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## EDITORIAL

Dear readers,



The typical introduction to the development of foundations in Switzerland is the Inselspital in Bern, which dates back to a foundation in 1354. This confirms every cliché of the foundation as

an old, perhaps even stale institution. But the figures show that the foundation sector is young and dynamic. The majority of foundations are young and are experiencing their first major change in foundation board members this decade. The sector is dynamic, with foundations being established and others being liquidated all the time.

In this issue, you will read various perspectives from the sector on its development. The tenor is clear: the foundation sector today is not comparable with the situation twenty years ago or earlier. The public image, on the other hand, seems to have hardly changed at all. It is therefore time for more and more diverse reporting on foundations - and for foundations themselves to communicate more about their activities and their impact.

Wishing you a pleasant read.

Georg von Schnurbein

## Changes in the Understanding of Foundations

**For a long time, foundations could simply do good without further reflection on their own activities. The COVID-19 crisis is fostering a development that will lead to a more strategic and observable understanding of foundations that can successfully establish an updated Swiss foundation model for the future. By Lukas von Orelli**

For decades, if not centuries, foundations in Switzerland were a purely private matter. A founder made his or her assets available for philanthropic purposes, and they themselves, their heirs or appointed administrators managed „their“ money as they saw fit in order to put it toward the intended use. It was enough to do good, how exactly and what exactly was less significant.

When the first troublemakers emerged around the turn of the millennium and claimed that the work of the foundation could also be systematically geared towards impact and take place transparently according to certain (governance) rules, the indignation was great: how dare they presume to tell me how I should deal with „my“ money? Especially since I am doing something good with it? The Swiss Foundation Code (first published in 2005) and Swiss Foundations as an association of grant-making foundations, which came into being as a consequence of this more modern view of foundation work, were met with resistance.

### Crisis and foundation understanding

However, this changed abruptly. Suddenly we were all affected, the threat was suddenly very close. The Corona virus showed us how fragile our well-oiled economic and social system is. For many, it was even a threat to their personal existence. That's when you want

to help, quickly and directly. Especially if, like foundations, you have money and have set out to do good. Conversely, those who do not have money look around to see where there is money that could be allocated efficiently. It's only natural that foundations come to mind.

The viral crisis is turning out to be a catalyst for development in the foundation sector. Many foundations have realized that they need to question their activities. Considering the great, immediate need and concern, they want to act. At the same time, both for the sector as a whole and for the individual foundation, the awareness has never been greater that funds are scarce and the need of the beneficiaries is enormously greater. Furthermore, the expectations on foundations are also increasing, with more and more experts wanting to explain foundations what they can do better. Beneficiaries are becoming more demanding and claiming money for themselves that they would be entitled to according to the foundation's purpose. Foundations are realizing that complacent „doing good“ is simply no longer enough. But it is just as useless to continue as before and simply increase the capacity or adapt the purpose to the topics that are boiling up at the moment. Issues change all the time, and funds remain scarce measured against the need for funds, even in a consumptive foundation.

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**Foundations as „impact enterprises“**

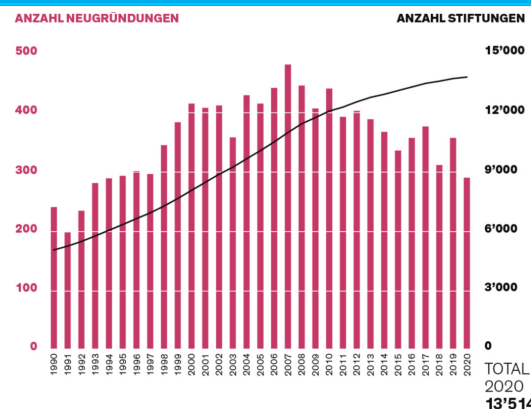
This makes it even more crucial for foundations to be consistent in what they do and what only they can do. Foundations need to reflect on their strengths and apply them where they will have the highest impact in line with their purpose. This is trivial, but ultimately it means a paradigm shift in foundation practice: Foundations are no longer charitable organizations whose sole legitimacy lies in their charity. Foundations are „impact enterprises“ that must efficiently deploy private charitable capital to achieve the greatest possible social benefit (impact). Increasingly, they will be judged internally and externally by how much they achieve. Purpose and method remain a private matter, but the proof of success must be provided.

**Trends**

A number of trends emerge from this:  
- **Strategic focus:** as foundations reflect more on their impact, they will increasingly engage where they can make the biggest difference.

The Foundation Report 2021 published in May shows various interesting developments in the foundation sector. The number of foundations continues to grow, but the number of newly created foundations is declining. Another finding from the Foundation Report 2021 is a shorter lifespan for foundations established since 2010. Reasons for this include low interest rates and a changed understanding of the role of foundations.

Source: Der Schweizer Stiftungsreport 2021



- **Focus on strengths:** risk-taking, long-term orientation, agility, and building and engaging networks, will increasingly be used to do what others cannot.
- **Use of all resources:** Foundations do not just „allocate“ their income, they use capital, know-how and networks in a targeted way to scale their contribution.
- **Transparency:** Foundations become visible, accessible and their actions comprehensible.

As a result of this development, foundations are confidently becoming an independent force to be taken seriously alongside the state and the economy. Their success and importance will attract many more philanthropists and prove that countries with a diverse, liberal and therefore prosperous foundation sector like Switzerland are a model of success for the benefit of all.

Dr. Lukas von Orelli is President of SwissFoundations and Director

**Swiss Foundation Code 2021 – How can a foundation be managed well?**

**A foundation is often a fragile enterprise, characterized by a lack of co-owner control and lean management in terms of personnel. Anyone who has a voice in the operational or strategic fate of a foundation has a great responsibility. This is where the «Swiss Foundation Code» comes in.**

Swiss foundation law fits on the back of a postage stamp. The necessary is there, and the principle of benefit to the public is protected. Although sometimes demanded by individual political actors, a thorough legal regulation of the philanthropic biotope would do more harm than good. No amount of legislation, no matter how tightly knit, can enforce good foundation governance.

**Recommend** – The „Swiss Foundation Code“ has supplemented the legal framework since its first edition in 2005. However, it does not pursue the goal of making binding specifications, but is exclusively of a recommendatory nature, i.e. based on the principle of „self-regulation.“ It is not suitable as an enforcement instrument because it is based on the principle of „best foundation practice“ and does not represent the lowest common denominator of the members of SwissFoundations. For example, it goes very far in its ideas about transpa-

rency, sometimes seeming essayistic, and may be provocative. That is intentional.

**Inspire** – The big issues are commonly shared among foundations, and so the „Swiss Foundation Code“ defines 4 overarching principles and declines 28 recommendations on the vital foundation areas of „foundation“, „governance“, „grant-making“ and „finance“. However, for each foundation, best foundation practice means something completely different; the combination of factors such as „foundation purpose“, „type of foundation“, „legal form“, „autonomy statute“, „independence“, „foundation size“, „source of funds“, etc. creates specific conditions for each individual foundation. The Swiss Foundation Code is therefore not a guide with a guarantee of success, not a „Betty Bossy recipe“, but an inspiration for people working in foundations.

The edition of the „Swiss Foundation Code“, which has just been published in three languages (German, French, English), comes across like a didactic script. Compared to previous editions, the layout is clearer and more stimulating, the structure and outline have been simplified, and access to topics and issues is fast and direct. In its new form - this was one of the goals of the revision - the code is suitable for digital use. Corresponding tools will follow.

Whoever works for whichever foundation and/or carries out mandates should have the new „Swiss Foundation Code“ on their desk or nightstand.

Dr. Philipp Egger

Dr. Philipp Egger is co-author of the Swiss Foundation Code, as well as a member of several foundation boards and boards of directors. He has served as Managing Director of the Gebert Ruff Foundation since its inception and was its Director from 1998 to 2016. He was also a founding member and long-time board member of SwissFoundations.

## «The foundation sector has changed significantly over the past 25 years»

Change is also a constant in the foundation sector. Dr. iur. Christina Ruggli-Wüest, former managing director of the BVG- and foundation supervisory authority of Basel-Landschaft and Basel-Stadt, told us how she perceived this change and what she particularly remembers after 25 years at the foundation supervisory authority.

**CEPS:** It is said that foundations are a reflection of their time. Is that true, or are there certain constants in the creation of foundations?

**C.R.:** Foundations are certainly a reflection of their time; however, they also require certain framework conditions that favor the creation of new foundations and the flourishing of existing ones. The embedding in a temporal epoch can be illustrated quite well by the example of various foundations dealing with research, health and welfare purposes. At the end of the 19th and beginning of the 20th century, tuberculosis was rampant in the course of advancing industrialization, which led to the establishment of various foundations for the operation of (pulmonary) sanatoriums or to enable people in need to stay in health resorts.



Dr. iur. Christina Ruggli-Wüest has a law degree and headed the BVG- and foundation supervisory authority of Basel-Landschaft and Basel-Stadt for many years. She has many years of experience in the foundation sector and is active as a speaker and member of the BVG-Commission.

The constants surely are a certain financial prosperity as well as stable political and economic conditions and, finally, altruistic people who want to set up foundations and states that are positively disposed toward foundations. The foundation sector has changed considerably over the past 25 years, tending away from the idea of maintaining a foundation for life toward short- to medium-term enhancement of effectiveness at the expense of long-term existence. In some cases, there is also a tendency to use the label or the legal entity „foundation“ in an extraneous manner in order to circumvent co-determination rights in other legal forms (e.g. an „Aktionariat“ or a general meeting of an association).

**CEPS:** How can the foundation supervisory authority contribute to the development of the sector?

**C.R.:** A foundation supervisory authority should position itself as a competent and reliable contact for its supervised founda-

tions and other involved actors (such as auditors, lawyers and notaries). It must act and also react promptly and it should not pursue a „prevention policy“ through its expertise and professionalism because it primarily suspects abuses. However, this requires that the foundation supervisory authority has sufficient human resources and professional know-how. The more transparent and stringent the approach of the foundation supervisory authority is, the better it will be perceived by its contact organizations, even if they are not always of the same opinion.

**CEPS:** What do you recommend to founders and foundation boards in their contact with the foundation supervisory authority?

**C.R.:** I can only recommend to foundation boards and other stakeholders to contact the foundation supervisory authority in due time, on the one hand regarding the annual reporting and on the other hand in case of special transactions. Especially in more complex cases, it makes sense to present one's own thoughts or the planned procedure in writing in a short concept and then to request an appointment for a discussion; in this way, the supervisory authority can prepare itself in terms of content and, if necessary, already clarify preliminary questions, which serves efficiency. In some cases, the foundation supervisory authorities also offer preliminary examination procedures, which should be used sensibly. In many cases, the foundation supervisory authority must issue rulings; in order to be able to do so, it needs a comprehensive picture of the foundation concerned, which usually includes a transparent presentation of the financial situation and open communication by the foundation. „Salami tactics“ are helpful in very few cases, and the foundation supervisory authority also does not serve as a (free) legal advisor for all concerns.

**CEPS:** You have spent 25 years at the foundation supervisory authority. Which impressions stand out?

**C.R.:** All in all, many interesting encounters and intense technical discussions remain in good memory, and in most cases

satisfactory solutions could be found for all sides, which is reflected for example in the low number of complaint cases filed by the BSABB. Challenges arose in critical individual cases, e.g. when the „Dieter Behring financing system“ was exposed and the question arose, whether foundations (and pension funds) were negatively impacted. The pandemic year 2020/2021 will also be remembered because maintaining contact with the supervised foundations as well as timely supervisory management were very demanding. New legal questions also arose (e.g. about the admissibility of virtual foundation board meetings).

**CEPS:** Many thanks and all the best for your future!

### CEPS INSIGHT

#### Changes in the CEPS team

After four years and the completion of his dissertation, Nicholas Arnold is leaving the CEPS. We thank him for his contribution to research projects and especially his engagement as the editor of Philanthropie Aktuell. We also thank Lia Ferrini and Damian Schweighauser who have left the CEPS recently. In addition to the departing staff, the CEPS also welcomed six new staff members. Noam Suissa and Mia Kirsch will work as student assistants in communication and administration respectively. Janine Rossberg also joins the administration team. In addition, Lucca Nietlispach and Mira Röseler are two new research assistants and doctoral students at the CEPS. Furthermore, Dr. Elisabeth Hasse takes over the lead of executive education at the CEPS. [ceps.unibas.ch/en/about-us/team/](https://ceps.unibas.ch/en/about-us/team/)

#### Executive Education: New Courses

The CEPS now offers a Master of Advanced Studies in Nonprofit Management & Law. The Master is modular and can be obtained after successful completion of the DAS. As a possible component of the MAS, the new CAS in Nonprofit & Public Management can now also be attended. It will start in August 2021. [ceps.unibas.ch/de/weiterbildung/](https://ceps.unibas.ch/de/weiterbildung/)

**Commemoration - Prof. Jeffrey L. Brudney (1950-2021)**

On the 4th of April 2021, Professor Jeffrey L. Brudney passed away surrounded by his family after a brief and serious illness. In addition to his employment as «Betty and Dan Cameron Family Distinguished Professor of Innovation in the Nonprofit Sector» at the University of North Carolina Wilmington, Jeff Brudney supported the academic work at CEPS as an Affiliate Professor since 2016. His annual visits were always a great enrichment. In many 1on1 conversations, he quietly left his tracks on numerous research projects.

With Jeff, the NPO research world loses one of the most distinguished and recognized scholars worldwide. He has contributed significantly to the understanding of topics such as co-creation and volunteerism in over 180 peer-reviewed papers, many more book chapters and 7 books. With over 11,000 citations, his work has influenced many other researchers. In 2015, he was recognized for his research by the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) with its highest honor the «Award for Distinguished Achievement and Leadership in Nonprofit and Voluntary Action Research».

Jeff impressed with his open and warm character, more than with these awards and numbers. He was a dedicated supporter of young researchers, for example as a faculty

member at the doctoral seminar of the ERNOP conference in Basel 2019. He read through manuscripts overnight and returned them the next day with many comments, not without a praising conclusion at the end. He never seemed to run out of questions, whether on scientific topics or on the country and culture where he happened to be. Jeff was an exceptional personality, with a distinct sense of humor, great intellect, and downright friendliness.

The NPO research community misses a great researcher, teacher, and friend.

Georg von Schnurbein



Jeffrey L. Brudney (1950-2021)

**Guide for Foundations**

«**Stiftungen. Der Leitfaden für Antragsteller**» is the perfect introduction handbook to the world of foundations for applicants.



When working with foundations, there are some special aspects to bear in mind. The foundation sector is highly fragmented and lacks transparency, so a guide for applicants

is very helpful. They can greatly benefit from in-depth knowledge of the special circumstances. The book systematically explains to readers what foundations are, how they work and what framework conditions need to be considered.

Dr. Dr. Elisa Bortoluzzi Dubach shares her wealth of experience in this book. Her expertise in the field of public relations combined with her many years of working in the foundation sector allow her to provide important insights and tips.

The content of the guide is particularly informative due to the numerous case studies and checklists. In addition, there is an appendix with addresses of associations and information on training and further education centers or research institutes.

Lucca Nietlispach

[https://www.elisabortoluzzi.com/default.asp?V\\_ITEM\\_ID=635](https://www.elisabortoluzzi.com/default.asp?V_ITEM_ID=635)

**CALENDAR**

Executive Education

**CAS Wirkungsmanagement in NPO**

3 Modules – Wilen & Basel  
Start: 23 August 2021

**CAS Nonprofit & Public Management**

4 Modules – Online, Wilen & Basel  
Start: 23 August 2021

**Master Class 2021: Fondations: nouvelle(s) génération(s)**

1 - 3 September 2021, Bogis-Bossey

**7. Basler Stiftungsrechtstag**

22 October, Basel

**Good Foundation Governance**

4 - 6 November, Basel

[Register Now -> CEPS Executive Education](#)

**FURTHER DATES**

**Basler Stiftungstag 2021**

**Stiftungsstadt Basel**  
24 August 2021, Basel

**Biennale Filantropia Strategica centro**

30 September 2021, Lugano

**European Day of Foundations and Donors**

**DAFNE**

1 Oktober 2021, Bern

**EFC Annual Conference**

**European Foundation Center**  
18 - 20 Oktober, Vienna

**Schweizer Stiftungstag proFonds**

3 November 2021, Zurich

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