DOING BETTER, MORE EFFICIENTLY: MEASURING AND ENHANCING PHILANTHROPIC VITALITY IN THE LEMANIC REGION
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2019
CONTENTS

List of Tables and Figures 3
Abbreviations 3
Preface 5

Chapter 1: Breaking New Ground - Studying the Vitality of the Philanthropic Sector 9
Why the Lemanic Region? 11
What's New About a Vitality Assessment? 12

Chapter 2: A Sneak-Peek Preview of Findings & Recommendations 15
The State of Vitality in a Nutshell 16
Development Priorities in Summary 18
On Methodology: How Vitality Was Measured 20
Stakeholder Perception Survey Methodology 21

Chapter 3: Philanthropic Vitality in the Lemanic Region - Key Indicator Results 23
The Regulatory Context 26
Foundations' Capital 29
Public Trust 31
Sector Intermediaries 34
Foundation Accountability 35

Chapter 4: Conclusion - Where Do We Go From Here? Six Recommendations 37
Recommendations in a Nutshell 38
Recommendation 1: Assemble a coalition of funders for the vitality of the Lemanic philanthropic hub 41
Recommendation 2: Communicate for vitality 42
Recommendation 3: Promote board and staff education 43
Recommendation 4: Accelerate the trend towards easier accessibility of information and transparency 44
Recommendation 5: Accelerate the growth of umbrella foundations and study the need for a territorial foundation 45
Recommendation 6: Align cantonal best practices and procedures and keep improving incentives 46

Appendix 1: Detailed Methodology 50
Measuring Philanthropic Vitality: A Three-Pronged Approach 51
Table Overview of the Six Vitality Categories 52
Public Opinion Survey Methodology 58
Methodology Moving Forward: Potential Upgrading for Future Studies 60
Widening the Partner Group 61
Building out the Evidence Base 61
Methodological Development Options 61
Planning for Efficient Geographical Expansion Incorporating Lessons Learned 62

Appendix 2: Remaining Indicator Results 62
Summary Results 62
The Regulatory Context 64
Foundations' Capital 66
Public Trust 69
Sector Intermediaries 70
Foundation Accountability 72
Collaboration 74

Appendix 3: Partners and Collaborators 76
Funders and Steering Committee 78
Founders of this Study 78
Steering Committee 78
List of Experts Interviewed 78

Notes 78

LIST OF TABLES AND FIGURES

Table 1: The six dimensions of philanthropic vitality assessed 17
Table 2: Summary of indicator results 24
Table 3: Surveillance risk categories and number of foundations considered at risk in Geneva and Vaud (2017/18) 27
Table 4: Share of women by position in foundation leadership hierarchies (as of July 2019) 29
Table 5: Percentage of women at each level of foundation hierarchies, total for Geneva and Vaud 30
Table 6: Trust in foundations to work for the public good, by age group 32
Table 7: Trust in institutions to "do the right thing," by age group 33
Table 8: Recommendations and relevant indicators 38
Table 9: Overview of recommendations 40
Table 10: Board/Strategy committee members of selected organizations 41
Table 11: LINK Institut survey questions 58
Table 12: Descriptive statistics of Geneva and Vaud public opinion survey sample 59
Table 13: Summary of the assessment results 62
Table 14: Foundation registrations and liquidations in the Lemanic region 65
Table 15: Philanthropic player mapping 67

Figure 1: The state of philanthropic vitality in a nutshell 16
Figure 2: Development priorities in summary 18
Figure 3: On methodology: how vitality was measured 20
Figure 4: Stakeholder perception survey methodology 21
Figure 5: Sector intermediary categories and number of foundations considered at risk 25
Figure 6: Public trust hierarchies (as of July 2019) 28
Figure 7: Public trust at each level of foundation hierarchy, total for Geneva and Vaud 30
Figure 8: Foundation registrations and liquidations in the Lemanic region 65
Figure 9: Philanthropic player mapping 67

ABBREVIATIONS

AGFA Association de Genève des fondations académiques (Geneva Association of Academic Foundations)
ASFIP Autorité cantonale (genevoise) de surveillance des fondations et des institutions de prévoyance (Geneva Cantonal Surveillance Authority for Foundations and Retirement Institutions)
AS-SD Autorité de surveillance LPP et des fondations de Suisse occidentale (Western Switzerland Authority for the Surveillance of Foundations and LPP Institutions)
AVPN Alliance vaudoise pour la nature (Vaud Alliance for Nature)
CAGR Compound annual growth rate
CEPS Center for Philanthropy Studies, University of Basel
CHF Swiss Franc
DDE Direction générale du développement économique, République et canton de Genève (Department of Economic Development, Canton of Geneva)
DG DERI Direction générale du développement économique, de la recherche et de l’innovation, République et canton de Genève
EFC European Foundations Centre
EPFL École polytechnique fédérale de Lausanne (Federal Polytechnic Institute of Lausanne)
FTE Full-time equivalent
GCP Geneva Centre for Philanthropy, University of Geneva
GDP Gross domestic product
GE (Canton of) Geneva
IMD International Institute for Management Development, Lausanne
N/A Not applicable
NEF Network of European Foundations
TGE Transnational Giving Europe
UNIGE University of Geneva
VD (Canton of) Vaud
WINGS Worldwide Initiatives for Grantmaker Support

DOING BETTER, MORE EFFICIENTLY: MEASURING AND ENHANCING PHILANTHROPIC VITALITY

2019 | PHILANTHROPIC VITALITY REPORT
Preface

Switzerland is lucky to benefit from a long-standing philanthropic tradition and effective institutional arrangements to support individuals who aim to contribute to the public good. The oldest known philanthropic actor in the country still active today dates back more than six hundred years. The Inselspital in Bern, also known as the University Hospital of Bern, was founded in 1354 in accordance with the will of Anna Seiler, a wealthy woman from the city. Three of Geneva’s main cultural institutions were created thanks to the gifts of philanthropists at least 150 years ago: the Théâtre de Neuve (today’s Grand Théâtre de Genève) in 1783, the Musée Rath in 1925, and the Conservatoire de Musique in 1835. Today, the philanthropic hub in the cantons of Geneva and Vaud includes over 2,500 public utility foundations (called fondations d’utilité publique in French), and some 800 international organizations and NGOs devoted to addressing societal needs. Thanks to the Zurich law on foundations, dating from 1833, and the subsequent federal laws passed beginning in 1907, Switzerland has had an advanced legal system for foundations for more than a century. When it was first published in 2005, the Swiss Foundation Code offered the first comprehensive manual of voluntary guidelines for grant-making foundations in Europe. Just like Switzerland has evolved from a primarily agrarian to an industrial and globally connected post-industrial society, the practice of philanthropy has similarly changed substantially over the past few centuries. Throughout, philanthropy, and its institutionalization in the form of public utility foundations, has been an expression of shared responsibility for a more just, better-functioning and more sustainable society.

In this spirit, eight years after the launch of the study Advancing Philanthropy in Switzerland: A Vision for a Co-operative and Recognized Philanthropic Sector, this study thus presents a new effort to assess and support the continued development of the Swiss philanthropic sector. Its goal is twofold. First, we seek to assess the sector’s effectiveness, collaboration, visibility, and transparency by means of high-quality empirical research to establish a current baseline. Second, we aim to derive recommendations that help to further strengthen the philanthropy ecosystem. Since resources continue to be finite, the question is essentially still the same as it was almost a decade ago: how can we do better, more efficiently?

Nevertheless, the context of philanthropic action has changed in important ways in the last ten years. The challenges associated with population growth, finite natural resources, and climate change have moved to the forefront of public awareness. Wealth creation and technical innovation through human ingenuity and innovation continue to be at the root of new solutions that address unmet and emerging needs. Yet awareness has also risen regarding the distribution effects of such progress and the risk of rising inequality as the twenty-first century unfolds. Philanthropy continues to be recognized as a force for good, but all sectors of society, including philanthropy, are challenged more than ever to demonstrate how they act in the public interest and contribute to visible progress and outcomes.

The latest disruption to the philanthropy value chain comes from the digital revolution, which is bound to disrupt business as usual in this field as it has done in so many others. A future may still be a decade off where we routinely engage with a non-profit’s chatbot online regarding questions we have about their work and the difference our donations make. But the digital transformation is already a reality today, and it is important to prepare for the near and medium-term future. The integration of digital technology and data-driven decision-making across non-profit organizations will result in changes to workflow, necessary staff qualifications, and impact strategies. Upgrading to a digital knowledge organization is a task in itself and requires expertise and technology budgets. Another terrain of innovation is innovative finance: the use of financing instruments other than grants to provide capital to projects that improve the state of the world, sometimes even generating a financial return.

In sum, all of these changes invite the stakeholders of the philanthropic ecosystem to take a forward-looking, strategic perspective on how to further build on Switzerland’s great philanthropic tradition and update it where needed so it can help address the challenges we face in this century. Building on a decade of progress, and supported by several leading foundations in Switzerland, this philanthropic vitality analysis is thus pursuing a new level of rigor and depth to unlock the potential of the Swiss philanthropic sector. This is particularly true on the methodological front, as the study >
combines quantitative analysis with surveys of public opinion and stakeholder perceptions. We wanted to know which factors underpin a healthy, high-performing, “competitive” philanthropic sector, where resources are directed to add the greatest social value, incorporating the views of stakeholders. To operationalize philanthropic vitality, we asked which role the following factors play: (1) public trust in the sector; (2) the regulatory context; (3) foundations’ financial and human capital; (4) transparency and evaluation of foundations’ actions; (5) capacity building of sector intermediaries; and (6) frameworks for resource pooling and collaboration.

The study represents a sector-wide initiative. The study counts the Geneva Centre for Philanthropy at the University of Geneva, the Center for Philanthropy Studies at the University of Basel, proFonds, SwissFoundations, and the Canton of Geneva as academic, third- and public-sector partners. The study was incubated by Fondation Lombard Odier, and FSG served as its principal consultant. It has been co-financed by actors including Ernst Göhner Stiftung, Gebert Rüf Stiftung, Stiftung Mercator Schweiz and Fondation Lombard Odier. Via a cross-sector Steering Committee representing cantonal government, academia, local foundations and service providers, we aimed to assure the study’s depth and relevance. Moreover, forty-three experts across Switzerland and abroad helped identify the most relevant vitality indicators. A widely disseminated stakeholder survey added additional perspective to the analysis, and helped us derive and put in perspective the recommendations put forth in this study for achieving additional progress over the next five years.

It is therefore with our deepest thanks that we share our findings and a roadmap for Lemanic foundations and the broader philanthropic ecosystem in the region. In addition, we hope that the study and its methodology is of interest to readers who are located elsewhere.

Geneva, September 2019

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“The world is changing. We know that the philanthropic sector must keep doing better, more efficiently.”
More than ever, philanthropic foundations are needed to help drive societal progress. At the same time, rising wealth gaps in many countries raise a fundamental question: do those with the resources to change the world merely help maintain existing inequalities? Or do they truly drive progress across society? Creating and retaining the general public’s trust in philanthropic foundations increasingly requires the philanthropic sector to be more transparent and demonstrate which concrete outcomes it funds and what its projects help to achieve. This is best achieved by a dynamic sector.

In light of these dynamics, the purpose of the present study is to generate the insights necessary to further increase the relevance and effectiveness of the philanthropic hub in the Lemanic region, comprised of the cantons of Geneva and Vaud. The Lemanic hub offers a unique cluster of foundations, private donors, international organizations, NGOs, social enterprises, and sector intermediaries who provide professional services to the sector.

If one knows what drives philanthropic sector vitality, one can take action to enhance it—and thereby further increase the sector’s positive contribution to society. To achieve this objective, we thus sought to understand what philanthropic vitality entails, how to measure it, and what can be done to act on the results. In so doing, the study brings to light the greatest strengths, as well as the weaknesses, of the philanthropic ecosystem in the arc lémanique, as the region is known in French—because transparency about where things currently stand is a key first step in the process.

Through an iterative process involving dozens of experts and an in-depth literature review, we identified six assessment dimensions with 22 indicators as a holistic proxy for philanthropic sector vitality, as summarized below. We assessed each indicator both quantitatively, using the broadest possible range of available data, and qualitatively, through a stakeholder perception survey taken by 116 respondents in the region in June and July 2019.

Based on the vitality score, which was given on a scale from one star for low vitality to three stars for high vitality, as well as recommendations received through the survey, six action tracks have emerged for the sector. To facilitate action, each recommendation is associated with local and international best practices to guide and inspire practitioners, along with a suggested timeline and potential lead actors for implementation.

The 2018 Global Philanthropy Environment Index rated countries on five factors: the ease of operating a philanthropic organization; tax incentives; cross-border flows; and the political and socio-cultural environments in support of philanthropy. Switzerland rated third, closely behind Finland and the Netherlands, which just barely surpassed Switzerland’s ratings for cross-border flows and a supportive political environment.

With its 26 cantons, the Swiss Confederation also has a deeply encoded federal structure. As a first step for the development of a vitality assessment methodology that can potentially be adopted at the Swiss national level and beyond, we focused the work of this study on the Lemanic region. We made this choice for two reasons. First, lead funders and researchers expressed a preference for a pilot study, given the lack…

**WHY THE LEMANIC REGION?**

Switzerland is a philanthropic nation and well-positioned on many dimensions among leading countries. In spite of the country’s small size, Switzerland has the fourth-most foundations of any country in Europe (with 13,169 at the end of 2018), after Germany, Hungary and Poland. It also holds the third-largest pool of foundation assets (with ca. 100 billion CHF) after Germany and the Netherlands. In comparison to other European countries, Switzerland particularly stands out for its strong regulatory environment, as well as prevailing fiscal conditions, are highly supportive of individual philanthropic action, especially when complemented by the country’s strong culture of civic engagement and rule of law.

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**WHAT INGREDIENTS ARE NEEDED FOR A SUCCESSFUL AND THRIVING PHILANTHROPIST SECTOR?**

To what extent are they already present in the Swiss cantons of Geneva and Vaud? How can the health of the sector in this region be improved? These are the key questions which this study set out to address, using an innovative mixed-methods approach and drawing on the combined expertise of dozens of subject-matter experts and a broad-based Steering Committee.

**RESULTS NOT REPORTED**
of precedent for a study of philanthropic vitality. More importantly, the regional characteristics of the Lemanic region, a fairly unique philanthropic cluster, proved compelling. Together, these two cantons represent 2,585 foundations, or nearly 20% of all foundations in Switzerland, significantly higher than their combined share of national GDP of 15.5%. They also experienced among the highest levels of new foundation registrations in Switzerland in recent years (282 and 169, respectively, for Geneva and Vaud between 2014-2018).

Underpinning the Lemanic region’s philanthropic potential is private wealth, a necessary condition for philanthropy. Geneva is a key contributor to Switzerland’s positioning as a premier international private wealth management center in terms of assets managed and competitiveness.1 Geneva and Vaud, moreover, both have fiscal regimes that encourage high-net-worth individuals to reside in the region. The region is home to 40 international organizations and at least 750 NGOs; as such, it constitutes the densest cluster in the world of organizations dedicated to social progress.2 The launch of the Geneva Centre for Philanthropy (GCP) at the University of Geneva (UNIGE) in 2017—which has quickly grown to include researchers and teachers across various faculties—is both an expression of and a contributor to philanthropic vitality of the region. In our data- and science-driven world, effective philanthropy requires upstream research and training competences, and a leading philanthropic cluster would not be complete without such an academic focal point. IMD Business School in Lausanne also has a faculty position in family philanthropy. Together with the presence of an office in Geneva of SwissFoundations, an association including many of Switzerland’s largest grant-making foundations, these infrastructural elements have the potential to reinforce each other in the Lemanic region to further increase its attractiveness as an international philanthropic hub and competence center. To fully deliver on the possibilities, however, several additional action steps are needed.

WHAT’S NEW ABOUT A VITALITY ASSESSMENT?

Rather than rehashing the state of knowledge, the goal of this study is to offer relevant fresh insights.

Switzerland’s two leading associations of philanthropic foundations, SwissFoundations (156 members) and proFonds (roughly 450 members), were founded in 2001 and 1990, respectively.3 In 2005, SwissFoundations published the first edition of the Swiss Foundation Code, the first comprehensive manual of voluntary guidelines for grant-making foundations in Europe. The Code establishes best practices for a wealth-creating nation, home to engaged citizens channeling their wealth and time through foundations and non-profits to address social and development needs both locally and internationally.4 Some nine years ago, a further milestone was achieved when Fondation Lombard Odier commissioned the report Advancing Philanthropy in Switzerland in order to capture the sector’s momentum in both financial and moral terms, and offer concrete recommendations on how to keep up the progress.5

In the past decade, much has been achieved. We can celebrate the continued growth of the philanthropic sector, and in particular, the efforts made by key institutions such as SwissFoundations6, the Center for Philanthropy Studies (CEPS) at the University of Basel (the creation of which was due in large part to the efforts of SwissFoundations members), Avenir Suisse, and, more recently, the GCP7 to build knowledge for the sector through research, annual reports and conferences.8 The opening of the SwissFoundations office in Geneva in the autumn of 2012, covering French-speaking Switzerland, was one of the recommendations put forward in the Advancing Philanthropy report. Nevertheless, it would be wise not to rest on these laurels. The world is changing. We know that the philanthropic sector must keep doing better, more efficiently. Paradoxically, this is true for two opposing reasons. To solve new and old social and environmental challenges, all countries and local communities need more citizens and philanthropic engagement than ever. At the same time, in light of greater social polarization, this engagement is also increasingly being questioned. With larger wealth gaps, perceptions are growing that all institutions, including foundations (and their donors), knowingly or not, may help maintain the systems that create inequitable outcomes.9 Wealth and its power over influence and action are seen as both sources of, and threats to, social progress.

Furthermore, with continued limited transparency regarding what foundations do and achieve, highlighted in numerous reports in Switzerland10—and often a consequence of philanthropists’ discretion and desire to keep their wealth and action private, trust in the sector cannot simply be taken for granted. “Doing and achieving” is not just about transparency; it is also about having the knowledge and ability to achieve a demonstrably positive impact by efficiently and effectively deploying resources to deliver social outcomes.

To stay ahead of these forces, this new study seeks to promote the vitality of the philanthropic sector needed to go to new depths of practice and engagement. Due to their institutional and registered nature, our focus continues to be on public utility foundations as the “tangible” core of the philanthropic sector. At the same time, we did not want to ignore foundations’ links to private philanthropic engagement and direct giving, which are grounded in a shared commitment to act for the public good, nor the enabling conditions that affect both institutionalized and personalized giving. Reflecting on previous studies, we felt that we could add particular value by responding to these gaps in existing scholarship.

1 Instead of a one-time report, could we create a robust methodology that would allow us to periodically re-evaluate key sector performance indicators using the same basis of assessment? In the spirit of continuous improvement, such an approach could go beyond creating a common sector development agenda for foundations, government, and sector intermediaries, among others. It could also help maintain momentum through a recurring cycle of assessment, identification of sector development priorities, and action.

2 Following the adage that only what gets measured gets managed, could our assessment be holistic and integrate both quantitative and qualitative measures, shedding the light of inquiry on how the sector is progressing by collecting stakeholders’ perceptions of the same indicators? This would allow us to identify not only knowledge or capacity gaps, but also forward-looking information including beliefs and behaviors in the sector that enable or stand in the way of further progress.

3 Could we ourselves create more trust in the analysis and assessment process by being even more inclusive of sector stakeholders? In this spirit, several foundations joined forces to fund the initiative (see Appendix B). A veritable invitation exercise with consultations for nearly a year brought institutions together across sectors to design, shape and execute the study. For the first time, in a spirit of partnership, this included key stakeholders like the foundation supervisory authorities of Geneva, Vaud, and the Swiss Confederation; the GDP and CEPS; and the two largest Swiss foundation associations.

This new study seeks to promote the vitality of the philanthropic sector needed to go to new depths of practice and engagement.
“The sector has the ‘hardware,’ but needs to upgrade some of its ‘software,’ in order to become most effective.”
CHAPTER 2: A SNEAK-PEEK PREVIEW OF FINDINGS & RECOMMENDATIONS

For the reader who does not want to spend hours delving into the research methodology, this chapter provides an overview of the key findings. Subsequent chapters will discuss them in further detail and derive recommendations for action. For the detailed “how-to” methodology that produced these findings, please refer to Appendix 1. If you want to skip to a detailed discussion of the key results, please move from here to Chapter 3.

THE STATE OF VITALITY IN A NUTSHELL

Our analysis found that the Lemanic philanthropic sector has significant strengths, sometimes in surprising areas. Beyond the high concentration of wealth in the region, which is well known and therefore not reported among the key results below, two critical aspects of a thriving philanthropic sector stood out by receiving high ratings. First, despite some differences between the two cantons, the sector overall scored well on policy incentives for donations, meaning that there are productive incentives in place to encourage the owners of the region’s wealth to put it to use serving the greater good. Second, and particularly encouragingly, the public opinion survey showed that the public in Geneva and Vaud trusts the philanthropic sector highly, both relative to other sectors in the region and in international comparison.

The Lemanic region therefore possesses three of the fundamental building blocks of a strong philanthropic sector: wealth, incentives to donate, and the confidence of the general public in the usefulness of foundations and philanthropy. In order to realize its full potential, however, it will need to improve in several areas. First, while the public expresses high confidence in foundations to “do the right thing,” the foundations themselves will likely need to become more transparent and accessible in order to maintain that trust over the long term. Second, according to foundation leaders who responded to our perception survey, people holding leadership positions in foundations, as a whole, neither are particularly diverse nor necessarily possess all of the right skill sets.

Finally, while we are very grateful to the surveillance authorities in Geneva and Vaud for having agreed to share the risk criteria they use to evaluate the foundations under their supervision, more work could be done to publicize and align the work of the regulatory authorities.

Before moving on to the key results, it is worth saying a few words about our attempts to measure collaborations between foundations and local institutions as an indicator of philanthropic vitality. The Lemanic region has a well-earned reputation as a global hub for NGO and multilateral activity, hosting hundreds, if not thousands, of such organizations. As NGOs and multilateral bodies are both beneficiaries of and inspirations for philanthropic actors, we thought that their presence in such a high concentration could be a key contributor to philanthropic vitality. Our attempts to measure that contribution for this study, however, did not produce conclusive results, and future iterations of the study would be well advised to seek out other ways to assess this dimension of philanthropic vitality.

THE SIX DIMENSIONS

![Figure 1: The six dimensions of philanthropic vitality assessed](image_url)

- **Collaboration**
  - Propensity to collaborate for impact
- **Foundations’ Capital**
  - Human, knowledge, and financial capital
- **Political, legal, and fiscal conditions**
- **Public Trust**
  - Understanding and attitudes about foundations
- **Growth and capacity of sector intermediaries**
- **Transparency on activities and inclusive decision-making**
- **Accountability and Impact**
  - Transparency on activities and inclusive decision-making
- **Regulatory Context**
  - Political, legal, and fiscal conditions
- **Sector Intermediaries**
  - Growth and capacity of sector intermediaries

For the reader who does not want to spend hours delving into the research methodology, this chapter provides an overview of the key findings. Subsequent chapters will discuss them in further detail and derive recommendations for action. For the detailed “how-to” methodology that produced these findings, please refer to Appendix 1. If you want to skip to a detailed discussion of the key results, please move from here to Chapter 3.
CHAPTER 2: A SNEAK-PEEK PREVIEW OF FINDINGS & RECOMMENDATIONS

DEVELOPMENT PRIORITIES IN SUMMARY

The indicator results lead directly to six potential action areas, which we will discuss in detail below:

1. **Assemble a funders’ coalition for the vitality of the Lemanic philanthropic hub.**
   - To guide and resource the common agenda envisioned above, as well as new ideas that are bound to emerge:
     - Work with lead funders, including local authorities as key partners, to create and maintain a coalition of champions committed to sector vitality and the possibility of doing things better and more efficiently, and tasked with furthing the sector’s development, including periodic re-assessments of progress.

2. **Communicate for vitality.**
   - To sustain public trust, improve the online presence of foundations, and promote local collaborations and partnerships with institutions:
     - Work with local intermediaries in the short term to create new communications capacity to carry philanthropic stories through old/new media.
     - Help foundations get online.
     - Create a sector fact sheet to provide guidance for new donors and increase the profile of the Lemanic philanthropic hub.

3. **Promote board and staff education.**
   - To underpin progress on skills and diversity, all areas of accountability, growth in association membership, and academic research and education capacity:
     - Define an appropriate curriculum based on a shared understanding of the necessary capacities for foundation leaders.
     - Work with academic centers, foundation associations and umbrella foundations in the short to medium term to develop a comprehensive executive education program with accreditation.
     - Continue to grow association-based education and knowledge transfer.

4. **Accelerate trends towards transparency.**
   - To sustain public trust, public reporting, and accountability across all sub-indicators and collaboration:
     - Work with authorities and local intermediaries (or a new entity) in the short to medium term to develop a voluntary reporting platform to gather (machine-) readable data on foundations’ activities.
     - Expand the foundation mapping study in the canton of Geneva (see Figure 14 in Appendix 2) to include Vaud.
     - Deepen research on foundation transparency in Switzerland.

5. **Accelerate the growth of umbrella foundations and study the need for a territorial foundation.**
   - To further stimulate a culture of giving in the general population, grow funds in umbrella foundations, and stimulate local collaboration:
     - Work with cantonal authorities, philanthropists and foundations, and local institutions and interest groups in the short to medium term to deepen partnerships between local intermediaries and authorities to accelerate the transfer of smaller foundations to umbrella structures.
     - Conduct a feasibility study for a new territorial foundation to support donor engagement and collaboration around local needs, either as a new entity or embedded in current organizations.

6. **Align cantonal best practices and requirements.**
   - To facilitate registration, increase value from surveillance, and further improve policy incentives, board and staff skills, and diversity:
     - Work with authorities in the medium term to align risk management criteria and sharing of aggregated information on the sector.
     - Align on Vaud’s guichet unique practices, which allow foundations to interact with only one cantonal authority, and on Geneva’s policies regarding foundations’ ability to conduct activities abroad and board remuneration practices.
     - Evolve fiscal exoneration practices relating to foundations’ commercial activities.

Overall, the purpose of the vitality assessment is to nurture a multi-stakeholder effort to reinforce the Lemanic region as a global philanthropic hub. For this purpose, we must understand what vitality entails and how to measure it, and then act on the assessment’s results to improve the philanthropic sector’s potential to benefit society.

**In Chapter 3**
We explain how the Lemanic region performed on this first pilot assessment, with a focus on eight key indicators that provided fresh and relevant insights.

**In Chapter 4**
We discuss the sector development opportunities that might most influence future philanthropic vitality over time, as proxy by indicator performance, and suggest potential lead sector actors and a potential timeline for each recommended action.

**In Appendix 1**
We explain which indicators of performance were selected for each dimension, how data was collected. We also provide details of the questions asked on our public opinion survey and some statistics regarding the respondent pool.

**In Appendix 2**
We present the findings of the 11 indicators not included in the main body of the report.

**In Appendix 3**
We list the institutions and individuals whose support and insights helped to make this study a reality.

For further information, please refer also to the study website at www.philanthropic-vitality.ch

Throughout, we have sought to err on the side of readability and attractiveness of this study to a wider public; readers who are interested either in the potential of effective philanthropy in the Lemanic region specifically, or in a blueprint how to assess and stimulate philanthropic vitality more generally. We have thus relegated sources and more complex technical discussions to appendices and footnotes.
By combining extensive desk research with a series of 43 expert interviews, we selected 22 indicators to evaluate across these six categories. Measurement of the indicators incorporated further desk research and data provided by project partners and by the cantonal authorities, as well as a qualitative stakeholder perception survey (see column at right). For one indicator, namely indicator 3.3 (public trust), the Steering Committee commissioned a third-party survey firm to conduct a telephone survey of a representative sample of 310 members of the general public in the two cantons.

The areas of inquiry determined by the indicator selection process guided the questions and design of a stakeholder perception survey. Questions were organized along the six dimensions of sector vitality and matched to each indicator, where relevant. For example, an indicator under “public trust” is the extent to which Lemanic media covers public utility foundations and whether the coverage is positive or negative. The matching question in the survey asked stakeholders whether they believe the media covers the sector adequately, based on a five-point scale from “strongly disagree” to “strongly agree” (commonly referred to as a Likert scale). In addition, comment boxes allowed participants to provide further detail or recommendations to improve performance on that indicator (see Appendix 1 for the list of the specific questions asked). Indicators that relate purely to statistical patterns, such as the growth in the number of foundations, were fully assessed quantitatively, and were therefore not included as questions to stakeholders. The online survey was sent to 500 stakeholders, of whom 116 answered it, producing a response rate of 23%.

PUBLIC OPINION SURVEY METHODOLOGY

Due to the lack of data available on the public’s trust and general understanding of public utility foundations, the LINK Institut was requested to perform a public opinion survey of the general population in Geneva and Vaud drawn from a pool of 27,000 potential respondents in Suisse Romande between the ages of 15-79. The final sample included 310 people, and the margin of error for the full survey results was +/- 5.7%. Results of the survey can be found in Chapter 3 under indicator 3.3, and further details on methodology, including the full text of the questions and a breakdown of the respondents, are included in Appendix 2.
“Public utility foundations registered as the most trusted of any of the sectors offered as possible choices.”
As previously noted, the project team evaluated the philanthropic sector in Geneva and Vaud on 22 indicators, divided across six categories. This chapter presents the most salient results that emerged from this analysis, which cover eight of the indicators and five of the categories (only the Collaboration category did not have any indicators included in the main section of the report). The results from the remaining indicators can be found in Appendix 2.

The purpose of the vitality assessment was to spur an evidence-driven multi-stakeholder effort to further position the Lemanic region as a global philanthropic hub. This first assessment, to be fine-tuned and repeated over time, can serve as the “shared measurement” of sector stakeholders, enabling each actor to contribute according to their own assets and capabilities. In line with the assessment, efforts should be weighed to improve the lowest-scoring indicators, without ignoring the others, whose scores should, at a minimum, be maintained.

Figure 2 summarizes our measurements, with the results discussed in this chapter highlighted.

The data collected for two of the indicators (2.4 and 6.2) did not permit us to draw conclusions solid enough to be included in the report; Appendix 2 contains further details.
In Switzerland, foundations are subject to oversight at one of three levels: communal, cantonal, or federal. The latter two cover essentially all foundations in both Geneva and Vaud. Foundations operating within their canton are generally subject to surveillance at the cantonal level, while those operating across cantons and/or internationally are surveilled at the federal level.

A core task of the cantonal and federal foundation surveillance authorities is to request annual reports from foundations and to screen these reports against risk criteria defined by each authority. While specific foundation-by-foundation information remains confidential, aggregated indications of risks across the sector can provide invaluable guidance to the sector on deficits that could be addressed through education or professional service providers. This study newly surfaced such indications from the cantonal surveillance authorities in Geneva and Vaud, and shows differences in the current surveillance practices and the definition of risk categories.

In Geneva, 248 foundations (46% of the total supervised at the cantonal level) were considered by cantonal surveillance authorities to be at risk to some degree in 2017, compared with 130 (73%) in Vaud in 2018. Geneva differentiates low, medium, and high risks, and the vast majority of cases are considered low risk, which explains the overall higher number of risk cases. This difference in the risk classifications, combined with the varying definitions of the risk factors themselves, makes it difficult to compare the results across cantons.

In Vaud, the percentage of cases with financial concerns is similar to that seen in Geneva, but the top risk categories are cut differently: 58 foundations (45% of those at risk) were listed for lack of liquidity, and 27 (21%) for over-indebtedness. Figure 3 below lists the most common risk factors per canton.

To evaluate this indicator, several local legal experts were consulted to define the parameters that most underpin a supportive legal and fiscal context, and to evaluate the status of these parameters in Geneva and Vaud. As the following table describes, the respective tax authorities oversee a generally supportive environment. They have implemented efficient processes for requests for fiscal exoneration, while the Vaud authority tends to be more restrictive than its counterpart in Geneva regarding the compensation of board members and the possibility of giving abroad.
Table 1: Review of policy incentives for philanthropic giving and foundation creation

<table>
<thead>
<tr>
<th>Topic</th>
<th>Geneva Assessment</th>
<th>Vaud Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear definition of public utility for exemption</td>
<td>★★★ “Public utility” is a fiscal concept not defined by law but by the conditions set for exemption, including: 1) a purpose of general interest; 2) exclusive and irrevocable contribution of the funds; 3) disinterest; and 4) actual non-profit activity.</td>
<td>★★★ As a principle, VD’s tax authority does not allow board remuneration. VD practice is more restrictive than GE, as the VD tax authority requires more explanations and supporting documentation in order to allow the compensation of board members.</td>
</tr>
<tr>
<td>Purpose of general interest</td>
<td>★★★ “General interest” is more broadly defined and interpreted in Switzerland than in many other countries. The only difference between the two cantons deals with activities abroad: the VD authorities require them to be strictly described and delimited in the statutes.</td>
<td>★★★ There is no legal base for prohibiting remuneration of board members. However, tax authorities interpret that the condition of “disinterest” is applicable to board members, who cannot be remunerated. For GE, the principle is that remuneration is not permitted but exceptions are possible with restrictive conditions (attendance fees or compensation for tasks that exceed the usual scope of the role).</td>
</tr>
<tr>
<td>Board member remuneration</td>
<td>☆ There is no legal base for prohibiting remuneration of board members. However, tax authorities interpret that the condition of “disinterest” is applicable to board members, who cannot be remunerated.</td>
<td>★★★ There is no legal base for prohibiting remuneration of board members. However, tax authorities interpret that the condition of “disinterest” is applicable to board members, who cannot be remunerated.</td>
</tr>
<tr>
<td>Possibility of having activities abroad</td>
<td>★★★ There are no restrictions: foundations located in GE can have activities exclusively outside of Switzerland.</td>
<td>★★★ Some restrictions exist. Foundations located in VD must have an activity that targets beneficiaries located in Switzerland. In practice, however, the authority seems less restrictive as they have agreed to exonerate foundations with activities exclusively abroad.</td>
</tr>
<tr>
<td>Ease of obtaining fiscal exoneration and tax authorities’ practices</td>
<td>★★★ The GE tax authority is pragmatic, open to discussions, and provides pre-opinions. They also provide tools to facilitate the exoneration process (such as specific guides and a fast-track process for simple cases).</td>
<td>★★★☆☆☆ The VD tax authority has a specific ruling department with a dedicated team. They are open to discussions, provide pre-opinions, and have reliable processing periods. The VD surveillance authority’s guichet unique is very helpful, as foundations have a single interlocutor and do not have to send documents to tax authorities separately.</td>
</tr>
<tr>
<td>Possibility of having economic activities</td>
<td>★★★ Foundations can have commercial activities with important restrictions. These activities must be ancillary, not preponderant. Shareholder foundations are possible although with restrictions in terms of governance. Impact investing is allowed.</td>
<td>★★★☆☆☆ The tax incentives for donors could be improved, but the sole fact that some tax incentives exist has a positive impact. GE and VD taxpayers are allowed to deduct donations from their taxable income equal to up to 20% of their net income. In GE, there is no minimum required amount. In VD, the minimum is 100 CHF.</td>
</tr>
<tr>
<td>Tax incentives for donors (domestic)</td>
<td>★★★ The tax incentives for donors could be improved, but the sole fact that some tax incentives exist has a positive impact.</td>
<td>★★★☆☆☆☆ The tax incentives for donors could be improved, but the sole fact that some tax incentives exist has a positive impact.</td>
</tr>
<tr>
<td>Cross-border donations</td>
<td>★★★☆☆☆☆ There are no tax incentives for cross-border donations. Efforts need to be made by Switzerland by negotiating bilateral or multilateral conventions to encourage cross-border donations. The current situation is not satisfactory, although a paid solution exists, in the form of the Transnational Giving Europe (TGE) network.</td>
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</tr>
</tbody>
</table>

The following references were used to differentiate the practices of the two cantons, and are relevant reading for new philanthropists in the region who are considering setting up a foundation:

Documentation related to Geneva:

Documentation related to Vaud:

Figure 4: Share of women by position in foundation leadership hierarchies (as of July 2019)
Council (29%) and is better than in the private board members mirrors the share in the National Vaud and Switzerland. The share of women among foundations, a phenomenon consistent across Geneva, the highest ranks of the professional staff in their own foundations.

* Note: This number comes from responses provided as part of the Source: CEPS analysis and perception survey, where foundation leaders were asked to indicate the percentage of female staff members in their own foundations.

Figure 5: Percentage of women at each level of foundation hierarchies, total for Geneva and Vaud

The share of women is lowest in the highest ranks of foundations, a phenomenon consistent across Geneva, while 20% disagreed or strongly disagreed that boards have all the right skills and experience, and 20% disagreed or strongly disagreed that boards are women. Clearly, gender diversity is just the starting point for analyzing broader diversity and relevant experience, and the philanthropic sector should aim to be a leader in this regard. Doing so, however, will require more data than was available for this study.

Survey respondents from foundations in Geneva and Vaud were invited to provide further details regarding board and staff gender diversity in their own foundations as follow-up questions on the stakeholder survey. According to them, 31% of the board members of respondents’ foundations are women, which is in line with the cantonal and national averages. Respondents reported that 69% of the professional staff in their foundations (at all levels, not just top management) are women. Clearly, gender diversity is just the starting point for analyzing broader diversity and relevant experience, and the philanthropic sector should aim to be a leader in this regard. Doing so, however, will require more data than was available for this study.

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The high share of positive articles is good news for the sector, but given that trust is fundamentally in the eye of the beholder, and in light of the low rating given in the perception survey, we settled on a low-to-moderate rating for the indicator. Some researchers have noted the tendency of negative articles to far outweigh the positive resonance of positive ones.20 We do not see this as a problem, however; indeed, constructively critical press coverage can be healthy and can spur important action and reform, insofar as it brings to light dynamics or practices that should be improved.

The majority of negative articles emphasized conflicts of interests between donors and their giving objectives or targets. Other general themes among the negative articles included political corruption, suspicious sources of wealth, maintaining power and privilege for the wealthy, substitutions of the role of the state, and concerns of poor governance and management.

Four themes dominated the majority of positive articles, influenced by recent events in the Lemanic region:

• Celebrating the value of foundations and philanthropy around themes of family values and the social engagement of the “next generation,” the innovation power of philanthropy, and, more generally, the dynamism of philanthropy in Switzerland

• Announcing the creation of the new Centre for Philanthropy at UNIGE and the potential of Geneva as an international solidarity and philanthropic hub

• Praising specific stories of philanthropic engagement in the region around numerous needs, such as project funding at the École polytechnique fédérale de Lausanne (EPFL), advocating for technology in service of human-kind, female entrepreneurship, vulnerable youth, preventing violence in schools, supporting the building of public pools or sailing events, animal protection, social services, and even the preservation of watchmaking skills

• Illustrating the potential of sustainable or impact finance, particularly around the International Committee of the Red Cross’s (ICRC) humanitarian impact bond innovation

What the media says about local philanthropy

The study reviewed over 355,000 articles published in Geneva and Vaud media outlets from May 2017 to May 2019, of which 371, or 0.3%, were found to contain the search terms “foundation + public utility” and/or “philanthropy.” Considering that Swiss foundation giving represents 0.3% of national GDP, coverage appears somewhat low in view of the sector’s relative share of “investment” in the country, with the caveat that search engines may not have identified all relevant publications.

269 of the 371 articles were selected for a deep-dive analysis, after removing duplicate or otherwise non pertinent results. 52% and 30% of these 269 had a positive or a neutral tone, respectively, while 18% carried a negative message.

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3.3 UNDERSTANDING AND TRUST IN PUBLIC UTILITY FOUNDATIONS IN THE GENERAL POPULATION

The public trust survey of 310 individuals aged 15-79 in Geneva and Vaud, conducted by the LINK Institut in June 2019, yielded a refreshingly positive outcome in terms of public understanding and trust, as highlighted in Figure 6. “The importance of this result influenced our overall strong assessment for the public trust category. First, the vast majority of respondents (72%) were able to describe in relevant terms what a “public utility foundation” does or represents: 51% described it as acting “for the good of the community/society” or for the “common good,” while another 21% said that it does not seek to turn a profit.

As noted in Figure 4, 54% of all respondents strongly agreed or agreed that public utility foundations act in the general interest, with particularly strong endorsement from 60-to-79-year-olds (73%, albeit in a limited sample of only 56 respondents): Younger age groups agreed with the statement less often—50% for 15-to-29-year-olds and 46% for 30-to-44-year-olds—although, again, the sample sizes are small. For all age categories, the vast majority of those who did not agree with the statement were neutral in their reactions: only the 30-to-44-year-olds either disagreed or strongly disagreed over 10% of the time (14.5%). Even so, these dissenting voices can have an outsized influence, particularly since they are most concentrated in an age group that is likely to dominate the political scene for the coming two decades.

The most striking result emerged from the Edelman Trust Barometer question, which asked respondents about their relative levels of trust in different institutions. Public utility foundations registered as the most trusted of any of the sectors offered as possible choices. 64% of respondents “trust foundations to do the right thing,” versus 53% and 57% for government and NGOs, and 39% and 32% for business and media respectively (see Figure 7). We must add a few words of caution, however. First of all, as mentioned previously, the sample sizes are small, particularly for the results by age group (further details on the respondent pool and the methodology can be found in Appendix 1). Additionally, a bias may have emerged as a result of the question having been asked as part of a survey explicitly focused on the philanthropic sector and foundations, if respondents felt pressure to tell the interviewer what they believed the interviewer wanted to hear. Finally, it is also important to consider that older generations trust the sector more than youth do, especially when thinking about how to move forward with the political and policy measures needed to increase philanthropic vitality.

A closer look at the public opinion survey

Across all age groups, public utility foundations are believed to “do the right thing” more than any other institution, particularly compared to NGOs, businesses and media.

60-to-70-year-olds have the highest trust in both foundations and government, while those aged 15-to-29 trust foundations much less.

Figure 6: Trust in foundations to work for the public good, by age group

| Age Group | Trust
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All ages</td>
<td>54%</td>
</tr>
<tr>
<td>15-29</td>
<td>50%</td>
</tr>
<tr>
<td>30-44</td>
<td>46%</td>
</tr>
<tr>
<td>45-59</td>
<td>52%</td>
</tr>
<tr>
<td>60-79</td>
<td>73%</td>
</tr>
</tbody>
</table>

Note: The question asked (in French) was the following: “To what degree do you agree with the following statement: Foundations work for the public good in the Lemanic region.” Respondents were asked to respond on a standard five-point scale: strongly agree, agree, neither agree nor disagree, disagree, strongly disagree. The percentages presented above represent the share of respondents in each age group who responded either “strongly agree” or “agree.”

Figure 7: Trust in institutions to “do the right thing,” by age group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Public utility foundation</th>
<th>Government</th>
<th>NGO</th>
<th>Business</th>
<th>Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>All ages</td>
<td>57%</td>
<td>40%</td>
<td>20%</td>
<td>65%</td>
<td>72%</td>
</tr>
<tr>
<td>15-29</td>
<td>64%</td>
<td>57%</td>
<td>39%</td>
<td>65%</td>
<td>65%</td>
</tr>
<tr>
<td>30-44</td>
<td>65%</td>
<td>65%</td>
<td>57%</td>
<td>66%</td>
<td>65%</td>
</tr>
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<td>66%</td>
<td>57%</td>
<td>66%</td>
<td>65%</td>
</tr>
<tr>
<td>60-79</td>
<td>72%</td>
<td>66%</td>
<td>57%</td>
<td>66%</td>
<td>65%</td>
</tr>
</tbody>
</table>

Note: The question asked (in French) was the following: “Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale where one means that you ‘do not trust them at all’ and nine means that you ‘trust them a great deal.’” The question was scored on a 9-point scale where 1 represented zero trust and 9 represented complete confidence. The percentages presented above represent the share of respondents in each age group who reported scores between 6 and 9 for the selected institution.
An umbrella foundation (referred to as a foundation abritant in French) is a relatively recent legal structure in Switzerland that shares some characteristics with the donor-advised funds common in the English-speaking world. The umbrella foundation itself has no capital and gives out no grants. Rather, it is a shared administrative structure used by sheltered funds (in French, fonds abrités) created under its auspices. The sheltered funds are not legal entities, and therefore can be created more quickly and simply than an independent foundation. Furthermore, the shared administrative structure significantly reduces the operating costs for a sheltered fund, making it feasible to create a sheltered fund with far less start-up capital than an independent foundation. The umbrella foundation’s board retains final authority over the grant-making decisions of the sheltered funds, most umbrella foundation boards allow the creators of sheltered funds wide latitude in their grant recommendations, provided that their grant-making is aligned with the regulations of their sheltered fund.

The two principal umbrella foundations in the Lemanic region are Fondation Philanthropia and Swiss Philanthropy Foundation, have seen steady recent growth in their numbers of sheltered funds, from 39 combined foundations in 2014 to 68 in 2018, which works out to a 15% annual growth rate. Sheltered funds remain, however, far from the mainstream, as evidenced by the enormous disparity between the 68 sheltered funds and the over 2,500 foundations in the cantons. As will be discussed in the recommendations section, we believe that umbrella foundations and sheltered funds could and should play a much larger role in the Lemanic philanthropic sector, especially given the small size of the average Swiss foundation.

Total disbursements from these sheltered funds vary substantially year-on-year, but have ranged from 15–25 million CHF per umbrella structure annually in the last five years. The volatility is due to the pass-through nature of many sheltered funds, as well as the fact that each sheltered fund decides on its own disbursement strategy and schedule, rather than adhering to an overarching strategy at the level of the umbrella foundation.

Foundations in the Lemanic region are noteworthy for their general lack of online presence, likely linked to the fact that roughly 75% of all foundations in the region have no staff on payroll. Of the more than 1,200 foundations in Geneva, according to a database provided by the cantonal government, 65% do not have a website. Unfortunately, a corresponding database does not yet exist for Vaud, but a sample of 350 registered foundations in each canton, selected from a list of all foundations supervised at the cantonal level, yielded a very similar result, with 54% found to be lacking a website.

Deeper analysis enabled by the Geneva dataset shows that grant-making foundations are relatively less likely than other foundations to maintain an online presence: 65% lack websites, compared to 51% for operating foundations. This result is somewhat surprising and concerning, given that grant-making foundations arguably have a greater need to communicate funding criteria, regulations, calls for proposals, and documentation and reporting requirements, even if they may not need to be as visible as foundations whose primary goal is fundraising (such as WWF Switzerland Foundation).

We do acknowledge that there are, at least in theory, offline ways in which foundations can communicate their missions, activities, and finances with the general public. That said, the offline world’s search engines are much more difficult to use than Google, especially for a person with no prior knowledge of a foundation, and a foundation with no online presence is therefore much more difficult to find. This may be especially true in Switzerland given the large number of small foundations in the country: a foundation with no physical office and no website essentially does not exist for the average citizen, unless it conducts activities or events with significant public visibility.
“The current status of fiscal regulations and other measures meant to encourage and facilitate philanthropy is positive, but not optimal.”
A set of possibilities for sector development is emerging for all stakeholders in the Lemanic region and across Switzerland. The recommendations have largely been sourced from the stakeholders themselves, as a high number of survey respondents provided detailed suggestions on how to improve each dimension of vitality.

**RECOMMENDATIONS IN A NUTSHELL**

The analysis of some 180 recommendations tied to specific dimensions of vitality collected from stakeholders through the perception survey, and the results of the assessment detailed in the previous chapter, formed the basis for six major recommendations (see Figures 8 and 9 below). Each recommendation is associated with the indicators it can most help to progress.

### ACTION RECOMMENDATIONS

- **Align cantonal best practices and procedures**
- **Accelerate the trend towards transparency**
- **Communicate for vitality**
- **Promote board and staff education**
- **Accelerate the growth of umbrella foundations and study the need for a territorial foundation**
- **Assemble a coalition of funders for the vitality of the Lemanic philanthropy hub**

**RESULTS**

- **HIGH**
- **MODERATE**
- **LOW**
- **NOT REPORTED**

**THE REGULATORY CONTEXT**
- 01 New registrations and registration support
- 02 Learning from foundation surveillance
- 03 Public reporting requirement
- 04 Policy incentives for philanthropic giving and foundation creation

**FOUNDATIONS’ CAPITAL**
- 05 Local wealth generation
- 06 Level and growth in the number of foundations at cantonal and federal levels
- 07 Level and growth in the assets of foundations
- 08 Level and growth in the spending of foundations
- 09 Board and staff numbers and diversity

**PUBLIC TRUST**
- 10 Nature of philanthropic sector media coverage
- 11 Giving propensity in the general public
- 12 Understanding and trust in public utility foundations in the general population

**SECTOR INTERMEDIARIES**
- 13 Level and growth in foundation membership to associations
- 14 Level of and growth in funds in philanthropic umbrella intermediaries
- 15 Level of and growth in philanthropic research and education capacity
- 16 Level of and growth in legal and philanthropic consulting service provider quality

**FOUNDATION ACCOUNTABILITY**
- 17 Online presence of foundations
- 18 Information on mission and strategy
- 19 Information on evaluation practices
- 20 Information on stakeholder inclusion in governance or programming

**COLLABORATION**
- 21 Strength of cross-sector, peer-to-peer collaborations operating in canton
- 22 Strength of partnerships between local foundations and local institutions

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Figure 8: Recommendations and relevant indicators
CHAPTER 4: CONCLUSION - WHERE DO WE GO FROM HERE? SIX RECOMMENDATIONS

Recommendation

Assemble a coalition of funders for the vitality of the Lemanic philanthropic hub

Mostly voluntary action, with greater ease of implementation and shorter-term timeframe

To guide and resource the envisioned agenda for improving the vitality of the Lemanic philanthropic hub, and to track progress against this agenda, we recommend the creation of a coalition of funders. This coalition would coordinate a development agenda inspired by our recommendations with cantonal authorities. This group of “sector champions” would be composed of Swiss and Lemanic foundations and philanthropists committed to sector vitality and the possibility of doing things better and more efficiently to address both local and international societal needs.

References and inspiring examples

Coalitions of funders have promoted the growth and professionalization of the Swiss and global philanthropic sectors for decades. We can acknowledge, for example, the seven foundations currently acting as champions and board members of SwissFoundations; the nine foundations supporting CEPS; and the six key funders behind the recent launch of the GCP (see Figure 10). Last but not least, of course, the present study is itself the product of a coalition of funders, the names of which are listed in Appendix 3.

Most recently, Worldwide Initiatives for Grantmaker Support (WINGS) highlighted the role and importance of funders in developing a thriving philanthropic ecosystem.21 A key message in that study resonates strongly with the spirit of our vitality assessment: we must challenge ourselves to dream of thriving civic spaces and the steps we must take to get there.

Stakeholders most concerned

- Swiss/Lemanic foundations
- Foundation associations, and philanthropists
- Geneva and Vaud cantonal governments

Next steps

Funders of the vitality study could reach out to potential additional funders for implementation and convene an aspirational planning and fundraising session. The resulting coalition of funders could commit to and champion a first three-year sector development agenda.

Figure 10: Board/Strategy committee members of selected organizations

<table>
<thead>
<tr>
<th>GCP</th>
<th>CEPS</th>
<th>SwissFoundations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fondations Edmond de Rothschild</td>
<td>Age Stiftung</td>
<td>Arcas Foundation</td>
</tr>
<tr>
<td>Fondation de bienfaisance du groupe Pictet</td>
<td>Ailton Stiftung</td>
<td>Christoph Merian Stiftung</td>
</tr>
<tr>
<td>Fondation Hélène et Victor Barbour</td>
<td>Ernst Göhner Stiftung</td>
<td>Fondation Leenaards</td>
</tr>
<tr>
<td>Fondation Leenaards</td>
<td>Geberit Röf Stiftung</td>
<td>Gabert Röf Stiftung</td>
</tr>
<tr>
<td>Fondation Lombard Odier</td>
<td>Ria &amp; Arthur Dietscheiler Stiftung</td>
<td>Jacobs Foundation</td>
</tr>
<tr>
<td>SwissLife Stiftung Perspektiven</td>
<td>Sophie und Karl Binding Stiftung</td>
<td>Sophia und Karl Binding Stiftung</td>
</tr>
<tr>
<td></td>
<td>Stiftung Mercator Schweiz</td>
<td>Velux Stiftung</td>
</tr>
<tr>
<td></td>
<td>Velux Stiftung</td>
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</tr>
</tbody>
</table>

Type of action

Voluntary

Execution ease

High

Timeframe

1 year

While clearly grounded in the indicator results, as depicted above, we present each recommendation below from a different perspective, noting whether the actions are:

- More “structural” in nature, requiring new policy conditions or new structures; or “voluntary,” meaning that they can be implemented by existing stakeholders;
- More or less complex, around a subjective assessment of high / medium / low ease of implementation; and
- Implementable over shorter- or longer-term periods

- Immediate, within 1 year
- within 2–3 years
- within 5 or more years

We list recommendations below starting with voluntary actions, with lower complexity of implementation and shorter timelines, and progressively move to more structural, complex and longer-term actions.

With each recommendation, we also suggest:

- Useful and inspiring references for implementation (Swiss and international case studies, reports and articles)
- Sector stakeholders who might be well positioned to lead change in these areas
- Potential immediate next steps

Figure 8: Overview of recommendations

<table>
<thead>
<tr>
<th>ACTION RECOMMENDATIONS</th>
<th>TYPE OF ACTION</th>
<th>EXECUTION EASE</th>
<th>TIMEFRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assemble a coalition of funders for the vitality of the Lemanic philanthropic hub</td>
<td>VOLUNTARY</td>
<td>HIGH</td>
<td>1 YEAR</td>
</tr>
<tr>
<td>Communicate for vitality</td>
<td>VOLUNTARY</td>
<td>HIGH</td>
<td>1-3 YEARS</td>
</tr>
<tr>
<td>Promote board and staff education</td>
<td>VOLUNTARY</td>
<td>MEDIUM</td>
<td>1-3 YEARS</td>
</tr>
<tr>
<td>Accelerate the trend towards transparency</td>
<td>VOLUNTARY &amp; STRUCTURAL</td>
<td>MEDIUM</td>
<td>3 YEARS</td>
</tr>
<tr>
<td>Accelerate the growth of umbrella foundations and study the need for a territorial foundation</td>
<td>VOLUNTARY &amp; STRUCTURAL</td>
<td>MEDIUM</td>
<td>3 YEARS</td>
</tr>
<tr>
<td>Align cantonal best practices and procedures</td>
<td>STRUCTURAL</td>
<td>LDW</td>
<td>&gt;5 YEARS</td>
</tr>
</tbody>
</table>
Recommendation
Communicate for vitality

Mostly voluntary action, with greater ease of implementation and shorter-term timeframe

To support and advance all dimensions of public trust, new investments in the communications capacity of the philanthropic sector are needed. This will also help to increase the online presence of foundations and their potential to be identified by and support local institutions. It is worth noting here that, if this recommendation is to be heeded, foundations will need to be convinced to identify and share their best stories and lessons learned, which is currently done only selectively. For example, SwissFoundations already runs a communication task force, which is composed of communication experts from key foundations. Such efforts could be expanded.

Survey respondents and expert stakeholders imagined the following options:

• Support to foundation associations to enhance their dissemination of stories of local contribution and impact (through social media), periodic briefing of local media and response capacity to negative coverage.
  - Timeline: within 2-3 years

• Development of a regional philanthropic sector fact sheet and guidance sheet for potential new philanthropists and their public and private intermediaries.
  - Timeline: within 1 year

• Provision of a website-building service or hosted website for Lemanic foundations that do not have the resources or expertise to maintain their own online presence.
  - Timeline: within 2-3 years

References and inspiring examples
Examples abound of how to support implementation of such ideas. For example, Alliance magazine facilitates knowledge exchange among philanthropists to maximize the impact of funding for social development. Alliance has taken a collaborative approach, bringing together sector stakeholders who wish to learn from their peers in what Charles Keidan, the former Director of the Pears Foundation, calls “a platform for friendly but constructive and robust discussion about philanthropy, often from the viewpoint of those affected by the decisions of foundations and philanthropists.”

Alliance has a largely European readership, but it seeks to catalyze action on a global scale with its content. It draws support from the European Foundations Centre (EFC) and the Network of European Foundations (NEF).

Other communication facilities that accelerate the philanthropic sector include WINGS, Philanthropy Advocacy, the Foundation Center’s IssueLab, and the Community Foundation Public Awareness Initiative (see more on community foundations below). On the local front, two years ago SwissFoundations started an inclusive initiative to tailor and boost its communication capability and that of its members.

Stakeholders most concerned
These recommendations could be implemented and/or accelerated by foundation associations, umbrella foundations, and/or the GCP.

NEXT STEPS
Lemanic intermediaries could present proposals to the boards of relevant foundations, and potentially to the new funders’ coalition, for how to improve sector communications, create the fact sheet, and help foundations get online.

Recommendation
Promote board and staff education

Mostly voluntary action, with medium ease of implementation and shorter-term timeframe

To advance board and staff numbers and diversity, all areas of accountability, growth in association membership, and academic research and education capacity, experts and survey respondents recommend the following actions:

• Develop a comprehensive education program for aspiring and existing foundation board members and staff, associated with a Lemanic/Swiss certificate/ accreditation in philanthropic management.
  - Timeline: within 2-3 years

• Continue to provide knowledge exchange events as well as incubation of new initiatives through SwissFoundations, proFonds, and/or AGFA (the foundation associations).
  - Timeline: immediately

Stakeholders most concerned
This recommendation could be implemented by the GCP and CEPS, in collaboration with SwissFoundations and proFonds, umbrella foundations, and international experts/centers (such as IMD’s Centre for Social Impact and Philanthropy, in collaboration with WINGS, stresses how professionalism, good governance and core operations skills are key components of a supportive ecosystem for philanthropy). There are several executive education programs for non-profit management for example, the Lilly Family School of Philanthropy at Indiana University offers philanthropic practitioners a Certificate in Non-Profit Executive Leadership for mid- and upper-level non-profit leaders. This certificate program focuses on general management (including financial analysis, program evaluation, and strategic planning) to guide practitioners to lead non-profits in the 21st century.

Executive education for non-profits does exist in Switzerland, but at a fairly limited level. There are only the following four well-established courses currently on offer in the country, which, given the Swiss total of over 13,000 foundations, is still a modest education capacity that needs to be built out in ways that keep supply and demand in lockstep:

• Certificate in Management of Non-Profit Organizations (Certificat en gestion et management dans les organisations sans but lucratif), offered by the University of Geneva

• Certification of Excellence in the Management of Non-Profit Organizations (Certification de l’excellence dans le management d’organisations à but non lucratif), offered by ISGS

• A course in Foundation Governance (La gouvernance des fondations) offered by the Académie des Administrateurs (ACAD) in Lausanne

• A Masterclass in the management of grant-making foundations (Cours intensif en gestion des fondations donatrices), offered by Swiss Philanthropy Foundation in partnership with CEPS and the GCP

In addition to these courses, there are several regular events held in different parts of Switzerland that offer philanthropy professionals the chance to exchange knowledge and experiences. An example from the Lemanic region is the Forum des Fondations, organized every year by AGFA, proFonds, and SwissFoundations in partnership with ACAD, the GCP, and IMD.

NEXT STEPS
GCP and CEPS could conduct a joint “curriculum strategy” process, in consultation with SwissFoundations and proFonds, to assess current offerings and needs, and define the next curriculum priorities to be implemented jointly or individually.

References and inspiring examples
Several international programs could serve as examples for implementation. The Ashoka University Centre for Social Impact and Philanthropy, in collaboration with WINGS, stresses how professionalism, good governance and core operations skills are key components of a supportive ecosystem for philanthropy. There are several executive education programs for non-profit management for example, the Lilly Family School of Philanthropy at Indiana University offers philanthropic practitioners a Certificate in Non-Profit Executive Leadership for mid- and upper-level non-profit leaders. This certificate program focuses on general management (including financial analysis, program evaluation, and strategic planning) to guide practitioners to lead non-profits in the 21st century.

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4 Recommendation

Accelerate the trend towards easier accessibility of information and transparency

**Voluntary and structural action, with medium ease of implementation and medium-term timeframe**

To enable further research as well as facilitate collaboration, survey respondents and stakeholders propose the following recommendations:

- Develop a voluntary reporting platform to gather key indicators and their grants in a standard way. **Timeline: within 5 years**
- Expand the Geneva foundation mapping to cover the full Lemanic region. **Timeline: within 2-3 years**
- Deepen research on foundation transparency in the Swiss context, with the aim of influencing policy and practices. **Timeline: immediately**

**References and inspiring examples**

A first reference and precedent for increased public reporting does exist in Switzerland. In the 2016 SwissFoundations/CEPS annual report on Swiss foundations, asset and spending data for 1,278 foundations registered in eastern Switzerland (the cantons of Appenzell Outer Rhodes, Saint Gallen, Thurgovia, and Ticino) were disclosed in aggregate by the surveillance authorities for the years 2010 to 2013. This would, however, represent only a very first step, as similar reporting in other jurisdictions usually goes much further, extending to the level of individual grants and grantsee.

Another option is to accelerate reporting on a voluntary basis. For example, the 360Giving Standard in the UK has been a successful neutral party supporting over 100 organizations to publish grant data in an open, standardized format. The hub provides additional services, such as 360Insights, to find funding data for better informed decision-making, as well as Beehive, an online funding match-maker.

Another reporting standard, the Global Philanthropic Data Charter 2017, helps organizations measure and share data openly. This charter suggests how data sharing promotes effective grant-making with informed decision-making, improved understanding and learning, and greater collaboration and visibility. Any voluntary standard would, of course, depend entirely on foundations’ goodwill (and/or peer pressure) in order to take hold in Switzerland. It would therefore be advisable for the backers of any attempt to promote a voluntary standard to secure several large and influential foundations as champions before proceeding.

**Stakeholders most concerned**

The Geneva and Vaud governments could share best practices on the foundation mapping, the GCP could add a research stream on foundation transparency, and the potential funders’ coalition could support the scoping of a new data platform for the sector.

5 Recommendation

Accelerate the growth of umbrella foundations and study the need for a territorial foundation

**Voluntary and structural action, with medium ease of implementation and medium-term timeframe**

To influence a culture of giving in the general population, reduce the number of newly registered foundations (by creating an alternative for smaller foundations), reduce costs, and increase professionalism and efficiency, as well as encourage local collaborations and partnerships between local foundations and institutions, experts and survey respondents recommend the following actions:

- Deepen the partnership between surveillance authorities (in their pre-opinion advisory function), umbrella foundations, and the professional (legal and tax) advisors who work with new foundation founders, in order to accelerate the transfer of smaller foundations into umbrella structures. **Timeline: within 2-3 years**
- To facilitate efficient citizen engagement with local causes, study the need and viability of a dedicated Lemanic or territorial foundation for the general public who wishes to support local needs. While general public vehicles such as Chaine de Bonheur exist and are very successful, a new community or territorial foundation could further boost capacity. Such an entity could also facilitate and host local collaborations, offering a backbone function for local multi-stakeholder efforts. It would also be important to strengthen such a territorial foundation’s understanding of local needs by linking it to local interest groups. This structure could be created as a new entity or be embedded in existing umbrella structures, and would require significant public sector support as well as coordination. The first step is a feasibility study. **Timeline: 5-10 years**

**References and inspiring examples**

Community (or territorial) foundation best practices are well studied internationally, and their relevance to Switzerland was highlighted in 2019 by Avenir Suisse. Community foundation associations in the US, the UK, and Germany, among others, provide ample tools and guidance to those seeking to create a community or territorial foundation. CFLeads and CFInsights are knowledge hubs for the field, providing powerful frameworks for community foundation excellence. Examples such as the Community Foundation for Northern Ireland also illustrate how community foundations can implement a coordinated and holistic approach to regional development.

**Stakeholders most concerned**

The first recommendation could be led by the local umbrella foundations and the cantonal governments. The Lemanic territorial foundation would require the collective support of all local stakeholders, and could be implemented by a coalition of foundations, cantonal authorities, and community foundation experts.

**NEXT STEPS**

The Geneva and Vaud governments could share best practices on the foundation mapping, the GCP could add a research stream on foundation transparency, and the potential funders’ coalition could support the scoping of a new data platform for the sector.
6 Recommendation

Align cantonal best practices and procedures and keep improving incentives

Mostly structural action, with low ease of implementation and longer-term timeframe

To support the regulatory context, as well as board and staff skills and diversity, experts and survey respondents recommend the following actions:

- Alignment of the supervisory authorities in Geneva and Vaud (and ideally the federal surveillance authorities as well) on their practices.
  - Timeline: at least 5 years, if not longer.
  - Examples could include:
    - Alignment in choosing/defining and applying qualitative and quantitative factors
    - Alignment of surveillance risk criteria in order to share sector development needs
    - Sharing aggregated information on public utility foundations
    - Coordinating practices via regular meetings
    - Supporting sector development priorities and visibility

- Alignment of the practices of the two cantons’ tax authorities. Areas for alignment could include Vaud’s guichet unique system, the possibility for foundations to have activities abroad, and/or conditions for board member compensation and remuneration. Alternatively, the cantons could better inform practitioners on the practical differences in regulation during an annual conference where the two authorities could exchange ideas and feedback with sector professionals.
  - Timeline: within 2-3 years

- Alternatively, to encompass all of the above, the cantons could establish a “concordat inter-cantonal” to create a common set of local rules. This would formalize alignment of cantonal authorities’ practices and improve the tax treatment of local non-profit entities.
  - Timeline: 3-5 years

As presented in the analysis, the current status of fiscal regulations and other measures meant to encourage and facilitate philanthropy is positive, but not optimal. This is due in particular to restrictions applied by tax authorities regarding fiscal exoneration. The tax experts consulted recommend that the tax authorities adapt their practices to the evolving needs and expectations of non-profit entities by:

- Encouraging foundations to self-fund (via their own commercial activity) by removing the requirement of competitive neutrality with profit entities from the criteria for a tax exemption.
  - Timeline: within 2-3 years

- Providing incentives for companies to dedicate some of their assets and profits to the public good (e.g., by making investments to transform their core businesses in the direction of sustainable value creation).
  - Timeline: within 2-3 years

- Allowing an adequate remuneration for board members in consideration of their responsibilities and competences.
  - Timeline: within 2-3 years

References and inspiring examples

References related to the fiscal contexts of the two cantons have been provided in Chapter 3 above, under indicator 14.

Stakeholders most concerned

These recommendations would by definition need to be implemented by the cantonal authorities, who could seek support from academia and foundation associations.

NEXT STEPS

Convene a working group between tax and surveillance authorities of both cantons, the GCP, SwissFoundations and proFonds, and volunteer legal experts, to consider the analysis and develop a roadmap for policy consultations and potential adaptations.

This recommendation chapter concludes the report. For further information, please refer also to the study website at www.philanthropic-vitality.ch

Readers who are interested in additional analysis and information on study methodology are invited to refer to the appendices.
“Philanthropic vitality is a holistic concept that uses quantitative and qualitative data to assess the status of a philanthropic cluster and define effective actions for its continuous improvement.”
MEASURING PHILANTHROPIC VITALITY: A THREE-PRONGED APPROACH

As we began our research into possible indicators that could be used to measure the factors that contribute to the vitality of the philanthropic ecosystem, it quickly became clear that a multi-pronged approach would be necessary. Such an approach would allow us to develop a methodology that would be rigorous, yet practical, and would constitute “action research” that yields relevant recommendations.

To begin with, “philanthropic vitality” itself is not yet a mainstream concept. It was thus often necessary to find and use data collected for other purposes, not all of which ended up being exactly what was needed. In addition, the highly federal and devolved nature of government and oversight in Switzerland means that the two cantons covered by the present study do not always collect the same data or report it in the same way, further complicating the research task. The qualitative portion of the study therefore represented our best attempt to compile a representative and informative assessment.

One of the challenges inherent in quantitative data is that it generally captures achieved outcomes or lagging indicators, whereas we are interested both in the state and may sometimes even be distrusted by the general public. We therefore decided to commission a representative survey of 310 total residents of the cantons of Geneva and Vaud, in which respondents were asked a series of questions regarding their understanding of and trust in foundations. In addition to providing a valuable snapshot of public opinion at the present moment, the results can be used for comparison with future iterations of this study to evaluate how opinions change (or not) over time.

The third component of the study was born out of the fact that the philanthropic sector is supposed to serve the public benefit, but is nevertheless often misunderstood and may sometimes even be distrusted by the general public. We therefore decided to commission a representative survey of 310 total residents of the cantons of Geneva and Vaud, in which respondents were asked a series of questions regarding their understanding of and trust in foundations. In addition to providing a valuable snapshot of public opinion at the present moment, the results can be used for comparison with future iterations of this study to evaluate how opinions change (or not) over time.

The following table provides a succinct overview of the six vitality categories.

Table 2: Overview of six vitality categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation</td>
<td>Philanthropy is motivated by self-actualization and fiscal benefits, fiscal incentives influence the amount given, more than the giving propensity</td>
</tr>
<tr>
<td>Policy incentives for giving and foundation creation</td>
<td>Philanthropy is motivated by self-actualization and fiscal benefits, fiscal incentives influence the amount given, more than the giving propensity</td>
</tr>
<tr>
<td>Learning from foundation surveillance</td>
<td>Criteria represent risk factors to foundation effectiveness; aggregated results provide insights into sector development needs</td>
</tr>
<tr>
<td>Reporting requirements</td>
<td>Public reporting promotes effective governance, learning, grant-making, use of resources, collaboration and visibility</td>
</tr>
<tr>
<td>Regulatory context</td>
<td>Analysis of legal regime; Swiss Foundation Code (voluntary)</td>
</tr>
<tr>
<td>Data sources</td>
<td>Compilation of major legal and fiscal regime attributes that positively versus negatively influence philanthropy and review by legal experts</td>
</tr>
<tr>
<td>Surveys &amp; stakeholder engagement</td>
<td>The publication of foundation specific data on assets, spending and activities (today voluntary) only contributes to increasing the vitality and public benefit of foundations</td>
</tr>
</tbody>
</table>

The publication of foundation specific data on assets, spending and activities (today voluntary) only contributes to increasing the vitality and public benefit of foundations.
## Foundations’ Capital

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Relevance</th>
<th>Measure-Ment</th>
<th>Data Sources</th>
<th>Survey Agree/Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Local wealth generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2 - 2.4 Level of and growth in the number, assets and spending of foundations (registered at cantonal and federal levels)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.5 Board and staff numbers and diversity</td>
<td></td>
<td></td>
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</tbody>
</table>

### 3: Public Trust

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Relevance</th>
<th>Measure-Ment</th>
<th>Data Sources</th>
<th>Survey Agree/Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Nature of philanthropic sector media coverage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2 Giving propensity in the general public</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3 Understanding and trust in public utility foundations in the general population</td>
<td></td>
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</tr>
</tbody>
</table>

**Appendix 1: Detailed Methodology**
4.1 Level of and growth in foundation membership to associations

Organized philanthropic networks increase the capacity (professionalism, knowledge, and skills) of the sector as well as its impact, decreasing fragmentation and enabling peer learning.


SwissFoundations: proFonds ADFA (Swiss Fundraising, ZEWO for operating Foundations).

NJ/A

4.2 Level of and growth in funds in philanthropic umbrella intermediaries

Umbrella funds help re-allocate the relatively smaller philanthropic endowment of the administrative and financial burden related to the professional management of institutional foundations.

Growth of funds under management and disbursement (2014-2018) Number of funds as a % of total foundations in GE & VD.

Fondation Philanthropia, Swiss Philanthropy Foundation (Ciesis and other nascent structures).

NJ/A

4.3 Level of and growth in philanthropic research and education capacity

Philanthropic education through academic institutions or other increases the growth, quality and diversity of the philanthropic sector.

3-year (2016-2018) growth of teaching capacity (number of classes, students, professors, post-docs); research capacity (number of publications, articles awaiting publication funding); events (number of events, foundation partners).

GCP-UNIGE, IMD (and collaborating practitioners).

NJ/A

4.4 Level of and growth in legal and philanthropic consulting service provider quality

Services enhance organizational effectiveness and regulatory responsiveness.

Growth in staff capacity dedicated to local foundation clients (2014-2018).

Survey of professional service providers.

Do you use professional intermediaries for the daily functioning of your foundations (yes/no/NA)?

If yes, to what extent are you satisfied with their services (Likert scale)?

If yes, please indicate the providers you most often use (top 3)

5.1 Online presence of foundations

Foundation transparency is a global trend and promotes trust (Chapter 1). It is a key principle in the Swiss Foundation Code.

% of foundations registered in GE & VD with websites.

Doe (Geneva) and AS-SSO (Vaud) foundation databases; desk research.

Foundations are present and visible online.

5.2 Information on mission and strategy

Accountability is noted in respect for the public and seeks to provide clarity about what institutions are trying to do and why they are trying to do it.

% of foundations with websites that have 0; only a mission statement; 1; thematic focus and some indication of activities; 2; clarity on outcomes pursued; 3; theories of change/logic models and projection of outcomes and impact.

Analysis of foundation websites and reports (ISO in GE & VD).

Foundations publish adequate information about their missions and strategies.

5.3 Information on evaluation practices

A foundation’s capacity to achieve its mission is linked to its ability to evaluate and learn from its activities.

% of foundations with websites that have 0; no record of self-assessment; 1; assessment mentioning some process or result indicators; 2; reporting on specific grants, stories of outcomes, and/or participation in an accreditation scheme; 3; assessment with insights on what did not work and shifted strategy.

Analysis of foundation websites and reports (ISO in GE & VD).

Foundations publish an adequate analysis of their impact.

5.4 Information on stakeholder inclusion in governance or programming

Trust and effectiveness in foundations is linked to agreement with key stakeholders about the specific value they create in society.

% of foundations with websites that have 0; no mention of stakeholder inclusion; 1; evidence of problem issue research; 2; voice of beneficiaries included through quotes, feedback; 3; formal inclusion of beneficiaries in advisory boards or regular consultations.

Analysis of foundation websites and reports (ISO in GE & VD).

Foundation stakeholders generally influence key program/project decisions through beneficiary consultation or other feedback mechanisms. (Foundations are invited to add their examples of stakeholder inclusion).
Each of the indicators listed above was evaluated quantitatively and qualitatively: the result then needed to be evaluated as positive or not in terms of promoting sector vitality. For example, is an observed level of diversity in boards, or a certain number of identified collaborative platforms, at the level that the sector should aspire to be? The project Steering Committee built consensus around three potential ratings: three stars ★★★ for high, two stars ★★ for moderate and one star ★ for low. These three potential ratings were applied to both the quantitative and qualitative analyses. For the qualitative perception survey, ratings were assigned as follows: high when more than 50% of respondents agreed or agreed strongly, low when fewer than 50% of respondents agreed or agreed strongly, and moderate for results in between. When the qualitative and quantitative results for the same indicator differed, the project team assigned an overall ranking for the indicator on a case-by-case basis, taking into account the reasoning and data behind each of the two ratings.

Independently of the proposed ratings, however, we encourage all sector stakeholders to make their own interpretation of the indicator result, and to take action where they see most development opportunities according to their own baseline of performance.
Due to the lack of data available on the public’s trust and general understanding of public utility foundations, the LINK Institut was requested to perform a public opinion survey of the general population in Geneva and Vaud, drawn from a pool of 27,000 potential respondents in Suisse Romande between the ages of 15-79. The final representative sample included 310 people, and, as noted in the text of the main report, the margin of error for the full survey results is +/- 5.7%.

The LINK results in this section represent a sample size of 310 residents in Geneva and Vaud. Descriptive statistics of the sample are in Figure 12. The questions that were asked to the interviewees are listed in Figure 11; please note that, as the Lemanic region is francophone, the questions were asked in French during the survey.

**PUBLIC OPINION SURVEY METHODOLOGY**

In your opinion, what is a public utility foundation?
French: Selon vous, qu’est-ce qu’une fondation d’utilité publique ?

To what extent do you agree with the following statement:
Foundations work for the public interest in the Lemanic region.

Can you think of a specific contribution a public utility foundation has made in the Lemanic region?
French: Avez-vous connaissance d’une contribution spécifique faite par une fondation d’utilité publique dans la région lémanique ?

Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale where one means that you “do not trust them at all” and nine means that you “trust them a great deal.”
Institutions: NGOs, businesses, government, media, public utility foundations.
French: Voici une liste d’institutions. Dans quelle mesure faites-vous confiance à chacune d’entre-elles pour agir de façon juste dans la région lémanique, sur une échelle de 1 à 9, où 1 signifie que vous ne lui faites « pas du tout confiance » et 9 signifie que vous lui faites « largement confiance » ? Institutions : ONGs, entreprises, gouvernement, médias, fondations d’utilité publique.
from all the members of the Steering Committee and also welcome more funders to support and guide the product of future iterations of the study. We would also like to express our gratitude to all the representatives of foundations who participated in the survey, thereby giving over 500 representatives of SwissFoundations and proFonds, along with Fondation Lombard Odier, the GCP, FSG and the DDE, reached agreement on the methodology that could be replicated periodically to trigger new action to boost the sector’s vitality. Ideally, the same methodology would also be easily transferrable to other regions of Switzerland, and could even serve as an inspiration for other countries.

For future iterations of this assessment, it will be important to work with (many of) the same indicators, for comparison’s sake, while remaining open to additions to cover new areas of investigation. Two clear opportunities for methodological development have already surfaced, in addition to the points already noted above. First, while experts and/or publications did support the idea that these can and do change frequently; second, an entirely new category and set of indicators could be developed to focus on beneficiaries’ perspectives on the philanthropic sector. These indicators could, for example, examine the experiences that beneficiaries have when interacting with foundations, the degree to which foundations’ reporting requirements prove onerous for grant recipients, difficulties for beneficiaries in finding appropriate foundation partners, or several other pertinent issues. Despite the clear potential relevance, the perspectives of beneficiaries were not included in the present analysis due to time and resource constraints.

such a partner group could become even more inclusive in the future. First and foremost, if the geographical range under study expands, the governmental representatives would need to expand commensurately, including the additional cantons as well as, most likely, greater involvement of the Swiss federal government. We could also imagine a joint review of the legal and fiscal contexts between legal experts and the tax authorities. Increased inclusion of existing partners, such as the federal surveillance authorities in public reporting and risk analyses, as well as more intermediaries (such as AGRF), could also help strengthen the product of future iterations of the study. We would also welcome more funders to support and guide the work, as this pilot initiative required in-kind donations from all the members of the Steering Committee and project team.

We would also like to express our gratitude to all the representatives of foundations who participated in the survey, thereby giving over 500 representatives of SwissFoundations and proFonds, along with Fondation Lombard Odier, the GCP, FSG and the DDE, reached agreement on the methodology that could be replicated periodically to trigger new action to boost the sector’s vitality. Ideally, the same methodology would also be easily transferrable to other regions of Switzerland, and could even serve as an inspiration for other countries.

For future iterations of this assessment, it will be important to work with (many of) the same indicators, for comparison’s sake, while remaining open to additions to cover new areas of investigation. Two clear opportunities for methodological development have already surfaced, in addition to the points already noted above. First, while experts and/or publications did support the inclusion of all of the chosen indicators in the final re
The holistic study methodology resulted in a wealth of findings. To ensure concision and easy readability of the report, its main body concentrated on fresh or especially action-relevant insights. This appendix presents the remaining findings (highlighted in Figure 13), which were either inconclusive or consistent with conventional wisdom about the Lemanic philanthropic sector. We report them here both for completeness and because they may be of interest to the specialized reader.
1.1 NEW REGISTRATIONS AND REGISTRATION SUPPORT

Registrations of new foundations in both Geneva and Vaud have continued to grow rapidly. Between 2014 and 2018, Geneva and Vaud witnessed the creation of 262 and 169 new foundations, respectively, at the cantonal and federal levels of supervision. Interestingly, the numbers of cantonally-supervised foundations in the two cantons were nearly identical over this time period (92 in Geneva and 91 in Vaud), showing that more Geneva-based foundations fall under federal supervision, likely due to Geneva’s more international orientation. In the same period, 178 foundations were liquidated in both cantons. In Vaud, 16 foundations were merged or transferred, showing an interesting effort at consolidation.

The assessment on the vitality of new registration also considered the pre-opinion service provided by surveillance authorities, whereby potential founders can seek counsel on the feasibility of their philanthropic project and the likeliness of approval by the authorities, which experts report is unique to Switzerland. Vaud cantonal authorities reported that about 50% of newly registered foundations receive this enabling service, and Geneva covered 100% of the 14 new cantonal registrations in 2018.

DG DERI PHILANTHROPIC PLAYER MAPPING

In June 2019, the State of Geneva (specifically the DG DERI), in partnership with Stiftung Schweiz, set a precedent for easier access to the philanthropic sector: it launched an interactive mapping of the philanthropic actors in Geneva available for both the public and philanthropic stakeholders. Over 1,200 foundations are categorized by their sector of activity, type of foundation, and geographic realm. Intermediaries serving the philanthropic sector are also mapped such as academic institutions, umbrella associations, surveillance authority as well as legal and consulting firms. Actors are called upon to complement their entries with more information.

1.3 PUBLIC REPORTING REQUIREMENT

While reporting to surveillance authorities is required, as described above, that is not the case for public reporting. The Swiss Foundation Code (and the Global Philanthropy Data Charter) do recommend public reporting to promote foundation effectiveness at all stages of the foundation “value chain,” from encouraging better governance and strategic decision-making to facilitating collaboration and impact assessment. Echoed in several studies in the sector for years, a culture of secrecy continues to hover over Swiss philanthropy, potentially at odds with a widely acknowledged global trend towards increased transparency and oversight (see Chapter 1). As previously described, a high level of trust in foundations still predominates in the region, but one of the biggest potential threats to that trust may reside in the lack of public reporting and transparency.

of perception survey respondents either strongly agreed or agreed that the pre-opinion service is useful to founders, with Vaud respondents more positive about the practice than their Genevan counterparts. This suggests support for these activities, as well as an opportunity for improvement and/or better communication of the value provided.

of survey respondents strongly agreed or agreed that public reporting of assets, spending, and activities contributes to the vitality of the sector, one of the strongest ratings received in the survey. Vaud experts were even stronger advocates of public reporting than their Genevan peers. The question asked about the importance of public reporting and not whether they felt that current reporting was at the right level or not. Their answer therefore reinforces a one-star vitality rating and the need to address sector reporting in the future.
2.1 LOCAL WEALTH GENERATION

The Lemanic region’s economic dynamism, particularly in the last decade, has been well documented by Avenir Suisse in a recent study.30 Switzerland is the top country globally in terms of the number of millionaires per capita, and over 41,000 millionaires, or close to 15% of the Swiss total, resided in Geneva and Vaud as of 2015. This is more or less on par with the cantons’ relative share of national GDP.32

At the end of 2018, the Geneva cantonal foundation surveillance authority had 546 foundations under its supervision, compared to 1,035 in Vaud. Including foundations supervised at the federal level, there were 1,208 foundations in Geneva and 1,337 in Vaud.11 The total combined number of foundations has grown slowly but steadily since 2008.34

The three major types of foundations—operational, grant-making and mixed—represent 23%, 48% and 27% of foundations, respectively, in Geneva, compared to 34%, 46% and 20% in Vaud. The fields in which foundations act in the two cantons, at least judging by what is stated in their statutes, also appear similar. In Geneva, 24% support education and research, 20% culture and recreation, 18% social services and 12% international affairs. In Vaud, 23% support education and research, 24% culture and recreation, 21% social services and 10% health.16

Taking into account all foundations, the overall foundation densities in Geneva and Vaud of 24.4 and 17.4 foundations per 10,000 inhabitants, respectively, are both above the Swiss national average of 15.9.16 However, many experts interviewed called for a reduction in the numbers of smaller foundations, lamenting a fragmented landscape of small foundations who may not have the capacity to administer their engagement effectively or to provide grants large enough to have significant impacts on beneficiaries. This is particularly true in the context of increasing professionalization and rising compliance requirements, which result in additional costs that eat into the grant budget.

2.2 LEVEL OF AND GROWTH IN THE NUMBER OF FOUNDATIONS (REGISTERED AT CANTONAL AND FEDERAL LEVELS)

At the end of 2018, the Geneva cantonal foundation surveillance authority had 546 foundations under its supervision, compared to 1,035 in Vaud. Including foundations supervised at the federal level, there were 1,208 foundations in Geneva and 1,337 in Vaud.11 The total combined number of foundations has grown slowly but steadily since 2008.34

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Our ‘moderate’ assessment mirrors past studies and expert opinions seeing further consolidation potential in the sector. This could occur through transfers to umbrella or territorial foundations, mergers, or at least greater collaboration between smaller foundations to enable more effective interventions through synergies in shared administrative and management costs.

Figure 15: Foundation registrations (reg) and liquidations (liq) in the Lemanic region

Due to data constraints, we were only able to obtain data on foundation assets for those foundations under the supervision of cantonal surveillance authorities. The total assets of cantonally-supervised foundations in Geneva and Vaud grew at annual rates of 5.3% and 1.9%, respectively, between 2014-2017, outpacing the growth in the number of foundations in both cantons.

Thanks to the cantonal surveillance authorities, it was possible to quantify the growth of foundations with relatively large endowments (greater than 10 mn CHF), which is shown below in Table 3. In Geneva, in 2017, there were 82 such foundations meeting this criterion and 150 in Vaud. Foundations with over 10 mn CHF in assets, representing 86% of the assets of cantonally-supervised foundations in Geneva and 91% in Vaud, saw their assets grow at annual rates of 4.5% and 6.1%, between 2014-2017. These rates of growth are in line with the Swiss Market Index in that period, and offset the negative effect of spending rates on assets.

The result represents a very healthy evolution in the assets of the larger cantonally-supervised foundations, considering that foundation assets are growing despite their spending in the same period. Nevertheless, this is a privileged group of foundations compared to the smaller ones, many of which may not have the resources to deliver on their mission, leading us to rate the overall indicator as moderate. We recommend more research into how small foundations can optimally deploy their foundation capital for high social impact.
The data collected for this indicator did not enable us to draw conclusions strong enough to report here. Only SwissFoundations requires its member foundations to share comprehensive spending data as a condition of membership in the association. The aggregated statistics are disclosed on an annual basis (Lemanic region: CHF 154 mn in 2017). The collection and publication of clearer data on foundation activities and spending would be an important first step towards increasing transparency surrounding the sector, as noted in Chapter 4.

Internationally, Switzerland ranks 26th out of 144 countries in the World Giving Index. Three criteria are evaluated in these studies: whether people donated money to charities, volunteered their time, and “helped a stranger” within the previous month. Notably, Switzerland performs much better on the two first criteria (13th and 11th, respectively) than on the third (116th).

Indeed, national rates of giving and volunteering propensity are 84% and 20%, respectively. While data is not available for Geneva and Vaud specifically, in Suisse Romande as a whole, these rates are 80% and 35%, respectively. When this admittedly modest difference in rates of giving and volunteering is combined with an average gift size that is 50% smaller than in German-speaking Switzerland, Romandie seems to display a relatively weaker giving and engagement culture. Studies have explored how the region reflects different views on the relative weight of the state in providing welfare services, or the importance of religion. More stakeholders responding to the perception survey strongly agreed or agreed that volunteering is recognized and valued by the public (62% of respondents) compared to individual giving (35%).
4.1 LEVEL OF AND GROWTH IN FOUNDATION MEMBERSHIP TO ASSOCIATIONS

Three associations were considered for the region: SwissFoundations, proFonds and the Association de Genève des Fondations Académiques (AGFA). Total membership in Geneva and Vaud across the three associations amounted to 113 organizations. The number of members grew by an average of 9% per year between 2012 and 2018. The increase may include some double counting. While membership numbers are still very low in the region, the dynamic for some is highly positive: combined local membership for SwissFoundations and proFonds grew 9% per year between 2012 and 2018.

4.2 LEVEL OF AND GROWTH IN FOUNDATION MEMBERSHIP TO GROWTH IN PHILANTHROPIC RESEARCH AND EDUCATION CAPACITY

The growth in philanthropic research and education capacity in Geneva and Vaud is very positive, but this growth comes from a low baseline and is quite recent, especially given the latent demand generated by the cantons’ 2,585 foundations.

Two new academic centers dedicated to philanthropy have emerged in the Lemanic region, filling an important gap in local research and education on philanthropy and foundation management: the GCP at the University of Geneva, created in 2017, and the Chair for Family Philanthropy at IMD, endowed in 2016.

IMD’s Chair for Family Philanthropy advances the region’s philanthropic sector with specialized research and capacity-building on practical giving tools for family businesses (i.e., not for foundations directly). The GCP uses an interdisciplinary model of research and teaching to strengthen the philanthropic sector in the Lemanic region. Despite still being in its infancy, it shows the potential needed to increase Geneva’s visibility and attractiveness globally as a philanthropic research hub. Since its founding in 2017, it has already grown its staff capacity significantly. With increased strategic partnership and funding from foundations, it nearly doubled the number of students, to 125; doubled the number of professors, to 10; and almost tripled the number of participants in local public events.

28% of perception survey respondents reported using intermediaries, another data point in line with the suggestion that many Lemanic foundations are small enough not to need (or be able to pay for) intermediaries’ services. Of those using intermediaries, however, 72% were either very satisfied or satisfied with the services provided.

4.3 LEVEL OF AND GROWTH IN PHILANTHROPIC RESEARCH AND EDUCATION CAPACITY

Legal intermediaries that reported their capacity for this study (eight of twelve contacted) have a total of approximately ten full-time equivalent (FTE) positions dedicated to philanthropy and foundations in the Lemanic region. This staff capacity has grown by an average of 15% annually for the last three years. Legal intermediaries report that the most frequent services provided concern tax- and governance-related questions, outreach to supervisory authorities, structuring (complex) philanthropic projects, data protection issues, and the establishment of foundations.

Specialized consulting intermediaries that reported their capacity for this study (four of five contacted) employ a total of approximately eight FTEs focusing on local philanthropic services. Their capacity has stayed stable or slightly declined in the last three years, although it must be noted that the data reported for this indicator was partial and had to be extrapolated in some cases.

Table 4: Overview of local specialized intermediaries (not exhaustive)

<table>
<thead>
<tr>
<th>Foundation associations</th>
<th>Umbrella foundations</th>
<th>Educational providers</th>
<th>Law firms</th>
<th>Consulting firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGFA</td>
<td>Fondation Ceres</td>
<td>Académie des Administrateurs</td>
<td>BMG Avocats</td>
<td>Cargoest</td>
</tr>
<tr>
<td>proFonds</td>
<td>Fondation de l’Orange</td>
<td>Geneva Centre for Philanthropy</td>
<td>Bottge &amp; Associés</td>
<td>FSIG</td>
</tr>
<tr>
<td>SwissFoundations</td>
<td>Fondation Philanthropie</td>
<td>IMD Chair for Family Philanthropy</td>
<td>Fusicap</td>
<td>Philanthropy Advisors</td>
</tr>
<tr>
<td>Swiss Fundraising</td>
<td>MyOwnFoundation</td>
<td></td>
<td>Kellenhals Currard</td>
<td>Social investors</td>
</tr>
<tr>
<td>ZEWO</td>
<td>Philgence</td>
<td></td>
<td>L.P.P.V</td>
<td>WISE</td>
</tr>
</tbody>
</table>

For both types of intermediaries, the average number of FTEs per firm is quite small, suggesting that use of service providers by foundations is far from mainstream. This may also be influenced by the regionally small size of Swiss foundations, whose needs for service provision, or ability to pay for it, might therefore also be somewhat lower. It is important to note, however, that the capacity reported only concerns the Lemanic region. Several of these firms, such as FSIG (formerly known as Foundation Strategy Group), have significantly more staff who provide similar services to international clients, even though they are based in the Lemanic region.

The perception survey confirms the low use of intermediaries and the small number of specialized firms, but suggests that the capacity available is generally of high quality.
FOUNDATION ACCOUNTABILITY

5.3 INFORMATION ON EVALUATION PRACTICES

For the same sample of 150 foundations used to evaluate indicator 5.2 (see Chapter 3), we found that few foundations share comprehensive information about evaluations of their activities (or internal processes):

- 46% do not publish any form of assessment
- 15% provide anecdotal process or program results (often through an annual report with high-level activity descriptions)
- 29% share information regarding the evaluation of specific grants or participate in an accreditation scheme relevant for their type of activities
- 11% reflect deep evaluation practices, such as sharing insights on previous failures that led them to evolve their activities42

Analysis of the same sample of 150 foundations with websites yielded information regarding the extent to which the foundations communicate about including relevant stakeholders, and particularly beneficiaries, in their decision-making and evaluation processes:

- 51% made no mention of stakeholder inclusion
- 13% shared issue research (meaning they had engaged others to better understand the targeted social or environmental problems)
- 23% included the “voice” of beneficiaries, either through story-telling or quotes
- Only 13% described formal feedback mechanisms including advisory boards or regular stakeholder consultations.

We believe that increasing the last of those percentages would strongly benefit the philanthropic sector, as more inclusive practices build trust in the sector and lead to more effective interventions. It is also concerning in our eyes that 51% of the foundations in the sample did not mention any stakeholder inclusion practices at all, although of course the lack of a mention of such practices on the foundations’ websites does not necessarily mean that they do not happen.

As a part of the perception survey, foundation leaders were invited to provide further details about their own organizations’ practices regarding stakeholder involvement, and 45% reported that they include external stakeholders in their governance. 28 foundation leaders also shed light on their stakeholder inclusion practices: 36% invite external stakeholders to board meetings or have a stakeholder council, 36% consult stakeholders at program design stage, and another 25% at the end of programs. Only one respondent commented that her organization does not currently engage with stakeholders and does not plan to do so in the future.

5.4 INFORMATION ON STAKEHOLDER INCLUSION IN GOVERNANCE OR PROGRAMMING

Analysis of the same sample of 150 foundations with websites yielded information regarding the extent to which the foundations publish adequate impact assessments, one of the most critical ratings received as part of the perception survey.

- 58% of perception survey respondents disagreed or strongly disagreed that foundations publish adequate impact assessments
- 40% disagreed or strongly disagreed that stakeholders influence key decisions and the programming of foundations

Table 5: Spotlight on good online presentations of foundation accountability

<table>
<thead>
<tr>
<th>Mission / Strategy</th>
<th>Assessment / Insight</th>
<th>Stakeholder Inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fondation de Nant</td>
<td>Developed a strategic plan for 2018-2022 activities on how their work will impact specific target groups</td>
<td>Performed an impact study of their activities as well as regular satisfaction surveys</td>
</tr>
<tr>
<td>ECLOF International</td>
<td>Created a clear theory of change based on a set of principles and expected outcomes</td>
<td>Published a social performance report with results, measurement, lessons learned, and beneficiary perspectives to improve activities</td>
</tr>
</tbody>
</table>

APPENDIX 2: REMAINING INDICATOR RESULTS

APPENDIX 2: REMAINING INDICATOR RESULTS
COLLABORATION

6.1 STRENGTH OF CROSS-SECTOR AND PEER-TO-PEER COLLABORATIONS OPERATING IN CANTON

In the study Advancing Philanthropy in Switzerland, we highlighted collaboration between philanthropic actors as a key development opportunity. In the dense clusters of actors found in Geneva and Vaud, there are no geographical constraints for such collaborations. Nearly a decade on from that first study, the Lemanic region is hosting a greater number of local collaborations: we were able to identify 20 of them. Half are focused on supporting needs in the cantons of Geneva and Vaud. The local issues targeted include education, arts and culture, migrants and integration, employment, and inter-generational relations, among others. Seventeen collectives are composed of cross-sector actors (including government and foundations), while three are alliances of only foundations. Fourteen are directly involved in implementation activities, five in knowledge exchange, and four in advocacy and movement-building. Several are international in scope.

Considering the over 2,500 foundations in the region and the potential for collaboration with at least 800 international organizations and NGOs, not to mention all the cantonal and communal government agencies, this number of collectives seems fairly low. Our assessment is that these 20 collectives identified are probably a result of not having been able to identify all collaborations in the cluster in our research. As is, they would not even represent a “glass half full,” resulting in a one-star rating.

We assessed these collectives around the principles of collective impact – a concept widely adopted as a way to bring people and institutions together in a structured way to achieve social change. Col- lective Impact is most successful when five conditions are in place:

• A common agenda binds the actors around a shared strategy that anticipates how independent and mutually reinforcing activities from different actors will contribute to positive outcomes for targeted beneficiaries;
• Mutually reinforcing activities are indeed shown to be making progress (as opposed to different actors pooling resources to fund a common project);
• The collaborators share a common measurement and evaluation system;
• The collective builds trust through continuous communication (as shown by the presence of periodic reports);
• Finally, and importantly, the collectives are supported by a backbone function, typically including full-time staff dedicated to sustaining the process of alignment and action.

Well over half of the collectives have a shared vision for change (the common agenda) and a dedicated team to orchestrate the work of the group (the backbone), as well as mutually reinforcing activities with a diverse set of stakeholders. However, similarly to foundations (see indicator 4.3), few have common evaluation and learning processes (the shared measurement).
APPENDIX 3
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Château de Chillon
Conservatoire et jardin botanique de la Ville de Genève
EPFL
Grand Théâtre de Genève
Hospice Général
Hôpitaux universitaires de Genève
Opéra de Lausanne
Pro Natura Genève
Pro Natura Vaud
UNIGE
University of Lausanne
WWF Genève
WWF
NOTES


16 Müller-Jentsch, Daniel. Le monde des fondations en mouvement.


18 As discussed in Chapter 4, this provides an opportunity to standardize these risk factors across the whole of Switzerland.

19 The following regional publications were searched using SwissRead. Le Temps, 20 Minutes, Le Matin, Le Courrier, Bâton, Tribune de Genève, Agefi, 24Heures, Le Regional, Lausanne Cité, Le Côte.

20 “A growing body of evidence illustrates the human tendency to prioritize negative over positive news content....” (Ibid). Physiologically speaking, a positive news story is not very different from the gray screen we show participants between news stories.” Quoted in Sotiko, Stuart. “Why do we pay more attention to negative news than to positive news.” London School of Economics, 25 May 2016. Accessed on 9 August 2019 at https://blogs.lse.ac.uk/politicsandpolicy/why-is-there-no-good-news/.


28 Avenir Suisse. “Le dynamisme unique de l’arc lémanique.”

29 Foundation Center and WINGS. Global Philanthropy Data Charter.

30 Avenir Suisse. “La dynamisme unique de l’arc lémanique.”


33 CEPS Basel analysis, July 2019.

34 ibid.

35 ibid.


40 Avenir Suisse. “Le dynamisme unique de l’arc lémanique.”

41 Data from 2018 for proFonds and SwissFoundations, 2019.


43 Measurement based on the collective impact principles by the Collective Impact Forum. Further information is available at https://www.collectiveimpactforum.org/.
APPENDIX 2: REMAINING INDICATOR RESULTS

IMPRESSUM

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