

# PASSING THE TORCH: NEXT-GENERATION PHILANTHROPISTS

2017 BNP PARIBAS INDIVIDUAL  
PHILANTHROPY REPORT

Written by

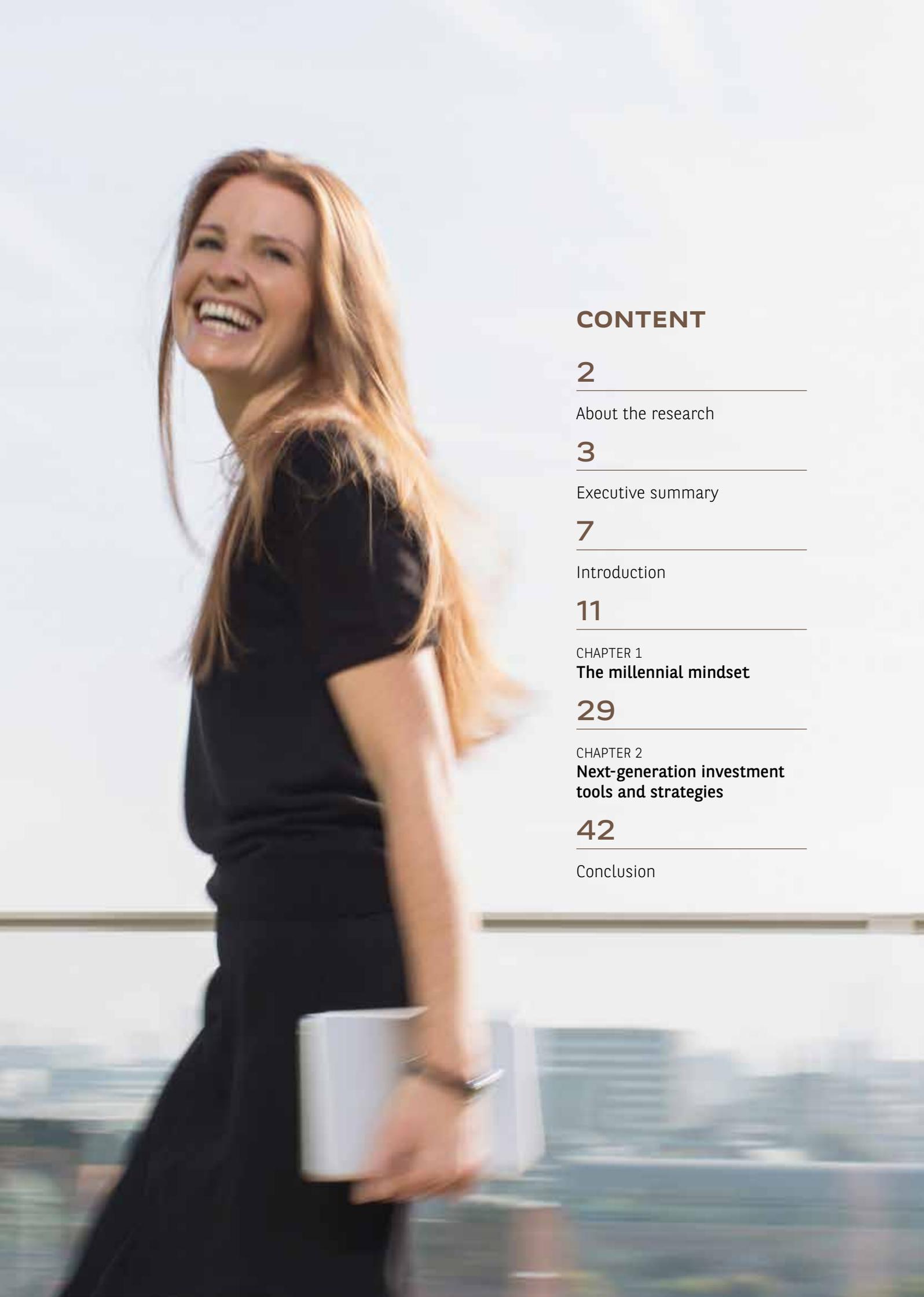
The  
Economist

Intelligence  
Unit



**BNP PARIBAS**  
**WEALTH MANAGEMENT**

The bank  
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world



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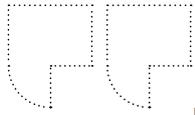
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# FOREWORD

By BNP Paribas Wealth Management



**For a number of philanthropists, philanthropy is a family affair: a means of passing on key values to the next generation as well as giving back or doing good. How are millennials in family foundations, with the weight of legacy on their shoulders, approaching philanthropy?** 

**T**his fascinating generational shift is explored in more detail in the new report *"Passing the torch: Next-generation philanthropists"*, written by The Economist Intelligence Unit and sponsored by BNP Paribas Wealth Management. Based on a number of interviews with international millennial philanthropists and experts in the field, it gives the reader a glimpse into the millennial mindset as well as the key tools, technologies and strategies that they are employing; often breaking with the past and disrupting the status quo.

At BNP Paribas Wealth Management, we are committed to better understanding the profiles and motivations of philanthropists, just as we are committed to advising our clients in their personal philanthropic journey. Our team of dedicated philanthropy advisers in Europe, Asia and the US provides clients with tailored advice as they reflect on, structure, test and establish their philanthropy. Since its creation in 2008, our experts have helped over 800 clients in their philanthropic projects.

BNP Paribas Wealth Management is a responsible private bank and this report forms part of a number of initiatives to promote philanthropy more widely. 2017 marks the 10<sup>th</sup> anniversary of the BNP Paribas Prize for Individual Philanthropy which has honoured remarkable philanthropists from different countries, across a number of causes. We hope the insight gained from this report will prove an inspiration for all – it will certainly help us serve our private clients better.

Until next year.



**Vincent Lecomte**  
Co-CEO Wealth Management



**Sofia Merlo**  
Co-CEO Wealth Management

## ABOUT THIS RESEARCH

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*Passing the torch: Next-generation philanthropists* is written by The Economist Intelligence Unit and sponsored by BNP Paribas Wealth Management. It assesses the shift in approach to philanthropy by the next generation of affluent families, focusing on millennials engaged in their family foundations.

The findings are based on interviews, conducted between November 2016 and January 2017, with affluent millennials and relevant experts.

We would like to thank the following (listed alphabetically) for sharing their insight and experience:

- **Risto Aarnio-Wihuri**, board member, Jenny and Antti Wihuri Foundation
- **Noémie Amisse-de Goÿs**, founder, Amisse Foundation
- **Doug Balfour**, CEO, Geneva Global
- **Melissa Berman**, president and CEO, Rockefeller Philanthropy Advisors
- **Mathew Bishop**, senior editor, The Economist Group
- **Jean Case**, CEO, the Case Foundation
- **Stephanie Cordes**, vice chair, Cordes Foundation

- **Edward Cunningham**, director, Ash Centre China Programmes and the Asia Energy and Sustainability Initiative, John F Kennedy School of Government at Harvard University

- **Amy Gao**, founder, the May Foundation

- **Rachel Gerrol**, co-founder and global curator, Nexus

- **Koon Ho Yan**, founder, EasyKnit Charitable Foundation

- **Lavinia Jacobs**, chair, board of trustees, Jacobs Foundation

- **Sonal Sachdev Patel**, CEO, GMSP Foundation

- **Antoine Vaccaro**, CEO, CerPhi

- **Leyth Zniber**, founder, Impact Lab

The Economist Intelligence Unit bears sole responsibility for the contents of this report. The findings and views expressed in the report do not necessarily reflect the views of the sponsor. Sarah Murray was the author of this report, and Melanie Noronha was the editor.



## EXECUTIVE SUMMARY

The millennial generation is defined by the emergence of technologies that have transformed the way in which they communicate, act and, perhaps most importantly, view the world. Affluent millennials engaged in philanthropy are relying on a host of new tools available today, including social media and data analytics, to advance environmental and social goals. But for those engaged in family foundations which were established generations before them, there are considerations of family legacy.

This report takes a closer look at the motivations and actions of millennials involved in their family foundations, which were created with some of the wealth amassed by high-net-worth individuals and families over the years. The research explores how this generation is striking a balance between the seemingly opposing forces of family legacy and innovation in philanthropy in order to make a measurable impact through their family foundations.

## KEY FINDINGS



**Globally, high-net-worth individuals are giving more to philanthropy.** High-net-worth individuals around the world had wealth estimated at close to US\$60trn in 2015, some of which is being channelled into philanthropy. The Major Giving Index compiled by Wealth-X, which tracks giving by ultra-high-net-worth individuals (UHNWIs), has risen sharply since 2011. The giving culture is strongest in North America, where average lifetime giving among UHNWIs represented 12% of their net worth in 2015, compared with 10% in Asia-Pacific and 9% in Europe, the Middle East and Africa. Family foundations, which account for around 90% of all foundations in many European countries and for just under 50% in the US, are a popular medium for family philanthropy.

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**Millennials from family foundations are not tied to legacy.** They consider the philanthropic traditions established by those who have come before them, and many are keen to retain successful strategies adopted by previous generations. However, others are eager to forge a new path, fully using all the tools and resources at their disposal. These not only include new investment strategies, such as impact investing and ways to measure social impact, but also opportunities for international collaboration and the promotion of achievements in the public domain.

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**Millennials are willing to strike out on their own philanthropically.** Where their objectives are not completely aligned with the family foundations, millennials set up their own foundations or funds to achieve their philanthropic goals. Leyth Zniber established his own investment company to champion causes and models of giving that he believed in after resigning from the family business.

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**Millennials in family foundations rely on social media to get their message out.** Millennials in family foundations use social media channels to promote their own activities and those of the organisations they support, as well as to identify fellows and grantees. Facebook is the most popular channel for family foundations because it does not necessitate the same frequency of messages as Twitter. Others are using more innovative channels to draw attention to their causes: Sonal Sachdev Patel of GMSP Foundation invited victims of acid attacks to join models on the runway at a fashion show.

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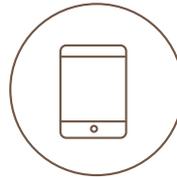
**Millennials are channelling philanthropic funds into for-profit organisations.** These include social entrepreneurs, who are using market-based models to tackle social problems. The Cordes Foundation, with guidance from their 27-year-old vice chair, has invested in Indego Africa, which provides employment opportunities and education for local artisan women. The belief is that supporting entrepreneurship is a more sustainable option, as it creates jobs and helps lift people out of poverty.

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**Even philanthropists in family foundations are interested in social impact investing.** Millennials are increasingly interested in using innovative financing tools and market models such as equity investments and loans, often directed at social enterprises, to make an impact. The Jacobs Foundation, under the leadership of its 36-year-old chair, has invested CHF2.5m in impact finance and plans to increase this to up to CHF6m by 2020.

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**Digital technologies are being used to capture and continuously monitor key performance indicators, allowing philanthropists to measure impact.** Although this is less about millennials *per se* than recent breakthroughs in technology, this generation is characterised as being data-driven and tech-savvy. In family foundations, some millennials are leading the charge in delivering results that are more measurable. A number of new tools and guidelines, such as the IRIS KPI catalogue and the Social Impact Bond Toolkit, are emerging to support better measurement of social impact, particularly for large philanthropic organisations. However, some caution is advisable, as social impact is often hard to measure, and such metrics may preclude necessary financial support for vital projects.

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**The next generation is converging into an international cohort of philanthropists.** While there are regional variations on account of differences in the maturity of the philanthropic sector, particularly between North America and East Asia, millennial philanthropists are becoming increasingly global in the causes they target and the tools they use.

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# INTRODUCTION

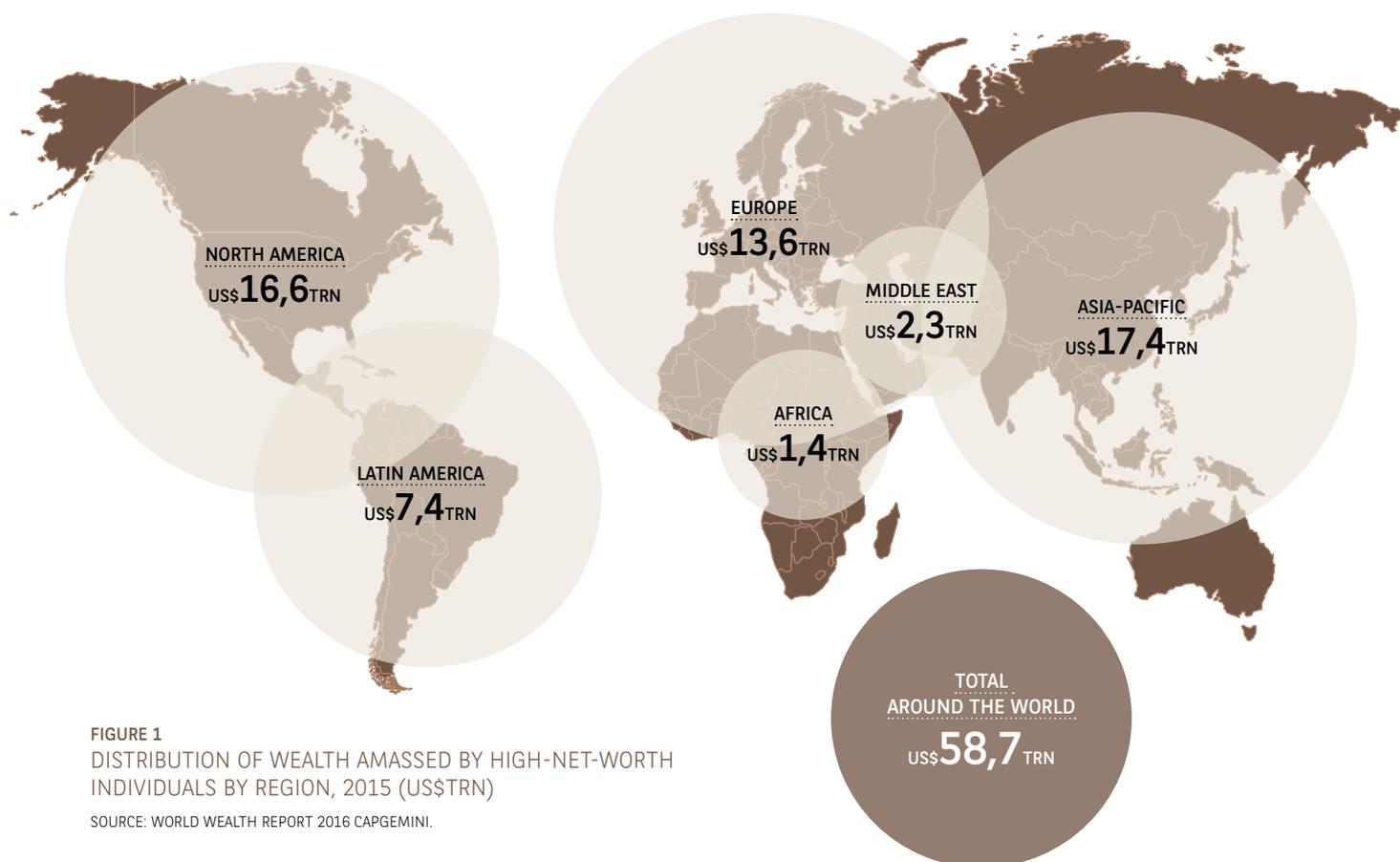


FIGURE 1  
DISTRIBUTION OF WEALTH AMASSED BY HIGH-NET-WORTH  
INDIVIDUALS BY REGION, 2015 (US\$TRN)

SOURCE: WORLD WEALTH REPORT 2016 CAPGEMINI.

A massive shift in wealth from baby boomers to their offspring is about to take place.<sup>1</sup> According to the World Wealth Report 2016 by consultancy Capgemini, the total wealth amassed by high-net-worth individuals (HNWIs) around the world was estimated at US\$58.7trn in 2015.<sup>2</sup> The largest share of this was in Asia-Pacific, followed closely by North America. Accenture, a professional services company, estimates that in the US alone US\$30trn in financial and non-financial assets are likely to be passed on to heirs over the next 30-40 years.<sup>3</sup> These funds will increasingly be passing into the hands of young people, specifically millennials (those born between 1980 and 2000), many of whom are driven by a passion for causes and are ready to use their skills as well as their money in pursuing their missions.

<sup>1</sup> Baby boomers are those born between 1946 and 1964: [http://www.pewresearch.org/fact-tank/2015/05/11/millennials-surpass-generations-as-the-largest-generation-in-u-s-labor-force/ft\\_15-05-11\\_millennialsdefined/](http://www.pewresearch.org/fact-tank/2015/05/11/millennials-surpass-generations-as-the-largest-generation-in-u-s-labor-force/ft_15-05-11_millennialsdefined/)

<sup>2</sup> Capgemini, *World Wealth Report 2016*

<sup>3</sup> Accenture: <http://bit.ly/1UZRIKR>

## DEFINING FAMILY FOUNDATIONS

The Council of Family Foundations defines a family foundation as one whose funds are derived from members of a single family. At least one family member must serve as an officer or board member of the foundation and as the donor.

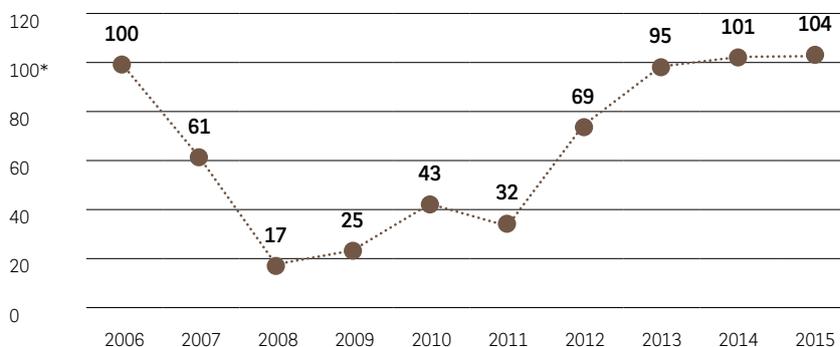
Some of this wealth is being channelled into philanthropic activities, in many cases through established family foundations. They are by no means the only avenue for charitable giving, which can include individual donations and direct involvement in a single cause or organisation. Of the 147,000 foundations in Europe, it is estimated that a majority of these constitute family foundations (approximately 90% in the UK, Germany and Italy; 85% in Poland and Belgium; and 57% in France).<sup>4</sup> This compares with a total of under 90,000 foundations in the US, of which 48% are family foundations.<sup>5</sup>

North America has one of the world's strongest giving cultures. A report by Wealth-X, a research firm which tracks global wealth, estimates total lifetime giving of ultra-high-net-worth individuals (UHNWIs)<sup>6</sup> in North America at US\$315bn, which represents 12% of their net worth.<sup>7</sup> This compares with 9% in Europe, the Middle East and Africa and 10% in Asia-Pacific. In 2014 total giving by US family foundations was estimated at just under US\$26bn.<sup>8</sup> By comparison, in the UK grant spending by family foundations in 2014-15 amounted to only £1.7bn (US\$2.1bn at current exchange rates), according to the Association of Charitable Foundations. This represented 62% of grants made by the top 300 foundations, including corporate and other foundations.<sup>9</sup> Estimates for Germany and Italy stand at €490m (US\$518m) and €90m per year, respectively.<sup>10</sup> In China, where philanthropy through formal family foundations is less established, a total of US\$3.8bn was donated and pledged by affluent individuals in 2015, according to Harvard University's Kennedy School.<sup>11</sup>



FIGURE 2  
TOTAL LIFETIME GIVING OF ULTRA-HIGH-NET-WORTH INDIVIDUALS AS A PERCENTAGE OF NET WORTH

SOURCE: WEALTH-X 2016, CHANGING PHILANTHROPY: TREND SHIFTS IN ULTRA WEALTHY GIVING.



\* Index base year 2006=100

FIGURE 3  
THE MAJOR GIVING INDEX  
(PHILANTHROPY BY ULTRA-HIGH-NET-WORTH INDIVIDUALS GLOBALLY)

SOURCE: WEALTH-X 2016, CHANGING PHILANTHROPY: TREND SHIFTS IN ULTRA WEALTHY GIVING.

<sup>4</sup> [https://www.fondationdefrance.org/sites/default/files/atoms/files/philanthropy\\_in\\_europe\\_2015\\_0.pdf](https://www.fondationdefrance.org/sites/default/files/atoms/files/philanthropy_in_europe_2015_0.pdf)

<sup>5</sup> <http://data.foundationcenter.org/#/foundations/all/nationwide/total/list/2014>

<sup>6</sup> Individuals with investable assets of at least \$30m excluding personal assets and property such as a primary residence, collectibles and consumer durables. <http://www.investopedia.com/terms/u/ultra-high-net-worth-individuals-uhnwis.asp>

<sup>7</sup> Wealth-X (2016), Changing Philanthropy: Trend shifts in ultra wealthy giving

<sup>8</sup> <http://data.foundationcenter.org/#/foundations/family/nationwide/total/list/2014>

<sup>9</sup> ACF: [http://www.acf.org.uk/downloads/publications/ACF123\\_Foundation\\_Giving\\_Trends\\_2016\\_Design\\_AW\\_Web\\_pgs.pdf](http://www.acf.org.uk/downloads/publications/ACF123_Foundation_Giving_Trends_2016_Design_AW_Web_pgs.pdf)

<sup>10</sup> <http://journals.sagepub.com/doi/pdf/10.1177/0894486515610962>

<sup>11</sup> Ash Center: <https://chinaphilanthropy.ash.harvard.edu/en/overview>



The bulk of this giving is still dictated by older generations, but this is expected to change over time. What impact will this have on how philanthropic activities are managed in the future?

While many cite young people's hunger for making a difference, with the expectation that this millennial generation will be more generous, it is still too early to draw definitive conclusions on millennial largesse. There is already a shift in the approach to philanthropy noticeable among those who are increasingly engaged in their family foundations. Unlike many older philanthropists, this globally connected and tech-savvy cohort is not content with just writing a charitable cheque. They see their skills, networks and for-profit investments as part of how they make an impact with philanthropy. Understanding the millennial mindset is therefore essential. The next chapters of this report explore in depth the motivations of millennials involved in family foundations and the impact this has on investment and management decisions.



A young man with short dark hair, wearing a white t-shirt and light-colored pants, is sitting on a white modern chair at a table. He is looking to his left with a thoughtful expression, his hand near his chin. The background is a warm, orange-toned interior space with a whiteboard and some papers on a table. The overall mood is professional and collaborative.

## CHAPTER 1

# THE MILLENNIAL MINDSET

**14** BELIEF IN SOCIAL  
ENTREPRENEURSHIP

**16** A GLOBAL APPROACH

**18** A DESIRE FOR NOW

**20** ONLINE AND WILLING  
TO SHARE

**22** A COLLABORATIVE  
CULTURE



## FAMILY LEGACY

**T**he next generation leading family foundations is a unique cohort. They sit at the crossroads between the forces driving the millennial generation and the weight of their families' legacies.

The emergence of new technologies, particularly the combined power of mobile phones and the Internet, has defined this generation. It has spawned an on-demand, data-driven economy, where people have instant access to global information sources. Their global outlook is further supported by the ease of travel and the ability to engage with people from around the world through social media. In general, this almost ubiquitous acceptance of social media makes them more inclined to share personal experiences in the public domain. This has transformed how young people, particularly those who have recently acquired vast wealth, approach philanthropy.



**The newer generation is influencing some of the thinking and practices of those in the previous generation. In past generations, where wealth was passed down, it didn't always work this way.** 

**Jean Case**, CEO, the Case Foundation

But for millennials carrying the torch of their families' legacies there are other considerations. "It can be hard for the newest generation to figure out a way to bring themselves into the room in a way that doesn't feel disrespectful to the people who have come before them," explains Melissa Berman, president and chief executive of Rockefeller Philanthropy Advisors.

Experts on family foundations explain that in the past, when wealth was passed from one generation to the next, there were far more constraints. "The newer generation is influencing some of the thinking and practices of those in the previous generation," says Jean Case, the CEO of the Case Foundation,<sup>12</sup> whose

Millennial Impact Project studies millennials and their involvement with causes.<sup>13</sup> "In past generations, where wealth was passed down, it didn't always work this way," she notes.

However, some next-generation philanthropists have faced resistance from older family members. "I've seen over time the older generation come along and be hesitant to accept new ideas and everything in between," says Ms Case. Intergenerational tensions in family foundations are nothing new though, says Ms Berman. "It's often hard for parents and grandparents to remember that, when they came on the scene, they were change agents, too." But all this is evidence that the battle between legacy and innovation persists.

<sup>12</sup> Bio: <http://casefoundation.org/profile/jean-case/>

<sup>13</sup> Millennial Impact Project: <http://www.themillennialimpact.com/about/>



**In families with a long history of philanthropy, the next generation would like to remain aligned with their parents while injecting some modern practices.**

**Antoine Vaccaro**, CEO of CerPhi,  
a centre for philanthropy research in France

When their goals are not aligned, the next generation sets up independent organisations to chart their own course. One of these is Leyth Zniber, the founder of Impact Lab in Morocco, an investment company he set up after resigning from the family business, Diana Holding. He explains his decision not to join his mother’s philanthropic work, an orphanage: “It’s a great cause, but it’s not what I want to dedicate myself to. The reason why I’ve created Impact Lab is that I believe with intelligent business you can actually solve deep societal problems.” Setting up his own investment company is a way to achieve this, but it deviates from his family’s philanthropy. “My goal is that I don’t want it to be a family project,” says Mr Zniber. “I want it to be something that is beyond just my last name.”

Millennials often refer to their family foundation as a vehicle through which to preserve culture and family values, further evidence that legacy is still a factor, if not a priority. “[Giving] is so much a part of our family culture,” says 37-year-old Sonal Sachdev Patel, who runs GMSP, a UK-based foundation created by her Indian parents. “That’s the reason for wanting to carry on.” She is keen to retain successful strategies that she has learned from her parents, particularly the importance of having a presence on the ground and actively engaging with people whose lives they hope to improve.

“In families with a long history of philanthropy, the next generation would like to remain aligned with their parents while injecting some modern practices,” observes Antoine Vaccaro, the CEO of CerPhi, a centre for philanthropy research in France. With millennials increasingly in the driver’s seat, they are keen to craft their own legacy and are breaking the mould in their philanthropic pursuits. Some are transforming existing foundations to be compatible with new philanthropic priorities and methods of delivery. Our research has identified five new motivations underpinning a shift from the philanthropy of the past.

FIGURE 4  
NEW MILLENNIAL  
MOTIVATIONS



**Belief in social entrepreneurship**



**A global approach**



**A desire for now**



**Online and willing to share**



**A collaborative culture**



## BELIEF IN SOCIAL ENTREPRENEURSHIP

While previous generations of philanthropists were also committed to social causes, many did not pursue the idea of giving to a for-profit organisation. However, the idea of funding social entrepreneurs, who are using market-based models to tackle social problems, is appealing to next-generation philanthropists. “We are seeing a greater interest from the next generation to go beyond the narrow circle of non-profits and charitable associations to support or even invest in social enterprises,” says Mr Vaccaro. “Being business leaders themselves, they are more interested in entrepreneurship.”

The influence from millennial wealth creators is also significant. Philanthropic efforts from the likes of Mark Zuckerberg, the founder of Facebook, and Pierre Omidyar, the founder of eBay, are prime examples. Matthew Bishop, a senior editor at The Economist Group and co-author of *Philanthrocapitalism: How Giving Can Save the World*, explains: “This is exerting a lot of peer pressure on millennial wealth inheritors to be much more ambitious, serious and entrepreneurial in their giving.”

**I am convinced that it's essential for a woman to be independent. Women can be more productive if they are recognised for their work. Sustainability is something we watch out for.**

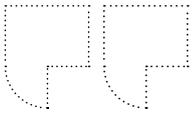
**Noémie Amisse-de Goÿs,**  
the 36-year-old founder of Amisse Foundation

Here, the options for philanthropic investment are broadening. Some young philanthropists are investing directly in social entrepreneurs or are even setting up their own social enterprises. Stephanie Cordes, the 27-year-old daughter of Ron and Marty Cordes, who established their Cordes Foundation<sup>14</sup> in 2006, argues that supporting social entrepreneurs enables people to lift themselves out of poverty rather than relying on charity. The foundation makes grants to organisations such as Indego Africa, which provides employment opportunities and education for artisan women in Africa.<sup>15</sup> Noémie Amisse-de Goÿs, the 36-year-old founder of Amisse Foundation (established with funds from the sale of her father's business), supports women in India who want to start their own business. “I am convinced that it's essential for a woman to be independent. Women can be more productive if they are recognised for their work. Sustainability is something we watch out for.” Ms Amisse-de Goÿs is also more directly engaged with social businesses. She has created a renewable-energy heating company and launched a range of organic cosmetics with an ecodesign approach.

The growing interest in social enterprises is apparent among those who have broken away from the family's traditional philanthropic activities as well. Mr Zniber, through Impact Lab, has invested in a for-profit snail farming project in Morocco, with the aim of providing economic inclusion for rural women. “They needed an activity that was simple enough, that didn't take them away for too long from other work,” says Mr Zniber. “A snail farm doesn't require much work, and you can start on a very small scale. In addition, there is a real snail market in Europe and a competitive advantage to producing snails in Morocco. So it fits the reality of Morocco.”

<sup>14</sup> Cordes Foundation: <http://cordesfoundation.org>

<sup>15</sup> Indego Africa: <https://indegoafrica.org/about>



**There is a strong sense that they want to support creative people and artists. But there’s less of a sense that they want to support the institutions that have traditionally received the lion’s share of arts funding.**

**Melissa Berman**, president and CEO, Rockefeller Philanthropy Advisors

Ms Case identifies several emerging sectors that young philanthropists are drawn to, particularly when they are approached by entrepreneurs: FinTech (using technology to bring financial services to underserved communities); EdTech (using technology to expand access to education among low-income communities); food and agriculture (providing access to healthy, affordable food and support for smallholder farmers); and energy (providing affordable access to clean power sources for poor and off-grid communities). Mr Zniber explains that he is interested in “green” innovation, which involves developing processes and using technology aimed at minimising waste. Projects include “green” agriculture or building components of a smart city.

For those who are unable to engage directly, it is possible to give to the growing number of organisations which support and fund social entrepreneurs. Examples of these include Acumen, which invests in enterprises tackling global poverty, and Ashoka, which provides incubation support for social entrepreneurs.

Meanwhile, traditional beneficiaries such as arts institutions are of less interest, experts observe. “There is a strong sense that they want to support creative people and artists,” says Ms Berman. “But there’s less of a sense that they want to support the institutions that have traditionally received the lion’s share of arts funding.”



FIGURE 5  
EMERGING SECTORS SUPPORTED BY YOUNG PHILANTHROPISTS



**FINTECH**

Using technology to bring financial services to underserved communities



**EDTECH**

Using technology to expand access to education among low-income communities



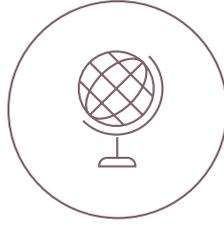
**FOOD AND AGRICULTURE**

Providing access to healthy, affordable food and support for smallholder farmers



**ENERGY**

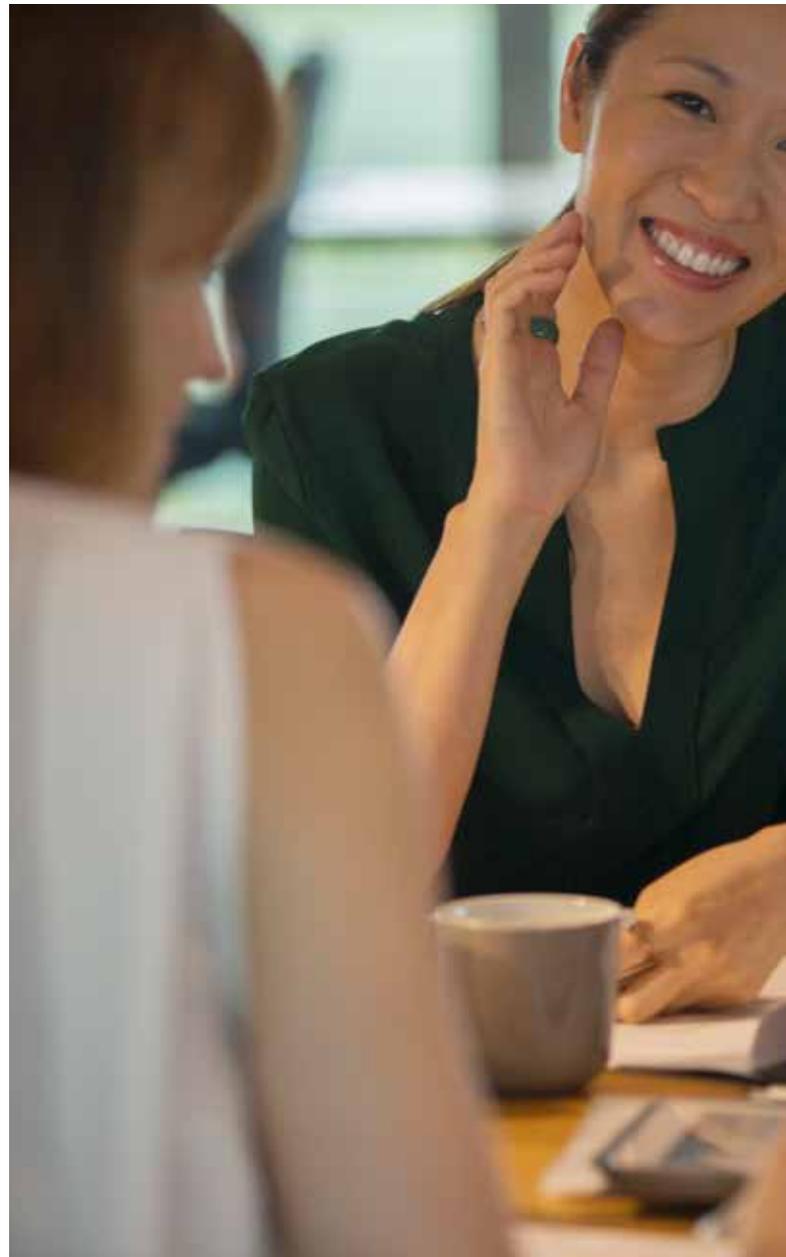
Providing affordable access to clean power sources for poor and off-grid communities

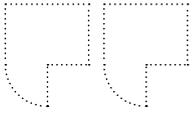


## A GLOBAL APPROACH

Technology has been the primary driver connecting young philanthropists with causes around the world. Ease of travel and access to real-time international news through social media and online news publications serve as a window into some of the world's most pressing issues—from the Syrian refugee crisis to human trafficking in Asia. Among these is the United Nations Virtual Reality app, which gives a 360-degree view of the struggles of children in Gaza, Syria and Africa. A desire to bring about change, backed by the resources of their family foundations, has led many in this generation to turn their attention to causes in distant parts of the world. The Jacobs Foundation in Switzerland, led by 36-year-old Lavinia Jacobs, has directed all its recent social impact investments at initiatives in Côte d'Ivoire in Africa. "That's another sea change," says Ms Case. "If you look at how much philanthropy has gone global from traditional sources, it's not much. If you look at the focus on profit and purpose of this generation, it's stunning how much is going to global issues and causes."

This is even true in China, which has a relatively underdeveloped philanthropic sector, says Edward Cunningham, director of the Ash Centre China Programmes and the Asia Energy and Sustainability Initiative at Harvard University's John F Kennedy School of Government. "The first generation tends to be very local, and most give within their province," says Mr Cunningham, who studies the rise of Chinese private wealth and philanthropy. "The millennials tend to be more dispersed and international."





**The first generation tends to be very local. The millennials tend to be more dispersed and international.** 

**Edward Cunningham** director, Ash Centre China Programmes and the Asia Energy and Sustainability Initiative, John F Kennedy School of Government at Harvard University

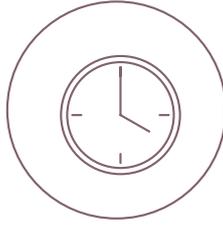
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This may simply be due to technological advances. For example, new online giving platforms connect philanthropists directly with beneficiaries anywhere in the world. Kiva has been a pioneer in this respect, allowing donors to make online loans to small businesses in the developing world.<sup>16</sup> Over the course of the loan, lenders can receive e-mail updates, images and videos from their borrower. While Kiva and other crowdsourcing websites such as [betterplace.org](http://betterplace.org) are designed for small donations, some accept donations from foundations as well.<sup>17</sup> Technology also enables affluent next-generation philanthropists to engage in ongoing communication with beneficiaries, something they find appealing. “It’s easy to get on Skype with our [grantee] partners,” says Ms Sachdev Patel. “I feel so much more connected with what they’re doing.”

<sup>16</sup> Kiva: <https://www.kiva.org>

<sup>17</sup> <http://time.com/money/4246533/microloan-small-business/>



## A DESIRE FOR NOW

There was a time when distributing philanthropic funds was something the wealthy embarked on after a lifetime spent amassing those funds. This started to change with the previous generation and is increasingly picking-up pace with young philanthropists today. The millennial desire for “now” is shaped by an economy that gives them most things—from transport to television shows—on demand. They want to “live their giving”. Among them is 36-year-old Amy Gao, who founded the May Foundation with Rmb10m (US\$1.4m)<sup>18</sup> from the publicly listed company, Anxin Trust, of which her family company is the major shareholder. “It’s not just about writing a cheque or waiting until you are 60 before starting your philanthropy,” she says. “My thinking is, why do I have to wait so long before giving back?” Millennial philanthropists around the world appear to echo this sentiment. Ms Amisse-de Goÿs, based in France, says: “I didn’t want to wait, because I had this possibility to create the foundation now. There are many countries where people are suffering, and I think it’s an emergency. We have to act now, not to wait 20 years.”

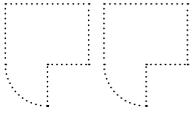
For some, it’s the ability to combine their passions with philanthropy. Moving from a career in fashion, Ms Cordes, through the Cordes Foundation, now supports textile businesses run by women, such as Indego Africa and Nomi Network, as well as Remake, an ethical fashion movement. “I had always known I’d be involved later, but I didn’t think I’d be involved full-time at such a young age,” she says.

This was part of the reason why Rachel Gerrol co-founded Nexus, an international network of more than 3,000 young philanthropists, social entrepreneurs and investors, many of

whom have inherited their family’s foundation. She and her co-founders felt that governments and large development organisations tended to work very slowly on social change. “We wanted to empower a new generation to start using their philanthropy and capital for change today,” she says.

Next-generation philanthropists are keen to take a hands-on role in the causes and organisations they support. As well as working with her parents to select grants and investments, Ms Cordes often engages directly with the non-profits that the foundation supports.

<sup>18</sup> At an exchange rate of US\$1:Rmb6.947 on December 20th 2016, Bank of England.

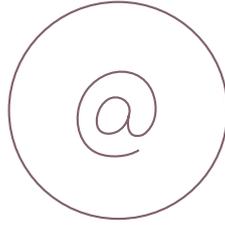


**My thinking is why do I have  
to wait so long before giving back?** 🏠

**Amy Gao**, founder, the May Foundation

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## ONLINE AND WILLING TO SHARE



Like their parents, millennial philanthropists want to leave their mark, but not as the previous generation did—by naming a school building, hospital or scholarship. “That’s not cool anymore,” says Doug Balfour, chief executive of Geneva Global, a philanthropic advisory firm.

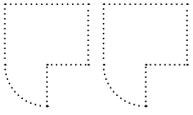
Digital technology and social media have enabled the next generation to broadcast their giving globally, which would have been unacceptable to many previous generations of philanthropists. Many traditional family foundations lack even a website. In the US, for example, where two-thirds of private foundations have less than US\$1m in assets,<sup>19</sup> fewer than 10% have a website.<sup>20</sup> It is possible to estimate that this percentage is far lower for family foundations in Asia.

Many millennial philanthropists in family foundations have Twitter and Snapchat accounts and are not averse to using these to announce initiatives and achievements of their philanthropic activities. Mr Balfour attests to this: “Having massive social media attention with a presence for what they’re doing will still be important. So they’re looking for significance, but they’re finding it in different places.”

These platforms are used not only to promote foundations’ activities, but the work of their partners as well. Ms Sachdev Patel identifies their key objectives with social media: “To raise awareness of certain issues, such as violence that women face; to raise the profile of our partners that are doing impactful work; and to keep abreast of the issues in the areas we are working in.”

<sup>19</sup> SSIR: [http://ssir.org/articles/entry/think\\_you\\_know\\_private\\_foundations\\_think\\_again](http://ssir.org/articles/entry/think_you_know_private_foundations_think_again)

<sup>20</sup> Glass Pockets: <http://blog.glasspockets.org/reporting-commitment/>



Having massive social media attention with a presence for what they're doing will still be important. So, they're looking for significance but they're finding it in different places. 🏠

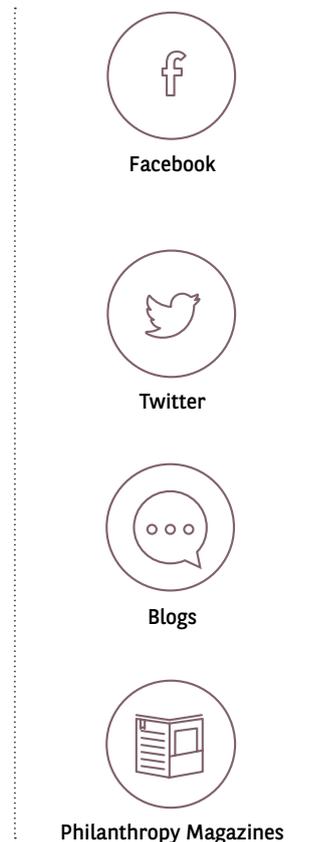
**Doug Balfour**, chief executive, Geneva Global

In addition, social media are becoming a source of identifying new partners for their activities. Ms Cordes explains: "We have actually found a number of our Cordes fellows and select grantees through interactions started on social media."

Facebook is a more frequently used platform than Twitter or Snapchat, even among more traditional foundations. Part of the reason is "taking it one step at a time", as Risto Aarnio-Wihuri, 41-year-old board member of the Finnish Jenny and Antti Wihuri Foundation, explains. "I'm actually amazed that we are on Facebook, but we are!" Furthermore, he explains, Twitter is more suitable for organisations and individuals that post messages more frequently than a family foundation. "Twitter works better if you have something happening frequently, like politicians who use it every week or nearly every day. If you use it once a month or bi-monthly, I don't think you would get too many followers."

Others are finding new ways to bring the causes they care about to the attention of the public. As part of London Fashion Week in 2016, for example, Ms Sachdev Patel found a very public way to raise the profile of female victims of acid attacks—by inviting these women to join models on the catwalk of Rise on the Runway, a show GMSP staged with the British Asian Trust. "Historically we wouldn't have done something so public," says Ms Sachdev Patel. "My attitude is that we need to talk about these issues, as this is the first step to creating real and lasting change. And we have to collaborate because we're not going to change this by ourselves." Mr Balfour sees a generation that is using new technologies and techniques to draw attention to their work. "They're not interested in promoting an institution," he says. "They're more interested in an issue getting fixed."

FIGURE 6  
MOST POPULAR CHANNELS  
TO RAISE PUBLIC AWARENESS





## A COLLABORATIVE CULTURE

Following on from promoting causes in order to solve social issues, millennial philanthropists are also open to a collaborative approach to getting things done. Mr Vaccaro of CerPhi believes this is a defining characteristic of millennial philanthropists in family foundations. Some form their own networks rather than turning to existing organisations. For example, Ms Sachdev Patel co-founded She Impacts, a small group of women who run foundations and meet every month to talk about philanthropy, share their experiences and look for co-funding opportunities. “It’s a really good forum,” she says. “We’re a group of women who support each other to be more effective in our social impact.”

One of the most prominent examples of networking and collaboration is Nexus, where individuals and foundations come together to share their experiences. In the past five years more than 20 summits have been held at the White House and the United Nations, as well as in Europe, Brazil, Australia, Thailand, Singapore, China and the Caribbean.<sup>21</sup> For Ms Gerrol and others like her, collaboration is a way of increasing impact. “As funders, it’s not a competition,” says Ms Cordes. “If you’re excited about an organisation and you want them to grow, you need to spread the word about their cause and connect them to other funders.”

In this way, through increased crossborder collaboration, these millennial philanthropists are gradually converging into an international cohort of philanthropists.

Regional variations do exist, however, reflecting the relative maturity of the philanthropic sector and cultural attitudes to wealth and family legacies. In Asia, the predominance of family businesses has created a strong culture of passing on a philanthropic legacy to the next generation. Yet not all Asian countries have established a robust philanthropic sector. “In China, we’ve just started,” says Ms Gao. “We’re in a very early-stage period of young people realising we need to do more for society.”

European philanthropists have a strong interest in social entrepreneurship and venture philanthropy, promoted by organisations such as the European Venture Philanthropy Association, which was set up in 2004. The UK has been a pioneer when it comes to new vehicles such as impact investing. For example, Social Finance, a non-profit set up to develop a social investment market, was first established in the UK in 2007, with the US branch only being established in 2011. Social impact bonds exist in other European countries including Belgium, Germany and France.

Technology, social media, travel and international education are breaking down perceptions of national or regional borders, making regional differences in the philanthropic landscape less stark. “What we’re seeing is a rich globalised generation that think more similarly than they do differently,” says Mr Balfour. “A Middle Eastern millennial may have more in common with a Singaporean millennial than they may have even with older family relatives – and that extends to their philanthropic beliefs.”

**What we’re seeing is a rich, globalised generation that think more similarly than they do differently.**

**Doug Balfour**, chief executive, Geneva Global

<sup>21</sup> LinkedIn: <https://www.linkedin.com/in/rachelgerrol>



If you're excited about an organisation and want them to grow, you need to spread the word about their cause and connect them to other funders. 🏡

**Stephanie Cordes**, vice chair, the Cordes Foundation

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MILLENNIAL PROFILE  
**KOON HO YAN**

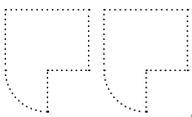
## KEEPING IT IN THE FAMILY

Family is at the centre of the EasyKnit Foundation's activities. For 32-year-old Koon Ho Yan, who set up the foundation named after the family business in Hong Kong, it was an opportunity to "align my passion with the interest of the group". All the initiatives they support are funded from the profits of two businesses under the EasyKnit Group, which was founded by her father and started out as a garment trading company but has now expanded to include real estate and finance.

Ms Yan observes that large family businesses in Hong Kong are well placed to engage in philanthropic activities. "I think it's very well-structured in Hong Kong, to the extent that it's easy for a big business like us to start up a foundation," she explains. She believes their familiarity with legal and banking requirements helps them navigate more easily through the complexities of setting up and running a foundation.

The EasyKnit Foundation also relies on the expertise and views of the company board members and family members to review and approve projects. "I will have to find a project, come up with a proposal and estimate how much money I will need. I then present it to the board for approval. It's done on a project-by-project basis." In this way, Ms Yan was able to secure financial support for the J Life Foundation, which aims to alleviate child poverty and provide support for low-income families in Hong Kong.

But for Ms Yan it goes beyond the formalities of the review and approval process. It is a way to channel her family's values into efforts to improve the lives of other families. "Doing it as a family really helps. We grew up together and have our own bond. What makes a family so different from anything else is the support within. We review it together and decide whether or not we want to go forward."



Doing it as a family really helps. We grew up together and have our own bond. What makes a family so different from anything else is the support within. We review it together and decide whether or not we want to go forward. 🏠

**Koon Ho Yan**, founder, EasyKnit Charitable Foundation

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## MILLENNIAL PROFILE

## SONAL SACHDEV PATEL

## TRADITION WITH A TWIST

“When my parents came to the UK, they had nothing. But they always gave whatever they had,” says Sonal Sachdev Patel. “It wasn’t big, grand philanthropic gestures, but within our community, whatever they could do, they would do it. I have watched this example of giving growing up, and it has inspired me.”

UK-born, 37-year-old Ms Sachdev Patel still feels a strong connection with her family’s Indian roots. And part of that includes a commitment to philanthropy. A former strategy consultant, she now runs the GMSP Foundation, established in 2006 by her parents, Ramesh and Pratibha Sachdev, with the wealth they had accumulated primarily through Lifestyle Care, a successful home care business. The foundation is active in India, where it focuses on investing in women and girls, and in the UK, where it supports black, Asian and minority ethnic (BAME) women who face gender violence.

Ms Sachdev Patel—who started working full-time at the foundation two years ago—has not pursued a radically different

philanthropic path from that of her parents. Connections with India still guide their giving strategy, with much of the foundation’s funds directed to Gujarat, the family’s home state. With more than £8m in funds distributed so far, the foundation supports organisations that help women and girls.

From her parents, Ms Sachdev Patel learned the art of humility. She cites a grant supporting the development of an app designed to promote maternal health. While women loved it, she says, much of the advice it delivered could not be followed since many women lacked access to folic acid or clean water. “Their issues were a lot more basic,” she says. “So the lesson from my parents is about getting on the ground and listening. Mutual respect and partnership is key” she says.

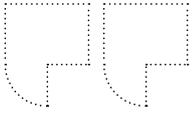
But while she sees her role as essentially continuing the family giving tradition, Ms Sachdev Patel is also harnessing digital tools, such as Facebook and Twitter, to spread the word about the causes the foundation supports and to increase the impact of their funds.

In being more public about the causes the family supports, Ms Sachdev Patel is forging a new path. “They were very private, and my mother felt that speaking about what they were doing took away from the beauty of giving” she explains. “I don’t look at it like that—if you talk about the issues, you can engage other people in helping solve the problems we face.”

When thinking about the future, the family’s focus is on passing on these values to the grandchildren by taking them on trips to visit grantees in India and engaging them with social causes in the UK. “We want them to be good human beings” she says. “We hope they’ll continue but they’re still really young, so it’s a work in progress.”

**So the lesson from my parents is about getting on the ground and listening. Mutual respect and partnership is key.**

**Ms. Sachdev Patel**, CEO, GMSP Foundation



They were very private, and my mother felt that speaking about what they were doing took away from the beauty of giving” she explains. “I don’t look at it like that – if you talk about the issues, you can engage other people in helping solve the problems we face. 🙌

Ms. Sachdev Patel, CEO, GMSP Foundation

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A person wearing a light blue sweater is looking at a tablet computer. The tablet is held by another person's hands. On the table in front of them are several printed photographs or images. The background is a blurred office or meeting room with a window showing blinds.

CHAPTER 2

# NEXT GENERATION INVESTMENT TOOLS AND STRATEGIES

**30** IN PURSUIT OF IMPACT

**33** A RESULTS-DRIVEN COHORT

**34** DIGITAL PHILANTHROPY TOOLBOX

## IN PURSUIT OF IMPACT

The shift in the approach to philanthropy is demonstrated by the investment strategies and tools adopted by family foundations in which millennials are playing an increasingly active role. Family foundations often invest the bulk of their endowment in conventional investments, such as real estate, stocks, bonds and mutual funds to generate returns to sustain the endowment and support their grant-making activities.

Millennials, however, are increasingly interested in using innovative financing tools and market models to make an impact. They are seeking digital and data-driven tools that allow them to support initiatives and social entrepreneurs in distant parts of the world to bring about real social change. In fact, the interest in simple donations as the principal philanthropic tool declines among younger age groups, according to a study by Blackbaud, a supplier of software and fundraising services to non-profit organisations.<sup>22</sup> In the survey, 48% of older donors and 45% of baby boomers said financial donations made the biggest difference, while only 36% of Generation X and 25% of millennials agreed.<sup>23</sup> “We find them more engaged in the philanthropy venture, social enterprises, social impact investing” says Mr Vaccaro. “They are interested in models that are self-sustaining in the long term.”

There are broader benefits for family foundations as well. “Impact investing can help bridge the generation gap in families, as it allows younger family members to pursue good goals, while the need to try to do so profitably can reduce the fears of older generations that the youth will squander their hard-earned money” says Mr Bishop. This is happening against the backdrop of a growing impact investment industry, which is increasingly blurring the lines between philanthropy and investment.

Some millennials engaged in their family foundations are leading the charge. Ms Jacobs, who heads the Jacobs Foundation in Switzerland, has made forays into impact investing allocating CHF2.5m (US\$2.5m at current exchange rates) to three impact investments in 2016, with plans to invest a total of CHF6m by 2020 in impact finance, including equity investments and loans. Specifically, these include the creation and management of an

education impact fund, seed capital for a portfolio of EdTech companies, and funding for microfinance institutions to expand their education products portfolio, all in Côte d’Ivoire.

### DEFINING IMPACT INVESTING

Impact investments are those made into companies, organisations and funds with the intention of generating social and environmental impact alongside financial return.<sup>24</sup> There is increasing evidence that socially responsible investing and impact investing can also deliver healthy financial returns: a report by the Global Impact Investing Network revealed that in 2015 the financial performance of impact investments was in line with the expectations of 70% of the investors surveyed and outperformed the expectations of 15%.<sup>25</sup> These investments can take the form of debt, including green or social impact bonds, or equity such as direct investments in companies active in energy efficiency or water treatment.<sup>26</sup>

<sup>22</sup> The study refers to millennials as Generation Y (those born between 1980 and 1995)

<sup>23</sup> The Next Generation of American Giving:

<sup>24</sup> [https://thegiin.org/assets/GIIN\\_Impact%20InvestingTrends%20Report.pdf](https://thegiin.org/assets/GIIN_Impact%20InvestingTrends%20Report.pdf)

<sup>25</sup> [https://thegiin.org/assets/GIIN\\_Impact%20InvestingTrends%20Report.pdf](https://thegiin.org/assets/GIIN_Impact%20InvestingTrends%20Report.pdf)

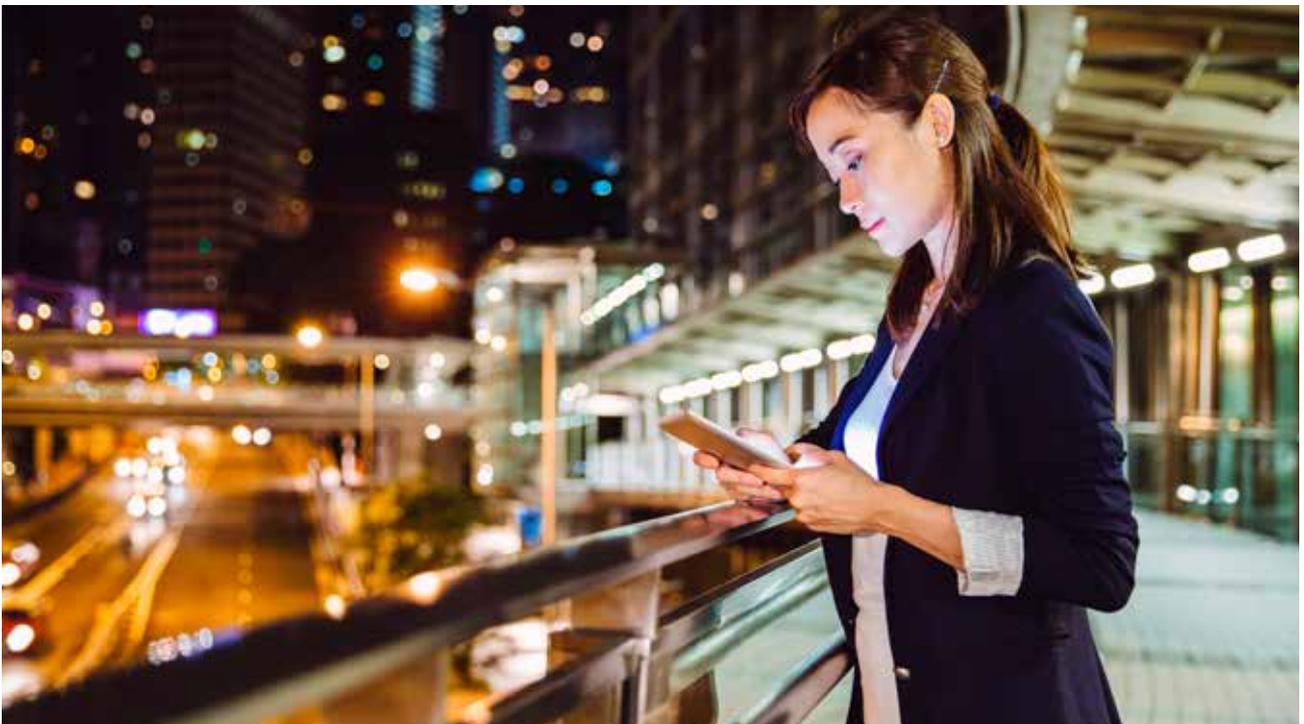
<sup>26</sup> Impact bonds are debt instruments, most commonly referred to as green or social bonds, which associate the proceeds of a bond issue to environmental or social activities, creating ring-fenced debt finance for green and social investments. [http://www.ey.com/Publication/vwLUAssets/ey-impact-bonds/\\$FILE/ey-impact-bonds.pdf](http://www.ey.com/Publication/vwLUAssets/ey-impact-bonds/$FILE/ey-impact-bonds.pdf)



Ms Cordes, in the US, is working to shift all the foundation's investments into impact investments. Howard Warren Buffett, the 33-year-old grandson of Warren E Buffett, is an executive director at the family foundation, The Howard G Buffett Foundation, and is championing social value investing.

Even in China, where impact investing is in its infancy, Mr Cunningham sees a rising interest among the younger generation in using new financial tools for good, particularly

as that generation becomes more involved in international business transactions. "Millennials are more fluent in financial instruments and much more aware of international mechanisms, tools and legal regimes such as trusts, family offices and donor-rated funds," he says. "You see the rise of people in their late 20s to early 40s beginning to engage with impact-investing products as China builds those products domestically."



**Millennials are more fluent in financial instruments and much more aware of international mechanisms, tools and legal regimes such as trusts, family offices and donor-rated funds.** 

**Edward Cunningham**, director, Ash Center China Programs and the Asia Energy and Sustainability Initiative, Harvard Kennedy School

## A RESULTS-DRIVEN COHORT

A key component of impact investment is measurement. Ms. Amisse-de Goÿs explains: “I think it’s very important. If you want to be effective, you have to see what works and what doesn’t work.” Key metrics considered by Mr Zniber for his snail farming project in Morocco include the number of women involved, the increase in their earnings and other indirect benefits. For instance, he says, “the farm now has earned enough money to buy a couple of washing machines. Those washing machines do not create jobs for them, but at least it’s giving them free time to perhaps do something else.”

A number of new tools are emerging for philanthropic foundations that facilitate the ongoing monitoring of project performance and the overall social return on investment (ROI). One example is IRIS, an online catalogue of key performance indicators (KPIs) compiled by the Global Impact Investing Network for social projects such as a healthcare facility, a school, a clean-energy power station, an affordable housing community, among others. The Social Impact Bond Toolkit, developed by the Centre for Social Impact Bonds, presents an array of tools for philanthropists to understand and assess social impact bonds quickly and cost-effectively. In instances where these tools do not provide the necessary metrics, foundations such as the Jacobs Foundation in Switzerland develop their own system to track KPIs. “We are not using classic social impact tools but have developed our own system,” explains Ms Jacobs. “We have set seven strategic goals—with 3-5 KPIs for each goal—to be achieved by 2020.”

Other foundations are developing mobile apps to allow remote monitoring of KPIs, such as the number of meals served or hours taught. Part of the success of websites such as Kiva is that they allow donors to see the results of their gifts. This desire to ensure effectiveness of giving is a symbol of a generation that is not prepared to write a cheque without knowing how those funds will make a difference.

“The question is whether non-profits can offer more quantitative data to demonstrate how your dollars are being used,” says Ms Gerrol. “If non-profits can rise to the challenge of getting more sophisticated in their data, then it will drive more people to give.”

However, assessing social and environmental impact remains challenging, according to Ms Cordes. “It depends on what you’re trying to accomplish—there’s no one blanket approach. Measurement is greatly talked about, but it’s hard to measure social impact. We always ask if a grantee is on a path towards sustainability, and we check up on that as they’re working towards it.”

Some caution against the use of impact metrics in philanthropy may be advisable. Mr Aarnio-Wihuri, whose family foundation also supports medical research, tells his story: “Eight years ago, when I first joined the foundation, I was interested in trying to identify which investments got the best results. Now, several years later, I’ve changed my thinking. It doesn’t matter if the project has an immediate or specific impact because even if we fund unsuccessful research, it still might actually help other researchers get to their next project, and that might be a great one. But if they don’t get the funding for the first one, then they will never get ahead.”



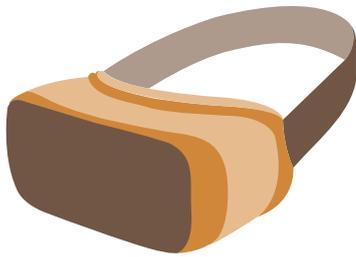
**I think it’s very important.  
If you want to be effective,  
you have to see what works  
and what doesn’t work.**

**Noémie Amisse-de Goÿs**, founder, Amisse Foundation

# DIGITAL PHILANTHROPY TOOLBOX

The tools to make a real social impact are now available. The Economist Intelligence Unit presents a collection of the most innovative tools for philanthropists, impact investors, charities and non-profit organisations.

## INFORMATION TOOLS



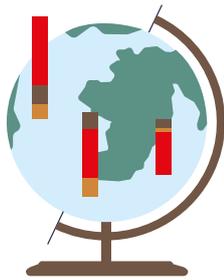
### UNITED NATIONS VIRTUAL REALITY

This app allows you to step into the lives of Sidra, a 12-year old girl living in the Zaatari Refugee Camp, home to 130,000 Syrians fleeing violence, and Decontee Davis, an Ebola survivor caring for orphaned children in Liberia. A series of eight-minute virtual reality films provides a 360-degree view of some of the world's most pressing humanitarian issues.



### EUROPEAN FOUNDATION CENTRE DATA MAP

This map-based tool provides users with key information about the foundation sector in Europe, as well as select countries in other parts of the world. Country profiles include answers to frequently asked legal and fiscal questions; total foundation assets and expenditure; foundation employment figures; individual profiles of member foundations in each country.



### HUMAN RIGHTS GRANT-MAKING INTERACTIVE

The regional map and interactive infographic showcases the total number and value of grants made to advance human rights. Users can interact with the map or the interactive website to review details of grants made by region, issue, community and strategy type. Issues covered include access to justice, labour rights, freedom from discrimination, freedom from violence, among others. The data cover more than US\$2bn worth of grants made by over 800 organisations.



### HUMAN NEEDS INDEX

For each US state, the index provides visibility on poverty trends and social services provided, analysing data across seven indicators including meals, clothing, medical and energy bills. The index covers thousands of communities updated every month, which provides specific and timely data for policymakers, social service providers, researchers and philanthropists.



Learn more

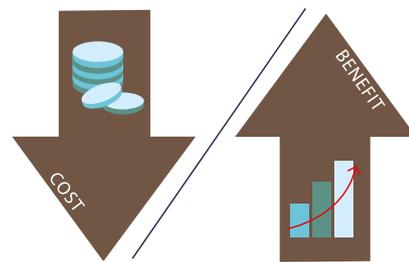
<http://sustainablegiving.economist.com/>

## ASSESSMENT TOOLS



### VENTURE PHILANTHROPY TRAINING ACADEMY

The philanthropy landscape is evolving rapidly, with organisations increasingly turning to venture philanthropy and social investment. The EVPA training academy provides webinars and peer-learning events, targeted at budding European venture philanthropists, to facilitate learning through up-to-date, real life case studies for tried and tested venture philanthropy strategies.



### SOCIAL IMPACT BOND TOOLKIT

This toolkit presents an array of tools for philanthropists to understand and assess social impact bonds (SIB) quickly and cost-effectively. The cost-benefit analysis model allows philanthropists and other stakeholders to estimate the fiscal, economic and public benefits that may arise from SIB proposals. The unit cost database provides estimates for a range of relevant costs required to assess SIB proposals, covering crime, education, skills, housing, health, among others.



### VENTURE PHILANTHROPY: CAPABILITY DEVELOPMENT MODEL

With the lines blurring between philanthropy and investment, a new class of investors has arrived on the global stage – those interested in investing in projects that solve social issues and deliver a return. For new entrants and experienced venture capitalists in Asia, AVPN has developed a knowledge centre that hosts case studies, publications, webinars, among others, on five practice areas of venture philanthropy: pre-engagement, capacity building, impact assessment, portfolio management, multi-sector collaboration.



### IRIS KPI CATALOGUE

There has been a shift in approach to philanthropy, with many becoming more results-oriented, keen to measure the impact of their philanthropic efforts. This online tool provides philanthropists and investors a catalogue of generally-accepted performance indicators to measure the social, environmental and financial performance of their investments. Users can filter metrics by sector and beneficiaries.



MILLENNIAL PROFILE:

**STEPHANIE CORDES**

## AN “ALL RESOURCES” APPROACH

Leaving a coveted position as an advertising executive at fashion publisher Condé Nast to join her family’s foundation was not how Stephanie Cordes had originally envisaged her career path. “It was my dream job,” she says. “My parents started the foundation when I was 16, and at the time I couldn’t see how fashion and philanthropy would overlap.”

This all changed on a trip to Mexico, where she attended Opportunity Collaboration, a retreat bringing together hundreds of non-profit executives, impact investors and social entrepreneurs focused on reducing poverty. “I was so inspired by all the people and the conversations I was having,” she says. “Everyone was waking up each day feeling like they had a purpose.”

Ms. Cordes had been exposed to her family’s giving from an early age. As a child she travelled regularly with her parents on trips related to the foundation’s grant-making, such as distributing medicine in El Salvador.

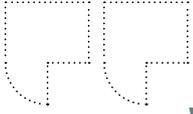
The family’s foundation also exposed her to new forms of philanthropy now being embraced by many in her generation. In 2006, after selling his investment services firm for US\$230m, Ron Cordes, with his wife Marty, created a family foundation and embraced the idea that social enterprise and impact investing could help people to improve their own lives. While continuing to make grants, from 2007 he began using the foundation’s endowment to make impact investments.

In this strategy, his daughter is even more ambitious. “When I joined the foundation, 40% of the portfolio was in impact investments,” she says. “But I began to question why all our investments weren’t impact investments.”

This, she argues, can increase the impact of the foundation’s funds, as 95% of the endowment is invested while only 5% is given away each year in grants. “Our grants are typically smaller and are made on an annual basis, while our investments tend to be more substantial and longer-term,” she says. The investments have also delivered healthy returns of about 8%, with seven out of 11 public equity strategies, screened for environmental, social and governance factors, outperforming their benchmarks.

This ability to generate financial sustainability is important to Ms Cordes, who wants the foundation to exist in perpetuity. “I’ll pass it down to my children and the next generation,” she says.

Tapping into her fashion industry experience, she has started using grant funds to support organisations that provide developing-world artisans with economic opportunities and connections to western markets. In doing so, Ms Cordes has come full circle: she has found a way to tie her old life in business to her work as a philanthropist.



When I joined the foundation, 40% of the portfolio was in impact investments. But I began to question why all our investments weren't impact investments. 

**Stephanie Cordes**, vice chair, the Cordes Foundation

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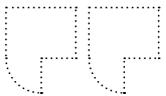




MILLENNIAL PROFILE

**LAVINIA JACOBS**

## A CONVERSATION WITH MS JACOBS ON TRADITIONAL VALUES WITH A NEW APPROACH



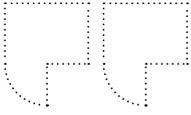
**I completely share my father's vision that every child should have similar opportunities, regardless of origin and financial status.** 

**Lavinia Jacobs**, chair, board of trustees, Jacobs Foundation

### ***What are your key motivations for joining the family foundation at such a young age?***

My father often took us on field visits to make us understand that education is very important, and we understood very quickly that our lifestyle in Switzerland wasn't a reality for most children. A lot of children never have a fair chance. Once you understand these inequalities, you want to make a change.

I completely share my father's vision that every child should have similar opportunities, regardless of origin and financial status. The Jacobs Foundation has made this commitment to have a real impact on society, focusing on two important aspects in the field of child and youth development: promoting research that receives no public funding, and bringing together institutions and people involved in the development of the next generation.



**We want our financial resources to achieve the greatest possible impact. This means joining forces with compatible strategic partners, making our funding go further and to greater effect.** 

**Lavinia Jacobs**, chair, board of trustees, Jacobs Foundation

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***How important is succession planning in a family foundation to transfer authority from one generation to the next?***

It is very important. And it works best when involvement starts early and jointly. My older brother joined the board of trustees of the Jacobs Foundation 22 years ago and was appointed chairman in 2004. I joined the board in 2007, and my younger sister has been a member of the board since 2012. We always had a clear plan when to let the next generation take over. In 2015 I became chair of the board of trustees, and my older brother now holds the position of honorary chairman. This way, we make sure that everybody is involved and experience is passed on.

***Is there anything that you are doing differently from previous generations who managed the foundation?***

We want our financial resources to achieve the greatest possible impact. This means joining forces with compatible strategic partners, making our funding go further and to greater effect.

Our commitment to transforming children's lives has not changed, but we are more focused on achieving our goals. We have a Medium Term Plan 2016-2020 with planned investment of up to CHF200m.



## A NEW APPROACH BY THE JACOBS FOUNDATION



### Global agenda

We are more focused in terms of regions and programmes. Our new Medium Term Plan 2016-2020 includes three thematic priorities:

- At the global level, we concentrate on “Science of Learning”;
- In the northern hemisphere, specifically in Switzerland and Germany, we address the topic of “Early Childhood Education and Care”;
- In the southern hemisphere we deal with “Rural Livelihoods” in Ivory Coast.

### Results-oriented

We’ve changed our organisational structure to ensure a more professional management of the foundation, and we measure our performance. We attach great importance to providing clear and transparent information about our strategic goals and performance to our most important stakeholders and the public at large. As a private organisation that enjoys tax-exempt status, we believe that this plays an important role in legitimising our activities. Moreover, it is crucial for the management of our organisation that we show how we define success and to specify the indicators used to measure that success.

### More collaboration

The “ownership” of our programmes is less important to us. We try to involve all relevant actors, we partner with other foundations and civil society organisations.

## New tools for impact

We try out new ways, so we did some social impact investments for the first time.

We are no longer purely grant-giving—we run our own programmes and projects. One example is our “Transforming Education in Cocoa Communities” programme, a seven-year programme to promote education, strengthen women and protect children. The Jacobs Foundation has allocated CHF50m for this project. We are also looking for co-investments and are entering the field of impact finance.

## Social impact investment

2016 commitment: three impact investments, valued at CHF2.5m:

- Ivoire Capital (CHF1m) for the creation and management of a local Education Impact Fund;
- Seedstars Côte d’Ivoire (CHF500,000) for the creation of a portfolio of EdTech companies;
- Blue Orchard’s REFFA fund (CHF1m) to support 1-2 Ivorian microfinance institutions in expanding their education products portfolio.

Medium Term Plan 2020 goal: allocate up to CHF6m in impact-first financial instruments, including equity investments and loans.

These investments will have yielded modest financial returns until 2020, allowing us to reinvest the capital with a high social impact floor.

## Communication channels and tools

We have changed the way we communicate. Our goal is to gather people in dialogue about key topics that can improve children’s learning.



### KNOWLEDGE CENTRE

We share facts, studies and expertise from various sources with peer groups and opinion formers, who can lead and implement that change



### THOUGHT LEADERSHIP

We publish and distribute content about how children learn and develop



### SOCIAL MEDIA

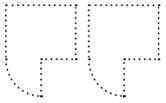
We use Twitter, Facebook and LinkedIn



### BLOG

We have a blog on learning and development called BOLD

# CONCLUSION



**Young generations have always been idealistic. But this generation is looking for tools and techniques to turn that idealism into action.** 

**Jean Case**, CEO, the Case Foundation

The bulk of today's wealth and charitable giving continues to remain under the leadership of older generations. Yet millennials are increasingly being handed the reins of family businesses and charitable foundations. Driving their decisions is a new set of motivations encompassing a belief in social entrepreneurship; a global outlook; a sense of urgency; a readiness to go online; a willingness to share; and a collaborative culture. Armed with a host of new digital technologies and their family foundation endowments, they are empowered to make a positive change in people's lives around the world. If these tools are used effectively, those seeking new ways to solve big global social and environmental problems may look to the next generation with a degree of optimism.

"Young generations have always been idealistic," says Ms Case of the Case Foundation. "But this generation is looking for tools and techniques to turn that idealism into action." Mr Vaccaro of CerPhi reiterates this shift in the approach to philanthropy: "The new decision-makers in these family foundations in Europe are moving closer to the operating methods of newer foundations established by millennial business leaders."

Our research reveals an interest in supporting entrepreneurship and for-profit organisations, underpinned by the belief that it is

a more sustainable option—creating jobs and helping lift people out of poverty. Some are turning to social impact investments, which focus on supporting causes that can deliver a measurable social outcome and also generate a financial return to help sustain the endowment. Facilitating this measurement is a host of digital tools that guide philanthropists in selecting the right metrics for consideration.

What does this mean for future philanthropy? Some refer to the end of the traditional philanthropic route of grant-making as it merges with impact investing. Most interviewees agree, however, that new models of social investment do not herald the end of charitable giving. While clean energy, education, healthcare and economic development can be addressed through market-based approaches, this is less true of problems such as human trafficking or domestic abuse. Moreover, while social entrepreneurs can build successful businesses to meet essential human and environmental needs, they often require philanthropic seed funding in the early stages of development. It is by providing this seeding that philanthropy is positioned to address market failures. As Mr Vaccaro explains: "The welfare states of all modern nations are overwhelmed, and so these philanthropists also address problems such as education, employment, social integration and health."

While millennials such as Ms Jacobs and Ms Cordes have the full support of previous generations in embracing new models of philanthropy and their efforts to promote these publicly, many others struggle with older generations to strike a balance between preserving the family legacy and innovating to drive measurable social change. For some, the generations before them have set the precedent, paving the way to become more impact-driven and results-oriented. By taking this forward, millennial philanthropists are continuing the family legacy as these foundations are passed from one generation to the next.

In general, our research reveals that millennials are less concerned with the formalities of passing a legacy on to the next generation. In fact, this generation sees the term “succession planning” as antiquated, says Ms Gerrol of Nexus. “But so many millennials are teaching their children about philanthropy,” she adds. “They want the next generation to have their knowledge and passion.” Ms Amisse-de Goys of the Amisse Foundation agrees: “I have two children, and they are small right now, but maybe later I will try to involve them in the foundation. I will not impose the foundation on my children. It’s my project, but of course I will try to encourage them to be open to others. Those are the values that we’re trying to transmit.”

In this way, the traditional concept of family legacy can be transformed into a legacy of giving, which, rather than constraining their activities, serves as an incentive to the next generation to make a real difference through their philanthropy.



**But so many millennials are teaching their children about philanthropy. They want the next generation to have their knowledge and passion. 🙌**

**Rachel Gerrol**, co-founder and global curator, Nexus

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## EXPERT VOICES

How familiar are you with “social entrepreneurship”, “impact investing”, “impact evaluation”, or “hybrid solutions”? While these terms might be greeted with bemused reactions from some, they are now well ingrained in the millennial generation’s philanthropic lexicon.

We meet philanthropy-minded clients every day across Europe, Asia and the United States. In our experience, millennials are enthusiastic adopters and advocates of these approaches that have been progressively pushing the boundaries of traditional philanthropy. What is so interesting about the millennial mindset is that sustainability and social considerations are woven into how they consume products and services, run their company, invest or give. They have broken away from previous generations who drew a line between their investments and philanthropic activities: the labels ‘for-profit’ and ‘non-profit’ are particularly telling in this respect.

Concrete examples of this millennial mindset are profiled in this report and include philanthropists such as Noémie Amisse-de Goÿs. Noémie’s father sold his successful business when she was 26 and decided to share the profits among his children. With an entrepreneurial streak that runs in the family, she launched a fairtrade and ethical cosmetics company and created a foundation to support female entrepreneurs in developing countries.

Leyth Zniber, also cited in the report, was involved in managing his family business and responsible for the creation of its corporate foundation. With social impact ambitions beyond the scope of his family’s business and philanthropy, at the age of 32 he created his own incubator and investment company for high social impact entrepreneurs in Morocco. He hopes to build and strengthen the social entrepreneurship ecosystem in Morocco and beyond.

It is no surprise that technology plays a key role in millennials’ philanthropy. Whether it is the proliferation of digital giving platforms or applications to monitor a project’s social impact, millennials are embracing the digital age. Many are active users of social media as a means of promoting their cause or connecting and collaborating with others in their field.

Take 27 year old millennial Alvin Li who wants to revolutionise the culture of charitable giving through social media and technology. Alvin created Givo two years ago, a social media mobile application which allows you to follow inspiring news channels, donate securely to your favourite charities and join a community of giving.

This report explores the generational shift in attitudes which can, on occasion, collide with family tradition and legacy within a family foundation. Philanthropy is often a family affair but passing the mantle can be complicated. We regularly work with clients on ways to positively involve their children in their philanthropy. Empowering the next generation, giving them a seat at the table and ensuring their ideas are not stifled are key ingredients to successful family philanthropy.

It is clear that, for the moment, the next generation will continue to juggle the need to honour those who have come before them—to whom they may owe the foundation’s endowment—with a desire to make their own mark, test new ideas and move with the times. And times are changing: as millennials interviewed for the report indicate, there is a move towards a legacy of giving which seeks to pass on key values rather than a ready-made rulebook. What’s more, some philanthropists we meet are exploring the spend-down model, an approach likely to appeal to the millennial drive, the necessity to act here and now. Watch this space...



**Nathalie Sauvanet,**  
Global Head of Individual Philanthropy Advisory,  
BNP Paribas Wealth Management



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