

Philanthropie Aktuell

EDITORIAL

Dear readers,



Philanthropy is any private voluntary act for a charitable purpose. This brief definition is the basis of CEPS's research. Generally, it is understood to mean donations of time, money or other resources

such as knowledge or contacts. In recent years, however, there have been significant developments in philanthropy. A new generation of philanthropists is looking for ways to contribute to society. The classic donation «a fonds perdu» offers them too little involvement and proximity to the issue.

New avenues are offered by impact investments that combine investment and philanthropy. While impact investments were primarily of interest to large foundations or donors in recent years due to the complexity involved, initiatives such as „bcause.com“ now also offer such opportunities for smaller donors.

For individuals, the new diversity does not necessarily make it easier to define their own philanthropy. The recently published book «Strategische Philanthropie» offers concrete guidance on which aspects of one's philanthropy should be aligned. After all, no matter how you get involved, in addition to the added value it brings to society, philanthropy is always an expression of your own personality.

Wishing you a pleasant read.

Georg von Schnurbein

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New Forms of Philanthropy

Donations and endowments lag behind the growth of private wealth. Increasingly, wealth holders are creating their own alternatives to traditional models. The startup project bcause is one of them. By Felix Oldenburg

Over the past decade, the fintech revolution has transformed the financial industry. Products that were previously accessible or affordable only to a small and wealthy elite are now just a few clicks away for all of us. Digitalization has democratized investing.

Why not endowments?

In the same time, a global set of goals has emerged in the form of the SDGs. Impact investing is no longer a pioneering act and has arrived in government programs, on posters for online brokers, and in investment strategies of institutional investors.

What about foundations?

These questions have been on my mind since my days at the Association of German Foundations and DAFNE. In the past two years of the pandemic, a third has been added. In 2020 alone, the hundred richest Germans have become richer by about a fifth. There are now almost three million millionaires in Germany alone, and three times as many billionaires as in 2001.

Which impact value propositions do these fortunes need today?

Can we digitize social engagement with wealth in such a way that many more people participate – and bring their wealth to work for the SDGs in substance too, and not just with the returns?

Fintech meets Impact

Only one way to find out. Under the name project bcause (bcause.com), a prominent alliance of professionals and investors has come together to develop a transaction platform that is currently in the alpha testing phase.

The basic idea is a digital impact depository for all funding from donations to loans to equity. Deposits can be made not only as a donation but also as a non-interest bearing loan, allowing greater flexibility than traditional endowments. The design is inspired by U.S. donor advised funds as well as investment clubs, and is the result of numerous conversations with wealthy individuals over many years. After the test phase, project bcause is expected to appeal to a large target group of people with high incomes and/or small and medium-sized assets – and will also be launched in Austria and Switzerland.

Whether this new solution can also be a part of a renewal of endowments remains to be seen. In any case, we will see a new debate about the role of wealth in our societies, to which philanthropy must relate. Two figures show that there is much room for improvement in giving: People with low and middle salaries donate about one percent, while people with top salaries donate only half a percent of their annual income. And measured against the growth of these higher incomes

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and the assets that often go with them, an estimated 20-40 billion euros less than expected has arrived in foundations in recent years.

Yes, we can and should celebrate that there are always many who give to foundations and make donations. At the same time, we should acknowledge that we are picking up less of the potential than we used to and far less than we could.

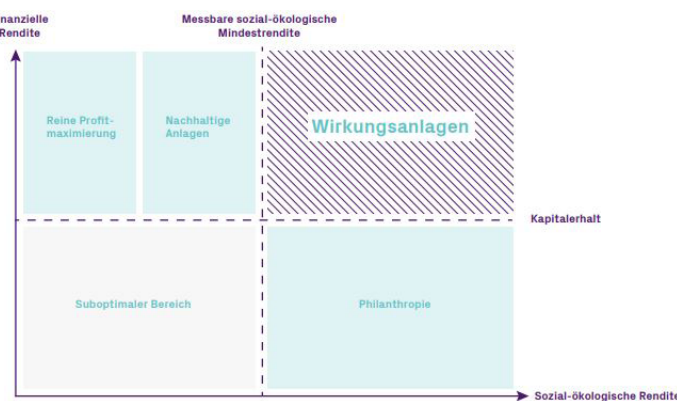
This trend has many causes, but lack of public spirit is not one of them. The many pledges from the founders pledge to carry4good, initiatives like «tax me now», next-generation groups like «Resource Generation», or even Dialog Neues Geben (dialogneuesgeben.de) show that there is perhaps even more willingness than ever before to engage with assets, but that new answers are needed.

Time for new impact value propositions

One of these is particularly inconvenient for foundations: In societies torn apart by climate change and the ten-

The illustration from the «Leitfaden Impact Investing» shows what is meant by an impact investment and how it and how it can be distinguished from other investments. The social-ecological return should firstly be consciously aimed for and secondly, impact measurement is often expected.

Source: Leitfaden Impact Investing



sions it heightens, even large fortunes are worth little. If time is running out, models that preserve assets forever and act only on returns – rather than using the substance now to avoid massive negative consequences of inaction – will have a hard time.

The perpetuity model of foundations still has an important role to play, for example, in permanently tying community assets to a purpose. In the Internet age, the idea might even experience a renaissance to protect data

from government or private access.

But if we are honest, it is not (any longer) suitable for mobilizing new assets to address urgent challenges. It is time for new impact value propositions.

Felix Oldenburg is a board member of the nonprofit gut.org Aktiengesellschaft, founder of project because and initiator of Dialog Neues Geben. He was previously chairman of the European foundation umbrella association DAFNE and secretary general of the Association of German Foundations.

Philea - Giving a voice to foundations in Europe

With Philea - Philanthropy Europe Association - a new European association for philanthropy was launched, uniting two large European foundation networks European Foundation Centre (EFC) and Donors and Foundations Networks in Europe (Dafne) under one roof.

Today's European foundation landscape is characterized by diversity and dynamic growth. Over the past twenty years, the number of foundations has grown rapidly - in both Western and Eastern Europe. The density of foundation infrastructure has also increased massively in the past decade - today there are over 70 foundation networks in Europe. The topics range from human rights and impact investing to migration and climate change.

The creation of Philea is a response to this dynamic development of the European foundation sector. Even though the sector has become increasingly professionalized, major challenges remain, for example in data collection. While CEPS in Switzerland provides annual facts and figures on the genesis of the foundation sector and maps important trends, in many European countries this knowledge remains fragmented and based on estimates rather

than reliable statistical information. Improving the data situation therefore remains a challenging task, which Philea intends to address in the coming years.

The realization of a single European market for philanthropy is another important issue. There are still enormous legal, financial and bureaucratic hurdles to cross-border philanthropy in Europe. While services and goods can move freely within the European single market, foundations and charities are denied this freedom. Moving headquarters abroad, donations or investments across European borders continue to be a headache for foundations. The result? Cross-border endowment and giving remain below their potential.

This is where Philea comes in. Building on the long-standing collaboration between Dafne and EFC, Philea is working to reduce existing barriers and improve the legal framework. For

example, the European Parliament has recognized the problem and launched an initiative on European association law, because civil society - whether in Spain, Sweden or Poland - is nonprofit and should know no borders.

The potential of foundations for social cohesion and innovation in Europe remains enormous. Tapping and leveraging this and mobilizing foundations for major social challenges of our time, such as climate change, democracy or rising inequality, are further strategic tasks of Philea. These issues need resilience and sustainable investments. Of course, foundations cannot replace state infrastructure, but they can provide «patient capital» and important incentives for structural social change.

Hanna Stähle

The author heads the Anticipate division at the European foundation association Philea.

«Impact is greatest when philanthropy expresses a donor's deepest personal values»

With philanthropy, committed donors and philanthropists want to make the biggest impact possible. This leads to a constant search for improved strategies and methods to make this happen better than before. We spoke with Prof. Peter Frumkin and Prof. Georg von Schnurbein about their new book and their views on various current issues and developments in the world of philanthropy.

CEPS: What are current developments in the world of philanthropy in the US?

P.F.: Over the past couple of years, many of the largest foundations have increased their longstanding focus on supporting programs that benefit the most disadvantaged populations. With a growing focus on diversity, equity, and inclusion, American philanthropy has become ever more demanding that nonprofit organizations work on social justice.



Professor Peter Frumkin is currently the Mindy and Andrew Heyer Chair in Social Policy at the University of Pennsylvania. He has authored several books and articles on all aspects of philanthropy and topics related to nonprofit management, grant-making strategy and social entrepreneurship.



Professor Georg von Schnurbein is director at CEPS and professor for foundation management. With the book «Strategische Philanthropie» (eng.: «The Essence of Strategic Giving», Peter Frumkin and he define five challenges to be considered if an engagement is to be more than a fleeting donation.

CEPS: Recently, critique about philanthropy has increased. Is there a crisis of philanthropy?

P.F.: There is no crisis as the field of philanthropy. Donors controls enormous financial resources and most foundations have a license to operate in perpetuity. In many ways, philanthropy is amazingly insulated from the world around it.

G.v.S.: Criticism of philanthropy is often more a criticism of excessive tax deductions. But donors are not responsible for this. In the philanthropy sector, taxes are a marginal issue. Much more important are questions of issue focus, impact, and participation. In

Europe in particular, philanthropy has tended to receive more and positive attention in recent years, especially when it has supported new social issues.

CEPS: What are solutions that «The Essence of Strategic Giving» offers?

P.F.: The book puts forward an argument about what strategy looks like in the world of philanthropy and suggests that donors find ways to align five critical choices that are embedded in the act of giving. With better strategy, the field will be in position to drive toward greater levels of effectiveness and impact.

G.v.S.: There is a lot of «learning by doing» in philanthropy. With this book, we want to help those interested in philanthropy to approach their commitment in a structured way. The many examples also show the variety of implementation possibilities and should encourage people to go their own way.

CEPS: What is your advice for people engaging in philanthropy?

P.F.: The impact of giving is likely to be greatest when philanthropy both enacts and expresses the donor's deepest personal values and commitments, and, at the same time, attacks complex and urgent social problems. For donors, the best advice I can give is to search for that magical moment when what you care about most overlaps with what the community around you needs most.

G.v.S.: Philanthropy can and must be fun! Despite all the emphasis on planning, strategy and structure, personal involvement must not be neglected. The social added value of philanthropy lies not so much in the financial resources, but rather in the underlying value orientation.

CEPS: And what can applicants and beneficiaries learn from your book?

G.v.S.: We enable a better understanding of the challenges facing a philanthropist. Philanthropy is a gift. Even at Christmas, the best gifts are those that someone has thought about and that come from the heart.

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

CEPS INSIGHT

Changes in the CEPS Team

In February we said goodbye to Anja Rogenmoser. She worked as a student assistant at CEPS for more than 3 years, supported the work in administration and thus contributed to the successful implementation of many executive education courses. Christina Gut started working at CEPS in February and will take over Anja's tasks. ceps.unibas.ch/en/about-us/team/

Current Publications

Two new publications have recently appeared in the «Forschung & Praxis» series. The first deals with strategic market development, the second with sociopolitical work of NPOs. <https://ceps.unibas.ch/de/publikationen/>

CAS Nonprofit & Public Management

At the time of publication of this issue, Module 3 of the first implementation of our new executive education course «Nonprofit & Public Management» is in progress. With 14 ECTS, it is the most comprehensive CAS we offer. With it, it is now also possible to obtain an MAS at CEPS. We cover topics such as marketing, digitalization and various tools such as Design Thinking, with a special focus on the relationship of NPOs to the public sector. <https://ceps.unibas.ch/de/weiterbildung/cas-nonprofit-public-management/>

Impact measurement is evolving

No one writes a project concept in solitude and lands the perfect shot with it. Impact orientation means impact development, step by step, close to the client or the issue. This process-oriented view is being worked on in various areas.

1. Individual need:

The project work is divided into three phases, each of which has an analysis focus. In the start phase, an assumption analysis analyzes whether the concept idea works. In the 2nd phase, the outcome is now «measured» and in the 3rd phase, it is only a matter of identifying the success factors of the multiplication.

2. Impact model with CLM extension:

Causal link monitoring attempts to evaluate not only final effects. In the CLM, the assumptions are recorded that justify why one believes to get from output to outcome. These assumptions are reviewed during the project in order to be able to make direct adjustments.

3. Focus on unintended outcomes:

Unexpected effects often reveal more about project mechanisms. The data collection in the IOOI model does not provide for this, or these unexpected developments are not evaluated. This is a great loss because such effects are a source of innovation.

4. Plausibility approach:

Impact analysis must be in a healthy relationship to effort. This means that no control group research is feasible. Impact is not defined as an absolutely provable

comparative value, but as probability and plausibility. Tools such as story mapping are also used for this purpose.

In essence, it is about a constructive examination of the potential of a project. Projects should be allowed to develop; they do not have to run perfectly from day one. This requires a change in thinking on the part of the funders, who must also allow learning to take place on the project. The challenge is foundation boards that expect every supported project to be a success.

Robert Schmuki

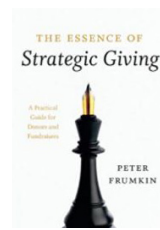
**NUMBER OF THE QUARTER
29**

CEPS published 29 publications in 2021. 14 of these were articles in peer-reviewed scientific journals. In terms of research and publications, the year 2021 was again very successful for CEPS. The annual report with further insights into the events of the past year was recently published on our website.

Source: Annual Report CEPS 2021

Strategic Giving

Uncertainty about the actual impact is associated with any donations. The book presented here reduces this uncertainty.



How can I make more than a fleeting donation with my engagement? And how can fundraisers make their case for support in a way that is compelling? The «Essence of Strategic Giving» defines five challenges that give one an approach to cover key leverage points. These are divided into the time-frame of the commitment, the articulation of the desired impact, and the alignment of the donation with the giver's own identity and style. Stable relationships with various stakeholders also play an important role. Not only donors can benefit, but also for example fundraisers, who want to present their project in a comprehensible way. Practical case studies illustrate the topics. In addition, concrete methods are presented. The author Peter Frumkin introduces the topics clearly and logically. He draws on a breadth of knowledge from the world of philanthropy and allow readers to achieve their goals more effectively.

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Lucca Nietlispach

<https://www.amazon.com/Essence-Strategic-Giving-Practical-Fundraisers/dp/0226268273>

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IL Strategisches Finanzmanagement

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FURTHER DATES

NPO SkillShare

Con-Sense Philanthropy Consulting
5 April 2022, Bern
13 April 2022, Zürich

European Philanthropy Conference Philea

30 May - 1 June 2022, Barcelona

Forum des Fondations IMD Lausanne

7 June 2022, Lausanne

SwissFoundations Symposium SwissFoundations

1 September 2022, Aarau

EVPA Annual Conference EVPA

1 - 2 December 2022, Brussels

LEGAL NOTICE

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