

effect

FOUNDATIONS IN EUROPE TOGETHER

SPECIAL ISSUE

Exploring the intersection of foundations and the EU

- > Astrid Bonfield on why the EU matters to foundations
- > Miguel Angel Cabra de Luna on working with the rotating EU presidency
- > Paavo Hohti on the European Foundation Statute

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European Citizens' Consultations (photo © Frank Toussaint).

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About Effect

Effect magazine provides up-to-date coverage and analysis of the role and impact of foundations in Europe and around the world. It features trends in the sector; looks at the political, legal and fiscal environments in which foundations work; and offers examples of how foundations carry out their work, individually and collaboratively. The EFC publishes Effect two times per year, in the spring and autumn. If you're interested in writing an article for Effect, or would like to subscribe, e-mail: effect@efc.be. For more information on the magazine and to download past issues, visit www.efc.be/effect

About the EFC

The European Foundation Centre is an international association of foundations and corporate funders dedicated to creating an enabling legal and fiscal environment for foundations, documenting the foundation landscape, strengthening the infrastructure of the sector, and promoting collaboration, both among foundations and between foundations and other actors, to advance the public good in Europe and beyond.

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Whetting the appetite



Gerry Salole

This special issue of Effect is intended to underpin and kick off Foundation Week, to whet the appetite and provide some of the backdrop for the event, which will take place from 31 May to 4 June 2010 in Brussels. The Week will showcase how foundations work for Europe and will provide a meeting space for foundations, EU institutions, civil society actors and the general public.

In this issue we concentrate on the embeddedness of foundations' work in an array of contexts, and thus we stress the relevance and interdependence of the private and the public. This places this edition firmly in the European context, with articles addressing key questions: Where do the EU and foundations intersect? How are foundations already engaging with the EU? What kind of advocacy work are foundations doing at EU level? What have some foundations' experiences been with receiving and managing EU funds?

As we get closer to the Week, I'm sensing a surge of excitement among our members, and I hope that you will all find it a relevant and hands-on experience that will help define the depth and scope of the philanthropic industry – particularly here in Europe. At the EFC secretariat we see this as a unique happening which will play a pivotal role at a critical time. I trust that you will continue to give us the feedback we will need to improve on this crucial and valuable face-to-face time. You can read more about Foundation Week in the pages further along and on our website: www.efc.be/foundationweek

The EFC membership includes foundations from 40 countries around the world. EFC members collectively manage over 140 billion euros in assets and have a total annual expenditure of over 7.7 billion euros. We are beginning to see and feel that economic weight at play and are sure that the European institutions are gradually becoming more aware of this phenomenon, and the increased self-confidence it brings in its wake, as surely as we are.

There is, of course, a much bigger European philanthropic community. We estimate that there are no less than 110,000 public benefit foundations in the EU, representing almost 4 foundations per 10,000 inhabitants. Some 43 percent of these foundations were set up since the early 1990s. Foundations spend between 83 and 150 billion euros annually, over twice as much as the US foundation sector. Foundations are also big employers, providing direct full-time employment to between 750,000 and 1 million people in the EU. Furthermore, foundations give grants or capital support to create and sustain employment.

I trust that this edition of Effect will kindle your enthusiasm and bring you to Foundation Week with curiosity and hunger for more knowledge and information about this sector and the significant role it is playing in European civic life, as well as a desire to share what you know and have experienced. I hope that those of you that are new to the sector will join us and this rapidly growing, resilient, creative, and resourceful community in any way that you can.

Warmest regards,

Gerry Salole
EFC Chief Executive

Exploring the intersection of foundations and the EU

Getting Europe into a “foundation state of mind”

By *Emílio Rui Vilar, President of the Board of Trustees of Fundação Calouste Gulbenkian and Chair of the EFC*



Emílio Rui Vilar

The estimated 110,000 foundations in 21st century Europe are playing an increasing and crucial role in social inclusion and other relevant public fields, such as science, education, health and the environment. Foundations have a long record and a rich history in Europe. Although not equivalent to modern foundations, we can trace the first European “foundation” back to the 5th century BC. The famous Plato’s Academy, for instance, was created as an endowed institution in the 3rd century BC and existed for more than 1,000 years. Through the centuries, foundations have been players in Europe’s social and cultural arenas, decisively influencing the well-being of millions.

Despite their social importance and dimension, foundations are often off the radar of public opinion as a result of a tradition of discreet behaviour, and of working closely and silently, though in a relentless way, with their stakeholders to advance the European public good.

Since the Treaty of Rome, foundations, as non-profit institutions, have not been included in the legislative agenda of the EU, and have therefore not directly benefited from the subsequent Treaties’ fundamental freedoms and rights. This situation has recently changed with various decisions from the European Court of Justice on non-discrimination of foundations on nationality/residency grounds. These decisions also triggered the launch by the European Commission of the Feasibility Study on a European Foundation Statute, which was carried out last year

by the Centre for Social Investment at the University of Heidelberg and the Max Planck Institute for Comparative and International Private Law in Hamburg.

We urge the new European Commission to elaborate upon the findings of both the Feasibility Study and the public consultation that followed and present a Regulation proposal towards the enactment of a European Foundation Statute. The Statute will be an essential tool for those foundations with activities in different Member States as it will help to overcome the current legal and administrative barriers that undermine foundations’ cross-border activities.

When considering the European foundation sector, we must remember the double legitimacy of the EU. In fact, the EU is not only a union of sovereign states,

but also a union of peoples which share a common supranational European citizenship. Foundations are a natural outcome of this shared supranational citizenship which they can help further and advance, finding new approaches that go beyond the traditional Eurocentric concept and promoting comprehension of and dialogue among different actors, cultures and identities.

Twenty years after the fall of the Berlin Wall, civil society organisations are increasingly becoming more important as alternative means of democratic participation and civic intervention, a development that is commonly recognised both by the Member States and the EU institutions. In their capacity as active agents of civil society, foundations can, for instance, contribute to the promotion of social responsibility, disseminate

The expectations of European citizens indeed call for a more collaborative approach among European institutions, Member States and civil society organisations.

democratic ideals, and reflect upon and help to surmount the most pressing contemporary problems. While disputing the once exclusively public agenda, foundations are also a creativity vehicle and an expression of freedom.

With the economic and financial crisis and with the new Treaty of Lisbon, the EU finds itself at a turning point. The current debate about the EU 2020 Strategy, which will succeed and build upon the Lisbon Agenda achievements and shortcomings, aims for a more inclusive, competitive, innovative, knowledge-driven and greener Europe. Europeans need a shift in their Eurocentric mentality and must accept the fact that new and powerful local, regional and global actors have emerged and are designing a new geo-political framework. The recent crisis clearly shows that we are more interconnected than we formerly believed and that we cannot take European welfare for granted. It is opportune to recall that Jean Monnet said in his memoirs, "... les hommes n'acceptent le changement que dans la nécessité et ils ne voient la nécessité que dans la crise (Men only accept change in the face of necessity and are only aware of necessity when in crisis)."

Considering our ongoing contribution to the European public good, I believe we as foundations can play to our strengths at the EU level and can work with the EU institutions to advance our shared missions. Current endogenous and exogenous challenges and the expectations of European citizens indeed call for a more collaborative approach among European institutions, Member States and civil society organisations. The EU must therefore incentivise foundations

with the most favourable working conditions. The legal and fiscal environment in which foundations operate must not be a burden but instead a facilitator for their cross-national and coordinated action.

European foundations are now choosing to engage with each other in a more sustained way. The EFC currently has over 230 members in 40 countries, and 64% of these members say that they are working actively across borders. This maturing collaborative spirit has important side effects, as it raises the visibility of our sector and cultivates the sense of a truly strong European philanthropic community.

With the aim of giving more visibility to foundations' philanthropic action to a broader audience and to filling the information gap, the EFC will organise the first-ever Foundation Week from 31 May to 4 June in Brussels, which will showcase and publicly display foundations' wide array of activities and impact in society. The event will comprise a mix of debates, exhibitions, social gatherings and an interactive fair open to anyone interested in learning what foundations are and what foundations accomplish.

We believe that to reach out to the public at large and learn more from our different stakeholders, we as foundations need to reassess our communications strategies

and share our missions in a more accessible way. The upcoming Foundation Week will bring together representatives of foundations and corporate funders, the EU institutions, other civil society organisations and European citizens to learn more about foundations and how they interact with their stakeholders to fulfil their fiduciary responsibilities. The EFC welcomes all Europeans to the exciting and vibrant world of European foundations and looks forward to receiving their questions and comments. With this event, which will serve as a marketplace of ideas for participants, we aim to develop the momentum for a more strategic engagement between foundations and the EU institutions and other key Europe-wide bodies.

We hope that by reinventing our annual gathering we will encourage the sharing of fresh perspectives. We need new thinking to help us in our day-to-day work for the global public good and to demonstrate that foundations should be recognised as key players in the European Project. In short, we want Europe to be in a "foundations state of mind".

www.gulbenkian.pt

EFC launches MEP survey

The EFC, in conjunction with Gallup, is polling Members of the European Parliament (MEPs) in spring 2010 to find out what they know about foundations and how they view the sector. At some point in their work or personal lives, MEPs most certainly have come into contact with foundations, and may therefore have some sense of what foundations represent. However, no global picture currently exists of how foundations are perceived by the Brussels decision-making machine.

In addition to gaining a better idea of MEPs' perception, knowledge and actual contact with foundations and the sector as a whole, the poll also aims to collect their views on potential EU legislative action in the field, notably on potential regulation concerning a European Foundation Statute. The hope is that better understanding the viewpoint of MEPs will enable the sector to enhance its engagement with Europe and its citizens. Results will be presented and discussed during the EFC 21st Annual General Assembly (AGA) and Conference, 2 - 4 June 2010 in Brussels – **stay tuned!**

Why the EU institutions matter to foundations

By Astrid Bonfield, Chief Executive, Diana, Princess of Wales Memorial Fund



Astrid Bonfield

The fundamental problems facing our world do not respect the borders of nation states and indeed, it is hard to think of an issue that foundations tackle – be it migration, employment or health care – that is not framed by international policy and practice. Against this reality, and at the start of a decade where philanthropy is facing the global challenges of HIV/AIDS, climate change and increasing social inequality, the effectiveness of what we do increasingly matters.

Philanthropy can only ever make a relatively small financial contribution to addressing these issues when compared with the vast aid flows from bilateral and multilateral sources. If we do not understand how the work we support fits into this broader funding picture, we lose the opportunity to deal with more than symptoms and actually tackle root causes. Added to this pressure is that of the global economic downturn with its consequential impact on aid budgets, and it is against this background that EU institutions should and do matter to foundations.

Foundations are finding a myriad of ways to work with EU institutions, from collaborations which invest in policy work at a Europe-wide level to interest groups who come together to discuss their effectiveness in the context of other aid flows. Foundations concerned with human rights and the protection of refugees, for example, work within a field where asylum laws have been made primarily at national level, which has resulted in variation in asylum policies and protection across Europe. In one country, an individual might receive international protection, while the same individual in another might be returned to their country of origin.

In an effort to deal with the variations and the challenges that have arisen, there have been moves to harmonise asylum and immigration policy across EU Member States. As these asylum policies are increasingly being made at European level, and superseding national laws, civil society organisations seeking to influence this process need to be engaged with EU institutions. Programmes like the European Programme on Integration and Migration, a collaboration among 12 foundations from across Europe funding policy work on asylum and migration, represent a recognition by foundations that advocacy for protection at European level on issues of asylum and migration is extremely important. The erosion of the rights of those seeking asylum has far broader implications for the culture of human rights: It

is a controversial area and one in which foundations, with their independence and capacity for bravery, are well-placed to be effective.

As part of foundation efforts to engage with other funding agencies, the European Funders Group for HIV hosted a funders meeting in Brussels in early February 2010 as part of its ongoing effort to increase funders' coordination and effectiveness. Despite significant progress on many fronts, including progress generated by private funders, HIV/AIDS continues to ravage disadvantaged communities and nations around the world. In order to more fully realise the potential for progress as well as to cope with the resource restrictions now in play, increased coordination and effectiveness among private, government and multilateral funders is needed now more than ever.

If we do not understand how the work we support fits into this broader funding picture, we lose the opportunity to deal with more than symptoms and actually tackle root causes.

Challenges remain: Few civil society actors are currently able to engage effectively with EU policy-makers or with organisations and networks outside their nation states, and it is difficult to find sources of independent financing for projects at European level. Foundations need to meet these challenges if we are truly to impact on the drivers of social inequality that our programmes ultimately attempt to address.

With thanks to Karisia Gichuke and Diana Leat of the Diana, Princess of Wales Memorial Fund for their input to this article.

www.theworkcontinues.org

Foundations and post-Lisbon Europe

By Pavol Demeš, Director of the Central and Eastern Europe office of the German Marshall Fund of the United States



Pavol Demeš

The end of last year was marked by two overlapping historical moments – the celebrations of the 20th anniversary of the fall of the Berlin Wall, which led to a profound rearrangement of the European continent, and the anxiety-filled end of the complicated eight-year process to bring about badly-needed constitutional reforms of the EU. After the second Irish referendum, and the Czech Republic finally coming on board, the Lisbon Treaty came into power on 1 December 2009. It is believed that this Treaty will transform Europe into a more unified and influential global player with the capacity to make Europeans more secure and prosperous.

Post-Lisbon Europe is posing significant challenges to achieving these profound goals, not only for the policy community and its institutions but also for the citizens of Europe as the Treaty of Lisbon aims to ensure that EU citizens have more say in European affairs. According to European Commission President José Manuel Barroso, "The Treaty of Lisbon puts citizens at the centre of the European project." This is the right time and a great opportunity for the family of European foundations to rethink their individual and collective roles in this new period to meet the expectations of the EU in a multi-polar and ever-more complex world.

Foundations should first carefully review their position and the new opportunities to act that have emerged in the public policy arena within the EU and beyond. This new period in European history has opened up space for defending foundations' values and interests. It is of the utmost importance that we as foundations be better organised and focused, and that we make sure that when we speak, our voices are heard.

The test of the seriousness of EU policy-makers and of our skills will be a more pronounced involvement of independent foundations and other types of non-profit organisations in achieving the strategic goals of the EU in a fast-changing world confronted with various crises. Organisations such as the EFC – combining resources, experience and talent of a broad range of organisations from European countries (not only EU), America and other nations – should advocate and achieve a more enabling environment for foundations and bring new impulses and forms of public-private partnerships. There is a window of opportunity for launching joint initiatives in the foundation/non-profit community.

Foundations could, through support of various programmes, also educate citizens about the new architecture of Europe and build up a sense of pride in EU citizens. The last 20 years of European history have shown very clearly how national politics and national leaders can have an impact on EU affairs. The EU's international engagement, initiatives and projects can be successful only if national and EU leaders can reach consensus

and act together. It remains to be seen if the Charter of Fundamental Rights of the European Union will help to overcome the growing detachment of citizens from the EU's domestic and foreign policy.

This is the right time and a great opportunity for the family of European foundations to rethink their individual and collective roles...

The new foreign policy chief position and consolidating of the EU's external relations will also open up opportunities to act in Europe's neighbourhood and in the rest of the world. There is hope that the EU may become a more prominent global actor by bringing more coherence to the different strands of its external policy, such as diplomacy, security, trade and humanitarian aid. Catherine Ashton, EU Foreign Affairs & Security Policy High Representative and European Commission Vice President, said in a recent speech at the European Parliament, "We are the biggest provider of humanitarian aid and project funding. We are a superpower economy with half a billion people but are still accused of not punching our weight politically... the European Union should become a more capable, more coherent and more strategic global actor." To achieve these goals, Lady Ashton and her colleagues will definitely need a lot of help from a variety of institutions in the EU, foundations included.

Foundations could also contribute to monitoring and watchdog activities which will ensure that the goals of a more democratic, effective, credible and engaged Europe will be realised. Although new institutional rearrangements in the EU family will take some time and effort, in a period of big power shifts, global economic downturn, growing radicalism and environmental changes, Europe and its leaders do not have the luxury of losing time, determination or energy.

www.gmfus.org

From “more EU” towards “which EU”

By Pierre Defraigne, Executive Director, Madariaga - College of Europe Foundation



Pierre Defraigne

The EU is a triumph of reason, patience and goodwill which will shape the European political and economic landscape in the 21st century. But despite major advances in various policy dimensions, the EU is not yet up to taking on the twin challenges of an increasingly multi-polar world and the sustainability of the European model of development, especially in the context of greater global competition for markets and resources.

A vacuum of power is developing between the EU and the Member States because of the inefficient sharing of critical competences, namely macroeconomic policy, energy, finance, and defence. This prevents the EU from punching its full weight in world affairs: It remains both a crippled economic giant and a political dwarf. The Lisbon Treaty has only marginally improved things.

The other fault line is the growing gap between the EU and the citizen. This poses the problem of democratic legitimacy at a time when the EU's competences will impact the citizen more than ever. The low turnout for the recent European Parliament elections (from 63% in 1979 to 43% in 2009) and the weakening of the European social model in most Member States and at the EU level attest to this gap.

What strikes me as a former EU civil servant is the extraordinary difficulty encountered by EU leaders and institutions to substitute the diplomatic compromises through which the EU achieves progress with EU political projects accessible to the ordinary citizen. In particular it looks as if it is almost impossible to switch from the “more Europe” mantra to a debate about “which Europe”.

This is precisely what the Madariaga - College of Europe Foundation (MCF) wants to achieve. We try to depart from the EU's conventional wisdom and coded language by working out alternative approaches for EU projects that are the real result of debate and compromise rather than simply a bureaucratic process. In this respect we focus on the long-term projects rather than the procedures of the Lisbon Treaty.

At MCF we do not believe in top-down messages from Brussels to the citizens. The simplistic view that says “to know the EU better is to love it more” seems to us ludicrous. We promote citizen ownership and encourage people to have their say. Our mission though is not to listen but to introduce citizens to the multifaceted and multilevel complexities of the world.

Foundations devoted to the “European thing” have an extremely important and difficult task: shedding light on the cen-

tral issues for the future of Europe from economic well-being to the European “art de vivre”; from peace to environmental sustainability; and from EU strategic interests to the universal values and principles Europeans have contributed to defining through their own historical experiences and errors. We must explain both why the EU provides the relevant framework for action and why there is never, at an EU level, a single option but alternative and competing answers. Instead of indulging in the easy slogan “think globally, act locally”, foundations dealing with the EU must encourage citizens to “act European”. At MCF we run our regular “Citizen's Controversies” as a practical and modest contribution to stirring up awareness and engagement from the European citizen. It is up to each foundation to make its specific contribution to this common cause.

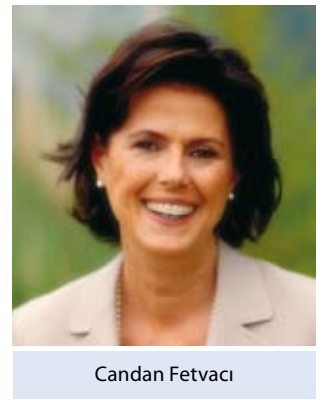
Instead of indulging in the easy slogan “think globally, act locally”, foundations dealing with the EU must encourage citizens to “act European”.

The more we move forward down the integration route the more we need the so-called “unidentified institutional object”, which Jacques Delors used to term the EU's polity system, to clearly reveal its final aims to the citizen beyond the veil of “ever closer union among the peoples of Europe”. In a globalised age where the emergence of continental nation states is leading to a multi-polar world, the EU has to become a genuinely global player endowed with both soft and hard power. Even if the EU has a special role to play in promoting rules-based world governance, it must also take up its share of the defence burden in an uncertain and dangerous world.

www.madariaga.org

View from a candidate country – Turkish foundations and the EU integration process

By Candan Fetvacı, Chief Executive Officer, Aydın Doğan Foundation



Candan Fetvacı

The foundation has been the most important philanthropic institution in Asia Minor for almost 3,000 years. Yet its genius lies not in its endurance, but in its ability to adapt to major societal changes. Today, Turkish foundations are once again emerging as agents of change in the context of Turkey's EU integration process.

With the EU process, governments have been eager to conform to EU demands: legislative reform packages involving amendments concerning foundations and civil society have passed; new and vast financial resources for civil society have emerged; and new channels to affect policy-making at the national and EU levels have been created. As a result, a large number of foundations and civil society organisations (CSOs) have benefited directly or indirectly from the above-mentioned transformations and have increased their capacities both in service delivery and advocacy to affect public policy in a way that was not possible before.

Yet, the extent to which Turkish foundations and CSOs are able to affect the EU process in return is questionable. Their presence in advocating and visibility vis-à-vis two key EU institutions, the Commission and the Parliament, remain rather underdeveloped. For example, many Turkish organisations lack the means to reach the rapporteurs for Turkey in Brussels or during their visits to Turkey. A similar case applies to the European Commission, where dialogue happens mostly through the Delegation to Turkey and a small pool of organisations. The only exception to this low level of representation is business organisations, which are well-represented through their umbrella groups and Brussels-based representative offices.

In short, while the EU process has already brought about a more enabling environment for foundations and CSOs in Turkey, much work remains to be done for these organisations to shift from being the objects of this process to being the subjects and drivers of change. With the new Parliament and Commission in place, 2010 appears as a key year in preparation for greater Turkish foundation and CSO presence in Brussels. Existing networks and resources developed by Turkish foundations in Brussels should be combined with other Brussels-based networks.

In this sense, the EFC's Foundation Week, to be held 31 May to 4 June in Brussels, presents an excellent opportunity to showcase foundations' work and place in the process. The "Turkish Foundations: An Old Tradition in Service of New Horizons" event, organised by the Third Sector Foundation of Turkey (TUSEV) and Turkish foundations in this context, will bring to-

gether experts, practitioners and EU representatives to discuss this issue further.

As mentioned above, Turkish foundations are no strangers to adapting to social change. Upon the establishment of the Turkish Republic in 1923, the country went through a series of significant political, cultural, social and economic reforms under the leadership of Mustafa Kemal Atatürk. During this era of heavy modernisation and state building, the understanding and work of foundations also acquired new dimensions. Instead of being the sole provider of key social services, foundations became catalysts and supporters of the modernisation process. As a result, the country's leading universities, hospitals and museums continue to be the objects of foundation investments, while a diverse set of social fields such as education reform, youth, women, children and environment are tackled by foundations with great expertise and human resources.

Today, leading Turkish foundations are not far from their European counterparts in their diversity of approach and scope of work. Aydın Doğan Foundation (ADF) is a fine example of such an institution. With the innovation and entrepreneurial skills of its founder, the businessman Aydın Doğan; its commitment to building and operating high quality education facilities; and with its experience in bringing the public and private sectors together for local development, ADF has become one of the leading foundations in the country. The foundation currently builds and sustains girls' dormitories for high schools all over Turkey and acts as a bridge between the public and private sectors and international development community for local development projects, especially in organic farming.

Turkish foundations also resemble their counterparts abroad as they cooperate closely with each other when it comes to matters that cannot and should not be tackled alone. As a board member of TUSEV, I am able to follow closely how this organisation provides an excellent venue for those that wish to promote the third sector in Turkey on national, international and European levels.

www.aydindoganvakfi.org.tr

Entry points for engagement

Working with the rotating EU presidency

By Miguel Angel Cabra de Luna, Director for Social Relations, International Affairs and Strategic Planning of Fundación ONCE, and member of the European Economic and Social Committee



Miguel Angel Cabra de Luna

Every six months the presidency of the EU rotates among its members, and a new country provides leadership to the EU machinery. While the effectiveness of this system is not 100 percent, it undoubtedly offers additional opportunities for foundations to engage with the EU and shape EU policies and initiatives. The first half of 2010 is Spain's turn. For the

fourth time since its accession in 1986, Spain will be at the helm of the EU.

For an organisation like Fundación ONCE, which aims to promote the creation of a legislative environment that fosters the social and labour integration of people with disabilities, the Spanish Presidency is a unique opportunity. It should not be forgotten that 80% of the legislation that is enforced in Member States originates in Brussels. Although traditionally foundations have been largely regulated at national level, our operations are increasingly impacted by the EU. This extends from the maximum length of the working day of our staff to the tax regime to which our operations are subject, going through reporting requirements, the structuring of our cross-border activities or the legality of a given government grant we may receive or manage. The EU is also a leading legislator in many of foundations'

key areas of action: non-discrimination, the fight against climate change, education, cooperation and development, etc. Moreover, the influence of the policies and laws that are approved at EU level is not limited to the EU Member States, but indirectly stretches a lot farther than the borders of the "Old Continent". It could be said that Brussels has taken over from Washington as the main generator of legislative trends.

Against this background, it goes without saying that foundations cannot afford not to be actively involved and constructively contributing to EU policy-making. Being involved in the preparation of the rotating EU presidency is an important part of this exercise.

In the case of Fundación ONCE, our work for the Spanish Presidency started already in the summer of 2008 and focused on making sure that disability was a priority of the Spanish Presidency and that new initiatives were put on the EU's table, particularly a European Pact on Disability. Although it is still early days to say whether we have been fully successful (only time will tell) certain achievements make us optimistic: the organisation of a Council of Ministers meeting focused on disability; the launch of an EU programme to improve the accessibility of European towns and cities; and the organisation of a Presidency conference on disability which we sponsored, among others.

However, what could interest most Effect readers and our peers, particularly the foundations from the countries that will be holding the EU presidency in the



Pedro Puente, Roma Secretariat Foundation, and Alberto Durán, Fundación ONCE, at the European Conference on Access to Employment of Socially Disadvantaged Groups, held 23-24 February 2010 in Madrid and co-organised by Fundación ONCE in the framework of the Spanish Presidency.

coming years (Belgium, Hungary, Poland, Denmark, Cyprus, Ireland, Lithuania), is the know-how we have acquired in the run-up to the Spanish Presidency. It can be summarised in a sort of Decalogue:

1. Engage early – governments start preparing their EU presidencies well in advance (up to two years in the case of those countries at the end of the presidential trio), so the earlier in the process you engage the higher your chances are of influencing policy. Our first contacts with the Spanish government started in June 2008.
2. Adopt a multi-targeted approach – many government actors are involved in the definition of a presidency programme so make sure that you talk to all of them. We have had meetings with ten ministries and the Prime Minister's office.
3. Timing and targeting are crucial – bureaucracies are not flexible so make sure you understand the administration procedures and reporting lines to provide your input at the right moment and to the right person.
4. Combine political and technical levels – make sure you talk to the ministers and the secretaries of states but don't neglect lower rank officials. They are the ones who write the papers!
5. Join forces – adopt a coordinated approach with other foundations/players from the other members of the presidential trio (in our case Belgium and Hungary; next one will be formed by Poland, Denmark and Cyprus).
6. Involve EU representative organisations – being able to show that your proposals count on the support and reflect the



European Conference on Access to Employment of Socially Disadvantaged Fundación ONCE in the framework of the Spanish Presidency.

Mall Hellam on the EESC as a pathway to engagement

As a consultative body to the EU institutions, the European Economic and Social Committee (EESC) plays an important role in the EU's decision-making. The Committee is made up of representatives of several interest groups, including civil society organisations focused on social and economic issues, and gives these groups a formal platform for getting their views across on issues being decided at EU level. Effect talked with Mall Hellam, Executive Director of the Open Estonia Foundation and member of the EESC, about the Committee and foundations.

Effect: What is the value to foundations of working through the EESC?

Mall Hellam: By its mandate the EESC is a bridge between civil society organisations based in the EU Member States and the EU institutions. Through the EESC the members can obtain first-hand information on EU programmes and initiatives. The Committee provides direct access to EU officials, and enables organisations to influence communications on issues of interest to them, shape policies and highlight under-discussed issues. An important value is the EESC's right to adopt own-initiative opinions, enabling foundations to initiate, explore and develop new and innovative ideas through the EESC.

Effect: How does the EESC benefit from including the voices of foundations?

MH: In addition to issuing opinions (of which there are approximately 150 per year), the EESC has a role of facilitator and promoter of civil dialogue. Unlike formal EU-level institutions,

foundations work directly with people and civil society organisations, possessing a very good understanding of society's most burning issues. I am convinced that the role of public benefit foundations is gradually changing from being mere grant-givers to becoming initiators of new ideas and active partners with the organisations they support. It is all the more important that foundations become more vocal on European issues. Foundations are often also very experienced on a policy level and are thus reliable and professional partners for the EU.

Effect: What was your role in getting the Opinion on the European Foundation Statute released by the Committee, and how important is this Opinion?

MH: Since I made the proposal to the Committee last year to draw up an own-initiative opinion on the European Foundation Statute, I have received extremely positive feedback from different actors involved in the process. The idea is particularly appreciated for its innovativeness and importance in the context



staged Groups, held 23-24 February 2010 in Madrid and co-organised by

thinking of the relevant Europe-wide organisations is paramount.

7. Keep the European Commission in the loop – the relevant Directorate General (in our case DG Employment) can be your best ally. Also your Permanent Representation in Brussels can be helpful.

8. Generate win-win situations – focus on those initiatives that could be most attractive for your national government, both in terms of increasing their international stature and of electoral interest.

9. Act as an expert – given job mobility and the time lapse between presidencies most officials have not been previously involved in preparing a presidency, so in general they tend to be open to receiving input and advice from those that have. In our case we have

been actively involved in the preparation of the three previous Spanish Presidencies so our interlocutors tended to be receptive.

10. Use media – as the presidency gets closer, media attention (EU and national) increases so there is lots of coverage to piggyback on to make your case.

By the time the Spanish Presidency (and our learning process) reaches its end, this list will have certainly expanded with other lessons I am sure we will learn in the coming months. A new assessment with the benefit of hindsight may be useful then. In the meantime, we would be more than happy to share our experience with our European counterparts in a more detailed way. Do not hesitate to contact us!

www.fundaciononce.es

of a converging Europe. We are going to need increasingly more forms of cooperation that would facilitate a Europe-wide collaboration on different issues and help non-governmental actors to join up to contribute to the development of education, science, environmental protection and other issues. These joint endeavours will help build a solid basis for a European civil society.

Effect: Sometimes the role of the EESC is misunderstood. In your view, what is the role of the Committee in the political process, and how important is it?

MH: The EESC's role as the institutional representative of civil society and interest groups is indeed vital to compensate for the democratic deficit inherent in the structure of the EU. However, the EESC's position today faces many challenges. The Committee's role as a consultative body to the European Parliament, Council and Commission should be reinforced and its representativeness and credibility strengthened. To that end, it is very important to increase the EESC's presence in the debate on the future of Europe.

Effect: There is now a campaign underway by various civil society networks to promote a better representation of the diversity of civil society on the Committee. What are your views on this?

MH: The representatives of a Member State in the Committee are chosen and appointed for five years by the Member State itself. The principles and rules of the selection procedure are decided by Member States. If we want to harmonise these procedures, we need Member States to reach an agreement on how it should be done.

Effect: How important has it been to you to be able to bring the voice of a new Member State from the east to the Committee?

MH: I have the impression that the dividing lines between the old and new Member States are slowly but steadily starting to blur, although in several aspects differences are still visible, especially regarding the methods for alleviating social problems and providing for the welfare of people. It is extremely important for the new Member States not only to talk about problems at different international forums, including the EESC, but to also initiate debates and propose constructive solutions to the issues raised.

www.oef.org.ee



Foundations get involved in the 2011 European Year of Volunteering

One way for foundations to work with the EU is through the European Years, which are thematic year-long campaigns organised by the European Commission. 2011 has been designated as the European Year of Voluntary Activities Promoting Active Citizenship. Volunteerism, as an expression of active citizenship, is an important element of civil society in the EU. More than 100 million Europeans are active in a voluntary capacity and it is estimated that some 2.5 million volunteers work for or are active in European foundations. Effect interviewed representatives of the European Commission, the European Parliament and foundations to find out how they see volunteering and what their plans are for the Year.

A conversation with the European Commission about the Year

Q&A with Pierre Mairesse, Director for Youth, Sport and Citizenship, DG Education and Culture, European Commission*

Effect: Why do you think that volunteering and active citizenship should be on the agenda of the EU and Member States and what is the added value of the European level in this area?

Pierre Mairesse: Firstly, volunteering should be on the EU agenda because Europeans find it important. A special Euro-barometer in 2007 showed that 80% of Europeans consider "helping each other and volunteering" important values in their lives.

The European Commission considers volunteering an expression of active citizenship and proof of the commitment of citizens: It strengthens common European values such as solidarity and social cohesion. Volunteering plays an important role in various sectors and provides learning opportunities because involvement in voluntary activities can provide people with new skills and competences, which can in turn improve their employability. By increasing the active participation of citizens in society, volunteering fosters a sense of belonging and allows citizens to engage with their society at all levels – local, regional, national and European. It can thereby address one of the key challenges facing European societies today.

Effect: The European Year 2011 is a political initiative responding to a strong wish of European civil

society organisations. Volunteering and active citizenship are key areas of work for foundations, which have developed a wide range of initiatives in these fields. How do you think that their knowledge and expertise could feed into the European Year and how can they prepare for this important moment?

PM: Foundations can actively participate in the European Year of Volunteering by organising different kinds of activities in line with the objectives of the Year. For us, it is an important implementation principle that activities are organised in a bottom-up approach by civil society organisations themselves. The European Year belongs to the volunteers and to their organisations. Having this in mind, it is important that civil society seizes this opportunity and takes initiative.

Foundations, by their nature, are grant-giving organisations and thus have extensive experience selecting projects and focusing their energies and resources on specific goals. In 2011, they could orient their priorities to the field of volunteering, selecting projects with a strong volunteering dimension. They could use the Year as a springboard to further develop their engagement with volunteering and share their knowledge and expertise with other voluntary organisations.

Effect: The International Year of Volunteering was organised by the United Nations in 2001. What have been the main developments in this field since then? Have there been any changes in the perception and approach to these areas on the part of the EU institutions, civil society and the public at large?

PM: Much has already been done at European level, particularly in the youth sector, where the EU has greater competence.



Following the White Paper on Youth of 2001, volunteering was recognised in 2002 by the Member States as a key element of youth policy. Member States agreed on common objectives for voluntary activities of young people. In November 2008, the Council adopted a recommendation on mobility of young volunteers across Europe which aimed to enhance cross-border volunteering of young people within the EU by creating more opportunities for young volunteers from other Member States. Already in 1996, the European Voluntary Service was established, which is now part of DG Education and Culture's Youth in Action programme running from 2007 to 2013. The goal is to promote mobility for young European volunteers and to foster active European citizenship. Since its inception, the programme has evolved, expanded and sent 50,000 young volunteers throughout Europe.

Beyond activities for young people, volunteering is one of the overall themes of the Europe for Citizens programme, and it was identified as one of the priorities in the White Paper on Sport of 2007. Civil society has supported the initiatives of the European institutions on volunteering from the beginning. Since 2008, key stakeholders have organised themselves formally and created an alliance to support the European Year of Volunteering 2011.

Effect: What are your expectations regarding the European Year and how do you think we can ensure that there will be a legacy after 2011?

PM: The Commission expects that the European Year of Volunteering will lead to an increase in volunteering and to greater awareness of its added value, and that it will highlight the link between voluntary engagement at local level and its significance in the wider European context. The European Year of Volunteering should help volunteers and volunteering organisations from everywhere in Europe to meet each other and to see what is done best in other countries. The public authorities will be able to learn more about volunteers and encourage volunteering. Citizens who do not know much about volunteering will find out more and maybe become volunteers themselves in the future. And finally, the Year will recognise the extraordinary achievements of Europe's volunteers.

We have to make sure that the European Year of Volunteering has a long-term impact on European and national policies and programmes for citizens. With this in mind, we already have some ideas that will be developed during the course of the Year. These include, among others, measures on volunteering in future EU programmes in the fields of education, culture, youth, sport, citizenship, employment and social affairs; developing instruments for the recognition of volunteering as a non-formal learning experience; and setting up a platform of civil society organisations active in the field of volunteering.

* Title at time of interview. Mr Mairesse is now Director of Youth and Sport as Citizenship activities have moved to another unit.

www.eyv2011.eu

View from the European Parliament

In an interview with Effect, Marco Scurria, Member of the European Parliament responsible (as rapporteur) for coordinating the Parliament's input to the decision on having a European Year on Volunteering, pointed out that in Europe there are approximately 100 million people involved in volunteering activities. "These people deserve to be heard, valued, rewarded and taken as an example, because every day, in totally selfless work, they are so generous to others," said Scurria.

"Foundations can be helpful to the volunteering sector, especially for activities like training, fundraising and the exchange of best practices," he said.

Scurria noted that much had changed in the last ten years regarding volunteering, with an increase seen in volunteering

and more attention paid to the concept. However, he pointed out that there is a big difference between the voluntary sectors of western European countries, where there are several national laws on the subject, and the countries of eastern Europe, where there are few references to volunteering in the civil code. This results in a less organised voluntary sector in the East.

Referring to all of Europe, Scurria said he hoped the Year would allow the EU to, "collect the experience of this Year and use it as a tool to make the EU more aware of volunteering and give it more attention."



Fundação Eugénio de Almeida's take on volunteering

Q&A with *Maria do Céu Ramos, Secretary General, Fundação Eugénio de Almeida*

Effect: How do you think foundations' expertise in volunteering and active citizenship could feed into the European Year, and how can foundations prepare for this important moment?

Maria do Céu Ramos: The philanthropy universe and volunteering share core values and beliefs – generosity, altruism, progressive social change – and have the freedom, the capacity and the will to respond to others in need. I would say that foundations are the institutional manifestation of those values, while volunteering is more engaged with a citizenship dimension. Many foundations all over Europe develop major projects around volunteering in several domains, such as culture, education, heritage, health-care, science, and the environment, just to name a few. In my view, the European Year 2011 should be an opportunity to focus the spotlight on those projects in order to broadly share, disseminate and multiply experiences, methodologies and good practices. Volunteering deserves its own stage and a wider, proactive and responsive audience.

Effect: Why is it important for your foundation to be active in volunteering and active citizenship, and what is your added value? How do you work with volunteers, and what does this bring them?

MCR: The values attached to a free, responsible, solidarity-based citizenship are among those that give sense to, and enhance, the mission of Fundação Eugénio de Almeida (FEA) towards the development of the communities in which it operates. Both FEA and volunteering share

the same values, so I would say that it's almost "naturally mandatory" for us to work in that area as a way to fully live up to our values and accomplish our mission and aims.

The development of a sustainable and innovative long-term project in volunteering – surely one of the most noble forms of active citizenship – has allowed FEA to promote a solidarity network in the community and also to join wider networks in Portugal and abroad. This project regards volunteering both as a path to achieving higher levels of personal development, and as leverage for the progress of society. From this two-fold perspective, qualification is the key word that best describes the added value of FEA's project. This means high standards of quality in the implementation of the programme of action and the management of its outputs, whether we're talking about training; production and dissemination of knowledge; or building up a bank of volunteering. Volunteers are the essence and the heart of this project. Therefore, it has been directed towards accurate recruiting, welcoming practices, incentive, tuition, and special training of volunteers, in order to promote their role in society.

Effect: This European Year takes place ten years after the International Year of Volunteering organised by the United Nations in 2001. What have been the main developments in this field since then?

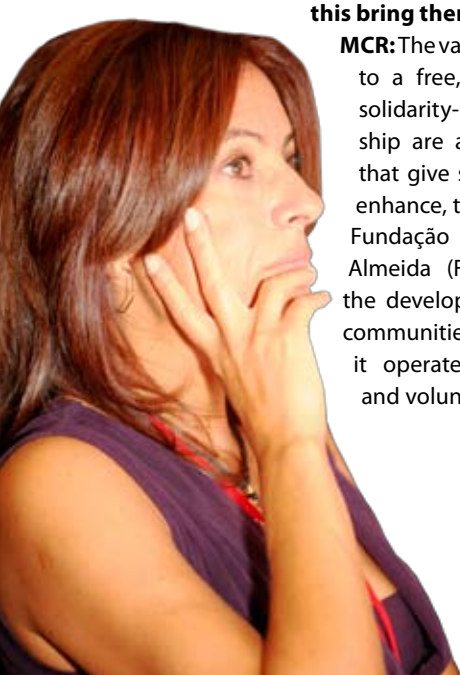
MCR: Since 2001, society as a whole (public and private institutions, and citizens) have been able to acknowledge and understand much better the value and potential of volunteering as a form of civic engagement and as a powerful tool to change society. In my view, the main development in this field has been

the establishment of organisational partnership networks for cooperation, knowledge-sharing and exchange of experiences at local, regional and cross-border levels.

Effect: What could be the added value of the European level in this field, and what are your expectations regarding the Year? How can we ensure that there will be a legacy after 2011?

MCR: From the point of view of FEA, based on its own experience, the most important thing now is to encourage institutions to develop volunteering projects – in social, educational, environmental, scientific and other fields – in a structured, integrated and sustainable way. It is our belief that third sector organisations have a fundamental role in this matter, which needs to be emphasised and made more effective. The European territory – from which emerges knowledge, innovation, partnership projects – is the territory where the value of excellence can be added to the promotion of volunteering and active citizenship. This perspective involves the development of concrete actions focused on improving both volunteers' and organisations' capability, capacity, and performance.

www.fundacaoeugeniodealmeida.pt



Fundación "la Caixa" on the 2011 European Year

Q&A with Elisa Duran, Executive Director, Fundación "la Caixa"

Effect: How do you think foundations' expertise in volunteering and active citizenship could feed into the European Year, and how can foundations prepare for this important moment?

Elisa Duran: Non-profit organisations possess a vast knowledge and experience of volunteering, and this should be shared with other organisations. The organisation of the European Year on Volunteering can be a good opportunity to promote, on the one hand, the organisation of joint actions to give visibility to and raise awareness of the role played by volunteers. The European Year would then be a vehicle or tool to highlight the role of volunteers; to exchange experiences in terms of volunteering; and to undertake campaigns to attract new volunteers. On the other hand, the Year could be used to undertake actions to strengthen the volunteering sector, generating best practices in different areas of volunteering which showcase elements that various non-profit organisations can replicate.

Effect: Why is it important for your foundation to be active in volunteering and active citizenship, and what is your added value? How do you work with volunteers, and what does this bring them?

ED: Since the creation of "la Caixa" in 1903, the social assistance and welfare programmes of the Fundación "la Caixa" that fight against poverty and exclusion have been a priority. The programmes of Fundación "la Caixa" have evolved during the 20th century to take into account the changing needs and problems of society. Nowadays the foundation, as one of the largest foundations in Europe in terms of resources, develops its social programmes both independently and in cooperation with social action non-profit organisations. These organisations can lead the projects promoted by the foundation thanks to, among other factors, their teams of volunteers who take part in an altruistic way in their social assistance projects and programmes. The importance of volunteering in the field of social development and assistance of a high number of people with diverse social needs and the values on which it was established motivated Fundación "la Caixa" in 2005 to launch a specific programme to support this social movement of citizens' solidarity.

We provide this support through three areas of work:

1. Corporate volunteering of "la Caixa".
2. Raising awareness among the public about volunteering.
3. Support to non-profit organisations in the management of volunteering.

Effect: This European Year takes place ten years after the International Year of Volunteering organised by the United Nations in 2001. What have been the main developments in this field since then?

ED: In the past decade, both the state and the autonomous regional public administrations have promoted programmes supporting volunteering through public awareness campaigns, the training of volunteers and the funding of non-profit organisations' volunteering projects. For Fundación "la Caixa", the launch of our programme on volunteering in 2005 recognises the contribution made by volunteers in alleviating situations of poverty and other social deficits.

Effect: What could be the added value of the European level in this field, and what are your expectations regarding the Year? How can we ensure that there will be a legacy after 2011?

ED: The European Year of Volunteering means an opportunity to give more visibility to the voluntary movement and in particular to the valuable work of the volunteers. We could ask ourselves how many people would go unassisted if there were no volunteers, or what our society would be like without volunteers. The answer to these questions should make us value and recognise volunteering as a pillar of our society and of the social welfare state. A possible follow up to the European Year could be a boost from the European institutions in strategic relations between the different actors that intervene in a particular region, city or neighbourhood. Another legacy could be the creation of networks of solidarity that bring together voluntary organisations, public administrations, city halls and companies, to synergise efforts to provide support to persons at risk of social exclusion.

www.fundacio.lacaixa.es



EU citizens and policy-makers — Foundations bridging the gap

By Stefan Schäfers, European Programme Adviser, King Baudouin Foundation

Over the last few years, the King Baudouin Foundation (KBF) has been developing, testing and refining a new methodology for communication between policy institutions and the wider public. At a time when the public role in governance is increasing in importance, the two-way communication channel created by the European Citizens' Consultations provides a valuable addition to the policy-making tool set.



photo © Frank Toussaint

Stefan Schäfers

After pilot projects at Belgian level, in 2005 KBF developed a project to find out what ordinary people felt should be done, on a policy level, with the rapidly expanding scientific understanding of the human brain. Frustrated by the limitations of conventional research techniques, KBF partnered with other foundations and research partners to develop a new methodology

to really explore citizens' attitudes towards this complicated subject. The project was called Meeting of Minds.

The method developed by this collaboration for the project was the European Citizens' Deliberation. This consisted of a series of interviews and group discussions with randomly selected citizens, combining quantitative and qualitative methods, the results from each stage feeding into the following one. Experts provided consultation at each stage of the deliberations, but withheld from interfering in the development of the citizens' recommendations.

Two successful pan-European exercises then refined the model and proved its viability for wide-scale, multilingual consultations. After the failed referenda in France and the Netherlands on the EU Constitution in 2005, and the ensuing political crisis of the EU, KBF developed the European Citizens' Consultations (ECC), holding one in 2007 and another in 2009. The 2007 event brought together around 1,800 randomly selected citizens from all 27 EU Member States to develop their vision of Europe's future. The 2009 ECC involved 1,600 citizens to determine their recommendations for the economic and social future of the EU.

The citizens were assembled in national and then European conferences, identical in design, and held simultaneously over three weekends. These conferences are at the heart of the ECC process, enabling citizens to discuss issues of common concern with each other, and with key national policy-makers.

At the second ECC in 2009 the citizens were further supported by an online debate involving around 200,000 participants in 21 languages from December 2008 to May 2009. The final recommendations were then presented and discussed at a European Citizens' Summit in May 2009, with 150 participants from the National Consultations, and with leaders of the European institutions and European political parties – just four weeks before the European elections.

The project was implemented by a unique consortium of more than 40 European partner organisations and co-funded by the European Commission under its Debate Europe programme.



European Citizens' Summit held 10 May 2009 in Brussels (photo © Frank Toussaint).

The ECC took place under the patronage of the European Parliament, with more than 15 foundations as co-funders, including KBF, the Robert Bosch Stiftung, Compagnia di San Paolo, Joseph Rowntree Charitable Trust, Fundação Calouste Gulbenkian, Fondation de France as well as ING and various funders at national level.

Cooperation among foundations and public bodies

The success of the format so far has been due in no small part to a seamless partnership between many national and European foundations. The Network of European Foundations (NEF) has been instrumental here, helping foundations work for Europe, but also improving the way Europe works for foundations' projects across the continent.

Projects like the ECC and Meeting of Minds show where cooperation among foundations and public bodies can be a driver for change. Foundations can take risks and try out new ideas, something that governments can't do. However, once those ideas have been developed, it is up to the relevant institutions – in this case the EU – to take over.

This is not to say that KBF or the other NEF members need to bow out of the process. Foundations can play a role in public-private participation in the future by enabling co-funding, building partnership links with private implementation part-



Debate with presidents of the European institutions, held 11 May 2009 in Brussels (photo © Frank Toussaint).

ners, and of course coming up with new ideas for the ongoing evolution of the consultations. In this scenario, the EU institutions would be responsible for setting the issues for debate, providing funding, using the outcomes for their future political work and determining the future requirements for the project.

The future of ECC

The ECC projects so far have proven that citizen participation at EU level is possible and even useful. Although much talk is made of "participation" and "consultation" in the corridors (and regulations) of Brussels, this often amounts to little more than lip service to the notion. The next step will be to integrate the ECC procedure with the growing requirements for public consultation within the European policy-making tool kit.

For example, Green Papers – the draft legislation proposals that Brussels issues for interested parties to comment on – often do not reach beyond specialised interest groups of policy-watchers, members of the affected industry and the lawyers who serve them. Consumer protection groups, watchdogs and NGOs do offer a certain degree of representation in Brussels, but ECC's on Green Papers or other proposals would provide direct feedback from sections of society that other consultations do not normally reach. Specifically, citizens beyond organised civil society, or those who simply aren't proactively engaged in European politics would be offered the opportunity to give their opinion.

Of course ECCs will never compete with representative institutions or seek to replace qualitative opinion polls or expert recommendations, but they could complement these tools. They give deciders in-depth insights into opinions of citizens. And citizens are voters, who ultimately hold considerable democratic sway over the longer-term success of legislation. This was also the conclusion of a conference organised by the European Commission on the future of citizens' consultations in November 2009.

The Lisbon Treaty is opening a window of opportunity for direct citizen involvement in EU decision-making. Article 11 of the Treaty states that "the institutions shall, by appropriate means, give citizens and representative associations the opportunity to make known and publicly exchange their views in all areas of Union action." The implementation of this article is high on the EU agenda, and represents good long-term prospects for the ECC format. However, there is plenty of work still to be done before citizens' consultations are fully embedded in the EU decision-making process.

www.kbs-frb.be



FOUNDATION WEEK

FOUNDATIONS' WORK

31/05 > 04/06/2010 - BRUSSELS

WHERE?

SQUARE BRUSSELS MEETING CENTRE
Mont des Arts 22 | 1000 Brussels, Belgium

WHAT?

A week-long event with debates and exhibitions about foundations and how they work for Europe. Foundations and funders, the EU institutions, other civil society actors, and the general public are all welcome!

WHEN?

	Monday 31/05	Tuesday 01/06	Wednesday 02/06	Thursday 03/06	Friday 04/06
am		OPEN DAYS		21 st EFC AGA & Conference	
pm	OPEN DAYS		21 st EFC AGA & Conference		
	Interactive Fair				

  FREE ADMISSION
 REGISTRATION REQUIRED

-  The first part of the Week is the Open Days and is just that... open to one and all! Join us for open debates with policy-makers, foundations and other stakeholders on issues ranging from health to religion to the elderly to culture. *(Free admission)*
-  The second part of the Week is the EFC's Annual General Assembly (AGA) and Conference. *(Registration required)*
-  The Interactive Fair with exhibits, project demos, films, photography and cultural activities will be open to everyone throughout the Week. *(Free admission)*



“The EFC Foundation Week in Brussels is a major step of a strategy meant to signify that philanthropic foundations are, and want increasingly to be, an active component of European society and democracy.”

Piero Gastaldo, Secretary General, Compagnia di San Paolo

“I’m coming to Foundation Week because it is a very welcome breakthrough event in that it is a real attempt to connect foundations with the public, as well as EU policy-makers, offering debates about the role of foundations in society and exhibitions showcasing what they do. Let’s hope the public makes use of the opportunities and the barriers start to come down!”

Caroline Hartnell, Editor, Alliance Magazine



“Foundation Week is the hallmark European event which brings together foundations and other actors that have a real need to work together and learn from each other. European philanthropy has a rich history, but is challenged by a complex, cross-cultural environment. I’m attending Foundation Week to better understand this complexity and the role that foundations play with respect to EU institutions.”

Bill Layton, Director Foundation Relations,
United Nations Foundation



“As a European network of organisations promoting children’s rights and welfare, we want to bring our ideas and experience to a wider audience. We want to learn what’s happening in the world of philanthropy, connect with like-minded people, identify new partners and bring back new ideas to our membership. Foundation Week is a unique opportunity to achieve these aims. It should give a boost to our ongoing work to achieve lasting social change.”

Jana Hainsworth, Secretary General, Eurochild



Why national governments should support the European Foundation Statute

By Paavo Hohti, Managing Director, Council of Finnish Foundations



Paavo Hohti

While the foundation sector supported the development of a European Foundation Statute (EFS) with very strong voices, as evidenced by the contributions of some 200 foundations during the public consultation on the Statute run by the European Commission last year, some national governments appear to be less informed and expressed some reservations about the need for such a European legal instrument for foundations. Only six public authorities replied to the consultation – Denmark, Finland, Estonia, Germany, the UK and Sweden. Those six have split views and some concerns about the implications of an EFS in terms of supervision, the tax regime and how such an instrument would be used.

What do the public authorities in other Member States think about the EFS? Why did more governments not participate in the debate? One explanation could be that the questionnaire of the European Commission was available only in English and appeared to be primarily aimed at public benefit foundations themselves. However, the support and interest of all the Member States is crucial since a unanimous decision of the 27 countries of the EU is required to approve a potential Statute at the level of the Council.

The issue is a key priority of the EFC and DAFNE (Donors and Foundations Networks in Europe) for the coming months as these organisations plan to discuss with national authorities the added value of having an EFS. I have already, in my capacity as Managing Director of the Council of Finnish Foundations, sounded out the Finnish Ministry of Justice as well as the Ministry of Education, and other national foundation networks are preparing to do the same in their respective Member States.

As a first step, the EFC Legal Committee, of which I am a member, reviewed some of the Member States' concerns:

> What are the barriers to cross-border foundation work?

Some Member States questioned the very existence of legal or administrative barriers for foundations in the internal market. In their day-to-day work, however, the EFC and many national foundation networks frequently come across funders, new initiatives

2001

EFC tells the European Commission that foundations need a separate European legal instrument.

May 2003

Commission presents Action Plan for Company Law & Corporate Governance. The plan intends to review the feasibility of a separate European Foundation Statute (EFS).

September 2005

Expert Group Report on measures and actions to promote the role of foundations and the non-profit sector in boosting R&D investment urges the Commission to consider preparing a regulation for an EFS for adoption by European Council and Parliament.

European Foundation Statute timeline

2001-2

European Commission sets up the High Level Group (HLG) of Company Law Experts to review European company law trends and the need for new European legal forms. The HLG holds a consultation on company law issues, the results of which stress the added value of a European legal form for foundations.

January 2005

EFC issues a proposal for the Statute.

or established foundations that face practical obstacles and added costs in their everyday cross-border activities. New initiatives in particular often cannot be realised because funders coming from different EU Member States are unable to agree on one legal home for the foundation.

> The EFS differs from national foundation law

Some ministries were concerned that the legal form of a European Foundation as currently discussed would differ from their national foundation law traditions. The European Foundation as proposed by the Commission Feasibility Study would have to pursue public benefit purposes, which differs from the concept of those national foundation laws that also allow foundations to be set up for private interest. In a European context one has to be aware that already in half of EU member States foundations as a national legal form can only pursue public benefit purposes. Furthermore, a European legal form would be an additional and *optional* legal tool and would not replace the national foundation form which indeed differs across the 27 Member States. It would not be a common denominator of national foundation laws but a unique European legal instrument with its own legal requirements.

> Tax treatment of the EFS

Another set of questions arose on the tax treatment of the EFS – Would requirements continue to be determined at the national level? Clearly the European Foundations would need to apply for a tax-exempt status in the Member State in which they had taxable income. The public benefit purpose requirement of a European Foundation would have no direct implica-

tions for the tax status, which would need to be checked and reviewed by the competent national tax authorities. Following the non-discriminatory approach of the EC Treaty, the EFS would be taxed according to the national tax rules governing public benefit purpose foundations.

> Soft law approaches versus EFS

Some public authorities considered information campaigns or soft law approaches such as codes of conduct or accreditation models as alternative options to overcome existing barriers. However, such approaches will not help reduce compliance costs and remove existing legal barriers, nor will they facilitate the practical operations of foundations, and they would not, in the case of cross-border operations, provide the necessary legal certainty. They could not remove the civil law barriers that exist, for example, when transferring the real seat of a foundation from one Member State to another or the legal recognition of a foreign foundation.

> Administrative burden

Some Member States fear an increase of administration and costs through the introduction of a European legal form. The EFC Legal Committee is, however, of the opinion that an EFS would remove administrative burdens and would enable foundations and funders to provide for just one organisational structure since they would not be required to set up structures in various Member States. We agreed that clear transparency and accountability rules must be developed to ensure that the European legal instrument would be a trustworthy entity that could not be abused. A European legal form would be established for public benefit only. It could undertake economic activities as long as the income was used for the pursuance of public benefit purposes.

Foundations must stress that an EFS will enable cross-border work free from red tape and will help foundations to unleash their full potential. The Statute will offer a solution to key problems faced by organisations and initiatives that want to act across borders, not least by providing a cost-effective and efficient legal form that allows easy operations across different countries. It would help the pooling of private resources to address pressing needs and global policy issues in areas such as research; education and innovation; mobility and migration; the environment; cultural and linguistic diversity and dialogue; and security and development.

Now, what is the way forward with the European Statute? The new Commissioner responsible for internal market issues and company law, Michel Barnier, will decide upon the next steps concerning the EFS. The EFC trusts that the European Commission, based on the clear recommendation of the Feasibility Study, will complete its impact assessment and issue a proposal for a regulation soon. It is hoped that the officials will start drafting a proposal for a regulation which can be presented to the college of Commissioners. Once approved by the Commission, the proposal would then be shared with the Council of Ministers representing the governments of the 27 Member States for approval, and with the European Parliament, which must also give its consent.

It's now time for national governments to come around and understand what a benefit this legislation would be for the sector, for Europe and for the EU Member States.

www.saatiopalvelu.fi

July 2006

European Parliament's report on the prospects of company law asks the Commission to continue its work on EFS.

December
2005 -
March
2006

A second Commission consultation on priorities for European Company Law & Corporate Governance is begun and specifies the need to launch a feasibility study on the EFS, something one third of all respondents to the consultation urge the Commission to do.

November
2006

Internal Market & Services Commissioner says the Commission would "pursue reflection on the matter" of EFS.

The European Parliament's Klaus-Heiner Lehne on the Statute

Q&A with Klaus-Heiner Lehne, Chair of the European Parliament Legal Committee and Chair of the Executive Board of ERA - The Academy of European Law

Effect: The 2009 Feasibility Study on a European Foundation Statute suggests the Statute as the best policy option to overcome existing barriers for foundations and funders, and the vast majority of contributors to the public consultation on the matter agree with these findings. Do you agree, and if yes, what type of statute would you consider useful?

Klaus-Heiner Lehne: A European Foundation Statute would encourage cross-border activities of funders. This is an important contribution to an active civil society in Europe. Therefore, I would support the proposals for a European Foundation. As discussed already with the European Company Statute (SE) and the proposal for a European Private Company (SPE), a European Statute would profit from genuine European rules rather than references to national law. However, the SE Statute and the current discussion on the SPE show that Member States are very hesitant to accept European legal forms in addition to their domestic ones. We should nevertheless try to make the Union Foundation as European as possible. Another unfortunate fact is that European company law suffers from the lack of Union tax competences. Therefore we cannot really add tax-related aspects in to the Statute. Despite these difficulties, I still consider that a coherent and "self-sufficient" Statute is an important project.

Effect: How does a European Foundation Statute fit into the overall context of European company law and the European Parliament's roadmap for European company law?

KHL: Genuine European legal forms are the logical third aspect in European company law. We started with creating equal conditions within the Member States. I am referring here to the 3rd and 6th company law directives. At the same time, we harmonised existing national company law in order to create comparability and a level playing field. As a third aspect, the Union can complete the internal market by creating genuine EU legal forms that are designed especially for cross-border activities. So far, we have not really managed to take this step properly. I have already explained the shortcomings of the SE and the difficult discussion on the SPE. In addition, we have the European Cooperative (SCE). So, the

Foundation is a missing part in the EU company law puzzle, as is the Association. In addition, European Union labels contribute to creating a European identity. However, at the moment we need to be realistic: Reference to national law will for a long time reduce the benefits (e.g. cost efficiency and practicability) of European statutes.

Effect: With the Lisbon Treaty, the European Parliament must now give its consent for legislation proposals to be considered by the Council for adoption. What does consent in the context of the Statute mean?

KHL: Consent means that the European Parliament has to approve the Commission's proposal in order for the Council to be allowed to adopt it. The Parliament does not have any formal powers to amend the proposal, but must take it or leave it as it stands. To give its consent, the Parliament votes by simple majority (which means by a majority of the MEPs present at the vote in plenary). If the Parliament does not act or if it rejects the proposal, the act cannot be adopted. The Parliament draws up an interim report in the responsible committee, suggesting certain amendments and changes that are needed for its consent to be given. This means that in practice, although the Parliament does not have a right to amend the proposal, its power to reject the proposal gives it large, de facto bargaining powers to obtain amendments. In the end, there will be a short and reduced sort of one-reading co-decision.

Effect: As Chair of the Executive Board of ERA - Academy of European Law foundation, what concrete difference do you believe a European Foundation Statute would make to this particular foundation's work?



April 2007

Commission launches call for tenders for the Feasibility Study on the EFS.

February 2009

Commission's Directorate General for Internal Market and Services (DG MARKET) publishes the EFS Feasibility Study and launches third public consultation to seek stakeholders' views on the need for and possible content of a statute.

Autumn 2007

The Max Planck Institute for International Private Law (MPI) and the Centre for Social Investment at the University of Heidelberg (CSI) start work on the 11-month EFS Feasibility Study launched by the European Commission.

KHL: The Academy of European Law is currently established as a public foundation under German civil law. However, it is active providing professional training to legal practitioners across Europe. There are representatives from more than 22 countries on its Governing Board and Board of Trustees but, inevitably, the representatives from Germany play a bigger role when it comes to administrative, fiscal and other issues. So to start with, a European Foundation Statute would give all those representatives the

feeling of an equal stake in the foundation's governance. It would also remove any potential doubts about the Academy's European identity and mission. And of course it would make it easier for the Academy to set up permanent operations in different EU Member States if it wanted to. A European Statute might not make sense for all foundations but it would certainly represent an added value for the Academy.

What the Statute means to foundations working at national and local levels

By Rosa Gallego, Deputy Manager of the Association of Spanish Foundations and Chair of DAFNE (Donors and Foundations Networks in Europe)



Rosa Gallego

DAFNE, which is an umbrella organisation bringing together national-level associations of foundations and donors and representing more than 5,000 European foundations and donors, brings to the debate on the European Foundation Statute a further argument in favour of it. This legal form, which will coexist with the national regulations, will also enhance the foundation sectors at national level by raising standards. When the European foundation sector as a whole is improved, even foundations working only at national or local levels are raised up along with it.

Like many other things the EU seems to be an endeavour that needs to be taken care of constantly. A number of successes and advances can be recalled since its creation, and many of them could not even be dreamed of only some years before they happened, the single currency and the enlargement to 27 Member States, among others. We could read the story of the foundation sector along the same lines: Some 20

years ago a number of foundations gathered in Santiago de Compostela, Spain, to discuss the advances of the EU and the impact on foundations, and among others a debate took place about a possible statute for non-profit organisations in the European Community as it was then called.

From that debate and from the tireless work carried out by the EFC and its members, the European Commission started the work which eventually will lead to the approval of a European Foundation Statute. One of the activities carried out by the Commission was a public consultation to assess the need for the Statute, and in this regard the answer from the sector was unanimous. Foundations in Europe are increasing the scope of their activities, following the evolution of our continent and its institutions, and therefore an increasing number of foundations are present and are acting in more than one EU country. Moreover, and due to this historical evolution, a number of foundations are

being created with the aim of working at European level from the outset, based on the knowledge and belief that many of the problems for which foundations can bring solutions go beyond national borders.

This tendency, which obviously will support the idea of an EU of the citizens, is in enormous need of institutional recognition, and a European Foundation Statute is seen as the most appropriate tool to achieve it. DAFNE is committed to strengthening the foundation sector in Europe and foundations at national level – and with this the role and impact of foundations in our societies – and a European Foundation Statute will serve well in this effort.

www.efc.be/Networking/Pages/Dafne.aspx

November
2009

DG MARKT releases the outcome of the public consultation on an EFS: Foundation sector unanimously supports the European Statute as the most cost-effective policy option for addressing cross-border barriers and thereby stimulating foundations' activities across Europe.

October
2009

European Economic and Social Committee opinion advocates for the adoption of a European statute for foundations.

January
2010

Commissioner-designate for Internal Market announces that he will consider giving foundations a European statute.

Tax discrimination on dividends paid to foreign foundations must end

By Göran Blomqvist, Managing Director, Stiftelsen Riksbankens Jubileumsfond

Europe is under construction! As foundations we are used to acting within our own nation states but are also now increasingly expected to operate across borders. It's easy to appreciate the advantages and prospects that seem to open up as the result of increasing freedom and mobility. However, "seem to open up" are the crucial words here, because rhetoric and legislation on the one side, and reality on the other, do not necessarily match each other.

Stiftelsen Riksbankens Jubileumsfond (RJ) is an independent foundation that promotes and supports academic research related to Sweden. The foundation funds in Sweden as well as in other countries. RJ invests in all types of financial instruments and structures that are on the market, and investments are made in Sweden and abroad. We buy and sell shares on the stock market in Stockholm as well as in a number of other cities, most of them inside the EU.

The national tax authorities of several EU countries have withheld tax levied on the dividends from these investments. Our opinion is that an EU Member State cannot levy higher taxes on distributed dividends to RJ than on dividends to a comparable domestic foundation. We regard this as discrimination and in conflict with the principle of the free movement of capital (EC Treaty Article 56). To support our position, we have invoked the judgements of the European Court of Justice (ECJ) in case C-170/05 Denkavit and case C-379/05 Amurta. Several other ECJ cases support our position, for example C-303/07 Aberdeen and C-540/07 Commission against Italy.

RJ is established as a foundation in Sweden for the benefit of scholarly research. If RJ were established in Germany, for example, with the same purpose it would not have to pay tax on dividend income received from shares in German companies. However, because it is not a German organisation, RJ does pay withholding tax on dividends from its German investments. In addition, since the dividends paid to RJ are not taxed in Sweden, the withholding of tax cannot be credited there. RJ is thus burdened by a final cost which is in no way deductible. Thus, an economic double taxation occurs. In accordance with the Denkavit case this economic double taxation is contrary to Article 56 of the EC Treaty and cannot be justified.

What have we achieved in our efforts to fight this injustice? Well, we certainly have contributed to the incomes of a number of European lawyers and taxation experts! But aside from that, we have learned a lot, had some prejudices regarding national characteristics confirmed, but have also been impressed by the fairness demonstrated by some countries. For instance, The Nether-



Göran Blomqvist

lands, Finland and Denmark have repaid withheld tax and do not levy taxes on dividend payments to RJ anymore. The French tax authority on the other hand has denied our claim for repayment. We have challenged this rejection. Germany seems paralysed: It is uncertain whether it is the federal or local tax authority that takes responsibility for cross-border issues. Hence, our request is still pending there. From Italy we have learned that silence from the authorities for three months means that your request has been rejected. Our cost for challenging this silence has been 10,000 euros. Europe is truly fantastic!

We will continue to fight, but the costs are of course substantial. On the other hand this is a struggle over important principles. There are at least a couple of alternative strategies. The most obvious one, and in many ways the simplest one, would be to discontinue all trading in countries where we are discriminated against. The negative consequences financially of such a step would probably be limited. But the individual countries and Europe as a whole would lose, both in financial volume and vitality. And Europe would lose credibility as an open market place and as an idea.

www.rj.se

The EFC has been closely following the matter over recent years. Several courses of action have been suggested to improve the situation. Foundations should:

- Launch individual claims in various Member States where they were taxed
- Suggest amendment to OECD model tax treaty
- Start infringement procedures at EU level with the aim to declare national tax laws officially in conflict with the EC Treaty

The EFC Legal Committee has begun collecting information on which foundations have successfully claimed a refund, on which legal basis, and in which Member States. If you have claimed withholding tax, please let us know!

hsurmatz@efc.be

VAT and public benefit foundations

The current VAT system creates a series of problems for the foundation sector and hampers the public benefit activities of foundations across Europe. Therefore, the EFC, in cooperation with other stakeholders such as the European Committee on VAT (ECCVAT) and the Charity Tax Group of the UK, is reviewing how a fairer VAT treatment of public benefit foundations and other types of philanthropic organisations could be reached to allow them to maximise the public benefit impact of their work. The findings from a 2008-2009 survey of EFC members suggest that an amount of more than 40 million euros is lost by EFC members on irretrievable VAT costs each year.

Existing problems with the current VAT regime for the foundation sector are known to the European Commission, which initiated a one-year feasibility study on the taxation of public bodies and social exemptions and announced that it will launch a public consultation in 2011 on the matter. The consultation will address the VAT treatment of foundations and charities and represents an important opportunity for these organisations to make their case to the EU institutions.

Why do foundations suffer under the current system?

Foundations and other public benefit organisations were not taken into consideration when the EU level VAT system was planned in the 1960s. They are treated by the VAT system as the final consumer and therefore pay irretrievable costs. Whereas companies may pass on the cost of VAT when they sell their products or services, public

benefit foundations often provide services that are either exempt under the VAT Directive or fall outside the scope of VAT since they do not charge for their services.

Potential solutions to the problem

There is no single easy solution to the problems that the current VAT system poses for public benefit foundations in Europe. The operational diversity of the organisations means that most potential solutions will affect different organisations in different ways. Varying regulations and rates of VAT across the 27 Member States add to the complexity of the issue. A few possible measures have been identified for relieving the VAT burden on public benefit foundations:

- Let foundations and not-for-profit organisations enter the VAT system by abolishing exemptions and introducing a reduced rate on outputs – this should be an optional solution – leaving it up to the organisation whether it wishes to enter the VAT system or not.

- Introduce national rebate schemes – it would be up to national governments to introduce refund schemes for public benefit organisations.
- Get the Commission to give maximum discretion to Member States and explain better the scope and purpose of the existing social exemptions so that Member States implement them more consistently.

As part of the European Commission's current review, the feasibility study on changes to the VAT treatment of public bodies and activities in the public interest is currently being undertaken by independent consultant Copenhagen Economics. The EFC will continue to work with ECCVAT on its input to this study and will keep its members updated on its progress.

For more information, see:
www.efc.be/Legal/Documents/VATInformationNoteMay2008.pdf



Transparency in times of crisis

By Carlos Paramés, Secretary General, Association of Spanish Foundations



Carlos Paramés

As Spanish civil society leader Aldo Olcese writes, “Foundations are complementing public administration in the provision of services in areas such as education, social action, health or research, so important for the welfare and progress of our societies.”

Olcese notes that, “Our institutions are esteemed by the public who are aware of the fact that they manage highly-valued goods and services.” In his article “Good Governance and Transparency in Foundations”, published by the Association of Spanish Foundations in 2009, Olcese alludes to the negative reactions of society when failure or fraud emerges from these organisations in which the public holds such esteem. It is therefore essential that foundations take care when it comes to transparency and good governance.

We know all too well that the recent economic crisis has been especially severe for business and the financial system. And there seems to be a consensus that the lack of sound accounting practices together with greed and mismanagement explain the breakout and nature of the crisis. Transparency and good governance have been conspicuous by their absence in a context of liberalisation and deregulation. Therefore an increase in regulation of financial systems and the intervention of the public sector in the economy are urgently required.

What about us? Are we as foundations facing similar problems? The president of the Foundation Center in the US, Bradford Smith, writes in the spring 2009 issue of *Effect* magazine, “No sector will get the benefit of the doubt and foundations, as an expression of private wealth for public good, will need to prove that they can be transparent, accountable...”

There are some people in the sector who do not see the necessity or urgency of being more demanding and rigorous in these matters of transparency and good governance as they believe that the current level of public supervision has proved enough, if not even excessive, to guarantee them. As Isabel Giménez puts it in an article published by the Spanish Association of Foundations in 2009, “There are not any other institutions either in the market or even within the state as transparent as foundations, given that their structures and operations are subject to very strict administrative controls unusual with regard to the rest of the agents operating in the market.”

Obviously Giménez’s statement refers especially to the countries under the legal umbrella of the EU, but regulations exist everywhere, and besides, many foundations’ board members are reluctant to accept further controls since they feel that they have already gone beyond their duty in assuming what is usually a non-paid responsibility involving a certain degree of risk.

I share fully Olcese’s opinion that, “Spanish society at large and the third sector in particular need codes with recommendations on their governance,” and this view is fully supported by the EFC and the national level associations that are members of DAFNE (Donors and Foundations Networks in Europe). In 2009 the EFC and DAFNE took the stra-

tegic decision to cooperate on the issue of transparency, accountability and risk management of public benefit foundations in Europe. This decision was further consolidated with the appointment of a Task Force in January 2010 to produce a joint activity plan. This plan includes mapping and analysis of regulatory frameworks; analysis of governance and self-regulation codes of conduct in the foundation sector in Europe with regard to transparency and accountability; and the possible development of “European Guidelines for Grant Risk Management”.

While some may consider current levels of supervision inadequate, the stand taken by the EFC and DAFNE, which represents some 5,000 foundations throughout Europe, demonstrates that the sector now wishes to analyse how existing tools – be they regulatory measures at national level or soft law approaches – address transparency and accountability and if there is a need for more action. While doing that, we might perhaps do well to take heed of another reflection by Ol-

...we as the foundation sector are at least fully aware of the need to revise or set up codes of good governance and transparency...

cese: “Governance has to do with what is being done and transparency with how the story is told. A good formula would be to have the issues related to governance be subject exclusively to the will of the sector and then be decided by a system of self-control, while everything concerning transparency should rather be left in the hands of legislators.”

Whether or not we agree with this specific proposal, it seems to me that we as the foundation sector are at least fully aware of the need to revise or set up codes of good governance and transpar-

ency that, going beyond legal provisions, could include self-written rules for governance bodies; the balance between foundation-linked and independent board members; and the precise ways in which those duties normally ascribed to foundation professionals and board members – namely demonstrating commitment, goodwill, loyalty, integrity and diligence – are to be discharged.

On the other hand, we, the people working in or for foundations, do not deny that areas of insufficient transparency still persist in our performance:

- Salary policies (we only know that one can earn more in business)
- Exact figures on the distribution of funds for public benefit purposes
- How governance bodies function regarding recruitment, operation, real involvement in the mission, essential roles, and relations with the management team
- Information-sharing with stakeholders, with an evident lack of an open bidirectional flow of information and feedback

Furthermore, we need to assure that the following are communicated well to society:

- The real commitment of foundations' board members and executives, who pursue the foundations' long-term goals above their own short-term interests
- The certainty that most foundations do carry out their activities with full respect of ethics and values
- The conviction that good governance and transparency inspire our behaviour so that foundations contribute to the building of a solid culture of trust and good understanding between our sector and society

Aldo Olcese's thinking in this matter is so stimulating and useful that I cannot resist ending this piece with another quotation from him, "There cannot exist a mature civil society whose most genuine expression is the third sector, without a firm and convincing commitment to good governance and transparency."

www.fundaciones.org

When cooperation works — Overcoming security concerns about NPOs at EU level

Effective cooperation is key to successful advocacy work. This was illustrated recently by the joint efforts of the EFC, DAFNE (Donors and Foundations Networks in Europe) and partners to overcome security concerns about non-profit organisations (NPOs) at EU level. Building strong links between the EU and national level actors is critical for influencing the policy agenda to promote foundations' interests. The active cooperation between the EFC and DAFNE is vital in this process, as we know our next common objective is the European Foundation Statute.

Counter-terrorism measures (CTMs) implemented by the EU can have a detrimental effect on the functioning and room for manoeuvre of foundations and other NPOs operating both in and beyond the EU. In this regard the new EU programme in the area of freedom, security and justice for 2010-2014, the so-called Stockholm Programme, recently has been the focus of particular attention and concerns of the EFC and partners. The EFC has joined forces with DAFNE members and development NGOs, notably Cordaid, to ensure that the Stockholm Programme does not include detrimental regulatory provisions for foundations and development actors.

The initial EU Presidency Programme proposal of October 2009, intended for review by EU Ministers for Justice and Home Affairs, included some worrying proposals to set binding legal standards at EU level regarding the transparency and responsibility of NPOs in the context of the fight against terrorism. Following coordinated advocacy efforts, the proposed text was successfully amended and the Council now invites the European Commission to present an action plan by June 2010 to promote transparency of NGOs.

The EFC and partners have alerted government representatives that there is no need for specific binding EU legislation or EU legal standards with regard to the transparency and responsibility of NPOs, which the Centre believes is an issue that is best addressed at the level of the Member States. The EFC and partners also stressed that measures taken in the field of security or counter-terrorism should not in any way hamper the work of NPOs, both in and outside the EU. Furthermore the European Commission recently commissioned two studies to assess the extent of abuse of NPOs and to document recent initiatives on public and self-regulation of NPOs. The surveys provided no evidence of any significant abuse of public benefit organisations, while outlining interesting initiatives in terms of co-regulation and self-regulation in the non-profit

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sector across the 27 Member States. The EFC believes it is important to acknowledge the key findings of these surveys and build upon them.

The Commission will be presenting its plan for future actions to the Council in June 2010. The EFC will provide input to the Commission to help develop an effective action plan. The Commission is expected to table proposals in the first half of 2010 on developing possible transparency guidelines, and facilitating the exchange of best practices and awareness-raising activities for the non-profit sector, in order to enhance awareness of the possible threat to the sector of misuse for terrorism and criminal financing purposes. The EFC believes that the role of the EU could be that of a facilitator to assess policy impact, support research, and exchange information and practices between stakeholders.

The Centre is co-organising an expert workshop on financial management and due diligence in spring 2010 with partner development organisations and EU representatives.

The EFC will closely monitor the EU debate and initiatives related to transparency and accountability in order to share experience and inform EFC members about developments in the foundation sector and to promote effective and proportionate measures that cater to the specific characteristics of foundations. The European Parliament can be a strong ally in this process.

In this context, EFC representatives took part in a roundtable on "The Effect of Counter-Terrorism Measures on NGOs", which took place on 8 December 2009, organised by Sophie in 't Veld, Vice-President of the European Parliament Committee on Civil Liberties, Justice and Home Affairs. The event convened the advisor of the EU Counter-Terrorism Coordinator, representatives of the Swedish Presidency and the Council, MEPs and other NGO networks on problems related to the listing and delisting of designated organisations and individuals, as well as the need to assess and redress the negative impact of CTM policies on human rights and civil liberties.

www.efc.be

EFC and DAFNE to start study on transparency and accountability of public benefit foundations

Transparency and accountability lie at the heart of donor confidence and probity in the foundation sector. How effectively do existing rules and self-regulation tools work? In 2009, the EFC and DAFNE (Donors and Foundations Networks in Europe) decided to cooperate on the issue of transparency and accountability of public benefit foundations in Europe. The partners adopted a joint activity plan and created a DAFNE task force to propose and oversee these actions.

For one year starting in the spring of 2010, the EFC and DAFNE will be conducting a study to assess and analyse the situation regarding the transparency and accountability of public benefit foundations. This will increase the knowledge of existing rules and self-regulatory initiatives and practices in different countries, and will ensure cross-fertilisation of knowledge, identification of best practice and development of genuine European benchmarks for foundations active both at national and international levels.

Knowing more about the self-regulatory approaches that are out there and how these are being applied in practice will enable foundations to put forward evidence-based arguments for their efficacy as a complement to government initiatives. In turn, this will help to determine what role both hard and soft law regulations can best play in creating the optimum enabling environment for foundations. Through benchmarking of good rules and self-regulatory activities of foundations as well as peer learning and exchange of practices, the initiative can promote exchange and implementation of good practice in transparency and accountability throughout the European foundation sector. The initiative also aims to inform discussions around transparency and accountability of public benefit foundations across Europe.

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Advocacy at EU level

Pushing for better research policies for Europe

By *Wilhelm Krull, Secretary General, VolkswagenStiftung*

Europe and the European research system are experiencing an unprecedented level of change – social, environmental and technological. It is imperative for researchers and policy-makers, as well as for those in industry and politics, to begin assessing strengths and weaknesses; reviewing funding modes and institutional structures; and subsequently adapting to the changing environment of knowledge production. Foundations have a pivotal role to play in advocating for a fundamental change in the way Europe thinks about research.



Wilhelm Krull

Today's knowledge-based society needs to foster and fund transformative research. Without major breakthroughs in basic research, many of our problems, current and future, cannot be solved. The EU – though still the world's largest "producer" of graduates, PhDs, and scientific publications – has long been losing ground in the field of basic breakthroughs. Fifty years ago, European scientists dominated the winners' lists of the Nobel Prize and other prestigious prizes. Today, Nobel Prizes and similarly renowned awards are mainly won by scientists working in the US.

Apart from a few research areas such as astrophysics, space research, nuclear physics and, to a limited extent, molecular biology, Europe suffers from an almost total lack of transnational support of basic and strategic research. European research still needs institutional reforms at all levels to keep pace with the rapid changes inherent in becoming a knowledge-based economy. It is increasingly desirable, even urgent, to establish strong pan-European funding structures capable of creating both a cooperative climate for development of new ideas, and an institutional environment to produce more cutting-edge results through enhanced competition among the best researchers throughout Europe.

This rationale was behind the establishment of the Euroscience Association for the Advancement of Science as well as the European Research Council (ERC). The debates about creating a European voice of scholarship and science as well as the need for creating a

basic research funding institution can be traced back to the 1970s and the subsequent establishment of the European Science Foundation (ESF). They were revived by some institutions such as the German Wissenschaftsrat in the early 1990s, but it was not until the early days of this century that the idea of creating an ERC turned into a powerful vision which ultimately made the European Council of Ministers and the European Commission deal with the recommendations prepared by numerous experts and institutions.

Various committees and conferences paved the way for an agreement not only among and between researchers, politicians, and administrators, but also across research associations and organisations. Crucial in this process of establishing the ERC were not just scholars and scientists, but also chief executives of European foundations, in particular colleagues from Sweden such as Michael Sohlman, Chief Executive of the Nobel Foundation, and Dan Brändström, the then Director of the Stiftelsen Riksbankens Jubileumsfond. They not only organised several fora for discussing the perspectives of an ERC, but they were also involved in preparing some of the reports.

The ERC, which was finally launched in 2007, is a radical departure from conventional methods for implementing EU research programmes. It is the first European funding body set up to support investigator-driven frontier research. The 2009 "Review of the European Research Council Structures and Mechanisms" by an expert

group chaired by Vaira Vike-Freiberga has shown that there are still some obstacles to overcome on the way towards an autonomous, efficient, and effective transnational research funding organisation, but also that an important step has been taken towards re-structuring research funding on a European scale.

Private foundations have played a crucial role in preparing for this step. They also play an important part in the process of innovating research funding in Europe. Obviously, it is not the overall amount of money spent, but rather the approach taken by foundations that makes the difference. Their autonomy, alertness, and flexibility enable them to operate effectively as facilitators of change, to establish islands of success, and thereby also to achieve considerable impact on policy- and decision-makers. By fostering risky projects, encouraging networking across disciplinary, institutional, and national borders, and by helping some of the most creative researchers to break new ground, foundations are able to prove that even on a European scale, small things matter.

Due to the fact that almost everywhere in Europe citizens are used to carrying a high tax load, we still expect governments to fully cover the costs of our universities and research institutes.

All too often this coincides with tight regulatory regimes of managerial accountability and quite disproportionate government control. This will have to come to an end. The global competition for the most talented young people can only be won if we change paradigms quickly. No doubt, our universities must become more efficient, but in order to achieve that they must be given real autonomy and the freedom to establish optimal structures for the institution as such, and last but not least for their staff. Foundations can and should support them in this endeavour.

The power and the resources of foundations are of course limited. The intellectual lighthouses, or perhaps also the islands of hope and success foundations can help to create, will only achieve wider impact if foundations link up with partners, convince decision-makers that changes are feasible, and engage in advocacy and strategic alliances. FOREMAP (Foundations Research and Mapping), an initiative co-funded by the EFC and



photo © Susanne Kern

Q&A with Robert Bosch Stiftung's Ingrid Wüning Tschol

Head of Department Science and Research, Robert Bosch Stiftung

Effect: What role has your foundation played in the area of influencing research policy?

Ingrid Wüning Tschol: With one of its aims being a contribution to strengthening research in Germany and Europe, the Robert Bosch Stiftung affects research policies on national and European levels. By playing a significant role in the creation of the biannual European conference series Euroscience Open Forum (ESOF), we have contributed to the first independent pan-European platform where the scientific community not only discusses cutting edge research but also topical science policy issues.

As a Vice-Chair of the European Research Area Board (ERAB), which advises the EU Research Commissioner, I personally have been able to promote the issue of quality as a guiding

principle for ERA policy. Though the global market for science and technology expands, competition does too – and Europe has a quality problem. In academia, for example, the EU produces 33% of global research papers and represents 34% of the papers most often cited by other researchers. But the US is far more influential, even though it produces just 29% of papers, it represents 42% of the papers most often cited.

European universities tell a similar story. By one widely quoted (and often disputed) ranking system, Europe has 33 universities in the world's top 100 – but just two, Cambridge and Oxford, in the top 20. Therefore, striving for excellence is the only choice European research has, and there is far more to quality in research than meets the eye through rankings and bibliometric factors.



the European Commission that aimed to develop a methodology to map European research foundations, their activities and their impact on science, is an important step towards helping foundations find new partners, collaborate on a European level, and thus achieve higher impact with their support for international research.

In addition to our efforts to foster and strengthen higher education and research in Europe, foundations have to take a wider



perspective and acknowledge that there can be no such thing as national or European research in the regional sense of the term. Research is international by definition. For one thing, scholarly concerns do not end at national borders. In fact, rather the opposite is the case: Many research areas deal with topics that have emerged in a global context. If we take a closer look at the role of European higher education and research in the world of learning, we quickly realise that we have not only lost a lot of ground over the past decades, but that we have also not been taking our responsibilities seriously. In the case of the developing world we have strong reasons to be ashamed of our inability to find appropriate solutions. Of course, foundations alone cannot and indeed should not pretend to be able to solve the problems of the developing world. The grand challenges involved must be addressed at the G8 and UN levels. But again foundations can help to encourage those who are willing to bring about change and embrace Heraclitus's dictum that "Nothing is permanent except change."

www.volkswagen-stiftung.de

Effect: How has this helped to advance your foundation's aims in the field of research?

IWT: The benefits from our foundation's national and European engagement in research policy-making are manifold. Through our activities we meet key individuals in decision-making over research funding and science policy-making in Germany, in Europe and all over the world. The continuous and lively dialogue with them helps the Robert Bosch Stiftung to maintain its role in identifying topics relevant to research in the future. Many of the foundation's new activities build on these networks.

Effect: How would you encourage other foundations to get involved in influencing policy?

IWT: I would like to answer this question with a success story, which was facilitated by the EFC. When the new ESOF conference series, which has

quickly established its important role in European science policy discussions, had come of age, the Robert Bosch Stiftung together with the Stifterverband für die Deutsche Wissenschaft approached other members of the EFC to join forces to establish a permanent office and therefore provide continuity for ESOF. The result is a prolific collaboration between the Fondazione Cariplo, the Compagnia di San Paolo, the

Riksbankens Jubileumsfond and the two mentioned initiators. This joint project is key for the future growth and success of this young independent European platform for research and research policy. The EFC European Forum on Philanthropy and Research Funding can be a catalyst for other such joint initiatives.

www.bosch-stiftung.de



photo © Susanne Kern

Director General for Research on foundations' role in the European Research Area

Q&A with José Manuel Silva Rodríguez, Director General, DG Research, European Commission

Effect: How do you see foundations fitting into the Europe 2020 Strategy when it comes to research?

José Manuel Silva Rodríguez: From the orientations already provided by President Barroso, it is clear that research and innovation, together with education, will be at the very heart of the Commission's vision for Europe 2020. Indeed, the new European Commissioner for Research, Innovation and Science, Máire Geoghegan-Quinn, declared at the start of her mandate that, "In the new economy, refined knowledge will replace crude oil as the economy's prime motive force." To achieve this, all stakeholders from the private and public sectors must work together in a spirit of partnership and cooperation. There is a need for a massive effort of all those involved in the research and innovation system to increase research investments, address the fragmentation of research efforts, and improve linkages between the actors supporting, performing and using research.

Foundations are an important player in the European Research Area (ERA). They bring with them not only additional funding for research but also special competences. Their independence and the long-term nature of their funding put them in a very good position to take risks and to innovate in how and where research can be undertaken and funded. Their close interface with society allows them to improve the connections between science and society and to encourage a broader engagement by Europe's citizens in helping build a true "culture of giving" for research in Europe.

Effect: How can foundations and the EU address the challenges of engaging young people in the sciences, securing adequate funding for universities, and helping to deal

with global issues such as climate change and demographic changes, among others?

JMSR: The challenges you mention cannot be tackled efficiently through isolated efforts. They require a coordinated response from all actors in research and innovation, not only at European but also at the global level. Policies must be implemented that will develop a unified and attractive ERA and which guarantee the so-called "fifth freedom" in Europe – the free movement of researchers, knowledge and technology. In 2007, the European Commission published a Green Paper on the ERA. One year later, following a far-reaching public consultation, the "Ljubljana process" was launched to improve the governance of the ERA by basing this on a partnership between the EU and the Member States. This process aims at making national and European level policies converge towards creating a globally competitive, knowledge-based and innovative Europe that can respond more effectively to the societal challenges I referred to.

For the future, guiding orientations include:

- Gearing research to better address major societal challenges and citizens' needs
- Increasing both the efficiency and effectiveness of the EU's research and innovation system through more cooperation, competition and specialisation at regional, national and EU levels
- Increasing public investment to strengthen the research base and to leverage private investment, in particular for tackling societal challenges

Initiatives such as the creation of a European Forum on Philanthropy and Research Funding are clearly of great importance in taking matters forward.

I would like to encourage foundations supporting research to step up their collaboration, launch cooperative research programmes, and undertake joint actions with other actors in the research and innovation system at national and European level, especially in connection with major societal challenges.

Effect: How can the Commission help create an environment more conducive to foundations' support for research across Europe?

JMSR: Despite their growing interest in cross-border activities, foundations funding research are still largely confined within national and even regional borders. The development of a transnational and European culture of research funding by foundations is hampered, in particular, by legal and fiscal barriers. The Commission is currently looking into different possibilities for remedying this situation, including the possible creation of a European Foundation Statute. More specifically within the Directorate General for Research, we are exploring what measures and incentives could be implemented at national and European levels to increase giving for research to foster the creation of new foundations financing or supporting research, and to support the cross-border activities of foundations in key research areas requiring significant scale and scope. We are also looking into what needs to be done to help create a true "culture of giving" for research in Europe.

<http://ec.europa.eu/research>



Promoting UN Convention on Rights of Persons with Disabilities at EU level and beyond

By Elizabeth Franchini, Executive Secretary to the Chairman of the Board, Fondazione Banca del Monte di Lucca

When the UN Convention on the Rights of Persons with Disabilities entered into force on 3 May 2008, the members of the EFC Disability Interest Group decided to seize the political momentum created by the Convention to encourage this groundbreaking treaty's effective application. The European Consortium of Foundations on Human Rights and Disabilities was born.



Elizabeth Franchini

Chaired by Fundación ONCE, the Consortium has so far brought together Fondation de France, Fundação Calouste Gulbenkian, Sabanci Foundation, The Atlantic Philanthropies and Fondazione Banca del Monte di Lucca as well as other foundations who are in the process of joining.

Our first aim is to ensure that all relevant actors work according to their own missions at European and national levels while respecting the "Nothing for us without us" disability movement slogan. In this respect, the Consortium works in close cooperation with the European Disability Forum (EDF) and also with the EU institutions (European Commission, European Parliament, and the European Economic and Social Committee) to ensure the maximum impact of actions for the promotion and protection of the rights of disabled people.

To ensure the highest political visibility the Consortium was officially launched at the European Parliament in April 2009. Numerous Members of the European Parliament itself and representatives of the European Commission High Level Group on Disability (appointed by the EU Member States), civil society organisations and EDF attended.

Besides promoting the political backing and respect for the Convention, we are working to raise awareness among those on the legal side for the Convention to be fully applied. Consequently we have also established agreements with the Notaries Council at the EU, and European Judges and Public Prosecutors for Democracy and Fundamental Rights, among others.

For an action-oriented foundation such as Fondazione Banca del Monte di Lucca, an important added value of the Consortium's activities are the best practices exchange and development of pioneer projects. Our foundation will be leading an operational Consortium project, "League of Accessible Historic Cities", with the objective of making cultural, leisure and touristic activities accessible for people with disabilities, starting with our hometown of Lucca as a way to lead by example. Beyond the accessibility to cultural heritage, new buildings, natural spaces, and work environments, among others, we promote access to IT services and all other technological elements of life that are essential for social inclusion. Moreover, globally-accessible services

can benefit the whole society, including the elderly, people with a low level of education, and others.

Being a part of this international Consortium has taken our foundation's efforts in new directions, and has made real change beyond national level not only a possibility for us, but a reality as well. If you are a foundation like Fondazione Banca del Monte di Lucca, an Italian foundation working mainly at local level, you might need some time after becoming an EFC member to gain a clear overview of the wide range of international organisations associated with the Centre. You might even wonder how you will manage to overcome the different structures, working methods and legislative frameworks of the various member foundations to develop partnerships and work together, and how this will benefit your own foundation's work.

Later you discover the number of goals in common and the richness of sharing experiences. Moreover, you realise that beyond the many differences among foundations, everybody shares the common objective of making the world a better place.

www.fondazionebmlucca.it



Delegates at the Consortium's launch event at the European Parliament held in April 2009 in Brussels (photo © European Parliament).

Advocacy is the beacon

By Isabelle Schwarz, Head of Strategic Programmes and Cultural Policy Development, European Cultural Foundation

While most foundations engage in grant-giving and programmatic activities, few engage in advocacy actions such as running campaigns, publishing manifestos, and organising policy debates – even less so on a transnational level. At the same time, foundations are well placed to bridge practice and policy through their close interaction with grantees and the sectors they represent, and to pool knowledge and experience to fuel policy-thinking and policy-making.



Isabelle Schwarz

There seems to be a growing interest on both sides – foundations and decision-makers, especially on the European level – to develop closer relationships or even partnerships. Of course, one needs to define what is meant by partnership. Some foundations might fear being regarded as cash suppliers to compensate for current financial shortcomings.

By way of example, the ECF has been advocating for the recognition of the central role of culture within the European integration process for several years now. Advocacy has become our core business. It underpins and permeates all of the Foundation's activities that are geared towards building an open, democratic, social, and meaningful Europe.

and funding lines are being put in place, matched with new working methods in the field of culture.

This work started some years ago when the ECF made the strategic choice to set up an advocacy unit to try to secure a more prominent, visible, and recognised role for culture within the European integration agenda, and to advocate for a more significant culture programme in terms of content and resources. When the ECF and its partner organisation, the

There seems to be a growing interest on both sides – foundations and decision-makers, especially on the European level – to develop closer relationships or even partnerships.

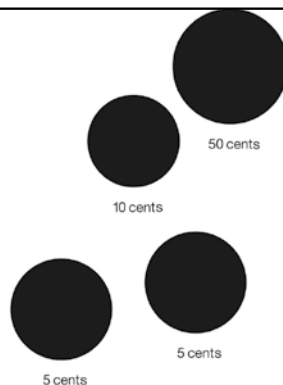
However, partnership-building as we understand it at the European Cultural Foundation (ECF) – in terms of sharing policy knowledge and ideas; setting concrete policy objectives; and influencing programme developments – might be the most productive way for foundations to engage with EU policies. It does not necessarily mean doing things together such as programmes or projects, but instead sharing values and aspirations, and working in a complementary and mutually-reinforcing way. It also means challenging each other; better contextualising issues and ideas; and testing proposals from both the practice and policy fields.

When our organisation went through a strategic review of priorities in 2008, many stakeholders across Europe were interviewed on the Foundation's role and specificity. The overarching and bold conclusion was that the ECF's uniqueness resides in its advocacy power; its capacity to inspire and influence cultural policy development; and its ability to mobilise stakeholders transnationally. "Advocacy is the beacon" became the leitmotif in the development of our four-year work plan (2009-2012) where the building, shaping, and sharing of European narratives are at the heart of our work.

The advocacy work carried out with partners from the world of foundations, cultural NGOs, and other civil society actors across Europe has brought major results. Culture is now being highlighted as a key dimension of public policy by the EU, as seen with the value of culture in building "the (cultural) project Europe" gaining momentum and receiving political resonance with the adoption of the first ever strategic document on culture at European level, "The European Agenda for Culture in a Globalizing World" (2007). Also, more transversal policies, programmes



70! Cents! for! Culture!



of 7 cents when the campaign started, more work still needs to be done. With the negotiations on the future generation of EU programmes and new financial perspectives (2014-2020) just about to start, the ECF and its partners will take up their campaign efforts again but with a broader alliance of partners, and within a much-changed political framework.

Indeed, since ECF's first advocacy actions, the EU has not only formally adopted the "European Agenda for Culture", it has also shown in concrete ways its increasing confidence in European approaches to culture. It has encouraged coordination among Member States on cultural policy issues, and has facilitated the involvement of civil society in cultural policy formation, implementation, monitoring, and evaluation.

These developments are encouraging and prove that ECF's focus on advocacy – linking practice to policy – was not only highly timely and relevant but far-sighted and effective.

www.eurocult.org

European Forum for the Arts and Culture (today Culture Action Europe), launched the 70 Cents for Culture campaign in 2005, the annual EU budget for culture amounted to 34 million euros representing 0.03% of the total EU budget. For the sake of comparison, the Goethe Institute

spent 270 million euros in the same year! Despite success in terms of awareness-raising, media coverage, European partnership-building (including the EU presidencies and selected Member States), and the fact that today 11 cents per capita are spent on culture in the EU instead



The European Cultural Foundation's Streetlab programme focuses on youth and popular cultures and the way these deal with questions of cultural diversity.

The climate clock is ticking

By Jules Kortenhorst, Chief Executive Officer, European Climate Foundation

Time is running out. In 1992, the world's heads of state acknowledged the urgency of taking action to tackle climate change, but in the decades since, very little has been done. The EU committed in 1996 to put in place policies that would, if replicated by other developed countries, put the world on a pathway to limiting global warming to below 2°C above current industrial levels, the threshold of catastrophic climate change. However, the measures have been slow to come and those adopted to date fall far short of that goal.



Jules Kortenhorst

Now, more substantial action is planned. EU leaders have agreed to a near full decarbonisation of Europe's economy by 2050, and with it an 80-95% reduction in Europe's carbon dioxide emissions. To have any chance of achieving that goal, and enabling Europe to play its part in tackling this global problem, policies need to be adopted to drive real change now.

It is in this context, and in consideration of the very limited amounts of private philanthropy available in this field, that the European Climate Foundation (ECF) was created in early 2008 by six other leading foundations with the objective "to promote climate and energy policies that greatly reduce Europe's greenhouse gas emissions and help Europe to play an even stronger international leadership role in mitigating climate change." The ECF is therefore a grantmaking foundation with a mission – an imperative to see rapid and drastic change in the scale and effect of action to tackle climate change. The ECF is dedicated to developing and implementing well-crafted climate and energy policies that greatly reduce Europe's global greenhouse gas emissions.

Key elements of a sustainable energy future include a substantial increase in energy efficiency; a successful transition from conventional to renewable energy generation; maintenance of the earth's ecological systems and the life-supporting services they provide; and equitable distribution of energy services to the population, both internationally and within nations.

ECF is a proactive, analytical, results-oriented organisation. We identify policy priorities based on the potential tons of reduction of greenhouse gas emissions through a given policy and the probability of success in securing that policy change. We seek to maintain a reputation for objective, high quality work that is neither ideological nor politically biased. We build alliances among a wide range of partners in government, business and the NGO sector. We are, for instance, working actively with industry and NGOs to develop an ambitious agenda for the new European Commission on the decarbonisation of the European power sector. Our role in this project is as convenor, bridge-builder and funder.

The majority of the ECF's funds is re-granted to NGOs engaged in efforts to bring about meaningful policy change. ECF staff

collaborate with grantees and experts from the field to design and fund sophisticated, campaign-style strategies based on a thorough understanding of the decision-makers, decision-making processes and political pressure points for each policy target. That means near-daily dialogue with the ECF's core grantees.

When we see an unfulfilled need we also engage in direct initiatives, such as commissioning papers, convening meetings or launching new organisations where gaps in expertise exist. A prime example is Project Catalyst, an effort to provide UNFCCC negotiators with the best possible analytics of global climate solutions in order to support global climate negotiations prior to and during the 2009 Copenhagen Conference. We seek no public credit for our efforts and instead prefer to highlight the success of those who are actually doing the work.

Noting the often insufficient depth and quantity of media coverage of climate issues, the ECF has also created a new entity, the Energy Strategy Centre, which acts as an intelligence centre for expertise on climate change and helps create political, media and public endorsement for strong action to address climate issues through promotion of objective and accurate reporting and debate in the public space.

The ECF is driven by the desire to make a difference. While not itself an advocacy organisation, it builds on its extensive and detailed overview of the field to develop and implement impactful advocacy strategies. This raises challenging questions: How to maintain neutrality and the ability to talk to all parties alike? When to give as much support as possible to existing actors and when to intervene? Overall, however, the ECF and the Energy Strategy Centre have been received positively by all players in the field – in government, civil society and academia. Our funding and interventions have made a real difference. In light of the difficulty in reaching an agreement at the international level in Copenhagen, the fight to slow down and halt climate change will continue for the years to come and the ECF will be an important player in this movement.

www.europeanclimate.org

EU funding and foundations

Squaring the circle of good intentions and financial probity

By Avila Kilmurray, Director, Community Foundation for Northern Ireland

The European Commission has played an incredibly important and cutting edge role in seeking to underpin the ongoing peace process in Northern Ireland over many long years. From its early interventions in promoting cross-border cooperation to its three Peace & Reconciliation Programmes (1995-2013), millions of euros have been dedicated to addressing both the legacy of violent conflict and societal division.

The Community Foundation for Northern Ireland was approached in 1995 to act as an Intermediary Funding Body to manage a range of measures under the PEACE 1 Programme, including those relating to the reintegration into society of politically-motivated ex-prisoners as well as the very varied victims and survivors of the violence, and continued to fulfil this role under the PEACE 11 Programme until 2007. The experience was initially exhilarating and latterly torturous, with developmental peace-building opportunities being increasingly bedevilled by the constraints of regulation and procedures.

It was with a sense of fellow-feeling then that the Community Foundation related to the findings of a report published in 2005 by the Open Society Institute-Brussels, Concord, the Platform of European Social NGOs, SOLIDAR and the European Women's Lobby ("Striking a Balance: Efficiency, Effectiveness and Accountability") that concluded, "This report is born out of the widely held belief that the Financial Regulation of the Commission and its implementation is harming the important relationship between the NGOs and the Commission because of a damaging and often inappropriate overemphasis on procedures and control."

Well, hallelujah and pass the audit form! How often do we need to say this to the Commission? Due to their fears of financial scandal, they are in danger of sacrificing efficiency and effectiveness on the altar of accountability – and I'm not talking about acceptable lev-

els of accountability, but audit-driven, procedural-based nitpicking. And who is to blame for this situation? National government departments point their collective finger at the Commission regulations, and surprise, surprise, the Commission says that national governments are interpreting the regulations in an overly-rigid fashion.

The experience was initially exhilarating and latterly torturous, with developmental peace-building opportunities being increasingly bedevilled by the constraints of regulation and procedures.

Notwithstanding this merry-go-round of accusation, those of us acting as a delivery mechanism for European funding are left asking community-based projects to provide the names of the individuals that eat the sandwiches or drink the coffee, while getting out our tape measures to calculate the number of square metres of office space, so that we can correctly apportion the running costs of a project, in order for funding provided to be correctly verified. Oh yes, I almost forgot, we also have to keep all these project records for seven years after the end of any EU funding programme.



Avila Kilmurray

So why would any independent funder touch such programmes with the proverbial bargepole? Well, for those of us with a restricted financial base but a commitment to peace-building and social justice, the attraction is the policy aspirations of many European Commission programmes. Commission policy-makers are often, in our experience, very conscientious in seeking to achieve social inclusion, equity and escape routes from the destructiveness of violent conflict. The wording of funding measures are more often than not in line with the mission statements and strategic objectives of independent foundations, but when it comes to implementation, the power base seems to shift to the Commission auditors and local bureaucrats. In Northern Ireland this was very clear as the PEACE 1 Special Programme (1995-1999) morphed into the PEACE 11 Programme that was mainstreamed under the EU Structural Funds – consequently all the regulations associated with the Structural Funds came into operation with a vengeance.

Where the contradiction comes into play is that the EU PEACE Programmes in Northern Ireland and the Irish border counties have actually played an important role in helping to achieve paramilitary decommissioning, and in helping to provide a

voice to people bereaved and injured in the conflict, as well as supporting those groups and communities that were most disadvantaged in the violence.

For its part, the Community Foundation for Northern Ireland used its reputational capital to work with groups that were considered “risky”. This is what the situation needed, and at least one member of the Foundation’s 1995 Political Ex-Prisoner Grant Advisory Committee is now a Minister in the Northern Ireland Executive – a number of others are elected Assembly Members. Trustees of the Foundation also use their unrestricted funding to supplement the EU measures in order to achieve the necessary added value of effective peace-building. For the Community Foundation what this suggested was how effective EU funding can be if mediated through a community-based funder with developmental expertise. The tragedy is that the Commission does not seem to be either a listening or a learning organisation in terms of confronting its own one-size-fits-all regulations.

www.communityfoundationni.org

European Commission review of EU Financial Regulation

In 2009, the European Commission began a review of its Financial Regulation, the EU’s core text governing the establishment and implementation of the EU budget and the control of the European Community’s finances.

The review of the Financial Regulation takes place every three years. It starts with an informal consultation between the European Commission services led by Directorate General Budget. This initial consultation produces a first draft of proposed changes to the Regulation, which is ready by the end of December.

From this review, DG Budget formulates a series of recommendations with a view to integrating them into the framework of the following budget, in this case the 2014-2021 budget. The draft text is presented to the College of Commissioners, with the changes then submitted to both the European Parliament and the European Council.

Why is this review important for civil society? The European Commission

is the largest donor in the world, contributing roughly €50 billion per year to civil society, according to Ian Begg of the European Institute at the London School of Economics, and many public benefit foundations and other types of organisations apply for EU funding. However, complying with its financial regulations can be both a very human-resource intensive and time-consuming exercise, to the extent that even experienced organisations can become reluctant to apply for EU funding. The aim of the consultation is to devise specific recommendations to modify the EU Financial Regulation based on concrete experiences and proposals from stakeholders.

As part of this review, the public was invited to share their views and experiences on how to make the regulations more cost effective and user friendly for third sector organisations. The input was shared with the European Commission as well as other

EU decision-makers and has been published on the European Commission’s website. As part of the consultation, the EFC stressed that simplifying the procedures to apply for, manage, and report on EU funding should be a priority. It also noted that the issue of VAT should be further reviewed, in particular in the case of sub-contracting; that the use of fixed exchange rates does not reflect actual fluctuation in the financial markets; and that room should be made for grants given on a discretionary and/or occasional basis with specific purposes.

An improved Financial Regulation could contribute to bolstering the financial sustainability that civil society needs to be more effective in challenging times. Enabling civil society to yield a better return on investment would in turn improve the European Commission’s own efficiency and effectiveness, and would promote a culture of social investment.

www.efc.be

To take or not to take – *That* is a question?

By Adam Zieliński, Head of International Programmes, Foundation for Polish Science



Adam Zieliński

The Foundation for Polish Science (FNP) is one of hundreds of NGOs in Poland which have successfully applied for EU funding, either EU structural funds or the Cohesion Fund. No doubt the foundation has received one of the largest shares of EU funding in Poland judging by the sums received (some 100 million euros). The money obtained not only allowed the FNP to double its annual budget, but it has also led us safely through the troubled waters of the economic crisis while so many other foundations have suffered heavily.

But unlike many other NGOs in Poland, the FNP did not apply for EU funds for purely financial reasons. Being one of the biggest foundations in Poland, sufficiently endowed at the beginning of the 1990s, the FNP could have easily continued its activities using its own capital. Since taking EU funds would mean that the foundation would be much more exposed to the supervision of public authorities, the final decision was not easy.

more established foreign scientists who wanted to continue their research in Poland (Welcome Programme). The latter still remains the biggest grant available for individual researchers in Poland (over 1.5 million euros for 5 years). The FNP also got a chance to get out of its safe “niche” of a foundation supporting only individual scientists by offering financial support to consortia dedicated to carrying international PhD projects created by leading Polish universities and institutes of the Polish Academy of Sciences together with their foreign partner institutions.

exaggerated, these worries perfectly show some negative aspects of the EU funds. According to surveys carried out among the beneficiaries, these funds are quite difficult to obtain in terms of bureaucratic procedures to finally get the money – in the case of the FNP it took around two years to get the first tranche. To properly manage the funds, the FNP had to recruit several new employees in order to strengthen its accountancy and create a special unit responsible for external control – both necessary to meet the requirements of the Ministry. Since EU funding is considered public funding there are some additional hindrances that need to be taken into account (e.g. public procurement).

EU funding turned out to be a great opportunity which allowed the FNP to tackle areas that had seemed to be neglected...

Finally, the argument that the FNP had a duty to take up this challenge to make sure that these funds were used effectively for the sake of Polish science prevailed over anxiety about losing (a part of) its independence.

EU funding turned out to be a great opportunity which allowed the FNP to tackle areas that had seemed to be neglected by other institutions in Poland. In a relatively short time we had managed to launch four new programmes which had soon raised great interest among the scientific community. Our foundation was the first institution in Poland to support not only the most talented young research leaders who are creating their first labs (Team Programme) but also the

Last but not least the EU funding allowed our foundation to extend its support to other groups of scientists and address issues that were not properly addressed before. This is especially true in the case of women scientists who could not count on any kind of special assistance until the FNP had launched its Parent-Bridge Programme. With this programme young women scientists are offered special return grants which allow them to continue their research after maternity leave. Also, pregnant women researchers can apply for extra funds to cover the cost of substitutes in cases where research conditions pose a threat to pregnancy.

None of these issues however influence our general assessment of the EU funds which seems to be unambiguously positive. Although it is not easy to obtain and it requires some extra effort to manage, it is definitely worth it. EU funding allowed us to aim high and made us forget about our previous limitations.

Although there is a popular saying that one should not look a gift horse in the mouth, some fear that this horse may turn out to be a Trojan one when it comes to the money so generously offered by the EU. However much they are

www.fnp.org.pl

How to apply for EU funding

The EFC monitors EU funding opportunities and maintains a web page with all the information you need to apply:

www.efc.be/EUAdvocacy/Pages/EUfundingopportunities.aspx

After EFFECTS

A selection of recent publications relevant to foundations

The little blue book: A guide to analysing charities, for charities and funders

"The little blue book", published by charity think tank and consultancy New Philanthropy Capital (NPC), is a concise and practical guide to analysing charities, and is aimed at charities and funders. At a time when many funders are having to make tough decisions, this guide can help them to better understand charities' strengths and opportunities for development, and work out how best to provide support. It can also help charities to assess their own performance, to identify successes and failures, and to understand how they can improve.



"The little blue book" contains examples of how funders and charities can benefit from analysis. It also explains NPC's charity analysis framework, which looks at charity effectiveness in six key areas: activities; results; leadership; people and resources; finances; and ambition.

"This guide represents the fruits of more than nine years of analysing charities at NPC and advising donors," says NPC's Chief Executive, Martin Brookes. "We hope that funders and charities will use 'The little blue book' to ensure that charities can achieve as much as possible." To download "The little blue book" free of charge, visit NPC's website.

www.philanthropycapital.org

The Power of Now: Spend Out Trusts and Foundations in the UK

This latest paper in the Institute for Philanthropy's Think Philanthropy series examines why some trusts and foundations in the UK have chosen to spend out their foundations as opposed to maintaining them in perpetuity, and what the perceived benefits are of doing so. The 53-page

paper makes its examination against a pertinent backdrop: While this "limited life" option is attracting more attention, research on this topic has been sparse. What little research that has been undertaken has focused primarily on spend out foundations located in the US. Consequently, little information is available to assist those donors, trustees, and staff in the UK and Ireland who may wish to consider and/or implement a spend out plan.



"The Power of Now" is based on research among 14 spend out trusts and foundations in the UK and Ireland, including case studies of the Diana, Princess of Wales Memorial Fund, the Tubney Charitable Trust, the Four Acre Trust, and The Atlantic Philanthropies. Through comparative analysis and in-

depth interviews, the paper identifies the key questions that trusts and foundations should answer when deciding whether to spend out.

www.instituteforphilanthropy.org

Making good society

"Making good society" sets out the findings of an independent Commission of Inquiry into the Future of Civil Society, supported by the Carnegie UK Trust. The Commission report explores and makes recommendations in relation to the current and possible future roles of civil society groups, including philanthropic organisations, in relation to four key themes: growing a more civil economy; a rapid and just transition to a

low carbon economy; democratising media ownership and content; and growing participatory and deliberative democracy. To order a free copy of the final Commission report, please e-mail: catherine@carnegieuk.org

www.futuresforcivilsociety.org





Laying the foundations: 20 years of the EFC

To get the EFC to where it is today, a cast of characters had to build the Centre from the ground up, relying on their own entrepreneurship, perseverance, and once in a while, some good luck. This book, to be published in June 2010, recounts the full, previously undocumented history of the EFC, starting from the Centre's humble beginnings when the original 7 founding members came together on 9 November 1989, up until the present.

A story told from the perspective of the members, the book presents a side to the EFC that one may not have been aware of otherwise. What was the role that Spanish foundations played in the establishment of the Centre that they still speak about so proudly today? Was it really just a historical coincidence that the EFC was founded on the same day the Berlin Wall fell? What was the "Great Vasa Project", and why would certain members and EFC secretariat staff prefer to forget it? Compiled following an extensive series of interviews, this book provides answers to these questions, among many others, and pays homage to those who have left their unique, indelible marks on the European foundation sector.

To request a copy, contact efc@efc.be or visit www.efc.be

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Chasing the butterfly: why small grants matter



With the global financial situation under the spotlight, many organisations are rethinking their grantmaking strategies. What place will small grants have in future funding plans? What may seem like a drop in the ocean now can have long-term effects that go way beyond the original scope of the grant, says guest editor Chet Tchozewski, president of Global Greengrants Fund.

The special feature includes contributions from individuals and organisations around the world with experience of making small grants. These include Nobel Laureate Wangari Maathai; Marion Rockefeller Weber, who talks about her innovative 'flow funding' circles; Jacqueline Delia-Brémond, who tells us why she felt the need to set up a micro-grants programme alongside Fondation Ensemble's main funding programme; Ezra Mbogori, director of a new human rights fund in East Africa, and Stephen Pittam of Joseph Rowntree Charitable Trust, both talking about small grants and social change; Nonette Royo, working to fund small environmental projects in South-east Asia; Helena Monteiro, who has seen the positive impact of small grants on communities in Brazil; and Bill Belding of the US-based Association of Small Foundations.

But there are issues around small grants – one of which is measuring impact. Maya Ajmera and Victoria Dunning of Global Fund for Children talk about their new system for assessing the impact of their grants. Finally, Nicky McIntyre and Annie Hillar talk about why Mama Cash has recently moved towards making a broader range of grants, in recognition of the limitations of small grants for the women's movement globally.

Also in this issue: the head of the new Philanthropy Secretariat in Liberia on how philanthropic collaborations are helping to rebuild the war-stricken country; a look at the Fondazione-4Africa initiative, set up by four major Italian foundations; Ken Berger and Robert Penna on their plans to overhaul Charity Navigator's ratings system; Bruce Sievers questioning the holy grail of impact; Tommy Hutchinson questioning the value of hero worshipping social entrepreneurs; and Tim Ogden highlighting the possibilities of new technology in philanthropy – plus a report on the extraordinary charitable response to the Haiti earthquake and the first in a series of columns focusing on philanthropy advice.

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