

The Philanthropy Market in Germany An Overview*

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Preface

The philanthropy market in Germany is old, established, thriving, and complex. Tax deductible giving was first introduced in the early 20th century, and tax deductibility has remained a core feature of philanthropic giving ever since. Tax deductions are made from individual and corporate taxpayers' taxable income. The percentage of deductibility was raised to 20% (from 5%, in some cases 10%) in October, 2007. Business sponsorship also exists, but is not regarded as philanthropic. In order to receive philanthropic donations, organisations must be acknowledged as charitable by the tax authorities. Acknowledgment depends both on the purpose of the organisation and compliance with a number of other rules and regulations.

Unfortunately, public accountability and transparency do not figure among the requirements for charitable status. Charities are not obliged and indeed in many cases do not publish accounts and other data. Therefore, all statistical information on the non profit sector is based on voluntarily given information and research based assumptions. For this reason, numbers are always incomplete, are more often than not not comparable, and can be faulty.

1 The size of the sector

The civil society sector (non profit sector, voluntary sector, charitable sector, civic sector) comprises approx:

- 600,000 registered membership organisations (*eingetragene Vereine*)
- 400,000 unregistered membership organisations (*nicht eingetragene Vereine* - note: civil law registration is not a prerequisite for charitable status)
- 12,000 incorporated foundations (*rechtsfaehige Stiftungen*)
- 8,000 trusts (*nicht rechtsfaehige Stiftungen*)
- 1,000 other (limited companies etc.)

Of these, approx. 370,000 organisations are actively engaged in fundraising in the philanthropy market.

2. The donors

Approx. 45% of German citizens over age 14 were donors in 2006 (up from 37% in 2000, but down from 50% in 2005 (Tsunami)).

There are gaps between West Germans (46% in 2006) and East Germans (39% in 2006), and between women (48%) and men (41%).

In regard to ages, only 13% of 14-19-year olds give (2006, down from 26% in 2005), while 62% of citizens aged 65+ gave in 2006 and 2005.

3. Where do donors direct their giving?

General empirical findings show the following:

<u>Purpose</u>	<u>% (2006)</u>	<u>% (2004)</u>
Immediate relief	40	31
Medical aid	35	33
Children and Youth	32	29
Religious Communities	23	22
Social Welfare	29	28
International Development	15	18
Animal Protection	16	19
Nature and Environment	11	10
Education and Research	3	2
Arts and Culture	2	2
Political Activities	2	3

Corporate giving shows a very different picture:

<u>Purpose</u>	<u>% (planned in 2007)</u>
Education, Schools, Child Care	82
Arts and Culture	62
Local Initiatives	58
Sports	49
Domestic Social Welfare	38
Nature and Environment	35
International Social Welfare	22

Foundation goals present yet another different framework

<u>Purpose</u>	<u>%</u>	<u>development</u>
	<u>foundations</u>	<u>1999-2006 (%)</u>
Social Welfare	51.1	- 4.0
Education	33.1	- 2.4
Arts and Culture	22.6	+ 2.07
Research	22.5	+ 1.0
Medical Care	13.1	+ 1.49
Nature/Animals	8.7	+ 2.86
Religion	6.9	+ 0.77
International Development	5.1	+ 1.04
Sport	4.3	+ 2.57

4. How much do donors give?

Between October 2005 and October 2006, private individuals are estimated as having donated 3.4 billion Euro. Donations averaged 119 Euro (up from 82 Euro in 2000, and 108 Euro in 2005).

The total turnover of German foundations is estimated at 25 billion Euro per annum. Since many foundations are operating and generate income from other sources, total grants are much lower. The estimate is 7 billion Euro per annum.

A survey on the 500 biggest public corporations, while declining to give a total figure for giving, estimates the average giving per corporation at approx. 550,000 Euro (2007).

5. Some Interesting Points

- Corporate giving focuses on approx. 30 favourite charities.
- Corporate foundations (in the sense of an ongoing firm relationship between corporation and foundation) total approx. 420.
- The 224 charities that carry a seal of approval from the *Deutsches Zentralinstitut fuer soziale Fragen* in Berlin, received 1.4 billion Euro in 2006.

- The number of newly created foundations in Germany per annum has risen from approx. 200 in the 1990s to approx. 1,000 since 2003.
- New developments in giving are slow in taking on. While the number of community foundations has risen from 0 (1996) to approx. 200 (2007), their financial resources are universally small. Venture philanthropy has begun to be discussed, but has not so far become a feature of private or corporate giving.

6. Sources

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