

How do Foundations Invest with Impact?

Sara Stühlinger, 23.09.2020

Charitable foundations in Switzerland

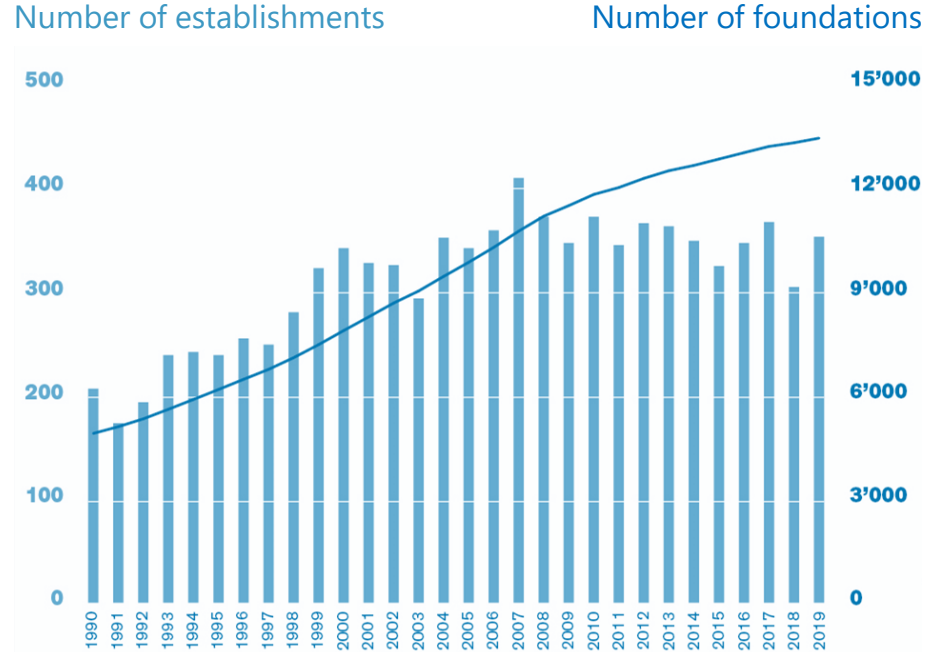


- Autonomous legal entity → independent from founder
- No owner(s) and no members → foundation supervisory authority
- Immutability of mission → with an exception
- Charitable mission objective → tax-exempt

Development over the last 30 years

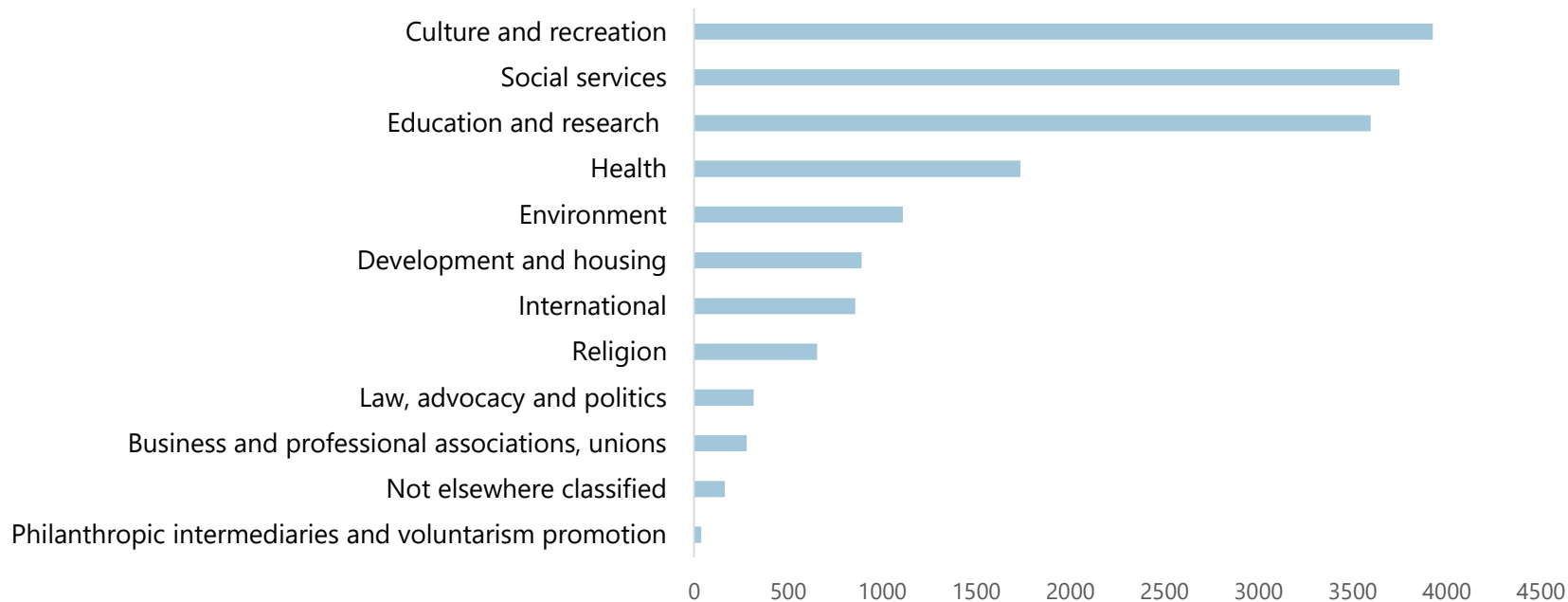


- Strong increase in number of foundations
- Number of establishments currently relative constant



Quelle: Der Schweizer Stiftungsreport 2020/CEPS Datenbank

Number of foundations per mission



Different types of foundations



		Income model		
		Returns from financial investments	Fundraising revenues	
Expense model	Grant-making	Grant-making foundation	Philanthropic intermediary	Fundraising foundation
	Own projects	Operational foundation		

Foundations as investors

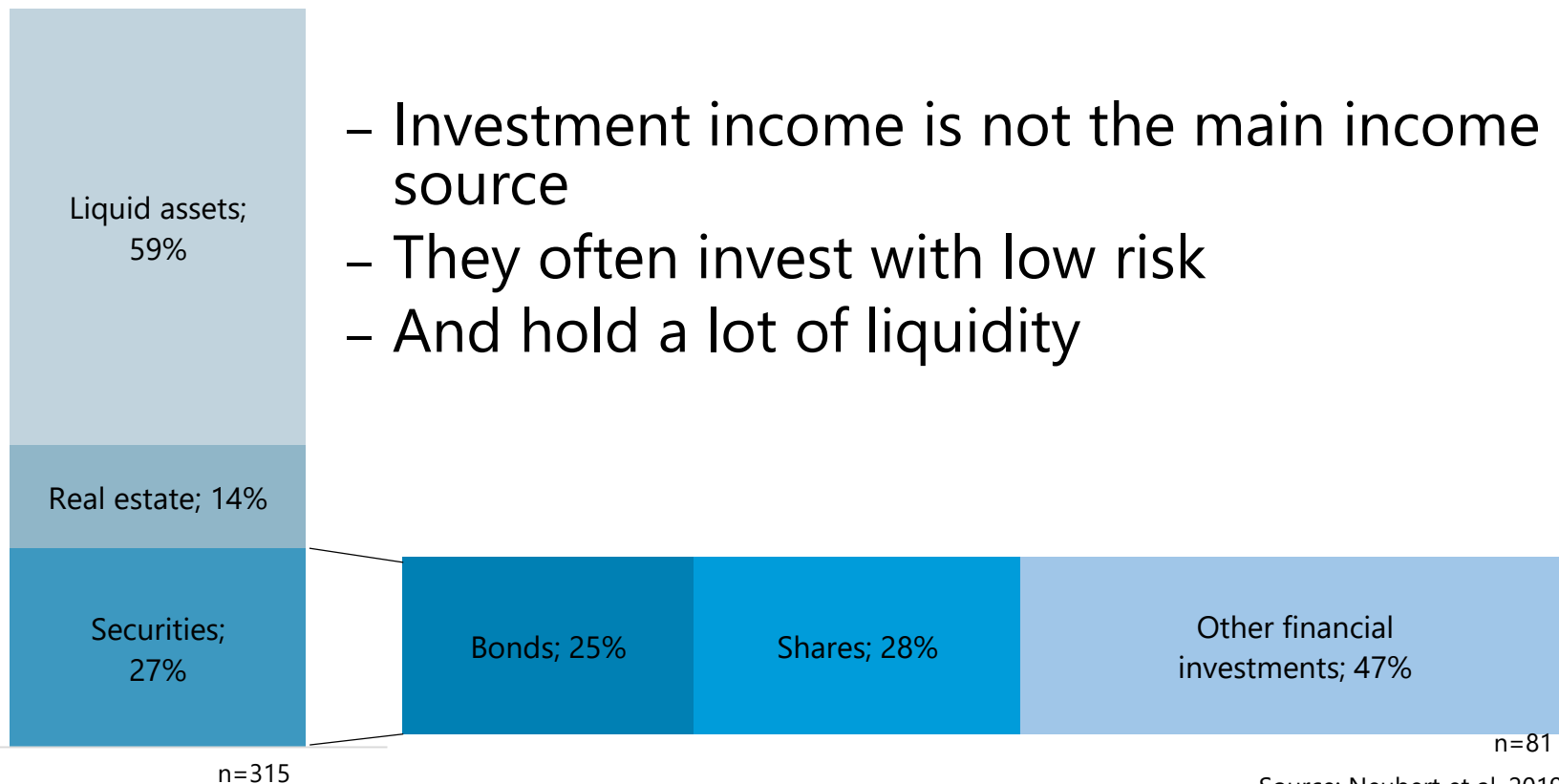


- Responsibility lies with foundation board
 - Legal and economic principles (but not bound to Art. 49 ff. BVV 2 / art. 49 ss. OPP 2)
 - Accordance with foundation deed
- Unity of impact
 - Principles of sustainability
 - Mission investing

Fundraising charities as investors



- Investment income is not the main income source
- They often invest with low risk
- And hold a lot of liquidity



Mission Investing



- To link the organizational mission and the income model
- Implementation:
 - Screening
 - Shareholder advocacy
 - Proactive mission investing → impact investing

Impact Investing



- Measurable and intentional social and financial return
- Often some trade-off between financial and social return
- Examples
 - WWF → climate bonds, investments in wind and solar parks
 - Christoph Merian Foundation → real estate dedicated to the mission

Venture Philanthropy



- Primary goal is social impact
- Long-term and high-engagement commitment from investors
- Can but does not necessarily include the goal of a financial return

Final remarks



- Foundations have an increasing range of possibilities for achieving impact and implementing their mission
- This leads to new opportunities but also challenges
- Foundations are very diverse and so are their investment and grant-making strategies

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Thank you for your attention!

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The Center for Philanthropy Studies (CEPS) is an institute of the University of Basel, founded by the initiative of SwissFoundations. The following organizations contribute to the basic funding: Age Stiftung, arcas foundation, Avina Stiftung, Ernst Göhner Stiftung, Gebert Rüt Stiftung, Ria und Arthur Dietschweiler Stiftung, Sophie und Karl Binding Stiftung, Stiftung Mercator Schweiz, VELUX Stiftung