



# Family Foundation Philanthropy 2009

UK, Germany,  
Italy, US

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with

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## Foreword

Family foundations have long been an important part of the third sector, but this is only the second time there has been a comparative study of them. This research is based on the largest family foundations in the UK and US, and two contrasting European states: Italy and Germany. As ever, a few very large gifts inflate the figures.

National differences reflect the various historical, legal and political contexts. International similarities underline the vigour of the concept and the ability of family foundations to reinvent themselves.

My own foundation is typical in its aims for both technological progress and social reform. It was originally my naive channel to depersonalize and professionalize my giving. Since giving is now what I do, the Shirley Foundation has become an important part of my life and prime beneficiary of my will, so connecting me to the future.

Looking back to my business years, one important lesson was to focus; it is focus that gives each corporate and each family foundation its strategic impact. I also learned early on to maintain an organization's unique selling proposition by using metrics in order to continually compare performance with that of other organizations.

As the newly appointed Giving and Philanthropy Ambassador in the UK, my aims include having giving become something for everyone, a vibrant part of everyday life. I shall be meeting with key stakeholders, such as the financial advisers to potentially major donors, and I intend to use mass technology to reach young people in a way that appeals to them.

And I will be recruiting emissaries to work with me to foster and promote different aspects of philanthropy. Family foundations will certainly be among them.

*Dame Stephanie Shirley*



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All reasonable care has been taken to ensure the accuracy of the publication at the time of going to press. The publishers cannot accept responsibility for any errors or omissions.

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## Executive summary

*Family Foundation Philanthropy 2009* updates and compares trends in the charitable spending of major family foundations in the UK and US. It also presents new data on family foundations in two contrasting continental European countries, Germany and Italy, both of which have long, though very different, traditions of family foundation philanthropy. These countries lack the same level of published financial information as the UK and US, because reporting is not mandatory. But while full comparisons were not possible, the data gathered is sufficient to show the strong presence of family foundations in the philanthropy of the UK, Germany, Italy and the US.

The research focused mainly on the largest 100 charitable family foundations in each of the four countries, for reasons of feasibility and because it was found that these generally represented the majority of such philanthropy by value.

### Main findings

- The charitable expenditure of the largest 100 UK family foundations was worth £1.2 billion and increased by 10% in real terms in 2006/7.
- This compared with 33.5% growth in the US; however, this high US result was largely due to the major gifts of Warren Buffett to the Gates Foundation: if these are excluded from the data, the growth rate in the US goes down to 8.4%.
- The largest 100 German family foundations had a charitable expenditure of £491 million, equal to 42% of the UK figure, but 84% if the large Wellcome and Gatsby foundations, which significantly inflate the UK figures, are excluded.
- Data for Italy was less complete, but revealed that 12% of foundations are family foundations and that their combined charitable spending was a minimum of €90 million.

These comparative results show that, certainly before the recession, UK family foundation philanthropy was thriving and compared well with other countries. Results for Germany are impressive given that the postwar years in East Germany undermined the role of private philanthropy and that benefits were largely provided by the state and by corporations. The US data shows individuals continuing to turn to foundations as a major way of achieving social impact and change.

### Issues and themes from the research

The national studies revealed that there were significant differences in the historical, legal and political contexts in which family foundations operated and that these variously encouraged, suppressed or directed their growth. In spite of these different

environments, however, family foundation philanthropy has constantly re-emerged and reconfigured itself in all countries.

Philanthropy of this kind has been a common way for successful entrepreneurs not only to support, but often to directly influence, the scientific, cultural, industrial and economic progress of their time. Family foundations have been the vehicle for major entrepreneurs such as Henry Wellcome and Carl Zeiss to protect the financial, ethical and human resource assets of the companies they built. Often, as with Joseph Rowntree and Robert Bosch, such entrepreneurs have combined their philanthropic aims with a strong motivation towards social reform.

Another common theme is the role of family foundations in innovation, change and advocacy, because of their independence and their social and financial resources. A prime example of this is the work of the Giovanni Agnelli Foundation, built through the success of Fiat, which brought more internationalism to Italian economic and political dialogue in the 1960s and invested in research and education. Other examples are the Benetton Foundation's approach to landscape and environmental preservation, and the work of the Dell Foundation in the US in addressing children's poverty and neglect, at home and abroad.

The role of foundations in challenging boundaries and in advocacy is highly valued, albeit for different reasons integrally related to the specific position of civil society in their national settings. There is also a common belief that foundations could make more use of their independence to champion civil society causes.

Although they are independent, the complexity and scale of family foundations have led at times in all countries to a need for government regulation of their structure and governance. The multiple relationships between government and large family foundations are under-researched. A recent theme is their growing influence on social policy and practice, as Gates challenges government approaches to international health problems, and the foundation of Hans-Werner Hector (contentiously) influences the shape of higher education in Germany. Influence can reach out further through extended families or 'dynasties' in family foundation philanthropy, such as in the Conrad N Hilton Foundation in the US, where there are four third-generation family members on the board, while the Sainsbury and Rausing family members expressed their individualism with multiple but separate foundations.

This research demonstrates the strength of family foundation philanthropy; it raises interesting questions about the common themes, overarching motivations, social needs and opportunities which give family foundation philanthropy a continuing role in so many different times, contexts and places.

# 1 Introduction

## Cathy Pharoah

*'A foundation can both solve individual problems and work on systems development. It is independent and only answerable to the common weal and to its own objectives.'*

Reinhard Mohn, Founder, Bertelsmann Foundation

*Family Foundation Philanthropy 2009* aims to contribute to the growing interest in family foundations, through research which tracks growth trends and provides useful benchmarks and a baseline against which to review progress.

This is the second annual report on international charitable family foundations and their role in philanthropy today. The new 2009 report updates trends in annual family foundation charitable spending presented in 2008, *Family Foundation Philanthropy: Report on charitable family foundation giving 2008*,<sup>1</sup> which for the first time provided comparative figures demonstrating the significant contribution of family foundations in the UK, continental Europe and the US.

This new report additionally presents innovative research establishing comparative profiles of family foundation charitable spending in two contrasting continental European countries, both with long traditions of family foundations – Germany and Italy. The aim of extending the research in this way was to get better national comparisons of family foundation philanthropy.

### Why focus on family foundations?

Family foundations are only one way in which wealthy donors express their philanthropy. Many, for example, give directly to the causes they support, or establish charities with specific missions, such as Cool Earth founded by Johan Eliasch, or set up operating foundations which encourage others to donate to their mission, such as the Prince's Trust. Because of its complexity, the totality of philanthropy is difficult to monitor. But without some measure it is difficult to know how generous we are, the level to which we might aspire, and whether our philanthropy punches above or below its weight in effect and impact. Family foundations provide one route through major giving, a track which can be monitored because of regular standard annual reporting. It is recognized, however, that they are not the only indicator of philanthropic contributions to public welfare.

By looking at family foundation philanthropy in its international as well as national contexts, the research aimed to understand more about the strength of the general culture of philanthropy within which individuals are encouraged to give. As in most international research, however, the comparative work led the study in new directions,

<sup>1</sup> Pharoah, C (2008), *Family Foundation Philanthropy: Report on charitable family foundation giving 2008*. Cass Business School. CCE. [www.pearsfoundation.org.uk/downloads/FamilyFoundationPhilanthropy.pdf](http://www.pearsfoundation.org.uk/downloads/FamilyFoundationPhilanthropy.pdf).

and to fascinating insights into the impact of differences in the legal definitions, history and activities of family foundations on issues such as relationships with state, church and commerce. Ideologically, the model of UK foundation philanthropy is close to that of the US, and this has led to some commonly used typologies of foundations related to whether their predominant funding source is corporate, individual or public, and whether such funding is principally endowment or annual gift. This typology has been challenged by, for example, the European Foundation Centre (EFC), which states that 'developing a [common] typology [of foundations] for Europe as a whole presents a challenge. This is due to the many languages and cultures in Europe and the different legal/fiscal environments from one nation to the next.' It notes that any typology will result in 'some degree of distortion'.<sup>2</sup> The EFC argues that it is as important, if not more important, to understand foundations by their comparative impacts, rather than by the origins of their funding. But although the practice of philanthropy means different things in different cultures, its understanding as activities of voluntary giving and serving to individuals and communities beyond one's family is common. Many common themes can be traced in the creation of family foundations in different countries, including the influence of the founder's personal concerns, the links between business and philanthropic effort, and the drive to effect social change and to establish a legacy.

The last few decades have seen escalating private wealth built on the success of global markets and capital flows, and the creation of many new foundations. Evidence suggests that charitable family foundations have an important role in modern philanthropy, just as they did at the turn of the 20th century, when the great family foundations such as Carnegie and Rockefeller in the US, Joseph Rowntree in the UK, and Robert Bosch in Germany were established. New charitable family foundations have been emerging over the last few years across the globe, in countries with very different political, fiscal and regulatory regimes.

It is difficult to predict how such activity will be affected by the economic downturn. But while many of the new generation of wealthy people are actively and generously engaged in strategic philanthropic activities, currently there is very little data on which to review levels and trends in such philanthropic giving. Of course people contribute in many different ways. But to carry out research which is genuinely comparative, it is important to focus on an identifiable and measurable area, to try to compare like with like. This research aims to provide a better information platform on giving through one of the most established, personal and flourishing vehicles for philanthropy, the family foundation. A particular challenge for the research was access to data on foundations in Germany and Italy, compared with the US and the UK: it has only been possible to establish a partial picture. Our hope is that this will contribute towards developing greater transparency in the future.

## Objectives of the research

The specific objectives of the 2009 study are to:

- track growth or change in family foundation philanthropy through updating trends in the UK and the US;

<sup>2</sup> [www.efc.be/ftp/public/EU/EURweb/EFCtypology.pdf](http://www.efc.be/ftp/public/EU/EURweb/EFCtypology.pdf).

- provide a better comparative international benchmark through compiling new data on two continental European countries, Germany and Italy;
- compile contextual overviews of family foundations in the study countries, with case studies;
- encourage greater transparency and accessibility of information on family foundation charitable spending by raising awareness of data and highlighting gaps;
- encourage giving through greater access to information and example.

## Summary of the methodology

<b>Data</b>	Data collection focused mainly on the largest 100 charitable family foundations in each of the four selected geographical areas, for two reasons. Firstly, because of the paucity of regulatory published data, particularly in continental Europe, a restriction to the largest 100 organizations in each country made the project feasible. (It proved impossible to collect full data on Italy or Germany, even within this narrow focus.) Secondly, these organizations provide a substantial sample of all charitable family foundation spending by <i>value</i> , because of the dominance of a small number of very large foundations in each country. <sup>3</sup>
<b>Timescale</b>	It was decided to include family foundations generally established in the latter part of the 19th century, a great era in the history of family foundations, and later. <sup>4</sup>
<b>Sources</b>	Data for the US, UK and Germany was derived almost entirely from the most recent secondary published sources, and mainly covers 2006 and 2007 accounts, though a few are earlier. In some cases the German charitable expenditure figures were indicative and do not relate to actual out-turn. Data for Italy was gathered mainly from primary survey work, but in many cases foundations did not want their figures to be published. <sup>5</sup>
<b>Financial indicator</b>	While family philanthropists work in many financial and non-financial ways, the focus of this research was to identify levels of family foundation charitable expenditure or 'spending' (sometimes also referred to as their 'giving' or 'philanthropy' in this report); this includes charitable expenditure on grants to organizations and individuals as well as running operating programmes. While the costs of this work are legitimately part of charitable expenditure, their inclusion makes comparability difficult as costs vary by type of programme and reporting. Exclusion of support costs meant the UK data was comparable with the available US data. Because terminology

<sup>3</sup> For example, in the UK the Wellcome Trust alone accounts for 13% of all UK foundation charitable spending; in Germany the largest five foundations account for one-third of the charitable spending of the largest 100; and in the US the largest 100 account for one-fifth of all US family foundation giving. A focus

on the largest 100 provided a reasonable starting point as a sample, given the lack of comprehensive databases on all family foundations.

<sup>4</sup> Going back further historically would have meant including foundations where the link with the original founding family was now extremely tenuous.

<sup>5</sup> Consistent regulatory data on foundations' charitable spending and assets is reasonably accessible in the US and the UK. However, the relatively new Office of the Scottish Charity Regulator (OSCR) publishes less detail on Scottish foundations than the Charity Commission does for England and Wales, and

there is no central register for Northern Ireland. Published private foundation data is much less readily available in other European countries, where public disclosure is generally not compulsory and reporting requirements vary considerably.

and accounting practice varies by country, a standard specification for the research was provided to researchers in Italy and Germany, and this is attached at the end of this report (Appendix 2).

### Definition of charitable family foundation

Charitable family foundations are a type of charitable foundation and have a centuries-old history, emerging within all the world's major cultures and regions. Generally they are independently governed institutions, with large private assets, often in the form of permanent endowments, which they use to promote public good. They are private, funded principally by the personal gift of a family business and its family member(s), often with the donor or family members having a position on their board of directors. Their main, but not sole, activity is grantmaking, to charities, individuals and other public-benefit institutions for whom they provide sustainable and independent support. There are many more foundations combining both operating and grantmaking activities in continental Europe than in the UK or US, partly because of more fluid legal structures in the former.

### Legal definition

Foundations in the UK and US and in continental Europe differ in their structures: the former reflect common-law traditions, with an emphasis on the conditions for trusteeship of charitable gifts rather than on organizational form per se (UK); the latter reflect civil-law traditions (Germany) which provide for a legal personality. Church law has also, historically, had a role in foundation formation. In practice, civil-law approaches have led to a greater variety of foundation forms in continental Europe, where 'legal categories have not distinguished sharply between public and private sectors, and there have not been well-delineated boundaries between operating charities and foundations'.<sup>6</sup> (For a fuller discussion of foundations structures, see also Anheier, 2001, footnote 39.) The significance of differences in structure for foundation development is dealt with further in the country chapters.

### Growth of family foundation charitable spending

Research shows that foundations are the most popular vehicle for philanthropic giving among the wealthiest high-net-worth donors (NPC, 2007). Reflecting these trends, a new infrastructure of family foundation support organizations has been emerging in the UK and continental Europe, reflecting developments in the US, where there are now around 36,000 family foundations.<sup>7</sup>

### New report

Within this context, *Family Foundation Philanthropy 2009* presents new results which both broaden and deepen our international understanding of the nature of family foundation philanthropy, past and present.

<sup>6</sup> Smith, J A and Borgmann, K (2001), *Foundations in Europe*. Bertelsmann Foundation. DSC. London.

<sup>7</sup> The Foundation Center publishes annual statistics on trends among the largest family foundation donors, and

other US resources include the National Center for Family Philanthropy (see chapter 6), and the Council on Foundations' family foundation conferences and publications. In the UK, the Association of Charitable Foundations has recently

established Philanthropy UK to provide major donors with information on ways of giving including family foundations; the Institute for Philanthropy provides donor education around giving; and New Philanthropy Capital (NPC)

provides charity profiles and giving portfolios. Private banking services such as Coutts and UBS have been increasingly providing client philanthropy services.

# 2 Overview of trends in family foundation charitable spending

## Cathy Pharoah

This chapter presents the first annual update on trends in family foundation charitable spending in the UK and the US, with some key results for Germany and Italy. The results show that major family philanthropy continued to grow strongly in the US and the UK up to 2007, and that the level of family foundation philanthropy in Germany is fairly close to that of the UK. It proved difficult to obtain and get permission to publish fully comprehensive figures for Italy, and the data set is limited; but although direct comparisons between it and the other three countries are not possible, the data indicates the important place of family foundation philanthropy in Italy.

Results are presented under seven topic headings below:

- Snapshot of the largest five charitable family foundations by country
- Annual trends in UK and US family foundation charitable spending
- Comparison of charitable spending in the UK, US, Germany and Italy
- Distribution of family foundation charitable spending
- Family foundation charitable spending as a percentage of GDP
- Assets
- Conclusions from the data

### Snapshot of the largest five charitable family foundations by country

A quick snapshot of the largest five family foundations in each of the countries studied, ranked by their charitable spending, is provided below. (Full tables of the top 100 are included at the end of each country chapter.)

- The top five overview shows that, apart from the outlying Wellcome Trust and Gatsby Foundation (which has received huge recent gifts from its founder, Lord Sainsbury, who is giving a large part of his fortune), patterns in charitable spending at the top end of the UK and German tables are broadly similar (table 1). Neither of these countries can compete with the foundation giants who head the US table.
- The top foundations and their names show the influence on foundation formation of the individual fortunes made through a country's successful industries, past and present. The UK table, for example, is headed by foundations whose founders made their fortunes several decades ago in pharmaceuticals and supermarkets. The German and US tables contain foundations set up on the back of profits won in the newer IT and communications industries, and the Italian table contains foundations based on the success of its car industry as well as a world-famous fashion brand.

**Table 1** Largest five family foundations by country

	Charitable spending	Account year <sup>8</sup>	£ <sup>9</sup>
<i>UK</i>			
	<i>£ million</i>		
Wellcome Trust	472.7	Sep-07	472.7
The Gatsby Charitable Foundation	117.2	Apr-07	117.2
The Leverhulme Trust	40.4	Dec-07	40.4
Garfield Weston Foundation	39.5	Apr-07	39.5
The Wolfson Foundation	35.5	Apr-07	35.5
<i>Germany</i>			
	<i>€ million</i>		
Bertelsmann Stiftung	77.5	2008	61.4
Robert Bosch Stiftung GmbH	75.9	2008	60.1
Bruderhaus Diakonie Stiftung Gustav Werner und Haus am Berg	45.6		30.9
Fürst Donnersmarck Stiftung zu Berlin	30.9		20.9
Software AG Stiftung	30.6	2006	20.7
<i>Italy</i>			
	<i>€ million</i>		
Fondazione Giorgio Cini	5.0		3.4
Fondazione Pierfranco e Luisa Mariani ONLUS	4.1		2.8
Fondazione Giovanni Agnelli	2.6		1.8
Fondazione Benetton Studi e Ricerche	2.0		1.4
Fondazione Silvio Tronchetti Provera	2.0		1.4
<i>US</i>			
	<i>\$ million</i>		
Bill and Melinda Gates Foundation	2,845.7	Dec-06	1,519.9
Lilly Endowment Inc	352.3	Dec-06	188.2
The Annenberg Foundation	273.4	Jun-06	146.0
The David and Lucile Packard Foundation	238.2	Dec-06	127.2
Gordon and Betty Moore Foundation	231.2	Dec-06	123.5

## Annual trends in UK and US family foundation charitable spending

Significant growth in family foundation charitable spending has taken place:

- Real growth<sup>10</sup> of 10% occurred among the largest UK charitable family foundations, and of 33.5% in those in the US<sup>11</sup> (see table 2); the very high US figure is partly due to Warren Buffett's gifts to the Gates Foundation, and was much higher than the average for US foundations as a whole.
- The largest 100 charitable family foundations in the US gave well over \$7 billion in 2006 (£3.8 billion), those in the UK gave £1.2 billion.
- The aggregate charitable spending of the largest 100 US family foundations continues to be more than three times the charitable spending of those in the UK.

<sup>8</sup> Where dates are missing, the financial figures are indicative and not related to a specific year.

<sup>9</sup> Most of the UK published figures relate to the calendar years 2006 or 2007, or the

financial year 2006–7. US data relates to the years 2005, 2006 and in a few cases 2007. Euros and dollars were converted to sterling using the IMF World Economic Outlook Database

(2008), at a selected mid-point for the data of October 2006 and 2008 respectively.

<sup>10</sup> UK Retail Price Index: [www.wolfbane.com/rpi.htm](http://www.wolfbane.com/rpi.htm).

<sup>11</sup> Bureau of Labor Statistics. Table 1A. Consumer Price Index for All Urban Consumers. [www.bls.gov/cpi/cpid06av.pdf](http://www.bls.gov/cpi/cpid06av.pdf).

- Family foundation philanthropy remains a higher proportion of foundation philanthropy in the UK than the US, at more than one-third (38%), compared with 17% in the US.
- Foundation charitable spending depends much more heavily on the contribution of a small number of leading family foundations in the UK than in the US; one reason for this is that the contribution of corporate foundations is much lower in the UK than in the US. Corporate foundations represent a major strand of foundation charitable spending in the US, and a relatively small one in the UK.

**Table 2** Trends in the charitable spending of the largest 100 family foundations in the UK and US

	UK £ million			US \$ million		
	2005/06	2006/07	% real change	2005/06	2006/07	% real change
Total charitable spending of largest 100 family foundations	1,021 <sup>12</sup>	1,174	10	5,115	7,049	33.5
Average charitable spending among largest 100	10.2	11.7		51.2	70.5	
Total foundation charitable spending	2,700 <sup>13</sup>			36,400	40,700 <sup>14</sup>	3.2
Family foundation as % of all foundation charitable spending	38%				17%	

#### Annual trends, excluding Wellcome and Gates from the data

Because the giant Wellcome and Gates foundations, whose finances vastly outstrip those of other foundations, have such a distorting effect on the data in the US and the UK, it is worth recalculating trends when they are excluded. The results in fact present a rather different story to the one above:

- After Gates is removed from the US data, the growth rate in US family foundation charitable spending drops well below that of the UK, though it is still at a buoyant level (table 3).
- There was real growth in the UK of 15% after removing Wellcome, compared with 8.4% in the US.

<sup>12</sup> Includes direct charitable expenditure of Wellcome Trust as well as grants expenditure. (Charity Trends 2006); these trusts represent the vast majority of the value of trust charitable spending in the UK.

<sup>13</sup> Figure for total charitable spending of top 500 UK charitable trusts 2005

<sup>14</sup> Foundation Center, 2008.

**Table 3** Average charitable spending in the UK and US excluding Wellcome Trust and Gates Foundation

	UK excl. Wellcome £ million			US excl. Gates \$ million		
	2005/06	2006/07	% real change	2005/06	2006/07	% real change
Total charitable spending of largest 100 family foundations	583	701	15	3,758	4,204	8.4
Average charitable spending	5.8	7.0		37.6	42.0	
Total foundation charitable spending	2,375			37,855		
Family foundation charitable spending as % of ALL foundations	25%			11%		

## Comparison of charitable spending in the UK, US, Germany and Italy

A more complete picture of family foundation philanthropy requires a European as well as a US perspective. One of the research aims was to explore the feasibility of collecting comparable data in different continental European countries, and the outcome of this was one of partial success. Considerably more information was available in Germany than Italy, where the research team carried out one of the first pieces of primary research to collect such comparative data. It proved impossible to collect data on the largest 100 family foundations in Italy with an agreement to publish. Figures on just 23 foundations were obtained, and these are included in the analysis, providing a partial glimpse of family foundation charitable spending in Italy.

- The family foundation philanthropy of the top 100 in Germany was estimated to be worth a substantial €724.8 million; this is equal to 84% of UK charitable spending if both Wellcome and Gatsby are excluded, but 42% of the total UK top 100.
- A small sample of 90 Italian family foundations had total charitable expenditure of almost €90 million.

The result for Germany is impressive, given that the postwar years in East Germany undermined the role of private philanthropy and that benefits were largely provided by the state and by corporations. Different, social democratic, traditions within continental Europe have meant stronger emphasis on public redistribution of wealth, and some distrust of institutions such as private foundations, though the evidence shows that they have continued to contribute importantly to society.

<sup>15</sup> This figure presents no more than a minimum indication: it was estimated from the limited data available, some of which was some years out of date, and there were many gaps. See footnote 34.

**Table 4** Comparison of charitable spending in the largest family foundations in UK, Germany, US and Italy

	Number of foundations	Total charitable spending (million)	£ equivalent (million)*
UK	100	£1,174.0	1,174.0
Germany	100	€724.8	491.2
US	100	\$7,049.4	3,765.1
Italy	90	€90.0 <sup>15</sup>	61.0
Total	390		5,491.3

\* See footnote 9.

It is also worth comparing average charitable spending within the different countries, removing the distorting effects of Wellcome and Gates, in order to get a truer comparison.

This reduces the difference between Germany and the UK, with average family foundation charitable spending moving closer at £4.7 million in Germany (€7 million), compared with £7 million in the UK. These figures compare with an average £22.8 million in the US (\$42.7 million), after excluding Gates (see table 5).

**Table 5** Average family foundation spending in UK, Germany, US, Italy

	<i>Number of foundations</i>	<i>Average (millions)</i>	<i>Range '000s</i>
UK (excl. Wellcome)	99	£7.1	£117,200–1,600
Germany	100	€7.0	€77,518–500
US (excl. Gates)	99	\$42.7	\$352,335–15,936
Italy	23	€0.9	€5,000–13

## Distribution of family foundation charitable spending

Previous research in *Family Foundation Philanthropy 2008* showed that the UK does not have the sizeable body of medium- to small-sized family foundations, many created over the last ten years, which has swelled US family foundation charitable spending and which contributes four-fifths of all US family foundation charitable spending.

The overview of German foundations in chapter 4 below shows that the broad pattern of *all* foundation spending in Germany is similar to that in the UK, with a heavy skew towards a small number of large foundations. Two-thirds of German foundations spend less than €5 million, including one-fifth who spend less than €1 million.

Research on 90 Italian family foundations, reported in chapter 5, shows a similar skew: only 7% of foundations spend €4–5 million, and three-fifths (60%) spend less than €500,000.

However, table 5 also shows the range in charitable spending, and it can be seen that the lowest point on the table for Germany at €500,000 is only around one-third of the lowest point of £1.6 million in the UK.

## Charitable spending of the largest 100 as a percentage of GDP

Last year's report showed that UK charitable family foundations spent the highest share as a proportion of Gross Domestic Product (GDP), and this remains the case:

- UK family foundation philanthropy as a proportion of GDP was 0.1%.
- This compares with 0.05% for the US.
- The new data for Germany suggests that the philanthropy of the largest 100 charitable family foundations is equal to around 0.03% of GDP.

**Table 6 Charitable spending as a proportion (%) of GDP (expressed in purchasing power parity \$billion)**

	<i>UK</i>	<i>Germany</i>	<i>US</i>
	\$bn	\$bn	\$bn
Total charitable spending of 100 largest family foundations	2.4	0.88	7.1
Gross Domestic Product (GDP) <sup>16</sup>	2,167.8	2,671.5	13,178.4
Charitable spending of 100 largest family foundations as % of GDP	0.1%	0.03%	0.05%

## Assets

Comparison of assets is of limited value, partly because data is incomplete, but also because figures for foundations without endowments represent mainly working reserves and fixed assets, and it is therefore not useful to track relationships between aggregate assets and income/expenditure. The available figures broadly indicate endowments.

**Table 7 Total assets of the largest family foundations (by charitable spending) in the US, UK, Germany and Italy**

	<i>Number of foundations</i>	<i>Total net assets</i>	<i>£bn equivalent*</i>	<i>Average £bn</i>
UK	100	£29.5 bn	29.5	0.30
US	100	\$103.4 bn	55.2	0.55
Germany	75	€18.2 bn	12.3	0.15
Italy	23	€0.199 bn	0.13	0.01
Total	298		97.13	

\* See footnote 9.

The largest US family foundations have almost twice the total assets of those in the UK, but useful comparisons with other European countries cannot be made because of gaps in the data. The combined assets figure of the 298 foundations whose details were collected for this report is around a substantial £97 billion.

Last year's report showed that the assets of family foundations were a far higher proportion of all foundation assets in the UK (78%) than in the US (10%). Some US commentators believe that foundations hoard their assets. The US rule that foundations spend 5% of their assets each year has led some foundations to increase their spending, but has also allowed others to do no more than this.

## Conclusions from the data

These results demonstrate the challenges and rewards of aiming to collect comparative international foundation data. Together, the top family foundations in the countries under study contribute a total of £5.5 billion (sterling equivalent).

Results for Germany give a new insight and further demonstration of the importance of family foundation philanthropy in a context very different from that of the US and UK. The data for Italy gives a tantalizing glimpse of its charitable family foundation philanthropy, and will hopefully encourage more transparency.

<sup>16</sup> GDP figures are derived from World Economic Outlook Database October 2007, and refer to 2006 for US and Germany, and 2007 for UK, as there are many 2007 charity accounts in the table.

There are likely to be several reasons for variations in levels of charitable spending. One is the very different attitudes towards philanthropy internationally. In the US, for example, there is a strong culture in which major philanthropy is expected, publicly acknowledged and celebrated. Another reason may be the impact of different international tax regimes for charitable spending. Surprisingly, there is no systematic research on this. Many commentators believe that higher levels of US charitable spending are due to a particularly beneficial regime of personal income tax breaks available to donors when they make charitable gifts. The UK also has a substantial set of personal income tax breaks on charitable spending, but the distribution of benefit is complex and split between charities and donors. Although most continental European countries offer some tax reliefs in relation to charitable gifts, there is considerable variation in the types of organization eligible for tax breaks and the level of relief is often low. In both the US and the UK the value of charitable tax breaks to the wealthiest donors is being undermined, and it will be interesting to see how this impacts on levels of giving at a time of recession. Finally, national differences in wealth need to be considered: average annual per capita GDP expressed in purchasing power parity (PPP) is higher in the US than in the UK, Germany and Italy:

.....  
**Table 8 GDP per capita (PPP)<sup>17</sup>**

	\$	€	£
Italy	30,581	19,644	15,545
Germany	35,442	22,767	18,016
UK	36,523	23,461	18,565
US	46,859	30,101	23,819

The evidence suggests that family foundation philanthropy in the UK did well in 2007: it showed robust growth, increased its share of GDP, represented a higher share of GDP than in the US, and is at a higher level than in Germany, which is still rebuilding its civil society after the collapse of communism. However, the level of family foundation philanthropy in Germany is fairly close to that of the UK. Could the UK set itself higher targets? What can we expect in a recession? Will major donors give less, or more? Future trend-tracking will be needed to monitor the coming test of philanthropy.

The following chapters of the report look at family foundation charitable spending in the different countries under study in more depth. Each chapter provides the historical and social context which explains differences; lists the largest 100 family foundations (where data permitted); and focuses on some detailed case studies which demonstrate aspects of the formation and structure of family foundations, as well as their philosophy, aims and activities.

In the last chapter of the report, some of the key points emerging from these national overviews and case studies of charitable family foundations are highlighted.

<sup>17</sup> IMF (2009), *World Economic Outlook Database*: figures for 2008; and [www.gocurrency.com/v2/historic-exchange-rates.php](http://www.gocurrency.com/v2/historic-exchange-rates.php)

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# 3 Family foundations in the UK

## Cathy Pharoah

Foundations which make grants in the UK, whether endowed or not, have the legal character of 'charitable trusts', which is the same basic form of all charities in the UK. They represent donations made in perpetuity for charitable purposes which, rooted in common-law traditions, were defined in the 1601 Charitable Uses Act and have been modified, but never fundamentally changed, since. The Act set out four key charitable purposes, or 'heads of charity', and sought merely to establish a system for ensuring that trustees observed their fiduciary duties. Foundations do not have a distinct legal identity or constitution, and are subject to the same public-benefit tests, governance and accounting requirements, and Charity Commission regulation as all other charities. This means that the difference between the terms 'foundation', 'trust' and 'charity' in the UK is semantic only; charities whose principal activity is grantmaking are usually called 'charitable trusts' or 'charitable foundations', in preference to 'charities'.

Although 'foundation' tends to be used for charities with endowments and whose principal activity is grantmaking, many of the earliest foundations in the UK were operating, not grantmaking, such as the alms houses which date from the 10th century, and the famous voluntary hospital endowed by Thomas Guy in the late 17th century. Guy left most of the fortune he had made from bookselling and publishing as an endowment to the hospital, which still exists in the form of the two famous London teaching hospitals that bear their founder's name today. There are several foundations in the UK which are both grantmaking and operating, particularly the large medical research foundations and charities. Around 8% of the charitable expenditure of the major grantmaking foundations is devoted to operating activities. The Carnegie UK Trust is an example of an endowed trust which is entirely operating today.

One of the hallmarks of UK foundations is their independence. After the Reformation and the 1601 Act, philanthropy in the UK became increasingly directed towards secular rather than religious objects, and developed a degree of autonomy that was virtually unknown in continental Europe, where the consolidation of state power in the 18th and 19th centuries had a much more severe impact on charitable foundations (see chapters 4 and 5). The 'Charity Commissioners' were established permanently in 1853, providing charitable activities with their own system of regulation. These were the basis of the modern Charity Commission, which operates as an 'arms-length' institution, removed from government though funded by it.

Nineteenth-century philanthropists began to focus on the problems of society, and the era of 'scientific philanthropy' saw concepts of 'charitable hand-outs' abandoned in favour of major investments in programmes which allowed

self-improvement and addressed the root causes of poverty and the other problems arising from urbanization and industrialization. The philanthropy of the great UK social reformers such as Robert Owen, Joseph Rowntree and George Cadbury, like Ernst Abbe of the Carl Zeiss Foundation in Germany, involved comprehensive approaches to improving the welfare and working and living conditions of their employees. Their charitable foundations were established to consolidate, protect or take forward this work. For example, in 1900 a trust was established to maintain the model Bournville village created by Cadbury, with ownership of the estate and 313 houses invested in the trustees.

As in other countries, the emergence of the major charitable foundations in the UK is linked to issues of corporate succession planning. Henry Wellcome's will created the Wellcome Trust, which owned the Wellcome Foundation Ltd, the huge pharmaceutical company which he had built up; the process of separation began formally in 1986 when the courts amended the will to allow the foundation to become a public limited company and to float its shares. The Wellcome Trust increasingly diversified its share-holding and during the 1980s and 1990s built up the investment portfolio which today funds its charitable work. To protect the trustees, the Wellcome Trust Ltd was created as sole trustee of the trust, and the trustees became governors responsible for the trust, but without liability for its assets.

A modern example of a close relationship between personal, business and philanthropic activities is the Children's Investment Fund Foundation (CIFF), set up by Chris and Jamie Cooper-Hohn. Its funding is derived from large profit distributions from the hedge fund TCI LLP, which Chris Cooper-Hohn established in 2003. Gifts are made through CIFF Trading, a wholly owned subsidiary of the charitable foundation and a member of TCI LLP, of which Chris Cooper-Hohn is the managing partner and which manages some of the foundation's investments, generating further funding for the foundation. So far around £800 million has been placed in the foundation, though total charitable spending to date is around £36 million (Children's Investment Fund Foundation (UK) Trustees Report 2007). This demonstrates a point made in chapter 4, on German foundations, that it can be difficult to interpret relationships between published expenditure and assets figures.

Successive waves of immigration into the UK have also driven the growth of family foundation philanthropy in the UK, as successful community figures established foundations to help their compatriots, often with a mix of social welfare and faith-based objects. Grantmaking foundations established by and for the Jewish community have particularly helped to shape the UK family foundation world. Many of these have a local focus on areas where Jewish people have settled, such as East London. An increasing number of large charitable foundations are being established in the UK by the Muslim community, and there are also Hindu and Buddhist foundations. The strong presence of family foundations inspired by faith, or whose identity and values are linked to a faith tradition, is worth further research.

Many of today's entrepreneur philanthropists made their money in their own lifetime and want to invest philanthropically in their own time, generating a trend towards spending down endowments during the founder's lifetime rather than establishing lasting financial legacies. There is also a resurgence of founder and trustee interest in what is variously termed 'strategic' and 'best practice'

philanthropy, embodied in a group of UK foundations known as the 'Woburn Place Collaborative'. These foundations seek to work collaboratively and share a common commitment to addressing poverty, human rights and equality, echoing the great Victorian philanthropic foundations and framing funding priorities within their own programmes for social change.

A different strategic strand is 'venture philanthropy' or 'social investment', which refer to supplementing the traditional use of funds for grantmaking with wider and more creative ranges of financial approaches, including soft loans or 'patient capital' investments, provided on low-cost, long-term or flexible terms and designed to foster financial independence, entrepreneurialism and sustainability. In 'programme investments', foundations such as City Parochial Foundation have allocated a portion of their investment portfolio to businesses with demonstrably social as well as economic returns.

In an era of government-voluntary sector partnerships and of funding through contracts for service delivery which can restrict and constrain charitable activities, charitable foundations have increasingly come to be regarded as the main guardians of charitable autonomy, historically independent, free from political accountability and with independent means. They are seen as having the choice and capacity to support activities which aim at more radical change, to fund advocacy and campaigning, to innovate, and to highlight the needs of groups and activities marginalized within society. They have been criticized for being too 'risk-averse', but however true that is, as the case studies in this report show, family foundations have certainly changed to meet the needs of changing eras.

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## Case study The Sainsbury family foundations

One of the largest family foundation dynasties in the UK is that of the Sainsbury family, whose philanthropic impact can be seen across the breadth of UK scientific, cultural, social and health activities, both mainstream and more radical. Thirteen trusts have been set up involving different family members, many of whom are on the trust boards. With wealth derived from the growth of Sainsbury's into the UK's third-largest supermarket chain, the family is involved in many aspects of UK society – business, politics, philanthropy, the arts and sciences. Lord Sainsbury of Turville was science minister and a leading labour party donor. The philanthropic activities and various trusts reflect different members' interests and involvements. The 13 foundations are independent of each other and range widely from the huge Gatsby Charitable Foundation, with charitable expenditure of £117 million in 2007 and £31 million in 2008, which makes major scientific and research grants; to the recent and

highly specialist True Colours Trust, set up in 2005, which focuses almost entirely on palliative care for children. Lord Sainsbury is one of the new generation of philanthropists who wishes to spend out during his lifetime, and has become the first Briton to give more than £1 billion. He says that he is inspired by Andrew Carnegie, the Scottish-born American industrialist, who became one of the world's richest men but argued that the rich had a moral duty to give their fortunes to charitable causes. The Gatsby Foundation has committed £660 million since it was created in 1967 (Gatsby Charitable Foundation Annual Report 2008) and has considerable reserves, which will continue to generate a substantial income. The trustees will not be under an obligation to continue with Lord Sainsbury's funding preferences after his death, and this will enable the trust to continue to play a major part in the emerging needs and opportunities of their time.

## Case study The Joseph Rowntree Foundation (JRF)

JRF today is a leading UK funder in highly regarded social research and development which address disadvantage. It still embodies the commitment to social justice, Quaker ethics and holistic approach to social change which originated with its founder. The philanthropy of the Rowntree family shows the strong influence of common family values and shared experience, culminating in their major contribution to social change. Joseph worked with his brother to build up the company of which he became sole owner when his brother died, and which was by then a huge international business. A committed Quaker, Joseph was involved in local education and contributed at an early stage to the establishment of York Public Library. Partly through the work of his son, Benjamin Seebohm Rowntree, whose studies of poverty in York helped shape the welfare state formed after the Second World War, Joseph Rowntree's practical and intellectual interests in more radical social reform developed.

Aiming to reduce the effects of poverty, Joseph Rowntree tackled the general welfare of his employees, and in 1901 purchased 123 acres to build houses for low-income families. One of three trusts he created in 1904, JRF was originally established to administer the model village New Earswick. This established the interest in housing as a vehicle for social welfare which

has retained a strong place in JRF's philanthropic action till today. Joseph Rowntree's nephew, Arnold Rowntree, who was always politically engaged, worked for him and became a trustee of all three trusts.

Over time an institutional structure evolved which allowed the research, policy and action aspects of the Rowntree foundations' work to be handled separately, although they retained an overarching approach and governance structure. In 1959 a Private Act of Parliament changed the trust deed to enable the renamed Joseph Rowntree Memorial Trust (JRMT) to support research into housing, poverty and other social questions. The Joseph Rowntree Housing Trust (JRHT) was established in 1968 to take over responsibility for the housing operations of JRF, but it shares JRF trustees and staff. The Joseph Rowntree Charitable Trust (JRCT) focuses on work on peace and equality, while the Joseph Rowntree Reform Trust Ltd focuses on the political process. Together, the Rowntree trusts reflect the breadth of Joseph Rowntree's vision that social reform would only be achieved through initiatives on many different fronts, with research informing policy, such as its recent work on monitoring trends in levels of child poverty over the last decade.

**Case studies continued on p26.**

**Table 9 Charitable spending of the largest 100 UK family foundations<sup>18</sup>**

		<i>Charitable spending £m</i>	<i>Net assets £m</i>	<i>Year end</i>
1	Wellcome Trust	472.7	14,364.8	Sep-07
2	The Gatsby Charitable Foundation	117.2	380.4	Apr-07
3	The Leverhulme Trust	40.4	1,532.4	Dec-07
4	Garfield Weston Foundation	39.5	3,688.3	Apr-07
5	The Wolfson Foundation	35.5	678.0	Apr-07
6	Esmée Fairbairn Foundation	23.3	937.8	Dec-07
7	Paul Hamlyn Foundation	19.1	548.5	Mar-07
8	The Tudor Trust	17.2	307.1	Mar-07
9	The Bowland Charitable Trust	17.2	8.0	Dec-06
10	The Atlantic Charitable Trust	16.0	62.1	Dec-06
11	Christian Vision	15.9	187.0	Dec-06
12	The Sigrid Rausing Trust	14.5	70.1	Dec-06
13	The Jack Petchey Foundation	12.4	5.1	Dec-07
14	Nuffield Foundation	11.0	254.7	Dec-07
15	The Children's Investment Fund Foundation	10.2	801.7	Aug-07
16	The Arcadia Trust	8.6	0.0	Dec-06
17	The Gertner Charitable Trust	8.1	-2.7	Mar-06
18	The Robertson Trust	8.1	274.5	Apr-07
19	The Rank Foundation Ltd	8.1	243.7	Dec-07
20	The Peter Moores Foundation	8.0	1.7	Apr-07
21	De Haan Charitable Trust	7.0	63.5	Apr-07
22	Cosmon (Belz) Ltd	7.0	0.8	Mar-07
23	The Gannochy Trust	6.8	136.3	May-07
24	Mayfair Charities Ltd	6.5	83.4	Mar-07
25	The Joseph Rowntree Charitable Trust	6.4	193.7	Dec-06
26	The Charles Wolfson Charitable Trust	6.3	160.2	Apr-07
27	The Clore Duffield Foundation	6.0	68.8	Dec-06
28	The Foyle Foundation	5.9	81.4	Jun-07
29	The Rufford Maurice Laing Foundation	5.9	93.1	Apr-07
30	The Allan and Nesta Ferguson Charitable Trust	5.7	46.9	Dec-06
31	The Tubney Charitable Trust	5.6	36.1	Mar-07
32	Stewards Company Ltd	5.6	131.8	Jun-07
33	Keren Association Ltd	5.5	17.8	Mar-07
34	The Parthenon Trust	5.5	0.4	Dec-06
35	Joseph Rowntree Foundation	5.4	265.3	Dec-06
36	John and Lucille Van Geest Foundation	4.8	34.5	Apr-07
37	The Hunter Foundation	4.7	0.9	Mar-06
38	The Baily Thomas Charitable Fund	4.6	87.8	Sep-07
39	The Rhodes Trust	4.5	155.3	Jun-07
40	P F Charitable Trust	4.5	101.4	Mar-07
41	The Pears Foundation	4.4	13.4	Mar-07
42	Khodorkovsky Foundation	4.1	298.7	Dec-06
43	The 29th May 1961 Charitable Trust	4.0	113.0	Apr-07
44	The Linbury Trust	3.9	219.9	Apr-07
45	Lolev Charitable Trust	3.9	0.1	Dec-06
46	The Hobson Charity Ltd	3.7	0.8	Mar-07
47	The Pilgrim Trust	3.6	61.9	Dec-07
48	The Rothschild Foundation (Europe)	3.5	68.2	Dec-06
49	The Prince's Charities Foundation	3.4	5.6	Mar-07
50	The Wolfson Family Charitable Trust	3.3	37.7	Mar-07

		<i>Charitable spending £m</i>	<i>Net assets £m</i>	<i>Year end</i>
51	The Camelia Botnar Foundation	3.3	65.0	Dec-06
52	Raphael Freshwater Memorial Association Ltd	3.3	47.8	Mar-07
53	Reuben Foundation	3.2	55.6	Dec-06
54	The Dunhill Medical Trust	3.2	89.6	Mar-07
55	The Souter Charitable Trust	3.2	27.7	Jun-07
56	M & R Gross Charities Ltd	3.2	24.8	Mar-07
57	The Headley Trust	3.2	76.8	Dec-06
58	Samuel Sebba Charitable Trust	3.1	54.9	Apr-07
59	The Gosling Foundation Limited	3.1	94.6	Mar-07
60	The Dulverton Trust	3.0	86.6	Mar-07
61	The Childwick Trust	2.9	73.6	Apr-07
62	Rachel Charitable Trust	2.9	8.6	Jun-07
63	The Sobell Foundation	2.8	63.7	Apr-07
64	Lancaster Foundation	2.8	53.4	Mar-07
65	Shlomo Memorial Fund Limited	2.8	38.4	Sep-06
66	The Ernest Cook Trust	2.7	82.8	Mar-07
67	Colyer-Fergusson Charitable Trust	2.7	27.0	Apr-07
68	The Peter De Haan Charitable Trust	2.6	24.5	Apr-07
69	The Monument Trust	2.5	131.8	Apr-07
70	Volant Charitable Trust	2.5	41.1	Apr-07
71	The Sir Jules Thorn Charitable Trust	2.4	101.3	Dec-06
72	The Wates Foundation	2.4	35.3	Apr-07
73	The Carnegie UK Trust	2.4	41.0	Dec-07
74	Waterside Trust	2.3	0.3	Dec-06
75	The Eranda Foundation	2.3	67.8	Apr-07
76	Kay Kendall Leukaemia Fund	2.3	57.6	Apr-07
77	The Maurice and Hilda Laing Charitable Trust	2.3	36.6	Dec-06
78	The Beit Trust	2.3	72.8	Dec-06
79	A W Charitable Trust	2.2	49.0	Jun-07
80	Hadley Trust	2.2	69.2	Mar-07
81	Eveson Charitable Trust	2.2	74.1	Apr-07
82	Jerusalem Trust	2.1	85.3	Dec-07
83	The Goshen Trust	2.1	15.8	Apr-06
84	The True Colours Trust	2.1	8.3	Apr-07
85	The Alice Trust	2.0	74.2	Feb-07
86	Edith Murphy Foundation	2.0	31.0	Mar-07
87	Henry and Rebecca Tinsley Charitable Trust	1.9	0.2	Apr-06
88	Bernard Sunley Charitable Foundation	1.9	84.6	Mar-07
89	Carnegie Trust for the Universities of Scotland	1.9	63.9	Sep-06
90	The Zochonis Charitable Trust	1.9	87.4	Apr-07
91	The Trusthouse Charitable Foundation	1.8	74.0	Jun-07
92	Peter Harrison Foundation	1.8	30.7	May-07
93	Lewis Family Charitable Trust	1.8	6.2	Mar-07
94	The Westminster Foundation	1.8	33.7	Dec-06
95	J Paul Getty Jnr General Charitable Trust	1.8	54.8	Dec-06
96	The Peacock Charitable Trust	1.7	41.3	Apr-07
97	The Peter Beckwith Harrow Trust	1.7	1.2	Apr-07
98	The Porter Foundation	1.6	48.7	Apr-07
99	The Charles Hayward Foundation	1.6	54.2	Dec-06
100	Vardy Foundation	1.6	22.7	Apr-07

## Case study The Rausing family's foundations

The different members of the Rausing family, whose wealth derived from Tetra Pak, the giant liquid-packaging producer, have brought both a strong collective family presence and a strongly individual style to UK foundation philanthropy. Through a number of distinctive family foundations which express individual interests and operate independently from each other, Lisbet and Sigrid Rausing have also introduced a strongly international dimension to UK foundation philanthropy, directing it to issues such as human rights and environmental sustainability which can only be effectively addressed at an international level.

Gad and Hans Rausing moved to Britain when their father, Ruben Rausing, who founded the family company, died. Hans sold his huge shareholding to Gad in 1996, becoming the richest person in Britain at that time, as none of his children – Hans, Lisbet and Sigrid – wanted to run the business. Gad, his wife and all of his children have been strongly involved in philanthropy. Sigrid initially set up the Ruben and Elisabeth Rausing Trust with her share of the family wealth in 1995, in memory of her grandparents. In 2003 the trust was renamed the Sigrid Rausing Trust, reflecting a new focus on Sigrid's own concerns, and she ran the trust herself until 2002 and is still on the board. The trust has a strong focus on human rights issues, including women's issues, with a policy of

supporting advocacy and campaigning work, rather than service provision. It had a grants budget of £20 million for 2009, placing it among the largest UK trusts.

Lisbet set up Arcadia in 2001, formerly under her own name as the Lisbet Rausing Charitable Fund. Lisbet, a Harvard graduate and currently Senior Research Fellow at Imperial College London, has also established a fund which closely reflects her own professional and other interests. The fund is dedicated to protecting 'endangered treasures of culture and nature' and has a strong focus on environment and conservation. It carries out much of its work by leveraging in further external funds and major partnerships, for example buying land which is managed by Fauna and Flora International. It has also supported Harvard. As of January 2009 Arcadia had awarded grants totalling \$181 million.

In contrast to the international focus of his daughters, Professor Hans Rausing and his wife, who live in Sussex, have given their philanthropy a strong local flavour. Also innovative in their approach, they have played a crucial role in creating their local Sussex Community Foundation, with gifts amounting to one-quarter of the foundation's grant funds. Their son, Hans K Rausing, and his wife have made many major philanthropic gifts, including to the anti-drug charity Mentor UK, which helped the couple with their own problems.

<sup>18</sup> Data sources for UK figures include the *Directory of Social Change Guides to the Major Trusts and Charity Market Monitor 2008*, with additional data made available by CaritasData. All sources principally use figures published in annual reports and accounts to the Charity Commission. Figures were also extracted from individual annual reports on the web and through the Charity Commission website.

# 4 Family foundations in Germany

## Rupert Strachwitz, Thomas Ebermann and Henrik Neuke

The large foundations in Germany are at the centre of public interest, just as they are in the US. Most German foundations only have small assets. In 2006 almost 50% owned assets of less than €250,000. The majority of companies (and public corporations) make donations above this level. However, when distinguishing between grantmaking and operating foundations, it becomes apparent that grantmaking foundations are usually smaller. Only 10% of the strictly grantmaking foundations own assets of €2.5 million or more, and two-thirds spend less than €52,000 per year. The total contribution of foundations to the financial volume of the German non-profit sector is estimated at approximately 0.3%.

Although this report aims to rank foundations by charitable expenditure, it is important to note that there are a number of problems of definition and measurement which limit the consistency and value of the exercise. One problem is that assets and expenditure are seen as highly sensitive by many foundations. Only about one-third of all registered foundations (in Germany there are 16,406 civil-law type foundations with legal personality) declare their assets or expenditure. As declaration is not compulsory and there is no public register of foundations in Germany, the predominant policy of such foundations is to withhold information. This creates a problem in selecting German family foundations for comparison, particularly when the juxtaposition of assets and expenditure reveals that profits from the assets can obviously be only one of the income sources used to balance the expenditure.

Another source of difficulty is the division of the German foundation sector between a corporatist type that is created under public law and formed or terminated by government, and a liberally drafted subsector of foundations, more on the Anglo-Saxon model, owned by trustees and not subject to civil-law supervision. This makes it difficult to identify, for example, the extent to which the services of foundations in the social sector are paid for by social and health insurance. It explains, for instance, why the Hartwig Hesse Foundation has a balance of accounts of about €4.6 million although it only owns assets of €25,565.

A far bigger problem in trying to rank German foundations is the lack of standard regulations for valuing the different types of assets. Real assets, private company stocks, shares, various other forms of investment and assets do not have common standards of assessment in Germany, even if all these types are eventually transformed into euros in a business report or in response to a questionnaire. The apparently simple question of which is the largest German foundation according to assets illustrates the problem. The book value of the Bertelsmann Foundation stands at approximately €660 million; however, calculations taking into account the market value come up with assets of nearly €18 billion, and in some reckonings even more.

The same problem applies even more acutely to the Robert Bosch Foundation, which is included in this report. There are no clues pointing towards a realistic assessment of the foundation assets because Robert Bosch GmbH, about 92% of whose shares are owned by the Robert Bosch Foundation, has never been traded.

In spite of the problems over reaching a standardized and comparable assessment of German foundations and hence the considerable potential for misleading information, both public and academic interest in the structures of assets and expenditure is justified.<sup>19</sup>

In order to provide an overview of the diversity of the foundation sector in Germany, four case studies were selected in accordance with the German interpretation of a private family foundation. The Carl Zeiss Foundation is regarded as the first foundation in Germany that managed to combine entrepreneurial, academic and social goals in equal measure. Using this as a role model, the entrepreneur Robert Bosch established through his will the Robert Bosch Foundation. The Freudenberg Foundation, founded by several members of the Freudenberg family, represents one of the few private family foundations in Germany. Finally, as the most recent case study, the foundations established by the private owners of the fourth-largest software company worldwide, SAP AG, are briefly introduced. Here the focus is on the similarities and differences between the foundations in legal form, purposes and implementation, as well as on the fact that their philanthropic objectives rely to a great extent on their donors.

<sup>19</sup> For statistical information on foundations in Germany, see Rainer Sprengel and Thomas Ebermann, *Statistics on German Foundations 2001* and *Statistics on German Foundations 2007*.

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## Case study Carl Zeiss Foundation

### **'Unity of research and production'**

In 1889 the mathematician and physicist Ernst Abbe (1840–1905) established the Carl Zeiss Foundation (Carl Zeiss Stiftung), which aims to unite innovation with sustainability. The parent-company founder, Carl Zeiss, almost a generation older than Abbe, made Abbe a shareholder in 1875. In gratitude for his business success and inspired by his deep attachment to science, Abbe and his wife Else had already founded the 'ministerial fund for scientific purposes' in 1886, in order to give anonymous financial support to the University of Jena.

The original intention to endow the university with Abbe's shares was not possible in law. So, in cooperation with representatives of the government, the idea of a foundation was born. For Abbe, the legal form of a foundation represented the best way to preserve the company and to protect the interests of its stakeholders, particularly its staff. However, the decisive factors proved to be not only the issue

of succession for the two companies, Carl Zeiss and the Jena glass factory Schott & Genossen, which arose after Carl Zeiss's death in 1888, but also Abbe's disapproval of the social conditions of the German Empire. Through the foundation, Abbe combined entrepreneurial, academic and social goals. He proved that it was possible to follow an individual route in coping with industrialization and its consequences. The overall goals of Abbe, which through its statute have determined the foundation's purposes until today, were closely connected to permanent protection for the foundation companies and to the well-being of his employees, which for him could only be guaranteed by depersonalizing the ownership. His personal concern to use the companies' revenues to promote science also remained firmly incorporated in the foundation.

In accordance with the statute, Abbe reformed employee conditions. The most important elements of his reform were: to strengthen the ties between employees and the company; to allow workers'

representation; to introduce the right to leave, a fixed hourly rate, pension rights, self-government of the staff health service, and profit-sharing; to ban various agreements enforcing overtime and bank-holiday working; and to restrict by contract the maximum working day to nine (later eight) hours.

Between 1889 and 1919 the foundation became sole owner of the two companies Carl Zeiss and Schott. After Zeiss's death, Abbe took over his shares and transferred them gradually to the foundation. Eventually, Schott's shares were also transferred to the foundation. The division of Germany after the Second World War led to a partial dismantling of the companies of Zeiss and Schott and, eventually, to the splitting of the foundation into an East German part in Jena and a West German part in Oberkochen and Mainz. When the East German part was expropriated by the GDR government in 1948 and turned into a state-owned company (VEB), the employees who were located in the West rebuilt the factories in Oberkochen and Mainz (1951). From 1953 onwards, the initial support of Carl Zeiss Jena for rebuilding the factories in the West had, in terms of employees and materials, to be carried out under the German domestic and external trade agreement (DIA) on

the orders of the GDR government. This prevented cooperation among employees and largely destroyed Abbe's original intention of protecting the companies and their employees and promoting science. It was only after 1989 that a national treaty brought the companies together in a re-formed Carl Zeiss Foundation. In the course of the global business activities of both foundation companies during the 1990s, it emerged that the historic model of a company foundation no longer met the legal and economic requirements of internationally operating companies. In 2004 the foundation statute was completely revised. Both foundation companies were turned into independent corporations. As of today, the Carl Zeiss Foundation Heidenheim an der Brenz and Jena is the only shareholder. In 2007 the legal assets of the Carl Zeiss Foundation amounted to €797,441,836, while the expenditure was €6,251,000. According to the foundation statute, the foundation companies pay a fixed share of their profits to the Carl Zeiss Foundation, in order to finance its activities. Funding is restricted to scientific and mathematical studies, and to other academic disciplines related to the activities of the foundation companies and the companies associated with them.

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## Case study Robert Bosch Foundation

### **'Pragmatism and an impulse for the improvement of the world'**

The Robert Bosch Foundation (Robert Bosch Stiftung) is certainly one of the largest foundations in Germany. Robert Bosch (1861–1942), who was an entrepreneur at the time of the great American entrepreneurs and founders like Carnegie, Rockefeller and Ford, was interested in the 'encouragement and support of talents, understanding between nations, and safeguarding his lifetime achievements against possible changes of circumstances'. The endowment of 1 million Deutschmark to the Technical University of Stuttgart in 1910 marked the beginning of his philanthropic activities. His contact with American and British companies (eg Edison) made him an

independent and non-compliant businessman and founder and a liberal cosmopolitan.

During the First World War, Bosch was outraged by the sacrifice of human lives and directed a considerable share of the profits from the huge expansion of his company under German military mobilization towards foundations. Like Ernst Abbe, the pragmatist Bosch wanted to combine a socially committed market economy with entrepreneurial efficiency and social responsibility. In Bosch's opinion, the Carl Zeiss Foundation represented 'the ideal of how a foundation should set standards for the relation between capital and work far beyond merely carrying out good deeds, and in doing so bridged the socio-political divisions of the German Empire'. Following Abbe's model, in 1920 Bosch set

up numerous charities for Bosch employees and their families.

Everything was related to practical utility, which virtually excluded visual arts but promoted medicine and hospitals. Before Robert Bosch died in 1942, he managed personally to open the Robert Bosch Hospital in Stuttgart, one of his most ambitious philanthropic projects. In 1964 the shares that were part of the legacy of the Bosch family were transferred to the Bosch GmbH, the asset management company which Robert Bosch had founded back in 1921 and which changed its name to Robert Bosch Stiftung GmbH in 1969. The foundation assets include the Robert Bosch Hospital, the Dr Margarete Fischer-Bosch Institute for Clinical Pharmacology and the Institute for Medical History of the Robert Bosch Foundation, as well as several legally dependent

foundations – the Hans Walz Foundation, the Otto and Edith Mühlischlegel Foundation, the DVA Foundation and the Rochus and Beatrice Mummert Foundation. The participation of the foundation in the share capital of Robert Bosch GmbH of €1,200 million remained unchanged at 92% in 2007. In that year, about €58.9 million was channelled into programmes.

The problem of assessing assets noted above applies in particular to the Robert Bosch Stiftung GmbH. Like many other foundations with company links that have the legal form of a GmbH (limited company), information about the assets of the foundation is limited. It is an even harder case than the Bertelsmann Foundation, where at least parts of Bertelsmann AG were listed on the stock exchange. Robert Bosch GmbH has never been listed, so a realistic assessment of its assets is not possible.

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## Case study Freudenberg Foundation

### **‘Hobbyhorse or professional foundation?’**

The foundation was established in 1984 when members of the Freudenberg family decided to transfer part of their holdings in the Freudenberg company, which until then had been owned solely by family members, to a non-profit foundation. Since then the Freudenberg Foundation (Freudenberg Stiftung) has been a stockholder – albeit without voting rights – under the legal form of a non-profit limited company. A decisive moment for its establishment came when Günter Freudenberg transferred part of his stock. At his request the foundation was to engage in socio-political activities and to be directed in a professional manner. The basic question – ‘hobbyhorse or professional foundation?’ – was settled when the foundation was established as a charitable gGmbH (limited company), a legal form unusual in Germany, and when Günter Freudenberg chose not to become a member of the board. Since then, the foundation has been controlled by the boards of associates and of trustees. The board of partners, in which the company controls only two seats, appoints the board of trustees and together they appoint the executive director. Apart from these functions, the role of the board of partners is limited to determining the budgetary framework every year and to having the final

say when the board of trustees wants to change the foundation’s programme or guidelines.

The purposes of the foundation are phrased in very general terms: promoting science, education and peaceful social coexistence. The foundation can also act ‘charitably’ according to its statute. Currently, the Freudenberg Foundation spends between €1.7 million and €2.5 million annually to implement its varied programme, with an overall focus on social exclusion and on children and teenagers in marginalized groups. The foundation focuses on integration of immigrant families and cultural minorities and on the promotion of a democratic culture, as a prerequisite for peaceful social coexistence. It supports projects which promote democratic learning and the acceptance of responsibility at school and in the community; which fight extremist tendencies; and which assist the reintegration of the mentally ill into working and professional life. Although it is open to external initiatives, the Freudenberg Foundation regards itself as an operating foundation that creates its own projects in cooperation with partners, which it then implements, develops and propagates. It focuses its funding activity on certain regions inside and outside Germany and invests in projects that fill gaps left by publicly funded initiatives.

## The foundations of the SAP AG founders

In 1972 five former IBM developers, Hasso Plattner, Dietmar Hopp, Claus Wellenreuther, Hans-Werner Hector and Klaus Tschira, founded the software company SAP, the present SAP AG in Walldorf. Their successful company has propelled all of them into the German super-rich list, and with the exception of Claus Wellenreuther, they have all become founders of charitable foundations. The traditional principles of 'giving back' and of 'establishing a memorial', along with the timing and the considerable assets endowed by the founders, provided the common framework for the four foundations. Although rather different, the foundations' purposes all show a strong relation to the personal preferences and values of their respective founders. There are further differences in funding profile, local focus and transparency of representation. The legal forms of the foundations (charitable, gGmbH/limited company, civil-law foundation) also differ, and reflect the twofold division of the German foundation sector into a corporate type close to the state and a liberally drafted subsector, as noted above.

**Dietmar Hopp** The Dietmar Hopp Foundation, established in 1995, is probably the biggest of the four foundations in relation to endowed assets. These consist of SAP shares which Dietmar Hopp transferred from his private assets and which constituted about two thirds of his assets. The foundation takes one of the top places in the ranking, with charitable spending of about €20 million. The main focus of the foundation is regional activities, and its interests include sport, medicine, education and social matters. Both Hopp and his foundation have become engaged locally, 'on their own doorstep'. Hopp states: 'I consider it my duty to help other people and to return a share of my wealth to the region that paved the way for me.' Accordingly, the foundation's activities have been limited to his own region. Since its inception, the foundation has funded around 500 institutions and projects and spent almost €200 million. Another charitable foundation initiated by Hopp is ProJustitia, established in 2004. It promotes academic research into the practice of the German legal system.

**Hasso Plattner** The thematic approach of the activities of the Hasso Plattner Förderstiftung gGmbH is international and more specific. Since his withdrawal from SAP AG, Plattner has been an active patron, following his American role model Andrew Carnegie. The media sees him as 'one of the most important private sponsors of sciences in Germany'. Plattner established the charitable Hasso Plattner Stiftung für Softwaresystemtechnik (software systems technology), the responsible body and only associate of the Hasso Plattner Institut für Softwaresystemtechnik GmbH/Ltd (HPI), which he founded in 1998 and which he supports as a lecturer. He also created the Hasso Plattner Förderstiftung gGmbH, which has charitable status. It supports teaching and research in software systems technology. It is included in the ranking with assets totalling €464,816,213. However, the foundation's exact annual expenditure has not been published, and only summaries are available.

The sum of the funding paid out since the beginning of the year 2001 has already amounted to more than €65 million. During the period from 1 July 2006 to 30 June 2007 alone, the foundation has made grants to third parties according to its statute of a total of more than €18 million. In addition to the grants already made, the Foundation has entered into a considerable number of long-term commitments. The summarized

highlights of spending so far published include a total (up to 2008) of \$35 million to Stanford University. The Foundation also states: 'The commitments of the Hasso Plattner Förderstiftung gGmbH to support projects in South Africa which are of particular benefit to deprived children and teenagers – for example, in the fields of education, care and sports – also amount to more than €3.5 million, of which more than €2.2 million have already been issued.'

**Klaus Tschira** With concerns similar to those of Plattner, the physicist Klaus Tschira dedicated part of his assets to the promotion of science and in 1995 founded the Klaus Tschira Stiftung gGmbH (KTS, Klaus Tschira Charitable Foundation Ltd). Its purpose lies in the promotion of science, computer science and mathematics, as well as in raising public awareness of these fields. The KTS promotes research inside and outside universities, and teaching at both state and private universities. It mainly funds self-initiated projects, including the European Media Laboratory (EML), which was founded by Tschira in 1997. It ranks in ninth place of the largest private foundations in Germany, according to the Bundesverband Deutscher Stiftungen (Federal Association of German Foundations). The eBundesanzeiger lists assets of more than €1,150 million in 2006. Together with his wife, Tschira also founded the Gerda and Klaus Tschira Foundation in 2008. This foundation intends to create a teaching and meeting centre in memory of Wilhelm Ostwald, recipient of the Nobel Prize in Chemistry.

**Hans-Werner Hector** After his withdrawal from SAP in 1995, the mathematician Hans-Werner Hector sold his shares and used part of the proceeds, estimated at about €1.6 billion, to become a founder and patron. With his wife, he founded the H W & J Hector Stiftung zu Weinheim, a charitable civil-law foundation. Its purposes include support for medical research, especially in cancer and AIDS; social support, in particular for disabled people, education and further training; and support for the arts and museums. No reliable statement regarding assets and expenditure has so far been made. This is another example of the lack of information about some German foundations' activities. It provides an opportunity for critics to point out that the foundations themselves do little to address debates on the extent to which individual action can be tolerated in a society that places great value on collective opinion-making and democratic decision-making processes. In the context of the foundation of so-called 'elite universities', the focus of controversial discussion in Germany, Hector's donation of €200 million to the University of Karlsruhe in March 2008 caused a sensation. It is the largest single donation to a German state university to date.

As an addition to the initial foundation, Hector Stiftung II was founded by Hans-Werner and Josephine Hector in 2008, for projects which the first foundation could not afford to fund. It is part of a company group intended to ensure that the assets of Hans-Werner and Josephine Hector continue to be directed towards certain charitable purposes, both during their lifetime and after their death. Hector Stiftung II is not charitable as such. In addition to managing the foundation business, after the deaths of Hans-Werner and Josephine Hector it will become the fully liable partner for the administration of assets. The implementation of funding programmes is carried out by its charitable subsidiary, Hector Stiftung II gGmbH.

## Notes on the ranking of foundations

The foundation ranking was compiled on the basis of the foundations registered in the Maecenata Institute's data bank of German foundations. To update its entries, the Maecenata data bank depends on the voluntary cooperation of foundations. Although awareness of the need for transparency is increasing, some foundations still avoid publicity, reply selectively to questions, or restrict the use of information to statistical purposes. Even with the help of additional external data sources such as the foundation directories of the German states and the Federal Association of German Foundations' ranking and foundations websites (where available), it has not been possible to make reliable statements on assets for all the foundations included in the ranking, although every effort was made to obtain complete information. Annual figures for assets and expenditure from 1999 and earlier have not been included. The Maecenata Institute considers that all existing published rankings of German foundations are flawed and that the table of the largest German foundations is no more than an approximation. The Maecenata Institute strives to give an up-to-date and true representation of the information included in the ranking.<sup>20</sup>

<sup>20</sup> If you have any suggestions or comments, you are very welcome to contact the Institute at [db@maecenata.eu](mailto:db@maecenata.eu).

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**Table 10 Charitable spending of the largest 100 German family foundations**

<i>Germany</i>	<i>Charitable spending€</i>	<i>Year</i>	<i>Assets€</i>	<i>Year</i>
1 Bertelsmann Stiftung	77,518,000	2008	618,997,600	2008
2 Robert Bosch Stiftung GmbH	75,856,000	2008	5,064,082,000	2008
3 BruderhausDiakonie Stiftung Gustav Werner und Haus am Berg	45,607,236			
4 Fürst Donnersmarck-Stiftung zu Berlin	30,933,159		100,000,000	
5 Software AG Stiftung	30,560,000	2006	930,000,000	2006
6 Gemeinnützige Hertie-Stiftung zur Förderung von Wissenschaft, Erziehung, Volks- und Berufsbildung	27,207,000	2006	826,706,000	2006
7 ZEIT-Stiftung Ebelin und Gerd Bucerius	25,600,000	2006	765,000,000	2006
8 Alfred Krupp von Bohlen und Halbach-Stiftung	24,439,752	1999	703,009,000	2006
9 Fritz Thyssen Stiftung	21,916,000	2006	367,976,754	2006
10 Dietmar-Hopp-Stiftung GmbH	20,000,000	2006	4,396,000,000	2006
11 Stiftung zur Förderung der European Business School	18,455,329	2007	2,500,000	2007
12 Hasso Plattner Förderstiftung gGmbH	18,000,000	2007	464,816,213	2007
13 Stiftung Städel'sches Kunstinstitut	15,000,000	2007	2,998,216	2007
14 Universal Stiftung Helmut Ziegner	14,731,342	2004	7,158,086	
15 Ilse Kubaschewski Stiftung	14,000,000			
16 Dr.-Carl-Behrmann-Stiftung	12,782,297		1,227,101	
17 Henry und Emma Budge-Stiftung	12,526,651		60,127,925	
18 Körber-Stiftung	11,500,000		516,000,000	2006
19 Stiftung Meyer'sche Häuser	10,225,838		102,258,376	
20 Wilhelm Sander-Stiftung	10,092,449	2002	280,000,000	2004
21 Margarethe Krupp-Stiftung	9,692,995		3,579,043	
22 Alida Schmidt-Stiftung	9,175,133		9,115,221	
23 Germanisches Nationalmuseum	8,691,962			
24 Klaus Tschira Stiftung gGmbH (KTS)	8,502,000	2004	1,150,898,144	2006
25 Possehl-Stiftung	8,388,043	2007	65,956,653	
26 Stiftung Private Wirtschaftsschulen Sabel	8,000,000		281,211	
27 Dr. Edelgard und Elsa Brünnhild Lohmeyer-Stiftung	7,841,172			
28 Gerda Henkel Stiftung	6,725,013	2007	71,240,825	2007
29 Carl-Zeiss-Stiftung	6,251,000	2007	797,441,836	2007
30 Hermann Reemtsma Stiftung	6,000,000	2007		
31 Stiftung Mercator GmbH	5,909,000	2005	11,006,000	2005
32 Rettungsdienst Stiftung Björn Steiger e.V.	5,611,940	2004	11,123,666	2004
33 Else Kröner-Fresenius-Stiftung	5,600,000	2004	189,177,996	
34 Ernst und Claere Jung Stiftung Hamburg	5,112,919			
35 Dieter Schwarz Stiftung GmbH	5,112,919	2004		
36 Hartwig-Hesse-Stiftung	4,601,627		25,565	
37 Karl-Werner-Bolzer-Stiftung	4,499,369		8,200,000	2001
38 Anna Barbara von Stetten'sche Stiftungen	4,464,244		6,653,196	
39 Günther Rid-Stiftung für den bayerischen Einzelhandel	4,090,335		27,098,470	
40 Dechow-Stiftung	4,089,123		51,129	
41 Stiftung Dr. Hoch's Konservatorium Frankfurt	3,900,000			
42 Georg Hegenauer-Stiftung	3,834,178			
43 Gustav-Brandt'sche Stiftung	3,000,000			
44 Lange-Schucke-Stiftung	2,911,048		2,655,855	
45 Freudenberg Stiftung GmbH	2,910,281	2007	21,984,903	2007
46 Erich-Schumm-Stiftung	2,556,459			
47 Stefan-Morsch-Stiftung	2,556,459		1,022,584	
48 Dr. Ernst und Wilma Müller-Stiftung	2,505,330			
49 Deutsche Wildtier Stiftung	2,403,072	2004	45,000,000	2004
50 Georg Ludwig Rexroth-Stiftung GmbH	2,200,000	2007	30,678	

<i>Germany</i>	<i>Charitable spending€</i>	<i>Year</i>	<i>Assets€</i>	<i>Year</i>
51 Alfred Teufel-Stiftung	2,181,108		1,287,211	
52 Sigmund-Schuckert-Stiftung	2,071,148		26,868,801	
53 Heidehof Stiftung GmbH	2,045,000	2002		
54 Alfred Toepfer Stiftung F.V.S	2,004,264	2004	90,191,888	2004
55 Karg-Stiftung für Hochbegabtenförderung	2,000,000	2007	4,703,885	
56 Geschwister Anna und Diederich Bremer-Stiftung	1,733,484			
57 Stiftung van Meeteren	1,636,134	2000	36,978,930	
58 Stiftung Mittelsten Scheid	1,600,344		24,542,010	2005
59 Dr. Heinrich Feuchter-Stiftung	1,503,198		2,198,555	
60 Dr. Reinold Hagen Stiftung	1,400,000		23,008,135	
61 Karl Hupe Stiftung	1,400,000		9,000,000	
62 Freiherr von Ow'schen Altenheimstiftung Haiming	1,311,668		127,823	
63 Christoph-Dornier-Stiftung für Klinische Psychologie	1,307,885		2,709,847	
64 Rut- und Klaus-Bahlsen-Stiftung	1,300,001		60,000,000	
65 Reinhard von den Velden'sche Stiftung	1,278,230	2002	511,292	2002
66 Schweisfurth-Stiftung	1,278,230	2000	15,850,048	
67 Christiane Herzog Stiftung e.V.	1,278,230			
68 Matthias und Charlotte-Jaede-Stiftung	1,160,485			
69 Stiftung Kinder in Afrika	1,150,217	2008	25,565	
70 Johann und Erika Loewe-Stiftung	1,022,584			
71 Campe'sche Historische Kunststiftung	1,000,000		3,000,000	
72 Ehlerding Stiftung	1,000,000		5,010,660	
73 Haniel-Stiftung	1,000,000		15,000,000	
74 Wilhelm und Else Heraeus-Stiftung	1,000,000		27,865,408	
75 Otto Junker-Stiftung	843,632		23,723,798	
76 Karl Schlecht Stiftung (KSG)	800,000	2007	7,669,378	2007
77 Immler Großfamilienstiftung	760,000	2005	6,646,794	2007
78 Helene Pfeleiderer-Stiftung	715,809		26,601,494	
79 Karl H. Ditze Stiftung	700,000	2007		
80 Eberhard Schöck-Stiftung	680,018	2004	9,919,063	2004
81 Marie-Seebach-Stiftung	613,550		1,533,876	
82 Stiftung Westfalen-Initiative für Eigenverantwortung und Gemeinwohl	601,279	2005	15,031,981	2005
83 Sonnenfeld-Stiftung	560,000	2004	12,101,000	2004
84 Carls-Stiftung	511,292		7,158,086	
85 Franz Beckenbauer-Stiftung	511,292			
86 Dr. Rainer Wild-Stiftung, Stiftung für gesunde Ernährung	511,292	2003	5,891,133	2006
87 Gemeinnützige Stiftung Schloß Weißenstein in Pommersfelden	511,292			
88 Bayerische Brau-Stiftung Josef Schörghuber	511,292		1,533,876	
89 Ernst Barlach Haus Stiftung Hermann F. Reemtsma	511,292			
80 Gerhard Alber-Stiftung	511,292		1,022,584	
91 Hedwig und Robert Samuel-Stiftung	511,292			
92 Dussmann-Stiftung Ascholdinger Nachmittag	511,292		51,129	
93 Friedrich Schiedel-Stiftung	511,292			
94 Thomas Gottschalk Stiftung	511,292			
95 Karl Fix-Stiftung	511,087	2004	5,733,070	2004
96 Dreyer Stiftung	501,066	2005	300,640	2005
97 Friedrich Flick Förderungstiftung	500,000		10,000,000	
98 Hermann und Lilly Schilling-Stiftung	500,000		5,000,000	
99 Marga und Kurt Möllgaard-Stiftung	500,000		5,000,000	
100 Danner Stiftung	465,276		7,158,086	

# 5 Family foundations in Italy

## Deborah Bolognesi and Giuliana Gemelli

The emergence of scientific philanthropy in the US at the beginning of the 20th century generated increasingly divergent views on the reconfiguration of old models of relations between state and society. What was at stake was the transition in the US from a liberal model to one of increasing involvement of the state in social issues – the model which prevailed in continental Europe. It also ushered in the development of new organizational models which incorporated philanthropic institutions as progressive driving forces for social change, within the framework of a consolidated ‘corporate society’. In the US, the logic of the modern business corporation was transferred to the non-materialistic aims and benevolent attitudes of philanthropy, generating the concept of the social responsibility of the philanthropic entrepreneur, and the application of scientific methods to philanthropy.

In continental Europe, and particularly in Italy, the roles of the state and the church as frameworks of social control and welfare led to resistance to the development of private philanthropy. In the second half of the 19th century, Germany and France moved towards liberalization of associations, which was to be achieved through a local administrative process (registration by judicial powers); in Italy the ‘anomaly’ in the legislation on associations became further consolidated. In 1848, the Statuto Albertino expressed the intention of Italian governments after national unification to close down associations if they were suspected of constituting a threat to public order. It was a very ambiguous set of rules that in itself represents an authoritarian interpretation of the balance between state powers and individual freedom of association. The final decision about the existence of associations was ultimately in the hands of the judges (the *magistratura*).

The so-called *enti morali* referred to intermediate bodies between the state and the limited organizational powers granted to the private sector; they were classified as belonging to a juridical no man’s land, ‘amphibious’ entities that were deprived of any real juridical status except the fact of being administered by the state through its judiciary. It should be stressed that the concept of administration of the *enti morali* was about political control under the guise of legal protection.

The introduction of the legal form of foundations as institutions of public utility in the Civil Code of 1942, during the fascist period, did not produce a de facto change in their juridical nature. Foundations can only be established by a public act through which the public authority bestows legal personality on them.

The political attitude of the Italian state towards the church strengthened this orientation. This was despite the fact that, since the birth of Italy as a nation state, legislation was oriented towards containing the expansion of church institutions (*enti canonici*) and pulling those institutional bodies at the border between

non-confessional and confessional aims into the framework of public law. A new and growing set of social practices and institutions called *beneficienza* (charity) was placed in an ambivalent framework which also covered bodies that had previously belonged to, and been regulated by, church law. These bodies (*opere pie*) belonged to the same legal framework as the *enti morali* and were placed under public control. As semi-public institutions, they were presumably considered part of the state. In most cases, the *opere pie* and the *enti morali* acted as bureaucratic bodies. In the worst cases, private or strictly political interests dominated them. They existed in Italy until the 1980s, when the *opere pie* were suppressed, and the Public Institutions of Assistance and Goodwill (IPAB) were privatized and rapidly – in most cases too rapidly – transformed into foundations. They maintained, however, their original culture and political aims.

Many other public bodies, including cultural and research institutes, opera houses, other concert institutions, museums and archives, were transformed into foundations. This change in legal status was produced by state regulation rather than by parliamentary legislative deliberation. (In the last 15 years ‘the real effect of laws in transforming public bodies into foundations is that of creating new forms of public–private partnership’, by developing a legislation designed to downsize the public sector and reduce the financial burden on the state. It can be questioned how simply moving these institutions from one legal status to another can produce a real change in their culture. The famous dictum *le mort saisit le vif* seems to be particularly appropriate, especially given that foundation, or philanthropic, status in Italy is still actually synonymous with the old notions of *beneficienza* (charity). For example, the foundation database recently published by ISTAT, the national statistical bureau, uses classification criteria that consider charity and philanthropy to be equivalent.)

Within this dominant institutional configuration some exceptions emerged in the mid-1960s, when the ‘promised age’ of reform, proposed by governments of the centre-left coalitions, raised expectations of change in the role of foundations (Stein Rokkan). During this time, the Ford Foundation supported and helped create all over continental Europe, and particularly in Italy, American-style foundations, founded on a network of relationships and rooted in the political atmosphere of the Kennedy circle.<sup>21</sup> In this period, a few American-style foundations, such as the Adriano Olivetti Foundation, the Luigi Einaudi Foundation and the Giovanni Agnelli Foundation, were created. Their role persisted throughout the upheavals of the 1960s and 1970s, which saw the crystallization of the role of the state and the complete ostracism of corporate culture and institutions (Luciano Gallino). It should be noted, however, that in some cases these foundations maintained an ambivalent configuration vis-à-vis their governance, and could be classified both as family foundations and as corporate foundations. One aspect is clear: the juridical role of trustees in Italy is still an exception among foundation governance models internationally, and the role of private independent foundations (like the Rockefeller and Ford Foundations) is still rare or non-existent.

As a result of the special features of the different models of family/private foundation in Italy, it is quite complicated to identify which ones can be considered ‘pure’ and which ones represent instead a hybrid model. The largest family foundations in Italy are those created by the most important entrepreneurial families. Although some of these families no longer play a dominant role in the company,<sup>22</sup>

<sup>21</sup> G Gemelli, *Società e Storia*, special issue on cultural foundations in Italy (see note 23 below).

<sup>22</sup> In the last few years a considerable number of large companies have been sold to or divided between different shareholders. Thus former owners of the company have invested their incomes or the money gained by selling the company to create foundations named after themselves and in this way continue the legacy of important Italian families.

they nevertheless donated private income for the creation of a foundation capable of supporting their family's legacy. It is important to stress that the mission of these foundations does not necessarily coincide with the company activity, and this, besides the provenance of the endowment, is considered the most important difference between corporate foundations and family foundations. Bearing in mind that most of these families are tied to the historical roots of the country, the fact that the creation of foundations occurred only in the last few decades marks a difference between Italy and other European, and more generally, Western countries.

Another remarkable feature of the Italian experience, shared by all Italian private foundations,<sup>23</sup> concerns their double, sometimes triple character: they may be operating, grantmaking and grantseeking bodies at the same time, thereby generating the definition of 'mixed' foundations. For this reason, this study identifies a large number of cultural family foundations, active in Italy since the early years of the 20th century, that define themselves as operating as well as grantmaking bodies, especially in activities such as fellowships, scholarships and prizes.

Keeping in mind the particular characteristics identified above, the researchers have identified 550 family foundations in Italy today. Future trends in establishing family foundations in Italy are likely to be related to decisions by big families to create their own foundations, given that recent developments show that small family foundations have stopped acting independently and have transferred their endowments to family endowments created by community foundations, or other private foundations with a shared endowment.

Nevertheless, what is certainly missing is the role of advocacy that might be played by the largest and oldest family foundations in Italy. In fact, these foundations (some of them analysed below as case studies) were founded in a promising period in which social change was broadly conceived as a goal for many emerging actors in civil society. Since these foundations are still actively participating in the Italian scene, they could play an important role by strengthening their functions and showing that the activity of family foundations is essential to taking risks for projects that have the potential to generate social change at local and national levels.

## Profile of Italian foundations

Today there are around 4,720 foundations in Italy, composed of:

- banking foundations (2%)
- family foundations (12%)
- all other (86%)<sup>24</sup>

Foundations operate principally in the fields of social assistance (23%), arts and culture (20%), fellowships/scholarships/awards (16%), and human/social sciences (13%).

Of the 90 family foundations interviewed for this research (see Note on the statistical analysis below), just under two-fifths (37%) were purely grantmaking; 17% were both grantmaking and operating; and 13% were both grantmaking and grantseeking. One-third were set up between 1990 and 2000, evidence of the strong recent growth in family foundations.

<sup>23</sup> Corporate foundations, cultural foundations, community foundations, some bank-originated foundations.

<sup>24</sup> Private, corporate, religious, community, university, civil participation, charitable, political, health, etc.

## Note on the case studies

The case studies presented here are foundations founded by important Italian families. They were selected to demonstrate how the family shaped the foundation mission and functions, and created a model that can be replicated. The research focus is not exclusively on grantmaking foundations because of the peculiarity of Italian foundations, which are basically mixed grantmaking and grantseeking bodies, and contribute considerably to society not only through grantmaking activities but also through their own projects, in which the family plays a considerable strategic role.

### Case study Giovanni Agnelli Foundation

The Giovanni Agnelli Foundation ([www.fga.it](http://www.fga.it)) is an operating foundation founded in Turin in 1966 and is considered one of the first family foundations in Italy. The Agnelli family needs no introduction as it is internationally famous for its entrepreneurial activity in the automotive sector. The foundation was created by the Agnelli family with funds from the family holding and company, to celebrate the centenary of the birth of Fiat founder Giovanni Agnelli.

Even if part of the endowment comes from the company, the Giovanni Agnelli Foundation has maintained a strong independence over the years, pursuing its mission of developing and strengthening knowledge of the factors that define national progress in the economic, social and cultural sectors. The creation of the foundation was strongly supported by Giovanni Agnelli, grandson of the Fiat founder, who developed long-term, consolidated relations with Henry Ford II. Giovanni Agnelli served as president of the foundation until 2003, and he steadily imprinted his hallmark on the activities of the institution itself. Because of this, the Agnelli family was quite open to influences from abroad and the foundation reflected the international aspirations of the family. Moreover, Turin was not a city in which the company was known for its social and cultural activities, and there were

big expectations of the role that the foundation might play.<sup>25</sup>

Since its inception, the foundation has gathered together a broad range of young scholars and university professors with the aim of creating a large research community able to contribute to the formation of new policies in Italy. The foundation focused its activities on strengthening dialogue between different political parties in Italy, a concept that was particularly innovative in Italy in the late 1960s.<sup>26</sup> Bearing in mind that the foundation was seen by many as the expression of an entrepreneurial Italian elite, it succeeded in establishing an active network, which after more than 40 years still supports the foundation's operating programme. In line with this, it is the foundation's policy not to have an advisory committee, while the board of trustees, appointed mainly by the family and only partly by the company, is composed of many members of the family itself. It has played, and continues to play, a strategic role in the organization's activities.

While the president of the foundation has always been a member of the family and has exerted considerable influence on the history of the foundation, the directors have also played a considerable role.<sup>27</sup> The foundation has been

<sup>25</sup> Upon his arrival in Turin, Ubaldo Scassellati, first director of the foundation, noticed the cultural and social situation first-hand and, probably comparing the Fiat company

with Olivetti, pointed out that little had been done by the company in the city. See 'I primi cinque anni della Fondazione Giovanni Agnelli di Torino, 1966-1970', in *Società e Storia*

(2001), issue on *Le Fondazioni culturali in Italia. Origini storiche e primi sviluppi istituzionali*, edited by Giuliana Gemelli. Franco Angeli Editore, Milan.

<sup>26</sup> Interview with Marco

Gioannini, Fondazione Giovanni Agnelli, Turin, 21 March 2009.

<sup>27</sup> Ubaldo Scassellati, Marcello Pacini, Marco De Marie, Andrea Gavosto.

through different phases according to the interests of its directors, who have been broadly supported by the board of trustees. During the long leadership of Marcello Pacini, multidisciplinary research was a constant feature of foundation activity. Recently, because of the increase in the number of research centres in Italy, the foundation has gradually directed its activities towards focused projects. This shift in emphasis led to the foundation deciding to invest all its resources in studying and operating in the field of education. Therefore, while in past decades areas

such as entrepreneurial leadership and economic and capitalist systems were considered major parts of the foundation's activities (in keeping with its historical context and its relationship with the Fiat company),<sup>28</sup> today the situation has changed and so have the foundation's goals and programmes. The need for change shows how important it is for family foundations to create a legacy that allows not only the interests of the family itself and the board of trustees to be expressed, but also those of the staff.

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## Case study Silvio Tronchetti Provera Foundation

The Silvio Tronchetti Provera Foundation ([www.fondazionetronchetti.it](http://www.fondazionetronchetti.it)) was created in 2001 by Marco Tronchetti Provera, one of the most important Italian entrepreneurs. Marco Tronchetti Provera named the foundation after his father, as a legacy to his vision of fostering new generations of scientists and scholars to improve research in specific sectors, such as economics, sciences, technology, management and industrial development. The Tronchetti Provera family has been involved in many of the largest Italian companies, some of them rooted in Italy's history through their excellence in the metallurgical and chemical sectors. The founder wanted to extend his family legacy and make his work valuable and worthy of admiration. Moreover, because the Tronchetti Provera family was involved in many of the largest Italian companies, the mission of the founder was to strengthen a culture of scientific innovation and to emphasize, at a global level, the importance of involving scientifically trained professionals in the industrial sector. Thus, the foundation's mission is to promote research in the sectors fundamental to industrial development in different economic eras. The foundation is currently addressing the international economic crisis and, in line with its mission, providing consultancy and promoting best practice at the national level.

In keeping with the involvement of the founder in the boards of universities and other important public institutions, the foundation's mission also focuses on providing doctoral fellowships and advocates the return to Italy of young scholars who were part of the brain drain caused by a lack of jobs in the sector for which they were trained. Thus, since 2001, the foundation has worked – as both a grantmaking and an operating body – on the creation of a stable scientific community within the main Italian universities. The presence of the chancellors of three Milan universities, the Bocconi, the Bicocca and the Politecnico, on the board of trustees is not accidental. The other members who serve on the board are the two young daughters and the son of the foundation founder. An advisory board serves the foundation activities, which contribute to extending and nurturing the scientific community.

In keeping with this philosophy, the foundation publishes *Darwin*, a bi-monthly journal of essays and articles written mainly by Italian researchers. Bearing in mind the importance of a new and well-trained professional scientific community in Italy, the foundation directs its efforts towards that goal through both its boards and its staff. Their aim is to train scholars both at university level and inside companies, working to expand the spectrum of knowledge and innovation and involving the most important Italian research laboratories, to prepare a new generation of scientists and entrepreneurs.

Recently, the foundation expanded its activities to include scientific communication strategies, involving

<sup>28</sup> Dante Cosi (1973), *Le fondazioni italiane*. Franco Angeli Editore, Milan. On the Giovanni Agnelli Foundation, see pp 67–9.

high schools and theatres to help students become more familiar with applied science. The foundation is also well connected with other Italian foundations focused on the promotion of scientific and medical research, such as the Umberto Veronesi Foundation and the Giorgio Cini Foundation. As Lucio Pinto, the director, emphasizes, the foundation operates with a very long-term perspective, knowing that it is

promoting models of science and development that are extremely innovative and likely to be needed in the next 10 to 15 years.<sup>29</sup> The Silvio Tronchetti Provera Foundation has some very ambitious goals. They see a general need and demand for entrepreneurialism, not only in the sector with which the family is connected, that is responsive to the initiatives promoted by the foundation.

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## Case study Fondazione Benetton Studi e Ricerche

When in 1987 Luciano Benetton decided to create a family foundation to foster appreciation of the regional landscape and the environment, his career, which had started in 1965 with the creation of the world-famous 'United Colours of Benetton' brand, had reached a high level of visibility and responsibility. Thus, the Italian entrepreneur, one of the world's richest businessmen, established a foundation that was aimed at creating a resource centre focused on landscape management and architecture, including the social structures essential to its conservation and development. The foundation conceives landscape as a world heritage 'site', including anthropological dimensions, and works almost solely on these issues. Consistently with the Benetton vision, the staff operates in two historical buildings, thus underscoring the importance of operating in a place that integrally reflects the mission and the goals of the foundation.<sup>30</sup>

As the person who created the Benetton 'empire', the founder is the president of the foundation and represents the Benetton family on the board of trustees. Other family members serve on the board of trustees, which meets no more than twice a year for approval of the budget and presentation of the final balance sheets. The president focuses his efforts on the creation of a solid network of international scholars, artists and researchers who serve on the advisory board of the foundation. As the director of the foundation has stated, in 1987 subjects such as the environment

and landscape were not seen as a priority, so the involvement of eminent scholars played a fundamental role in establishing the credibility and legitimacy of the foundation. As noted, the foundation did not focus exclusively, or mainly, on fostering appreciation of the historical aspects of the environment and landscape, as the bank-originated foundations do. Thanks to the background of the director, the architect Domenico Luciani, the Benetton Foundation ([www.fbsr.it](http://www.fbsr.it)) has also taken on board the maintenance of the evolutionary aspects of urban, social and community life.

Working as a research centre, the foundation manages an archive and a library (attended yearly by 2,500 people). Another of its adventures in cultural innovation was the establishment of an annual scientific journal on games and theories, *Ludica*, which connects its international operating network. Bearing in mind the unique role that the foundation has played in Italy since the late 1980s, the founder and staff have made many efforts to professionalize the foundation and develop a specific, academically recognized curriculum of study, but this process is still underway.

To sum up, the work of the Benetton Foundation is based on a very considerable endowment that is sufficient to support its activities into the future. Along with the two other case studies, it provides testimony to the important advocacy role that organizations led by distinguished and reputable families can play in the development of innovation and research.

<sup>29</sup> Interview with Lucio Pinto, director of Fondazione Silvio Tronchetti Provera, Milan, 26 March 2009.

<sup>30</sup> See [www.settoreweb.com/fondazione/ita/pagine.php?s=&pg=433](http://www.settoreweb.com/fondazione/ita/pagine.php?s=&pg=433).

**Table 11 Family foundation charitable spending in Italy<sup>31</sup>**

	<i>Charitable spending€</i>	<i>Founded</i>	<i>Assets€</i>	<i>Family on board</i>
Fondazione Allegra	13,000	2002	50,000	YES
Fondazione Anna Villa e Felice Rusconi	80,000	1974	400,000	YES
Fondazione Antonio Manes	90,000	1956	3,700,000	NO
Fondazione Antonio Ratti	778,160		16,231,366	YES
Fondazione Arturo Pinna Pintor	20,000	1977	32,000	YES
Fondazione Benetton Studi e Ricerche	2,000,000	1987		YES
Fondazione Berta e Alfredo Giovanni Dorni	170,000	1994	15,000,000	YES
Fondazione De Benedetti Cherasco	224,220	2002	583,000	YES
Fondazione Famiglia Parmiani	50,000	1996	1,735,000	NO
Fondazione Francesca e Pietro Robotti d'Italia	50,000	1989	50,000	NO
Fondazione Giannino Basetti	50,000	1994	2,000,000	YES
Fondazione Giorgio Cini	5,000,000	1951	12,300,000	YES
Fondazione Giovanni Agnelli	2,600,000	1966	40,000,000	YES
Fondazione Giovanni Guarino Amella	53,000	1999	1,373,000	YES
Fondazione Gustavo Colonnetti	40,000	1965	164,000	YES
Fondazione Ivo de' Carneri	350,000	1994	60,000	YES
Fondazione Lonati	500,000	2002	100,000	YES
Fondazione Paolo Guglielmetti	24,000	1993	300,000	YES
Fondazione Pierfranco e Luisa Mariani ONLUS	4,123,363	1984	62,768,822	NO
Fondazione Rita Levi Montalcini	350,000	1992	1,000,000	YES
Fondazione Scavolini	100,000	1984	51,645	YES
Fondazione Silvio Tronchetti Provera	2,000,000	2001	20,000,000	YES
Fondazione Ugo e Olga Levi	750,000	1962	21,000,000	NO
Fondazione Adriano Olivetti		1962		YES
Fondazione Alemanno Fantini		1993		YES
Fondazione Amedeo Cacciò		1987		YES
Fondazione Angela Bossolasco		1980		YES
Fondazione Angelo Bianchi Bonomi		1977		YES
Fondazione Antonio Bassanini e Alessandra Tremontani		1989		YES
Fondazione Antonio Gandolfi		1950		YES
Fondazione Antonio Zamparo		1990		YES
Fondazione Arnaldo Pomodoro		1995		YES
Fondazione Attilia Pofferi		1992		YES
Fondazione Bandera per l'arte		1999		YES
Fondazione Barbieri		1994		YES
Fondazione Benedetta D'Intino a difesa del bambino e della Famiglia		1993		YES
Fondazione Borla		1977		YES
Fondazione Carlo e Dirce Callerio		1970		YES
Fondazione Carlo Marchi		1983		YES
Fondazione Cologni 'delle Arti e dei Mestieri'		1995		YES
Fondazione Conte Gaetano Bonoris		1928		YES
Fondazioni Culturali Gioacchino Arnone		1960		YES
Fondazione De Ferrari		2001	100,000	YES
Fondazione Demetrio Benni		1951		YES
Fondazione Edoardo Agnelli per attività assistenziali e sociali		1951		YES

	<i>Charitable spending€</i>	<i>Founded</i>	<i>Assets€</i>	<i>Family on board</i>
Fondazione Elda Testani		1988		YES
Fondazione Emiddio Mele		1990		YES
Fondazione Enrico Umberto e Livia Benassi		1977		YES
Fondazione Ermenegildo Zegna		2000		YES
Fondazione Ernesto Illy		2009		YES
Fondazione Europea Luciano Bolis		1986		YES
Fondazione Famiglia Caraccio		1963		YES
Fondazione Floriani		1977		YES
Fondazione Francesca Pauselli Monanni		1979		YES
Fondazione Giangiacomo Feltrinelli		1974		YES
Fondazione Giovanni Rava		1968		YES
Fondazione Giulio Marchi		1961		YES
Fondazione Giuseppina e Francesco Tavella		1984		YES
Fondazione Innocenzo Bertocchi		1936		NO
Fondazione Isabella Seragnoli		2002		YES
Fondazione Leandro, Emilia ed Anna Saracco		1992		YES
Fondazione Liliana e Michele Bettoni		1991		YES
Fondazione 'Lilian Caraian'		1984		YES
Fondazione Livia Benini		1988		YES
Fondazione Marco Besso		1918		YES
Fondazione Marco Pantani	NP	2004	100,000	YES
Fondazione Marialaura Bocchetti Protti		1989		YES
Fondazione Maria Vilma e Bianca Querci		1994		YES
Fondazione Marino Marini		1985		YES
Fondazione Mario Morpurgo Nilma		1965		YES
Fondazione Matteo e figlio Giuseppe Dr. Vacca		1973		YES
Fondazione Montù		1992		YES
Fondazione Nicola Trussardi		1996	335,697	YES
Fondazione Omar		1992		YES
Fondazione Paganelli		1984		YES
Fondazione Pasquale Corsicato		1989		YES
Fondazione Peppino Vismara		1978		YES
Fondazione Piera Pietro e Giovanni Ferrero		1983		YES
Fondazione Primoli		1928		NO
Fondazione prof. Leda e dott. Renato Peresson		1991		YES
Fondazione Professoressa T. De Palo		1992		YES
Fondazione Romeo ed Enrica Invernizzi		1991		YES
Fondazione Rodolfo De Benedetti		1998		YES
Fondazione Salvatore Rebecchini		1987		YES
Fondazione Silvana Campi Radice		1990		YES
Fondazione Spadolini Nuova Antologia		1980		YES
Fondazione Stefano Sabbatini		1993		YES
Fondazione Taccia		1990		YES
Fondazione Teodoro Poeti		1624		NO
Fondazione Teresa e Luigi De Beaumont Bonelli per la Ricerca sul cancro		1979		YES
Fondazione Vittorio e Pietro Alinari		1974		YES

## Note on the statistical analysis

The research mainly includes foundations whose model, governance and assets reveal that the family had a predominant role in their creation and in the definition of their strategies and missions. It was decided not to include foundations whose endowment is composed mainly of other funds raised by the family, even though it must be acknowledged that this is a consistent feature of the Italian family foundation scene. The financial data presented below does not, therefore, include family foundations in which the grantseeking part exceeds the grantmaking and operating activities.<sup>32</sup> In view of the fact that there is no database that distinguishes family foundations from other private foundations, the principal aim of the research is to identify family foundations and to underline their main distinguishing features in the Italian non-profit landscape.

The approach taken by the researchers was to identify foundations from a number of different listings and then to explore the information available from their websites to gather some basic details. Telephone interviews were held with all the foundations included in the research, and about half of these provided financial data, many of which did not permit publication. Further data was collected from surveys carried out in 1995 by the Documentation Centre of the Giovanni Agnelli Foundation, and in 2005 by ISTAT. Case study material was largely obtained through interviews with directors or presidents of foundations. Moreover, the research produced statistical data that included a broad range of financial information collected in previous research on foundations in Italy. The figures underline the increasing role, both in numbers and in scale, of family foundations and family giving in the Italian landscape.<sup>33</sup>

<sup>31</sup> This is the first time a list of family foundations in Italy has been compiled; unfortunately, it was not possible to get permission to publish all financial details. Foundations that provided financial data for publication are set out at the top of the table; because of the gaps in the data generally, these could not be described as the largest family foundations. Foundations without financial data are listed below these.

<sup>32</sup> This exception does not apply to the figures for the categorization of the total 4,720 Italian foundations described under 'Profile of Italian Foundations', which include all types of foundation.

<sup>33</sup> In constructing the database we used the questionnaires completed by the Italian foundations which were active in 1995, when the Documentation Centre of the Giovanni Agnelli Foundation produced the first

research on Italian foundations. Fourteen years later research conducted by the Centre on Philanthropy and Social Innovation (PhaSI) of the University of Bologna generated supplementary information on 90 family foundations, including new information on governance and assets. It must be acknowledged, however, that the financial data cannot be considered completely up to date for all 90 foundations. Only the data provided directly

by 23 foundations who agreed to publication of information based on their 2008 balance sheets appears in the table. We would like to thank the Fondazione Giovanni Agnelli, Dr Alessandro Monteverdi, Dr Marco De Marie and Dr Sonia Schellino, who supported and carried out the survey in 1995. Visit [www.misp.it](http://www.misp.it) and go to the section on research/philanthropy in Western countries.

# 6 Family foundations in the US

## Susan Crites Price

While it is true that the family foundation landscape in the United States has changed considerably in the past few years, the economic crisis of 2008 had a profound impact in mere months. At the end of the year, most foundations reported that the value of their endowments had shrunk by at least a third from the previous year. At the same time, many non-profit organizations were forced to seek more help from their family foundation supporters in light of growing demand for the services those non-profits provide.

This crisis will probably slow the creation of new family foundations in the immediate future. There are approximately 37,500 US family foundations, according to the Foundation Center, and a third of those were created since 2000. Although growth in numbers had already slowed from the peak in the late 1990s, the economy will probably cause an even smaller number of families to create family foundations in the near term. Some will opt to use other, less formal structures for their philanthropy.

Another result of the economic crisis is that some family foundations that had been planning to exist in perpetuity (roughly 85%) are reconsidering. Some foundations are deciding to maintain or even increase their grantmaking in response to urgent needs, both domestically and globally, even if it means spending down their endowments. Even before the economic crisis, Bill Gates had announced that the Bill and Melinda Gates Foundation, the country's largest, would end 50 years after the death of the last current board member.

There are other factors besides shrinking endowments that have raised the issue of perpetuity for US foundations. Some donors consider whether they would rather see their endowments used now to have a big impact on a current problem or whether it is better to be like foundations such as Rockefeller which have endured over many generations. Others find that it is hard to keep a family involved over many years. For example, the third generation from the donors may live all over the world and have little connection to each other or to the foundation's mission.

### History and scope

French writer Alexis de Tocqueville's early 19th-century observations of the young American democracy singled out the rich civic life of the country, specifically the principle of personal initiative and commitment to the public good. Foundations are an important part of that personal initiative. The foundation as an institution dates to the beginning of the 1900s, with a small number of individuals and families who had generated enormous wealth during the Industrial Revolution. One of the wealthiest donors, Andrew Carnegie, not only helped lead the way with the establishment of his

own foundation, but his booklet *The Gospel of Wealth* still inspires donors who take to heart his creed that 'he who dies rich dies thus disgraced'. In 1917 the US Congress passed a law allowing tax deductions for charitable contributions. To this day, tax incentives continue to encourage philanthropy, although charitable provisions in current tax policy are always under scrutiny by the US president and Congress, particularly during this time of federal budget deficits.

US foundations are regulated by both state and federal law. The most significant legislative changes came via the Tax Reform Act of 1969, which placed many new restrictions on private foundations. Although federal law makes no distinction of what constitutes a 'family foundation', they are generally considered those private foundations in which members of the donor's family continue to play a significant role in the foundation's governance.

Total charitable spending by all family foundations has more than doubled since 1998. The majority of family foundations are small. According to the Foundation Center, roughly 60% have assets of less than \$1 million. Contrast that with the Gates Foundation, which had close to \$40 billion in assets at the end of 2007 and gave \$2 billion in grants. That foundation's already huge endowment ballooned suddenly in 2006 with the announcement by renowned investor Warren Buffett that he would donate \$31 billion over a period of years to the Gates Foundation. He now serves on the Gates Foundation board along with Bill and Melinda Gates.

## Characteristics of family foundations in the US

Gates and Buffett are examples of a trend of 'giving while living'. Despite tax policy that still favours estate giving, more Americans want to give during their lifetimes. Americans are also giving at much younger ages. Giving used to be something that you got involved in after retirement, probably in the last third of your life. Families are still choosing to do this work together, but rather than figuring it out after the estate of the donor has been settled, they are doing it together with the patriarch or matriarch. Additionally, given the changing demographics of today's families, donors might be involving their parents, siblings, spouses (or even ex-spouses), stepchildren and adopted children.

Most US donors who create family foundations do so with two primary goals: to help society and to engage their families in the giving. Most also intend for the foundation to continue after they die as a way to leave a legacy. In order to do that, they must continually engage the next generations of the family. Engaging younger family members in a foundation's work at early ages is a priority for many of today's family foundations. For young people, growing up with a tradition of giving becomes part of their identity and their desire to contribute to the common good.

The personal nature of family foundation giving often begins with a sense of belonging to a community, either one that is geographically based or a community of interest or concern. For today's families, that interest is increasingly global. On a 2008 random survey of family foundations' practices conducted by the National Center for Family Philanthropy, 21% of respondents said they give internationally, a growing trend that is expected to continue as more of the younger generations, who have been raised in the internet age, take their places at the family foundation table.

## Case study The David and Lucile Packard Foundation

The David and Lucile Packard Foundation ([www.packard.org](http://www.packard.org)), based in Los Altos, California, was created in 1964 by David Packard (1912–96), the co-founder of the Hewlett-Packard Company, and Lucile Salter Packard (1914–87). Today their legacy continues, with family members making up half of the board of directors. Led by president and CEO Carol Larson, the foundation is among the ten largest in the US with an endowment of \$6.5 billion (as of December 2007). The foundation's grantmaking budget for 2008 was approximately \$300 million.

Throughout their lives together, David and Lucile dedicated themselves to philanthropic causes – a passion they formalized in 1964 when they established the foundation. After David's death, the foundation was the beneficiary of a major portion of his estate. While the couple knew that foundations alone could never be expected to shoulder society's ultimate responsibility to its citizens, they believed a foundation could complement government efforts in significant ways, combining the ingenuity and innovation of the free market with unrestricted charitable resources to meet significant needs.

Guided by the business philosophy and values of the Packards, the foundation has three core grantmaking programmes. The Conservation and

Science Programme seeks to protect and restore the oceans, coasts and atmosphere and to enable the creative pursuit of scientific research towards this goal. The Population Programme seeks to slow the rate of growth of the world's population, to expand reproductive health options among the world's poor, and to support reproductive rights. The Children, Families and Communities Programme seeks to ensure opportunities for all children to reach their potential. In addition to the three core areas, the foundation provides grants to community organizations which offer important cultural and social services in local geographic areas of historical importance to the Packard family, and also funds organizational effectiveness for grantee organizations.

In addition to making grants, the foundation makes a variety of programme-related investments (PRIs). These investment strategies are typically employed when a traditional grant is not the most appropriate use of funds. They may take on a variety of forms including loans, guaranties, social deposits, lines of credit and equity investments. PRIs are valuable because they can assist a non-profit organization to obtain credit or improve their credit history and credit-worthiness, helping to make the organization more capable of obtaining commercial credit in the future.

## Case study The Michael & Susan Dell Foundation

The Michael & Susan Dell Foundation of Austin, Texas ([www.msdf.org](http://www.msdf.org)), was established in 1999. Its goal is to transform the lives of children living in urban poverty through better health and education.

Initially, the foundation focused on helping children in Central Texas, but the mission soon expanded to reach children globally. To date, the Michael & Susan Dell Foundation has committed more than \$530 million to assist non-profit organizations working in major urban communities in the United States and in India. As of the end of 2007, the foundation had assets of \$1.4 billion and was among the country's 50 largest.

Founder Michael Dell, born in 1965, is the chairman of the board of directors of Dell, Inc, the company he founded in 1984 with \$1,000 and an idea – to sell computers by building relationships directly with customers. In 1992 he became the youngest CEO ever to earn a ranking on the Fortune 500. Founder and board chair Susan Dell is a mother of four and the driving force behind the foundation's focus on urban children living in poverty. The third board member is Michael's father, Dr Alexander Dell, an orthodontist.

The foundation works in close partnership with its grantees, and collaborates with other foundations to support new ideas that offer well-planned and data-driven paths to direct solutions and long-term

systemic changes. In the words of Susan Dell: 'We have focused our grant portfolio on education and health; areas we believe are essential for children to emerge from poverty as healthy, productive adults.'

In the US the foundation concentrates on transforming public school systems into high-performing organizations. It also invests in healthy family and school environments, promoting in particular good nutrition and physical activity, and aiming to involve the child, parent and community in reducing the alarming obesity trends in children.

Internationally, the Dell Foundation's concentration is on India, where more than 30% of the country's 400 million children live in extreme poverty. Believing that such children deserve access to quality education, basic healthcare, clean water sources and adequate sanitation, the foundation attempts to address these issues as well as to improve family economic security by expanding the number of high-calibre microfinance institutions. Closer to home, the foundation funds projects to help Central Texas children close the achievement gap and to better prepare them for college and the workforce. They also fund paediatric health research, children's healthcare, and services for neglected and abused children.

## Case study The Conrad N Hilton Foundation

The Conrad N Hilton Foundation ([www.hiltonfoundation.org](http://www.hiltonfoundation.org)), headquartered near Los Angeles, California, was established in 1944 by hotel entrepreneur Conrad N Hilton. It remained relatively small until his death in 1979, when it was named the principal beneficiary of his estate. The foundation, plus related charitable entities and a fund supporting the work of Catholic Sisters serving the poor, have total assets of approximately \$4.3 billion. Since their inception, the foundation and the fund have awarded nearly \$800 million for charitable projects throughout the world.

The foundation's president and chief executive officer is Steven M Hilton, the founder's grandson. Steven's father, Barron Hilton, is chairman of the board. The family holds a majority of the seats on the board; currently two second-generation and four third-generation family members are serving.

In accordance with Conrad N Hilton's last will and testament, the foundation seeks to alleviate the suffering of the world's most disadvantaged children and adults. Key programme areas include: safe

water development; blindness-related services and prevention; housing for the mentally ill homeless; global work of the Catholic Sisters; early childhood development; substance abuse prevention; and hotel and restaurant management education. More than half of the grant dollars go to support international efforts, but the foundation also funds nationally and locally.

One of the foundation's most recognized projects is the annual Conrad N Hilton Humanitarian Prize, which at \$1.5 million is the world's largest humanitarian award. It was established by the foundation in 1996 to honour a charitable or non-governmental organization that has made extraordinary contributions towards alleviating human suffering anywhere in the world.

Eventually, the foundation will become even larger. In December 2007, the then 80-year-old Barron Hilton announced that he had bequeathed 97% of his fortune, estimated at that time to be \$2.3 billion, to the foundation. Part of his wealth was derived from the 2007 sale of his share of the hotel chain, and also from his stake in Harrah's Entertainment, the world's biggest casino company.

<sup>34</sup> Foundation Center, 2008, based on a subset of family foundations identified by the Foundation Center using subjective and objective criteria. These funders are included in independent foundation data.

<sup>35</sup> In this table the term 'giving' is used instead of 'charitable spending' as elsewhere in the report, but it is defined in the same way. The figures here include grants, scholarships and employee-matching gifts, but exclude set-asides, loans, PRIs and programme expenses.

**Table 12 Giving of the largest 100 US family foundations<sup>34</sup>**

	<i>Foundation</i>	<i>Giving<sup>35</sup> \$</i>	<i>Assets \$</i>	<i>Fiscal date</i>
1	Bill and Melinda Gates Foundation	2,845,654,000	33,120,381,000	Dec-06
2	Lilly Endowment Inc	352,335,165	7,601,664,181	Dec-06
3	The Annenberg Foundation	273,414,830	2,539,268,854	Jun-06
4	The David and Lucile Packard Foundation	238,242,075	6,350,664,410	Dec-06
5	Gordon and Betty Moore Foundation	231,158,757	5,836,161,877	Dec-06
6	Walton Family Foundation, Inc	157,989,927	1,328,793,250	Dec-05
7	Broad Foundation	113,451,000	1,802,485,000	Dec-06
8	The Susan Thompson Buffett Foundation	100,229,020	457,605,808	Dec-06
9	Richard King Mellon Foundation	93,576,542	2,088,186,647	Dec-06
10	The McKnight Foundation	93,482,513	2,213,868,000	Dec-06
11	Houston Endowment Inc	83,353,703	1,338,767,885	Dec-06
12	The Brown Foundation, Inc	68,356,805	1,223,019,722	Jun-06
13	The William Penn Foundation	62,874,720	1,428,365,937	Dec-06
14	Koret Foundation	61,855,026	247,754,640	Dec-05
15	The Heinz Endowments	57,029,975	1,435,890,084	Dec-06
16	The Michael and Susan Dell Foundation	56,238,527	1,226,020,349	Dec-05
17	Hall Family Foundation	55,708,950	883,436,222	Dec-06
18	The Robert W Wilson Charitable Trust	52,452,518	166,865,173	Dec-05
19	Joseph and Bessie Feinberg Foundation	50,790,748	73,533,426	Oct-06
20	W M Keck Foundation	49,889,653	1,410,261,448	Dec-06
21	The Richard and Helen DeVos Foundation	45,391,219	51,535,870	Dec-05
22	John Templeton Foundation	44,321,264	1,080,335,362	Dec-05
23	The Ahmanson Foundation	42,637,697	1,036,118,744	Oct-06
24	Wayne & Gladys Valley Foundation	42,306,690	607,517,865	Sep-06
25	Freeman Foundation	42,067,148	1,105,466,120	Dec-05
26	Tosa Foundation	41,859,106	322,979,379	Dec-05
27	Conrad N Hilton Foundation	40,269,173	1,058,073,339	Feb-07
28	Longwood Foundation, Inc	39,073,870	795,205,527	Sep-06
29	Barr Foundation	37,643,279	857,054,761	Dec-05
30	The J E and L E Mabee Foundation, Inc	36,532,800	769,999,802	Aug-06
31	The Edna McConnell Clark Foundation	36,344,106	846,456,297	Sep-06
32	Richard and Rhoda Goldman Fund	36,053,100	439,448,000	Dec-05
33	The Marcus Foundation, Inc	35,328,280	195,514,132	Dec-05
34	The Simons Foundation	33,017,410	477,022,066	Jun-06
35	Charles Simonyi Fund for Arts and Sciences	32,264,763	38,637,512	Dec-05
36	Horace W Goldsmith Foundation	31,399,332	428,533,067	Dec-06
37	Surdna Foundation, Inc	30,611,000	859,153,983	Jun-06
38	The Meadows Foundation, Inc	29,483,165	974,254,634	Dec-06
39	Evelyn and Walter Haas, Jr Fund	27,782,354	601,101,390	Dec-06
40	Arthur S DeMoss Foundation	27,710,710	404,292,670	Dec-05
41	The Lenfest Foundation, Inc	26,891,395	108,264,406	Jun-06
42	McCune Foundation	26,792,859	602,163,329	Sep-06
43	The Carson Family Charitable Trust	26,567,924	33,367,359	Dec-05
44	The Weill Family Foundation	26,443,175	212,871,739	Dec-05
45	George S and Dolores Dore Eccles Foundation	25,579,045	546,685,083	Dec-05
46	The Herbert H and Grace A Dow Foundation	25,509,399	512,459,917	Dec-05
47	F M Kirby Foundation, Inc	24,898,750	547,805,245	Dec-06
48	Rasmuson Foundation	24,743,830	527,896,528	Dec-05
49	Oberkotter Foundation	24,689,137	193,880,330	Nov-05
50	The William K Warren Foundation	24,135,150	474,401,960	Dec-05

	<i>Foundation</i>	<i>Giving<sup>35</sup> \$</i>	<i>Assets \$</i>	<i>Fiscal date</i>
51	J A & Kathryn Albertson Foundation, Inc	23,820,448	522,596,569	Dec-05
52	The Paul G Allen Family Foundation	23,683,669	17,212,262	Dec-05
53	Windgate Charitable Foundation, Inc	23,679,033	43,690,138	Dec-06
54	The Anschutz Foundation	23,651,204	529,307,287	Nov-05
55	Howard G Buffett Foundation	23,528,667	198,212,104	Dec-06
56	The ZOOM Foundation	23,500,000	132,862,376	Jun-06
57	The Goizueta Foundation	23,394,069	442,555,715	Dec-06
58	The Oak Foundation USA	23,351,564	314,694,590	Dec-05
59	The Danforth Foundation	22,757,764	217,848,609	May-06
60	The Sherwood Foundation	22,499,334	188,538,969	Dec-06
61	The Milken Family Foundation	22,348,979	252,825,518	Nov-05
62	Robertson Foundation	21,996,187	659,047,413	Nov-05
63	The George Gund Foundation	21,243,043	474,375,488	Dec-05
64	The Lerner Foundation	21,123,773	106,167,509	Dec-05
65	The Marisla Foundation	20,833,900	81,009,221	Dec-05
66	John & Cynthia Reed Foundation	20,829,047	56,857,409	Dec-06
67	Omidyar Network Fund, Inc	20,557,033	223,060,490	Dec-05
68	The Nathan Cummings Foundation	20,457,038	531,789,539	Dec-06
69	Bernard Osher Foundation	20,292,380	68,227,475	Dec-05
70	The Picower Foundation	20,184,413	685,672,092	Dec-06
71	Gilder Foundation, Inc	20,141,077	33,159,986	Dec-05
72	Arnold and Mabel Beckman Foundation	19,410,664	561,335,155	Aug-06
73	The Dana Foundation	19,224,871	333,726,910	Dec-06
74	Smith Richardson Foundation, Inc	19,097,958	530,156,472	Dec-06
75	Polk Bros Foundation, Inc	18,646,158	408,069,043	Aug-06
76	Dyson Foundation	18,462,531	350,000,000	Dec-06
77	The Russell Berrie Foundation	18,065,244	103,433,047	Dec-05
78	The Ford Family Foundation	17,806,107	594,896,662	Mar-06
79	Leslie H Wexner Charitable Fund	17,556,666	103,935,539	Dec-05
80	Edward C Johnson Fund	17,534,568	371,258,747	Dec-05
81	Mathile Family Foundation	17,459,799	321,489,385	Nov-06
82	Bradley-Turner Foundation, Inc	17,412,991	138,894,546	Dec-05
83	Comer Science & Education Foundation	17,404,646	55,866,574	Dec-05
84	The J Willard and Alice S Marriott Foundation	17,236,316	488,398,958	Dec-05
85	Hess Foundation, Inc	17,233,391	494,633,692	Nov-06
86	Colburn Music Fund	17,000,000	266,622,857	Jun-06
87	T L L Temple Foundation	16,969,270	362,463,175	Nov-06
88	The Meijer Foundation	16,844,556	69,190,177	Sep-06
89	Arcus Foundation	16,834,443	122,470,165	Dec-06
90	Park Foundation, Inc	16,763,377	437,088,177	Dec-06
91	Z Smith Reynolds Foundation, Inc	16,605,740	19,603,045	Dec-06
92	Peter R & Cynthia K Kellogg Foundation	16,542,370	215,857,913	Jun-06
93	Cotsen Family Foundation	16,369,712	73,749,761	Jun-06
94	Lannan Foundation	16,322,481	237,520,289	Dec-05
95	Roy J Carver Charitable Trust	16,210,291	344,957,084	Apr-07
96	Northwest Area Foundation	16,203,362	483,308,560	Mar-06
97	Claude Worthington Benedum Foundation	16,017,621	382,699,176	Dec-05
98	Robert M Fisher Memorial Foundation, Inc	15,977,235	12,806,624	Nov-06
99	WEM Foundation	15,960,124	149,051,590	Dec-06
100	The Arthur M Blank Family Foundation	15,935,684	54,947,112	Dec-05

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# 7 Highlights of country overviews of family foundations

## Cathy Pharoah

The comparison of levels of family foundation philanthropy in different countries reported in chapter 2 revealed that family foundations, both old and new, have a strong role in the philanthropy of the US, UK and Germany today. There were strong pre-recession growth rates. The study of Italy indicated the presence of many large family foundations, although data is sparse. Underlying this picture of the consistently strong presence of family foundation philanthropy in different countries are the very different courses which their respective histories have taken. In spite of their differences, however, they have many common themes. Various aspects of the history and current role of family foundations have been highlighted in the country overviews and case studies, which reveal both interesting contrasts and similarities, providing a wealth of topics worth further comparative research. As a conclusion to this report, some of the main themes and issues are summarized below.

The availability of data on foundations varies considerably between countries, and between foundations themselves, and the point was made that a lack of transparency is sometimes contradictory to the principles of democratic and open society which foundation activity often aims to promote. Even where there is some data, it is often not sufficiently comprehensive to allow a full assessment of the true contribution and resources of foundations.

True national comparison of family foundation philanthropy is also challenging because the different legal structures for foundations lead to differences in funding and operating structures which make like-with-like comparison difficult. The more fluid boundaries between corporate and philanthropic activities in some continental European foundations have led to a higher number of foundations with their own operating programmes, often directly linked to business and other professional interests. Such foundations bring their own specific expertise to their philanthropic work, are less dependent on others to achieve social change, and are often leaders in their field. The history of family foundation philanthropy in every country provides evidence of business, personal and philanthropic interests being combined, but the impact of these 'synergies' is little studied. Does family philanthropy in countries that have a large number of operating foundations play a more influential or different social role, in comparison with countries like the UK where foundations tend to be heavily oriented towards grantmaking? Are any particular fields more affected than others?

The structure of foundations in all countries is deeply embedded in their political histories. This has led to greater independence in the UK, but to discontinuous periods of development in Germany and Italy under regimes which fractured, curtailed or directed foundation development. The structure of the major

foundations, particularly where linked to company ownership, is complex, and Germany and the UK provided examples of cases where legislative and government intervention has been needed to address structural issues. In this sense foundations are not independent, and the extent to which, and ways in which, the structure and functions of major family foundations are related to political and social contexts are under-researched topics.

The major charitable family foundations in all the countries studied are also deeply interwoven into the political, social, economic and cultural needs of their societies. In the 18th and 19th centuries, wealthy and successful business families in different countries turned to foundations to promote the welfare of their employees, starting with their own companies and then developing their philanthropic investments to promote wider social reform. In Germany and in the UK foundations were sometimes formed specifically to protect the interests of employees. All the countries in the study have major family foundations directed towards the encouragement of the scientific, industrial and technological developments of their day, often linked to the founders' own original business interests.

Family foundation philanthropists in the study countries are often visionary in their approach to social and technological change, with a sense of responsibility towards it. In all countries universities particularly benefit from their philanthropic funds, and many foundations take a cross-national approach to supporting academic work and training which they consider particularly valuable. The scale of investment in some universities, as shown in one of the German case studies, has led to a sense of imbalance in distribution and to questions about the role of major philanthropy in unfairly influencing or distorting social priorities and resources. Much more study of the way in which foundations interpret, respond to and influence need would be valuable.

In looking at responses to need, it is important to explore the effects of different ways in which families engage with their foundations. In most countries there are examples of wives playing a strong role in family foundations and of the effects of family succession. Different family members also contribute by adding to the founding endowments of family foundations. The US chapter highlighted how emerging family demography is changing the landscape of family philanthropy. In some cases, longevity means that parents and children serve on boards together, while in others globalization and the dispersal of families mean that there is no one to take on the family foundation. This is further fuelling a current trend for founders to spend their fortunes in their lifetimes, making huge investments in single areas of activity. All countries show examples of different members of family foundations, or in Germany different partners in one company, sharing a philanthropic ethic, but seeing their foundations as another way of developing their own individual goals and preferences. The extent to which these patterns are bringing change and diversity into family foundation activities is also worth exploring.

Finally, in modern philanthropy as well as historically, it is worth highlighting the important presence of family foundations inspired by faith, or whose identity and values are linked to a faith tradition. The extent of their contribution; the differences and similarities between these foundations and others in terms of mission, values

and activities; their responsiveness to change and their impact on wider philanthropy and social need: all merit better understanding.

Perhaps the most striking point to emerge from the country overviews is the extent to which family foundation philanthropy continues to flourish in many different contexts, and in spite of the different challenges with which it is faced. Many countries, particularly the US, have seen strong growth in family foundation philanthropy in a rapidly changing world. This makes it tempting to develop a much better understanding of the common or overarching motivations, social needs and opportunities which mean that family foundation philanthropy finds a role and flourishes in so many different places and conditions.

## Appendix 1

# Scale and scope of family foundations today

Research carried out by the European Foundation Centre (EFC) found that the large majority of foundations were established by an individual from his/her personal wealth, or by the joint initiative of several individuals: 73% of foundations in Belgium, and 46% in France respectively. Individuals have accounted for 65% of foundations' founders in Germany since the 1950s.

The assets of charitable foundations experienced significant growth over the last two decades with rising global property values and stock markets, though fears about the impact of recession on values are increasingly being reported. More systematic data will be needed before a true trend can be established.

**US** There were more than 71,000 US foundations in 2006. Their assets were worth \$615 billion, and the total value of their charitable spending was almost \$41 billion.<sup>36</sup>

**UK** It has been estimated that there are around 10,000 UK foundations whose main purpose is grantmaking. The total charitable spending of the largest 500 of these, who account for the vast majority of charitable spending through foundations, is worth £2.7 billion if the government-established Big Lottery is included, and £2.1 billion without it. The assets of the largest 500 are worth around £33.5 billion.<sup>37</sup>

**Europe** Less data is available on continental Europe's foundations, but estimates suggest that there are around 80–90,000 grantmaking foundations in Western Europe, and 110–130,000 if Central and Eastern Europe are included.<sup>38</sup> The EFC's top 50 foundations across 13 countries (Belgium, Estonia, Finland, France, Germany, Hungary, Italy, Luxembourg, Slovenia, Slovakia, Spain, Sweden and the UK) represent a pool of assets of €88bn, which accounts for 37% of the total assets of foundations in these countries.<sup>39</sup>

**Family foundations** The US Foundation Centre reports continuing growth in the numbers of family foundations in the US, reaching almost 36,000 in 2006, with total charitable spending of over \$16 billion.<sup>40</sup> The UK has also seen the establishment of many new charitable family foundations, though there is no data on this; their names bear witness to the philanthropy of the modern era, including Sainsbury, Foyle, Paul Hamlyn, Peter de Haan, Hunter, Volant, Shirley, Sutton, Vardy and Pears, among others. The Charity Commission reported that 60 new family foundations were set up in 2006 alone.

<sup>36</sup> <http://foundationcenter.org/findfunders/statistics>.

<sup>37</sup> Pharoah, C (2006), *Charity Trends*. CAF. CaritasData. London.

<sup>38</sup> Anheier, H (2001). *Foundations in Europe: A comparative perspective*. Civil Society Working Paper 18. [www.lse.ac.uk/collections/CCS/pdf/CSWP18-revised\\_july\\_2001.pdf](http://www.lse.ac.uk/collections/CCS/pdf/CSWP18-revised_july_2001.pdf).

<sup>39</sup> [www.efc.be/projects/knowledge](http://www.efc.be/projects/knowledge).

<sup>40</sup> Foundation Center, 2008.

## Appendix 2

# Note on research specification

This note summarizes guidelines provided to help prepare comparative international data on the amount of family charitable spending through family foundations.

### Definition of foundations

Although they vary considerably in origins and purpose, the basic defining features of a charitable foundation as an institution are that it is:

- a non-membership-based organization;
- institutionally detached from government/public agencies in terms of autonomy;
- a non-profit-distributing entity;
- a self-governing entity;
- accepted as serving a charitable public purpose.

**Charitable family foundations** Charitable family foundations are in the category of private/independent foundations. A broad research classification commonly used in the US and Europe divides foundations into several types according to the nature of their funding, governance and operation, as set out below:

<i>Type of foundation</i>	<i>Type of funding</i>
public	mainly funded from government sources
private/independent	independently funded by individual, family or family business
corporate	funded by a company to carry out its charitable spending
community	funded by a community 'pot' from a number of sources
operating	funded by endowments or by fundraising in order to run its own programme, as distinct from making grants to others

The research should follow the approach of the Foundation Center, which uses a number of objective and subjective criteria to help identify a family foundation, including:

- independent foundations which have a 'family' or 'families' in their name, or a living donor whose surname matches the foundation name; or
- at least two grantmaking foundation surnames that match a living or deceased donor's name; or
- any independent foundations that self-identify as family foundations on annual Foundation Center surveys.

## Data collection guidelines

- Foundations set up around 1870 and later should be included, including those set up by family gift at origin, such as a legacy.
- The aims are to use information which family foundations already collect and to encourage quality and transparency of data through research and publication.
- Flexibility in selecting foundations will be needed because of major differences between countries in form and role of family foundations, changing structures, availability of financial data, and accounting conventions; decisions on including certain foundations may need to be taken on a case-by-case basis.
- Data collection should be aimed principally at illuminating the financial contribution of family foundation philanthropy, namely monies which families have foregone/are foregoing for charitable purposes; this principle should guide all decisions about what data to include and exclude.
- Foundations which have a mixture of family and other external funding, such as from the state, from other donors or from trading, may be included provided that the total amount of family funding in its income base is as high as that of other foundations which are only family-funded; as far as possible, data on expenditure provided should relate principally to the amount of family funding.
- If a sensible assessment of the amount of family funding cannot be made, then the foundation should not be included.
- Foundations will be ranked for the report by their level of charitable expenditure, not by their net asset values.
- Figures for foundations should be collected where available; the interpretation of assets figures should be cautious (see the German study for further detail on problems); in some types of continental European foundations, the assets figure may include non-philanthropic components: for those funded by annual or other gifts, what is shown as assets on the balance sheet is simply working reserves and fixed assets; other problems arise where foundations are spending down their endowments.
- In practice, the researchers may have to accept the data available, but should aim to include all spending on charitable activities such as grants and operating programmes, and spending directly related to the internal running of the programmes.
- If possible, figures should exclude the institution's own administrative overheads which are not directly related to specific charitable programmes (reference: UK Charity Commission Statement of Recommended Practice (SORP) for accounting for charities, Support Costs, paragraphs 164 and 165).
- Where a foundation is spending down its assets, provide an explanatory note.
- Generally, if a family-founded foundation has its own trading operation, then income from this source should be regarded as income from the family.
- Reinvesting funds in reserves would not be regarded as part of total expenditure.
- Data on the most recent accounting year available should be collected.
- The figure for assets should be the net assets.



## Recently published **A new agenda?** The European Union and Cultural Policy by Hans Erik Næss

**Culture seems to affect the lives of European citizens more and more. In 2007 the European Union (EU) endorsed 'A European agenda for culture in a globalising world', their 'first-ever strategy for culture'.**

To anyone familiar with the history of the EU, this was groundbreaking news. Culture had for the first time been elevated into the premier league of EU politics. In this book, which ranges from cosmopolitan philosophy to Playstation games, Norwegian sociologist Hans Erik Næss investigates the case further: what is the content of this strategy, what is new about it, and how will it affect European and national cultures?

Written in an easily accessible style, this book allows the reader to explore these questions. It provides students, philanthropists, culture journalists, artists, NGO staff, politicians and the like with a creative introduction to the interactions between EU policies and European culture.

**"New to the world of publishing, I was exceptionally pleased with how well APT took care of me and my book project."**  
Hans Erik Næss

For this title Alliance Publishing Trust (APT) provided a complete service including:

- **Editing and proofreading** – done by people familiar with foundations and the NGO sector
- **Design** – including cover, layout, materials and text styles
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