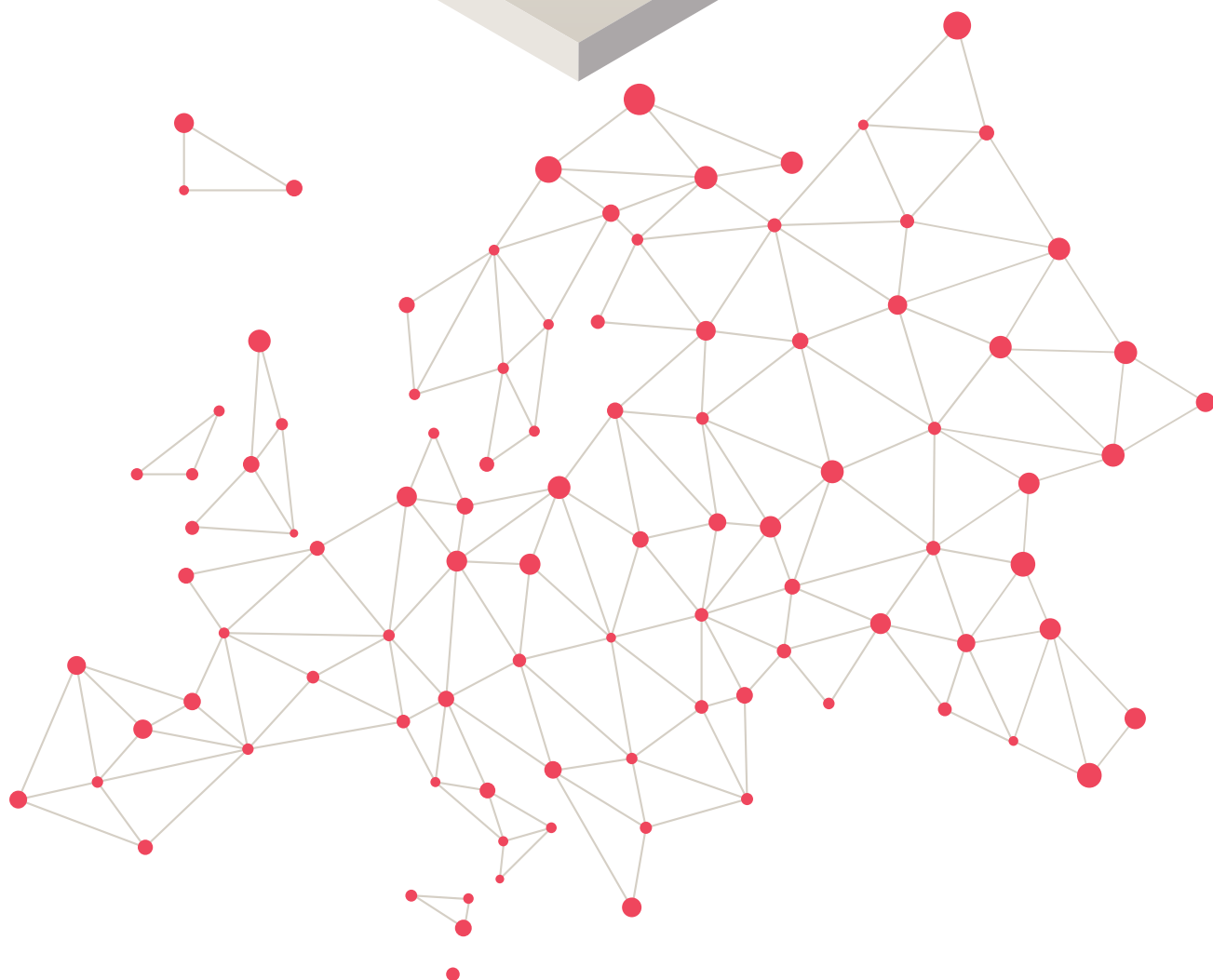


EUROPEAN PHILANTHROPY MANIFESTO



Unlocking European philanthropy potential:
4 key steps to a Single Market for Philanthropy

2024 UPDATE

Today's societal challenges require concerted efforts by many actors, be they public, private or philanthropic. More and more people in Europe are keen to engage in philanthropy, but challenges and barriers – especially when acting across borders – persist.

This European Philanthropy Manifesto is a call to policymakers in Europe to work towards a **Single Market for Philanthropy** by taking these 4 steps:

EMPOWER
philanthropy

FACILITATE
cross-border philanthropy

ENGAGE
with philanthropy

PARTNER
with philanthropy for public good

The time is now to build on the momentum of promising developments in 2020-2023:

- The Social Economy Action Plan and Council Recommendations for Social Economy
- Council Recommendations on Civic Space
- The Commission's legislative proposal for a European cross-border association

A SNAPSHOT OF PHILANTHROPY IN EUROPE



186,000+
philanthropic organisations*



Largest number
of public-benefit foundations of any continent



€54 billion
annual expenditure**



Millions of citizens
who want to do public good

* data from 26 European countries (Philea, 2023)

** data from 24 European countries (Philea, 2023)

FOUNDATIONS COME IN MANY FORMS AND SIZES



Local or global



Set up by companies, individuals or families



Small or large



Enterprise foundations: combining philanthropy with ownership of companies



Operating, grantmaking or both



...and more

What — Why — How

In ways big and small, philanthropic organisations and individual and corporate donors play a pivotal role in **co-shaping and supporting a pluralistic, just and resilient society that centres people and the planet.**

The growing philanthropic sector supports programmes from which we all benefit in areas such as culture, democracy, education, environment, health, international development, research and science, to name just a few. Philanthropic organisations promote ideas and innovation, act as catalysts, and are able to respond in agile ways to new developments. A unique characteristic of philanthropy is its ability to respond in real time to the critical challenges facing our societies, while simultaneously taking a longer-term view.

Philanthropy plays a crucial role within civil society and the social economy, supporting its fellow actors in these spheres and complementing government and private sector initiatives. As such, philanthropy supports the call for an EU Civil Society Strategy and policy recommendations brought forward by Social Economy Europe.

In light of green, digital and social transitions; growing radicalisation and conflict; and the serious challenges to democratic ideals and freedoms in some parts of Europe, **philanthropy has an important role to play in finding solutions.**

Philanthropy can do this and much more if it operates in an enabling policy and regulatory environment. **However, regulation and the wider political climate are increasingly challenging and hampering activities of philanthropic actors, including when acting across borders. Old and new barriers – and in some cases, over-regulation – to philanthropy action exists.***

Philanthropic actors must enjoy the treaty freedoms and freedom of association **when it comes to cross-border recognition of legal personality, transfer of seat, cross-border mergers, free flow of funds for public-benefit purposes across borders, non-discriminatory tax treatment, and an overall enabling operating space.**

And it needs tailor-made policies regarding anti-money laundering and counterterrorism financing regulations within the EU to avoid unintended consequences.

Read on for the 4 key steps needed to unlock European philanthropy potential.



* See Philea's [legal and fiscal country profiles](#) and "[Comparative Highlights of Foundation Laws](#)" for details on the European philanthropic operating environment.

4 key steps to a Single Market for Philanthropy

EMPOWER

philanthropy

► The Treaty Freedoms and Fundamental Rights, including the freedom of association and expression and the free flow of capital, should be clearly applied to donors and philanthropic organisations of all different types, shapes and sizes. We call on national policymakers and authorities to provide for an **enabling and supportive legal framework for philanthropy and foundations** and for the EU to consider crafting Minimum Standards for the application of the Freedom of Association.

► **Processes** to donate and **rules** to set up and govern philanthropic organisations should be **clear and straightforward**. National policymakers should set up incentives for individual and corporate donors. More private capital will flow towards sustainable solutions if regulations and standards are clearly defined, and incentives are put in place to encourage philanthropic action.

► We call on national and EU policymakers to develop **national and EU strategies for philanthropy** and to **enlarge the toolbox** where needed, for example by enabling philanthropic organisations to engage in impact investing with both their programme and endowment investments.

► In the context of endowment investments, policymakers could **support the creation of financial instruments** that would enable philanthropic organisations to invest their endowment in products that are linked to their mission and that are acceptable in terms of financial risks.

► We call on national, EU and international policymakers to make sure that **rules on anti-money laundering and counterterrorism financing are proportionate to the risks** they seek to mitigate and do not unduly restrict legitimate public-benefit activities. Philanthropic organisations must continue to have access to financial services.

► There should be continued monitoring by the European Commission and the EU Fundamental Rights Agency to ensure that **EU and national legislation impacting philanthropy is compatible with EU law and fundamental rights**, and that infringement proceedings are launched in cases where national laws are not compatible.

► We call on EU and national policymakers to work towards a **fairer VAT deal for philanthropic organisations** and allow for compensation schemes to recover irrevocable VAT costs, or to provide other solutions.

FACILITATE

cross-border philanthropy

► Building on the Social Economy Action Plan, we call on the EU to **ensure the free flow of philanthropic capital and actions within Europe** with a view to mobilising more private resources for public good across borders.

► We call for a more **meaningful application of the non-discrimination principle** to facilitate tax-effective cross-border philanthropy with a view to implementing the Single Market for Philanthropy. Solutions could include:

- **A directive** on mutual recognition of tax-exempt public-benefit organisations within the EU
- **Guidance** to Member States on how to implement the non-discrimination principle in a more meaningful way
- The creation of **templates** to facilitate cross-border philanthropy as outlined in the Council recommendation on social economy frameworks

► **The Single Market for Philanthropy** should also include:

- **Mutual recognition** of legal personality of philanthropic organisations without further registration processes across the EU and beyond
- **Cross-border mergers and move of seats** for philanthropic organisations within the EU
- Swift adoption of the current **European Cross-Border Association (ECBA)** proposal and consideration of a similar national legal form for foundations, as well as a supranational legal form for organised philanthropy

► Policymakers at European and national levels must **refrain from introducing foreign funding restrictions** (e.g. by requiring specific reporting and listing of organisations receiving foreign funding).

4 key steps to a Single Market for Philanthropy

ENGAGE

with philanthropy

- ▶ Philanthropy plays a significant role in addressing European challenges (e.g. climate, democracy, health, social justice). We call for a **more strategic approach of the EU and philanthropy in working together** to address today's challenges of common concern.
- ▶ We call for a **better implementation of Article 11 of the Treaty on European Union (TEU)**, which requires EU institutions to maintain an open, transparent and regular dialogue with civil society including philanthropy, for example by concluding a civil dialogue agreement.
- ▶ We welcome engagement opportunities such as the Social Economy Gateway and believe these should be further strengthened to **facilitate strategic engagement opportunities**. Multi-stakeholder forums set up by EU institutions should include philanthropic organisations to better reflect various perspectives.
- ▶ We call on the European Parliament to continue the Parliament Intergroup on Social Economy and to **set up a dedicated Intergroup on Philanthropy**.
- ▶ Policymakers should continue to **recognise the important role of philanthropy publicly** by considering, among other initiatives, establishing a European Year for Philanthropy and by promoting philanthropy with a European purpose.
- ▶ We count on the **European Economic and Social Committee** to continue to promote philanthropy.

PARTNER

with philanthropy for public good

- ▶ The **EU should partner with philanthropy to protect civic space, democracy, the rule of law and fundamental rights**, including the protection and empowerment of people with disabilities and other vulnerable groups. The EU and philanthropy should jointly work towards digital, green and social transitions.
- ▶ EU policymakers should consider philanthropic organisations of different sizes and scales as **strategic partners, providers of ideas, co-funders, co-investors, implementers and recipients of EU funding**. In addition to their financial contribution, foundations have the capacity to connect the local, national and European levels.
- ▶ Philanthropy should be invited to join **partnerships with the public sector** to co-design, co-implement and co-fund/invest transformative projects and initiatives.
- ▶ The EU should engage with individual and corporate donors for the public good by **developing new innovative funding mechanisms** (e.g. Creative Europe).
- ▶ The EU should **review its financial rules and regulations** to enable and encourage more partnerships and co-funding opportunities with philanthropic organisations and offer more flexible support to those civil society organisations receiving EU funding. The EU should also ensure that sufficient and adequate resources are available for civil society organisations to promote fundamental rights, the rule of law and democracy; and to sustain watchdog roles via the EU CERV programme and beyond.
- ▶ The EU and InvestEU implementing partners should develop, together with philanthropy, a **co-investment facility**. Member States should also jointly develop co-investment facilities at the national level.
- ▶ The EU should consider the creation of a **European fund/foundation** combining EU and philanthropic funding.

About

Philea – Philanthropy Europe Association

Our vision is for philanthropy to use its full potential to co-shape and support a pluralistic, just and resilient society that centres people and the planet. To achieve this, our mission is to enable, encourage and empower the philanthropic community to build a better today and tomorrow.

We nurture a diverse and inclusive ecosystem of foundations, philanthropic organisations and networks in over 30 countries that work for the common good. With individual and national-level infrastructure organisations as members, we unite over 10,000 public-benefit foundations that seek to improve life for people and communities in Europe and around the world.

We galvanise collective action and amplify the voice of European philanthropy. Together we:

→ **Co-create knowledge and learn** from effective practices

→ **Collaborate** around current and emerging issues


→ **Promote enabling environments** for doing good

In all we do, we are committed to enhancing trust, collaboration, transparency, innovation, inclusion and diversity.

Policy and advocacy at Philea: Philea champions the interests of its members vis-à-vis the EU and multilateral organisations. We work towards an enabling operating environment for European philanthropy by monitoring and analysing policy and regulatory trends at national, European, and international level, and engaging around this agenda with policymakers and other stakeholders. We position philanthropy as a key actor on societal issues and facilitate strategic engagement and collaboration opportunities, including public-private partnerships.

Contact

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