



# *Typology of Foundations in Europe*

*As of October 1995, incorporating EFC Members' commentaries*

The following presents a typology of the foundation community in Europe. This is the typology's third draft, incorporating comments from European Foundation Centre (EFC) members. The EFC considers the typology to be a document for continuing discussion.

The needs for such a typology is clear. It provides foundations and corporate funders with a comprehensive overview of the different types of foundations which exist in Europe. It is also of key relevance to organisations and individuals that seek funding from the foundation community, and scholars, researchers, the media and governmental bodies that work with this community.

Developing such a typology for Europe as a whole presents a challenge. This is due to the many languages and cultures in Europe and the different legal/fiscal environments from one nation to the next. Thus, the British refer primarily to trusts, the Dutch to *stichting*, the French *fondation*, the Germans *stiftung*, the Spanish *fundacións*, Swedish *stiftelse*.

Nevertheless, there exists across Europe a generally understood and accepted concept of what foundations are:

*Separately-constituted nonprofit 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.*

Within this broad definition, the following presents 18 of the most common foundation types in Europe, grouped initially into four generic categories, as follows:

## **Four Broad Foundation Categories:**

- 1. Independent Foundations**
- 2. Corporate Foundations**
- 3. Governmentally-Linked Foundations**
- 4. Community Foundations and other Fund-raising Foundations**

As of October 1995 this typology continues to be a discussion document. The European Foundation Centre (EFC) has distributed it for the review of EFC Members, national and regional associations of foundations across Europe, and networking centres participating in the EFC Orpheus Programme. This valuable commentary is incorporated in this draft, and the EFC welcomes further discussion and commentary.

**Criteria:** This typology is *not* intended to be a guide to national or regional laws that govern and often categorize foundations and trusts in Europe. Such a legal guide would necessarily start with reviewing each national or regional law. Rather, this typology aims to be "European", presenting broad types that exist across and within the national and regional laws in Europe, even though specific legislation may not refer to the foundation types listed.

In establishing this typology, the EFC looked at three criteria:

- 1) **What is the source of the foundation's financial resources?**
- 2) **Who controls decision making, and**
- 3) **How does the foundation approach the distribution of financial resources?**

In some cases, all three criteria contribute to determining a foundation type. In others, one single criteria may be overwhelmingly predominant.

Inevitably, the typology will result in some degree of distortion, not least because many foundations exist across type. In practice, however, most foundations in Europe can be said to fall under one or other subset of the four generic categories listed here.

**Public Benefit Foundations:** Under certain national laws in Europe, foundations may be recognized as existing for the public benefit (in French: *d'utilité publique*), which may afford them a preferential fiscal environment. As many of the foundation types listed on the table can be recognized in this manner, this recognition is not considered a type, but a qualification on one of the listed types.

**About the EFC and the Orpheus Programme:** The mission of the European Foundation Centre (EFC) is to build philanthropy in the New Europe by promoting foundations and corporate citizenship. The EFC Orpheus Programme provides a public record and a public information service on foundations and corporate funders in Europe. The Orpheus Programme is supported by the Charities Aid Foundation, Charity Know How, the European Commission, the European Cultural Foundation, the Fondation de France, the Ford Foundation, the Luso-American Development Foundation, the Charles Stewart Mott Foundation, and the Stifterverband für die Deutsche Wissenschaft.

Further information on the EFC and the Orpheus Programme is available by contacting:

**European Foundation Centre (EFC), 51 rue de la Concorde, B-1050 Brussels, Belgium**  
**Tel: +32.2.512.8938, Fax: +32.2.512.3265, E-mail: [efc@efc.be](mailto:efc@efc.be), <http://www.efc.be>**

## EUROPEAN FOUNDATION CENTRE (EFC) ORPHEUS PROGRAMME — TYPOLOGY OF FOUNDATIONS IN EUROPE

	<b>Foundation Type</b>	<b>Source of Financial Resources</b>	<b>Governing Board Composition: Control of Decision Making</b>	<b>Approach to Distribution of Financial Resources</b>
<b>I.</b>	<b>Independent Foundations</b>			
<b>I.a.</b>	Independent family-controlled foundation	Donor is an individual person, or a group of people such as a family, who establishes the foundation and provides it with capital. Investment income from this capital produces the funds that the foundation will distribute. Provision of assets may be during the donor(s) lifetime, or through a bequest, or both. Capital is in a diversified portfolio, with no controlling interest in a single company or firm.	Family members or descendants of the donor(s) comprise the majority of positions on the governing board.	Primarily via grantmaking to associations, charities, individuals or nonprofit organisations. Grants to individuals may be for bursaries, fellowships or scholarships, but for prizes, see <b>I.d.</b>
<b>I.b.</b>	Independent trustee-controlled foundation	Same as I.a., above. In certain cases, resources that now form the foundation's permanent endowment may not have come from individual(s) but from other sources, for example, appeals to the public, the pooling of existing assets such as land or even the merger of older foundations. If capital resources are made as a one-time gift from a corporation or if they represent greater than 50 percent control of a single company, see <b>I.g.</b> and <b>II.b.</b> , below.	Leading representatives from the public or private sectors or the foundation/association community comprise the majority of positions on the governing board. Also, should there have been an individual donor, or donors, the majority of trustees are of no relation to the donor(s) family.	Same as above.
<b>I.c.</b>	Independent operating foundation	Same as either I.a. or I.b., above.	Same as either I.a. or I.b., above.	Primarily by operating the foundation's own programmes, activities or research, though some grantmaking may occur.
<b>I.d.</b>	Independent prize-giving foundation	Same as either I.a. or I.b., above.	Same as either I.a. or I.b., above.	Primarily the awarding of prizes to individuals or associations for meritorious achievement.
<b>I.e.</b>	Independent limited-duration foundation	Same as either I.a. or I.b., above.	Same as either I.a. or I.b., above.	Same as I.a., I.b., I.c. or I.d., above. However, the donor(s) has restricted the lifespan of the foundation, for example 10 years, by which time all endowment and income must be expended and the foundation ceases to exist.
<b>I.f.</b>	Independent religion-oriented foundation	Contributions from religious bodies, usually made on an annual basis, are the primary source of funds that the foundation will, in turn, distribute, though there may also be endowment income.	Trustees of the governing board are leading representatives of the associated religion.	Generally, through grantmaking or operational programmes for religious institutions and property, the advancement of religion, or religiously-sponsored social, educational and other activities.

	<b>Foundation Type</b>	<b>Source of Financial Resources</b>	<b>Governing Board Composition: Control of Decision Making</b>	<b>Approach to Distribution of Financial Resources</b>
<b>I.g.</b>	Independent corporate foundation <i>Comment:</i> Source of resources should perhaps be given less weight than the approach to distributing resources. Also, explore the relation of this type to category II "Corporate Foundations"; suggested by several organisations.	Donor is a company or corporation that makes a single or infrequent gifts to a separately-constituted foundation, which controls the capital. Often such gifts are to honour a centenary or other milestone in the company's growth. For the funds that the foundation distributes, it is <i>not</i> dependent on annual gifts from the company.	The majority of trustees of the governing board are independent individuals from the public or private sectors or the foundation/association community, though a minority of trustees may have ties to the donor company.	Either through grantmaking or through operational programmes, or a combination of the two.
<b>I.h.</b>	Independent sheltered foundation	Donors are individuals or businesses who establish a foundation that is housed within, receives services from, and whose investment portfolio is managed by, a larger organisation, usually a community foundation ( <i>see IV.a</i> , below). In certain cases with large capital, the donors may manage the investment portfolio.	<i>Autonomous of the host.</i> Donor(s) decide on decision making control, which could be by the donor(s) themselves, a person or committee designated by the donor(s), with possible advice from the board of directors of the host institution.	Usually through grantmaking to associations, charities, individuals or nonprofit organisations.
<b>I.i.</b>	Independent host-controlled foundation	Donors are individuals or businesses who establish a foundation that is housed within, receives services from, and whose investment portfolio is managed by, a larger organisation, usually a community foundation ( <i>see IV.a</i> , below). In certain cases with large capital, the donors may manage the investment portfolio.	<i>Non-autonomous of the host.</i> The board of directors of the host institution largely or exclusively controls decision making.	Usually through grantmaking to associations, charities, individuals or nonprofit organisations.
<b>I.j.</b>	Independent gambling/lottery-resourced foundation	Gambling or lottery proceeds are the primary source of the funds that the foundation will, in turn, distribute. These funds are provided to the foundation through an agreement with the body that organises the lottery or gambling activity. In certain cases, a portion of the proceeds are used to build the foundation's capital. When it ceases to be dependent on these proceeds, the foundation becomes an Independent trustee-controlled foundation ( <i>see I.b.</i> )	Trustees of the governing board are representatives from the public or private sectors or the foundation/association community.	Either through grantmaking or through operational programmes, or a combination of the two.
<b>I.k.</b>	Independent multi-purpose, multiply-resourced foundation	Certain European foundations are truly multiply-resourced, with no single source of funds accounting for over 50 percent of the resources that the fund will, in turn, distribute. Sources of funds may include endowment income, funds raised from the public or from corporations, and additional sources, such as the proceeds of a national lottery or individual funds that the foundation houses and manages. For separately-named foundations housed within a multiply-resourced foundation, see <b>I.h.</b> and <b>I.i.</b> above.	Leading representatives from the public or private sectors or the foundation/association community.	Either through grantmaking or through operational programmes, or a combination of the two.

	Foundation Type	Source of Financial Resources	Governing Board Composition: Control of Decision Making	Approach to Distribution of Financial Resources
<b>II.</b>	<b>Corporate Foundations</b>			
<b>II.a.</b>	Corporate foundation	Donor is a company or corporate that makes annual gifts to a separately-constituted foundation, which normally has a nominal capital. The foundation depends on the annual gifts from the company for funds that it will, in turn, distribute.	The majority of trustees of the governing board are employees or board members of, or individuals retired from, the donor company.	Either through grantmaking or through operational programmes, or a combination of the two.
<b>II.b.</b>	Foundation with corporate interests  <i>Comment:</i> Explore the relation of category II Corporate Foundations to type I.g. "Independent corporate foundations"; suggested by several organisations.	Donor may be or may have been an individual person or a group of people, and the investment portfolio includes a controlling interest of greater than 50 percent of voting shares in a company or firm, and shares in this company represent greater than 50 percent of the foundation's total capital. Often this company was founded by the donor(s).	Either family members or leading representatives from the public or private sectors or the foundation/association community.	Either through grantmaking or through operational programmes, or a combination of the two.
<b>III.</b>	<b>Governmentally-Supported Foundations</b> , usually with government or political participation in decision making.			
<b>III.a.</b>	Governmental foundation, including Intergovernmental foundations and Supranational governmental foundations	Local, regional, national or supranational governmental bodies that provide initial capital or that make grants to the foundation on a periodic, usually annual, basis. Once created, these foundations may obtain additional funds from non-governmental sources, but they rely primarily on governmental funding. In certain cases, these foundations were created by inter-governmental agreements, such as the Anglo-German Foundation and the Fondation Entente Franco-Allemande. A supranational example is the European Foundation for the Improvement of Living and Working Conditions, in Dublin.	Key positions on the governing board are determined by a governmental body, though additional trustees are leading representatives of the public or private sectors or the foundation/association community.	Either through grantmaking or through operational programmes, or a combination of the two.
<b>III.b.</b>	German political foundation	German political foundations depend on yearly allocations from the German Federal Ministry of the Interior for the funds they will, in turn, distribute. Resource allocations by the Ministry are according to the percentage of seats in the German parliament held by the associated political party. Additional financing may come from other Ministries, but these foundations usually have no capital. Except for the Freidrich Naumann Foundation (Liberal Party), which is a private foundation, the other German political foundations are legally associations.	In spite of their public financing, German political foundations retain independence in their funding decisions. Board members include politicians, businessmen, scholars and community leaders who usually belong to the political party associated with the foundation.	Either through grantmaking or through operational programmes, or a combination of the two.

	Foundation Type	Source of Financial Resources	Governing Board Composition: Control of Decision Making	Approach to Distribution of Financial Resources
<b>IV.</b>	<b>Community Foundations and other Fund-raising Foundations</b>			
<b>IV.a.</b>	Community foundation	Donors are members of a community, either individuals, businesses or public bodies, who provide endowments to a larger organisation that manages the entire portfolio. The community foundation depends on income from these endowments, called funds, for the monies that it will distribute. Use of fund income may be at the discretion of the community foundation's board, on the advice of the donor, or designated for specific programme subject areas or even specified beneficiaries. The establishment of a fund may be through a bequest. When the donor has established a separately-named foundation housed within a community foundation, see <b>I.i.</b> above.	Trustees of the governing board are individuals living within a specific city or metropolitan area, usually leading representatives from the public or private sectors or from the foundation/association community.	Almost exclusively via grantmaking within a specific geographic community to associations, charities, individuals or nonprofit organisations.
<b>IV.b.</b>	Fund-raising foundation	Foundations that are almost exclusively dependent on annual fundraising from a variety of sources to obtain the funds that they will, in turn, distribute each year. These resources may come from appeals to the general public, from governmental support or from grants from corporate funders and other foundations. An endowment or capital may exist, but it is the dependence on fundraising from a variety of sources that helps to define this set of foundations.	Leading representatives from the public or private sectors or the foundation/association community.	Primarily via grantmaking to associations, charities, individuals or nonprofit organisations. Grants to individuals may be for bursaries, fellowships or scholarships, or prizes. <i>Note:</i> If the organisation raises funds primarily for a single purpose that it manages, such as a hospital, school or for membership or social services, it should be classified as an association or charity, even if it has foundation in its name.