



JOINT STATEMENT: EFC & DAFNE

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Foundations denied freedom of movement across Europe

Member States miss an opportunity to agree the European Foundation Statute

Our organisations, the European Foundation Centre (EFC) and the Donors and Foundations Networks in Europe (DAFNE) representing together over 7,000 foundations, would like to express our extreme disappointment over the failure of the representatives of the 28 EU Member States to reach a consensus on the European Foundation Statute at their meeting in Brussels on 19 November.

We feel strongly that this is a missed opportunity. The European Foundation Statute is a simple, cost-effective solution to enable foundations to fund across communities in Europe and to bring about more public good to people and communities most in need. The Statute is citizen-focussed and targeted at improving the circumstances and opportunities for civic space to thrive and grow across Europe.

This is a serious setback for foundations and communities and citizens on the ground. The perversity of unanimity for decision-making means that a minority can veto the choice and agreement of the majority. This system and decision-making process is not geared to the interests of citizens across Europe and demonstrates the flaws in policy-making at EU level. There's an added irony that some countries which have a strong track record of foundations working hard over time to improve the lives of citizens have rejected the current proposal.

On 19 November, the Italian EU Presidency presented a carefully thought out new package to EU country representatives (COREPER) seeking a compromise on the proposal for the European Foundation Statute (EFS) which required the unanimity of the 28 EU Member States. The new text prepared by the Presidency took due account of countries' concerns and requirements, therefore unanimity on the content of the proposal does not appear to be the issue, but rather a political matter for the minority of Member States that disagreed with the adoption of the EFS.

It would appear that some national delegations, whilst unable to deny the value of foundations' work in society, seem to entertain doubts on the value of a European Statute per se. It is difficult to fathom the rationale for not backing the Statute. The EFS is intended

to provide a trusted and transparent instrument for foundations to fund across borders to meet the needs of citizens in Europe. It is worth noting that there are over 100,000 foundations in Europe with a combined annual expenditure of some 100 billion euros. Today a significant amount of this money, instead of being used for the greater good, is tied up in complying with over 50 types of existing national legislation in Europe. This annual cost has been estimated to exceed 100 million euros.

By adopting the EFS, Member States and the EU and could have led the way globally in signalling the importance of promoting a foundation funding model. The growth of foundations is significant across the globe.

Regardless of the outcome of the COREPER meeting of 19 November, Member States will nevertheless have to clarify and amend their national rules and practices to enable the full legal recognition and equal treatment of public benefit foundations across the EU.

Undeniably this will have added cost and burdensome bureaucracy associated with it which could be avoided by agreeing the EFS.

The EU Trio, i.e. the countries holding the EU presidency (Italy until the end of the year, and Latvia and Luxembourg in 2016) and the European Commission are now to review how to move forward with the EFS file.

At this stage, we would like to recognise and thank the members of DAFNE and EFC for all their relentless hard work in their efforts to have the Statute adopted. We are committed more than ever to encourage and enable a dialogue that seeks to establish cost-effective solutions to underpin foundations' work in Europe and internationally as doing common good does not stop at country borders.

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Background to the European Foundation Statute

In February 2012, after 4 years of preparatory work, a feasibility study and public consultations, the European Commission presented a proposal for a European Foundation Statute in order to facilitate the cross-border activities of public benefit purpose foundations and make it easier for them to support public benefit causes across the EU. The initiative was endorsed by EU advisory bodies, the European Economic and Social Committee and the Committee of the Regions in 2012 and received initial backing by the Members of the European Parliament in July 2013. Since April 2012 the file has been under review by the Council (representing the 28 EU Member States).

About The European Foundation Statute (EFS)

In summary, the EFS would:

- provide uniform conditions across the EU; greater legal certainty; and lower (administrative) costs for foundations;
- enable donors to securely and easily support good causes across border and pool assets for good causes;
- increase resources for public good that ultimately benefit citizens
- improve the availability of funding sources and net aggregate funding across Member States for general interest causes;
- enhance collaborations across Europe to meet common challenges.