



Foundations in France in 2007

Founders, fields of action,
economic weight

Study undertaken in cooperation
with the groups and voluntary associations office
of the Ministry of the Interior
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The 23 July 1987 Act on the development of philanthropy defines foundation as “the act by which one or more individuals or legal entities decide on the irrevocable transfer of goods, rights or resources for the accomplishment of a not-for-profit endeavour of general interest”.

With the endowments they manage, foundations may provide services in various fields—hospitals, retirement homes, research centres, museums, social welfare services, etc.—or fund voluntary association projects, prizes or scholarships.

Examples are the Pasteur Institute, the Auteuil Foundation (orphan apprentices), the Cognac-Jay Museum, the Cartier and Ronald McDonald foundations, the Fondation de France, the foundation for medical research, etc.

The French system of foundations is characterised by oversight by the public authorities, the irrevocable nature of the resources they receive, and their long-term action and management procedures. These four points are the result of a long heritage and yet have gradually changed over the last ten years.

When they began and during their lives, foundations were long closely bound by the guidance and direct monitoring of the public authorities.

The French system of foundations still retains the hallmarks of practices begun under the monarchy: the creation of a foundation was subject to the prior approval of a competent authority. Royal authorisation was succeeded by government assent and then the assent of the Prime Minister in the form of a decree. For foundations with no legal autonomy, approval needs to be formally granted by the body requested to establish them under its auspices.

For many years, the presence of State representatives on foundation boards was the French system’s way of ensuring the public interest. However, the

“corporate foundation” defined in 1990 and the “public utility foundation” of 2003 may have boards with no representatives of the public authorities. This recent development clarifies relations with the State as guardian: while enshrining the private nature of foundations, it redefines the role of government oversight as an external guarantor of public utility.

The irrevocable nature of resources transferred to foundations is clearly stated in the 23 July 1987 Act on the development of philanthropy. There has been no challenge to it since then.

The principle of long-term action was for many years a central element in specifically defining French foundations when compared with foundations in other countries. To plan for the long term, foundations must possess an endowment sufficient for its revenues to finance their annual budgets. For decades, all “public utility foundations” were designed on that condition. In 1990, the long-term requirement was first challenged by the creation of the “corporate foundation”, basically designed as a project of limited duration, funded by financial flows and not the revenues from a capital fund. This was the first step towards a radical modernisation of the instrument, confirmed by the redesign in 2003 of standard bylaws for “public utility foundations”: the model now accepts a variant with expendable capital. In actual fact, the Fondation de France has been accepting the establishment of “individualised foundations” under its guardianship since 1969, but because this procedure occurred within a structure that was itself permanent, it did not officially challenge the principle of long-term foundations.

Finally, while voluntary associations are institutions in which major decisions are made by a General Meeting of members, foundations are governed by smaller boards that do not necessarily represent all the contributions they receive.

Foundations in France: three main sorts, three specialist arrangements

The 1990 Act followed the intention of the philanthropy development Act to protect the name “foundation” by restricting this term to three forms of organisation:

- *Public utility foundations*
- *Corporate foundations*
- *Sheltered foundations* hosted by an approved body

In 2006 and 2007, parliament encouraged the development of foundations for research and higher education: three specialist arrangements emerged that were directly inspired by the first three types:

- *Scientific cooperation foundations*
- *University foundations*
- *Partnership foundations*

Public utility foundations

The creation of a *public utility foundation* requires State authorisation by Prime Ministerial decree, countersigned by the Minister of the Interior, after receiving the opinion of the Council of State.

The solidity and permanence of these autonomous foundations is based on their assets. As stated above, in theory the income from their endowment should cover their expenses and finance their social missions. To achieve long-term survival, they must also protect their assets against monetary erosion.

The new model for foundations with expendable endowments, designed in 2003 for medium-sized and small endowments and projects, has in practice been strictly reserved by the Council of State for causes that are deemed to be limited in time and for research foundations.

Public utility foundations were for many years governed by a board of directors or trustees comprising roughly equal numbers of founders, representatives of the public authorities and eminent persons co-opted for their competence in the foundation’s fields of action. Since 2003 it has been possible to opt for a dual system of governance (supervisory board and directorate) and to have a government commissioner

as sole representative of the State, no longer as a joint decision-maker but as an observer entrusted with ensuring that the public interest is respected.

Corporate foundations

In 1990, following requests from bodies in the corporate sector, French law instituted *corporate foundations*. Since a *public utility foundation* must have a permanent endowment, it was too rigid and complicated a structure for the philanthropic purposes of a for-profit enterprise subject to the ups and downs of business life and commercial strategy. A more flexible intermediate structure was consequently needed.

As a limited-period foundation with a budget based not on income from capital but from resources contributed annually by the enterprise, this new legal structure is established by a prefectural decree in the *département* the corporate head office is situated. The founder must commit for a period of five years which is renewable and a minimum total endowment of 152,500 euros.

In return for the *corporate foundation’s* right to bear the name of the company that established it, the law strictly limits its authorisation to raise funds from benefactors other than the company’s own employees.

Since 2002, the requirement for an endowment has been removed for corporate foundations.

Sheltered foundations

The 1990 Act creating *corporate foundations* also entailed the possibility of creating sheltered foundations with no legal status of their own, which consist of the “irrevocable transfer of goods, rights or resources for the accomplishment of a not-for-profit endeavour of public interest to a public utility foundation whose bylaws have been approved for that purpose”.

In reply to an enquiry from the Minister of the Interior, an opinion of the Council of State, issued by the Interior section at its 25 October 1988 session, confirmed that conditional transfers to the Institut de France could be called *foundations*.

As of 2008, there are 30 bodies in France that are legally entitled to shelter, or host, foundations, of which the most important are the Institut de France, Fondation de France, Fondation du Judaïsme Français,

Fondation Caisses d'Épargne pour les Solidarités, and Fondation pour le Protestantisme Français. The purpose and operation of the foundations they host must comply with their own by-laws. For example, a "mother" foundation dedicated to health cannot host "daughters" concerned with the arts. Similarly a grantmaking organisation cannot really host sheltered foundations with an operational purpose: management of a museum, hospital, retirement home, provision of meals or clothes, etc.

In 2003, the French parliament approved a historic increase in the tax incentives for philanthropy, and the State decided to speed up the collection of private funds for research and education. To that end, two further acts were passed for additional special arrangements for foundations dedicated to those purposes.

Scientific cooperation foundations

On the initiative of the Ministry of Research, the scientific cooperation foundation was created by the 18 April 2006 Programme Act on research. This new status is intended to relax the conditions for managing major research projects while not departing from the requirements of accounting transparency and the management of strictly public projects. The new type of foundation is dedicated to establishing and financing advanced research thematic networks (RTRA) linking public or private research or higher education establishments and private legal entities. These networks are intended to pursue projects of scientific excellence in one or more research areas, including corporate participation.

Partnership foundations

The 1 August 2007 Act on universities' freedoms and responsibilities, known as the Pécresse Act, introduced the possibility for public scientific, cultural or vocational establishments to set up not-for-profit legal entities, to be called *partnership foundations*.

This status authorises a variety of founders: universities and public research centres may work with enterprises.

University foundations

The August 2007 Pécresse Act also authorises public scientific, cultural or vocational establishments—

universities—to manage their own foundations with no legal status. These university foundations are the result of an irrevocable transfer of goods, rights and resources by one or more founders to universities for the accomplishment of one or more purposes or activities relevant to their missions. They are managed by the "parent" university in an individual manner, like foundations sheltered by public utility foundations or the Institut de France.

A forthcoming decree of the Council of State will provide a more detailed framework for the operation of these foundations.

Why are there so few foundations in France?

There are at least three reasons that have hampered the emergence of foundations in France.

First, an explanation that has often been given for the insufficient development of foundations in France is the State's stifling grip on the concept of public utility and its fear of seeing any private competition develop that might, by accumulating wealth, constitute a counterweight to its authority. This distrust, which took the form of the requirement for prior authorisation, lasted for centuries: the Ancien Régime's distrust of institutions often linked to religious authority accumulating inalienable property, condemnation by the French Revolution, a persistent reluctance, even now, to encourage instruments perceived as being made to measure for the rich.

The modern history of foundations is marked by the creation in the late 1960s of the Fondation de France, a general-purpose intermediate body entrusted with developing private philanthropy by allowing the establishment under its legal auspices of individual foundations of varying size. Nearly 860 foundations were set up under these auspices, of which 610 were still operating in 2007, providing a shot in the arm for private philanthropy.

The second explanation for the small number of French foundations is undoubtedly the huge success in France of non-profit associations. Much more recent than foundations, since they date from the well-known 1901 Act, these voluntary associations have developed

enormously as a result of the freedoms they enjoy. Unlike a foundation, an association does not need resources or, consequently, any authorisation to be formed.

Whereas only 2,443 foundations have emerged from centuries of tradition (541 public utility foundations, 177 corporate foundations, 16 scientific cooperation foundations, 709 funds and foundations under the auspices of other public utility foundations, and roughly 1,000 under the Institut de France), in just a hundred years more than a million associations have been set up.

Given the constraints in creating a foundation and the freedom of associations, these figures do not perhaps properly reflect the reality of the situation. Over time, as many voluntary associations have increased their resources and put their activities on a more professional footing, they have become endowed institutions whose original democratic purpose has gradually faded, and are now in practice like foundations.

The third reason, less often put forward and yet key to explaining the poor development of foundations, is French inheritance law.

The French Civil Code contains a major obstacle to the development of private foundations: the reserved share of an estate, designed to protect the transmission of assets within a family. This public law provision stipulates that descendants automatically receive a share of the deceased's fortune: 50%, 66% or 75% of the estate, depending on the number of surviving heirs. In some cases, heirs who consider their interests to have been harmed by major donations made by the deceased during his or her lifetime are entitled to sue (even in the criminal courts) to have their proportional rights recalculated on the basis of the estate plus the contested donations. This recourse is available to direct heirs for ten years after the testator's death. Whereas it is hard to imagine a child contesting their parents' philanthropic activities while they are alive, it is not certain that the same heir, once their parents are dead, will not be tempted to turn against an institution to which they owe nothing. Especially when one considers that systems of family values may no longer be as homogeneous and permanent as they were some generations ago.

The 23 June 2006 reform of inheritance law now allows the possibility, formerly prohibited, of concluding an

"agreement on future succession": the protected heirs may now renounce in advance their right to contest the bequest. This "informed" renunciation may only involve one or more specified persons or entities, which includes an existing or pending foundation. This renunciation is possible only for adult protected heirs, must be concluded in the presence of two notaries, and may only be revoked in a limited number of cases. The purpose is to enable the donor to make a promise or express an intention in the full knowledge of his or her protected heirs, who may wish to associate themselves with the project.

Without fundamentally changing the principles of French inheritance law, this opportunity makes the law more flexible in order to respect both the freedom of adult heirs and the generosity of the donor.

In the absence of an agreement on future succession, the period during which an heir may contest the will was reduced from thirty to ten years after the testator's death.

From the point of view of the beneficiaries, and consequently foundations, this provision secures major donations made during the founders' lifetimes and those of donors who are parents.

Why support the development of foundations?

Since the State is aware that it can no longer meet all the many needs that are expressed, it has ceased to concern itself with the wealth and independence of the private players who devote themselves to the common good. At present, it is pressing for significant improvements to the tax system and the reform of the legal system to accelerate the emergence of private partners able to complement the action of public players or to support their development.

Foundations are particularly concerned by these points. One need only look at what happens in countries where the State has historically intervened less. In the United Kingdom and the United States, for example, foundations play a major role in the life of society, both locally and nationally. As endowed institutions working in the long term, foundations present guarantees of stability that are key to offering high-quality services and producing effective policies to support social progress.

Although foundations that collect funds and make grants are under-developed and too little known in France compared with many other countries, they could play a greater role here. If the pattern of collective responsibilities were to be altered, it would be neither feasible nor desirable to leave citizen donors alone to face a host of social players forced to seek private financing. The donors would be overwhelmed and unable to choose properly, and the social players would be weakened by greater dependence on citizens' generosity, a volatile and increasingly difficult resource to tap. Grantmaking foundations can help structure these relations as intermediaries between individuals' generosity and the needs of society as expressed by social players.

By identifying and financing projects according to specific objectives, and appropriately supporting them over time, these foundations have the competence to implement example-setting policies in this sector.

As a result of the independence they gain from their financial resources, they could also be useful partners for local public players called upon to play a larger role under increasing decentralisation.

The Fondation de France

The Fondation de France was set up in 1969 to encourage the development of private philanthropy by providing a large number of services. Its main tasks are to enlist and manage foundations and to collect funds to support social innovation, but it soon developed in

addition the work of promoting the sector and critically examining its practices.

Alone or with others, it has initiated the creation of a number of professional bodies:

- In 1989, the *Comité de la Charte* to monitor the ethics of fundraising organisations, whose members are organisations that have joined to devise rules of good conduct and transparency to provide their donors with greater guarantees of the quality and visibility of their action;
- In 1989, the *European Foundation Centre* (EFC), an advocate for European institutions, a forum of exchange and project catalyst that encourages the spread of foundations' best ethical practices;
- In 1998, the *union of fundraising organisations* (*France Générosité*), to represent not-for-profit fundraisers with respect to the public authorities, with the mission to promote philanthropy and negotiate the conditions for its operations: tax regime, regulations, etc.;
- In 2001, the *French foundation centre* (CFF), an association of foundations with the same missions as the EFC within France, a platform for information, idea-sharing, advice and representation of these specific organisations.

Ten or so years ago, the Fondation de France set up its *Observatoire* (monitoring unit) to analyse and publicise the extent and operations of private philanthropy. It publishes longitudinal surveys of generosity in France and concerns itself with all types of research into gifts and patronage.

This Observatoire undertook the present survey.

Methodology

The data used for the results given below were produced by two main forms of collection:

- A survey based on a four-page questionnaire sent to all public utility foundations in 2006 and 2007, and corporate foundations (in 2006); 82 public utility foundations and 25 corporate foundations took part in this survey;
- Completion of the same questionnaire by teams from the Observatoire of the Fondation de France (monitoring unit) in 2007 based on the files of the foundations hosted by the Fondation de France, the files of public utility foundations kept by the office for groups and associations of the Ministry of the Interior, and information published in the *Journal Officiel* concerning corporate and scientific cooperation foundations.

The data were consequently collected over two years, 2006 and 2007.

In all, the base contains data on 989 foundations operating in 2007, of which 422 foundations hosted by the Fondation de France, 46 corporate foundations, 13 scientific cooperation foundations and 508 public utility foundations. This base accounts for 68.5% of the foundations operating at that date.

After comparing these data with those of the annual declarations of social data (DADS), it appears that this list comprises all foundations that employ staff.

The rate of representation of public utility foundations (PUFs) and sheltered foundations (SFs) is thus good, and the rate for corporate foundations (CFs) is significantly higher than in the previous survey.

The Institut de France does not wish to include the foundations it hosts in a work of general interest. It is hoped, however, that a form of cooperation can be found in the future so as to obtain a fully comprehensive assessment of French foundations.

The calculation of the economic weight of foundations, namely their assets, income, expenditure and employees, is based on 2005 figures. The distribution of foundations that year was as follows:

PUFs	487	39.7%
CFs	115	9.4%
SFs	624	50.9%
Total 1226	Total 1226	100.0%

This means that any foundations set up after 31 December 2005 are not included in these calculations.

The structural analysis (age, founders, fields of action, duration of endowment, etc.) of this group of foundations was carried out for 2007, on the basis of all the foundations considered to be operating that year:

Legal status	Number 2007
Public utility foundations	541
Corporate foundations	177
Sheltered foundations (except Institut de France)	709
Scientific cooperation foundations	16
Total	1443

Scientific cooperation foundations have only been set up recently and have not yet had the time to operate fully: they have been included with public utility foundations for the purposes of this analysis. Since the Pécresse Act is also recent, no university or partnership foundations had been set up by the end of 2007.

Activity nomenclature

The nomenclature used for foundations' activities is the European one produced by the European Foundation Centre. The analysis done for this paper is based on each foundation's main field of action.

Abbreviations used

PUF = public utility foundation

CF = corporate foundation

SF = sheltered foundation

SCF = scientific cooperation foundation

Main findings

→ Profile in 2007

Total number of foundations	1443 (except Institut de France)
Proportion of foundations set up since 2000	32%
Main fields of action (% foundations per field)	27% social action 19% arts and culture 18% health
Proportion of foundations set up by one or more individuals	57%
Proportion of foundations set up by one or more companies	27%
Proportion of grantmaking foundations	65%
Proportion of foundations that spend more than €10 million a year	6%

→ Economic weight in 2005

Total expenditure in 2005	3,727,604,440 euros
Total assets in 2005	9,444,574,710 euros
Total number of employees in 2005	55,462
Concentration of expenditure	<ul style="list-style-type: none"> ■ 6% of foundations account for 79.79% of total expenditure ■ 46% of foundations account for 0.26% of total expenditure
Main areas of expenditure	<ul style="list-style-type: none"> ■ 48% on health ■ 31% on social action ■ 6% on the arts and culture

I. In 2007: a young and growing sector

1. A growing sector

From 2001 to 2007, French foundations as a whole (except Institut de France) increased by 30%.

The number of corporate foundations rose by 164%.

The number of public utility foundations rose by 15% and of sheltered foundations by 24%.

Legal status	Number 2001	Number 2007
Public utility foundations	471	541
Corporate foundations	67	177
Sheltered foundations (except Institut de France)	571	709
Scientific cooperation foundations	-	16
Total	1,109	1,443

Three major factors underlie the development of foundations since 2001.

The first is the massive arrival of companies among founders (all types of foundation). While they were one in three founders in 2001, they were more than one in two in 2005 and 2006, and were planning 50 foundations in 2007.

The August 2003 Act significantly improved the tax regime for corporate philanthropy by doubling tax incentives. However, only a small minority of companies questioned in 2006 declared that the new tax law was a major influence in the creation of their foundation. Sustainable development and corporate social responsibility, and the desire to find new ways of communicating with their customers, employees and partners may also explain the boom in foundations set up by companies. A foundation makes it possible to clearly signal a policy of philanthropy, while at the same time structuring its operations. The major campaign by the Ministry of Culture on the importance of corporate philanthropy and the schemes available, and extensive media coverage of the powerful example of United States foundations, has probably contributed to the popularity of these bodies among corporate managers.

At the same time, the great interest aroused by foundations in various ministries is a second factor in the sector's development: by proposing the creation of research foundations financially supported by the State (20 foundations in 2005, 2006 and 2007 with matching State aid), the authorities have provided new models that had previously been prohibited.

The introduction of *university foundations* and *partnership foundations* suited to the needs of higher education in 2007 has continued this trend towards greater openness to and diversity in the legal status of foundations. This is likely to maintain the momentum of growth.

The number of sheltered foundations continues to grow.

The Fondation de France hosts a growing number of foundations (610 in 2007). And the number of host foundations is increasing. In 2007, 29 public utility foundations were legally entitled to host other foundations. The number doing so was 17.

2. A young sector

DISTRIBUTION OF FRENCH FOUNDATIONS OPERATING ON 31 DECEMBER 2007 BY DATE OF CREATION

1,443 foundations operating at 31/12/2007	
Before 1945	12%
1945-1959	2%
1960-1969	2%
1970-1979	7%
1980-1989	13%
1990-1999	22%
2000-2003	9%
2004-2007	23%
Total	100%

French foundations include a few staunch representatives of past centuries: the Blérencourt orphans' home, set up in 1666, is still operating, as are the Villersexel private hospital (1768) and the Rosières wedding festival trust in the little village of La Mothe-Saint-Héray (1817). But the French foundation sector is mainly young: more than half of them (54%) are less than twenty years old.

II. Economic weight of French foundations in 2005

Expenditure

	PUFs employing staff	PUFs with no employees	CFs	SFs	Total
Total expenditure in 2005 (euros)	3,499,423,560	92,160,200	76,168,780	59,851,900	3,727,604,440
Distribution of expenditure by type of foundation	94%	2%	2%	2%	100%

STRUCTURE OF FOUNDATION EXPENDITURE BY TYPE

	PUFs employing staff	PUFs with no employees	CFs	SFs
Grantmaking expenditure	5.4%	36.2%	86.5%	86.9%
Structural and operating expenditure *	43.6%*	63.8%*	10.6%*	13.1%*
Payroll	51%	0%	2.9%	0%
Total	100%	100%	100%	100%

* For grantmaking foundations, this item mainly comprises all the expenditure involved in implementing their social mission: planning, calls for projects, programme monitoring, assessments, evaluations, networking, staff training, seminars, publications, etc., and, to a lesser extent, fundraising and communication expenses, financial expenses and structure costs.

The total of grants made was €339.86 million. These sums, given as prizes, scholarships and subsidies to third persons accounted for 9.1% of all expenditure; for sheltered foundations and corporate foundations, however, this expenditure was 85% of their annual budgets in 2005.

The relatively high proportion of “structural and operating expenditure” at public utility foundations is due to the presence of operational foundations in their number. Some 85% of PUFs with staff conduct operational activities, either solely or together with charitable disbursement. Only 13% only make grants. “Operational” work, carried out directly by employed staff, involves major expenditure on equipment (medical, computer, technical, etc.), consumables (food, hygiene products, etc.), and current management (accounts, maintenance, secretarial, etc.).

At PUFs with no employees the high proportion (65%) of expenses is also explained by the presence of operational foundations (56% of foundations in this category).

DISTRIBUTION OF FOUNDATIONS BY EXPENDITURE IN 2005

€ '000	Distribution of foundations by annual budget in 2005	Foundations' share of total expenditure in 2005
Under €100	46%	0.29%
€100-€500	21%	1.26%
€500-€1,000	9%	1.94%
€1,000-€5,000	15%	10.64%
€5,000-€10,000	3%	6.08%
€10,000 and over	6%	79.79%
Total	100%	100%

Despite the major changes that have affected the foundation sector since 2001, French foundations are still characterised by a high concentration of expenditure. Six per cent of foundations account for nearly 80% of expenditure. This proportion, which has been stable since 2001, has not yet been affected by the recent surge in new foundations.

It will probably not be until new research and scientific cooperation foundations are developed that this high concentration will be diluted.

Expenditure 2001-2005

	PUFs employing staff	PUFs with no employees	CFs	SFs	
Increase in number of foundations	n.s.	+16.4%	+68.7%	+25.0%	+12.4%
Increase in economic weight in real terms	+9.5%	+18.8%	+72.3%	+3.1%	+10.4%

The economic weight of foundations rose 10.4% from 2001 to 2005. This inflation-adjusted growth was basically due to the rise in the number of foundations. Only the average size of PUFs employing staff (+11.9% in average expenditure per foundation) rose significantly over this period.

Expenditure by field of action

DISTRIBUTION OF EXPENDITURE BY FOUNDATIONS OPERATING IN 2005 ACCORDING TO THEIR MAIN FIELD OF ACTION

	PUF's employing staff	PUFs with no employees	CFs	SFs	All 2005	All 2001
Art and culture (museums)	2%	1%	0%	0%	2%	
Art and culture (other)	4%	3%	12%	11%	4%	
Art and culture	6%	4%	12%	11%	6%	4%
Education and initial training (higher and specialist)	1%	11%	2%	11%	2%	
Education and initial training (other)	2%	10%	3%	5%	2%	
Education and initial training	3%	21%	4%	16%	4%	2.9%
Science	1%	5%	1%	3%	1%	2% ¹
Environnement	0%	0%	31%	4%	1%	1.2%
Protection of animals	1%	0%	0%	1%	1%	0.4%
Entertainment and sport	1%	0%	0%	2%	1%	1.4%
Health and health care	28%	8%	0%	1%	26%	
Mental health	3%	0%	0%	0%	3%	
Medical research	12%	1%	0%	4%	11%	
Health (other)	8%	14%	2%	6%	8%	
Health	50%	23%	2%	11%	48%	59.3% ²
Social services: personal assistance and services	2%	12%	21%	8%	3%	
Social services: residential homes	16%	8%	0%	11%	15%	
Social services: social integration	2%	0%	15%	9%	3%	
Social services: other	10%	3%	0%	8%	10%	
Social action	31%	22%	36%	36%	31%	24%
Religion	0%	1%	0%	0%	0%	0.9%
Development and housing, France	3%	10%	1%	2%	3%	1.8%
Civil society, citizens' rights	0%	0%	0%	1%	0%	0.1%
International relations, development and relief	1%	1%	1%	6%	1%	1.7%
Employment and labour market	0%	1%	9%	7%	0%	0.4%
Other	2%	11%	5%	1%	2%	0.4%
	100%	100%	100%	100%	100%	
Total (€'000)	3,499,423.6	92,160.2	76,168.8	59,851.9	3,727,604.4	

1,2 In order to compare the distribution with 2005, the expenditure of the Pasteur Institute, which accounted for 7.2% of the 2001 total, has been moved from "Science" to "Health, medical research". The original allocation to "Science" did not appear to be justified in retrospect.

As in 2001, the expenditure of French foundations in 2005 was concentrated on two main sectors: social action and health, leaving very little to the others.

The expenditure of social foundations rose much more than the others, from 24% of the total in 2001 to 31% in 2005.

Meanwhile, health expenditure fell more sharply, from 59.3% to 48%.

Assets

	PUFs employing staff	PUFs with no employees	CFs	SFs	
Total assets (€'000)	7,785,868.56	838,303.95	96,365.40	724,036.80	9,444,574.71

More than 82% of foundation assets are held by public utility foundations employing staff.

The total value of foundation assets rose 8.36% in real terms over four years.

III. Founders: the emergence of companies

1. Who sets up foundations?

DISTRIBUTION OF FOUNDATIONS OPERATING AT 31 DEC 2007 BY TYPE OF FOUNDER AND LEGAL STATUS

	All
individuals	57%
foundations	2%
voluntary associations	16%
companies	27%
religious movements	2%
public establishments	3%
central or local government	5%
other	4%
Total	125%

Interpretation: 57% of French foundations were set up by at least one individual. Since a foundation may be set up by more than one founder together, the total exceeds 100%.

PROFILE OF INDIVIDUAL FOUNDERS

Individual founders comprise:

- 60% men
- 53% retirees
- 74% past or present private sector employees or self-employed

DISTRIBUTION OF INDIVIDUAL FOUNDERS BY OCCUPATION

company head	7%
senior executive	32%
politician	5%
self-employed	6%
clergy, member of order	7%
information, arts and show business occupations	8%
economically inactive (incl. wives and daughters of e. i.)	9%
teacher, scientist	14%
intermediate occupations / middle-ranking executives	1%
other	11%
Total	100%

2. Creation of foundation by bequest, a traditional method still practised

Of the foundations set up by at least one individual, 28% were set up by bequest. The vast majority are foundations with only one individual founder, but there are also foundations set up jointly by a voluntary association and an individual.

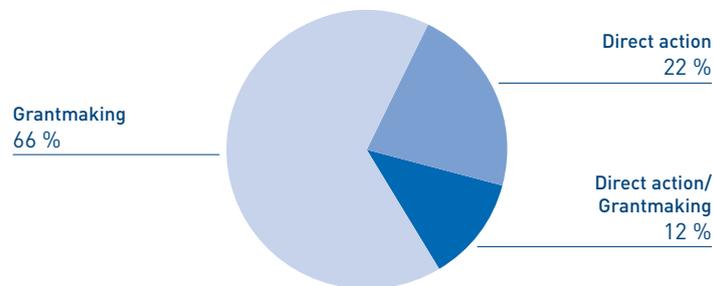
These foundations account for 30% of the sheltered foundations and 25% of the public utility foundations set up by individuals.

Bequests involving the duty to establish a foundation are not a recent development; they are to be found at all dates. They account for 38% of individual foundations set up since 2000, and 50% of foundations set up shortly after the Second World War.

IV. What foundations do

1. Type of action

DISTRIBUTION OF FRENCH FOUNDATIONS BY TYPE OF ACTION AT 31 DECEMBER 2007



Of the 1443 French foundations identified at 31 December 2007, a large majority (66%) grant subsidies, scholarships, prizes or loans for projects of general interest (grantmaking foundations).

This proportion is similar to the one observed six years earlier.

Foundations that directly manage projects of general interest (homes, museums or arts centres, retirement homes, etc.) or operational foundations are 22% of the total.

Foundations that combine the direct management of places or activities with grantmaking are a small minority (12%), as in 2001.

In terms of type of action at least, the foundation sector appears to be growing homogeneously.

2. Foundations' fields of action in 2007

DISTRIBUTION OF FOUNDATIONS BY MAIN FIELD OF ACTION

	2001	2007
Arts and culture	21%	19%
Education and initial training	13%	12%
Science	6%	5%
Environment and defence of natural heritage	4%	4%
Sport and leisure	2%	1%
Health	15%	18%
Social action	22%	27%
Religion, civil society, voluntary work	3%	3%
Development and housing, France	6%	2%
International relations, development and relief	5%	5%
Employment	2%	2%
Other	1%	2%
Total	100%	100%

Interpretation: 19% of foundations mainly operated in the arts and culture in 2007.

The top four fields of foundation action in 2007 were the same as in 2001: charity and relief work, arts and culture, health and education. However, from 2001 to 2007 there was growth in the proportion of foundations working in social action and a slight increase in health. The proportion of foundations involved in arts, culture and education declined slightly.

Involvement in research was frequent among foundations working in science (88%) and health (69%).

One in five environmental foundations was involved in research.

V. Permanence of foundations: theory and practice

PROPORTION OF FOUNDATIONS INTENDED TO BE PERMANENT

Yes	54%
No	43%
No reply	3%
Total	100%

For many years the French public authorities saw all foundations as having a permanent mission. However, in 2007, 43% of French foundations were not intended to be permanent.

This high proportion is due to the increase in the number of sheltered and corporate foundations, which are not legally required to be permanent.

Conclusion

The striking feature of the development of the foundation sector from 2001 to 2007 is its dynamic nature.

With the development of communication, cultural change in France, new national incentives and international examples, the number of foundations rose more than 30% in the six years from 2001 to 2007.

This is largely due to the active participation of the public authorities, including the funding of selected foundations. The major fact, however, remains the increasing enthusiasm of companies for foundations. In 2007, they contributed to the establishment of 47% of new foundations of all types.

The sharp rise in the number of foundations is only partly reflected by the economic weight of this sector: estimated at €3.7 billion in 2005, it was only 10.4% up on 2001 in real terms. This increase is also due more

to the higher number of foundations than to any growth in their average economic weight.

The type of action in which foundations engage and the missions they set themselves have not greatly changed since 2001. In 2007, only the field of social action attracted significantly more foundations than in 2001. As in 2001, it is still the top field of foundation action.

Since 2003 a number of legislative, fiscal and administrative measure have been taken to widen the range of legal status for foundations, opening up new competences and innovative forms of creation and governance.

The changes this survey has described are probably only the start of trends that this new situation will surely encourage, and on which future surveys will report.

Fondation de France

The Fondation de France was established in 1969 to encourage the growth of all forms of private philanthropy. Our role as an intermediary partner is to help individuals and companies who wish to make an act of generosity, to do so in the way that best responds to the needs of society.

The Fondation de France contributes to the development of philanthropy by enabling individuals or companies to create their own foundation under its aegis, and to benefit from its advice on management.

The Fondation de France sets up action programs in many fields: solidarity, the elderly or disabled, and for the benefit of children. Its areas of action also cover health, medical and scientific research, culture and the environment.

The Fondation de France helps put in place or structure network systems, and promotes professionalism in the management of the voluntary sector in France and Europe.

Observatoire de la Fondation de France

Research on foundations, donations, and corporate philanthropy

In a willingness to encourage generosity and accompany ground actors, the Observatoire de la Fondation de France was created in 1997. It contributes towards realistic observation of philanthropy in France, its expression and evolution. The Observatoire is aimed at actors, patrons, corporations, researchers, students, the media, and more generally at any person sensitive to the non-profit-making sector.

Observing, understanding, conveying to act more efficiently

Running studies about the profile of donors and volunteers, about patronage, corporate philanthropy

and the responsible behaviour of private companies, take part in the concern to grasp more thoroughly the different forms of commitment in favour of the general interest. Such knowledge will also enable to provide better responses to the expectations of the numerous people wishing to drive private generosity and make it thrive in everyday life.

The Observatoire takes part in and funds several kinds of works: surveys, studies and research.

To gather and circulate information on those topics, the Observatoire has an active heading on the website of the Fondation de France.