
Advancing Philanthropy in Switzerland

A Vision for a Cooperative and Recognized Philanthropic Sector

Summary

Selected abstracts from the report

Introduction

Conceived and supported by the Partners of Lombard Odier Darier Hentsch & Cie through their foundation, Fondation 1796, the initiative “Advancing Philanthropy in Switzerland” was initiated late fall 2009. It has been guided by a Steering Committee of representatives from the philanthropic sector, and carried out with the assistance of FSG, an international nonprofit consulting and research organization focusing on philanthropy and social responsibility.

This initiative has built on a broad recognition of opportunities to further increase the impact of philanthropy across the Swiss Confederation. The resulting report aims at nurturing the debate and proposing action steps which will encourage donors and foundations to move on to find the proper ways and resources required to **strengthen and mobilise the Swiss philanthropic sector**.

Building on a review of existing studies and press articles on philanthropy, interviews with key stakeholders (actors and thought leaders in this field), as well as a benchmarking of best practices around the world, the report draws up an **overview of the situation of the philanthropic sector in Switzerland** and recommends a series of **concrete action steps** in order to achieve two priorities: “catalyzing cooperation” and “putting philanthropy on the map”.

Definition of “Philanthropy”

The term philanthropy is generally used to describe any private voluntary action for the public good. It can encompass donations and investments of time, money, expertise, connections, and many other types of assets. For purposes of this initiative, philanthropy is defined as any engagement by both individual donors and grant-making foundations.

Key actors and thought leaders of the philanthropic sector in Switzerland have contributed to the initiative and its final report, being major sources of innovative ideas. The Steering Committee includes:

Beate ECKHARDT
General Manager, *SwissFoundations*

Philipp EGGER/Pascale VONMONT
Director/Deputy Director, *Gebert Rüf Stiftung*

Katja GENTINETTA
Deputy Managing Director and Head Strategic Planning, *Avenir Suisse*

Michel GLAUSER
President, *Fondation Leenaards*

Dominique JAKOB
Director, *Centre for Foundation Law, University of Zürich*

Karin JESTIN
Secretary General, *Fondation 1796*

Charles KLEIBER
Former State Secretary for Education and Research

Thierry LOMBARD
President, *Fondation 1796*

Georg VON SCHNURBEIN
Director, *Centre for Philanthropy Studies (CEPS)*

Towards a Vision for the Sector

Switzerland has a rich and long philanthropic tradition, and ranks today among the most generous nations in Europe. Nevertheless, improvements can be done and some priorities have been identified within this study.

The initiative did not start with pre-conceived ideas about how to achieve the broad goal of developing philanthropy. Rather, it was deliberately structured as an open process, to be shaped and informed by available data and stakeholders' input. In spite of this wide remit, a clear consensus emerged around the conclusions and priorities for action.

Based on the stakeholder consultation and literature review, a clear vision for Swiss philanthropy emerged, grouped around four key areas:

- > The philanthropic sector continues to be **rich and diverse** in the size and scope of its actors
- > Current and prospective funders and philanthropists have access to information that helps increase their impact
- > Funders and actors in other sectors are part of thematic cooperative networks that **exchange knowledge and work in concert** to achieve impact
- > The philanthropic sector is widely **recognized and engaged** as a key actor and partner in addressing social needs and seizing opportunities

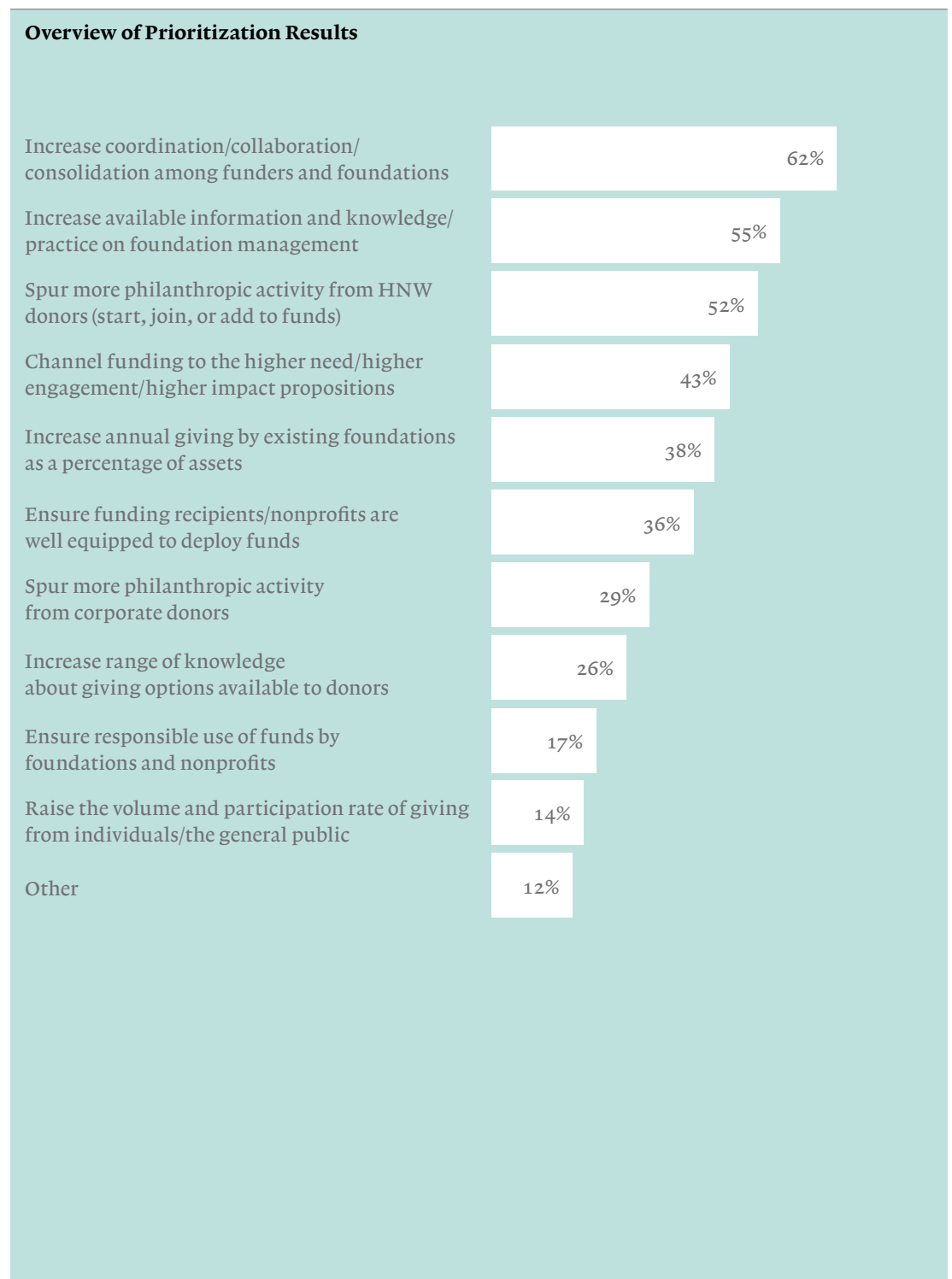
Process

The study is the product of a multi-stage process, which has been going on since end of 2009: review of studies and articles on the sector, consultation of actors and thought leaders in the domain and a benchmarking of best practices from abroad.



Results

Out the 100 persons approached, the 42 who responded represent a broad range of perspectives that include funders, nonprofits, intermediaries and other actors, from both of the main linguistic regions. The answers (excluding the Steering Committee’s answers) underline ten priorities, which have been then discussed with the Steering Committee.



Priorities

PRIORITY 1: CATALYSING COOPERATION

Widely recognised by stakeholders, the current degree of fragmentation in the philanthropic sector poses a major challenge to foundations' collective ability to achieve their potential. A greater collaboration, coordination and consolidation between donors and foundations and with other sectors will allow increasing the impact of philanthropy. A larger cooperation should reduce the fragmentation of the sector and encourage greater use of cooperative foundations structures such as umbrella foundations rather than the systematic creation of new foundations.

An analysis of projects from abroad (*pages 29-31 of the report*) suggests the following possible means for joint learning, projects and initiatives:

- › **See Cooperation as Important:** Grantcraft publishes reports, toolkits and surveys that demonstrate the value of foundations and other donors combining forces to address key social issues, and offer suggestions on how to do so successfully.
- › **Recognize Opportunities:** New Philanthropy Capital publishes analysis reports that identify successful approaches and organizations around specific issues and suggest ways for philanthropists to impact the issue. In Canada, Vital Signs provides a 360-degree assessment of the needs of communities across Canada, providing a basis of information for local funders.
- › **Identify Partners:** entities such as the Foundation Center and the European HIV/AIDS Funders Group provide detailed analysis of funding flows around different issues, enabling funders to identify potential partners.
- › **Engage Partners:** in the US a series of thematic donor platforms (“Grantmakers in/for...”) provide opportunities for funders to share learning and engage with partners to build a common vision for change.
- › **Resource and Manage:** bodies such as the Network of European Foundations (NEF), Public Interest Projects (PIP) and Assifero act as platforms and service providers to help funders develop and operate joint initiatives.

Examples for catalysing cooperation through cooperative foundation structures (*page 32 of the report*):

- › **Strengthen the Field:** the Initiative Bürgerstiftung (IBS) has worked to build up community-based philanthropy in Germany, playing a role in the development of nearly all of Germany's 166 community foundations.
- › **Educate Advisors:** the Community Foundations of Canada have developed an online toolkit to educate financial advisors on the mechanisms and benefits of giving.
- › **Develop Incentives:** innovative match-funding schemes for cooperative initiatives have been developed in the US state of Michigan, including the Michigan Community Foundation Tax Credit (which harnesses government funds) and the Community Foundation for Southeastern Michigan Matching Fund.

Examples of efforts already existing in Switzerland for catalysing cooperation are described in the report (*pages 34-37*).

PRIORITY 2: PUTTING PHILANTHROPY ON THE MAP

In order to increase the social impact of the philanthropy and improve its recognition and comprehension, the participants highlighted the importance of increasing the understanding and appreciation of the philanthropy. To do so, the targeted audience can be grouped as follows: **general public, current or aspiring philanthropists, public servants and civic leaders, media and decision makers in Switzerland as well as abroad.**

An analysis of projects from abroad (*pages 42-44 of the report*) suggests the following **audience categories** to put philanthropy on the map:

- › **General public:** the Stifterland Bayern roadshow showcased 200 Bavarian foundations at seven exhibitions around the state, attracting more than 14,000 visitors.
- › **Media / journalists:** the Bosch Journalism Award rewards news stories and articles that feature and promote civic engagement in the German media.
- › **General public / young people:** the Sabanci Foundation funds “Turkey’s Changemakers,” a weekly TV program broadcast on CNN Turk that highlights social entrepreneurs.
- › **International peers:** in its “Just Change” report, the Woburn Place Collaborative – a group of around 20 progressive foundations in the UK – highlighted seven compelling case studies of how foundations can drive broader, systemic change.
- › **Current or aspiring philanthropists:** as part of the UK government’s “Ambassadors for Philanthropy” initiative, 14 well-known public figures discuss their motivations for and experiences with philanthropy in short video segments posted online.
- › **Decision makers:** the Philanthropy Awareness Initiative has conducted six research projects to understand how leaders in the US view the role of foundations, and how foundations can better communicate their value.
- › **Public servants and civic leaders:** the Philanthropy 3D Project seeks to raise awareness of the potential of philanthropy among influential citizens in the Midwestern US.

Examples of **efforts already existing in Switzerland** for catalysing cooperation are described in the report (*page 46*).

Action plan

In consultation with the Steering Committee, the initiative has identified **eight specific projects** as concealing high potential to contribute to the two priorities within the current context. The Steering Committee also underlined the necessity to **define a financial mechanism**.

Specific projects identified	Catalyzing Cooperation	Putting Philanthropy on the Map
1 Bring a funder database to scale that captures Swiss funders by thematic area, and develop reports of trends and gaps gleaned from the database	●	●
2 Commission research on: donors' motivations in creating a foundation; the drivers and challenges of cooperation; the legal context for cooperative foundation structures	●	●
3 Conduct a detailed needs assessment in one thematic area to benefit funders in that area and demonstrate the value of such analyses	●	
4 Develop tools and resources to help philanthropic advisors understand and promote the benefits of cooperative foundation structures	●	●
5 Invigorate the Swiss Foundation Code by turning the book into a set of dynamic tools, and by engaging trustees around the code to become ambassadors for the sector	●	●
6 Create thematic networks of funders , potentially by region, to help spur networking, peer learning, and thematic cooperation	●	
7 Resource an existing foundation association to become an "incubator" of cooperation , providing advice and management services to cooperative initiatives	●	
8 Launch a public awareness campaign , starting with media profiles of high-impact philanthropists and culminating in a national roadshow		●
9 Think creatively about a cross-cutting mechanism to create a fund that is dedicated to projects and initiatives that advance the philanthropic sector overall		

Conclusion

In order to implement any of the ideas presented in this report, four key building blocks are required: Partners, Expertise, Ownership and Leadership and Resources. The objective of this report is to **contribute to the debate** and propose action steps likely to **mobilise** donors and foundations to find means and resources to **strengthen and catalyse the philanthropic sector**.

The interested institutions can get involved in the process in different manners:

- > Suggest refinements
- > Request a “Project Sheet” or join our next meeting
- > Offer your expertise
- > Share this report and its ideas with your networks
- > Offer your funding support and lead an action step

You can download the report at www.fondation1796.org/initiative
Should you have any questions or comments, please contact:

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Facts and figures

A RICHE TRADITION

Switzerland has a rich tradition of philanthropy, dating back hundreds of years. One of the oldest registered foundations, the Inselspital in Bern, was founded in 1354 and is still operating today, more than 650 years later. The Zürich foundation law of 1835, and the federal law that followed it in 1907, made Switzerland one of the most welcoming places to establish a philanthropic foundation in Europe for most of the 20th century.

RECENT INITIATIVES

Over the last decade, efforts to develop the scale and impact of philanthropy in Switzerland have gathered momentum.

- > the efforts of proFonds, SwissFoundations, Verbandsmanagement Institut (VMI), and ZEWO
- > the landmark Swiss Foundation Code – the first of its kind in Europe
- > the creation of the Centre for Philanthropy Studies (CEPS)
- > the foundation law reforms of 2006, 2008, and most recently, the pending reforms inspired by the motion Luginbühl

THE STATE OF PHILANTHROPY TODAY

The lack of exhaustive public data regarding Swiss foundation assets and activities as well as the bank secrecy tradition make any estimate hard to develop. However, the study underlined a number of facts:

Private giving

“Switzerland ranks among the most generous nations in Europe”

- > Excluding church taxes, private giving in the Confederation amounts to an estimated 1.2% of annual disposable income – more than in either the UK or the Netherlands
- > Over two thirds of households give regularly; and around four times more generous than their nearest neighbors (Germany and France, respectively)

“Switzerland has still room to improve, particularly in terms of inspiring HNW”

- > The approximate indicator compare the foundation assets represent around 1/6 the size of total HNW assets under management in the UK, but the equivalent ratio in Switzerland is just 1-2%
- > More than half of respondents identified spurring philanthropic activity by HNW donors as a priority – the third most popular choice selected

Fondations

“Foundations represent a large philanthropic resource in Switzerland”

- › Estimates for total assets vary from 30 to 80 billion CHF– double the amount per capita found in England and Wales, and around three times the level in Germany
- › These foundations pay out an estimated 1-2 billion CHF per year in grants and charitable operating expenses, around 2-3% of assets
- › In addition, half of federally-registered foundations give internationally although only 15% of total capital is dedicated to this purpose
- › In addition, while there are several studies and data sources that list the thematic focus areas of foundations (for example, ~40% of foundations fund social issues, ~35% fund education and science/research, ~25% fund culture, and ~20% fund health) there is no comprehensive data available on the actual amount of annual giving to each focus area

Structure of the foundation sector

“The Swiss foundation sector is diverse, numerous and growing in number, although foundations are mostly small”

- › There are over 12,000 foundations in existence today in Switzerland, this implies one foundation per 650 Swiss inhabitants compared to 3,000 in the US and 5,000 in Germany
- › Around 3,000 are operating foundations, and an estimated 3,000 are inactive meaning there are at least 6,000 active grantmaking foundations
- › Around 3,000 are registered at the federal level and this number is growing faster than cantonally-registered foundations (6% vs. 2% annualised rate)
- › More than 36% start with assets of less than CHF 1 million, and 1/6 with assets of less than CHF 250,000
- › Most foundations stay small: at least 50% of foundations have assets of less than CHF 2 millions

Legal environnement

“The legal environment is particularly favourable for Swiss foundations”

- › Foundations are simple to set up: they require only a founding document that includes a defined purpose (which does not necessarily have to be for public benefit); and to be listed on the Register of Commerce. Moreover, little capital is needed to do so – 50,000 CHF for foundations that register at federal level, and as low as 10,000 CHF for those that do so at canton level. This ease might be more of an handicap as it contribute to the fragmentation of the sector and prevent foundations to realise their full potential
- › They are also flexible; Switzerland is among the few countries in Europe that allows – under certain conditions – foundations to be repurposed after having been established
- › Only larger foundations need to conduct a full audit, and data disclosure requirements are minimal
- › Authorities have limited powers of intervention and are perceived as reluctant to initiate sanctions against inactive foundations, as required by current legislation

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