

21st AGA of the European Foundation Centre

Closing remarks of Francis Charhon

Last year we celebrated the 20th anniversary of the European Foundation Centre, two decades which have seen profound changes in the organisation. This book will close the construction period but before looking toward the future I would like to come back on certain points.

In 1989, the foundations and their activities were not well known in most European countries, one might even say unknown to the general public and decision-makers.

Using the knowledge and data collected by its members, the Centre has produced a map, which shows us the landscape of foundations across Europe. It has showed us the evolution of this landscape, as well as the judicial and fiscal developments. It has also provided references and examples to follow for countries building their own philanthropic models.

One of the Centre's great successes has been to inject a real dynamism in this young sector, and above all to introduce its leaders to one another, allowing them to build working relationships on a basis of mutual trust and friendship. A solid network among us.

The Centre went through several stages in its development, as does any organisation. The early days were very hard, and the help of our American friends was a determining factor in the Centre's survival, both on the financial level, and with their long experience in philanthropy.

I take this opportunity to present my thanks for this assistance, not only to our friends across the Atlantic, but also to all the foundations, more numerous every year, who have put so much of themselves into the Centre's development.

We have focused on the foundations' European status all week, so I would like to make some remarks from a European Union perspective.

I have said that our American friends helped us, but the context of the nation state in which they operate is significantly different from our own European Union.

Each of our 27 member states has their own culture and traditions, and it is not easy to get them to march to the same tune. Recent events have shown just how hard European integration can be, on many levels.

We need to work together to find our own strategy for development and action, through collective suggestions, consensus and active cooperation, if we want to build a Europe which truly serves its citizens.

The Centre's reform introduced by our director two years ago brought improvements on the organizational level, but was also an important step on the way to financial independence. We all need to make efforts, which can be all the more challenging in the current financial crisis. Nonetheless, the European Foundation Centre is essential for our future ; it will be what we make of it, we must accept the challenge. I think it remains one issue to be solved: are we a European Centre or an international organisation perhaps we will have answer this question if we want to strengthen our organisation.

I would like to come back to the issue of the European status, that was raised at this general assembly. Some see this as a purely technical question. They are mistaken, as this is a political project which affects all of us, and our future.

The development of Europe was the core concern for the founders of the European Centre. They felt that the projects supported by the foundations could bring European citizens closer together.

As we have recently seen, Europe is going through financial and political crises which threaten the cohesion between Member States. It can also make citizens somewhat sceptical, given the lack of motivating and collective projects. The worst-case scenario is happening before our very eyes, as we witness an emergence of isolationism, nationalism, xenophobia, and the inability to see one's neighbours as a source of progress.

Europe today has become a peaceful, secure space. Many – notably our children – may say that this is a truism, and that no further effort is required in this direction. But peace and growth must be earned, and building up a project for the future is a chance the European Centre must seize. */cise/*

The nature of our foundations, the answers we can provide, our modes of operation and our capacities for innovation ; all of these things can give sense to a positive vision of a European project which the citizens can buy into. We have the tools which can help them to live together and better.

The European status of the foundations derives from the ambition to have more Europe in our lives. As such, it will be the third layer of what we conceived in 1989.

The first layer was the sketching out of the foundations landscape and the organisation of the sector by the EFC. The second layer was the creation of the NEF. This European status will allow the foundations to work across several countries with people from different backgrounds, reinforcing the capacity of men and women to develop a common culture.

We know that obtaining this status will be a lengthy process. It will require a unanimous vote of approval by the Member States. It falls to us to make our case convincingly at both European and national levels. A single opposition vote from one country would kill all hope for this project. Here the support of Daphne who gathered the national association of foundation will be essential.

The Commission has ordered consultations and communications on the status issue. It showed difficulties that might arise from granting the status. It has even questioned the utility of such a status.

I would turn the question around, naively perhaps, and ask why the status should not be awarded. It would not be compulsory, it would meet a clear need in the sector, would contribute to our society and cost nothing. Above all, it would be a step forward for European citizens.

The number of foundations has slightly increased over the last 20 years. According to the Commission there are between 80.000 and 100.000 foundations in Europe, dispensing between 80 and 150 billion euros annually.

By the way, such a wide range of the estimate does not reassure me about the reliability of this statistic. It shows that research in the area of philanthropy remains a work in progress!

But back to our figures. The totals may look like important sums. However, once spread over the different countries, divided up between the foundations and finally between the different programmes, the money involved is not that impressive compared with the Member States' own budgets for the same fields.

Our efforts can never replace those of the state, but they can play a significant role if we leverage them effectively towards clear goals with innovative projects. In this way we will be able to provide answers to governments and citizens faced with globalisation and also at the same time facing local problems more and more complex and fragmented.

The increase of resources for the foundations go hand-in-hand with the will of the states to give up some of their prerogatives by granting more or less attractive tax breaks, which allow tax payers to choose the domains of their interest .

This shows that we have been entrusted with part of the general interest. We have to set up projects in a wide range of fields, including care for the vulnerable, environmental conservation, knowledge development and many others.

This delegation of duty brings rights but also responsibilities.

The first of the rights is the ability to operate totally independently, with a freedom of action which allows us to realise the social objectives of our organisations but also take risk to open doors for the future.

The second right we enjoy is that we are under no pressure to finance governmental projects. The funds we collect are

private and do not aim to fill in for the state; otherwise the state would be reaping the rewards of its own tax breaks.

As for the duties:

The first of these is probably modesty. I still remember the first presentation by Willem Krull when he became our Centre's president. He called on us to be modest, and he was right. In this society where individuals, companies and states all face their own hardships, the foundations can be judged as a place of richness.

We must not be arrogant, nor take these rights for granted. Let's not forget that any of the Member States can withdraw any fiscal benefit, especially in hard times. Our challenges are too important to hold States and contributors to ransom and risk a policy backlash against tax deductions, especially in countries where we currently benefit from highly advantageous tax conditions.

In these countries, in these times it would be counterproductive to push for even better conditions. In France for example, if we asked for a reduction in VAT, the whole tax situation would be reviewed and certainly not to our advantage.

Our second duty is to be transparent and reliable. The trust factor is the cornerstone of our sector. Various scandals may have weakened the trust of donors and legislators in our organisations, not to mention the reports of the media which weigh heavily on us. Unlike in the business world, in our domain when one organisation is affected, all others pay the price. It is why it is important that our Code of Practice is implemented. Trust also depends on transparent information about our practices and our results. This is why we have to lean on rigorously conducted evaluations. We can only work

because donors believe in us and our capacity in making the world better.

Everything we do must be underpinned by strong values such as independence, ethics, the quest for innovation, and the stimulation of creativity, in order to remain reliable and productive agents.

The stakes are very high. In most aspects the planet is gravely ill and our children will find the world in a parlous state for example:

- intolerable inequities,
- countries unable to confront the many illnesses decimating their populations,
- countries also unable to care for the increasing numbers of the elderly,
- and an environment which is suffering degradation at exponential rates.

It is our responsibility to steer our foundations towards a greater solidarity among mankind and to show everybody the necessity of our actions.

The financial crisis will reduce the capacities of our organisations. We must review the allocation of our assets and our *modi operandi*. We often say that the foundations know how to take risks. This is the time to prove it by choosing to invest in meeting the needs of society rather than to sit back and keep our capital safe.

We will also have to increase our partnerships with business, local communities, as well as national and international collaborations between foundations, in order to amplify the impact of our actions.

This is a strategic choice. It will demonstrate that the foundations genuinely are at the service of those in need,

and are not just financial organisations whose main priority is preserving their wealth.

I would like to end by saying, as I look at the path we've come down, how confident I am in our adaptability and responsiveness faces with the difficulties that surround us. We will, I am sure, overcome them with imagination, commitment and enthusiasm.

Thank you

Francis Charhon 4th of June, 2010