive, and their economic weight – estimated at between €1.3 bn and €1.6 bn in assets for €220 to €270 million in expenditures – is heavily concentrated in a select number of funds.

HOW THE FOUNDATIONS SECTOR IS ORGANISED

In France, there are **eight types of foundations**, established at different periods:

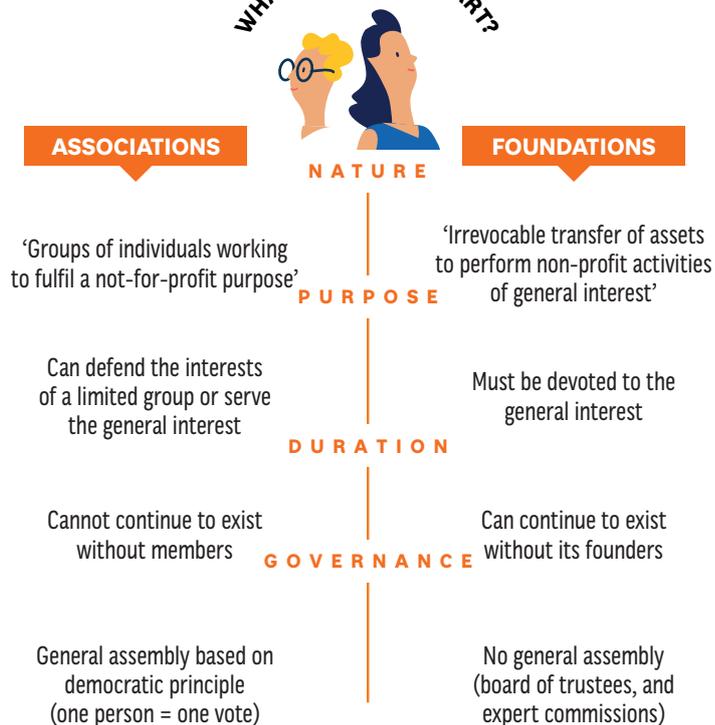
Four general types

Public utility foundation (PUF) 1987	Sheltered foundation (SF) 1987
Corporate foundation (CF) 1990	Endowment fund (EF) 2008

Four specialised types

Scientific cooperation foundation (SCF) 2006	Partnership foundation (PF) 2007
University foundation (UF) 2007	Hospital foundation (HF) (no active foundations of this type to date) 2009

WHAT SETS THEM APART?



Two operating methods for foundations

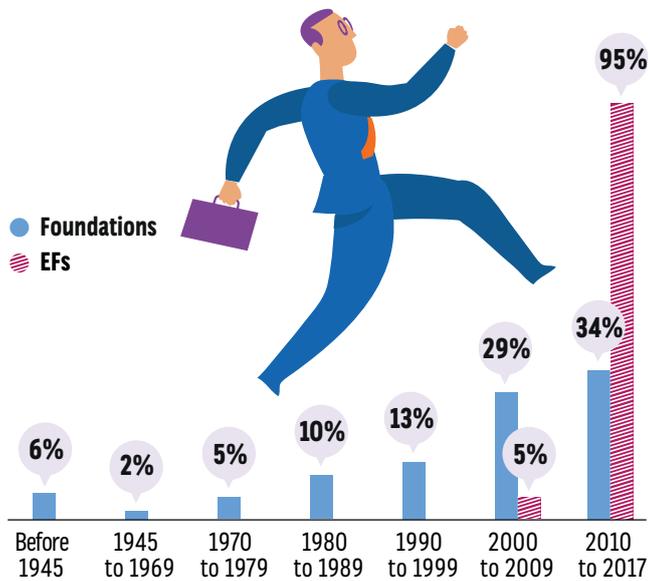
Funds and foundations can function according to two very distinct methods of operation, though some combine both:

➔ **Operator foundations** are responsible for operating facilities (hospitals, nursing homes, museums, etc.). These facilities incur significant payroll costs and are largely funded by government resources – particularly via the per-day funding mechanism.

➔ **Grant-making foundations** fund and support outside projects: awarding grants to associations and scholarships and prizes to researchers and students. They can provide funding to implement projects, encourage capacity building within organisations, and conduct research in the areas in which organisations work. Their resources are almost exclusively from private sources.

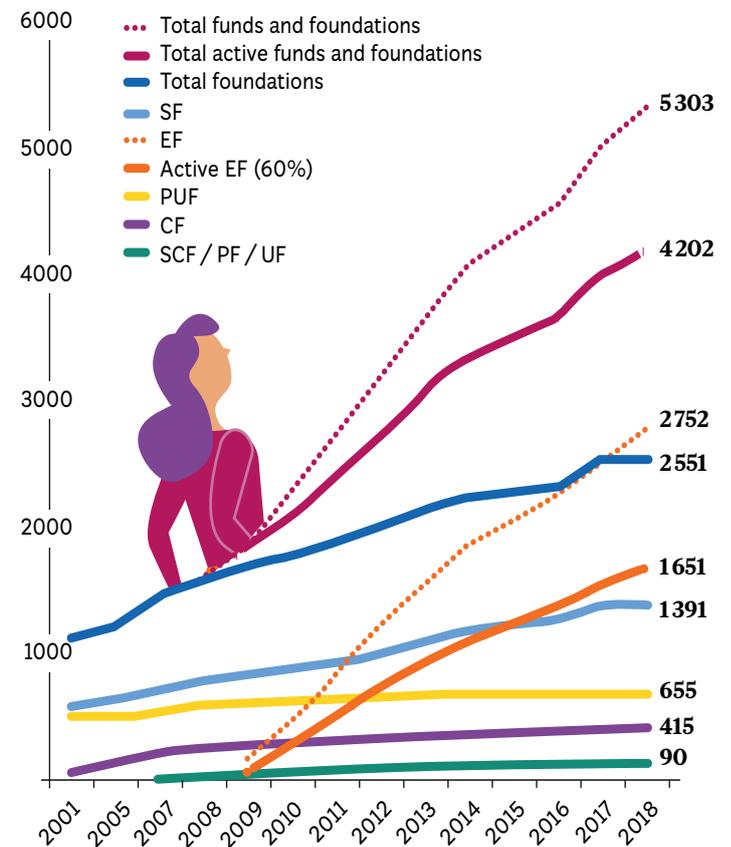
A RAPIDLY EXPANDING SECTOR, WITH RECENT ORGANIZATIONS

Funds and foundations according to their period of creation



More than one third of the foundations currently in existence were created since 2010, and over two thirds since 2000. Endowment funds, a more recent development, were all created after 2008.

Number of funds and foundations in France between 2001 and 2018 by type



SIGNIFICANT AND RAPIDLY GROWING ECONOMIC WEIGHT

Amounts in million euros	TOTAL foundations (excl. EFs)			EFs (estimations)
	2017	Change 2013 to 2017	Average annual growth	2017
ASSETS	26 515	+21%	+5%	1300 to 1600
RESOURCES	9 984	+28%	+6%	180 to 220
EXPENDITURES	10 174	+36%	+8%	220 to 270
EMPLOYEES* (number)	127 000	+51%	+11%	

*Source : INSEE.

+36%

annual expenditure over four years



Beyond the increase in the number of organisations, the rapid growth in the assets of foundations between 2013 and 2017 is due to the favourable context for both financial and real-estate assets. Furthermore, the particularly swift pace of growth in resources (+28% over four years) and expenditures (+36%) reflects the expansion of foundations

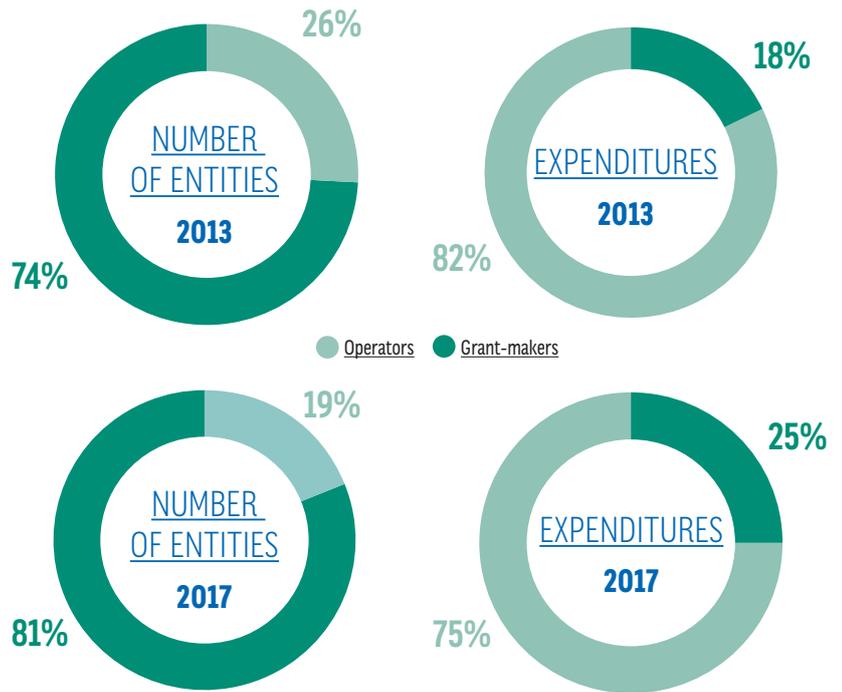
based on a 'flow model', in which revenues are meant to be spent relatively quickly on projects in service of the general interest. This model is now preferred by the majority of foundations, while foundations with endowments – which embody a traditional approach to ensuring the organisation's lasting existence – have become steadily rarer.

THE EXPANSION OF GRANT-MAKING AND FLOW-MODEL FOUNDATIONS

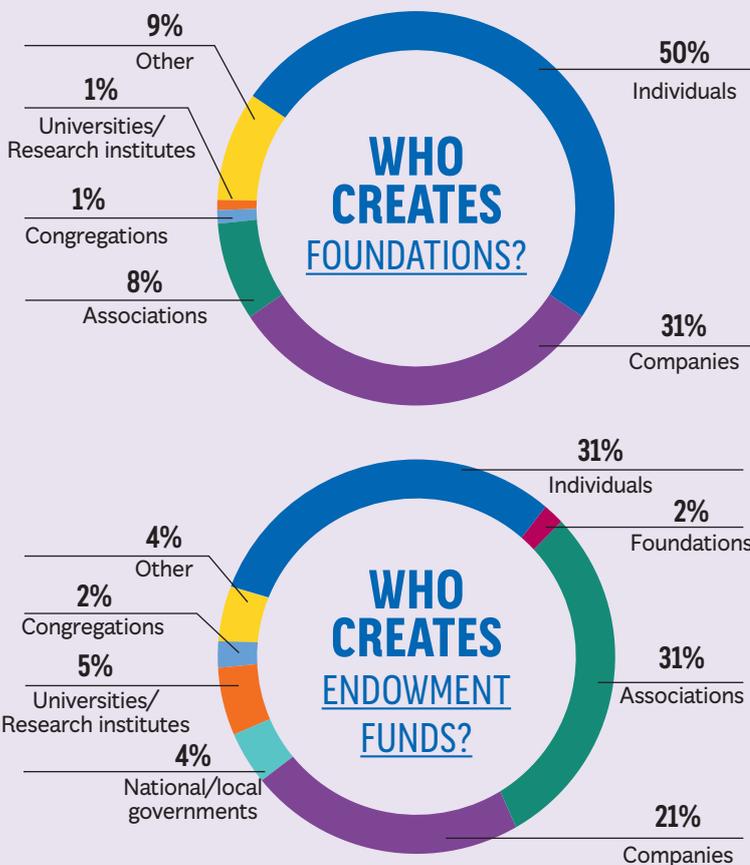
The oldest operating foundations represent the vast majority of the economic weight of French foundations, but grant-making foundations increase in proportion and volume.

Operator foundations that run large medical and social care facilities have enormous operating budgets essentially composed of payroll costs, which is also the case for the hospital sector as a whole. As such, their relative economic clout weighs heavily in the expenditure figures for foundations, concealing the increase in assets and expenditures seen in corporate foundations and sheltered foundations.

Evolution of the share of foundations according to operating methods



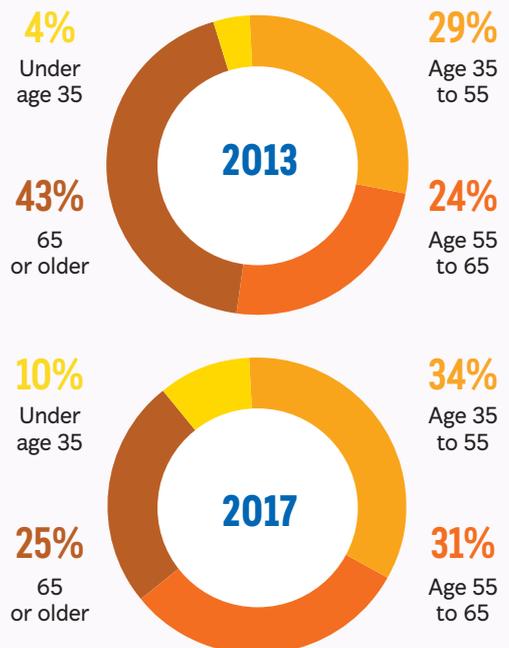
PROFILE OF FOUNDERS: MOST FOUNDATIONS CREATED BY INDIVIDUALS, MANY ASSOCIATIONS IN EFS' FOUNDERS



Half of foundations are created by individuals, who represent 31% of EF founders. Companies represent 31% of founders in foundations, and only 21% in EFs. The significant number of EFs founded by associations (31%, compared to 8% for foundations) is also noteworthy.

Steadily younger philanthropists

Age of founders at the time of creation



Between 2013 and 2017, the average age of founders fell from 64 to 61 for public utility foundations and from 59 to 57 for sheltered foundations. For sheltered foundations, one third of founders are under age 55 and two thirds are under age 65.

Grant-making foundations: an emerging model in modern philanthropy

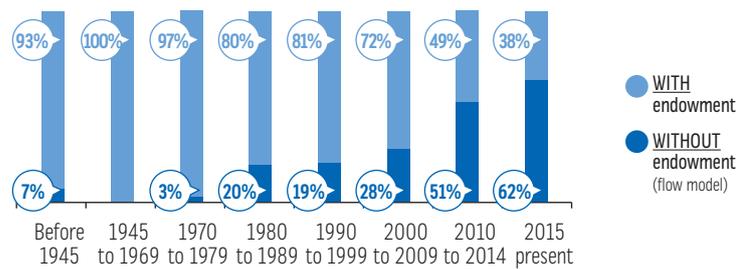
In 2013, 74% of foundations were grant-making foundations. Today, they represent a total of 81% of all foundations and 90% of those created since 2010. These foundations, which constitute the vast majority of corporate foundations and sheltered foundations, are now responsible for one fourth of the total expenditures of French foundations (nearly € 2.5 bn annually).

Grant-making foundations:

25% of the total expenditures of French foundations,
nearly
2.5 bn euros

The 'flow model' for foundations steadily on the rise

Distribution of foundations by endowment model and year of creation (excl. EFs)

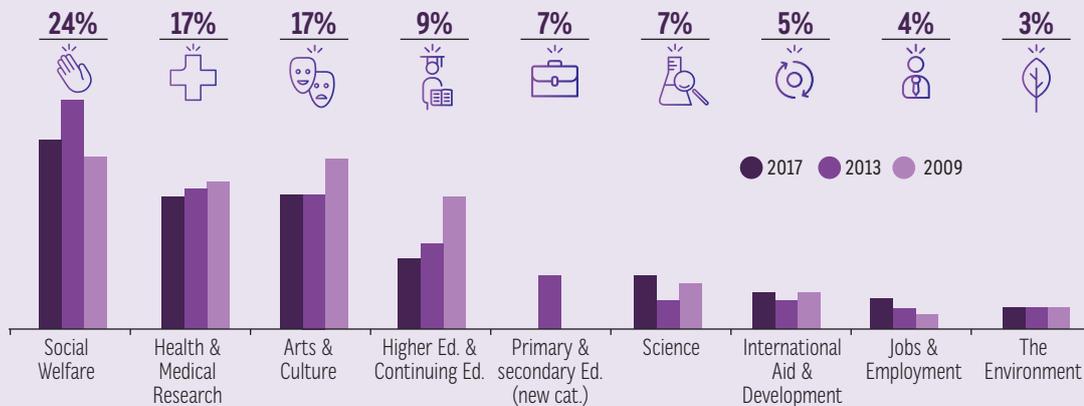


The explanation for the high levels of spending lies in the fact that 'flow-model' foundations account for 32% of foundations as a whole and over half of the foundations created since 2010. This shift is a characteristic feature of modern philanthropy, both in France and in several countries in Europe. Philanthropists are looking to give toward the general interest while they are still alive, and to meet present-day needs without freezing their investments in long-term endowments.

On average, French foundations spend
38%
OF THEIR ASSETS
per year

FRENCH FOUNDATIONS FOCUS PRIMARILY ON SOCIAL WELFARE AND YOUTH, AND ACT LOCALLY

Primary areas of activity for foundations (in no. of foundations, excl. EFs)



Social welfare is the number-one area of activity for French foundations, ahead of health and arts and culture. The apparent slight drop in social welfare spending (from 29% in 2013 to 24% in 2017) is essentially the consequence of the inclusion of a new 'education' category (7%), which previously was not featured in the tally.

Elsewhere, there was also a steady incremental increase in the 'jobs and employment' category. The number of foundations working to safeguard the environment and provide international aid grew, but their total percentage remained stagnant.

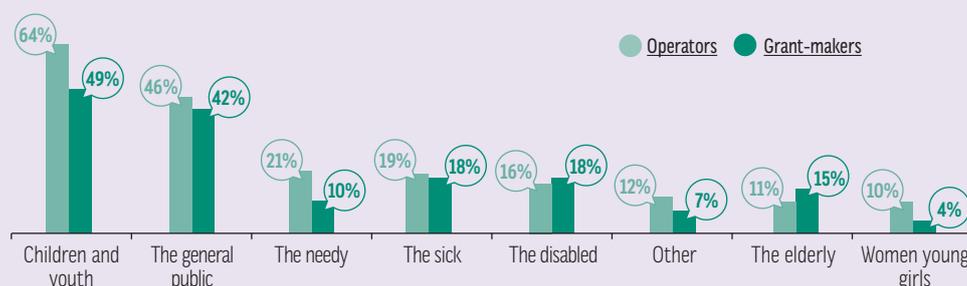
In expenditures, the shares are significantly different:

Health and Medical Research
→ 47%

Social Welfare
→ 29%

Education
→ 6%

Most significant target populations for foundations (excl. EFs) by method of operation



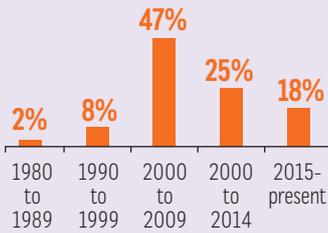
Over half of French foundations act at the local level.

While foundations' activities often concern several segments of the population, children and youth are indisputably at the top of the rankings for target populations. **Grant-making foundations** do a great deal of work to support needy and underprivileged populations, while **operator foundations** play a greater role in supporting the disabled and the elderly (specialised facilities, nursing homes, etc.).



Focus on corporate foundations

Year of creation of corporate foundations



Two thirds of corporate foundations spend **over €200,000** annually, and one fourth of them spend **over one million euros** annually.

Twenty-one percent of corporate foundations define themselves as community foundations

Arts and culture represent the foremost area of activity for corporate foundations.

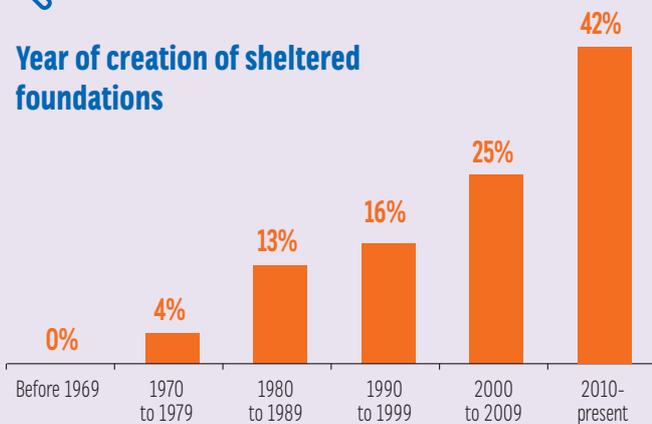
The top focus areas are:
 [Arts & culture - **20 %**]
 [Social Welfare in France - **14 %**]
 [Health & Medical Research - **12 %**]
 Education - **11 %**]

Incidentally, companies are responsible for **the creation of 21% of sheltered foundations and 21% of endowment funds.**



Focus on sheltered foundations

Year of creation of sheltered foundations



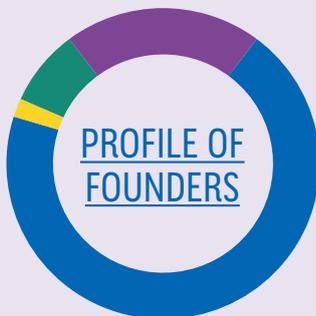
The 1,360 sheltered foundations account for 55% of all foundations (excluding EFs), compared to 52% in 2013.

Sixty-nine percent of sheltered foundations are created by individuals.

■ Individuals ■ Associations
 ■ Companies ■ Other

The four key areas of activity are the same as for foundations as a whole:

- Social Welfare in France (**27%**)
- Arts and Culture (**17%**)
- Health & Medical Research (**16%**)
- Education (**14%**)



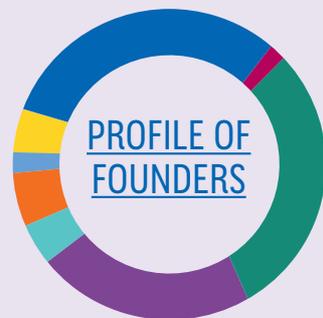
One third of sheltered foundations spend over €100,000 per year.

Three quarters of sheltered foundations award grants; one fourth award scholarships or prizes.

The percentage of sheltered foundations created according to a 'flow model' (no endowment) grew from 37% in 2013 to 50% in 2017.



Focus on endowment funds



■ Individuals ■ Universities and research institutes/hospitals
 ■ Companies ■ Foundations
 ■ Associations ■ National/local governments
 ■ Congregations ■ Others

Areas of Intervention:

- Arts et Culture: 27%
- Health & Medical Research: 17% and Social Welfare: 17%
- Education: 6%

The total assets of endowment funds are estimated at anywhere between €1.3 bn and €1.6 bn, meaning that they represent approximately 6% of the overall assets of French foundations.

Their annual expenditures are estimated at between 220 and 270 million euros, which amounts to 2% of the overall expenditures of French foundations.

Their annual expenditures account for 17% of their total assets.

The five largest endowment funds in France account for 39% of the total assets of all EFs and 29% of their expenditures.

Around 40% of endowment funds are estimated to be vacant/inactive.

METHODOLOGY AND REPRESENTATIVENESS OF THE SAMPLE

- National surveys conducted every 4 years since 2001, with the contribution of Viviane Tchernonog (Centre for Economics, Sorbonne University/CNRS) and in partnership with the Ministry of Interior (Associations and Foundations Office)
- The 5th survey conducted in 2018 on 2017 financial statements, released in May 2019
- Paper and online survey sent to over 5,000 organisations
 - **Voluntary participation: 10%**
 - **Additional data: foundation websites + official Journal + Ministry of Interior + seven prefectures**
 - **Overall percentage of funds and foundations represented: 62%**
- Consistency checks, identification of atypical foundations, corrections and extrapolations according to the number of foundations per type of foundation.

The Philanthropy Observatory

A watchdog organisation created in 1997, the Philanthropy Observatory monitors and assesses developments in the funds and foundations sector in France, donor profiles, and the decisive variables that play a part in giving. It aims to provide insight into the role of philanthropy as a factor in the social and economic vitality of France. Its surveys and studies are published free of charge on the website of the Fondation de France.

Contact : Laurence de Nervaux - laurence.denervaux@fdf.org

About Fondation de France

Each of us has the capacity to serve the public interest. This conviction has been driving Fondation de France for the past 50 years. Every day, it fosters and channels the desire to act, with one simple aim: to turn this wish into useful and effective action to build a fairer and dignified society.

Fondation de France has developed a unique expertise by working alongside the best experts, hundreds of volunteers and thousands of professionals in the field, in all areas of public interest: support for vulnerable people, medical research, environmental concerns, culture, education, etc. Fondation de France takes action in two ways: through its own action programs and by supporting the work of the 857 foundations under its aegis. It consequently supports almost 10,000 projects every year.

Fondation de France is the leading philanthropic network in France, operating in all regions. As an independent and private institution, it receives no subsidies and relies solely on the generosity of its donors and testators.

Press contact: Vanessa Hendou – Fondation de France : presse@fdf.org / 01 44 21 87 47

Follow us on FONDATIONDEFRANCE.ORG



**Fondation
de
France**

More information:

www.fondationdefrance.org/espace-philanthropie

La Fondation
de toutes les causes