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Foundations: catalysts of social change, innovation and civic action?¹

A critical realist conceptualization and empirical analysis of the Belgian sector of foundations.²

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Abstract

Foundations are recently rediscovered as catalysts of innovation, social change and civic action. As *independent*, separately constituted *non-profit* entities with their *own governing board* and with their *own source of income* they are said to contribute to the improvement of the living conditions and quality of life of the general public and of specific individuals and social groups in need. They are said to promote civic initiatives and active citizenship. Some of them operate own programmes and services in a variety of fields. Some of them play a central role in policy discussions and represent a valuable source of income for associations. Networks of foundations at national as well as international levels are set up to reflect upon and promote foundations as societal actors, to support the interchange of ideas, strategies and models among individual foundations, to promote transparency and corporate governance within foundations, and to help philanthropists to achieve their goals in a more effective way. Legal reforms are instigated to better protect foundations as a specific legal form with specific aims, to create more convergence between the national laws on foundations, and to create more space for private foundations (see Develtere, Van Ootegem & Raymaekers, 2004; EFC, 2005, 2008; Gijssels, Franchois & Van Opstal, 2008; Gijssels & Develtere, 2006; Schlüter, Then & Walkenhorst, 2001).

In this paper we develop a critical realist conceptualization of foundations as emergent effects of the interaction of social agents, taking into account the heterogeneity and dynamism of the field. Next we empirically illustrate the profile of foundations in Belgium and we will sketch recent elaborations of the legal framework with respect to foundations in Belgium as well as elaborations of the way foundations operate. Quantitative data on foundations in Belgium were gathered within the framework of a large scale research project on foundations in Europe, aimed to collect evidence on foundations in Europe, commissioned and coordinated by the Research Task Force of the European Foundation Centre, a European association of foundations and corporate funders (EFC, 2008; Gijssels, Franchois & Van Opstal, 2008). Qualitative data on recent trends and evolutions in the field of foundations in Belgium were gathered within the framework of a research project, commissioned by the King Baudouin Foundation, aimed to get a more dynamic and in-depth view on the reality of the top-15 foundations in the country (Gijssels & Develtere, 2006).

1 Introduction

Foundations experience growing attention these days. Representative bodies and networks of foundations were established during the last couple of decades and researchers, philanthropists and policy makers have rediscovered the field. Although this rediscovery is a fairly recent phenomenon, foundations have a long standing history in the Western world. In a beautiful historical overview of the development of foundations in Europe Allan Smith and Karsten Borgmann (2001) report evidence of the existence of foundations dating back to Ancient times. They show how, within the process of constructing the modern nation states, various efforts to regulate, integrate and even eliminate old charitable institutions were undertaken; and how, nowadays, a revival of the civil society and its various agents can be discerned as social welfare states are being reinvented and economies are liberalized (Smith & Borgmann, 2001: 3).

Foundations today are the object of networks and conferences of philanthropists who jointly reflect on their performance, on ways to improve their performance and communicate about it, in a search for recognition and legitimation of the role they set themselves to play in (civil) society. Recent legislative reforms tried to provide a contemporary framework for the establishment and management of foundations, protecting their status and controlling their performance. Researchers discovered this rich and dynamic reality. They instigated to gather and systematize facts and figures, thereby supporting the field to increase its performance and legitimation. Recent publications of facts and figures on foundations in Europe by the Research Task Force of the European Foundation Centre, a European association of foundations and corporate funders (EFC, 2005, 2008) as well as monographies on the sector of foundations in various countries all over the world (as for example collected in Anheier & Toepler, 1999 and Schlüter, Then & Walkenhorst, 2001) try to capture foundations' characteristics and societal impact.

In this paper we conceptualize foundations as dynamic and heterogenous entities, created, elaborated and framed by social agents who stand in a necessary relationship to them (founders, board members, policy makers, partners, etc.). This conceptualization is inspired by the philosophy of science called critical realism, initiated by Roy Bhaskar (1975, 1979, 1989, 1993) and elaborated by a plethora of methodologists in social science (such as Andrew Sayer, 1992), sociologists (such as Margaret Archer, 1995, 2000, 2003), organization and management scientists (such as Steve Fleetwood, 1995, 2004) and economists (such as Tony Lawson, 1997 and Paul Lewis, 2000, 2004).

In the next paragraph we present empirical evidence on the profile of the field of foundations in Belgium. How many foundations exist in Belgium? What are their characteristics? Who are their beneficiaries? After this rather static family portrait of foundations in Belgium, we present a more dynamic and in-depth analysis of the field, focusing on the ways the field is continuously elaborated by social agents involved. We describe recent key pivotal moments in the history of the field, i.c. the elaboration of the new law on foundations, as well as the creation of the Belgian Network of Foundations, both framing the establishment and elaboration of foundations. We then present empirical evidence on the elaboration of the key structural and cultural

characteristics of 15 foundations that seem to be the biggest spenders among foundations in Belgium. This evidence is based on an analysis of annual reports published between 2001 and 2005.

2 A critical realist conceptualization of foundations

2.1 A brief critical realist reasoning on foundations

The key-assumption of critical realism argued by Bhaskar in his philosophy of science (1975, 1979) is that one should make a difference between what can be observed (the domain of the *empirical*), what is actually happening (the domain of the *actual*) and what is transfactually underlying (the domain of the *underlying mechanisms*, defined as the necessary tendencies of objects to do something in virtue of their intrinsic properties). In empirical analysis we start from what can be observed and retroduce the actual processes and interactions that have led to the observed effects, making use of a theoretical conceptualization of the properties and their resulting powers and liabilities of the agents and objects involved. Critical realist analysis essentially is retroductive (Bhaskar, 1979; Sayer, 1992).

Foundations can be conceptualized as emergent effects of actual social interactions of agents (cf. Archer, 1995). They can be studied as objects 'out there', existing independently of our knowledge about them. However, as social objects, they don't exist independently of the activities and conceptualizations of agents involved. They are activity and concept dependent, as well as dependent on the spatio-temporal context in which they emerge. They are emergent, in the sense that they have structural and cultural properties that can not be reduced to those of their constituents (social, legal, financial processes) (cf. Bhaskar, 1979). They emerge as a result of intentional and conscious interactions. They are established, by a (group of) founder(s) by contributing an asset (financial or other) to be deployed for a specific purpose the founder(s) has in mind to serve with it. This purpose has to be of a desinterested character (it may not be for profit) and has to be drawn up by a notary public in the articles of association. In these articles the founder(s) further specify where the foundation will be located, how it will operate, who will be its representatives and board members. In Belgium, public benefit foundations must be approved by the Ministry of Justice, which, after publication by Royal Decree, will grant legal personality. Interactively, the members of the governing board stipulate how the asset will be managed and through which concrete actions the objective will be realized, what partnerships will be set up and with whom, and how communication of the aim and operations of the foundation will be arranged.

As a result of all these actions, foundations are objects with emergent properties of a structural and cultural kind. In virtue of their particular constitution (the constellation of cultural and structural properties), they have a specific influence on social agents and their power to act and make a difference (agency) (cf. Archer, 1995). As social forms, foundations are causally efficacious in the sense that they can exercise agency and possess powers by enabling and constraining people's actions (cf. Lewis, 2000). Of course these powers have to be activated and

they are dependent upon the activities and interpretations of efficient agents, i.c. people. However, irrespective of the fact whether the particular founders are still alive or residing in the governing board, irrespective of the particular functionaries that represent and act on behalf of the foundation (the particular board members at a given point in time), the foundation is an institution that can enable people or organizations to do something (to exercise their agency) (cf. Bhaskar, 1979; Archer, 1995). People within the foundation have to decide whether to give grants and to whom, but it is because of its characteristics and existence as a grant-making foundation and the particular objective stipulated in its statutes that such grants can be given to beneficiaries in the first place (for a discussion of the topic of causal efficiency and causal efficacy see a.o. Lewis, 2000).

The activity and concept dependency of foundations does not only leads to the argument that foundations are constraining and enabling the actions of agents. It also implies that they should be seen as dynamic realities. Agential interactions producing, reproducing and transforming social objects are ongoing. In order to be able to disentangle the complex interplay of efficient agency (by social agents) and causal efficacy (of the structural and cultural properties of the social context of the agents involved), Archer (1995) argues one has to break into the cycle and analyse how at point T1 existing objects are the emergent result of prior cycles and are causally efficacious to agents' activities. In the next cycle agents find themselves working with the existing conditions, being constrained and enabled by them. Thus the process between the starting point and the next point in time T2 is one of structural conditioning. Between T2 and T3 the structural and cultural conditions are reproduced/transformed through the agents' actions in a processes called social and socio-cultural interaction. At T4 the reproduced/transformed object forms the starting point for a new cycle, pre-conditioning subsequent actions, being causally efficacious on the capacities to act and make a difference of the agents involved (Archer, 1995).⁴

Inspired by this morphogenetic/morphostatic approach (Archer, 1995, 2000, 2003), one can study objects in terms of the elaboration of their cultural and structural properties in processes of social and socio-cultural interactions by social agents. These agents find themselves in specific conditions, related to the object they elaborate as well as to the broader context in which they find themselves. These conditions enable and constrain their actions and by elaborating them, agents elaborate their own agency. Elaboration may be defined in terms of morphostasis (reproduction) or morphogenesis (transformation). With the concept of 'double morphogenesis/morphostasis' Archer points to the elaboration (transformation or reproduction) of the structural and cultural properties of something like a foundation by the productive activities of the agents involved. With the concept of 'triple morphogenesis/morphostatis' Archer argues that, by elaborating their conditions, agents also elaborate their own agency (i.c. their capacity to act and power to make a difference).

⁴This morphogenetic/morphostatic approach is one of the key-differences between Archers' social theory and structuration theory as proposed by Anthony Giddens (1984) in which structures are seen as simultaneously structuring the actions of agents and being the result of the actions of agents.

Coming back to our topic of foundations, we can thus say that, once established foundations have their own emergent structural and cultural properties and by virtue of this constellation, they have a causal influence on the capacity to act and the power to make a difference (conceptualized as 'agency') of social agents involved. However, through 'positioned practices', i.c. the actions of these agents who stand in a specific position to the foundation (either internal as a founder, board member, member of a selection committee etc., or external as a grantee, a partner, a policy maker etc.) as well as the broader societal context in which they find themselves, foundations are continuously elaborated, which means that they are constantly reproduced/transformed by the social agents involved. Of course, founders and board members of foundations do not operate in a vacuum. Important contextual characteristics such as legal and self-regulations, as well as characteristics of the political, economic and social context - that themselves are the emergent and continuously elaborated results of (inter)actions by social agents - are constraining and enabling social agents' actions to create and manage foundations.

A further key insight of critical realism is that the analysis is not essentialistic, meaning that it does not conceptualize entities, such as foundations, as monolithic blocs. Because social objects are activity, concept- and spatio-temporal dependent, one entity is not completely the same as another (Bhaskar, 1979). One foundation is not a look-a-like of another. They all are actual constellations of particular structural and cultural properties. Thus, what needs to be the object of analysis is the properties of the objects, not the entities.

From this critical realist conceptualization three important insights for the study of foundations emerge. First, the reality of foundations must be analysed from a dynamic perspective, recognizing the continuous elaboration of foundations by social agents involved and the enabling and constraining context in which they operate. Secondly, it enables us to recognize and conceptualize the heterogeneity of the reality of foundations. Foundations cannot be analyzed as if they were all look-a-likes, forming a monolithic bloc. The concept of 'foundation' indeed refers to an extremely heterogenous reality. And finally, the study of this reality should encompass a careful analysis of their internal constellation, i.c. their specific combination of structural and cultural properties, as well as their relation to other institutions and agents in the context in which they are active.

Therefore, we will start with a conceptualization of the properties of foundations. This will provide the framework with which we will interpret empirical observations from a quantitative and qualitative analysis of the field in Belgium.

2.2 Conceptualizing the heterogeneity of foundations' reality

A critical realist analysis does not focus on 'the foundation' as an entity, always and everywhere one and the same. On the contrary. Critical realism is no entity realism, but a realism of essential characteristics of properties. Theorizing the characteristics of foundations has been the topic the seminal work of Helmut Anheier (2001).

A first characteristic of foundations has to do with the aims of the founders, resulting in the type of objective they want to achieve by setting up a foundation. Some foundations are set up to achieve objectives of public interest. Other foundations may be set up to pursue purely private interests (such as the preservation of a patrimony, the certification of shares and successions, the treatment of a handicapped child after decease of both parents, etc.). Generally speaking private foundations are not recognized as civil society institutions (Anheier, 2001).

A second characteristic of foundations has to do with the autonomy of the institution established. Some philanthropists don't want to establish an independent legal entity, but they want to place their patrimony in the service of a specific disinterested purpose. Some foundations, e.g. the King Baudouin Foundation and the Fondation de France, host a non-negligible number of funds, created by philanthropists (natural persons, corporations, non-profit associations) who want to have their assets deployed for societal benefit, but who don't want to go through all the administrative and legal requests putted on foundations in Belgium and France respectively. Generally speaking, only independent, autonomous foundations striving for a public benefit are taken into account when speaking about the foundation part of civil society (Anheier, 2001).

In a useful theorization of the structural properties of autonomous public benefit foundations Anheier (2001: 49-50) distinguishes public benefit foundations according to their basic form. Some foundations purely rely on equity income, others are grant-seeking or are a mixed model. Anheier also makes a distinction between their fundamental operating forms. Some foundations are purely grant-making, whilst others are operating foundations, or they may combine both methods - as many of the European foundations seem to do, thus challenging the US definition of foundations. Anheier further makes a distinction according to the type of founder. Some foundations are set up by private persons, groups of persons, private organizations or a combination of private persons and organizations, who put in a given patrimony. Others are established by governments in order to deliver, albeit on an independent base, services defined as important for a community. Still others are based on a variety of sources (individual, corporate, public). A specific type of foundation is the community foundation, set up by one or more, natural or corporate, private and/or public founders who jointly contribute to the development of a specific community or region.

This structural typology of forms, methods and founders might be supplemented with other distinctions pointing to the cultural characteristics of foundations. A first distinction can be made according to the logic that drives foundations. The operations of foundations may be directed by a logic of charity, i.e. the provision of immediate relief of people in need, organized at one moment in time (e.g. disaster relief, short time service delivery) or on a long term basis (e.g. long time service delivery as organized for example in health care centers). Others may look for ways to reach beyond charity and grant-making (Tayart de Borms, 2005). The relations developed by grant-makers toward grantees may be more in line with a model of principal-recipient, while those of others can be characterized as equal partnership relations. The way

foundations' policies are developed may be highly individualistic and voluntaristic whereas in other foundations decision making will be informed by (close) interaction with stakeholders.

Table 1: Variations in characteristics of foundations - comparison among foundation type organizations

Properties	Variation
Founder	Types of founder
Asset	Equity Y, grantseeking or mix
Desinterested purpose	Can be public or private Different fields of activity
Autonomy	Independent foundation or fund managed by other foundation
Logic of giving	Charity or reaching beyond Long term or short term
Relationship with grantees	From principal-recipient to equal partnership relationship
Governance	Individualistic and voluntaristic versus involvement of stakeholders

2.3 Conceptualization of foundations from a comparison with other types of organizations

In addition to the conceptualization of the structural and cultural characteristics of foundations based on a foundation-focused analysis, foundations' constellations may also become clear from a comparison of these foundational types of organizations with those of other types of private organizations, non-profit as well as for profit, as well as organizations in the public sector. Compared to public non-profit institutions and private non-profit associations, foundations have distinct characteristics with regard to governance, decision-making and financing. Making this exercise, one has to take into account the heterogeneity of the reality of foundations.

Generally speaking, foundations first differ from organizations in the public sector in the sense that they are independent from the state by having their own governing board, which allows them to make decisions autonomously (Anheier, 2001: 35). As we've argued earlier, foundations might, however, be established by a government to realize a specific public benefit goal, or they might receive subventions and endowments from a government, sometimes after a framework agreement between a government and the foundation concerned has been signed. Government representatives also might reside as stakeholders in the governing board of a foundation, but in autonomous foundations they are not appointed the ultimate decision making power. Another difference between foundations and public institutions relates to the legitimacy of the aims and

operations of both types of institutions. Organizations in the public sector directly derive their legitimacy from the state. They are set up collectively, by public authorities, to provide public goods and services and to organize redistribution of welfare and well-being. Foundations are also set up as vehicles to organize a form of redistribution. Some may be set up by the legislator or a government, as we've seen before. Most foundations however are set up voluntarily by (groups of) individuals or corporations, according to the individual ideas of their founder(s). The latter may thereby act in close interaction with potential civil society stakeholders or they may act on a purely individual and voluntary base, merely taking into account their own preferences and insights. As tax systems favour donations to foundations, founders bring into action money that, at least partially, would have been mopped up by taxation otherwise, in which case governments would have been able to decide how to spend this money. Foundations are thus likely to be scrutinized by government and society (Schmidheiny, 2005). Legal regulations with respect to the establishment of public benefit foundations and state control of the aims and statutes of the foundations, together with the prescript that annual reports should be deposited by (the largest) foundations, are only two of the mechanisms set up by the Belgian legislator to scrutinize foundations that claim to act for the public good.

Foundations also basically differ from capitalist enterprises in the sense that they are not set up as a vehicle to make and distribute profit. This not-for-profit status is a key characteristic of organizations recognized as foundations by legislators and researchers. In Belgium the law stipulates that assets handed over to foundations can never return to the founder(s) or their descendents. Profits gained by the management of the assets or by commercial activities, may not be distributed, but must be deployed to the support of the foundations' objective. However, some foundations come close to the model of the social investor, or they may deliver services at a price in the market. Although they do not intend to make profit, some of them are involved in activities of production. Their economic activities may put them in a position of financier, client or supplier. As Anheier observes (2001: 40), many foundations operate *de iure* and *de facto* in the form of a limited liability company.

Foundations equally differ from non-profit associations in the sense that they don't have members nor develop concomitant structures of governance in which members are represented. However, some of them might operate *de iure* and *de facto* on a membership base, thus resembling non-profit associations (Anheier, 2001: 35). The specific type of foundation based on some core asset (*universitas rerum* in Roman law) also differs from a non-profit association (*universitas personarum*) in the sense that it only spends its capital income and not the value of the patrimony as a whole, realizing an average pay-out or spending rate of about 4% at the European level (Anheier & Leat, 2002). The patrimony itself is safeguarded to ensure perpetuity. The time-lag between incoming and outgoing money thus is stretched. However, not all foundations operate on this basis. Many operating foundations work with a (fixed) donation yearly given by a government, a company or another legal entity, or operate on a grant-seeking base, and spend most of the money received within the same year.

The following empirical analysis will provide an insight into the heterogeneity and dynamism of the field of foundations in Belgium. A quantitative analysis of the profile of foundations in Belgium will be supplemented with a description and interpretation of recent key-pivotal movements in the elaboration of the context in which foundations operate (the legal framework and the self-organization of the field in the Belgian Network of Foundations), as well as with a description of empirically observed traces of structural and cultural elaboration of particular foundations.

Table 2: Variations in characteristics of foundations - comparison with other types of organizations

Properties	Variation
Autonomy from state, other NPO or for-profit organization	<ul style="list-style-type: none"> - Foundations can be established by governments, law, corporations,... - Representatives of these institutions can reside in their boards - They can receive subventions, donations,...
Individual and voluntary basis	<ul style="list-style-type: none"> - Sometimes foundations can be set up as an instrument of public and social policy - Community foundations
Non-profit	Sometimes engaged in economic activities
Non-member organization	Sometimes representatives of stakeholders in boards and committees
Core asset with low pay-out rate	Sometimes grantseeking and high pay-out rate

3 Foundations in Belgium: an exploratory analysis

In line with the definition of foundations developed by the Research Task Force of the European Foundation Centre and with the writings of a.o. Schlüter, Then & Walkenhorst (2001), Salamon & Anheier (1997) and Anheier & Toepler (1989), Mertens (2002, 2005) and Marée et al. (2008) we focus the analysis on foundations that devote their resources to public purposes.

Unlike Salamon & Anheier (1996) however, we do not limit our focus on 'grant making' foundations, but also take into account operating foundations, some of which indeed might look and function more like other types of non-profit organizations.

Unlike Mertens (2002, 2005) we do not restrict our focus on foundations that have the legal form of 'public benefit foundations', but we also take into account the fact that, since the establishment of the new law on foundations in Belgium, it is possible to set up a 'private foundation'. Because it is made so much easier to set up a private foundation than to set up a public benefit foundation, the legal form of the private foundation is also used by quite some philanthropists as an instrument to serve a public benefit goal. It may be the case that later on, a private foundation that actually serves a public benefit goal of a kind described by the legal article on public benefit foundations is reformed as a public benefit foundation (Gijssels, Franchois & Van Opstal, 2008; Gijssels & Develtere, 2006). Therefore, it is not the legal status (an empirically observable variable), but the type of goal foundations want to achieve (a real property), that is taken as a criterium to include them in our study.

As such we focus on those foundations that are in line with the definition of public benefit foundation, developed by the Research Task Force of the European Foundation Centre (EFC):

"independent, separately constituted non-profit bodies with their own governing board and with their own source of income whether or not exclusively from an endowment. They have been irrevocably attributed goods, rights and resources for the performance of work and support for public benefit purposes, either by supporting associations, institutions or individuals, etc., or by operating their own programs. Foundations have no members. Public benefit foundations may be established for a limited period, but assets given over to such foundations may not revert to private ownership" (EFC, 2005).

3.1 A small and slowly growing part of the non-profit sector

Belgium has a strong tradition of non-profit associations (*verenigingen zonder winstoogmerk in Dutch, associations sans but lucratif in French*). More than 125 000 non-profit organizations (*verenigingen zonder winstoogmerk/associations sans but lucratif*) are officially registered of which about 90 000 are active. An economic analysis of the Belgian non-profit sector, based on the system of satellite accounts, and an analysis of employment in non-profit institutions, show a vivid and growing non-profit sector. Anno 2005 the share of non-profits taken up in the system of satellite accounts in GDP in Belgium equals 4,6%. Non-profit institutions account for 10% of total salaried employment in the country. The increase in salaried employment in the non-profit sector is twice as big as the increase of total employment in the period between 1998 and 2005 (Marée et al., 2008).

Compared to the number of non-profit associations, the number of foundations - in the sense of institutions having the legal personality of 'public benefit foundation' or 'private foundation' - is small. Anno 2007 about 700 foundations could be counted. Amongst them 362 public benefit foundations, registered by the Ministry of Justice. From 1920 on, a continuous growth of the number of foundations in Belgium can be observed (see figure 1). Over half of the public benefit foundations were established after 1980.

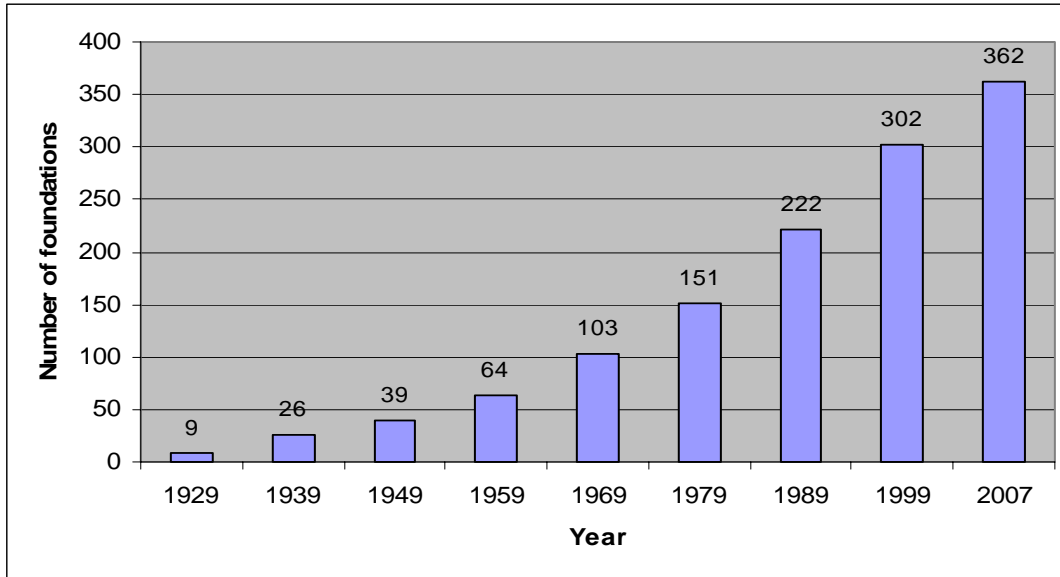


Figure 1: Public benefit foundations in Belgium

Source: Ministry of Justice

About 300 private foundations have been set up since it became possible to create a private foundation in 2002. This means that, in recent years, the expansion of the foundation sector is largely due to the growth of the private foundations.

3.2 A profile of foundations in Belgium

Between 2003 and 2006 a survey has been conducted in order to establish a family picture of the Belgian sector of foundations pursuing public benefit goals. Information about 173 foundations has been gathered. Most of the foundations covered by the Belgian survey are independent foundations (73%) in the sense that they have their own financial resources and they are autonomously managed. One fifth of the respondents (21%) is related to a government, albeit not necessarily established by it. Among the respondents, there are only a few corporate foundations, and an equally small number of community foundations.

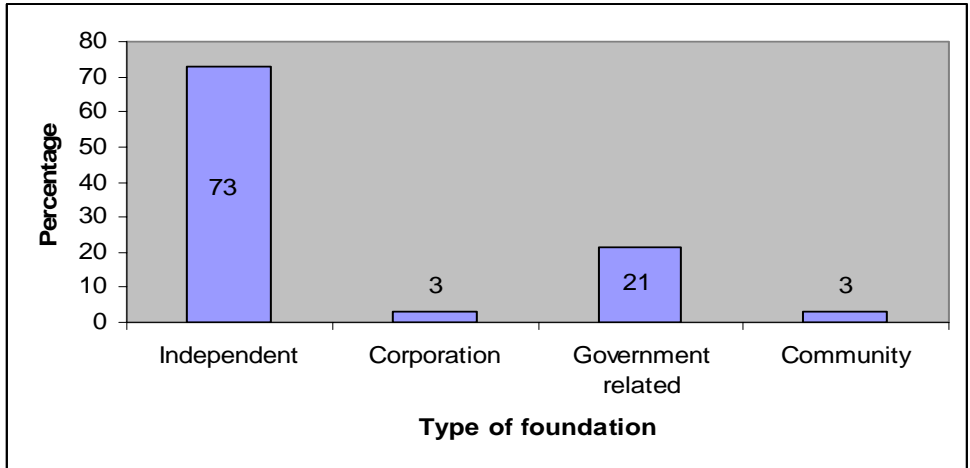


Figure 2: Foundation types in Belgium (n=173)

Source: Survey Foundations in Belgium 2003, 2006

Most of the foundations in the Belgian survey are established by individuals (see figure 3). Private organizations appear to be less frequently a founder of a foundation in Belgium. 7% of the foundations in the survey are established by the government or the legislator and 1% is founded by a corporation.

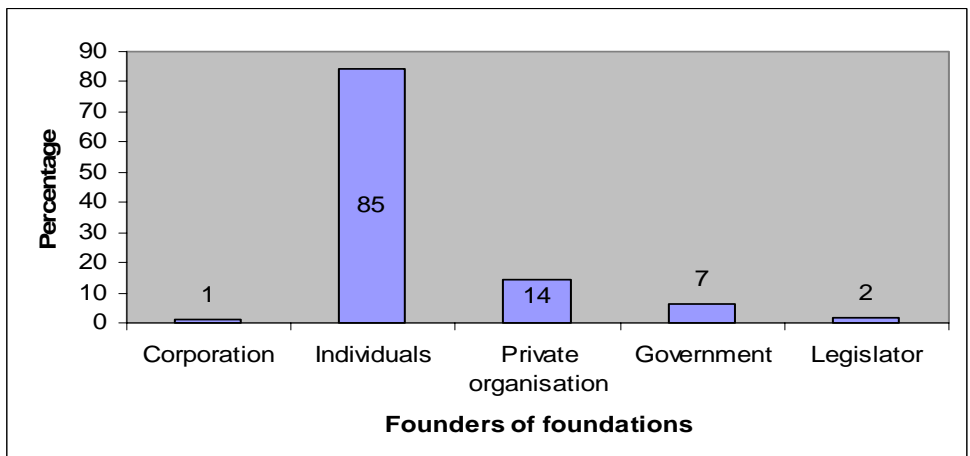


Figure 3: Founders of foundations in Belgium (n=173)

Source: Survey Foundations in Belgium 2003, 2006

26% of the foundations in the survey wholly or partly count on fund-raising.

In 2005 the total sum of assets of the foundations in the Belgian survey went well above 1 billion Euros, while total income exceeded. Total income exceeded 566 million Euros and total expenditures were over 572 million Euros in 2005.

If we take a closer look at the way foundations spend, we discover that 54% of the foundations in the survey give grants to third parties, awards and prizes. 34% of the foundations set up and manage their own projects and programmes.

28% of the foundations in the Belgian survey supports arts and culture. 27% supports health care. Education and initial training is supported by 23% of the foundations. Other fields of support are less often referred to.

It is clear from the survey that foundations in Belgium are concerned about people in need. 42% of the foundations in the survey say they support 'children, youth, orphans and street children', 33% support 'families, men and women'. The 'disabled, sick and infirmed' are supported by 23% of the foundations and 19% say they operate in the field of poverty reduction. 29% of the foundations indicated they support other target populations, mostly defined as public benefit initiatives (mainly in the field of local development and social cohesion) or innovative initiatives (research projects and networks).

When we take a look at the geographical area of support, we see that foundation support is not limited to the borders of Belgium. Although most foundations in the Belgian survey indicated they develop or support initiatives at the national level (59%) or develop or support local initiatives (34%), almost a quarter (24%) operates in EU countries and EFTA countries and 35% of them is active or supports initiatives outside Europe (see figure 4).

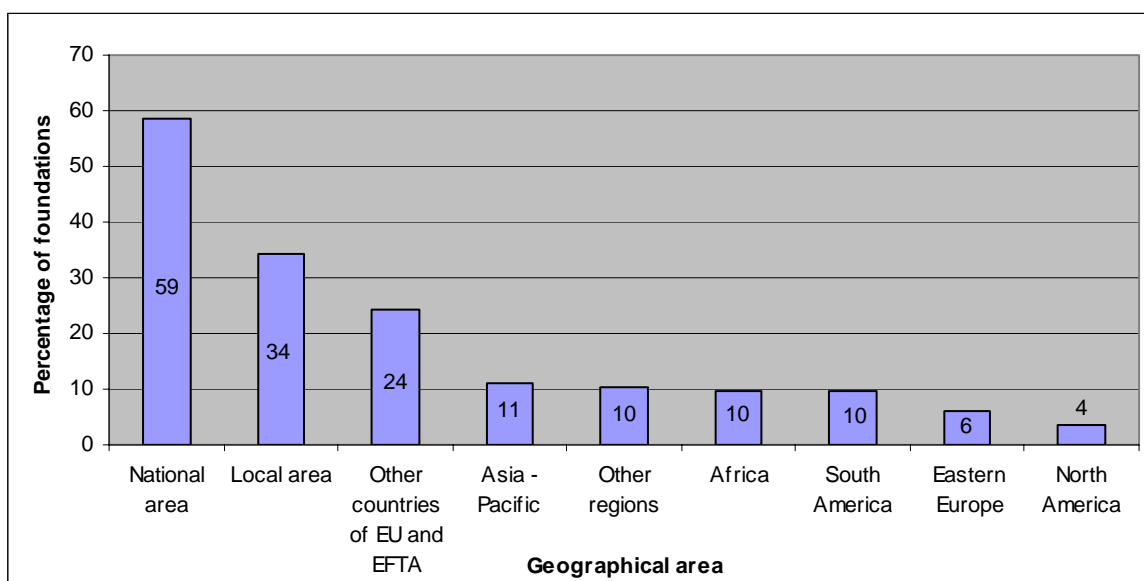


Figure 4: Geographical areas supported by foundations in Belgium (N=164)

Source: Survey Foundations in Belgium 2003, 2006

Foundations in Belgium directly and indirectly contribute to salaried employment and voluntary engagement. Some of them have salaried staff and voluntary workers (direct effect on employment and voluntarism), but they especially have a multiplier effect on voluntary and salaried work, in the sense that, by giving financial assistance to initiatives and programs in the non-profit sector and by granting subsidies to individuals, they support employment and voluntary engagement in the fields in which they operate.

A recent study of the Centre d'Economie Sociale of the University of Liège, using data of the National Office for Social Security, shows that public benefit foundations in Belgium also have an impact on employment. Anno 2005 they employed 5320.7 full time equivalents. Employment in public benefit foundations increased by circa 300 full time equivalents since 2002. The sector of education and research employs the lion's share of salaried workers (61.2% of the total number of full time equivalents in public benefit foundations). It is followed on a far distance by the sectors of health care (11%) and social action (10.6%).⁵

Table 3: Distribution of salaried employment in public benefit foundations in Belgium in the year 2005 (FTE)

	Brussels		Flanders		Wallonie		Belgium	
	FTE	%	FTE	%	FTE	%	FTE	%
1. Culture, sports et loisirs	155.9	8.2	208.4	8.1	14.0	1.6	378.2	7.1
2. Education et recherche	1 117.6	59.0	1 963.4	76.2	174.4	20.5	3 255.4	61.2
3. Santé	322.5	17.0	16.7	0.6	246.1	28.9	585.3	11.0
4. Action sociale	79.2	4.2	364.2	14.1	121.1	14.2	564.5	10.6
5. Défense des droits et intérêts	18.0	1.0	0.0	0.0	0.0	0.0	18.0	0.3
6. Autres activités	200.2	10.6	23.1	0.9	296.0	34.8	519.3	9.8
Total	1 893.3	100.0	2 575.9	100.0	851.5	100.0	5 320.7	100.0

Source: Centre d'Economie Sociale, ULg

According to the data of the National Office for Social Security, the biggest employers among foundations in Belgium each employ more than 1000 salaried full time equivalents.⁶ However, most of the foundations in the survey are small in terms of employment. They employ only one, or even less than one full time equivalent. Employment in foundations in Belgium is clearly gendered: 69% of the employees is female, most of them engaged in administrative work.

Unlike this, voluntary work in foundations seems to be less gender-biased. The proportion of male and female volunteers in the foundations in the sample is almost equal. In 2005, the number of volunteers in the foundations in the Belgian sample varies from 0 to 2000 with an average of 51. They are engaged in foundations programs, in boards of directors, committees, jury's and activities of fundraising.

In the next section, we will provide a more in-depth analysis of the dynamics in the field of foundations in Belgium, complementary to this general quantitative picture. Its recent history has experienced two key pivotal moments: the voting of the new law on foundations (2 May

⁵ Marée, M. (2008), 'L'emploi salarié dans les ASBL (1998-2005)' in: Marée, M. et al., *Le secteur associatif en Belgique. Une analyse qualitative et quantitative. Rapport 2008*. Bruxelles : Fondation Roi Baudouin.

⁶ Ibidem.

2002) and the establishment of the Belgian Network of Foundations on 17 February 2004. These two events will be described in paragraphs 4.1 and 4.2. The voting of the new law on foundations can be seen as an important recognition of the phenomenon. It was the result of a complex process of interaction between the legislator and key social agents in the field, and so where the subsequent amendments to the law. The establishment of the Belgian Network of Foundations by leading public benefit foundations in the field was meant to facilitate the exchange of information about good practices among the members, to contribute to the promotion of the common interests of the members, to stimulate transparency and accountability, and to draw attention to the efforts of foundations in the public interest. Paragraph 4.3 presents insights from an in-depth analysis of 15 of the biggest spending foundations in Belgium, indicating empirical traces of the ongoing structural and cultural elaboration of these foundations.

4 Empirical traces of structural and cultural elaborations in the field of foundations in Belgium.

4.1 Elaboration of the legal framework regarding foundations in Belgium

The legal framework is causally efficacious on the actions of social agents setting up and maintaining institutions such as foundations. Although it is not within the scope of this paper, a detailed study of the morphogenesis of the law on foundations would show it to be the evolving result of interactions among key social agents, i.c. government administrators and politicians but also various stakeholders in the field, not in the least foundations' founders and board members. An empirical description of original content of the law and the amendments made to it, may be interpreted in line with this morphogenetic/morphostatic approach.

The first law governing the non-profit sector in Belgium dates from 27 June 1921. This law granted legal personality to public interest institutions and non-profit associations. Foundations as such were not granted legal personality by this law. In practice many associations bore the name of foundation (*'stichting'/'fondation'*), but these foundations were not protected nor supervised by any legal statute whatsoever.⁷ On 2 May 2002, this situation changed. In the wake of a rediscovery of foundations as instruments for social change, innovation and social action by social agents in the spheres of civil society and politics on the one hand, as well as a recognition of the legal instrument for more private (albeit disinterested) means on the other hand, a new law was voted which significantly amended the law of 27 June 1921. The new law on the non-profit sector is now called the 'law concerning non-profit associations, international non-profit associations and foundations'.

⁷ For a description of the regulation regarding the former public utility institutions in the 1921 law on public interest institutions and non-profit associations, see Marée & Mousny (2001).

Thanks to this law, foundations received legal personality and were recognized as formal players in the Belgian non-profit sector.⁸ Foundations are described as legal persons pursuing a specific disinterested goal. According to the law 'public benefit foundations' are foundations that are set up to pursue a philanthropic, philosophical, religious, artistic, cultural, educational, or scientific goal. Next to the possibility of creating a public benefit foundation, the law also created the possibility to set up a foundation to pursue a more 'private', albeit disinterested goal. In that case the foundation is called 'private foundation'. The legal form of 'private foundation' is also allowed to be used for trust offices for certifying shares.

With respect to 'public benefit foundations', the law of 2 May 2002 was meant to realize more transparency, accountability and corporate governance. It was an answer to questions that arose for scrutinization of foundations by the public and the government. It was stipulated that the old 'public interest institutions' should transform themselves into public benefit foundations, amending their articles to the new regulation with respect to public benefit foundations, applying for a recognition by the Ministry of Justice and Royal Assent, and publishing their new articles of association in the Belgian official journal.⁹ On the one hand, this was intended to counteract a proliferation of forms of legal personality, on the other hand it was meant to make more explicit that these institutions can operate to realize a public benefit purpose thanks to donations or grants received.

New public benefit foundations can only be established by Royal Decree.¹⁰ The law demands the following information about the foundation to be included in the articles of association:

⁸ Initially there was confusion about whether the title 'foundation' as such was protected by law, or only 'public benefit foundation' and 'private foundation', and about whether other types of organisations (such as non-profit associations) could use the name foundation or a translation of the term. In response to a parliamentary question by Mrs Trees Pieters on 7 July 2005 the Vice Prime Minister and Minister of Justice explicitly stated that by virtue of art. 32, §2, of the law of 27 June 1921 as amended by the law of 2 May 2002 it is prohibited for non-profit associations or de facto associations to use the name 'foundation'. As of 1 January 2004, non-profit associations have been given one year to conform to the new legislation. By the Royal Decree of 8 December 2004 this term was extended to 31 December 2005. In other words, not later than 31 December 2005 the term 'foundation' must be struck from the names of all non-profit associations and de facto associations (QRVA 51 097, 24-10-2005, pp. 17431-17432). In practice, however, it is easy to find examples of non-profit associations that did not change their name yet.

⁹ Royal Decree of 8 December 2004, amending the Royal Decree of 2 April 2003.

¹⁰ Anyone who intends to establish a new public benefit foundation, has to submit an application to the Ministry of Justice. This application must be accompanied by a sealed and authenticated copy of the notarial deed of formation of the foundation and the appendices thereto, as well as a list of the members of the Board if these names are not given in the authenticated deed. As soon as the Administration has received all the required documents, the Decree is presented to the King for signature. When the Royal Decree has been signed, the Administration presents a copy to the notary public

information about the founder, the activities that will be carried out to achieve the disinterested goal, the procedure for settling conflicts of interest, the procedures for amending the articles of association, the organisation of representation and the designation of board members.¹¹

For private foundations, the procedure for the establishment of the foundation was made easier. The articles of association with which a new private foundation is established need only be approved by the governing board of the foundation itself and have to be recorded in an authentic deed drawn up by a notary public. They have to be deposited at the Registry of the commercial law court in the geographical area where they have their seat. In some cases a private foundation was initially established, which afterwards applied for the status of 'public interest foundation'. In this way it could already start its operations meanwhile going through the long procedure of establishment of a public benefit foundation. A number of other private foundations also serve the public interest, but stay private foundations. The consecutive simplifications of the law¹² are intended to break down the barriers to the establishment of public interest foundations.

Before the new law was voted, public interest institutions had to publish their annual accounts in the Belgian Official Journal and had to report them to the Ministry of Justice. This is no longer the case now. Both private foundations and public benefit foundations must file their annual accounts with the registry of the commercial law court where their record is kept. Since 2003 smaller foundations are also permitted to keep simplified accounts.¹³ 'Large' foundations (according to the accounting stipulations) still are required to file their accounts with the

and three copies to the public benefit foundation. One of these three copies is to be presented to the Chamber of Commerce's registry.

11 Article 28 of the law of 2 May 2002.

12 The rules and regulations pertaining to public benefit foundations were laid down fairly strictly in the law of 2 May 2002. These strict regulations were relaxed by the following Royal Decrees and so-called "programme laws. Thus the "programme law" of 27 December 2004 provides for a simplification of the procedure for amending the articles of association of public benefit foundations. Whereas before the entry into force of this programme law all amendments to the articles of association had to be approved by the King or the Minister of Justice, as appropriate, since 20 June 2005 only changes of the legal personality (e.g. from public interest institution to public benefit foundation) and changes in the foundation's objective and/or activities need to be approved by Royal Decree. Changes in this respect – or new articles of association – have to be published in the annexes to the Belgian Official Journal.

13 Royal Decree of 26 June 2003. This concerns foundations with an annual average employment of at most 5 (full-time equivalent), with revenues totalling no more than 250,000 euros (exclusive of VAT and extraordinary revenues) and with a balance sheet total of at most 1,000,000 euros. These amounts can be indexed to the consumer price index and adjusted by Royal Decree.

National Bank of Belgium. In addition, only 'large' foundations are compelled by law to appoint an auditor to monitor their financial situation and their annual accounts.¹⁴

The consequent amendments to the law made it easier for foundations to accept donations. However, some form of supervision is striven for. The regulations with respect to donations were first made stricter, and afterwards relaxed again.¹⁵ As a rule, donations are non-taxable for foundations,¹⁶ neither are government grants. Donations to foundations are encouraged by being tax-deductible.¹⁷ Foundations can also develop economic activities. In principle these activities are subject to VAT. An exception is made for certain activities which are exactly the kind of activities performed by a large number of foundations. These concern services to hospitals, institutions for care of the elderly, services for home help, establishments for physical

¹⁴ More specifically this concerns foundations with an annual average employment of over 100 (full-time equivalent) or which meet at least two of the following criteria: an annual average employment of 50 (full-time equivalent), total revenue of 6,250,000 euros exclusive of VAT and extraordinary revenues, a balance sheet total of 3,125,000 euros. These amounts as well can be indexed to the consumer price index and adjusted by Royal Decree.

¹⁵ Until 30 June 2003 no donation, however large, had to be authorised by the King or the Minister of Justice. As of that date, donations exceeding 100,000 euros must be authorised by the King. The programme law of 27 December 2004 again simplified the procedure. Since this law came into force on 20 June 2005, donations inter vivos or in a will that exceed 100,000 euros need no longer be authorised by the King; authorisation by the Minister of Justice suffices. A donation is considered to be authorised if no notice of objection is sent by the Minister of Justice within a period of three months.

¹⁶ An important exception to this rule is the case of the donation or contribution for no consideration. Such endowment for no consideration is an agreement to the effect that one party, the donor, enriches the other party at the expense of his own property. In other words the effect of the endowment must be that the donor becomes poorer and the donee is enriched, without the donee being required to do anything in consideration. If the donee does not reject the endowment, an endowment is considered to have taken place. Such donation or contribution for no consideration is taxable. The different regions have different assessment rates for this: from 6.6% in the Walloon and Brussels Regions to 8.8% in the Flemish Region for donations or contributions for no consideration to public benefit foundations and of 35 to 90% of the sum in the Walloon region and 7% in the Brussels and Flemish Regions for donations to private foundations. On every donation from non-profit associations, international non-profit associations, public benefit foundations and private foundations to other foundations in the Brussels and the Flemish Region 100 euros must be paid, and 25 euros in the Walloon Region.

¹⁷ Donors can receive a tax certificate if their donation is 30 euros or more and if the foundation has applied to the Minister of Justice for permission to issue tax certificates for donations. Natural persons may not deduct more than 10% of their net taxable income or 310,930 euros for the fiscal year 2006 (this amount is indexed annually). For companies the equivalent amounts are 5% of the net taxable income or 500,000 euros (this amount is not indexed). The foundation must deliver an acquittance to the donors, as well as a copy of the tax certificates issued or a summary list or certificate to the competent documentation centre of the Administration of Corporate and Income Tax.

education or sports activities, education, libraries, multimedia centres and museums, organisers of cultural events etc.

In spite of the relaxation of some of the strict regulations with respect to public benefit foundations, the procedures to establish and maintain these foundations remain cumbersome. In response to the demand of philanthropists who wanted to donate assets for societal purposes but who do not want to go through the heavy legal and administrative procedures all by themselves, the King Baudouin Foundation created the possibility for them to establish a fund within the King Baudouin Foundation. The founder selects the specific purpose(s), but the administration of the fund is left to the King Baudouin Foundation - next to the administration and operation of its own patrimony. According to Marée & Mousny (2001), this possibility creates the opportunity to circumvent the constraints applying to the establishment of a public benefit foundation, while at the same time enabling the management of funds to be centralized and benefiting from the larger foundation's moral guarantee. The funds managed within the King Baudouin Foundation bear the name of the donor. If the fund is established by a private person, it is called a 'named fund', when it is established by a corporation it is called a 'corporate fund', and when it is set up by one or more agents to contribute to the development of a particular community, it is called a 'community fund'. Over the years more than 150 named funds, 20 corporate funds and 2 community funds have been managed by the King Baudouin Foundation. This way, we see that innovative mechanisms are created by leading foundations in the field in response to specific demands of other social agents. The donating philanthropists can thus contribute major (financial) assets to the public benefit, and be recognized nominally for their contribution, just as founders of autonomous legal entities.

4.2 Establishment of the Belgian Network of Foundations

The next key pivotal moment in the recent history of foundations in Belgium, is the establishment of the Belgian Network of Foundations. As key social agents in the field of foundations in Belgium increasingly became self-consciously aware of the identity of foundations as well as of public and policy makers scrutinizing the institution, they started interaction about their position in society and jointly created a platform to promote foundations identity, claim its legitimacy, and exchange good practices. This Network was established in 2004 by ten founding members: the King Baudouin Foundation, the Fondation Belge de la Vocation, the Cera Foundation, the Fondation Charcot, the European Centre for Missing and Sexually Exploited Children - Child Focus, the Evens Foundation, the Fortis Foundation Belgium, the Francqui Foundation, the Bernheim Foundation, and the Foundation for Future Generations. Today the network has 71 members. All but three of them are public benefit foundations.

The Network was set up as a meeting place to enable foundations to exchange good practices. The Network is also meant to be instrument to contribute to the promotion of the common interests of the members, and to stimulate its members to strive for a transparent and accountable management. Indeed, transparency and accountability are considered an important condition for the capability of the foundations to present themselves as legitimate and

important vehicles for social innovation, social change and social action. Its articles of association stipulate that the members of the Network:

- strive for the common good in their objectives and to this end provide financial support to projects set up by other organisations, or set up their own projects
- recognize the democratic values and principles of law of Belgian and European society
- recognize and acknowledge human diversity in all its forms and in their operation take account of the large variety of perspectives, opinions and experiences existing within society
- endeavour to build up a sufficient financial basis to enable them to realize their objectives in an independent and durable manner;
- ensure transparent, clear and responsible operation within their own foundation. With respect to the decision-making process and the decisions taken eventually, they must communicate in a clear, correct and open manner with the Belgian Network of Foundations and with third parties. With regard to transparency this means that in addition to contents, accounts and balance sheet, the annual report should also include and make public the composition of the various bodies and decision-making organs
- apply "internal supervision" methods to the foundation's operation, to enable the observance of this basic declaration to be monitored.¹⁸

Thus, the Network was set up to support the claim that foundations have an important role to play in civil society. Its members want to draw attention to the efforts of foundations in the public interest. They want to make clear that foundations work in a wide range of social domains, often operating in innovative ways and taking significant risks, and performing numerous tasks that would not be performed without them, or at least not to the same extent.

In January 2005 three working groups were set up within the Network. These working groups are active in the domains of 'law/tax law/accounting', 'communications' and 'corporate governance'. The 'law/tax law/accounting' working group monitors all legislation that is relevant to foundations in general, and represents its members' common interests in their dealings with public authorities and any other institutions. It is the most active working group of the three. This is not really surprising, as it is the working group most directly connected to the needs of the members. The objective of the 'communications' working group is to promote the social relevance of the foundations and to inform the general public about their existence and operations. This is also the purpose of the Network's web site (www.netwerkstichtingen.be) where foundations and individuals who intend to establish a foundation can find all sorts of useful information. The 'corporate governance' working group aims to encourage the members to strive for more transparency and accountability.

18 <http://www.netwerkstichtingen.be/nl/decla-b.htm>

Even though the members of the Network do recognize the diversity of foundations in Belgium, they still find a common identity in their objective of serving the public interest and in their striving to do this in accordance with the principles of corporate governance (transparency, openness and responsibility). They hope an increasing number of foundations will be able to agree to this. In this way the Network can be seen as an instrument for the self-regulation of the field by strengthening the legitimacy and relevance of foundations striving for the public good vis-à-vis society at large.

Its function can be seen as comparable to that of other networks that have the same objectives with respect to two other types of third sector organizations: co-operatives and non-profit associations. Similar to the foundation sector, the reality of co-operatives and of non-profit associations is characterized by the great diversity and large autonomy of the organisations concerned. Specific associations were created to unite these organisations, defend their interests and make them better known. Self-regulation is an important means to realize legitimate social impact. With respect to co-operatives the National Council for Co-operatives was set up in 1955. It was intended to be instrument to regulate co-operatives, since the Belgian law on co-operatives dating back to 1873 was very liberal and did not mention co-operative principles and values to be followed as described by the pioneers of co-operative entrepreneurship (such as the Rochdale Equitable Pioneers or Friedrich Wilhelm Raiffaissen). The Council grants a special status to those co-operatives that meet specific criteria that refer to these co-operative principles and values. The Belgian government supports this by giving certain tax advantages to recognized co-operatives only. The National Council for Cooperatives functions as a mouthpiece for the co-operatives towards the authorities, and as a representative of the Belgian cooperatives abroad (Gijssels, Develtere & Raymaekers, 2007). With respect to non-profit associations the Association for Ethics in Fund-raising (*Vereniging voor Ethiek in de Fondsenwerving / Association pour une Ethique dans la Récolte des Fonds*) was established in 1996. This association has drawn up a deontological code and has set up a supervising body to check whether members abide by this code. The code contains a number of aspects of public generosity not covered in legislation. NGO's have also set up similar self-regulating and sector-representing organisations: Coprogram in Flanders, and Acodev in Wallonia. Social economy initiatives are represented by VOSEC in Flanders and SAW in Wallonia.

4.3 Evolutions at the level of foundations

An analysis of the annual reports of the 15 public interest foundations with the largest expenditures (as established in a preliminary study of the sector based on data from 2001 (Develtere et al., 2003), shows empirically observable traces of transforming cultural properties: increasing professionalism, transparency, accountability and co-operation, as well as a growing primary identity as a 'foundation'. However, these are not general trends. Differences can be observed and interpreted according to the different constellation of these foundations. And, although we do not have direct evidence of this, critical realist social theory also points to the fact that they are the result of differences in positioned-practices by agents involved. Among these agents many become increasingly influenced by ideas about corporate governance that

recently became available in managerial handbooks, that drive management culture in many corporations - in which some of the agents involved occupy positions in management and governing boards, and that informed the objectives of the Belgian Network of Foundations - of which most of the foundations under review are member.

4.3.1 Development of a primary 'foundation'-identity

Because of the heterogeneity of the sector and the fact that the legal recognition of the organisations involved as 'foundations' is so recent, it is very early days for the development of a common identity centering on 'being a foundation'. Most of the foundations under review have legally conformed to the new law, but they still are not presented as a 'foundation'. Some former 'public interest institution' continue to refer to themselves as such. Operating foundations are more likely to call themselves non-profit organizations. To these foundations, being a foundation is rather a secondary identity, i.c. merely a legal personality. The affiliation to a government or their mode of operation constitute the primary source of identity. The foundation that typically has developed a foundation-identity and most strongly acts to promote foundations' identity is the King Baudouin Foundation.

As the Belgian Network of Foundations was established with the explicit purpose of promoting foundations as a primary identity, one explicit way of showing one's identity as a foundation is to present oneself as a member of this Network. Although 10 of the other 15 foundations under review are members of the Belgian Network of Foundations, only two of them explicitly mention their membership of the Network in their annual report of 2004.

4.3.2 Growing professionalization

In most of the public interest foundations under review a trend towards professionalization can be observed. In several large foundations reorganizations have taken place in the course of the first five years of the new millennium: a division of work took place and the number of staff members was increased to be able to perform the various tasks. With the selection and recruitment of personnel the logic of professionalism now takes precedence and the quality of goods and services provided as well as the deployment of resources are monitored more closely.

To a certain extent this evolution is related to processes of organizational maturization. For instance Child Focus communicates explicitly that while the organisation is still 'driven by the heart', today for the organisation as such 'the age of maturity has arrived'. Child Focus also reports 'an evolution from emotions to a culture of strategy and professionalism'. Some longer-standing foundations show a continual reflective stance. Sometimes this process is internal, as with the King Baudouin Foundation (which reorganised itself as a result of its new strategic plan) or with the Chimay-Warsoise Foundation (where a new action plan was drawn up). Sometimes the reason for the reorganisation is external, as was the case for the Institute of Tropical Medicine where the reform took place as a result of the new management agreement with the authorities.

4.3.3 More intensive communication

Most foundations devote a great deal of attention to communication about their activities and achievements. Founders and board members thus want to claim legitimacy by indicating their impact on society and the extent to which they actually achieve the objectives they have set for themselves. In this age of new communication facilities, the number of communication channels available is innumerable. Most of the foundations have a well-developed website to present their operation and activities. In addition brochures are distributed to provide information about their operation. In a number of cases an elaborate annual report is published containing even more extensive information than the brochures and the web sites. Some foundations publish their annual report on their website. Some foundations additionally publish a journal to inform their donors (Responsible Young Drivers) or the general public (King Baudouin Foundation) on a regular basis about their activities and to background information to it.

4.3.4 Transparency and accountability

Foundations that compile an extensive annual report, often start this report with an exposition of their history, their development, their mission, their strategies and their methods. Nowadays more foundations also provide extensive insight in their structure and operation. They indicate how many people they employ and how many volunteers participate. They also mention their (major) donors with their financial donations and donations in kind.

For most of the foundations under review the financial report in 2000 already was elaborate. In some cases, we note the striking increase of transparency in the field of finance, especially in case of foundations involved in fund-raising activities.

While the financial report is often very elaborate, its interpretation is not always straightforward. To further increase transparency, some of the foundations under review provide comprehensive comments and explanations on a number of key figures and trends. However, the majority of the foundations under review limit themselves to a mere presentation of 'the figures'.

In particular when a foundation has several departments, each with their own financial report, presenting one straightforward comprehensive financial report is often no mean feat. In this case one could opt for the presentation of separate accounts, or one may chose to present consolidated accounts. While the latter option is more difficult, the result is a lot more convenient and it is much easier for the interested layperson reading the annual report to obtain a clear view. Accordingly we cannot fail to note the fact that all 'compound' foundations have evolved from the presentation of a report with separate accounts in 2000 to a report with consolidated accounts in 2004.

Transparent organisations will arrange for their financial situation and their operation to be investigated by internal and external inspectors. Only 'large' foundations are required by law to appoint an auditor. Every year the largest foundations reviewed explicitly incorporate the letter from the auditors in their annual report. But they are not the only ones. Even foundations that are not required to do so by law, mention internal (board or internal committee) and/or external (external committee or auditors) inspection of their financial situation.

A number of foundations also mention internal evaluations and adjustments at the operational level. They mention internal self-assessment processes and adjustments leading to a restructuring of activities. Some foundations reformed and restructured their operations, sometimes stimulated by management agreements concluded with the Flemish government (e.g. the Institute of Tropical Medicine), sometimes in a self-reflexive process (e.g. foundations such as the King Baudouin Foundation, Chimay-Warsoise Foundation, Responsible Young Drivers, Child Focus).

4.3.5 Development of partnerships and networks

Ten of the foundations under review are members of the Belgian Network of Foundations. Only two of them explicitly mention this in their annual report for 2004 (the year in which the Network was created). The King Baudouin Foundation also mentions its founding membership of the European Foundation Centre. Child Focus indicates being a founding member of an international organisation active in the field of tracing and supporting missing and sexually exploited children and their families. It also mentions intensive contacts and cooperation with sister organisations abroad, as well as its cooperation with the King Baudouin Foundation as 'partner from the very beginning'. Here again we note that the organisation finds its own identity primarily in the operational aspect, and not in the fact of being a foundation as such. With the Institute of Tropical Medicine we also find extensive reporting on cooperation with institutes and governments in developing countries. As a former public interest institution the Institute of Tropical Medicine - like the Centre d'Economie Rurale and Het Paleis - also reports cooperative ties or management agreements with the government. The Anti-poison Centre refers to the Royal Decrees stipulating its tasks and activities. Some of the independent public benefit foundations also explicitly mention their collaboration with key commercial partners. The King Baudouin Foundation also mentions the founders of the funds it manages alongside its own assets and operational programmes as partners. And foundations supporting research are eager to mention individual scientists, universities and research centres as partners.

5 Conclusion

This paper presents an attempt to describe and interpret data on the field of foundations in Belgium. Critical realist theory inspired us to look at the reality of foundations, not as monolithic and static, but as dynamic and heterogenous, continuously shaped, reproduced and transformed by social agents involved.

Although the family picture of the Belgian sector of foundations still remains vague, it has been possible to update and elaborate the information formerly provided about the sector by Marée and Mousny (2001). The data confirm that foundations in Belgium only form a very small part of the non-profit sector in the country.

The growth of the sector is constant, but small. As predicted by Marée & Mousny (2001), the strongest increase in foundation numbers is realized within the new category of private foundations. The new legal personality of private foundation is particularly attractive to wealthy people who do not want to have their patrimony divided among their heirs, who want to set up an certification instrument for securities and successions, who want to create an instrument to look after surviving disabled family members etc. Although it must be acknowledged that, since the rules laid down for the establishment and management of a private foundation are much less restrictive than those with respect to a public benefit foundation, the private foundation is also used as a vehicle to realize goals of public interest.

Most of the foundations striving for public benefit surveyed can be characterized as independent organizations, set up by individuals or groups of individuals. About one third is grant-making. Often foundations combine grant-making and operational activities. One fourth is grant seeking. Here again, many of the foundations combine income from their own patrimony with grant seeking activities. Foundations in the Belgian survey mainly lend support to initiatives in the fields of arts and culture, health care and education. The majority of them operate in Belgium, and most of them do so at a country wide level. However, many of the foundations in the survey indicate that they are also active at an international level.

An analysis of the elaboration of the law on foundations in Belgium and of the establishment of the Belgian Network of Foundations, shows the empirically observable results of the positioned practices of policy makers and representatives of the field trying to frame the heterogenous reality of foundations, to regulate it, to increase its legitimacy and to promote its identity. A case study analysis of 15 of the biggest spending public interest foundations shows empirically observable results of the elaboration of foundations cultural properties: increasing professionalism, transparency, accountability and cooperation, as well as a slowly growing recognition of 'foundation' as a primary identity. However, these are not general trends. Differences between the foundations reviewed can be interpreted according to their different constellation and the actual positioned-practices of the agents involved.

In order to legitimize the theoretical claims with respect to the properties of the social agents and their positioned practices through which they elaborate foundations, foundations networks and foundations legal frameworks, made in the interpretation of the empirical data presented, further research should deepen the analysis to get an insight in the actual interactions and processes and positions of the particular agents involved. An interesting extension in this respect would be to look beyond the obvious key-agents such as founders, board members, administrators and policy makers, and additionally study the relationship between donors and beneficiaries. For evidence from other donating organizations engaged in international aid and development for example shows that interesting transformations can be observed in the way this

relationship is conceived among certain types of organizations, shifting from a donor-recipient model to a model of collaborative and mutually beneficial partnership (Blagescu & Young, 2005). Next to the question of legitimacy, this is a major element in the accountability squeeze in which foundations are trapped - as argued by one of the leading figures in the Belgian field of foundations (Tayart de Borms, 2005) - and to which agents in the field self-consciously and interactively try to find an adequate answer.

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