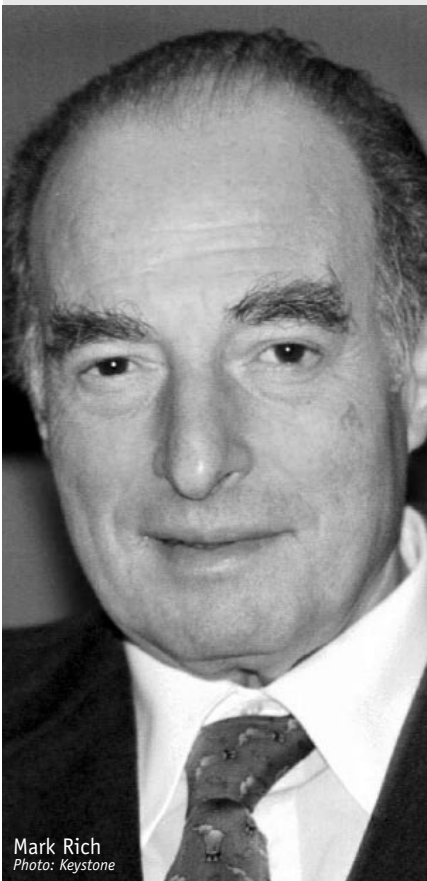
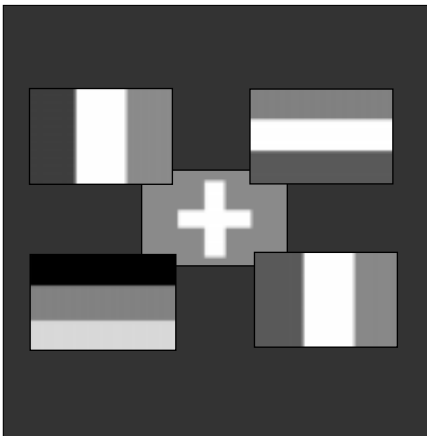


# ★ PHILANTHROPY IN EUROPE

*THE news source on leading philanthropists in Europe*



Mark Rich  
Photo: Keystone

*Stichting  
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Stiftung  
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Fond*

We are independent of any foundation, corporation or government.

We are free to give you unbiased information and advice.

We promise to ask the questions to which YOU need answers.

Europe's rich are steadily getting richer. In the last five years European wealth has virtually doubled, last year reaching €5.8 trillion. This wealth is held by nearly 23 million people and the number of seriously wealthy is set to steadily grow between now and 2004.

**New philanthropy in the old world, part 2 of PiE's venture philanthropy special**

**Stefan Persson - Sweden's best-dressed philanthropist**

**Marc Rich - victim or villain?**

**New foundations, funding information & resources**

**PiE year one - special six issue index enclosed**

## The case for accountability

■ Beneath the confusion underlying the Bertelsmann Stiftung's outright refusal to acknowledge that market fluctuations might one day affect the foundation's income (see facing page) is a simple point. Unless the public, and that even includes journalists, can have complete access to foundation accounts only an incomplete and speculative picture on how a foundation operates can be built. The Bertelsmann Stiftung is one of Europe's wealthiest foundations, claiming itself to have assets in excess of €5 billion, but under current German law there is no way a member of the public can either verify this figure or ascertain how this figure is arrived at. The situation in some other European countries is crudely the same. From a cynic's point of view, Ingvar Kamprad's decision to locate his two IKEA foundations in the Netherlands was designed to protect them from public scrutiny.

Foundations in both the UK and Germany have both collectively been valued at around €15 billion, yet their public accountability couldn't be more different. Charity law in England and Wales with its early seventeenth century roots has long been regarded with bemusement if not suspicion by other European legislators, but it does allow for a degree of transparency probably unparalleled across Europe. Foundations are obliged to register with the Charity Commission, the government regulator, and accounts and a narrative report must be filed. The public thereafter has a right to request a copy of this information either directly from the foundation or through the Charity Commission who maintain a comprehensive online database of its register ([www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)).

No-one's suggesting for a moment that foundations have got anything to hide, yet they do receive fiscal benefits to some degree wherever they are based and so should be accountable to the tax-payers in how they then account for these benefits. Until the public can get full access to foundation accounts there will inevitably be question

marks over how and why foundations operate the way they do. Wherever they are and however large and powerful they are.

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## News in Brief

### Zeiss slims down

The board of the Carl Zeiss Stiftung, which manages the German technologies group Carl Zeiss, has given its approval to the spin-off of its semi-conductor division into a separate public limited company. The changes, which it is believed will improve the company's market position, will come into effect on October 1 2001 and will mean a loss to the group of €409 million. The Carl Zeiss Stiftung was set up in 1889 and in 1999 had assets of €256 million.

### University's €24 million investment

The University of Exeter has received an anonymous donation of €24 million for its School of Business and Economics. The money, with a further €3.2 million donated by the University, will be used to establish a world-class research and teaching centre in finance and investment studies. The Vice-Chancellor, Sir Geoffrey Holland, wants to create an elite school of international recognition, 'a Davos of the financial world'. The centre is to be called Xfi, Exeter Centre for Finance and Investment. The benefactor is a British citizen with a financial and investment background.

### Lottery grants from Liechtenstein

PLUS Lotto, the Liechtenstein-based online lottery site, claims to have donated €2.6 million to non-profits since it was established in 1995. The company donated 25 per cent of its profits to the International Federation of Red Cross and Red Crescent Societies and 5 per cent of profits to Liechtenstein non-profits.

Licensed by the Liechtenstein government all prizes paid out by PLUS Lotto are tax-free.

**Contact:** PLUS Lotto, Industriestrasse 753, FL 9492, Eschen, Liechtenstein.

**Telephone:** +423 377 9797

**Fax:** +423 377 9790

**Web:** [www.pluslotto.com](http://www.pluslotto.com)

### Hague's failure to register

William Hague, leader of the Conservative opposition in the UK, has been rebuked by a cross-party committee of MPs for publicly declaring donations to a non-existent foundation. Hague had pledged to donate all profits from public speaking engagements to a foundation which was subsequently never formally established. Hague's failure to correct an inaccurate entry in the register of MPs' interests was first highlighted in a Channel 4 investigation, by the *Mark Thomas Product* programme and subsequently taken up by the parliamentary standards watchdog.

The William Hague Charitable Trust was supposed to distribute grants in the area of the Conservative leader's Richmond constituency, but was apparently not established because of legal difficulties.

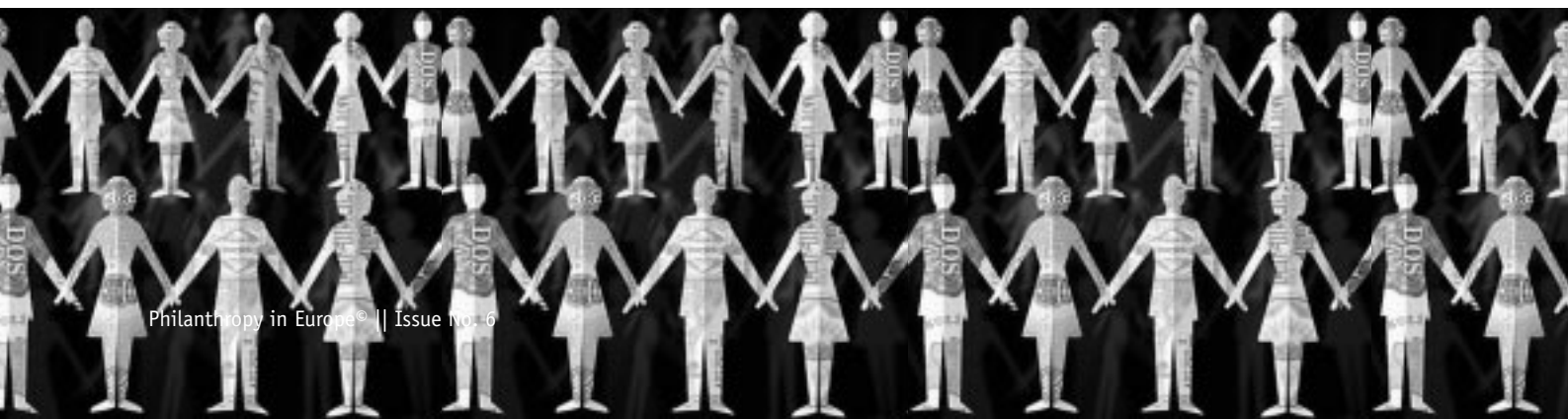
**Useful link:** [www.parliament.the-stationery-office.co.uk/pa/cm200001/cmselect/cmstnprv/352/35202.htm](http://www.parliament.the-stationery-office.co.uk/pa/cm200001/cmselect/cmstnprv/352/35202.htm)

## Stop Press

As *PiE* was going to press the following announcement was made :

'The Erica 2001 program is undergoing re-evaluation due to changing economics and is on hold until further notice.'

**Web:** [www.ericsson.com/erica/](http://www.ericsson.com/erica/)



## News in Brief

### Disgraced chancellor escapes charges

Donations of €154,000 will spare former German chancellor Helmut Kohl prosecution and a criminal record, despite his admission of the illegal use of money donated to his Christian Democratic Union (CDU) party. The compromise agreement follows a 14-month preliminary investigation into the unlawful use of the anonymous donations, received between 1993 and 1998, and an application by the state prosecutor to the Bonn regional court for proceedings to be closed. The fact that the money was used for party purposes only appears to have saved Kohl, as prosecutors accepted the legal position was unclear.

Under the terms of the deal Kohl will pay €77,000 into the state coffers and a further €77,000 to the Mucoviscidosis Foundation, an organisation helping people suffering from cystic fibrosis.

Closure of the case looks likely to reopen opposition attempts to unmask the anonymous donors to the CDU.

### Foundations aid bank restructure

Three Italian foundations are set to acquire shareholdings in Italian merchant bank Mediobanca SpA and insurance company Assicurazioni Generali SpA through Consortium, a Luxembourg-based shell company. Italian banks Banca di Roma and Unicredito Italiano will each have an 18 per cent stake in Consortium, through the three banking foundations Fondazione Cassa di Risparmio di Verona, Fondazione Cassa di Risparmio di Torino and the Fondazione Cassamarca. Other shareholders include Fiat, Pirelli, Olivetti and Ferrero from Italy, France's Bollore SA and Germany's Commerzbank AG.

In addition Paolo Biasi, chairman of Fondazione Cassa di Risparmio di Verona, looks likely to become one of Mediobanca's two new vice-chairmen, in the major company restructuring to follow the death of Enrico Cuccia, the bank's founder. Unicredito and Banca di Roma are to both appoint Mediobanca's two vice-chairmen and the foundation, with its 19 per cent stake, is Unicredito's largest shareholder.

## Bertelsmann denies income threat

Sources at the top of Germany's Bertelsmann Stiftung are denying their income is under threat despite major changes to their parent company's ownership structure. The whole affair brings into sharp focus the lack of transparency in the finances and operations of Germany's foundations that the Bertelsmann Stiftung, one of the top five foundations in Europe, with assets valued at over €5 billion, can be mired in such secrecy.

Groupe Bruxelles Lambert (GBL), majority-owned by Baron Albert Frère and Paul Desmarais, has acquired a 25.1 per cent stake in Bertelsmann AG in exchange for a 30 per cent stake in the RTL Group, throwing wide open the Mohn/Bertelsmann families' private hold on the company. Frank Püttmann, director of public relations at the Bertelsmann Stiftung, is distinctly unruffled by the changes claiming he believes it will have no effect on the foundation's future income. Following the on-going buy-back of Bertelsmann shares from the Zeit Foundation, the Bertelsmann Stiftung will hold 57.6 per cent of Bertelsmann AG, down from a high of 76.9 per cent. The Mohn family holds 17.3 per cent and GBL the remaining 25.1 per cent.

Despite the clear intention of GBL to float part or all of its stake on the stock market in the next three to four years, Püttmann appears to believe that the Mohn family control of the company will ensure the foundation's finances remain intact. However by Püttmann's own admission, it appears that the foundation's income is by no means secure, with no automatic dividend payable on shares except through an annual process of negotiation between Bertelsmann AG's board and Reinhard Mohn. Despite the foundation's seemingly asset-rich position, its income is to a large extent dependent on the generosity of its founder. Clearly this negotiation currently works in the foundation's favour, granting an annual budget of around €66.5 million, but carries no guarantees. Mohn will be eighty years old later this year and the Bertelsmann supervisory board now includes two representatives of GBL.

In 1977 Reinhard Mohn, a fifth generation member of the founding family of the Bertelsmann group, established the Bertelsmann Stiftung, a non-profit making foundation with a two-fold purpose. On the one hand the foundation was an expression of the Bertelsmann and Mohn families' philanthropic tradition and commitment to their social and cultural responsibility, whilst on the other hand it was a way of protecting the company from takeover. In 1993 Mohn transferred 68.8 per cent of his shares in Bertelsmann AG, minus the voting rights, to the foundation.

In 1999 Mohn appeared to take a more back-seat role in the company, transferring voting rights then equivalent to 90 per cent of capital stock to the Bertelsmann Verwaltungsgesellschaft GmbH. This new six-person management board was designed by Mohn to protect the family's control of the group after his death. However, since then the situation has changed dramatically. Bertelsmann has begun the reacquisition of shares in the group previously held by the Zeit Foundation; foundation deputy chairman Dr Mark Wössner has been relieved of his services, necessitating a restructuring of the group and foundation executive boards; and Mohn has once again become chair of the foundation's executive board. He will remain in this position until June 2002 when Gunter Thielen, president of Bertelsmann Arvato AG, will take over.

Approaching his eightieth birthday, Mohn, now apparently more essential than ever to the future of his foundation, must be worried that the structure he so carefully created may start to collapse around him.

### Daily change in Greece

*The Athens News*, owned by the Lambrakis Research Foundation, and for nearly 50 years Greece's only English-language newspaper has ceased to operate as a daily paper. It will continue to be published on a weekly basis. The paper's founding publisher, the late Yannis Horn, transferred ownership to the Lambrakis Research Foundation in 1993 to help ensure the paper's long-term survival. The foundation was set up by Christos D Lambrakis, owner of the Lambrakis Press in 1991.

**Useful link:** [www.lef.gr](http://www.lef.gr)



Prince Charles visited our very unprepossessing headquarters in London recently, the team did a great job of making his visit engaging, serious and most important - balanced. Making your donors feel stimulated but not out of control is one of the most difficult challenges in developing those committed relationships that are key to successful fundraising. The combination that worked for him was some serious talk, then a wonderful play about war and peace building, put on by our staff from Sierra Leone and Ghana. It brought tears to my eyes to see those who have been in the heat of conflict show so poetically the solutions to the pain of war.

It doesn't always work so well... last month I accompanied the director of our Spanish sister organisation and one of his new trustees, I'll call her Maya, a charming woman who had never been to a poor rural area, to visit India to witness the reconstruction work after the terrible floods of last year in Orissa. They fund our programmes in Asia, so the visit was

important. With the best of intentions we got it just a bit wrong.

It all started when we arrived at the airport from Bangladesh late, missed the connection to Delhi which meant a stopover in Calcutta and a night train to Orissa.

Somewhere in the confusion Maya's name had been left off the list of visitors. There was no ticket for her on the train and then of course there was the train!, let alone the railway station... hundreds of people rushing around through the misty night, families camped out, and huge Victorian pillars behind which shadowy figures had made a home.

It was all a massive culture shock for a woman whose husband had been a Minister in the Spanish Government - somehow I don't think those names normally get left off visitor lists.

Well it's a long story but here are a few highlights... the overnight train was followed by a three hour staff presentation, followed by a five hour drive over rocky red roads in an old Ambassador, the trusty 1950's style car of India,

*Lyndall Stein, UK. Head of fundraising at ActionAid and former fundraiser with The Big Issue and Marketing Director of the Terence Higgins Trust. Lyndall has raised over €16.6 million for AIDS/HIV projects since 1990, and developed the first fundraising campaign for the African National Congress pre-democracy.*

## Are you sitting comfortably?

■ Well I know now what the future king of England needs to be comfortable. He needs a small cushion on the back of the chair, it helps his back trouble, and of course also guides him to the right seat.

followed by yet another presentation followed by a planned night stop in a cyclone shelter until someone realised that bedding down with the villagers in the shelter, with no toilet, might be one culture shock too far, followed by another two hour drive to a government guest house, to a bed that we were to share, which was still warm from the previous sleepers, ejected to make space for us. Poor Maya, she showed fortitude in this change from her normal five star hotel regime but I could see her brave front wearing thin. Her goodwill finally crumbled, when on her way back to the hotel early the next day the driver got lost and someone tried to rob her - it didn't help that unlike the United Kingdom, curry is not the national food of Spain; she had survived on fruit and biscuits.

Oh dear ... she forgave us, after a good night's sleep and breakfast. I confess I intervened, and a full reception committee from ActionAid India in deep apology mode helped put that vital donor relationship back on track. ■

*L.S. March, 2001*

## Funding News

### Royal benevolence aids UK farmers

Prince Charles and the Duke of Westminster have each made donations of €811,000 to help farmers suffering because of the foot and mouth disease outbreak in the United Kingdom. Prince Charles has donated €650,000 from his Prince of Wales Charitable Foundation to six non-profits: the Royal Agricultural Benevolent Institution and the Royal Scottish Agricultural Benevolent Institution, which both help farmers with domestic expenses; the ARC-Addington Fund which helps fund animal feed and bedding; the Rural Stress Information Network, which offers counselling services; the Farm Crisis Network, which provides a range of support services for farming families; and the Samaritans, which offers confidential support to people in crisis. Prince Charles also

donated an additional €160,000 from his Duke of Cornwall Benevolent Fund to help farmers in Cornwall and the South West of England.

The Duke of Westminster matched the donations announcing a €811,000 grant from the Westminster Foundation to support the agricultural communities of Cumbria, Lancashire, Yorkshire and Scotland. Prince Charles announced the grants at a meeting of Business in the Community, urging the 700 member companies to follow suit.

**Contact:** Prince of Wales Charitable Foundation, St James's Palace, London SW1A 1BS, UK.  
**Telephone:** +44 207 930 4832  
**Contact:** Duke of Cornwall's Benevolent Fund, 10 Buckingham Gate, London SW1E 6LA, UK.  
**Telephone:** +44 207 834 7346  
**Contact:** Westminster Foundation, 70 Grosvenor Street, London W1K 3JP, UK.  
**Telephone:** +44 207 408 0988

## Funding News

### Basque award

The Sabino Arana Foundation has made its 'Basques in the World' award to Pete Cenarrusa, a US senator and secretary of state in the state of Idaho. The foundation is named after the founder of the PNV (Basque Nationalist Party) and a spokesperson for the PNV confirmed that Cenarrusa hopes to convince George W Bush to mediate in the problem of the Basque country, much as his predecessor Bill Clinton did in Northern Ireland. Cenarrusa, the son of Basque immigrants, reported on his initiative when he visited the country and met the PNV president Xabier Arzalluz. Previous winners of the award include Herrero Miñon.

Josef Lauber is a freelance fundraising consultant operating from Switzerland



Josef Lauber column

## Finding common ground

■ **Laura J. MacDonald currently shuttles between Geneva and her home town Columbus, while trying to raise 27 million for the World YWCA. This ambitious goal will be achieved when every girl and woman in the YWCA movement worldwide donates 1 Euro. For all those who cannot contribute, other sources are tapped, i.e. foundations.**

*Joseph Lauber:* Laura, you are currently involved in a major fundraising project for the YWCA. The goal is to raise €1 for every girl and woman in the YWCA movement worldwide. Since you can't possibly cover every country yourself, can you tell us something about how you are going about it?

*Laura McDonald:* In my experience, volunteers conduct the most effective fundraising. It is far more effective - and satisfying - for peers to call on peers than it is for a professional fundraiser to try to 'sell' a project. Fortunately, the YWCA has a global network of women who are committed and who have already developed leadership skills - in most cases, they require only specific coaching in how to fundraise. Our strategy is to utilise this network to carry out the work of the campaign.

There are several strong forces helping to unify this far-flung network. One is the YWCA's 150-year-old heritage as the world's oldest and largest women's movement. Another is its leadership: general secretary Dr. Musimbi Kanyoro's vision is an inspiring example for the global movement, and the executive committee ensure that various global perspectives are represented and honoured.

*J. L.:* What is your strategy and what kind of fundraising tools are you using in this campaign?

*L. McD.:* Our primary fundraising tool is people: committed women who have both vision and skill. The volunteers are organised according to the size of gifts they are asked to solicit and the various cultural expressions of philanthropy. There are three main categories of donation:

This will be a global effort that will invite people of all income levels to give. We anticipate that many donors of modest means will contribute a total of €3.2 million. We have already received inspiring gifts from places such as Uganda, Nepal, and the Czech Republic where women have been proud to donate their €1 to the campaign.

To recognise the sacrifice demonstrated by such gifts, we also have a responsibility to seek larger donations from more wealthy individuals. We have already received €1.1 million from Laurance Rockefeller in memory of his late wife Mary who was active in the YWCA. Our aim is to secure at least 14 gifts of €540,000 or more. Between these two extremes, we will also work through national and local associations to raise money cooperatively. For example, the leaders of the Dutch YWCA will be launching a campaign called "Een riks is niks", (one euro is not much), to rally support from their members as well as interested Dutch individuals and organisations.

*J. L.:* Apparently you are applying to both US and non-US foundations. Can you tell us about

the 'cultural' differences between foundations and about the art of approaching foundations in different countries. Is there any common ground?

*L. McD.:* Prior to this campaign my fundraising experience had been in North America, so it has been fascinating to observe cultural differences, as well as the similarities. For example, I have found that foundations in both North America and Europe tend towards 'project support' rather than general operating support. American foundations are more likely to restrict their giving to the United States, while many of the European foundations approached by the YWCA seek projects located in developing nations.

Regardless of culture or geography, we have found that all donors in both Europe and the United States - foundations, companies and individuals - are more likely to make a donation if they feel that the YWCA exemplifies their values and the specific project matches their interests. This leads to the donor feeling there is a natural 'partnership' and diminishes the need for a 'hard sell'.

*J.L.:* What's your advice to other fundraisers who are involved in an international campaign and would like to approach foundations in different countries?

*L. McD.:* First, show your respect for the potential funder by doing your homework. Make sure that you are asking the foundation to support something that fits within their guidelines. Second, try to find someone within your organisation - a member of the governing board or a long-time staff member - who is located in the same country as the foundation. Finally, be genuine. As an American, I cannot pretend to be someone I am not, I can only demonstrate my respect for the foundation's culture through an honest exchange of ideas and a sensitivity for the cultural differences that do exist.

*J. L. March, 2001*

### Funding News

#### Aid for Armenia

The Armenian Constitutional Court has endorsed a €182 million aid package for the country offered by the Lincy Foundation. The grant from the Lincy Foundation established by Kirk Kerkorian, a US citizen of Armenian descent, will be spent on improving roads, restoring cultural monuments and developing tourism and small and medium enterprises in the country. In 1999 the Lincy Foundation donated €16.5 million to the American Red Cross to help the earthquake reconstruction

and relief efforts in Armenia, which followed a €5.5 million donation to launch the Red Cross's Earthquake Reconstruction Program.

Kerkorian is currently pursuing a €10 billion lawsuit against DaimlerChrysler. The third largest shareholder in the car-maker, with a four per cent stake, Kerkorian's decision to take legal action followed DaimlerChrysler chairman Juergen Schrempp's admission that he had been lying when he described the link-up between Daimler-Benz and Chrysler as a 'merger of equals'.

#### Contact:

The Lincy Foundation, 4835 Koval Avenue, Las Vegas NV 89109-7308, United States.

The €27 million YWCA fundraising campaign includes a target of €24.25 million to establish an endowment fund to support global YWCA leadership development programmes. Laura MacDonald has 17 years experience in non-profit leadership, fundraising and philanthropy. Recently, she founded a new consulting firm to serve the needs of those who serve the common good. Benefactors Counsel LLC is based in Columbus, Ohio.  
E-mail: [laura@bene-factor.com](mailto:laura@bene-factor.com)



## Philanthropist in Focus

### Stefan Persson

**He sells some of the sharpest clothing in Europe, and is reported to be one of Sweden's largest tax-payers. Who is this quiet philanthropist?**

### Biography

Stefan Persson, was born on October 4, 1947, the son of Margrit and Erling Persson, founder of H&M Hennes & Mauritz AB. Persson, who now chairs the H&M board, has been involved with his father's clothing empire since 1973. He is married with three children, none of whom are directly connected with the business.

### Corporate background

Erling Persson, Stefan's father, who started out as a salesman in Västerås, Sweden, founded the store in 1947, copying the US model of low-cost clothing stores and, initially, selling only women's clothes (Hennes is the Swedish for 'hers'.) Stefan, born the same year that the store was founded, drove the group through a period of intense growth in the 1980s and 1990s, expanding the number of stores first in Sweden and then abroad.

The company continues to grow strongly - although it was hit by the strength of the US\$ during the most recent fiscal year (year end is 30 November.) The company's turnover at €3.96 billion in the last financial year was up 9 per cent from the previous year, with profits at €441.5 million, a decrease of 16 per cent year on year. Ninety new stores were opened during the year, and the company now employs over 17,000 people.

The company makes the majority of its sales in Germany (33 per cent of sales in fiscal 1999), with Sweden (15 per cent of sales), Austria (9 per cent), Norway (8 per cent) and the UK (5 per cent) being other important markets. Although Germany is currently the company's core market, H&M are known to be pushing into the US, with two stores operating in Manhattan.

The Stefan Persson family holds 300 million of the approximately 827 million issued shares in H&M. But this 36 per cent holding is

weighted heavily in favour of the voting 'A' shares, so the family holds 69 per cent of the voting rights in the company. The fiscal 2000 dividend earned the family €45 million and the shares, as we go to press, are trading at €19.47, implying a total value of €5.8 billion. Other key family shareholders are Stefan's sister Liselott ('Lottie') Tham, with 4.4 per cent of the stock (value, €713 million) but just 2.2 per cent of the votes, and Jan and Stefan Bengtsson with 1.3 per cent each.

The company has a code of conduct controlling its relationships with clothing suppliers, to ensure that the suppliers conform to standard working conditions, minimum wages, labour union rights and bans on discrimination and child labour. Principal subsidiaries all carry the H&M name, with the exceptions of Carl Axel Petterssons AB, Magis GmbH and Puls Trading International Ltd in Hong Kong.

### Corporate connections

Stefan Persson sits on the board of AB Electrolux and Investor AB. In both of these roles he is sharing boards with Jacob Wallenberg, eldest son of Sir Peter Wallenberg, the subject of our first Philanthropist in Focus (see Philanthropy in Europe, issue 1.) Jacob Wallenberg is also a board member of ABB and Atlas Copco.

Mr Persson's company, Stefan Persson Placings AB, owns 3.6 per cent of JM AB, Sweden's largest housing developer. JM's shares are owned by the same group of shareholders who own H&M, including SEB Fonder, AMF and Nordbanken.

### Corporate donations

Alongside H&M's support of the Mentor Foundation and the SNS research non-profit (see below), the company is involved in a variety of other non-profit initiatives including the environmental clean-up operation Baltic Sea 2008, sponsorship of young Swedish show-jumpers and aid to Turkey following the devastating earthquake. The company's largest other initiative, linked to the developing countries where it has a commercial presence, is the support of after-school and training initiatives for people

working in the textile industry.

**Contact:** Anna Carin Bjerne, H&M Hennes & Mauritz AB, Norrlandsgatan 15, Box 1421, Stockholm, Sweden.

**Telephone:** +46 8 796 55 00

**Fax:** +46 8 20 99 19

**E-mail:** annacarin.bjerne@hm.com

**Web:** www.hm.com

### Mentor Foundation

Persson is on the board of the Mentor Foundation, a World Health Organisation initiative to fight youth substance abuse. The WHO has attracted many of Europe's big names to join the board, which includes; Victor Chu, Garry Kasparov, Lord Mancroft, Ivan Pictet (the Swiss banker who is providing a registered office for the foundation), Sir David Sieff and George Soros. Amongst royal families, the Queen of Sweden, Queen Noor of Jordan, HRH Grand Duchess Maria Teresa of Luxembourg, Crown Prince Felipe of Spain and Prince Talal Bin Abdul Aziz Al Saud are all board members. The foundation is originally registered as the Fondation Mentor, at Avenue Appia 20, care of WHO, Geneva, Switzerland. Its Swiss registration number is CH-660-0616994-6. The international operations centre is located in London.

Current projects include MentorLink, supporting drug prevention activities in Sweden and Latvia. Linking youth agencies in the two countries the three year project is sponsored by the four member companies of Mentor Sweden: EF Education; H&M Hennes & Mauritz; construction giant Skanska; and insurance company Trygg-Hanson. Support is also being provided to Geneva Solidarity, a project to develop a centre for young victims of substance abuse. Finance is being provided by the foundation to assist with the building of the centre, training and the provision of amenities.

**Contact:** Mike Whitlam, Chief Executive, The Mentor Foundation, 100a New Cavendish Street, London W1W 6NR, United Kingdom.

**Telephone:** +44 20 7291 6100

**Fax:** +44 20 7291 6110

**Web:** www.mentorinternational.org

### Persson Family Foundation

This little-known foundation is a substantial donor to the Stockholm School of Entrepreneurship (SSES). The School, part of the Fenix Research Programme, was created from courses offered by the Stockholm School of Economics (SSE) and the Royal Institute of Technology (KTH). A donation from the Persson Family Foundation in mid-1999 made it possible for SSES to establish itself as an independent organisation in August 1999.

### SNS

This non-profit promotes research on economic and social issues of importance to public decision-makers in Sweden. SNS was founded in 1948 by a group of Swedish business people. Nowadays it has an international membership of over 4,000 individuals as well as approximately 270 corporate subscribers. SNS commissions social policy research at universities, is one of Sweden's major social science publishers and organises meetings and conferences on economic and social affairs. Current research projects focus on economic growth, welfare state in transition, democracy and constitution and special studies. Increasingly collaborating at an international level, a recent project carried out with the Centre for Economic Policy Research looked at the deregulation of European network industries. Stefan Persson is an 'Elected Trustee' of SNS, representing H&M, and will know other board members such as Göran Ennerfelt of Axel Johnson AB and Jacob Palmstierna, Chairman, Crédit Suisse First Boston (Sweden).

#### Contact:

SNS, Sköldungagatan 1-2, Box 5629, S-114 86 Stockholm, Sweden.

**Telephone:** +46 8 507 02500

**Fax:** +46 5 507 02515

**E-mail:** info@sns.se

**Web:** www.sns.se

### John and Augusta Persson Foundation

This foundation is a donor to cancer-related causes, and has funded a number of research programmes, including a breast cancer study led by Karin Persson of the Department of Oncology, University Hospital, Lund, Sweden. Researchers at the nearby Ideon Research Park also receive funding from the foundation. The foundation is one of a number of high-profile donors of medical research in Sweden, which also include the Crafoord Foundation, the Eric K Fernström Foundation, the Berta Kamprad Foundation, Segerfalk Foundation,

Tobias Foundation and the Knut and Alice Wallenberg Foundation.

### Researching Swedish foundations

Foundations in Sweden are supervised by the Länsstyrelsen ('administrative board'), local government bodies linked to the Ministry of Justice. The Länsstyrelsen maintains a register of over 5,000 foundations.

**Contact:** Länsstyrelsen, Box 22067, 104 22 Stockholm, Sweden.

**Telephone:** +46 8 785 4023 or 785 46 88

**Fax:** +46 8 785 43 50

**E-mail:** stiftelse@ab.lst.se

**Web:** www.ab.lst.se/tillst/ovrigt/stift.htm



Advert, 1954

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## Nobel celebrates centenary

Sweden's Nobel Foundation is celebrating the 100th anniversary of the Nobel Prize with a year-long series of events attracting major corporate and foundation sponsors. Events include a Centennial Exhibition held at Stockholm's Old Stock Exchange, sponsored by ABB, Ericsson, Merrill Lynch, Skandia and Volvo; the ongoing Nobel e-Museum project sponsored by Cisco Systems and Aventis Pharma, which will also include the new Wallenberg Young Scholars Program; and will culminate in a Centennial week in December.

**Useful link:** www.nobel.se

## Foundations share central bank

The governor of Banca d'Italia, Italy's central bank, has stated he wishes to transfer an 84 per cent shareholding in the bank currently held by the country's credit institutions to the Italian banking foundations. Giuseppe Guzzetti, chairman of the Fondazione Cariplo, Italy's largest foundation and of Acri which represents the

banking foundations said the foundations would be 'honoured' to become shareholders in the central bank. In order for the share transfer to take place the Italian treasury minister will need to pass special legislation, tax concessions for mergers and restructuring will need to be met and the profitability of the bank will need to rise. Guzzetti stated that Banca d'Italia's current profits of just one per cent gross could put the foundations' financial security at risk.

## Sugar's sweet donation

Computer tycoon Alan Sugar has donated €2 million to the Hackney Empire, enabling the east London theatre to reach its €24 million appeal target and secure threatened state funding. The donation completes a three-year fundraising appeal, headed by comedian Griff Rhys Jones, who also donated €400,000. Sugar established the Alan Sugar Foundation in 1986, which is a generous supporter of predominantly Jewish causes, although other donations have included a large grant to Public Concern at Work.

Sugar, vilified by many supporters of the English football club Tottenham Hotspurs, stepped down as club chairman in December 2000. Sugar sold his 27 per cent stake in the club for €34.8 million to Enic, a sports media company, co-founded by entrepreneur David Levy. Levy, managing director of Enic, derives his wealth from the clothing chain Mister Byrite founded by his family. Levy established Enic with Joe Lewis, a currency dealer living in tax exile in the Bahamas. The company also holds major stakes in a number of football clubs from a range of European countries, including AEK Athens, FC Basel, Slavia Prague, Vicenza and Glasgow Rangers.

#### Contact:

Colin Sandy, Alan Sugar Foundation, Brentwood House, 169 King's Road, Brentwood, Essex CM14 4EG, UK.

**Telephone:** +44 1277 201333

## Funding News

### Spanish bank foundations grants rise

Spain's savings bank foundations ('cajas de ahorros') spent €866.8 million on social projects in 2000, an increase of 12.5 per cent over the previous year. The figure, known as the 'social dividend,' represents an average 26 per cent of the net profits of the savings banks, although some banks gave more than 30 per cent. Projects from the whole range of third sector activity - from environmental improvements to development aid - were supported by Spanish savings banks in 2000.

**Source:**  
Confederación Española de Cajas de Ahorros,  
CECA

### International Islam awards

Nominations are invited for the 2002 King Faisal International Prize awarded by Saudi Arabia's King Faisal Foundation. Awards totalling €2.6 million are available in five categories: science, medicine, Arabic literature, Islamic studies and services to Islam. Organisations worldwide are eligible to nominate individuals who have made an outstanding contribution to humanity.

The King Faisal Foundation was established in 1976 and endowed by the heirs of the late King Faisal with 33 per cent of their total inheritance. By 1997 these assets were worth approximately €435 million.

**Contact:**  
The King Faisal International Prize, King Faisal Foundation, PO Box 22476, Riyadh 11495, Saudi Arabia.  
**E-mail:** kfiinfo@kff.com  
**Web:** www.kff.com

### US environmental grants

Grants of up to €1,100 are available from the Cottonwood Foundation in the United States to grassroots organisations internationally who combine work in the following four areas: protecting the environment; promoting cultural diversity; empowering people to meet their basic needs; and reliance on volunteers. Grants are typically provided for general running costs. Last year grant beneficiaries included the Taiga Rescue Network in Sweden who are helping the indigenous Sami people in Scandinavian forests preserve their culture. Application forms are available on the foundation website and there is no deadline for submitting proposals.

**Contact:**  
Cottonwood Foundation, Box 10803, White Bear Lake, MN 55110, United States.  
**E-mail:** cottonwood@igc.org  
**Web:** www.pressenter.com/~cottonwd

## EFC partners cross borders

■ The European Foundation Centre has launched a new international initiative to encourage foundations to work together as funding partners. Launching the programme, the John D and Catherine T MacArthur Foundation in the United States are inviting foundations in Europe and the US to work with them on specific areas within their Global Security and Sustainability Program.

The foundation details opportunities for other funders to work with them including: funding development activities at universities in Nigeria; supporting basic scientific research and social science centres in Russia; as well as outlining the foundation's interest in developing partnerships to support the International Criminal Court, supporting the development of human rights in Nigeria; continuing its conservation and sustainable development work in Asia, Latin America and Africa; and shaping a debate on reproductive and sexual health in developing countries. Partner organisations already working with the foundation on these programmes include the Ford and Rockefeller foundations, the Carnegie Corporation of New York, the Russian Federation Ministry of Higher Education, the Moscow Public Science Foundation, the German Marshall Fund and the Luso-American Foundation. Other foundations can submit requests for funding partnerships for inclusion in the EFC's International Committee Bulletin. The next meeting of EFC's international committee is on 19 May 2001.

**Contact:**  
Claudia Chantal Zackariya, EFC International Committee  
**E-mail:** claudia@efc.be  
John D and Catherine T MacArthur Foundation document  
**Web:** www.efc.be/ftp/public/Transatlantic\_Cooperation.doc

## Europe's business schools failing

A report in the *Financial Times* reveals how European business schools are struggling to keep up with their US counterparts and failing to secure necessary levels of corporate funding. Whilst business schools in the US have successfully attracted big corporate donations and are estimated to have an average €226 million endowment, with Harvard Business School's endowments topping €1.25 billion, European business schools are lagging way behind.

In the Netherlands however there are some success stories. At Rotterdam's School of Management around 10 per cent of its funding comes from corporate donors, including recent development successes like the €5 million state-of-the-art trading room developed by Eneco, the Dutch power distribution company. The Vlerick Leuven Gent School of Management raises approximately €2.5 million each year, around 6 per cent of its total income, through its Foundation Partnership programme. Companies pay €75,000 annually to become a prime foundation partner or €25,000 to be a foundation partner and are required to make a three year commitment. Over 40 companies are currently taking part in the scheme, including ABB, the Swedish engineering group, IBM and Accenture, the consulting firm. Donors opt to sponsor a research centre, a professorial chair, a lecture series or campus facilities.

Europe's leading business school Insead, also tops the league of corporate fundraisers, with 15 per cent of its budget coming from donor companies. Recent sponsorships included Switzerland's Rothschild Bank AG donating €1.8 million to endow a banking chair and a €5 million research grant from PricewaterhouseCoopers, the largest single donation in Insead's history.

## Soros speaks out

George Soros has called for Ukrainian president Leonid Kuchma to stand aside, following accusations of Kuchma's complicity in the murder of journalist Georgy Gongadze. The Hungarian-born financier and philanthropist spoke out to put pressure on Mr Kuchma to step down while an inquiry into the murder takes place. George Soros claims that unless this happens Ukraine's future hangs in the balance.

Soros established the Ukrainian Renaissance Foundation in 1989 and has since donated over €112 million to help Ukraine's transition from a closed to an open society. After Mr Kuchma became president George Soros also helped Ukraine gain access to the International Monetary Fund and the World Bank.

## Italian bank foundations' income soars

A new report by the Italian treasury reveals Italy's banking foundations have seen their income increase dramatically over the last year. Combined income for the top 12 banking foundations more than trebled in 1999, from €400 million to €1.3 billion. The Compagnia di San Paolo had the highest profits in 1999 of €390 million, followed by the Fondazione Monte del Paschi di Siena (€302 million) and the Fondazione Cariplo (€239 million). Whilst the foundations' income had increased it was not generally matched by their expenditure; eight out of the twelve foundations monitored spent less than 50 per cent of their net income although the Cassa di Risparmio di Bologna managed to spend a more impressive 83 per cent. Most funding was directed towards the arts, with little awarded directly to non-profit organisations.

**Useful links:** Fondazione Cariplo,  
**Web:** [www.fondazione cariplo.it/](http://www.fondazione cariplo.it/)  
Fondazione San Paolo,  
**Web:** [www.fondsanpaolo.it/](http://www.fondsanpaolo.it/)

## Fund managers create new foundation

Six Scottish fund managers have established a foundation, donating 10 per cent of their proceeds from a company take-over. The six received approximately €5 million last year following the buy-out of asset management company Stewart Ivory by Australian giant Colonial First State for €114 million. The Stewart Ivory Foundation currently has around €2.4 million to spend over the next seven years and will focus on supporting projects promoting Scottish financial education. The foundation will be time-limited, aiming to spend its endowment in seven years and is currently seeking grant proposals.

The board of trustees also includes representatives of the finance industry outside the Stewart Ivory company as well as education experts.

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Andrew's Square, Edinburgh EH2 1BB,  
Scotland.  
**Telephone:** +44 131 226 3271



Anita Roddick  
Photo: Popperphoto/Reuters/Jamal Wilson

## Europe's women on top

A new ranking of Europe's most influential businesswomen is led by Fabiola Arredondo, despite her resignation in February as head of European operations at Yahoo!, the ailing internet portal. Spanish-born Arredondo, studied in the United States before stints at BMG, the Bertelsmann-owned music group and BBC Worldwide finally moving to Yahoo! The top five women in the *Wall Street Journal Europe* listing of the 30 women regarded as the most inspirational female business figures, also includes Marjorie Scardino, the Texan-born chief executive of the Pearson media empire and the only female chief executive of a FTSE 100-listed company; Clare Furse, the Dutch-Canadian chief executive of the London Stock Exchange; Italy's Donatella Versace; and Anita Roddick, founder of the Body Shop cosmetics empire and the only firmly established philanthropist of the five. She set up the Body Shop Foundation in 1989 and it makes donations of approximately €1.5 million a year to small grassroots organisations worldwide. Recently she told the UK's *Sunday Express* newspaper that she plans to quit the Body Shop board by 2003 in order to concentrate on political campaigning. She is famed for stating, à la Bill Gates, that her daughters would not receive any of her €60 million fortune. Far better, she claims, to give it all away.

**Contact:** The Body Shop Foundation,  
Watersmead, Littlehampton, West  
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**Fax:** +44 1903 726250  
**E-mail:** [debbie.osborne@the-body-shop.com](mailto:debbie.osborne@the-body-shop.com)  
**Web:** [www.the-body-shop.com](http://www.the-body-shop.com)

## Novelist creates foundation

Best-selling Italian novelist Susanna Tamaro has established a foundation to support humanitarian and educational projects around the world. The Tamaro Foundation will be administered by the Zurich-based Limmat Stiftung and will support children, young people, women and elderly people in need in Italy and across the world. Support will be aimed at projects helping poor people, people with disabilities and disadvantaged people and will particularly focus on training people to lead educational projects. The priority areas for grant aid will be education and social development; prevention; and humanitarian support. The first projects being considered for funding are in Italy, India and Bangladesh.

Tamaro's biggest selling novel *Follow Your Heart* sold over 800,000 copies in Italy alone.

**Contact:** Susanna Tamaro Foundation, c/o  
Limmat Stiftung  
**E-mail:** [limmat@limmat.org](mailto:limmat@limmat.org)  
**Web:** [www.limmat.org/tamaro](http://www.limmat.org/tamaro)  
Susanna Tamaro's official site  
**Web:** [www.susannatamaro.it/](http://www.susannatamaro.it/)

## Barclays invests

Barclays Bank have agreed a €1.6 million loan at a preferential rate to Investors in Society, the UK community finance fund, in the largest single contribution of its type.

Investors in Society was established in late 1995 as a special trust within the Charities Aid Foundation (CAF). Led by Malcolm Hayday, Director of Community Finance at CAF, Investors in Society has attracted approximately €10 million of exempt deposits and gifts. This has enabled the fund to lend on beneficial terms to some 100 non-profit projects and it has built a successful track record: over 20 per cent of loans have been repaid in full. The fund's investors include private individuals, non-profits, financial institutions, and companies as well as other bodies, including two local authorities and a university. CAF is now hoping to establish an intermediary institution that "has the powers of a bank and the objects of a charity". Project-named "Charity Bank", the proposed institution will be presented to regulators in the UK this year for approval as a bank as well as for registration as a non-profit.

**Contact:** Investors in Society  
**Web:** [www.charitynet.org/caf](http://www.charitynet.org/caf)

# The rise of new philanthropy in the old world

■ Recent stock market trends and the rapid devaluation of many bloated dot-coms have thrown into question the widely-touted revolutionary power of the new economy. The bursting of e-commerce bubbles has also added fire to the already heated debate in the non-profit sector about the emerging field of venture philanthropy.

Since the momentum of the venture philanthropy field has been so closely tied to the very new economy technology barons and venture capitalists who are now licking their wounds, both critics and proponents of the field are taking particular note. And while the apex of activity in venture philanthropy has been in the high-tech nodes of North America (Silicon Valley, Boston, northern Virginia), the debate about the true effects and implications of venture philanthropy is also emerging among classical philanthropists, foundations and non-profit sector leaders in Europe and other parts of the world. Is the professed innovation and revolutionary nature of this new philanthropy field as grossly inflated and over-valued as the profitability of the slew of ill-fated dot-coms? Can the approaches and tools of for-profit investment and particularly venture capital be applied effectively to the unique organisational and financial needs of dot-orgs? Is there really anything new about the new venture philanthropists and their strategies or is the field simply a re-packaging of practices in community/social investment or others?

Venture philanthropy is an emerging field of philanthropic double bottom-line investment that combines the policies and practices of long-term investment and venture capital models of the for-profit sector with the principles and public-benefit missions of the non-profit sector. Venture philanthropy strategies typically combine financial capital investments in non-profit organisations or non-profit enterprises with some form of additional capacity-building or technical assistance support.

A growing number of venture philanthropy funds have emerged in recent years, particularly in North America. However, many use the terms venture philanthropy and social enterprise to mean very different, albeit interrelated, things. Some venture philanthropists invest in the organisational development of non-profit organisations to help them scale up. Others invest in the enterprise activities of non-profit organisations to help them generate income or create employment opportunities for

underserved constituents. Still others invest in social innovators who are addressing a critical social problem in a particularly innovative way. While all of these are noble and much-needed efforts, the lack of clarity of terms has made the field of venture philanthropy confusing to many, if not meaningless to others.

Meanwhile, beyond a few definitive articles and introductory thinking pieces on venture philanthropy, much existing literature on the topic has focused on the demand side of non-profit enterprise development (i.e., the obstacles and challenges faced by non-profit entrepreneurs and their capacity-building needs), with little focus on the supply side of the equation (i.e., models and strategies for investing in the enterprise activities of non-profit organisations and to capitalise and build the capacity of these social-purpose enterprises). The field remains largely unproven, much as the micro-credit/finance field - now considered a mainstream economic development strategy -- was viewed a few decades ago.

## Venture Philanthropy in Europe

The field of venture philanthropy in Europe is evolving in much the same way that the venture capital and socially-responsible business movements have over the last decades. The venture capital industry of the US was a foreign concept to the old continent until the boom of the 1980s. According to the European Private Equity and Venture Capital Association, the venture capital industry has since raised €125 billion of capital investment in European start-up and growth companies. Similarly, the socially responsible business field that gave birth to organisations like Business for Social Responsibility, Students for Responsible Business (now Net Impact) and Social Venture Network in the US have since spawned sister organisations in Europe. Similarly, the acclaim of community venture capital and community development corporations in the US organisations has

*Lee Davis and Nicole Etchart are co-founders and co-directors of NESST, an international nonprofit based in Hungary and Chile dedicated to developing new strategies for financing civil society through entrepreneurship. Web: [www.nesst.org](http://www.nesst.org).*

helped to provide impetus to similar community regeneration movements in Europe.

While the specific term venture philanthropy has not been widely adopted into the European lexicon, a vibrant movement of social entrepreneurs and corresponding financial institutions are creating their own type of venture philanthropy strategies and institutions. The unique social economy of Europe (which itself differs significantly from the US non-profit sector) already includes a sophisticated network of cooperatives and other community/social finance organisations.

The organisations in this growing field of social investment share the same fundamental approach of venture philanthropists in the US to use entrepreneurial approaches to achieve social objectives as well as a desire to expand the non-profit capital market (i.e., to make available a more diverse array of financing instruments to the non-profit sector). So, although for example, the term venture philanthropy does not even appear in the glossary of the report from the UK Social Investment Task Force, it does recommend that foundations and major non-profits examine additional investment approaches to giving.

Perhaps closest to the North American model of venture philanthropy are the efforts of like-minded organisations in the United Kingdom. Efforts from both the Charities Aid Foundation and Business in the Community have led to unique innovations in the field of philanthropic investment.

### Local Investment Fund (UK)

The Local Investment Fund (LIF) (London, UK) was established as a registered charity within Business in the Community (BITC) in 1995. It is a partnership between the Department of the Environment, Transport and the Regions, BITC, and the private sector, led by Natwest. LIF provides loan finance to economically viable, community-based voluntary organisations, that are run as not-for-profit enterprises. LIF bridges the gap between grant dependency and mainstream banking finance. In the long-term, LIF is concerned to develop the sustainability of its borrowers. Once a LIF client has established a satisfactory track record, the intention is to re-bank the client with a commercial bank, so that LIF funds can be recycled. LIF clients cover a wide range of regeneration activities, from childcare to cyber cafes, and from organic food outlets for the community to construction industry or computer training for the long-term unemployed. Since 1995, LIF has agreed loans of €2.6 million, providing funding for 15 projects. Loans have varied in size from €40,000 to €400,000.  
**Web:** [www.lif.org.uk](http://www.lif.org.uk)

## Venture philanthropy FAQ

### Is venture philanthropy (VP) really new?

There is some truth in this claim, as these are issues that donors have grappled with for decades. What is new is VP's application in recent years. VP funds have now surfaced and are practicing principles that have circulated for years prior.

### Should VP replace classical philanthropy?

While most VPs are somewhat critical of the classical philanthropy approach to grantmaking, very few question its fundamental importance. VP should complement (not replace) classical philanthropy. It typically attracts new resources for non-profits by engaging a new type of philanthropist.

### Aren't VPs creating a market rather than serving one?

Some critics believe that VPs are promoting an investment-like strategy that fails to recognise the unique needs and culture of non-profits that sets them apart from for-profit businesses, forcing non-profits to re-engineer themselves in a way that many are unprepared to do. There is some validity to this, as some VPs have no true understanding of or experience with non-profits. However, there is a high demand for VP investment in the non-profit sector. There is a large and unserved market of social entrepreneurs who are ready and prepared for the VP approach to financing and support.

### Is venture philanthropy a passing fad?

It is true that much of the cachet of VP comes from its resonance with the nouveau riche of the technology and e-commerce industry. However, the principles and practices of VP are now an integral part of the philanthropy industry and attract a wider body of proponents and investors. The field is growing, weaving itself into the fabric of the non-profit sector and slowly becoming recognised as one of several mainstream financial sources for non-profits.

### Isn't venture philanthropy a high-risk, resource-intensive unproven model?

Indeed VP is new. But what's to prove? Is classical philanthropy proven? Some point to the high risks involved in the VP approach with uncertain returns. But the non-profit sector involves a high level of risk with a corresponding high potential for social impact/return. In fact, the dot-orgs of the world are generally a safer long-term investment than most dot-coms, if one is willing to replace a purely financial return for a social return on investment.

Switzerland has also emerged as a European innovator in the social enterprise field. The Limmat Foundation in Switzerland has convened conferences on social enterprise and worked to introduce some of the principles of venture philanthropy into its support to local non-governmental organisations (NGOs) in the developing world. The newly created Schwab Foundation, also in Switzerland, (see *PiE*, Issue 5) has also established a €1million annual award to support social entrepreneurs. The AVINA Group, backed by the Swiss Stephan Schmidheiny is a leading proponent of venture philanthropy approaches in Latin America. Interest in the field is also emerging among universities in Europe. Professors and students at the School for Social Entrepreneurs in London and the London School of Economics/Centre for Civil Society have begun to explore the concepts of social enterprise and venture philanthropy. Other organisations such as the New Economics Foundation in London are also innovators in the related fields of community social finance, benchmarking, etc. In Central and Eastern Europe, NESSt has also been at the forefront of the effort to foster social enterprise in the emerging democracies of the continent. With support from both European and US donors, the NESSt Venture Fund is now working with a group of 14 social enterprises in Czech

#### The NESSt Venture Fund (NVF) Model

NESSt follows a three-step process for providing investments to its portfolio of social enterprises in Central Europe (and Latin America):

- **Venture Briefings:** NESSt targets a limited number of promising nonprofit social entrepreneurs and invites them to develop and submit venture briefings outlining their plans for starting-up or expanding a self-financing venture.
- **Venture Planning Grants:** Selected social entrepreneurs receive small venture planning grants from NESSt to develop detailed business plans for their proposed ventures with technical support from NESSt on product/service development, legal/tax issues, financial management, marketing, etc.
- **Venture Financing:** Social entrepreneurs that develop viable business plans and have demonstrated capacity, commitments flexibility and leadership receive a multi-year venture financing package from NESSt to help start up or expand their self-financing venture. NESSt provides only partial financing that must be matched by the entrepreneurs' own resources or resources from other investors, donors or local financial institutions. NESSt also serves as an incubator for each social enterprise in the NVF portfolio, continuing to provide planning, management and other technical assistance to help make the enterprises self-reliant and - hopefully - also profitable.

Republic, Hungary, Slovakia and Slovenia to develop feasibility studies and business plans and will make its first investments in a portfolio of these enterprises within the year. The first International Venture Philanthropy

Forum will also be convened in Budapest in October by NESSt to bring greater attention to this issue in the emerging market countries of Europe and Latin America.

The venture philanthropy debate is just

#### Venture Philanthropy in Slovenia

There are currently 20+ social enterprises in the NESSt Venture Fund pipeline in Central Europe, including Czech, Hungarian, Slovak and Slovene nonprofit groups in the cultural, environmental, community development, human rights and social welfare fields. One such organisation is the Slovene Association for Mental Health (SENT) in Ljubljana, Slovenia. SENT was established in 1992 to widen the provision of mental health services in Slovenia. SENT offers a variety of educational seminars, workshops and trainings for mental health professionals and as well as rehabilitation programs, counseling services and social welfare services for people with mental health problems. SENT operates a number of enterprises intended to provide employment opportunities for its constituents as well as to generate income for the mental health services SENT provides. NESSt is currently working with SENT to develop a feasibility study for a new enterprise which involves renovating a farmhouse, breeding and selling goats, beekeeping and operating an organic farm.

beginning in Europe. While the field deserves the same rigorous examination, evaluation and critique as any other emerging field, it is important that donors, scholars and social economy practitioners not quickly dismiss a strategy that can potentially contribute to the ultimate goal: to increase the diversity of philanthropic investment tools and flow of resources to the diverse organisations of civil society. Just as the venture capital field was once the avante garde of the for-profit financial world and now is an accepted financial instrument, the venture philanthropy field will soon join the mainstream of the non-profit capital market, calming both the nay-sayers and the apostles. ■

L.D. and N.E. March, 2001

NESSt is hosting the International Venture Philanthropy Forum from October 1 - 3, 2001 in Budapest, Hungary. The Forum will focus international attention on the development of a new capital market for the non-profit sector and bring together corporations, investors and donors from the emerging economies of Central Europe and Latin America with colleagues from the United States and Western Europe to share experiences from the emerging field of venture philanthropy. Details are available from NESSt, [www.nesst.org](http://www.nesst.org).

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#### Useful links:

"Enterprising Communities: Wealth Beyond Welfare", Social Investment Task Force UK  
**Web:** [www.enterprising-communities.org.uk](http://www.enterprising-communities.org.uk)  
 Association of Investors in the Social Economy (INAISE), Brussels  
**Web:** [www.inaise.org](http://www.inaise.org)  
 'School for Social Entrepreneurs, Web: [sse.org.uk/groups/vphil](http://sse.org.uk/groups/vphil)'

## Investing in individuals with ideas - the three i's of social change

■ A consortium of seven organisations will receive €161 million from the Millennium Commission to endow a new foundation. 'unLTD' will have around €8.35 million a year to give away in grants to individuals who wish to create change in their communities.

The seven organisations are: Ashoka (UK) Trust, which is part of a global network which provides bursaries for innovators for social change; Changemakers, which encourages young people to make a difference in their communities; Comic Relief, a grant-making foundation, which is committed to empowering young people, older people and people with disabilities; Community Action Network, which is developing an internet-based network which links together social entrepreneurs across the UK; Scarman Trust, which already makes awards to individuals across the UK and Europe; School for Social Entrepreneurs; and SENSOT, which is a network of social entrepreneurs in Scotland.

What links the seven organisations is the idea of social entrepreneurship - that social change starts with individuals with ideas, and with the energy and commitment, who wish to do something in response to a need or a problem that is important to them. This might be an new approach to homelessness or setting up a scheme to recycle unwanted bicycles.

We believe that investing in such individuals and their ideas is a really productive and cost-effective way of getting things done, of making change and of creating social capital. We want to go out and find such individuals, and then provide them with a staircase of funding and support to develop their ideas.

We will provide starter grants of up to €4,000 to meet project costs plus any training and support they require whilst they are working on

it. For people whose ideas are a little further developed and where there is a good chance that they will be able to make their idea really successful or replicate it more widely, there will be a one-year bursary of up to €32,000, which will provide them with a modest income so that they can work full-time on their idea, plus pay for project costs and training. Other ideas include three-year fellowships and a social venture fund providing project funding when it is hard to access traditional funding sources. The first awards will be launched later this year.

unLtd aims to provide a radically different mechanism for addressing needs and problems. Traditionally, when government or another funder decides to provide funds to meet a particular need, the usual process is: a budget is allocated and a funding line established; guidelines are defined for the programme; applications are invited from non-profit, public authorities, or from partnerships from across sectors; bids are made, where the applicant sets out their plans, and states how they meet the criteria and why they should get the money; and the successful applicants then set about delivering the agreed programme of work.

This process usually takes a long time, and the successful bidder usually only starts to think in detail about how to implement the project when the funding has been secured - as it is often better to wait until it is certain that the project will go ahead before doing this,

favouring established organisations able to demonstrate accountability for the money.

In Britain over the past four years, increasing amounts of money have been made available by the government in this way: Millennium Volunteers; Out-of-School Learning Centres and Healthy Living Centres; Neighbourhood Renewal Funds, Single Regeneration Budgets, New Deal for Communities, Health and Education Action Zones, Sure Start and the Children's Fund for families.... the list goes on and on.

But rather than fund programmes to support organisations and projects, why not start with the individual and the idea? Why not go beyond the "bid culture" which most voluntary organisations are now enmeshed in, where many organisations simply put forward bids because the money is there, rather than because the work is a key part of their strategy, designing projects specifically to meet the criteria. Why not find individuals who really want to do something, and then help them do it? What such people start might eventually develop into an organisation and a programme, but it will start because of someone's energy and not just because the money is there. The individual will define both the problem and the solution; or a challenge can be issued for people to come forward with ideas around a particular problem - fighting crime, creating recreational facilities for young people, ending bullying at school...

This approach is not a matter of "either-or", but of establishing the idea of investing in individuals alongside existing grants programmes. This will include demonstrating the efficacy of our approach and creating case studies which show the process of social entrepreneurship at work. In five years time, we want to be able to show that investing in individuals with ideas is the sensible way of setting about addressing a need or creating social change; and we want to be able to demonstrate the best ways of doing this, including how to encourage, identify and recruit suitable people, and what sort of support they need whilst they are working on their idea. In doing this and with the confidence of having an endowment of £100 million behind us, we hope that we will be able to establish a national delivery and support framework for this approach, and then encourage as much funding to be made available in this way as meets the demands from individuals who want to do something.

M.N. March, 2001

### Funding News

#### Philanthropy? It's a gas

Grup Gas Natural, Spain's natural gas supplier, has reorganised its environmental funding, moving it from the company to a foundation with the same name. The foundation will now maintain the professorships that Gas Natural has been funding via UNESCO in Morocco and Algeria in sustainable development and environmental education. The company's support for projects in Spain and in those Latin American

countries where the company is active, will all now be managed by the foundation.

In Spain, the company funds a range of environmental projects including the publication of figures on noise and particle contamination, and research into the disposal of farm waste.

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**Telephone:** +34 902 199 199

**Contact:** Jeremy Oppenheim, unLTD, c/o McKinsey & Co, 1 Jermyn Street, London SW1.



## Victim or villain? Marc Rich

■ It may be thanks to his philanthropy that Marc Rich, the Belgian-born billionaire commodities trader, secured the controversial pardon from the US government that he had long looked for. A fugitive from the US authorities since he was indicted in 1983 on 50 counts of tax evasion, fraud and conspiracy, accused of illegal oil sales to Iran and dealing with apartheid South Africa, Rich won his pardon from former US president Bill Clinton on his final day in office. Since then the US Attorney in New York City, and head of the FBI's New York office have publicly stated that: "Various questions have been raised concerning the activities and pardons of Marc Rich and [alleged co-conspirator] Pincus Green", adding they were looking into "whether there have been any violations of federal law".

Denise Rich, the Belgian's ex-wife, is also at the centre of the controversy. A member of America's high-society and a successful songwriter and a substantial donor to the Democrats, Denise Rich's involvement may have been crucial in winning her ex-husband's pardon. She wrote a letter to Bill Clinton on 8 December 2000 pleading for clemency, just one month after sending the Democrats a cheque for €28,000. Since 1993 she has made donations to the party of over €1.2 million, and has contributed nearly €450,000 in the last two years. She has also pledged a further €500,000 to the former president's William J Clinton Presidential Foundation, which is currently raising money for a €223 million library in Bill Clinton's home town of Little Rock in Arkansas.

Denying the donations in any way influenced his decision to grant Rich the pardon, Clinton did however admit he had been swayed by Rich's philanthropy which is reputedly in excess of €223 million over the last twenty years. Clinton was contacted by numerous Israeli benefactors on Rich's behalf, including Prime Minister Ehud Barak, Foreign Minister Shlomo Ben-Ami, Zubin Mehta of the Israeli Philharmonic, several former mayors of Israeli cities where Rich's foundations have made large donations, numerous museum directors and former Israeli Prime Minister Shimon Peres.

So are the rumours of Marc Rich's worldwide philanthropy true? When Rich renounced his American citizenship he stated that he counts himself as a citizen of Israel and Spain. Resident in Switzerland, Rich is clearly happy to reward his adopted countries. As widespread as his business interests, Rich has established or has connections with an elaborate network of foundations across numerous countries, including Israel, Spain, Switzerland, United Kingdom and the United States.

In Switzerland for example, as long ago as 1980 Rich established the Doron Foundation, which for the next seven years made grants to social and educational projects in Israel, before expanding to support projects aimed at France, Italy, Spain and the UK's Jewish communities. When he sold his company to former employees in 1994, the Doron Foundation and the newly formed Glencore Foundation for Education and Welfare received approximately €2.8 million a year for two further years before Rich formally severed ties with Glencore. The two Glencore Foundations operating from UK and Israel now act independently from Rich, receiving an annual donation from Glencore.

In Switzerland, where Rich lives and bases his company, he is known for his philanthropy. Despite closing the Doron Foundation for Education and Welfare, he continues to support the Schweizerische Doron-Preis Stiftung (Swiss Doron Foundation) with annual donations of approximately €200,000, as well as funding the Luzern-based Rich Foundation for Education, Culture and Welfare. He is a regular donor to the Kunsthaus Zug (modern art museum), Theater Zug and top ice hockey club EVZug, whilst in Zurich high profile beneficiaries include the Oppernhaus, Tonhalle and Kammerorchester; and the city's modern art museum. In Luzern he has provided a rumoured €330,000 to support the establishment of the KKL art centre, as well as funding for its annual classical music festival.

Rich is also president of the Gabrielle Rich Leukemia Research Foundation in Luzern, named after his daughter who died from leukaemia in 1996 aged 27. The organisation has a partner foundation in the United States, the G&P Charitable Foundation for Cancer Research, founded by Denise Rich and Gabrielle's husband Philip Ouad, which has benefitted from Bill Clinton's appearance at fundraising benefits. In Spain Rich is also known for his philanthropy through the Marc Rich Foundation reportedly making donations in the areas of health, welfare, science, humanities, and art and culture. Whether all this adds up to €223 million or not is impossible to say but it was clearly enough to persuade Bill Clinton. Whether it will turn out to be the last and biggest mistake of his presidency remains to be seen. ■

K.H., April, 2001

### Foundations linked to Marc Rich

**Glencore Foundation for Education and Welfare**  
**Contact:** Mr C R Smith, c/o Glencore UK Ltd, 49 Wigmore Street, London W1H 0LU, United Kingdom.  
**Telephone:** +44 207 935 4455  
**Fax:** +44 207 487 5431

**Glencore Foundation for Education and Welfare (Israel)**  
**Contact:** Orna Alsheich, 72 Pinchas Rosen (Top-Dan Bldg), PO Box 24296, Tel Aviv 61241, Israel.  
**Telephone:** +972 3 6440190  
**Fax:** +972 3 6440191  
**E-mail:** glenfund@netvision.net.il

**The Rich Foundation**  
**Contact:** Avner Azuli, Director, Asia House, Tel Aviv, Israel.

**Gabrielle Rich Leukemia Research Foundation, Luzern, Switzerland.**  
**Contact:** Marc Rich Holdings, Baarerstrasse 53/55, 6300 Zug, Switzerland.  
**Telephone:** +41 709 0700  
**Fax:** +41 709 0799

**Rich Foundation for Education, Culture and Welfare (formerly the Rich Foundation), Luzern**  
**Contact:** Marc Rich Holdings, Baarerstrasse 53/55, 6300 Zug, Switzerland.  
**Telephone:** +41 709 0700  
**Fax:** +41 709 0799

**Schweizerische Doron-Preis Stiftung (Swiss Doron Foundation), Zug**  
**Contact:** Marc Rich Holdings, Baarerstrasse 53/55, 6300 Zug, Switzerland.  
**Telephone:** +41 709 0700  
**Fax:** +41 709 0799

**The G&P Charitable Foundation for Cancer Research**  
**Contact:** 770 Lexington Avenue, 16th Floor, New York NY10021, United States.  
**Web:** www.gpcharity.com

(Additional research by Umberto Haensler)

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## Essential Reading

### ■ *Funding Minorities and Multiculturalism in Europe*

This new directory, published in the now familiar EFC house style, takes an interesting new slant on European funders.

Compiled with the assistance of the European Monitoring Centre on Racism and Xenophobia in Vienna and with funding from the Freudenberg Stiftung amongst others, the book is both a directory and an analysis of the current state of minority funding in Europe.

The directory is in the standard EFC format - A4, with each foundation's entry showing contact details, mission, background, geographic focus, key programme areas and financial information. For this new directory, each entry contains a specific reference to 'Multicultural Activities' funded by the foundation.

Many of the foundation entries are, of course, the same entries as one can read in *Independent Funding*, the EFC's core directory. But there are also here a number of foundations not listed in *Independent Funding*.

The book also contains a substantial analysis of funding activity by Julia Plessing and Teresa Jurado Guerrero. This analysis focuses on research, social inclusion and the promotion of democracy by foundations. For the first time in an EFC publication, this analysis tells us about grants made by foundations to specific projects in the fields of minorities and multiculturalism in Europe.

If you work with minorities, and do not object to the high degree of overlap between this directory and other EFC publications, then this is both a useful book and a fascinating analysis for you. ■

C.C. March, 2001

Funding Minorities and Multiculturalism in Europe: Funders' Activities against Racism and for Equality in Diversity, European Foundation Centre, Brussels, 2001. 287pp, price €45.00

Contact: EFC, 51 rue de la Concorde, 1050 Brussels, Belgium.  
Telephone: +32 2 512 8938

Fax: +32 2 512 3265 E-mail: publications@efc.be Web: www.efc.be

#### Useful links:

European Monitoring Centre on Racism and Xenophobia  
Web: www.eumc.eu.int  
Freudenberg Stiftung  
Web: www.freudenbergstiftung.de

## Useful links

### Grantmakers Without Borders

This new organisation developed by the San Francisco-based Tides Center ([www.tides.org/center/index.cfm](http://www.tides.org/center/index.cfm)) and the donors' network International Donors Dialogue ([www.internationaldonors.org](http://www.internationaldonors.org)) aims to increase US-based international grant-making. Grantmakers Without Borders will help US funders develop innovative and effective overseas grant-making programmes.

### ePhilanthropyFoundation.org

[www.ePhilanthropyFoundation.org](http://www.ePhilanthropyFoundation.org)

Another US organisation set up to "advocate and educate non-profit organisations and their contributors for a secure and ethical online philanthropy". The site offers to help you build an internet fundraising resource and includes an 18-point Code of Ethical Online Philanthropic Practices.

### Global Wealth Service

[www.datamonitor.com/](http://www.datamonitor.com/)

Finance research company Datamonitor are promoting a new online tool for operators in the "wealth management market". The Global Wealth Service comprises ten market reports giving market data and analysis of the issues affecting the most affluent groups of individuals in Europe and the United States. You can pick and mix your market reports, at a cost.

### ERICA awards

[www.ericsson.com/erica](http://www.ericsson.com/erica)

Communications giant Ericsson have launched its 2001 ERICA awards competition. Five non-profits will receive €113,000 in web development services and equipment in the third year of the award programme which aims to help non-profits harness the potential of the internet. There will also be a €23,000 People's Choice Award, voted for by visitors to the web site.

Entry forms for the awards, which have attracted over 2,500 entries in the last two years are available on the website. The closing date for applications is 5 June 2001.

### Pirelli International Awards

[www.pirelliaward.com](http://www.pirelliaward.com)

Contains details of the past and present winners of Pirelli's *International Awards*, started in 1996 and worth €60,000 a year. Prizes are given for the best work in diffusing scientific and technological culture.

## Online resources

### Virtual Promise

*Virtual Promise* describes itself as the definitive report on how UK non-profits are using the internet. Available online, the report by Joe Saxton, head of not-for-profit services at client-funded think tank the Future Foundation and Stephen Game of Horwath Consulting, it aims to promote the non-profit sector's use of the internet as well as making a number of key proposals to government. Research included a survey of 150 leading UK non-profits, an online analysis of 50 non-profits' websites, a review of search engines and interviews with leading non-profit and industry internet experts. The authors predict there will be 67 million internet users in Europe by the end of 2001.

Contact: Virtual Promise

E-mail: [comment@virtualpromise.net](mailto:comment@virtualpromise.net)

Web: [www.virtualpromise.net](http://www.virtualpromise.net)

### US foundation giving to fall

A survey by the *Chronicle of Philanthropy* in the US of 142 of the nation's largest foundations concludes that the stock market decline is hitting foundation growth. Some foundations are already predicting they will give away less money as a result and others are stating grant levels will not rise. If as many are suggesting the US economy slips into recession, the report predicts the outlook could worsen. The first grant beneficiaries to be hit by foundation losses in asset values and slower growth will be those looking for large awards and long-term commitments, the report suggests.

Useful link: "Big funds see a dip in assets", *Chronicle of Philanthropy*

Web: [www.philanthropy.com/free/articles/v13/i09/09000101.htm](http://www.philanthropy.com/free/articles/v13/i09/09000101.htm)

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E-mail: [factaryeurope@wanadoo.es](mailto:factaryeurope@wanadoo.es)

## Recommended on the web

### Confederacion Espanola de Fundaciones

[www.fundaciones.org](http://www.fundaciones.org)

**Country:** Spain

**Activities:** Umbrella organisation set up in 1995, now with over 470 members. Campaigns on their members' behalf and provides a digest of national and international foundations news.

**Content:** Site includes details on CEF member events; the new VIRTUALCEF service; a national and international news digest service; its magazine *Tribuna de las Fundaciones*; information bulletins; and an A-Z listing of member foundations, including links where available.

**Comments:** Search facility and extensive news summaries make it invaluable to the Spanish speaker.

**Visual:** OK, but functional rather than interesting.

**Ease of use:** Simple if lacking certain functions, including online purchasing facility.

**Language:** Spanish (summary available in English and French)

**Frequency of update:** New items posted when available.

**Online interaction:** Certain documents, ie newsletter, are downloadable as pdf files.

**Star rating:** \*\*\*

### Stifterverband fur die Deutsche Wissenschaft

[www.stifterverband.de](http://www.stifterverband.de)

**Country:** Germany

**Activities:** Runs its own programmes and coordinates the activities of some of its members nationally and internationally. It has about 4,000 members and administers approximately 275 foundations.

**Content:** German version of the site includes news on programmes and foundation changes, documents for downloading, but is undoubtedly most useful for its online index of German foundations. Is now also complemented by a selected list of US foundations, links to search engines, a listing of university and corporate funders.

**Comments:** Aimed very definitely at a German audience, but its foundation search facility makes it invaluable to an international audience and the non-German researcher.

**Visual:** Quite a clean not too fussy overall effect.

**Ease of use:** Not too taxing.

**Language:** German (brief English introduction)

**Frequency of update:** Regular updates

**Online interaction:** Online searches.

**Star rating:** \*\*\*

## Resources

### Venturing forth

*Not Only for Profit: Innovative Mechanisms for Philanthropic Investment* documents the pioneering work of eleven organisations in Europe, North and South Americas to expand the array of investment mechanisms of the non-profit capital market. The book examines the wide range of financial mechanisms (e.g., debt, equity, grants) used and each organisation's strategy for capitalization, risk management, investment portfolio selection, management, capacity-building and performance measurement. The book will be launched (in English and Spanish versions) by NESsT at the International Venture Philanthropy Forum in Budapest in October 2001.

**Contact:** NESsT

**Web:** [www.nesst.org](http://www.nesst.org).

### Soros opens up

George Soros, described by *Newsweek* magazine as "a one man Marshall Plan" updates his 1998 book *The Crisis of Global Capitalism* with the new *Open Society: Reforming Global Capitalism*, which he describes as his life's work. Having donated over €3 billion to his network of foundations and stating they will also receive his remaining €5 billion+ fortune within the next ten years, Soros expands his philosophy on the dangers of unfettered financial speculation and the need to combat globalisation.

**Further details:** *Open Society: Reforming Global Capitalism*, published by Little, Brown and Company, 389 pages.

## Events

### International Fundraising Workshop

4 June 2001, Crimea, Ukraine

Organised by the Centre for Philanthropy in Kiev and the International Fundraising Consultancy in the UK.

**E-mail:** [cfp@philanth.rel.com](mailto:cfp@philanth.rel.com)

### 7th European Conference on the Social Economy

7 - 9 June 2001, Gavle, Sweden

Part of the Swedish programme as current president of the EU, the conference focus is on the four E's - Empowerment, Entrepreneurship, Enlargement and Employment. Over 800 delegates representing different social economy organisations are expected and the aim is to boost the role the social economy plays in European development.

**Contact:** Monika Olin Wikman, General Secretary, Swedish National Committee

**E-mail:** [monika.olin-wikman@industry.ministry.se](mailto:monika.olin-wikman@industry.ministry.se)

**Web:** [www.socialeconomy2001.se/eng/index.html](http://www.socialeconomy2001.se/eng/index.html)