

# Country Report

## Switzerland



## **1. Contextual background**

Switzerland is a country with a large foundation sector. Among the reasons for this development one can name the long history of foundation activities and the liberal foundation law that allows a high degree of differentiation with only a few but important restrictions. Although Switzerland is a country with a dominant State funding of research institutions and has no noteworthy private research institutions, the private support for research has grown consistently.

### **1.1 Historical background**

The oldest foundations in Switzerland date back to the 13th century and had a close relationship with church activities and institutions. These foundations were set up to finance the clergy's position, to maintain church buildings or to support social services such as hospitals, poorhouses and orphanages (Riemer 1981). Besides these clerical foundations, the oldest foundations based on secular law were also established during the middle ages. The most remarkable example is the 'Inselspital' Foundation in Berne. It was founded in 1354 by a lady called Anna Seiler to support thirteen sick people. Today, the Inselspital Foundation is one of the largest hospitals in Switzerland and is still a foundation. The third historical important type of foundation is the so-called family foundation that was established to support family members in need. In particular, the noble families in larger cities such as Berne and Zurich set up these social back-ups for themselves (von Schnurbein 2009).

All these early foundations were situated in the nearby surroundings of the founder and were usually set up based on a legacy and not while the founder was still alive. From a legal perspective, the development of the modern foundation starts with the codification of the first foundation law in 1835 in the canton of Zurich, which is at the same time the oldest foundation law in the German language (Riemer 1981). The first federal foundation law was established in 1912 as part of the Civil Code and was – in respect to charitable foundations – not changed until 2006. But the number of foundations remained negligible until the middle of the 20th century. The existence of foundations is usually a result of political stability and private wealth (Anheier and Daly 2007). With the growth of private wealth from the 1980s onwards, the number of new foundations also increased. These are the reasons why the Swiss foundation sector grew steadily from the 1950s onwards, as the country based on its political neutrality developed its role as a financial safe haven and experienced economic growth. Not surprisingly, many Swiss foundations are set up by foreigners (Purtschert et al. 2007).

During the last twenty years, the foundation sector has gained new attention from politicians and the general public. First, the enormous growth of the sector created an

industry around the foundations, including associations, consultancies and research centres. Second, a debate on a revision to the foundation law started in 1993, and was finalised in the revision of 2006. Since then, further attempts to change the foundation law have been undertaken. Finally, the idea of what a foundation looks like has developed and new forms of foundation such as umbrella foundations or spend-down foundations have become popular.

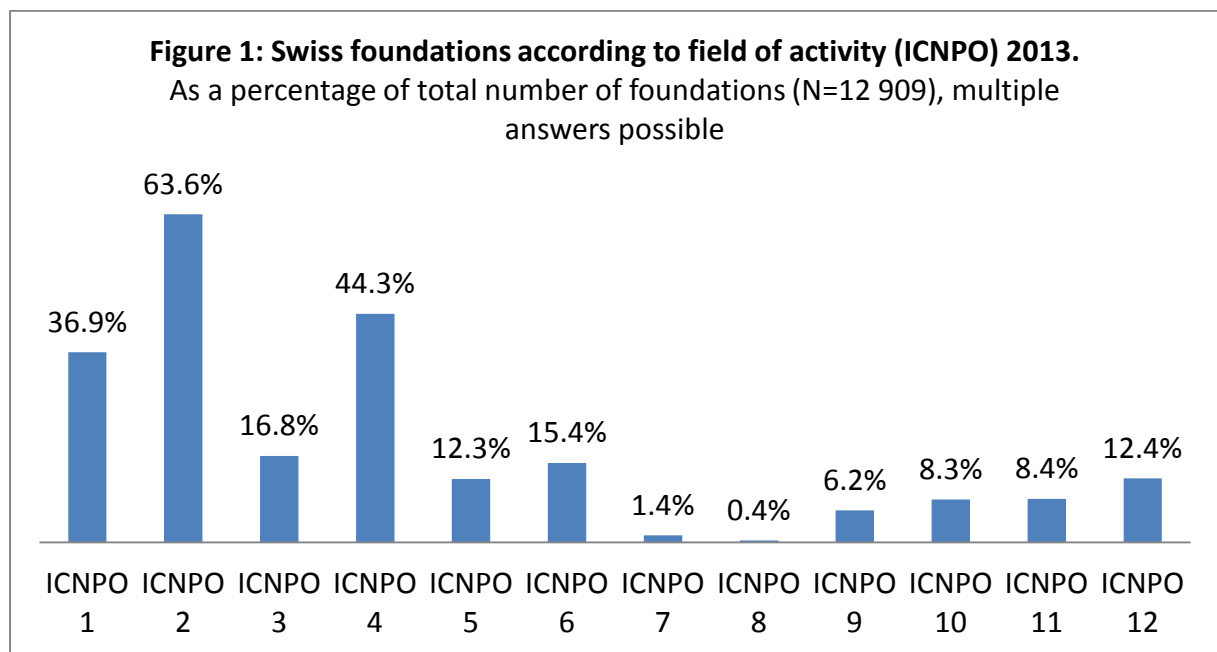
Before 1835, Basel had the only university in Switzerland, founded in 1460. Thus, the oldest research-funding foundations are connected to this university. In 1747 the Frey-Grynaeische Institut was established by Johann Ludwig Frey, a professor of theology, in remembrance of his colleague Johannes Grynaeus. The foundation is active until today, although the initial capital has disappeared. In the aftermath of a regional conflict in 1833, the University of Basel was nearly closed. This was prevented by the foundation of the 'Freie Akademische Gesellschaft (FAG)' in 1835. This association collected, and has collected until today, funds to support the university as well as financing new infrastructure, professorships and grants for students. Today, several foundations are located under the umbrella of the FAG. In other cities and regions in Switzerland the support for research and innovation through private institutions developed along with the establishment of universities from the 1830s onwards. Thus, the support for research and innovation has a long tradition in Switzerland, closely connected to the citizens' will to create higher education institutions in their hometowns.

## **1.2 The foundation landscape**

The Swiss foundations sector is going through a phase of continuous and vibrant growth. Over half of the 12 957 charitable foundations (end of 2012) have been established since 1990. In 2012, a total of 376 foundations were created. However, 135 foundations were liquidated in the same year (Eckhardt et al. 2013). This highlights the existing problems that foundations face due to the financial crisis, and the low revenue from their interests as most foundations are obliged to keep hold of their assets. Based on the Swiss law, a foundation is a legal entity that can be used for many purposes. Thus, one third of charitable foundations work as charities, and two thirds can be classified as grantmaking foundations.

Although most Swiss foundations are set up by individuals, the largest foundations today were established by international institutions. The so called 'G'-foundations (the Global fund to fight Aids, Tuberculosis and Malaria, the Global Alliance for Vaccination and Immunization (GAVI) and GAIN) are all based in Geneva and collect money from States as well as private individuals and organisations. The largest of these supranational foundations is the Global Fund with a total of USD 29.9 billion (EUR 23 billion) funds raised since 2002. In general, Swiss foundations are much smaller and only few receive annual donations of USD 10 million (EUR 7.7 million) and more.

The most important fields of activity are health and social services (ICNPO 3 and 4 combined), culture and recreation (ICNPO 1), and research and education (ICNPO 2). Each of these fields makes up over a third of foundations, including double counts as Swiss foundations are not restricted to one field of activity. Other purposes such as the environment (ICNPO 5), housing (ICNPO 6) or international relations (ICNPO 9) are of significantly less importance (below 20 % each). For a complete overview see Figure 1. The number of foundations supporting research has increased over the past few decades. At the end of 2010, 18.8 % of all charitable foundations had research and innovation funding as (part of) their purpose (von Schnurbein and Fritz 2014).



Due to the lack of the obligation to publish any data, knowledge about the potential of Swiss foundations is negligible. Based on a survey by the State authorities, the total amount of assets can be estimated as CHF 70 billion (EUR 58 billion EUR) (Eckhardt et al. 2012). Their annual spending is around CHF 1.5 to 2 billion CHF (EUR 1.2 to 1.7 billion EUR). Compared to other countries, this is a rather low percentage, because there are no regulations controlling distribution (except the fact that thesaurus foundations are forbidden).

In Swiss foundations there is a total of 145 423 employees (latest figures from 2008), most of them working in operative foundations, e.g. social service organisations, hospitals etc. The number of collaborators in grantmaking foundations is rather small, because traditionally these foundations restrict their activities to the distribution of funds only (von Schnurbein 2010). Recently, some larger foundations have developed into more active and operative foundations with their own projects or programs.

In Switzerland, two associations serve as umbrella organisations for foundations. First, proFonds acts as an association for charitable foundations and associations with an emphasis on lobbying and legal advice. It was created in 1988 and today consists of around 400 members. Second, SwissFoundations is an association of grantmaking foundations with an emphasis on the exchange of knowledge, cooperation and sector development. It was created in 2001 and has around 110 members. Compared to the total number of foundations, both associations are relatively small. However, SwissFoundations includes some of the largest foundations in Switzerland.

### 1.3 The legal and fiscal framework

A foundation in Switzerland is a legal type based on Art. 80 ZGB (Swiss Civil Code). Art. 80 ZGB states that the establishment of a foundation requires assets being dedicated to a special purpose. Thus, the foundation is an independent pool of assets that has its own legal status (Jakob and Huber 2010). For the sake of clarity, the following legal aspects will focus on charitable foundations that pursue a public purpose and are tax exempt. As an international comparison, Swiss Foundation Law can be described as liberal.

The founder is generally free to determine the purpose of the foundation, and the assets of the foundation can be of a very diverse nature (property, cash, intellectual rights, securities of receivables etc.), and there is no minimum value given in the law. However, the State supervisory authorities recommend an initial capital of at least CHF 30 000 (EUR 25 000) on a cantonal level, and CHF 50 000 (EUR 41 000) on a federal level. In order to conclude its formation, the foundation has to be registered on the commercial register (art. 52 para. 1 and art. 81 para. 2 ZGB). Once up and running, the organisation of a charitable foundation can be very simple. There has to be at least one governing body and the founder can set up regulations in writing to provide for the organisation of the foundation in more detail (Jakob et al. 2009). Usually the foundation board is supposed to work voluntarily, whereas other roles or the management may be remunerated. However, in recent years, the question of remuneration for the board has gained more attention, both in research and practice (Müller and Zöbeli 2012; Lichtsteiner and Lutz 2008). Since a revision to the law in 2006, foundations are obliged to select an external auditor (exceptions for small foundations exist). Finally, all charitable foundations are under the supervision of a State authority. Depending on their geographical range of activities, foundations with local or regional purposes are under cantonal supervision, whereas foundations with national or international purpose are under federal supervision (Sprecher and von Salis-Lütolf 1999).

Apart from the liberal and broadly defined rights of the founder, Swiss Foundation Law gives some few clear regulations that hinder self-enrichment and tax-abuse. First, the most important rule is that assets, once given to a foundation, cannot be retransferred to the founder. Second, the overall purpose of a charitable foundation cannot be changed. If there

are compelling reasons, it is the supervisory authority's decision and not that of the founder or the board. Since the revised law was adopted in 2006, 'the founder himself may request a change of the foundation's purpose provided that the founder reserved this right in the foundation deed, that at least ten years have passed since the foundation was formed or the last change was implemented, and that the foundation preserves a nonprofit purpose (and therefore keeps its tax exemption)' (Jakob et al. 2009: 13). Finally, a foundation, once set up, is legally independent from the founder. Thus, it is bound to the will of the founder articulated in the deed and lasts in perpetuity. However, due to experiences during the past few years because of decreasing income, the idea of spend-down foundations or terminated funds has gained attention in Switzerland (Egger 2013).

In addition to the legal requirements, the industry itself has developed guidelines for self-regulation. The most prominent ones are the Swiss Foundation Code and the accounting standard Swiss GAAP FER 21. The Swiss Foundation Code (Sprecher et al. 2009) is directed towards grantmaking foundations and offers best practice recommendations on the formation, organisation and financial asset management of foundations. Swiss GAAP FER 21 was initially established as an accounting standard for fundraising charities in 2003, but has gained greater acceptance across the nonprofit sector ever since (Egger et al. 2011). In combination with the legal obligation for an external auditor, this accounting standard has resulted in a higher transparency and better quality of accounting reports of Swiss foundations.

Foundations with a charitable purpose benefit from tax exemptions. Two major criteria determine the charitable status of an organisation: the promotion of a general public interest and disinterestedness. The definition of 'public interest' is not restricted to specific areas or purposes, but is defined by the public opinion (Jakob et al. 2009). In that sense, a public benefit may include charitable, humanitarian, health promoting, ecological, educational, scientific and cultural activities. Disinterestedness is defined by the fact that the chosen purpose does not coincide with the economic or personal interests of the founder. Tax deductions are allowed for voluntary contributions to tax exempted organisations (Jakob et al. 2009). Charitable donations, as well as personal contributions in kind of CHF 100 000 (EUR 83 000) or more per fiscal year, are deductible from income, whereas the maximum deductible is 20 % of taxable income minus certain expenditure (art. 26-33 DBG resp. art. 33a DBG). As a consequence of the Swiss federal system, the regulations for tax exemption differ from canton to canton. Although the majority follow the national rate of 20 %, some are lower (5-10 %), and one exception allows a tax deduction of 100 %; for example, the charitable gift is totally deductible from the taxable income.

## 1.4 Research/innovation funding in Switzerland

Research and innovation funding in Switzerland can be divided into three major sources: State funding, corporate R&D investments and private donations. In Table 1 the different funding sources and their contributions to research and development are displayed. In total, EUR 15 billion (CHF 16.3 billion) was spent on research and development in 2008, which is 2.87 % of the GDP. State funding by the federal government and the cantons is predominantly directed towards public universities. The major distributors of competitive research funding are the Swiss National Sciences Foundation (SNSF), with an annual budget of EUR 600 million (CHF 755 million), and the Commission for Technology and Innovation (CTI) with an expenditure of EUR 110 million (CHF 146 million) in 2012. The largest amount of funding for research and development is spent by private companies. However, the vast majority of this money (CHF 10.8 billion – EUR 8.9 billion) goes to corporate R&D entities. Only EUR 216 million (CHF 270 million) goes to public universities. Finally, regarding research support by private nonprofit institutions only estimations exist. The national statistic mentions EUR 208 million (CHF 260 million). However, this estimation might be too low and a consequence of the low reporting standards for foundations and other nonprofits on their expenditure.

Despite the fact that most of the funding comes from a few corporate and State sources, the Swiss system of research and innovation is very well funded. This becomes apparent when looking at the international rankings for universities. With six of the 12 universities among the best 150 universities worldwide,<sup>1</sup> Switzerland has the highest proportion of top universities, with 40 % of students enrolled at one of these institutions.

**Table 1: Funding sources of research and development in Switzerland (2008)<sup>2</sup>**

Source	Swiss Francs	Euros	Percentage
Federal government	2 355 000	1 884 000	14.5
Cantons	1 370 000	1 096 000	8.3
State total	3 725 000	2 980 000	22.8
Companies	11 115 000	8 892 000	68.2
Nonprofits	260 000	208 000	1.6
Other sources	230 000	184 000	1.4
Foreign countries	970 000	776 000	6.0
Total	16 300 000	13 040 000	100

<sup>1</sup> Source: Times Higher Education World University Ranking 2013-2014: <http://www.timeshighereducation.co.uk/world-university-rankings/2013-14/world-ranking>

<sup>2</sup> Source: Bundesamt für Statistik.

## 2. Data collection

As a consequence of the liberal legal settings described in Chapter 1, the data available on Swiss foundations are very limited. Only recently have systematic and annual statistics on foundations been developed, based on the available public data (von Schnurbein 2010; Eckhardt et al. 2013). Thus, the primary aim for this study was to first conduct a complete list of all foundations active in research and innovation, and afterwards to collect more detailed information by approaching the foundations directly.

### 2.1 The identification of foundations supporting R&I

As all charitable foundations have to be registered on the register of commerce, we used a database with all the registered charitable foundations as a starting point (von Schnurbein 2010). This database included all registered charitable foundations at the end of 2010 and contained 12 288 foundations. In the following, the written purposes of the foundations on the register were searched for using previously selected codings. The codings were selected in the three major national languages (German, French, Italian).<sup>3</sup> Then, following a case-by-case analysis, any irrelevant foundations were eliminated, and the remaining foundations were classified based on the written purposes according to type of support, fields of research supported, geographical range and a differentiation between grantmaking and operative foundations. This process led to a total of 2 305 charitable foundations (see Table 2.1). Thus, 18.8% of all charitable foundations in Switzerland have a purpose that includes research and innovation as a focus (but not exclusively). For the rest of the sample, some initial figures offer a more detailed picture of foundations' composition. 54.8 % of the foundations are restricted by their written deeds to activities within Switzerland (or parts of it) and 45.2 % have an international scope. However, only 29.4 % of the foundations are dedicated to one institution, and the rest have no direct affiliation to one university or institution.

In order to follow the guidelines for an international comparative study, we excluded from our survey those foundations that serve as a legal entity for an institution (e.g. student accommodation, research institute, museum etc.), because they cannot be classified as supporting research (these institutions could choose another legal form without changes in their activities). Finally, the basis for this survey was a sample of 1 992 foundations involved in research and innovation funding.

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<sup>3</sup> The codings included: Universität, Forschung, Wissenschaft, Fachhochschule, Université, Recherche, Science, Haute Ecole, Università, Ricerca, Scienza, \*logie. Terms such as 'innovation' were not used as they are too broad for such an analysis.



**Table 2: Foundations supporting research and innovation in Switzerland (N=2305), multiple answers allowed, 2010**

Type of foundation	Frequency	Percentage of the total sample
Grantmaking	1 689	73.3
Operative	430	18.7
Governing body	362	15.7
<b>Research areas supported</b>		
Medical science	856	37.1
The humanities	600	26.0
Natural science	435	18.9
Economic science	103	4.5
Theology	62	2.7
Legal science	49	2.1
Not defined	531	23.0
<b>Type of support</b>		
Research	1 672	72.5
Teaching	821	35.6
Dissemination	357	15.5
Continuous formation	219	9.5
Support for young academics	187	8.1
Awards	162	7.0
Other	700	30.4

## 2.2 The survey

On the register of commerce only the postal addresses of organisations are available. Thus, we decided to send a postal invitation letter to participate in the online survey. In the letter, the link to the questionnaire, as well as a contact email address in order to send the link via mail, were provided. The initial mailing list included 1 992 foundations. 170 letters were returned as being non-deliverable, either due to a change of address or the liquidation of the foundation. In order to increase the response rate, a second invitation letter was sent out to a total of 1 903 foundations, excluding the undeliverable ones and those that had already answered. Finally, we focused on the larger foundations in the sample that had not yet completed the questionnaire and called them by phone in order to invite them personally. To those that were available, we sent an email with the link to both the long and the short versions of the questionnaire. Finally, the survey was answered by 295 foundations (14.81 % response rate – or 15.6 % when calculated on the basis of the 1 822 foundations that actually received our letters). With regard to the question as to whether this sample could be regarded as being representative, different factors have to be taken

into consideration. Given the previously mentioned characteristics in Table 2 (type of foundation, research areas supported and type of support) and the results in Chapter 3, operative foundations are over-represented, while the share of grantmaking foundations matches the basic population. The results from the survey with respect to the research areas supported cannot be easily compared, as a breakdown of the basic population does not include the same categories. However, medical science and the humanities in both the sample and the basic population still came first and second. For the same reason, the type of support cannot be easily compared either. For similar categories the sample seems to differ from the basic population, as dissemination was only covered by 16 % in the basic population, but by 77 % in our sample; however, teaching came fairly close at 36 % (basic population) and 37 % (sample). To sum up, the sample gives a mixed picture as far as representativeness is concerned. We still believe that with our sample covering an annual expenditure exceeding EUR 526 million (compared to an estimated total of EUR 1.46 billion for the whole Swiss foundation sector<sup>4</sup>) this study includes a reasonable amount of data, which can be used as an appropriate basis for mainly quantitative analyses.

### **2.3 The interviews**

In addition to the quantitative part of this study, we conducted interviews with foundations active in the field of R&I. The aim of these interviews was to show how foundations pursue their goals and successfully realise innovative projects on an individual basis. We chose two foundations that within the last couple of years have made headlines with successful, but at the beginning also risky, projects. The semi-structured interviews focused on four topics: project selection, motivation, role of innovation, and results. Chapter 4 therefore serves as a qualitative complement to the previous chapters. As the quantitative part of this study is quite extensive, we did not aim at gathering a vast spectrum of different foundations and projects for the interviews. We rather focused on specifically choosing interview partners with a renowned record of successful and innovative projects, and therefore being able to show in more detail what factors can be key to successful private, philanthropic funding in the field of R&I.

## **3. The results**

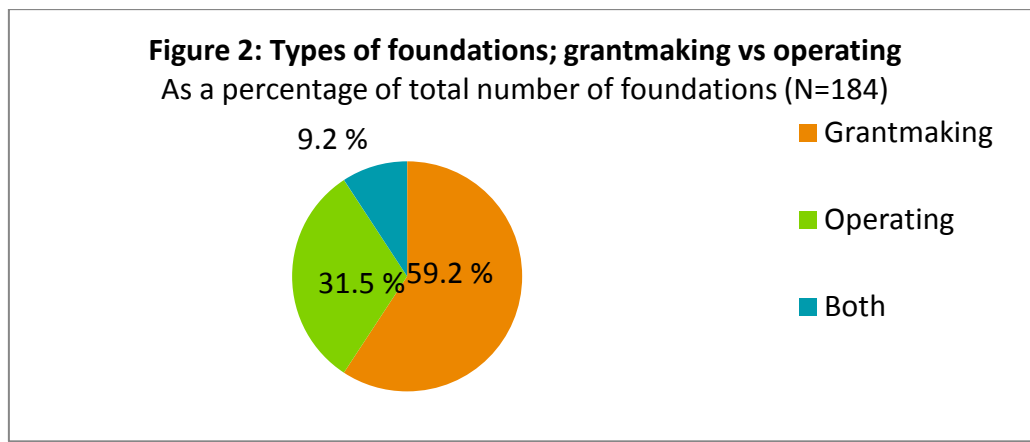
Given the large number of responding foundations, the results presented below are thus based on a quantitative analysis. Wherever possible the presented results are compared to previous studies, as well as linked to existing research on the Swiss foundation sector and its characteristics.

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<sup>4</sup> Based on a total of CHF 70 billion in assets (Eckhardt et al. 2013), an estimated disbursement rate of 2.5 % (von Schnurbein 2009) and with an exchange rate EUR/CHF of 1.2.

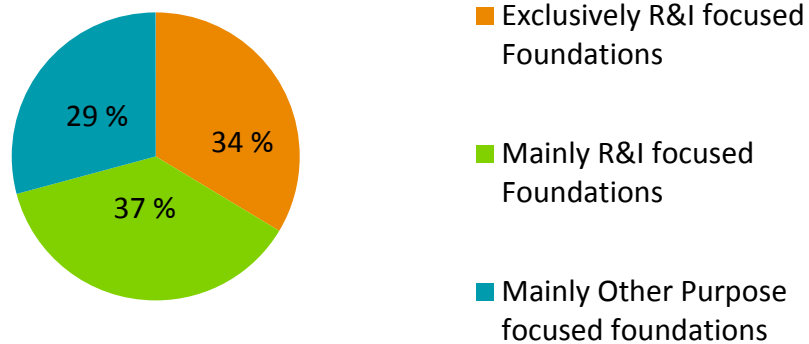
### 3.1 Types of foundation

The majority of the Swiss foundations taking part in this survey and which (partly) support R&I are purely active as grantmaking organisations (59.2 %), whereas 31.5 % describe themselves as ‘operating.’ This leaves 9.2 % of the 184 participating foundations as hybrid forms of operating and grantmaking foundations (see Figure 2). Given previous Swiss studies (Hertig and von Schnurbein 2013, Purtschert and von Schnurbein 2006) determining the foundation type, the total number of purely operating and hybrid foundations (40.7 %) is relatively high, as the former studies showed percentages of around 23 % and 33 %, respectively. It is, however, not clear if this was caused by the selection of foundations according to field of activity or for any other reason.

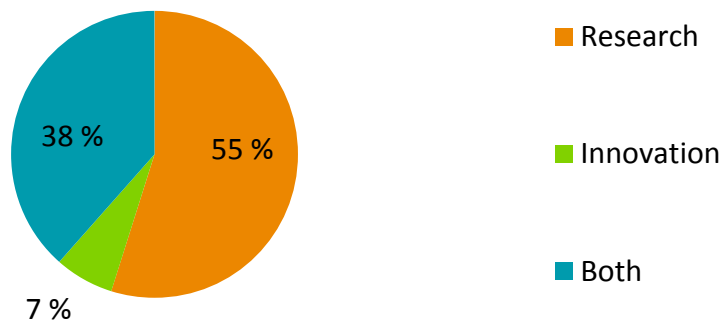


Out of the 113 foundations who gave full information about the usage of their expenditure, 34 % were exclusively engaged in R&I, while another 37 % were mainly active in R&I. The remaining 29 % indicated that they use the majority of their expenditure for other purposes, hence R&I is not their primary activity with regard to the amount of money spent (see Figure 2). When asked if their foundation was active either in research or innovation, the majority answered research (55 %), while a third indicated both research and innovation. Only 7 % focus their activities on innovation alone (see Figure 4)

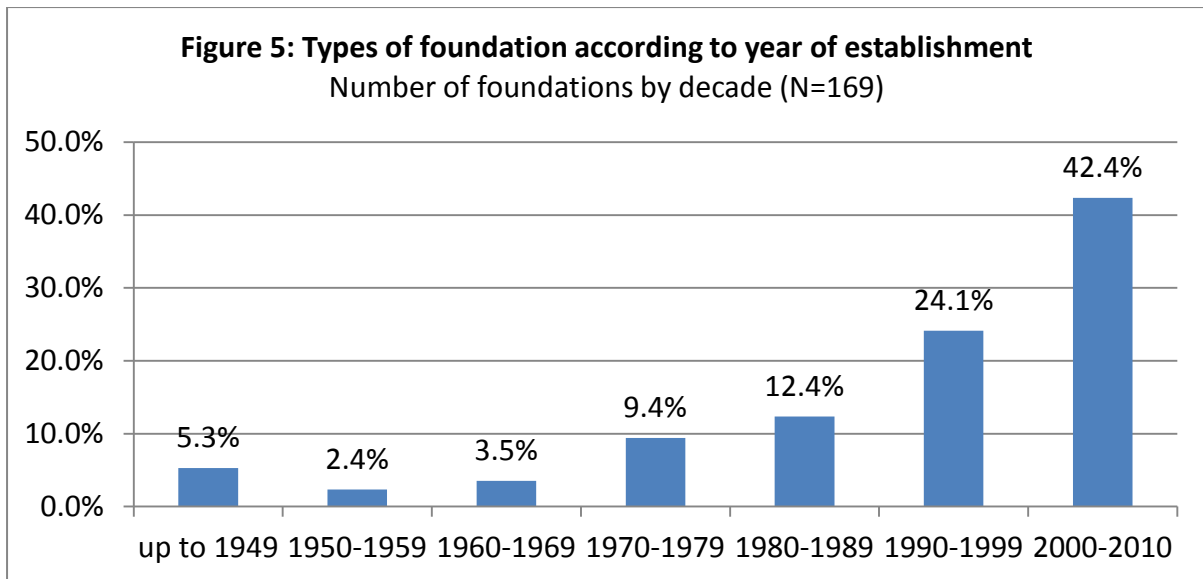
**Figure 3: Types of foundation according to purpose**  
As a percentage of total number of foundations (N=113)



**Figure 4: Types of foundation; research and/or innovation**  
As a percentage of the total number of foundations (N=195)



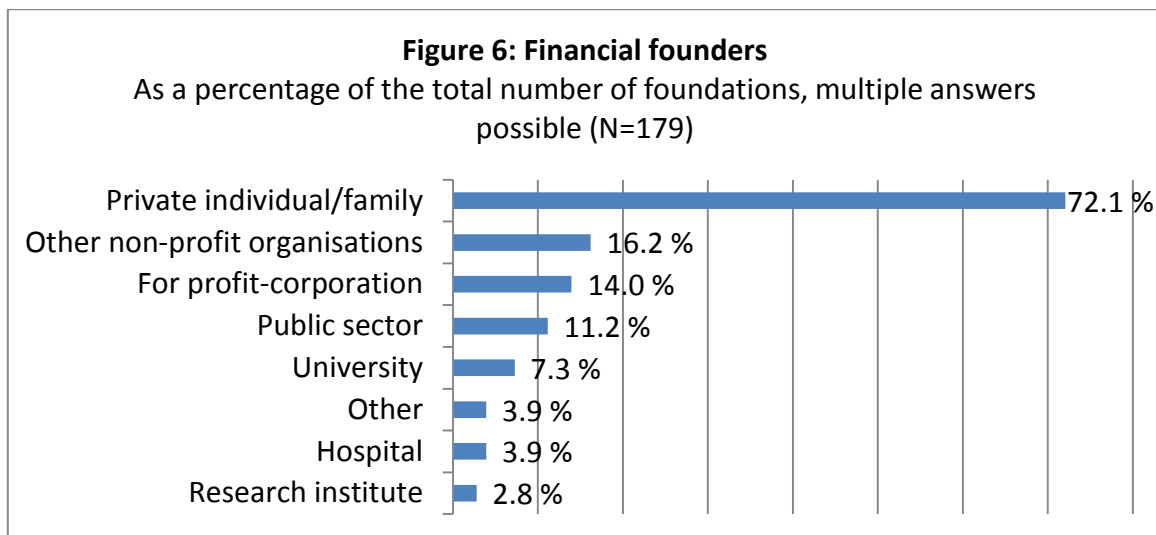
Grouping the participating foundations according to their age created a well-known pattern, which is in line with the annually published reports on the Swiss foundations sector (e.g. Eckhardt et al. 2013). As already mentioned in Chapter 1, they show that despite the Swiss foundation sector being very old, the majority of foundations were established in 2000 or later. A quick look at Figure 5 shows very similar results. The median year of establishment is 1999, 49.4 % were established in 2000 or later, while the oldest foundation is 166 years old (founded in 1848).



## 3.2 Origins of funds

### 3.2.1 Financial founders

When characterising the participating foundations according to their financial founder (multiple answers possible), the vast majority were initially (partly) set up and financed by either private individuals or families (72.1 % of the 179 foundations). Other, although significantly less important, founders include other nonprofit organisations (16.2 %), for profit organisations (14.0 %) and the public sector (11.2 %) – see Figure 6.



### 3.2.2 Income

As with most distributions of income, the Pareto principle<sup>5</sup> also applies to the Swiss foundations covered in this study: a total of 123 foundations combining a total of EUR 590 million of income, while the biggest foundation alone generates more than EUR 231 million . The average income of the responding foundations is EUR 4.8 million, while the median of EUR 202 000 reveals the imbalance of the income distribution. For a complete overview of the distribution of income, see Table 3 and Figure 7.

As a ‘classical’ Swiss grant making foundation is usually based upon an initial and single act of asset donation, it is not surprising that the main sources of income for a total of 172 foundations is their own endowments (67.4 %), while only roughly a third (35.5 %) rely (partially) on donations from individuals. Although only 16.9 % of the responding foundations generate their income from service fees and sales, 44.4 % of the total amount of income originates in this category. Again, this is due to the biggest foundation in our sample. The largest sources of income in terms of the median amount are income from the government (EUR 298 000), service fees and sales (EUR 248 000), and donations from corporations (EUR 150 000) – see Table 3 and Figures 8 and 9.

**Table 3: Sources of income**

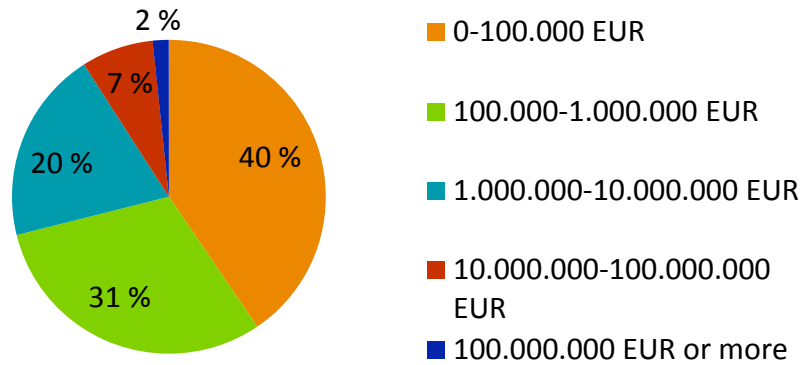
Sources of income	Amount in Euros
Endowments	94 095 284
Donations from individuals	34 419 080
Donations from for-profit companies	98 175 679
Donations from other nonprofit organisations	5 327 989
The government	37 866 420
Service fees, sales etc.	237 736 288
Other	27 914 654
Unknown	55 173 089
Total income	590 708 845

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<sup>5</sup> Meaning that a majority of assets or capital are held by a very small group of individuals, as showed by Vilfredo Pareto. The Pareto principle commonly known as “80-20-rule” gives this relation as 80% of something is owned or caused by 20% of the relevant population.

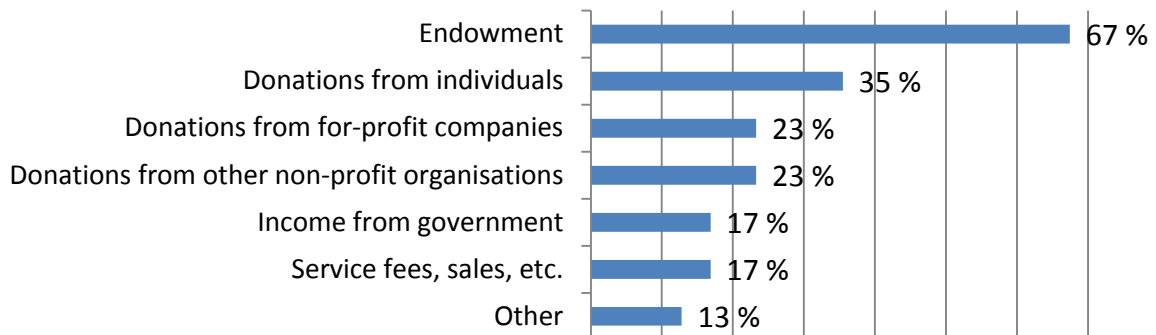
**Figure 7: Total income according to category in Euros, 2012**

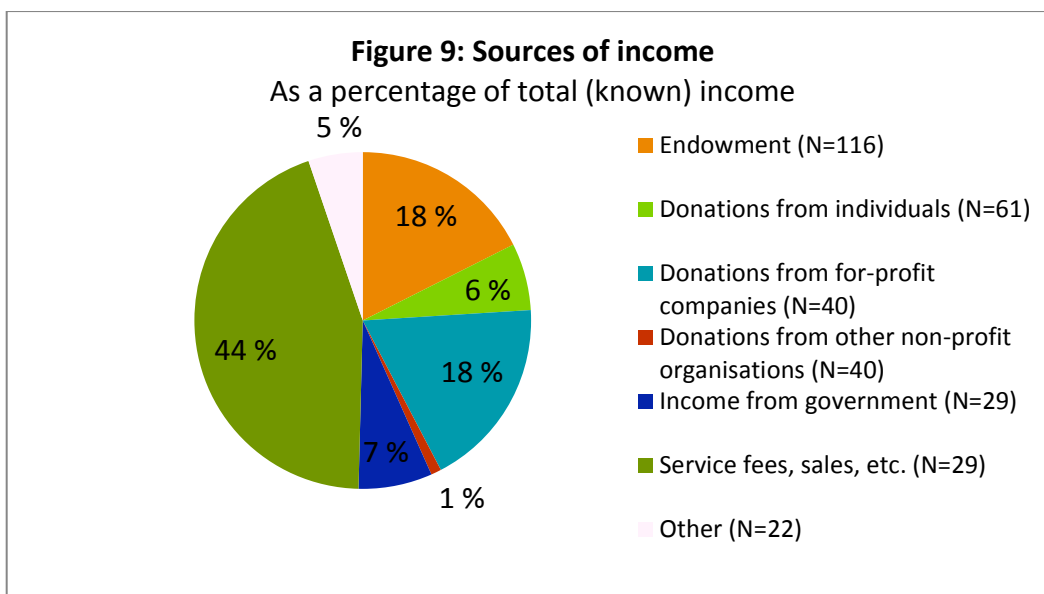
As a percentage of the total number of foundations (N=121)



**Figure 8: Sources of income**

As a percentage of the total number of foundations (N=172)





### 3.2.3 Assets

The same pattern of skewed distribution (as seen above) can be observed in the distribution of the total assets disclosed by a total number of 115 foundations. The sum of all their assets is EUR 2 942 million, which accounts for roughly for 5 % of the estimated total of assets held by Swiss foundations (Eckhardt et al. 2013). While the biggest foundation in our survey again holds more than EUR 900 million, the median foundation holds assets of EUR 714 000, which is well below the average of EUR 26 million in this sample. For a complete overview of income and asset distribution please refer to Tables 4 and 5, and Figures 10 and 11 below.

**Table 4: Distribution of income and assets (in Euros)**

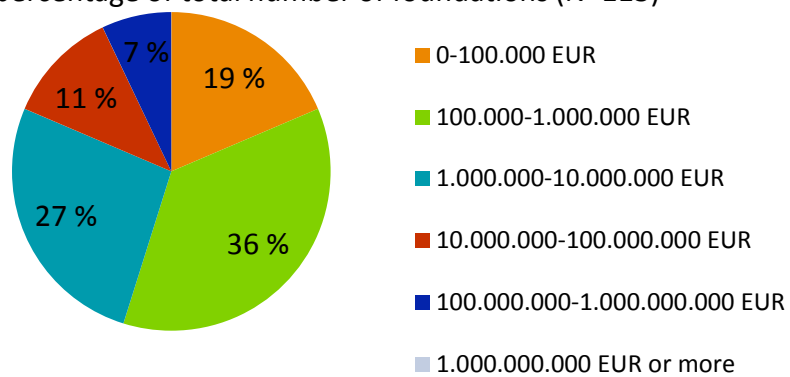
	Income (N=123_)	Assets (N=115)
Minimum	-15 117	146
Maximum	231 404 959	909 090 909
Q1	31 529	165 909
Average	4 802 508	25 809 924
Median	202 479	714 876
Q3	1 404 959	3 578 462
Total	590 708 485	2 942 331 298

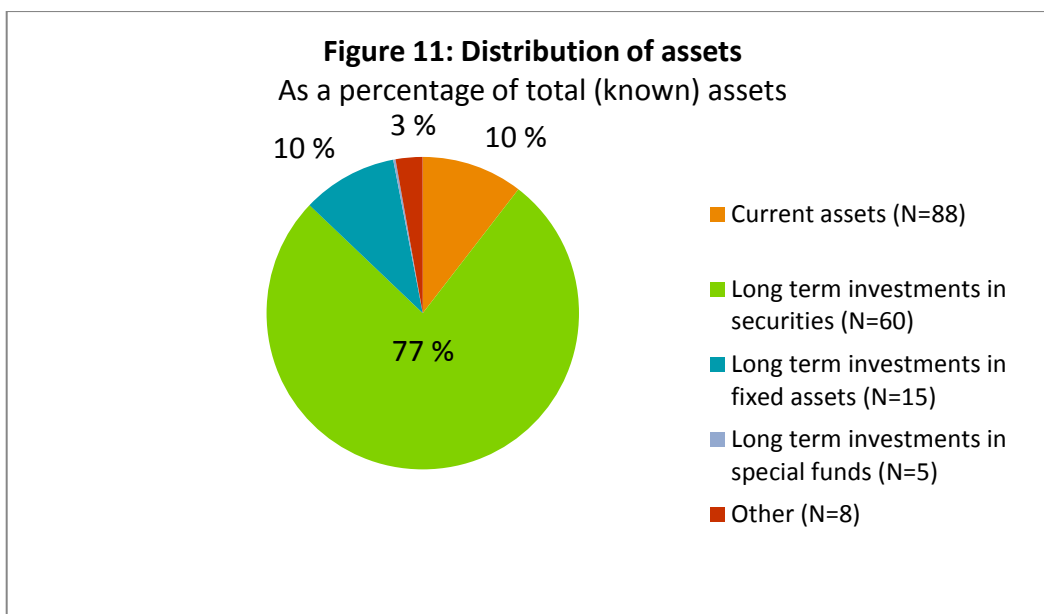


**Table 5: Asset allocation**

Distribution of assets	Assets in Euros
Current assets	192 211 185
Long-term invested assets – securities	1 409 357 642
Long-term invested assets – fixed assets	180 934 815
Long-term invested assets – special funds	4 574 249
Other	51 233 927
Unknown	1 104 019 479
Total assets	2 942 331 298

**Figure 10: Total assets according to category in Euros, 2012**  
As a percentage of total number of foundations (N=113)





### 3.3 Expenditure

#### 3.3.1 Total expenditure

Given the previously mentioned EUR 590 million of income generated by 123 foundations, 126 foundations indicated how much they distribute. This sum accounts for almost 90 % of the previously mentioned income. A total distribution of EUR 526 million is largely representative of the distribution of the foundations' income. While a single foundation distributes more than EUR 231 million alone, the median foundation distributes roughly EUR 148 000. An imbalance can also be observed here, as the average expenditure is over EUR 4 million – see the table below and Figure 12.

On average, the majority of this expenditure goes to research (54.3 %) while less than 10 % goes to innovation. However, when calculated according to the portion of the absolute expenditure, almost 61 % is spent on other purposes, while only 31 % goes to research, and a mere 8 % to innovation (see Figure 13). This again has to do with the biggest foundation in our sample, which allocates EUR 223 million to 'other purposes.' Due to missing data (see Table 5), 5 % cannot be allocated.

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#### Statistics expenditure

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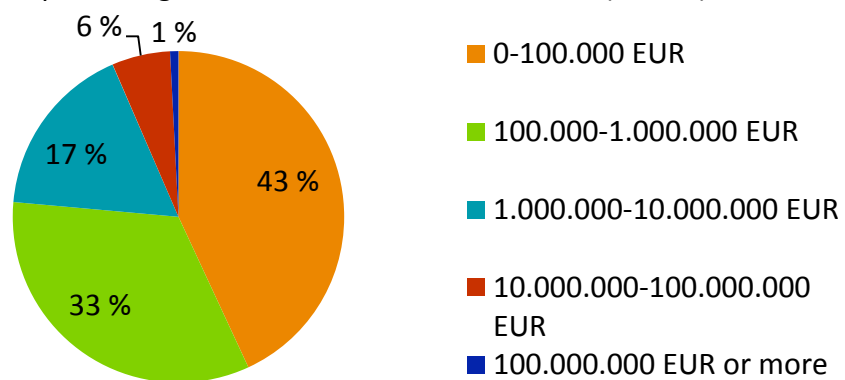
Number of foundations	126
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Mean in Euros	4 245 866
Median in Euros	147 934
Research	155 05 '072
Innovation	40 462 185
Other purposes	302 681 334
Unknown	28 285 814
Total expenditure	526 487 404

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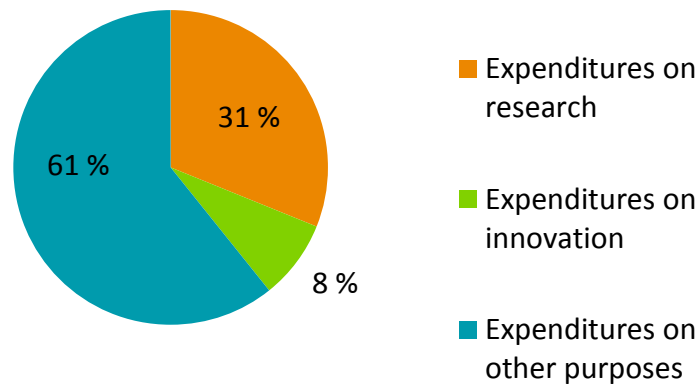
**Figure 12: Total expenditure according to category in Euros, 2012**

As a percentage of total number of foundations (N=123)



**Figure 13: Distribution of total expenditure; research, innovation and/or other purposes**

As a percentage of total known expenditure (N=122)



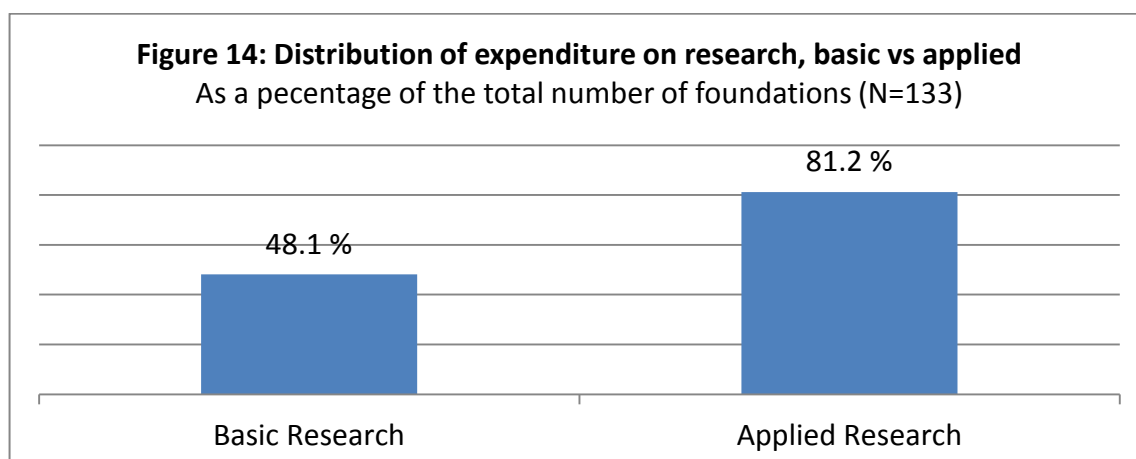
When excluding the biggest foundation dataset, the distribution to research now stands at 51 %, innovation at 13 % and other purposes at 26 %, while the remaining portion of 9 % cannot be allocated due to missing data. This dominance of research-oriented foundations might be due to the selection process of foundations, as described in Section 2.1. However, as there are no previous studies on this exact distinction of foundation activities, one can only speculate.

### 3.3.2 Research

While over 80 % of 133 foundations indicated that they are active in supporting applied research and less than 50 % in basic research (see Figure 14), this inequality even increases when looking at how much money is actually spent in these two categories (46 % on applied research and 21 % on basic research) – see Table 6 below, which also includes a discrimination between direct and research-related activities. Please note that both breakdowns include the value ‘unknown,’ as the sum of expenditure was collected from a different source.

**Table 6: Distribution of expenditure on research**

Distribution	Amount in Euros	Percentage
Direct research (N=82)	67 659 831	44 %
Research related (N=74)	44 928 394	29 %
Unknown	42 469 846	27 %
Basic research (N=78)	32 567 862	21 %
Applied research (N=108)	70 566 332	56 %
Unknown	51 923 878	33 %
Total expenditure	155 058 072	100 %



Taking a closer look into the how the money is spent within the category of research reveals that out of 113 foundations (only those who declared how 100 % of their funds were distributed are included in this analysis) more than 70 % of their expenditure is actually being used in terms of grants, while roughly a quarter of their expenditure goes to operating costs. Other costs/reasons account for less than 3 %.

### 3.3.3 Innovation

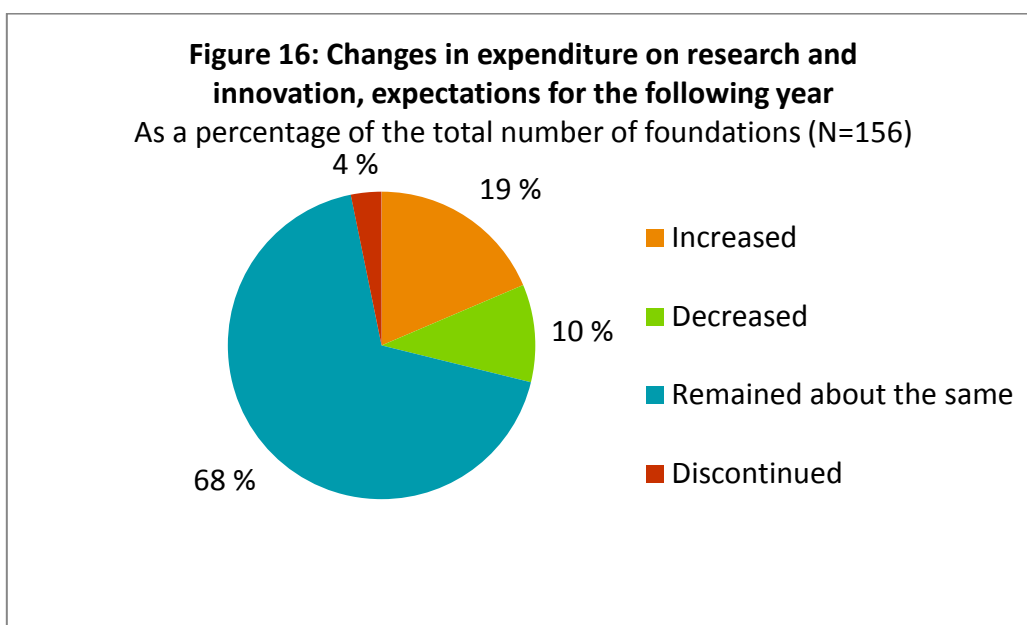
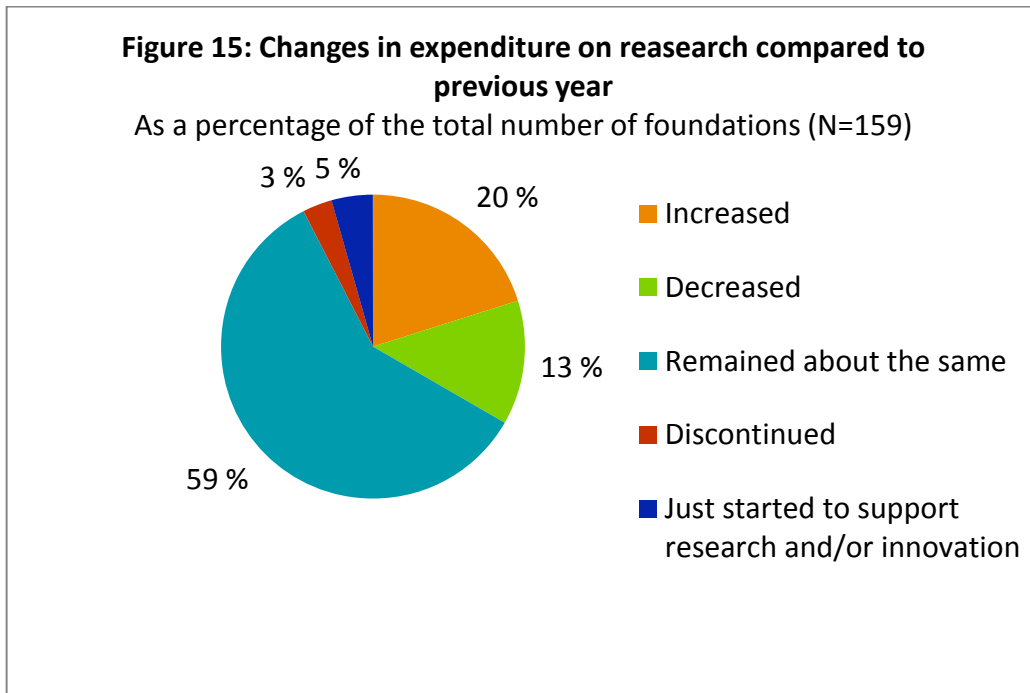
There is a different picture when looking at the use of funds declared as expenditure on innovation. First, a significantly lower number of foundations are to be found in this subsample (N=38). Second, the distribution sees more funds going to their own operating costs (43.6 %) and to other purposes (8.2 %), while grants make up a much smaller portion (48.1 %) than previously seen in research. This circumstance, however, can be explained by the different portion of operating foundations in this subsample. While only 31.9 % of the foundations supporting research are purely operating, this number goes up to 50 % when looking at those supporting innovation.

### 3.3.4 Changes in expenditure

When taking a look at how expenditure changed compared to the previous year, 2012 seems to have been a good year for foundations in Switzerland. A total of 79.2 % of the 159 participating foundations indicated that their expenditure either remained stable or even increased (20.1 %). Only 13.2 % said they had seen lower expenditure than the year before. An additional 3.1 % discontinued their support, while 4.4 % had just started spending money, and therefore were not able to compare their activities to the previous year – for an overview see Figure 15. The average increase in expenditure was slightly over 30 %, while

those foundations which decreased their expenditure did so on average with a sharp drop of over -40 %.

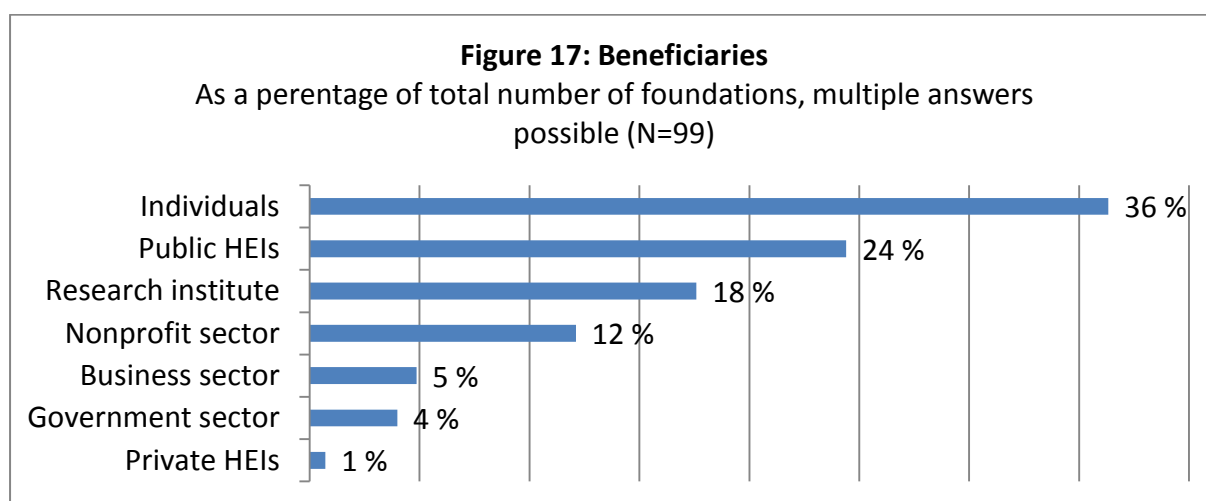
Also, when making forecasts about the following year's expenditure, this positive view seemed to persist. The majority of 67.9 % out of 156 foundations aimed at keeping their expenditure at the same level, while another 18.6 % even aimed at increasing it. Only a small portion of these foundations were forced to decrease their expenditure (10.3 %) or even discontinue their support (3.2%) – for an overview please refer to Figure 16.



### 3.4 Focus of support

#### 3.4.1 Beneficiaries

Taking only those foundations into account that gave full information about their beneficiaries (N=99), the most common recipients of the foundations' support are individuals (on average 36.3 % of the total foundations' beneficiaries) and public HEI (24.4 %), while private HEI (0.7 %) and the government (4.0 %) account for the smallest number of beneficiaries. The remaining beneficiaries are research institutes (17.6 %), the nonprofit sector (12.1 %), and the business sector (4.9 %), as can be seen in Figure 17 below.



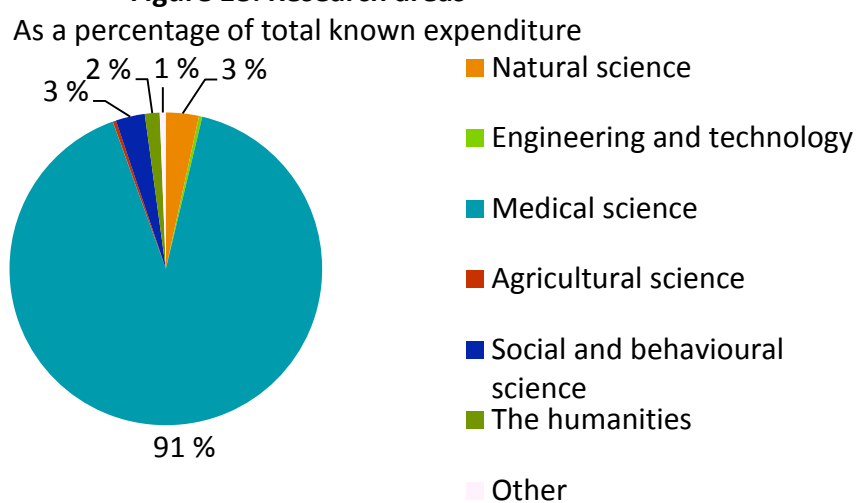
#### 3.4.2 Research areas

As certain research areas are more capital-intensive than others, it comes as no surprise that the major portion of over 90 % of expenditure goes to medical science. Even excluding the biggest foundation from the sample, which makes up 90 % of the amount covered by this subsample of 165 foundations, does not lower this value below 80 %. For a complete overview please see Table 7 and Figure 18. A more even distribution is seen when looking at what sectors the foundations declared as their being active in (see Figure 19). Medical science with 46.1 % still takes the lead; however, this is more closely followed by the humanities and natural science, each at 30.3 %. Looking at the distribution as indicated by foundations reflecting their activities in the past year, the values are almost identical.

**Table 7: Expenditure according to research area (N=165)**

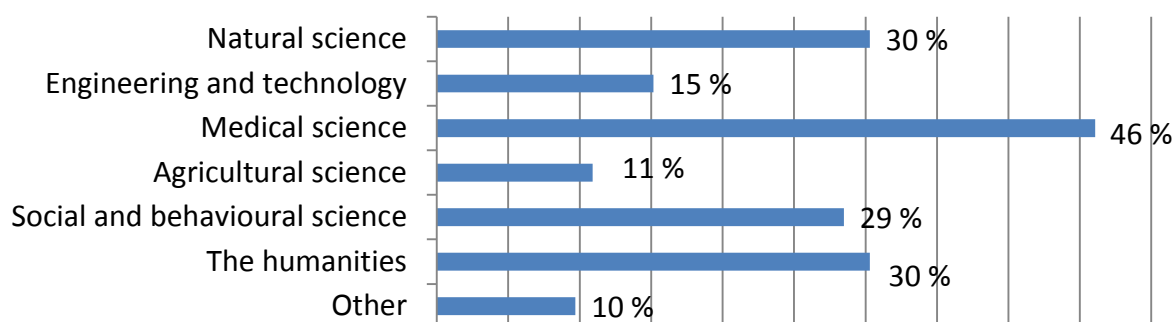
Expenditure	Amount in Euros
Natural science (N=50)	10 521 702
Engineering and technology (N=25)	1 061 240
Medical science (N=76)	280 371 619
Agricultural science (N=18)	1 087 486
Social and behavioural science (N=47)	9 236 776
The humanities (N=50)	4 774 951
Other (N=16)	1 920 445

**Figure 18: Research areas**



**Figure 19: Research areas**

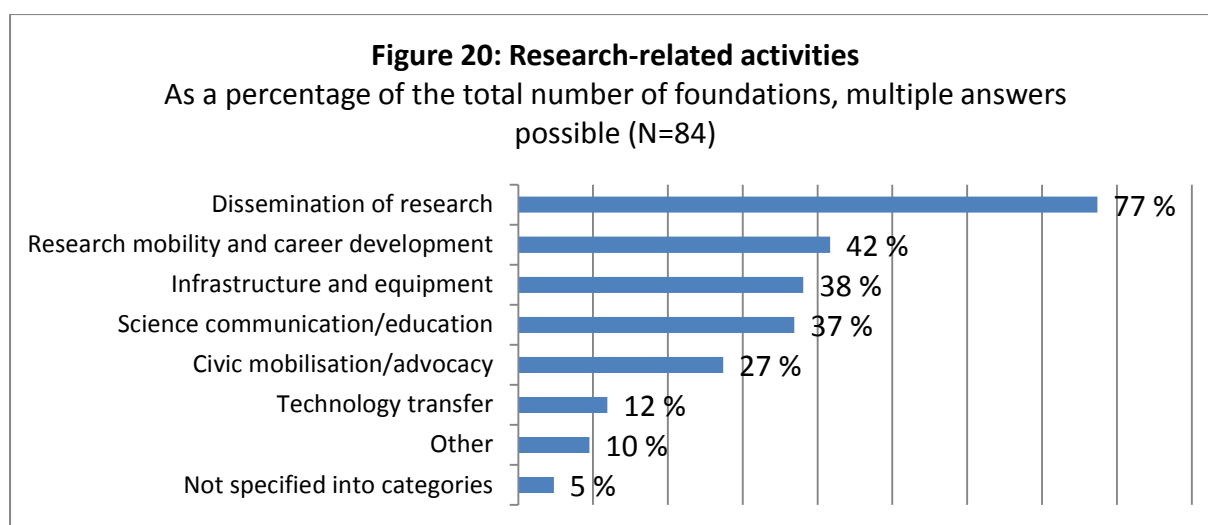
As a percentage of the total number of foundations, multiple answers possible (N=165)





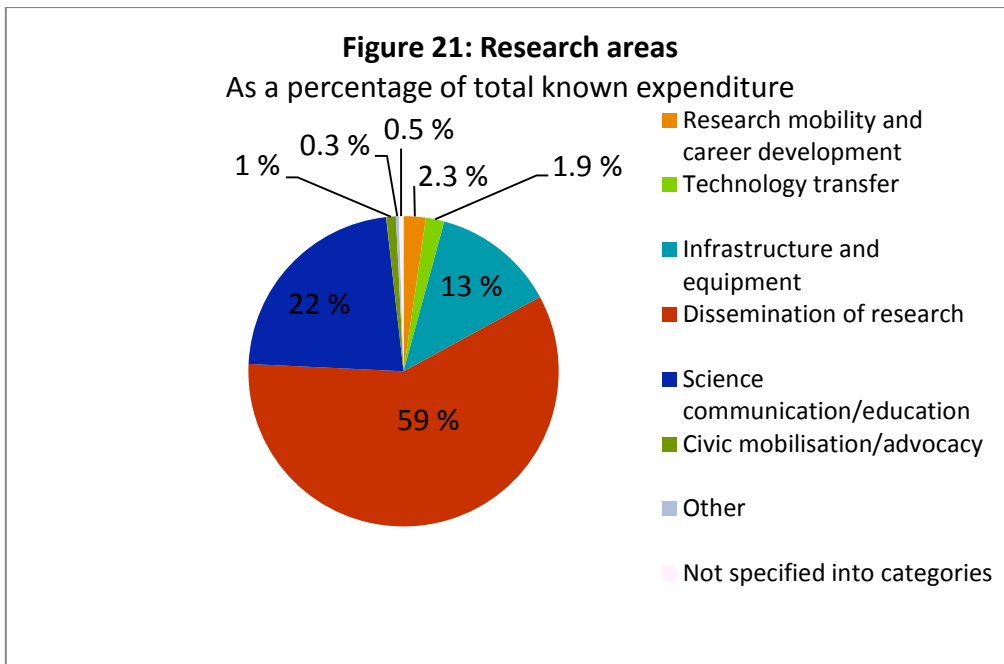
### 3.4.3 Research-related activities

Among the 84 foundations indicating what kind of research-related activities they support, the dissemination of research is by far the most popular (77.4 %). Research mobility and career development was named as the second most popular with 41.7 %, just above infrastructure and equipment (38.1 %) and science communication and education (36.9 %) – for a complete overview see Figure 20. Taking a look at how much money is actually spent on those activities, we can see a different picture. Although the dissemination of research still receives the most (58.7 %), the second most popular activity (research mobility and career development) now ranks fourth, only accounting for 2.3 % of all expenditure – see Figure 21 below and table 8 for a complete overview.



**Table 8: Expenditure on research areas**

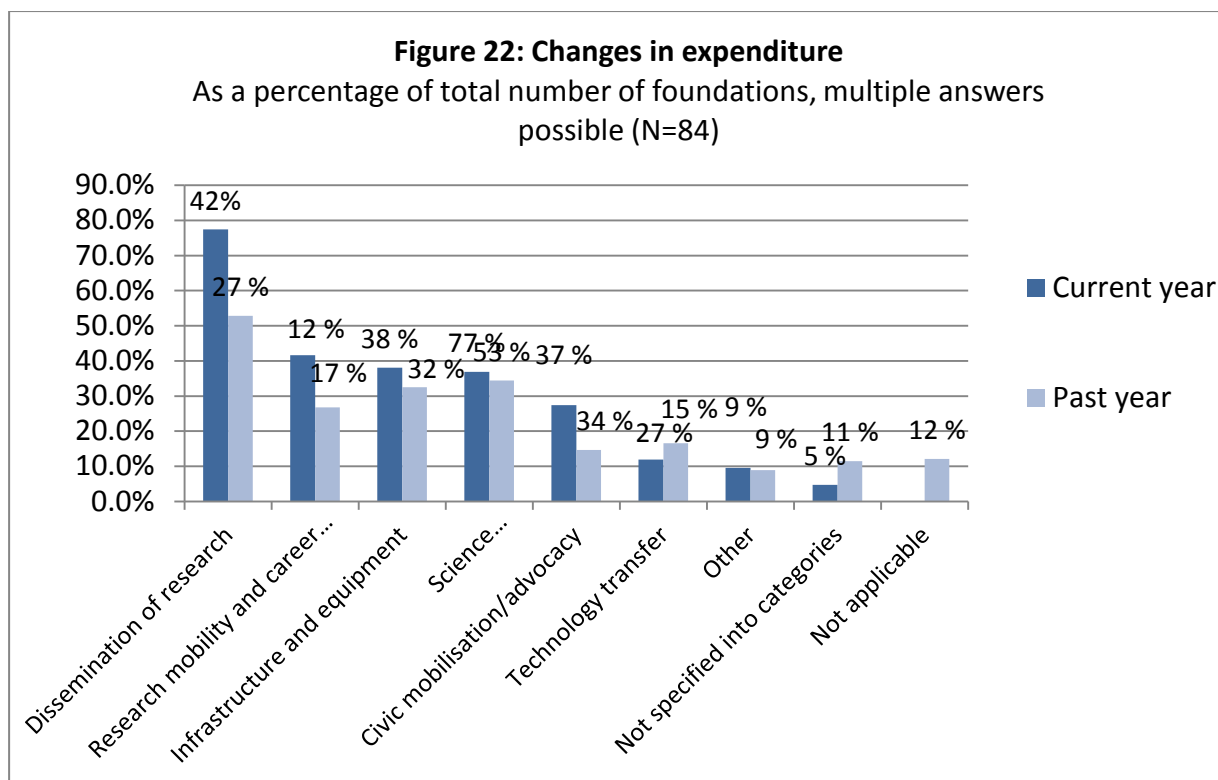
Expenditure	Amount in Euros
Research mobility and career development (N=35)	2 010 683
Technology transfer (N=10)	1 673 554
Infrastructure and equipment (N=32)	11 223 203
Dissemination of research (N=65)	51 344 815
Science communication/education (N=31)	19 625 145
Civic mobilisation/advocacy (N=23)	876 840
Other (N=8)	280 992
Not specified into categories (N=4)	413 223
Unknown	67 599 617
<b>Total expenditure</b>	<b>155 058 072</b>



Foundations that have been active in supporting multiple research-related activities over the last five years (N=59) were asked to rank those activities in terms of importance. The picture is not as clear as the above-mentioned data might suggest, although the dissemination of research still takes a clear lead, when leaving out the category of ‘other.’

### 3.4.4 Changes in expenditure on research and research-related activities

As already mentioned in Section 3.4.3, the distribution of expenditure among the fields of research did not change significantly compared to those in the previous year. However, when taking a look at how foundations indicated what kind of research-related activities they support, a significant change can be observed. In particular, the two most popular activities mentioned in Section 3.4.3. seem to have grown extremely fast in comparison with the previous year (see Figure 22).



### 3.5 Geographical dimensions of activities

#### 3.5.1 Geographical focus

Out of the 148 foundations who gave information about the full distribution of their funds, more than three quarters focus their activities (measured as the average percentage of total expenditure) on a local or national level, respectively. Only every tenth foundation has a Europe-wide radius of activity, which leaves another 13.7 % engaged on a global level.

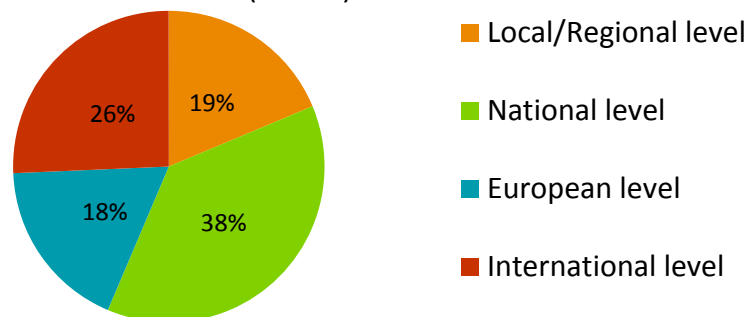
These numbers change significantly when the total amount of expenditure is taken into account. From a total of EUR 157 million, over 25 % is spent on an international level. The amount spent on a local or national level is slightly above 55 %. This leaves almost 20 % of all expenditure going to grantees in Europe – see Figure 23. For a detailed distribution of the funds, please refer to Table 9.

**Table 9: Geographical focus of support (N=139)**

Geographical level	Amount in Euros
Local/regional	29 482 100
National	59 528 443
European	28 291 168
International	40 558 517
Total expenditure	157 860 227

**Figure 23: Geographical focus of support**

As a percentage of total (known) expenditure on research and/or innovation (N=139)

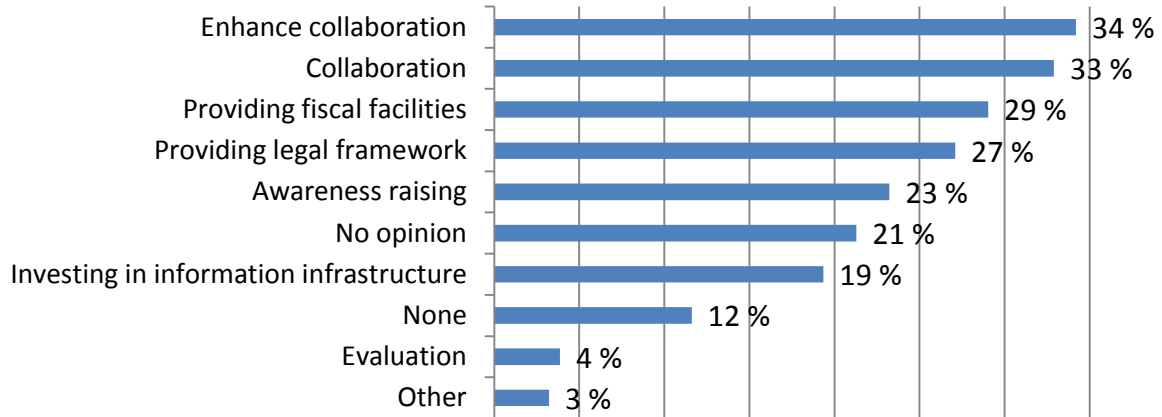


When engaging in supporting R&I activities in Europe, most Swiss foundations have not encountered any difficulties in doing so (almost 80 % of 43 foundations answered ‘no’). If any problems have occurred, most often they have been of a fiscal nature (11.6 %). Any other reasons were not named more than three times.

### 3.5.2 The role of the European Union

A total of 155 foundations answered the question on what the role of the European Union should be in relation to foundations. Over a third of the respondents either had no opinion (21.3 %) or did not see any role (11.6 %) the EU should carry out. These two answers might be due to the fact that Switzerland is not member of the EU, as well as the low percentage of foundations in our sample that have a Europe-wide radius of activity. Among the foundations that perceived a role for the EU, collaboration (32.9 %) or the enhancement of collaboration (34.2 %) were the most chosen answers. The remaining roles were chosen by about 20-30 % of the foundations, while the role of ‘evaluation’ was indicated by less than 4 %. These numbers clearly show that foundations are seeking additional support from the EU rather than control. For a complete overview see Figure 24 below.

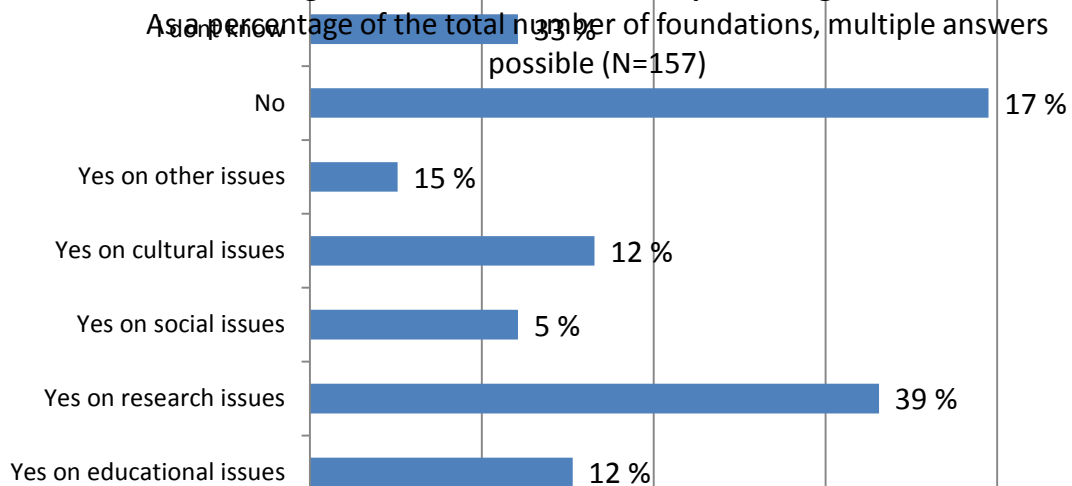
**Figure 24: Role of the European Union**  
 As a percentage of total number of foundations, multiple answers possible (N=155)



### 3.5.3 Contribution to European integration

As shown in Section 3.5.1 only a minority of foundations are active beyond Swiss borders. Therefore it comes as no surprise that 40 % of 157 foundations answered negatively to the question as to whether their activity contributes to European integration – another 12 % simply did not know (see Figure 25). For those who perceive themselves as contributing to this goal, 33.1 % answered they did so on research issues, 16.6 % on cultural issues and 15.3 % on educational issues. Doing so on social issues (12.1 %) and other issues (5.1 %) were mentioned the least often.

**Figure 25: Contribution to European Integration**  
 As a percentage of the total number of foundations, multiple answers possible (N=157)



## **3.6 Foundations' operations and practices**

### **3.6.1 The management of foundation**

When asked about who is in charge of defining a foundation's annual strategy, almost 50 % answered that this is done by a governing board with elected members. Roughly a third have a governing board with appointed members in charge, while for every fifth foundation the original founder still fulfills this role. This leaves 7.8 % with other committees or people in charge – for instance the managing director.

The median governing board consists of three members, while on average there are four. Out of 164 foundations, there are two cases with boards that exceed ten members. When looking at supervisory boards, these numbers go up. The median board consists of a total of five members, and reaches on average almost seven. The number of foundations with supervisory boards with more than ten members rises to 11.6 % out of 132 foundations.

Finally, 179 foundations provided information about the employment of professional, paid members of staff. Only a third employ paid staff. As the question about how many full-time equivalents (FTE) those foundations employ was answered poorly and inconsistently, we unfortunately cannot provide comprehensive numbers about average job percentages.

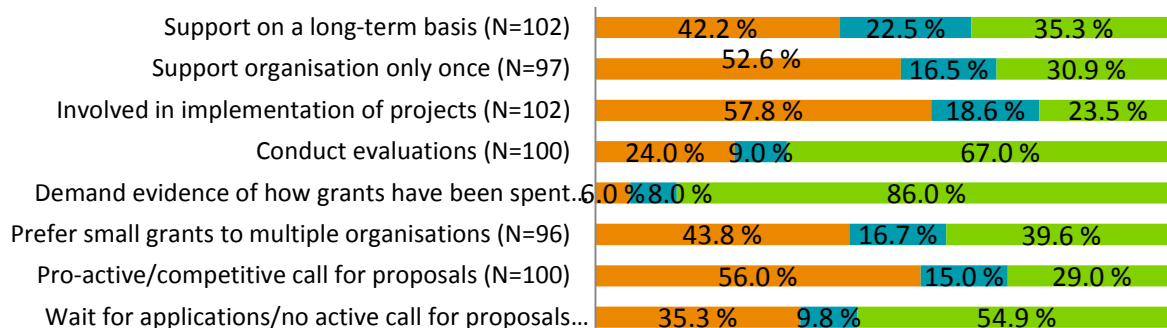
### **3.6.2 How do grantmaking foundations support research?**

As part of their 'daily practices' the most common activity among 102 foundations is clearly the gathering of information about the use of granted funds and evaluating those projects. When it comes to calls for proposals for new grants, the foundations in this sample prefer a more passive way of approaching this task, as can be seen in Figure 26 below. While over half often or always wait for applications, only about 30 % proactively call for proposals. As this question was only answered by foundations providing grants, it also seems understandable that most of them are not or only rarely involved in the implementation of projects. The question as to whether foundations prefer to support on a short or long-term basis tended to be answered in favour of short-term support, while most foundations chose to support organisations multiple times.

**Figure 26: Daily practices of grantmaking foundations**

As a percentage of the total number of foundations

■ Never/Rarely ■ Sometimes ■ Often/Always

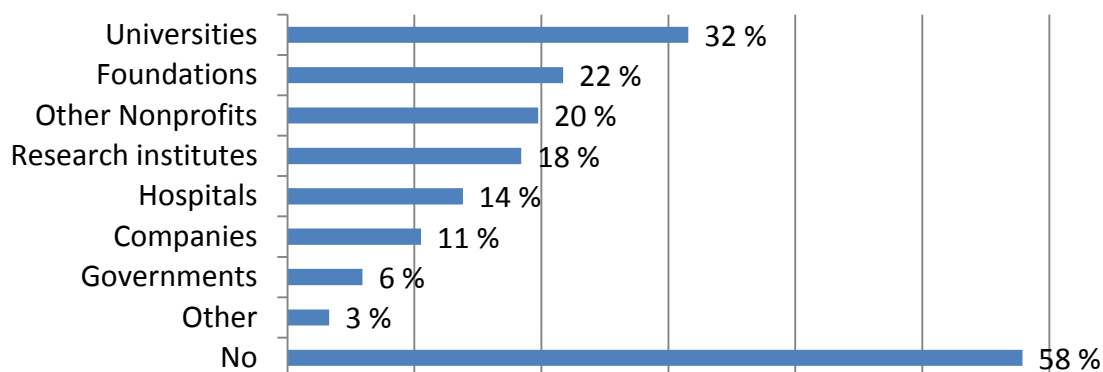


### 3.6.3 Engagement in partnerships

Only a minority of 42 % (N=152) of the foundations included in our sample engage in partnerships in joint research when it comes to carrying out R&I activities. The most common partners in these joint activities are universities, followed by other foundations or NPOs, as well as research institutes. Foundations seldom seek partnerships with hospitals, companies or the government, as can be seen in Figure 27.

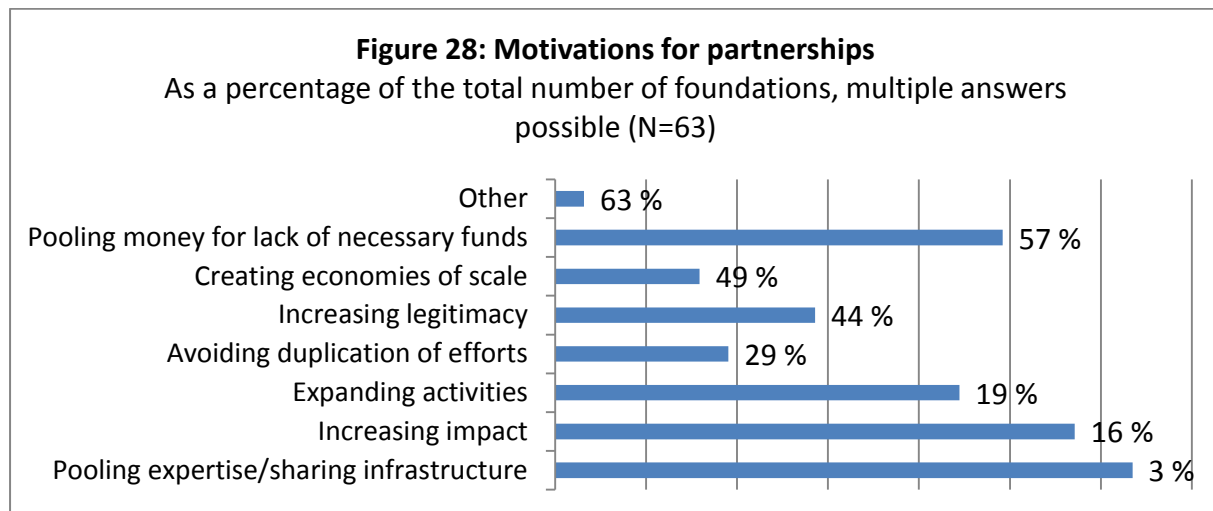
**Figure 27: Partnerships**

As a percentage of the total number of foundations, multiple answers possible (N=152)



If foundations choose to partner up, the main reason is the pooling of expertise and the sharing of infrastructure, was mentioned by 63.5 % of 63 foundations. Partnerships are also popular when foundations aim at increasing their impact (57.1 %) or for the simple task of

pooling money due to a lack of funds (49.2 %) or expanding their activities (44.4 %). Far less popular are partnerships to increase the legitimacy of their actions (28.6 %). Avoiding duplication of efforts (19.1 %) and creating economies of scale (15.9 %) do not seem to be significant driving forces behind partnerships, as can be seen in Figure 28 below.

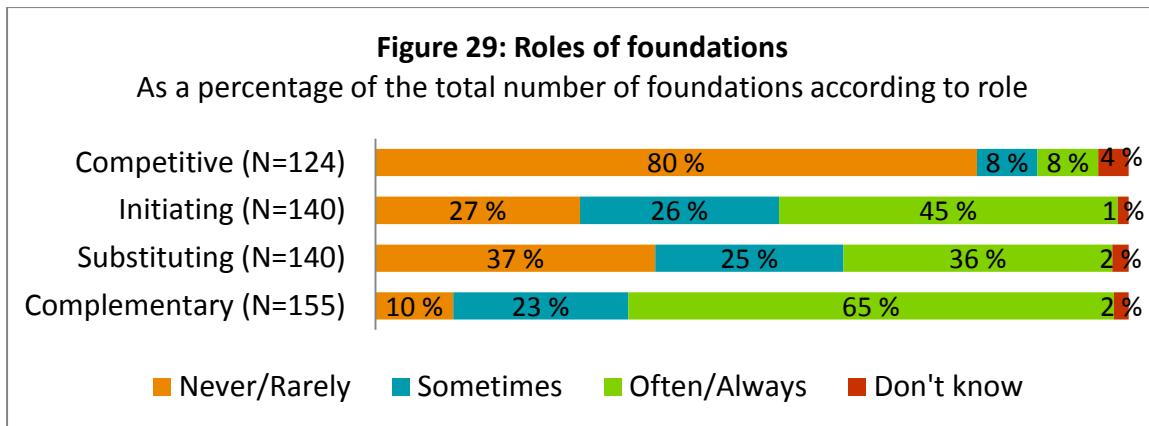


### 3.7 Roles and motivations

#### 3.7.1 Roles

Given the liberal legal framework in Switzerland (as stated previously) Swiss foundations are not a direct instrument of governmental organisations, as in countries with a State-controlled foundation landscape. Anheier (2006) characterises Switzerland (as well as Germany, the Netherlands and Austria) as a country with a ‘corporative model.’ Foundations therefore often play a subsidiary role with respect to governmental duties. This is also revealed when looking at how 155 foundations answered the questions regarding their self-perception. More foundations see themselves in a complementary rather than substituting role, although almost 40 % still answered that they often if not always play that role as well. It also became clear that competitiveness is clearly not associated with the way most foundations carry out their work (almost 80 % rarely or never see themselves as being competitive) – see Figure 29 for more details.





## 4. Innovative Examples

### 4.1 Interviews

The semi-structured interviews were based on a short catalogue of questions which the interviewees received prior to the meeting or phone-call. These questions were divided into four major parts: project selection, motivation, role of innovation and results. The foundations' representatives are members of their executive management, and each chose a very successful and innovative project as a thematic framework for the interview.

### 4.2 Velux Stiftung: INAPIC<sup>6</sup>

INAPIC stands for the International Normal Aging and Plasticity Imaging Center, a research centre at the University of Zurich with the key objective of facilitating research on normal healthy behavioural and neural development and aging to explore the potential for plasticity (i.e. development potential) and compensation throughout the lifespan. The central goal of the INAPIC is to uncover the range of developmental intraindividual plasticity as well as the degree of interindividual differences in this potential. Their methodological repertoire includes a variety of behavioural measures as well as structural and functional MRI and EEG (Universität Zürich 2014a).

INAPIC was established and is primarily funded by the Velux Stiftung, a foundation established by the Danish entrepreneur Villum Kann Rasmussen in Zurich in 1980. The INAPIC currently employs 16 researchers, postdocs, doctoral students and other staff, and also receives funding from the Zürcher Universitätsverein and the University of Zurich itself.

<sup>6</sup> <http://www.inapic.uzh.ch/index.html>

#### **4.2.1 Project selection**

At the beginning of this project it was not at all clear if the INAPIC would be the final result, as the project has been initiated during a process of interaction between the Velux Stiftung and a professor of gerontology. Usually researchers apply for funding for their projects, and the foundation then decides on what projects they support. In the case of the INAPIC, the Velux Stiftung specifically wanted to be proactively involved in this specific research area as it had not yet been approached for grants in this field. They therefore asked researchers to come up with new ideas. This process of cooperation and joint-development of ideas of funders and researchers finally resulted in the decision to set up a research centre for healthy aging.

#### **4.2.2 Motivation**

Based on the joint-development of this project, the foundation was already initially motivated to be engaged in this field. Although the realisation of this project involved high risks (especially financial risks, as the first round of funding took up almost half of the foundation's annual budget), the foundation's management and board of trustees was convinced that this non-traditional way of institutional (instead of project-based) funding was the right choice. Working together with two professors who were not only pioneers in their field, but also showed entrepreneurial thinking, was in line with the foundation's philosophy of making a sustainable impact through innovative products and newly developed methods. In their view, each project represents a new venture, and therefore needs not only to be based on excellence in research, but also entrepreneurial thinking and strong personalities.

As the foundation perceives its role in private research funding as initiating cooperation and encouraging interfaculty research the INAPIC matched the foundation's standard perfectly. Despite initial doubts on the part of the university, the removal of a bottleneck in studying healthy aging by gaining access to MRI and EEG infrastructure motivated the foundation to realise the project, which eventually paid off.

#### **4.2.3 Role of innovation**

Based on the understanding that a foundation only legitimately exists if it produces an added value which would not have existed without its engagement, innovation is a key to the Velux Stiftung's strategic orientation. The Velux Stiftung would not invest in a project which does not involve newly developed products and/or methods that have a significant impact on society (hence, innovation). Only if the invested funds and efforts can be multiplied through the realisation of innovative projects are grants or investments used in a more effective way. To capture this potential of innovation in advance, the foundation requires grantees to submit an application which should answer the same questions as a business plan and show how the newly developed knowledge can also be transferred to different areas of application.

#### **4.2.4 Results**

Despite the initial doubts on the part of the university, the INAPIC was successfully established and contributes to making a niche topic a focus of research within the university. The centre has been able to attract more third-party funds (a multiple of the initial funding by the foundation) and establish several international collaborations. This has also enabled the centre to expand the research team to 16 employees.

Recently, the research in the context of ‘serious games’ conducted by the INAPIC made headlines. Serious games are computer games aimed at more than pure entertainment, but are used as a tool to train certain skills. In the field of gerontology, results from these studies should lead to the development of games to support therapy and to train cognitive skills, therefore contributing to more healthy aging.

According to our interview-partner, a major factor as to why the project has been so successful was not only the jointly developed topic, but also the involvement of strong, entrepreneurial oriented personalities. Moreover, this creative collaboration and proactive way of approaching the traditional way of grantmaking has enabled the foundation to fill gaps in scientific research, which has led to the creation of unique and innovative added value.

#### **4.3 Jacobs Foundation: the Jacobs Centre<sup>7</sup>**

The Jacobs Centre at the University of Zurich is an international and interdisciplinary research centre focusing on productive youth development. It was founded as a joint venture between the Jacobs Foundation and the University of Zurich and has the status of an associated institute (Universität Zürich 2014b). The centre’s biggest research project currently is CoCon – an interdisciplinary project which examines the social conditions, life experiences and psychosocial development of children and adolescents in Switzerland from a life-course perspective (a cross-sectional as well as longitudinal study) (Universität Zürich 2014c).

Half of the centre’s annual budget is financed by an endowment made by the Jacobs Foundation, an organisation established by Klaus J. Jacobs and his family in 1989. The other half of the budget is financed by the University of Zürich. Currently, the Jacobs Centre for Productive Youth Development employs 11 researchers, scientific collaborators and other staff.

##### **4.3.1 Project selection**

The Jacobs Centre was opened on the initiative of the Jacobs Foundation itself. However, after the initial step of deciding to build a centre for productive youth development, the

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<sup>7</sup> [http://www.jacobscenter.uzh.ch/index\\_en.html](http://www.jacobscenter.uzh.ch/index_en.html)

concept as well as the specific focus of research was jointly developed by a selected professor and the university itself.

Initially, the foundation mainly supported projects by traditional grantmaking, and a mainly responsive behaviour towards applications. In recent years, and due to a more specific strategic orientation of the organisation, the foundation has become more involved in implementing its own projects. Funding a whole research centre, and therefore being engaged in institutional funding, was new to the foundation and thus also posed a risk to the organisation, mainly from a reputational point of view: the centre might have failed and made the foundation appear in a bad light, or the results coming out of the research might have contradicted the foundation's values. Also, the establishment of such a research centre could have been rejected by the public as not desirable or necessary. However, the foundation was willing to take those risks as the project fulfilled the foundation's three basic requirements for funding: content from which social innovation could be derived, the gained results or invented methods could be expected to be scalable, and no less important, the set goals could be evaluated.

#### **4.3.2 Motivation**

Similar to the Velux Stiftung, the Jacobs Foundation perceives its strategic mission as a generator of ideas or an initiator of current and necessary debates. As public funding for R&I is decreasing, the Jacobs Foundation wants to raise the question as to whose role it is to fund research, and therefore eventually initiate a change in the system of research funding. Foundations, compared to private or public organisations, have the advantage of being more flexible and acting as quick movers. They are therefore able to identify gaps, raise awareness and contribute to filling or bridging them. According to our interviewee, foundations have an important role to play in private research funding. This is what led to the engagement of the Jacobs Foundation at the University of Zurich.

#### **4.3.3 Role of innovation**

As mentioned previously, one of the core elements that each funded project should fulfill is social innovation. This is also why the Jacobs Foundation only funds projects in terms of initiating new processes, and will not commit to long-term funding. When using the term 'social innovation' the foundation derives its definition from the Center of Social Innovation at Stanford University. They aim at developing new, efficient and effective solutions for current social problems and needs. To be able to capture the potential of a funded project in this respect, the Jacobs Foundation has defined sub-dimensions on the basis of which each project is judged (e.g. creating new knowledge, initiating a dialogue, etc.). Where possible and reasonable, these dimensions are quantified to guarantee a transparent evaluation.

#### **4.3.4 Results**

Since its foundation ten years ago, the Jacobs Centre has been able to attract further third-party funding and establish the CoCon project. This study has become very successful and internationally renowned as it looks at the development of social skills in the context of transitions in early life (such as school entry and the beginning of vocational training). Findings from the still ongoing study will help to overcome or even prevent developmental barriers. Coping with the many challenges of child and youth development requires an integration of theory and methodology. Through CoCon, the Jacobs Centre was also able to attract funding from the Swiss National Science Foundation.

In the beginning of 2014 the Jacobs Foundation and the University of Zürich announced they would be continuing their joint venture and expanding the current centre in 2015 by creating three new professorships and three assistant professorships for interdisciplinary youth research in the disciplines of psychology, sociology and economics.

The foundation's change of course towards an increasingly proactive and operational way of realising projects and pursuing its mission of 'facilitating innovations for children and youth' was key to the success of the Jacobs Centre. Despite the reputational risks the foundation faced, the strategic and structured process of developing this first institutional funding as a joint venture with the University of Zurich provided a powerful example of how private and public research funding together can generate sustainable and innovative results.

## **5. Conclusions**

### **5.1 Main conclusions**

For the first time this study offers insights into foundations supporting research and innovation. Given the weak data available and the complex methods of data collection, the results should be treated with caution. For 18.8 % of all charitable foundations, support for research and innovation is a leading foundation purpose in Switzerland. However, only 295 foundations participated in the focal study and some major research supporting foundations were missing.

The typical Swiss R&I foundation was founded by individuals, is focused on medical science, pursues its purpose through grantmaking, and has rather low assets and potential for expenditure. These findings are supported by former studies on founders. Hence, foundations are often set up as a result of personal loss or a twist of fate (Helmig and Hunziker 2006). Thus, research foundations are established to support those medical sciences aimed at fighting a specific disease.

While over 80 % of 133 foundations indicated that they are active in supporting applied research, and less than 50 % in supporting basic research, this inequality diminishes when we look at how much money is actually spent in these two categories (55 % on applied research and 42 % on basic research).

Most of the foundations support individuals and public HEIs as Switzerland has nearly no private HEIs. The primary focus of support is the dissemination of research, followed by research mobility and career development.

As a consequence of all these descriptive findings, one can conclude that Swiss foundations play a complementary role to State funding in the field of research and innovation. This view is also shared by the HEIs themselves, who consider foundations as one of the most important partners in private research funding (von Schnurbein and Fritz 2014). This complementary role has two aspects: on the one hand, the assets and the heterogeneity of foundations reduce their ability to take on a more prominent role. There might be some exceptions, but the majority of R&I foundations support with their resources institutions and activities closely related to State policies. On the other hand, foundations lack competency and interest in playing a more active part in the research landscape. Most foundations limit their actions to pure and reactive grantmaking.

## **5.2 Strengths and weaknesses of the R&I foundation sector in Switzerland**

The major strength of the Swiss R&I foundation sector is its size and strong growth throughout the past two decades. Although there are some examples of very old R&I foundations, our findings show that research has recently gained attractiveness as a purpose for founders. The growth of the foundation sector can partly be explained by the liberal and pragmatic legal regulations that facilitate the establishment and management of foundations.

Another advantage of Swiss R&I foundations is the broad range of purposes. In particular, the more recently created foundations have widely formulated purposes that allow strategic shifts and the adoption of research developments. As a consequence, R&I foundations support research far more broadly than State funding institutions. This makes them interesting for researchers seeking grants for innovative or interdisciplinary projects.

A major weakness of the Swiss R&I foundation sector is the disparity between many small and very small foundations. With no public register available, the cost of searching and collecting information for the researcher is very high and reduces their interest in foundation grants. This lack of connectivity between foundations and researchers is amplified by the reactive and reluctant attitude of the majority of foundations.

With regards to the environment, one can state that research and innovation receive a lot of acknowledgement from the State, the economy and the society at large. Hence, supporting

science and innovation is a popular and common purpose for donations and foundations. Additionally, State funding for research and innovation is constantly high. This allows private donors to focus on niche areas and act as complements to public budgets. On the contrary, the most important threats lie in economic and political development. As most research and innovation happens inside the economy, the public universities are dependent on close relationships with the major companies. A decrease in economic growth would have direct implications for research and innovation. Another threat is the consequences of political decision-making. Swiss research units are highly reliant on foreign researchers. A limitation to immigration would endanger the employment of researchers from other countries.<sup>8</sup>

### **5.3 Recommendations**

Since the Swiss R&I foundation sector is large in size and remarkable in terms of assets, the following recommendations focus on improving the accessibility of these resources. A major advancement would be a public register of foundations in general, which would facilitate the search for researchers and reduce the cost of fitting on both sides.

Another recommendation focuses on the mode of foundations' foundations. Instead of their reactive attitude, R&I foundations should create more active and supportive ways of funding, including competitions, requests for proposals and long-term institutional funding.

As many R&I foundations have quite low assets and income at their disposal, possibilities for cooperation and joint actions should be improved. Besides the co-funding of project or joint support in institutional funding, a more elaborate alternative could be the establishment of an umbrella organisation that pools resources and offers attractive support options for foundations. A good and successful example of this solution is the 'Stifterverband für die Deutsche Wissenschaft.' Created by several corporations in 1920, the Stifterverband today generates annual funds of over EUR 120 million, acts as a service provider for over 570 foundations and manages EUR 2.5 billion in assets.

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<sup>8</sup> As a consequence of the Swiss people's vote against the free movement of persons on 9 February 2014, the EU ceased further negotiations with Switzerland on other bilateral treaties, including Switzerland's participation in Horizon 2020 and Erasmus.

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