

The Philanthropy Sector

in Geneva

*Status report and recommendations for the State of
Geneva*

This document is the English translation of the original report *Le secteur philanthropique à Genève – État des lieux et recommandations pour l'État de Genève*. For technical reasons, the charts on pages 36 and 50 have not been translated.

Executive Summary

Philanthropy is steadily expanding in Geneva, and its role has grown nationally and internationally. 1,367 foundations and more than 3,000 associations are headquartered in the State of Geneva. The growth rate in the number of foundations based in the Canton is 13% over six years, the highest of all the Swiss cantons.

These entities employ over 25,000 people, and that number nearly doubles if international organisations are considered. Foundations based in Geneva hold assets exceeding CHF 25 billion, which is significantly higher if the actual value of the assets they hold is considered. These foundations make annual distributions of nearly CHF 9 billion, to which major international foundations contribute significantly. Between 2002 and 2022, International Geneva's institutions received donations totalling USD 253.7 billion, most of which were allocated to the humanitarian and health sectors. International organisations and their associated activities contributed CHF 327.8 million to Geneva's tax revenue in 2019. Deductions for voluntary contributions made by individual taxpayers in Geneva have been rising steadily for 20 years, reaching CHF 137.2 million in 2021.

We cite these figures to demonstrate the quantitative importance for Geneva of what is sometimes called the “third sector”, that is, philanthropy in the broadest sense. Philanthropy's direct and indirect impact is considerable, although difficult to assess. A significant amount of expertise and a substantial increase in the number of stakeholders involved in pursuing the common good have created and maintained a rich, unique ecosystem.

Despite this favourable context, it is common to hear that it is imperfect and, therefore, has room for improvement. Sensitive to these remarks and aware of the importance of the philanthropy sector, the State of Geneva commissioned the University of Geneva Centre for Philanthropy (GCP) to conduct a study, aiming to assess the current state of the philanthropy sector in the Canton of Geneva and formulate recommendations for its development.

To carry out its mission, the GCP collected quantitative and qualitative data. To this end, it benefited from privileged access to the various authorities in the Canton, including the Cantonal Tax Administration, the Cantonal Supervisory Authority for Foundations and Pension Funds, the Commercial Registry Office, the Cantonal Office for Population and Migration, as well as the Federal Supervisory Authority for Foundations. Nearly 90 interviews were conducted with the parties involved, including not only the aforementioned authorities but also philanthropists, foundation and association directors, legal and tax experts, philanthropy advisers, and others. The fact that a university centre conducted this study on behalf of the State of Geneva facilitated this task, as it allowed for a trusted relationship between all the stakeholders involved.

The information obtained confirms that, while there is room for improvement, the prevailing framework conditions in Geneva are favourable and are perceived as such. Some stakeholders would like the authorities involved to show greater flexibility and efficiency. They acknowledge, however, that the latter are generally supportive of the development of the philanthropy sector, recognising its

public benefit and added value. The authorities are well aware that specific measures could be taken to promote the functioning and development of the cantonal philanthropic ecosystem. Residents and their advisers are generally quite satisfied, and although they have made suggestions for improvement, they recognise that Switzerland, and Geneva in particular, offer a favourable environment for establishing philanthropic initiatives.

Following the work and reflections conducted as part of this study, its authors believe that the philanthropy sector, as it is generally understood, constitutes a real socio-economic asset for the Canton. The existence and development of the sector can be explained not only by generally favourable framework conditions, but also by its consistency with Geneva's gene pool when it comes to altruism. This observation, along with the potential for improvement within the ecosystem, justifies and supports the recommendation that cantonal authorities take action to further develop and strengthen the sector, as its success contributes to the common good in ways that complement state-led initiatives. In this context, and from a pragmatic perspective, the authors of this report make the following six recommendations:

- Increase the transparency of the philanthropy sector to promote its understanding and enhance its legitimacy;
- Create a structured strategic think tank, involving key players in the philanthropy sector, to foster strategic, coordinated and sustainable development;
- Improve the actions of the administration and its various departments in a coordinated manner;
- Consider adapting the tax conditions that apply in Geneva;
- Promote the development of social entrepreneurship and impact investments;
- Improve communication to promote the establishment and deployment of philanthropic activities in Geneva.

Geneva, September 2024

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Introduction

Background and objectives

1. Geneva holds a significant role in the field of philanthropy, also known as the “third sector”, both nationally and internationally. It is generally accepted that this role originates from the culture and Swiss tradition, known for its neutrality, stability, credibility and legacy as a welcoming country. These values underpin what is sometimes referred to as the “spirit of Geneva”; they have attracted many non-governmental organisations (NGOs) and stakeholders to the Canton, dedicated to the pursuit of the common good, i.e., what is generally considered the purpose of philanthropy. This reality coexists alongside a large number of key experts and institutions that make Geneva a unique ecosystem. Increasingly numerous and complex global challenges suggest that Geneva's role as a philanthropy hub will continue to grow.
2. The Canton of Geneva has long encouraged the development of the philanthropy sector. This was notably the case in 2013 through its Chancellery and, starting in 2018, through the Cantonal Office for Economic Affairs and Innovation (OCEI). Dialogue with various stakeholders (foundations, not-for-profit organisations, umbrella institutions, intermediaries, the academic sector, and political bodies), the implementation of specific projects, such as the organisation of annual philanthropic round-tables, and the publication in 2019 of the first digital map of the sector's stakeholders, have all contributed to promoting the attractiveness of Geneva's philanthropy sector and strengthening its ecosystem. Aware of the sector's added value for Geneva, the Department of Economic Affairs and Employment (DEE) has included the development of a strategic plan for the growth of the philanthropic sector in its roadmap for the 2023-2028 legislative term.
3. At the end of 2023, through the DEE, the State of Geneva commissioned the University of Geneva Centre for Philanthropy (GCP)¹ to conduct this study. Asserting that the third sector usefully complements what the State can do for the public good, this mandate aims to establish a status report on the philanthropy sector in Geneva, assess its strengths and weaknesses, as well as the Canton's attractiveness. Furthermore, it aims to formulate recommendations to promote the development of Geneva's philanthropy sector.
4. In early 2024, the cantons of Vaud and Zurich announced measures to support the growth of philanthropy in their regions, recognising its significant added value.² The announcement by

¹ Centre for Philanthropy. Geneva [Online]: University of Geneva; 2024 [accessed 28 June 2024]. www.unige.ch/philanthropie/en

² See Annex 4.1, p. 65 and 4.2, p. 67

the Zurich authorities of the measures they intend to take was described as a “Big Bang” in the 2024 Swiss Foundations Report³.

5. The mandate given to the authors of this study does not originate from a desire to engage in inter-cantonal competition, as each canton has its own potential and characteristics. However, the time seems right for Geneva to examine whether and to what extent the framework conditions are adequate, whether they could be improved and, if so, how.

Previous Studies

6. It is worth mentioning the studies already conducted on the Geneva philanthropy sector. These include the study presented in 2010, *Advancing Philanthropy in Switzerland*⁴, developed and supported by Fondation Lombard Odier (formerly Fondation 1796); the study published by Avenir Suisse in 2015 under the title *Le monde des fondations en mouvement* [*The world of foundations in motion*]⁵, as well as the more recent 2019 study *Doing Better, More Efficiently: Measuring and Enhancing Philanthropic Vitality*⁶, carried out at the initiative of Fondation Lombard Odier in collaboration with key players in the sector, including SwissFoundations, proFonds, the Centre for Philanthropy Studies at the University of Basel (CEPS), the Geneva Cantonal Office for Economic Affairs and Innovation (OCEI) and the GCP.
7. The unique feature of this study is that the government itself requested a more fundamental analysis of the sector, both quantitative and qualitative in nature, to identify and prioritise several strategic and pragmatic recommendations that are likely to drive the evolution of Geneva's philanthropic ecosystem in an organised, realistic way within the foreseeable future.

Definition and Scope

8. The authors of this report faced two preliminary challenges: (i) how to define the philanthropy sector and (ii) what limits should be set to define the circle of stakeholders taken into consideration.

³ von Orelli Lukas, *Zurich's Big Bang – Commentary on the adaptation of Zurich's tax exemption practice*. In: Grassi Sabrina, Jakob Dominique, von Schnurbein Georg (ed.), *Rapport sur les fondations en Suisse 2024* [Report on Foundations in Switzerland 2024] CEPS Forschung und Praxis, Volume 31, Basel 2024, p. 53.

https://ceps.unibas.ch/fileadmin/user_upload/ceps/2_Forschung/Publikationen/Stiftungsreport/Volume_31_Rapport_sur_les_Fondations_en_Suisse_2024_WEB.pdf.

⁴ *Advancing Philanthropy in Switzerland* [Online]. Geneva: Lombard Odier Foundation; 2010 [accessed 24 June 2024]. https://www.fsg.org/wp-content/uploads/2021/08/FR_Rapport_Philanthropie.pdf.

⁵ Müller-Jentsch Daniel, *Le monde des fondations en mouvement* [*The world of foundations in motion*], [Online]. Zurich: Avenir Suisse; 2019 [accessed 24 June 2024]. https://cdn.avenir-suisse.ch/production/uploads/2015/03/Etude_Le-monde-des-fondations-en-mouvement_Avenir-Suisse.pdf.

⁶ *Doing Better, More Efficiently: Measuring and Enhancing Philanthropic Vitality* [Online]. Geneva: Lombard Odier Foundation; 2019 [accessed 24 June 2024]. https://www.philanthropic-vitality.ch/assets/Philanthropic_Vitality_Report_2019_FR.pdf.

9. The definition of the concept of the philanthropic sector being partly subjective, its scope cannot be considered as strictly defined. Given the purpose of this report, it was decided to adopt a relatively broad understanding, encompassing any voluntary and selfless action aimed at promoting the common good.
10. Regarding philanthropy sector stakeholders, the authors of this report have favoured an approach that includes not only foundations and individuals engaged in philanthropic activities, but also, to the extent that it is justified, any organisation pursuing altruistic goals regardless of its legal form. This approach includes not only associations and any organised group whose goal is to pursue the common good, but also international organisations, whether governmental or non-governmental. The authors of the report are aware, however, that the quantity and type of data available are not identical for each category of philanthropic stakeholder⁷. For this reason, the analysis and recommendations in this report are aimed explicitly at foundations. The authors also decided not to ignore the new, booming forms of “entrepreneurial” philanthropy, and address “sustainable finance” and impact entrepreneurship. Their purpose is the pursuit of sustainable development goals and aligns with that of philanthropic action.

Data Sources and Methodology

11. The authors of the report encountered two obstacles: the difficulty of accessing sources and the inadequacy of available data, which was sometimes incomplete or unreliable. Regarding the quantitative aspect, the authors endeavoured to obtain information directly from the relevant authorities. The support provided by the DEE was decisive in this regard and enabled access to previously undisclosed and unanalysed data.
12. Some of the data presented in this report results from AI applied to “big data”. The contributions of professors from the GCP's academic leadership and their teams were crucial in this regard.
13. That said, the authors considered it essential not to limit themselves to quantitative data, but also to collect more qualitative information. To this end, they conducted semi-structured interviews with nearly 90 individuals, including philanthropists, foundation directors, sector experts, representatives of organised entities, financial intermediaries, philanthropy advisers, and representatives of relevant authorities, particularly the Cantonal Supervisory Authority for Foundations and Pension Funds (ASFIP), the Federal Supervisory Authority for Foundations (FSAF), the Cantonal Tax Administration (CTA), the Commercial Register (CR) and the Cantonal Office for Population and Migration (OCPM). The interviews covered local and international philanthropy, with the sole condition that their base is Geneva.

⁷ See paragraph 33 below.

Structure of the Study

14. This report is divided into three parts. The first is an overview of the Geneva philanthropy sector with the objective of better understanding its stakeholders' scope, variety and specificity. The second part is a summary of the interviews and an analytical reflection on the lessons learned, and the data presented in the first part. The third part offers recommendations, along with concrete avenues for implementation, aimed at developing Geneva's philanthropy sector.

Authors of the Study

15. The authors of this study are Henry Peter, Professor at the University of Geneva and Director of the Centre for Philanthropy at the same university; Mara De Monte, Executive Director of the Centre; and Aline Freiburghaus, former Co-Director of SwissFoundations.

I. Status Report

Foundations

Number and growth

16. Of the 13,721 philanthropic foundations in Switzerland as of 31 December 2023, 1,367 are based in Geneva (Figure 1)⁸.

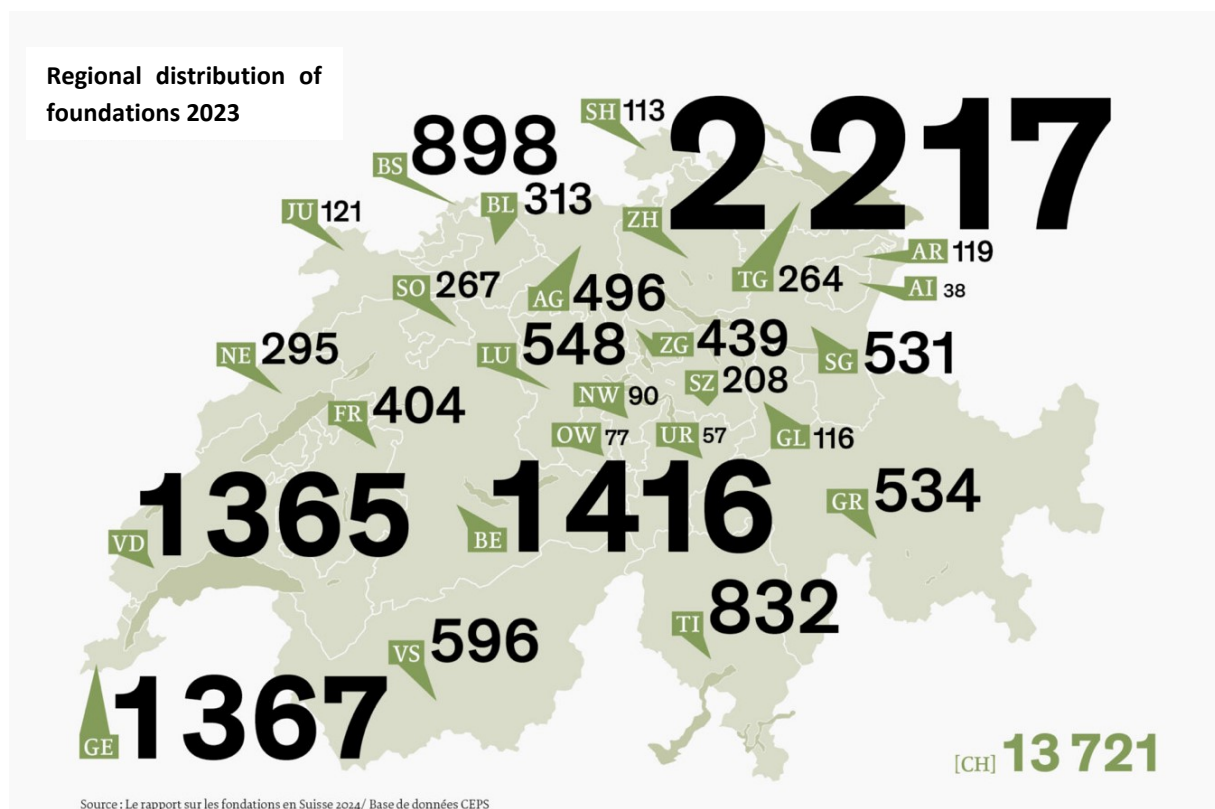


Figure 1 – Cantonal distribution of foundations in Switzerland at the end of 2023

17. Since 2018, Geneva has been the canton with the highest net annual growth in the number of foundations headquartered there, on five occasions (Figure 2 and Table A). The canton of Geneva ranks third in terms of the number of foundations, following Zurich and Bern⁹ (Figure 1).

⁸ Grassi Sabrina, Jakob Dominique, von Schnurbein Georg (ed.), *Rapport sur les fondations en Suisse 2024* [Report on Foundations in Switzerland 2024] CEPS Forschung und Praxis, Volume 31, Basel 2024, p. 53.
https://ceps.unibas.ch/fileadmin/user_upload/ceps/2_Forschung/Publikationen/Stiftungsreport/Volume_31_Rapport_sur_les_Fondations_en_Suisse_2024_WEB.pdf.

⁹ Grassi Sabrina, Jakob Dominique, von Schnurbein Georg (ed.), *Rapport sur les fondations en Suisse 2024* [Report on Foundations in Switzerland 2024] CEPS Forschung und Praxis, Volume 31, Basel 2024, p. 53.
https://ceps.unibas.ch/fileadmin/user_upload/ceps/2_Forschung/Publikationen/Stiftungsreport/Volume_31_Rapport_sur_les_Fondations_en_Suisse_2024_WEB.pdf.



Figure 2 – Creation and liquidation of foundations from 2018 to 2023 in five cantons

17. The net number of foundations in Geneva has increased by 13% over six years, by far the highest growth rate in the country (Table A).

Total number of foundations	2018	2019	2020	2021	2022	2023	Growth rate
BE	1,357	1,366	1,378	1,390	1,409	1,416	4%
BS	874	877	888	908	905	898	3%
GE	1,208	1,248	1,275	1,294	1,333	1,367	13%
VD	1,377	1377	1,375	1,370	1,374	1,365	-1%
ZH	2,223	2,219	2,211	2,232	2,225	2,217	0%

Table A – Number of philanthropic foundations and net growth from 2018 to 2023 in five cantons

Assets and distribution

18. Geneva-based philanthropic foundations possess substantial resources that they can mobilise for public benefit initiatives at both the local and international levels. According to information obtained by the cantonal and federal supervisory authorities, the total assets of foundations based in Geneva amount to CHF 24.4 billion, of which CHF 17.7 billion are held by foundations subject to federal supervision and CHF 6.7 billion by foundations subject to cantonal supervision¹⁰. These amounts are based on the accounting data on the entities' balance sheets. However, according to Swiss accounting rules, the value of assets shown on a foundation's balance sheet is that at the time of acquisition, or even less if this value has been depreciated in the meantime. Therefore, it is reasonable to consider that the value of the foundations' assets, i.e., the value taken into account to calculate the aforementioned

¹⁰ Reference year: 2021 or 2022, depending on the data's currency.

amount of CHF 24.4 billion, is generally lower, or even much lower, than the actual value of these assets.

19. According to the latest available data, during the 2021-2022 period¹¹, distributions made by foundations headquartered in Geneva amounted to CHF 8.9 billion over one year. This total is broken down as follows: CHF 1.8 billion by foundations under cantonal supervision and CHF 7.1 billion by foundations under federal supervision¹². This exceptionally high amount is partly explained by the presence of large-scale international partnerships organised into foundations in the Canton, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), which distributes more than USD 5 billion¹³ each year, or approximately CHF 4.5 billion.
20. It does not seem useful to present a calculation comparing the annual amount of distributions made by foundations to their assets and derive a percentage from that calculation (e.g., 2-3% annual distributions relative to the assets held). This is for three reasons: first, as already mentioned, the balance sheet value of assets is often undervalued compared to their actual value. Second, some foundations do not have any assets, but are funded each year by donations, which they then distribute. Third, some foundations, known as spend-down foundations, use both the income from their assets and a portion of their capital to make annual donations.

Types of foundations

21. In Switzerland, the law provides only a brief definition of a foundation. According to Art. 80 of the Swiss Civil Code (CC), which governs foundations established under private law, “a foundation is established by the endowment of assets for a particular purpose”. Under Art. 52 (1) of the Swiss Civil Code, a foundation has legal personality once registered in the Commercial Register. It is generally described as an independent, organised entity dedicated to a specific purpose¹⁴.
22. There are several types of foundations, which can be distinguished based on their legal characteristics, or their mode of funding or operation¹⁵. The Swiss Foundation Code lists around forty of them¹⁶, including:

¹¹This figure includes all amounts allocated annually by foundations in accordance with their purpose (reference year: 2021 or 2022, depending on the data's currency). These amounts mainly correspond to donations and, to a much lesser extent, to operating costs and employee salaries of the foundations concerned.

¹² Concerning the division of powers regarding foundation oversight between cantons (municipalities) and the Confederation, see paragraph 41 below.

¹³ The Global Fund [Online]. Geneva: The Global Fund to Fight AIDS, Tuberculosis and Malaria; 2024 [accessed 24 June 2024]. <https://www.theglobalfund.org/fr/>.

¹⁴ Pfister Loïc, La fondation. 2nd edition. Zurich: Schulthess; 2024, p.12.

¹⁵ Sprecher Thomas, Egger Philipp, von Schnurbein Georg, Swiss Foundation Code. Bern: Stämpfli; 2021, p. 182-183.

¹⁶ *Ibid.* p.218-222.

- a. Grant-making foundations, whose main activity is donating to beneficiaries working in the public interest;
 - b. Fundraising foundations, established with limited assets, raise the financial resources necessary to achieve their mission through active fundraising;
 - c. Operational foundations are characterised by their role in carrying out projects to achieve their mission;
 - d. Umbrella foundations receive and manage funds entrusted to them by third parties to pursue missions for the public benefit defined by those third parties. Funds housed within an umbrella foundation do not have their own legal personality. The advantage of this solution is that it offers all the benefits of a traditional foundation while relieving philanthropists of the administrative tasks and costs associated with having their own foundation. For smaller estates in particular, it represents an attractive option. There are approximately fifteen umbrella foundations in Switzerland, including three in the canton of Geneva: the Swiss Philanthropy Foundation, the Ceres Foundation, and the Fondation Philanthropia (an umbrella foundation of the Lombard Odier Group)¹⁷;
 - e. Spend-down foundations are those in which the founder has stipulated that the assets (rather than just the income) may be fully or partially dedicated to achieving the intended mission. The foundation board is then released from its obligation to preserve the foundation's assets over the long term. Once these assets have been exhausted, the foundation no longer has the capacity (or the vocation) to continue achieving its mission and must therefore, in principle, be dissolved;
 - f. Corporate foundations are created by a company, generally as part of its social commitment (see *Corporate Social Responsibility*, CSR). A corporate foundation is a legal entity that operates independently of the company while remaining closely connected to it, generally through the members of its board, as well as through the source of the contributions it receives (which may take the form of a one-time initial contribution or periodic distributions).
 - g. Shareholder foundations (sometimes also known as holding foundations) are defined by their ownership of one (or more) stake(s) in one (or more) company(ies), generally one (or more) public limited company(ies).
23. The available data does not allow us to determine the proportion of these different types of foundations located in the Canton, particularly grant-making and operational foundations. However, an analysis conducted using artificial intelligence provides an estimate: in 2024, among the foundations present in Geneva, 87% define themselves as grant-making and 13% as operational (Figure 3)¹⁸.

¹⁷ *Les fondations abritantes en Suisse* [Umbrella foundations in Switzerland] [Online]. Geneva: *Les fondations abritantes en Suisse* [Umbrella foundations in Switzerland] [accessed 17 July 2024]. <https://fondations-abritantes.ch/all/>.

¹⁸ The reliability of these figures must, however, be put into perspective, because they are based on the declarations of only 317 foundations, i.e., less than a quarter of the foundations present in the Canton, and on a methodology which does not take into account the fact that some are both grant-making and operational.

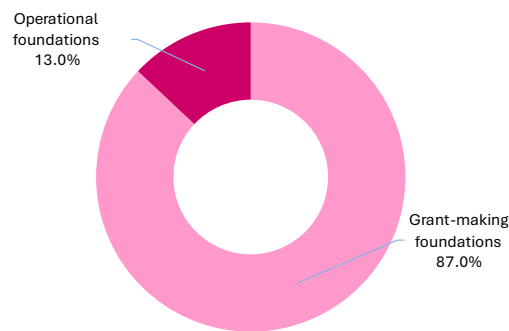


Figure 3 – Distribution of Geneva-based foundations according to their mode of operation: grant-making or operational

Areas of activity

24. Geneva-based foundations primarily pursue missions related to training and research (35.3%), social action (21.3%) and health (21%) (Figure 4). The “training and research” theme is significantly more prevalent in Geneva (35.3%) than in other parts of Switzerland (20.7%)¹⁹.

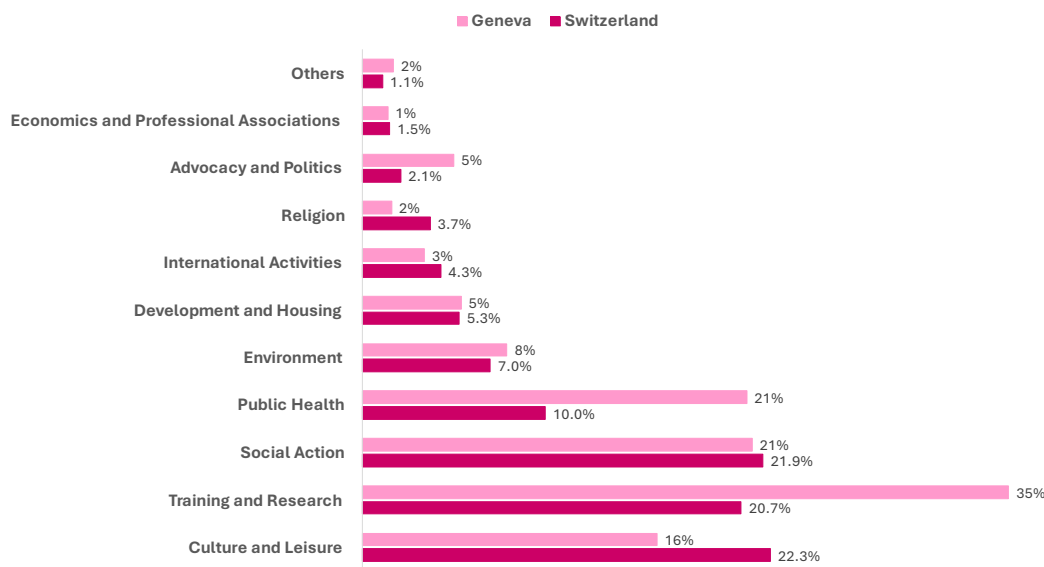


Figure 4 – Distribution of Geneva and Swiss foundations by their main areas of activity²⁰

Foundation boards

¹⁹ NB: It is important to note that these percentages are based on the number of foundations, not on the size of the donations they make or receive.

²⁰ The data for Geneva were obtained by the Behavioral Philanthropy Lab (UNIGE) team led by Prof. Giuseppe Ugazio, Chair in Behavioural Philanthropy and Finance at the UNIGE Faculty of Economics and Management and affiliated with the GCP. The data for Switzerland comes from the 2024 Report on Foundations in Switzerland/CEPS database.

25. The presence of many internationally active foundations in Geneva is reflected in the composition of their boards. Just over a third of the members of philanthropic foundation boards, across all types combined, are of foreign origin, compared to 13% for Switzerland (Figure 5)²¹.

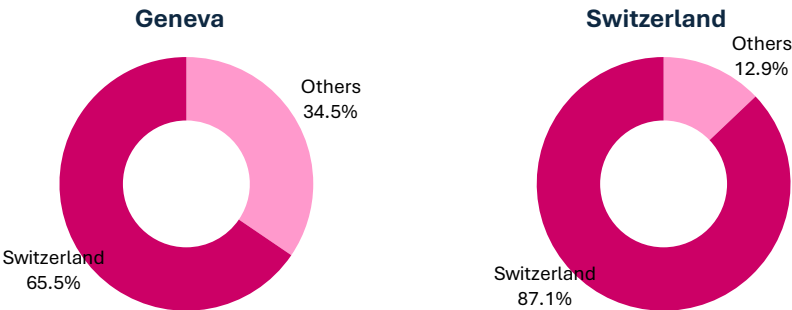


Figure 5 - Share of Swiss and foreign members sitting on foundation boards headquartered in Geneva and Switzerland²²

26. However, the ratio of men to women on foundation boards based in Geneva is similar to that at the national level in Switzerland (Figure 6).

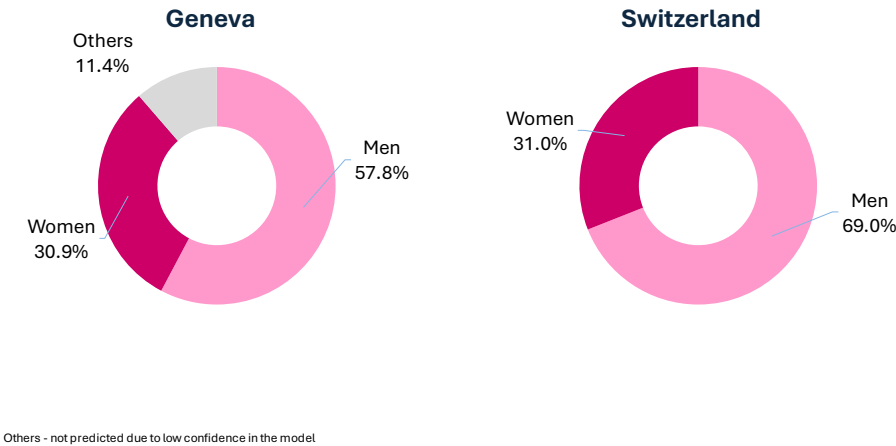


Figure 6 - Gender distribution on the foundation board headquartered in Geneva and Switzerland²³

27. It is interesting to examine whether members of Geneva's foundation boards sit on the board of one or more foundations and, if so, how many. The following graph (Figure 7) addresses this question. It shows that 91.5% of board members (5,017 individuals) sit on the board of a single foundation, while 8.5% of board members (466 individuals) sit on multiple boards, and one person sits on the board of 10 Geneva-based foundations.

²¹Data obtained through artificial intelligence by the team at the Behavioral Philanthropy Lab (UNIGE) led by Prof. Giuseppe Ugazio using the Geneva Commercial Register database.

²² Behavioral Philanthropy Lab, UNIGE/ 2024 Report on Foundations in Switzerland/CEPS database.

²³ Behavioral Philanthropy Lab, UNIGE/ 2024 Report on Foundations in Switzerland/CEPS database. For the canton of Geneva, the gender of some members could not be determined due to the low confidence level in the model.

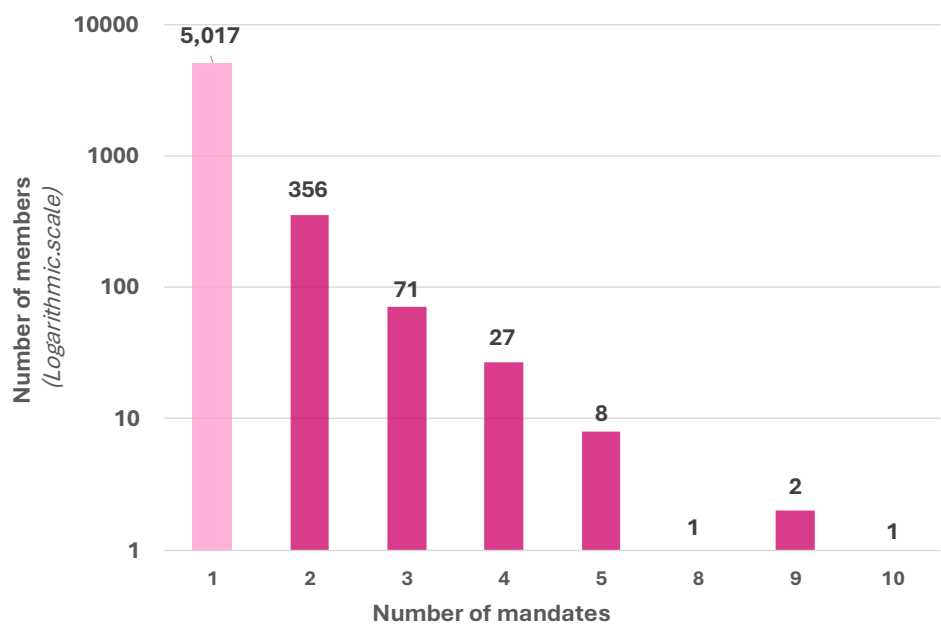


Figure 7 – Distribution of foundation board members of Geneva-based entities by the number of foundation boards on which they sit

28. Figure 8 below illustrates this reality in greater detail. Coloured circles represent foundations:
- a. Blue: the board consists of one individual who sits exclusively on the foundation board;
 - b. Orange: the board includes several individuals who sit exclusively on the board of that foundation;
 - c. Green: the board consists of several individuals, at least one of whom also sits on the boards of other foundations.

The size of the circle is proportional to the number of members on the foundation board. Board members appear in grey if they are active in a single foundation, and in red if they hold multiple mandates.

The central part of this figure helps us understand the connections between certain foundations, as common members are present on their respective boards.

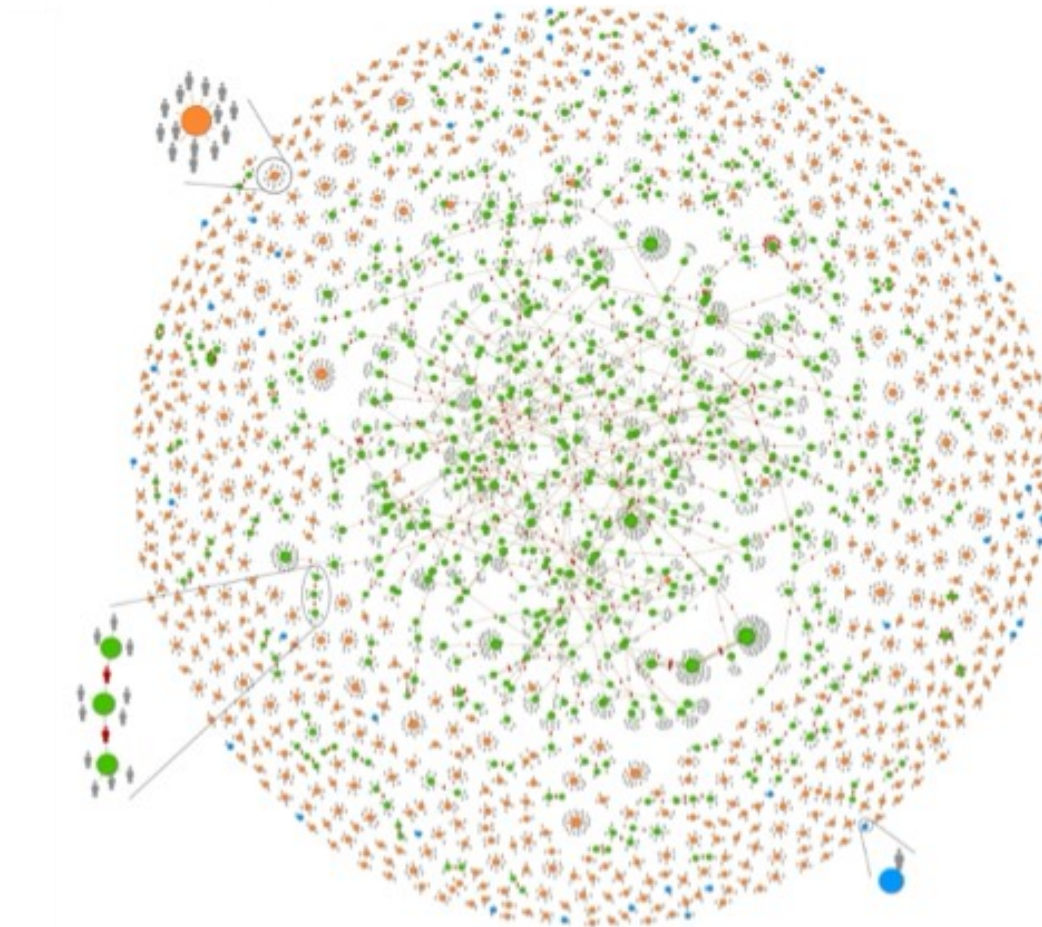


Figure 8 – Foundation board members – number of mandates and connections

Associations

29. At the beginning of 2024, Switzerland had nearly 100,000 associations²⁴. Although there is no directory of Geneva-based associations, their number is estimated at approximately 3,000, of which 1,796 were registered in the Commercial Register as of July 2024²⁵. The work of associations often occurs in proximity to or at the intersection of various public policies. The diversity of the projects supported demonstrates the richness and creativity of Geneva's not-for-profit sector.

²⁴ Creating an association: how and why? [Online]. Bern: Swiss Confederation, SME Portal for small and medium-sized enterprises; 2023 [accessed 24 June 2024]. <https://www.kmu.admin.ch/kmu/fr/home/actuel/theme-du-mois/2023/creer-une%20association-comment-et-pourquoi.html>.

²⁵ Register of Commerce [Online]. Geneva: Republic and Canton of Geneva; 2024 [accessed 15 July 2024]. <https://app2.ge.ch/ecohrcinternet/>.

30. The association is regulated by Articles 60 to 79 of the Swiss Civil Code²⁶ and the provisions applicable to legal entities (Articles 52 to 59 of the Swiss Civil Code)²⁷. It is “*a group of persons (natural or legal) organised corporately to pursue together and over the long term a common higher purpose*”²⁸. The concept of a higher purpose is defined by excluding the pursuit of economic goals. It includes, in particular, political, religious, sporting, scientific, artistic, charitable, recreational activities, or in support of children and youth²⁹.
31. Not all associations are registered in the Commercial Register; they are only registered if they choose to do so or if required by law. This occurs if one of the following three conditions is met: (i) they carry out a commercial activity to achieve their purpose, (ii) they are subject to the obligation to have their accounts audited, or (iii) they collect or distribute funds abroad³⁰.
32. Unlike foundations, associations are not subject to state supervision, which provides their members greater flexibility in modifying their purpose, articles of association, or organisation³¹.
33. Since not all associations are registered in the Commercial Register and are not subject to a supervisory authority, it is difficult to analyse and express precise and detailed views on what is sometimes referred to as the (very rich) “not-for-profit world”. Therefore, anyone analysing philanthropy tends to focus solely on foundations, even if associations pursue similar goals. However, the importance of associations’ links with philanthropy should not be underestimated.

International Geneva

34. International Geneva is both a key player in Geneva’s not-for-profit sector and one of its distinctive features. Its numerous institutions are dedicated to working for the common good internationally. They receive donations, sometimes of considerable amounts. These were highlighted by the report entitled *Paying for Multilateralism: Taking Stock on the Financing of International Organisations in Geneva, 2000-2020*³², produced in 2023 by the Geneva Graduate Institute on behalf of the Canton. The following graph and data are taken from this report. Sixteen of these institutions, each employing more than 500 people³³, received

²⁶ Swiss Civil Code [Online]. Bern: Swiss Confederation, Fedlex, the publication platform for federal law; 2024 accessed 24 June 2024]. https://www.fedlex.admin.ch/eli/cc/24/233_245_233/fr

²⁷ Wynne Julie, Orso Gilliéron Hubert, L’association [The Association]. Zurich: Schulthess; 2023, p. 1.

²⁸ *Ibid.*

²⁹ *Ibid.*, p. 2.

³⁰ Consult the Commercial Register and order documents, 6. Glossary and definitions [Online]. Geneva: Republic and Canton of Geneva; 2024 [accessed 24 June 2024]. <https://www.ge.ch/consulter-registre-du-commerce-commander-documents/lexique-definitions>.

³¹ *Ibid.*, p. 14.

³² Silva-Muller Livio, Gassmann Remo, *Paying for Multilateralism: Taking Stock on the Financing of International Organisations in Geneva, 2000-2020*; Geneva Policy Outlook 2024. <https://www.graduateinstitute.ch/sites/internet/files/2024-06/geneva-policy-outlook-report.pdf>.

³³ The following 16 organisations are included: World Trade Organisation (WTO), World Intellectual Property Organization (WIPO), World Health Organization (WHO), World Economic Forum (WEF), United Nations Office at Geneva (UNOG), United

contributions totalling USD 253.7 billion between 2002 and 2022, with a significant increase in annual amounts from 2002 (USD 4.2 billion) to 2020 (USD 23.6 billion). Most of these contributions (87% in 2020) come from governments supporting NGOs and are primarily allocated to humanitarian and health sectors. For the rest, contributions come from the private sector, mainly from foreign-based foundations such as the Gates Foundation and the Rotary Foundation³⁴ (Figure 9).

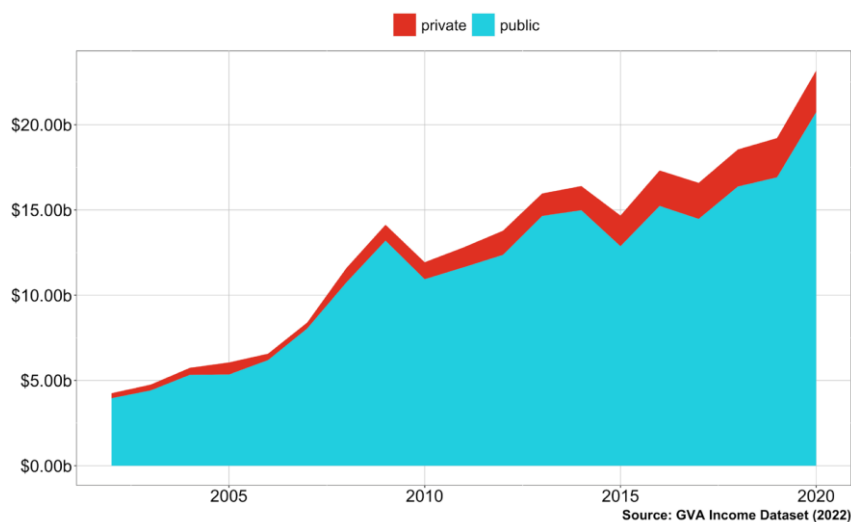


Figure 9 – Origin of funding received by 16 major International Organisations based in Geneva

35. Philanthropic organisations linked to International Geneva significantly contribute to the Canton's economic dynamism. In 2019, direct, indirect and induced tax revenues from personal income tax and VAT related to International Organisations (IOs), International Non-Governmental Organisations (INGOs) and permanent missions in the France-Vaud-Geneva region amounted to CHF 327.8 million³⁵.

Jobs

36. Although most foundations and associations in the Canton are run by volunteers, the philanthropy sector creates jobs and makes a significant direct and indirect contribution to

Nations High Commissioner for Refugees (UNHCR), Office of the United Nations High Commissioner for Human Rights (OHCHR), International Telecommunication Union (ITU), International Organization for Migration (IOM), International Labour Organization (ILO), International Committee of the Red Cross (ICRC), Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), European Organization for Nuclear Research (CERN), Gavi Alliance (formerly Global Alliance for Vaccines and Immunization), Global Antibiotic Research and Development Partnership (GARDP), and Drugs for Neglected Diseases Initiative (DNDi).

³⁴ The share of donations from private sources is increasing, rising from 3.5% in 2013 to 13% in 2020. See **Silva-Muller Livio, Gassmann Remo**, *Paying for Multilateralism: Taking Stock on the Financing of International Organisations in Geneva, 2000-2020*; Geneva Policy Outlook 2024. <https://www.graduateinstitute.ch/sites/internet/files/2024-06/geneva-policy-outlook-report.pdf>.

³⁵ *Etude sur l'impact du secteur international à Genève* [Study on the impact of the international sector in Geneva][Online]. Geneva: Fondation pour Genève; 2024 [accessed on 26 June 2024]. https://www.fondationpourgeneve.ch/wp-content/uploads/2024/03/Mise-en-perspective_etude-impact_web.pdf.

the Canton's economy. By the end of 2021, 1,918 associations employed 15,602 full-time equivalents (FTEs) in Geneva, while 415 foundations employed 9,599 FTEs. This totalled over 25,000 FTEs, representing more than 7% of total employment in the Canton³⁶. If we add the FTEs of international organisations, the share of the philanthropy sector generally accounts for 15.2% of total employment in the Canton (Figure 10).

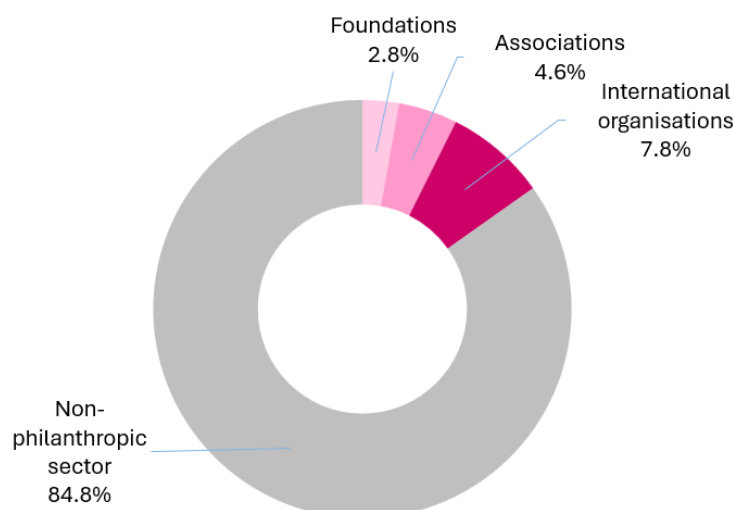


Figure 10 – Share of FTEs from philanthropic entities compared to all FTEs in Geneva at the end of 2021

37. In Geneva, associations and foundations have the trust of the local population, with 9 out of 10³⁷ people saying that these entities are “likely to contribute to the development of Geneva in the future” (Figure 11)³⁸.

³⁶ Statistical handbook of the Canton of Geneva. [Online]. Geneva: Cantonal Statistics Office; 2023 [accessed 24 June 2024]. https://statistique.ge.ch/tel/publications/2023/donnees_generales/memento/dg-ms-2023.pdf p.6 and data provided to the authors by the Cantonal Statistics Office for this study.

³⁷ If we count the people “in favour” (59%) and “mostly in favour” (33%).

³⁸ Geneva 2050: What future do you want? [Online]. Geneva: Republic and Canton of Geneva; 2020 [accessed 24 June 2024]. <https://www.ge.ch/document/22273/annexe/0>.

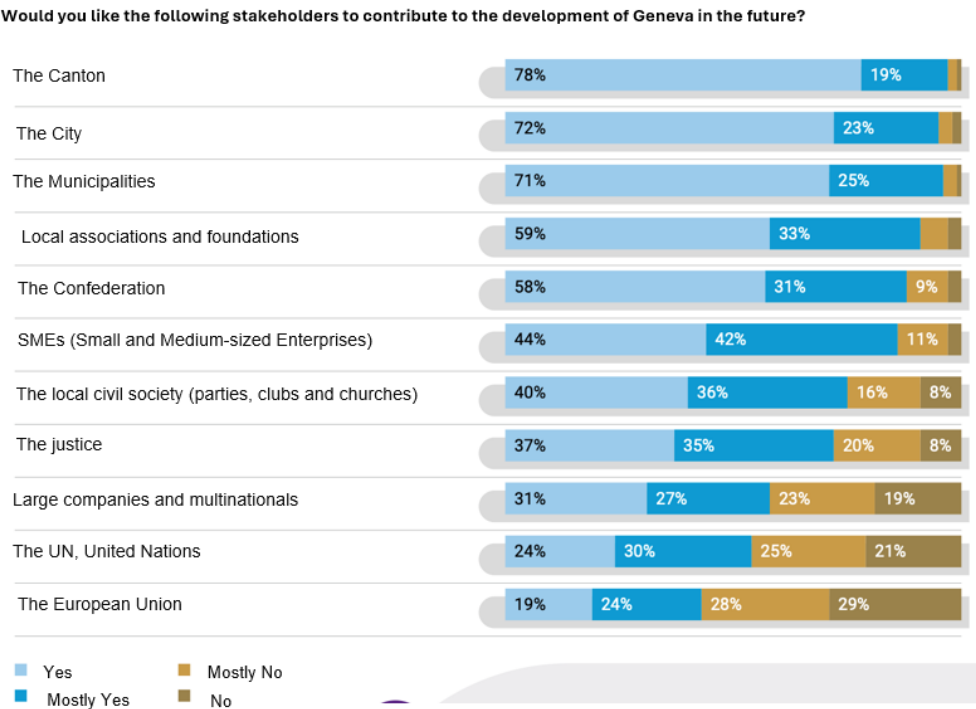


Figure 11 - Confidence in institutions or organisations that can contribute to the development of Geneva

Key stakeholders

38. Geneva's philanthropic ecosystem is (i) composed of a wide variety of interacting public and private stakeholders and (ii) covers various themes.

Key public stakeholders

39. **The Cantonal Tax Administration (CTA)** calculates and collects cantonal and municipal taxes and the direct federal tax. It is responsible for enforcing tax law and contributes to its development. With regard to the subject of this study, it is the CTA that grants tax exemptions to philanthropic organisations that meet the conditions set out in Article 56, paragraph g, of the Federal Act on Direct Federal Taxation (LIFD)³⁹ and Article 9, paragraph 1, letter f, of the Act on the Taxation of Legal Entities (LIPM)⁴⁰. In addition to these federal and cantonal laws, the CTA bases its practice on Circular 12 from the Federal Tax Administration dated 8 July

³⁹ Federal Act on Direct Federal Taxation [Online]. Bern: Swiss Confederation, Fedlex, the publication platform for federal law; 2024 [accessed 24 June 2024]. https://www.fedlex.admin.ch/eli/cc/1991/1184_1184_1184/fr.

⁴⁰ Act on the Taxation of Legal Entities [Online]. Geneva: Lexfindl; 2024 [accessed 24 June 2024]. <https://www.lexfind.ch/tolv/174001/fr>.

1994⁴¹, which specifies the conditions for tax exemption for legal entities engaged in public service or purposes purely for the benefit of the public (or for religious purposes) and the deductibility of voluntary contributions. In concrete terms, and according to the case law of the Federal Supreme Court, the exemption of a legal entity based on these provisions requires the fulfilment of three conditions: (i) the exclusive use of funds (the exempted activity must be carried out exclusively for public benefit or the common good); (ii) irrevocable allocation of the funds (funds dedicated to pursuing the purposes justifying the exemption are permanently allocated); and (iii) the institution's day-to-day operations in accordance with its articles of association. In addition to these three conditions, the legal entity must pursue a goal of public service or pure public benefit. Separate conditions apply depending on whether the purpose of the donation is strictly for the benefit of the public or a public service⁴². The CTA accepts that donations may be deducted from income (for individuals) or profits (for legal entities) if these donations are made to entities recognised as being of public benefit or in service of the public. The deduction is limited to 20% of taxable income or profits⁴³.

40. The **Commercial Register (CR)** collects and publishes information about companies domiciled in the Canton. Access to it is free and open⁴⁴. The Commercial Register's management, composition and procedures are governed by the Commercial Register Ordinance (CRO). The cantons are responsible for organising the Commercial Registry Offices. The cantonal Commercial Registry Offices report on their activities yearly to the Federal Commercial Registry Office (FCRO)⁴⁵. Chapter 8 of the CRO outlines the procedures related to foundations. The CR intervenes at the creation stage of foundations and during any changes to the information recorded in the CR, such as changes in registered office, purpose or the composition of the foundation board. It has already been noted (see paragraph 31) that associations are not, in principle, required to register with the CR, unless they carry out a commercial activity, are required to have their accounts audited, or collect or distribute funds abroad.
41. Every foundation is supervised by a governmental authority, whether federal, cantonal or communal⁴⁶. Pursuant to Article 96 of the CRO, it is the responsibility of the Commercial Registry Office to decide who should be authorised to supervise any newly created

⁴¹ Circulars on the direct federal tax IFD [Online]. Bern: Swiss Confederation, Federal Tax Administration; 2024 [accessed 24 June 2024]. <https://www.estv.admin.ch/estv/fr/accueil/impot-federal-direct/informations-specialisees-ifd/circulaires.html>.

⁴² Requests for tax exemptions. Procedures and conditions to be met. [Online]. Geneva: Cantonal Tax Administration; 2021 [accessed 24 June 2024]. <https://www.ge.ch/document/610/telecharger> p.7.

⁴³ Taxation [Online]. Republic and Canton of Geneva; 2024 [accessed 26 June 2024]. <https://www.ge.ch/dossier/geneve-philanthropie/acteurs/fiscalite>.

⁴⁴ Commercial Register [Online]. Geneva: Republic and Canton of Geneva; 2024 [accessed 26 June 2024]. <https://www.ge.ch/consulter-registre-du-commerce-commander-documents>.

⁴⁵ Commercial Register Ordinance (CRO) [Online]. Bern: Swiss Confederation, Fedlex, the publication platform for federal law; 2024 [accessed 26 June 2024]. <https://fedlex.data.admin.ch/filestore/fedlex.data.admin.ch/eli/cc/2007/686/20210101/fr/pdf-a/fedlex-data-admin-ch-eli-cc-2007-686-20210101-fr-pdf-a.pdf>.

⁴⁶ In Geneva, there is no longer a municipal supervisory authority.

foundation. According to the DFI circular of 17 March 1921⁴⁷, the Commercial Registry Office makes this decision based on *“the purpose, scope and activity of the foundation”*. Foundations with a local scope of action fall under the jurisdiction of the cantonal supervisory authority, while those operating at the national or international level fall under the jurisdiction of the federal supervisory authority. Quantitative factors (assets, income, or the amount of annual distributions) are irrelevant in this regard.

42. The initial version of the questionnaire used for this study did not include matters relating to the Commercial Register. Nevertheless, many interviewees mentioned this element as key to the attractiveness and promotion of Geneva's philanthropy sector.
43. The **Cantonal Supervisory Authority for Foundations and Pension Funds (ASFIP)** is an autonomous, independent public-law institution responsible for supervising private-law foundations, pursuant to the decision of the Commercial Register⁴⁸. Established in 2012, it followed the adoption by the Geneva Grand Council of the Cantonal Act on the Supervision of Civil-law Foundations and Pension Funds (LSFIP – E 1 16), which replaced the former foundation supervision service⁴⁹. It exercises both accounting and legal oversight. In particular, it:
- a. examines in advance (upon request) draft foundation deeds;
 - b. decides on the subjection of foundations in accordance with Article 84 of the Swiss Civil Code;
 - c. reviews the articles of association and approves any amendments thereto;
 - d. examines the regulations;
 - e. annually reviews the financial statements, the auditor's report, the activity report and the minutes recording the approval of said financial statements;
 - f. ensures that the foundation's assets are used in accordance with its statutory purpose;
 - g. grants exemptions from the obligation to appoint an auditor;
 - h. makes decisions on dissolution requests;
 - i. maintains a list of foundations under its supervision;
 - j. takes all necessary measures to address any shortcomings identified.

The ASFIP supervises approximately 43% of foundations based in Geneva (590 at the end of 2023); the others fall under the jurisdiction of the Federal Supervisory Authority. In French-speaking Switzerland, the cantons of Vaud, Valais, Neuchâtel and Jura have entered into an inter-cantonal agreement establishing the LPP and Foundation Supervisory Authority of Western Switzerland (As-So), headquartered in Lausanne. Only Geneva and Fribourg have their own cantonal supervisory authority.

44. The **Federal Supervisory Authority for Foundations (FSAF)** is the Swiss supervisory authority for private-law foundations headquartered in Switzerland and operating nationally or

⁴⁷ Pfister Loïc, *La fondation* [The foundation]. 2nd edition. Zurich: Schulthess; 2024, p.229.

⁴⁸ See paragraph 41.

⁴⁹ Cantonal Supervisory Authority for Foundations and Pension Funds (ASFIP Geneva) [Online]. Geneva: ASFIP; 2024 [accessed 24 June 2024]. <https://www.asfip-ge.ch>.

abroad⁵⁰. Its task is to ensure that the foundations under its supervision use their assets and income in accordance with the purpose defined in their articles of association⁵¹. It is responsible for overseeing approximately 57% of foundations based in Geneva. Unlike the ASFIP, which exercises both accounting and legal oversight, the FSAF exercises primarily legal oversight.

45. The **Cantonal Office for Population and Migration (OCPM)** grants work permits to people of foreign origin. It plays a key role in the reception and creation of philanthropic entities employing foreign nationals. Like the CR, the OCPM was not included in the initial version of the questionnaire prepared for this study, many stakeholders involved in the philanthropy sector mentioned its importance on multiple occasions.
46. The **Geneva Centre for Philanthropy (GCP)** at the University of Geneva was established in 2017 by the University of Geneva, in partnership with several philanthropic foundations. Given the multidisciplinary nature of philanthropy, the Centre directly involves – and interacts with – various faculties within the University (Economics and Management, Arts, Medicine, Psychology, Social Sciences, Theology and Law). Its mission is structured around three axes, which complement and enrich each other: research and publications, teaching (Bachelor, Master, postgraduate and continuing education), and organising events open to the general public. Seven years after its creation, the GCP benefits from the ongoing support of eight grant-making foundations. It has led to the creation of several chairs in various faculties and numerous internationally recognised scientific publications. From its beginnings, the Centre has successfully created a hub of interdisciplinary expertise, bringing together academics and practitioners who actively participate in its research and training activities.

Key private stakeholders

47. Founded in 1990, **proFonds** is the Swiss umbrella organisation that brings together foundations and public-benefit organisations without distinction. It is headquartered in Basel and currently has approximately 500 members. Its objective is to preserve and further develop favourable framework conditions in Switzerland, particularly in civil and tax law, and to support its members in their philanthropic endeavours. proFonds is active both in advocating for the sector's interests and in promoting knowledge exchange, shared experience, and the professionalisation of foundations and other public-benefit organisations⁵².

⁵⁰ Pfister Loïc, La fondation. 2nd edition. Zurich: Schulthess; 2024, p.19.

⁵¹ Federal Supervisory Authority for Foundations [Online]. Bern: Swiss Confederation, Federal Department of Home Affairs; 2024 [accessed 26 June 2024]. <https://www.edi.admin.ch/edi/fr/home/fachstellen/eidgenoessische-stiftungsaufsicht.html>.

⁵² proFonds, Umbrella association of Swiss public-benefit foundations [Online]. Basel: proFonds; 2024 [accessed 26 June 2024]. <https://www.profonds.org/fr/>.

48. Established in 2001, **SwissFoundations** is the leading umbrella association for grant-making foundations in Switzerland and Liechtenstein that hold their own assets and use these assets or their income for public-benefit purposes. This condition is met regardless of whether a foundation allocates funds exclusively or is also operationally active. SwissFoundations represents the interests of its members independently on economic and political levels and promotes self-regulation, openness, partnership, and pluralism. SwissFoundations is based in Zurich and opened an office in Geneva in 2012 at the Maison des Fondations⁵³.
49. **Philanthropy and fundraising advisers.** The professionalisation of the sector has seen the emergence of independent professional advisers since the early 2000s. Specialists in donations or fundraising, they assist donors, foundations and philanthropic organisations in selecting, implementing and monitoring their projects. The growing demand for philanthropic support services has prompted local banks to expand their offerings to their high-net-worth clients. Some advisers offer their services free of charge with a philanthropic motivation. This is the case for the Lyoxa association, headquartered in Geneva and working voluntarily to support not-for-profit organisations. There is no database on the number of philanthropy advisers; however, the Swissfundraising website (the professional organisation of fundraising specialists in Switzerland) provides a list of over 70 service providers.
50. The **Maison Internationale des Associations (MIA)** is a space created to support and promote both local and international civil society initiatives. It is home to over 80 local and international associations in the heart of Geneva. The Fondation pour l'Expression Associative manages the MIA and offers office rental, domiciliation and parking services. With its 13 rental rooms, the MIA enables associations, other private and public entities and the general public to organise professional or private events at a low cost.
51. The **Geneva Welcome Centre (Centre d'Accueil de la Genève Internationale - CAGI)** was founded in 1996 by the Swiss Confederation and the Canton of Geneva. Its aims include (i) facilitating the settlement and integration of new arrivals and their families in Geneva, (ii) offering assistance and advice to NGOs and providing information, in collaboration with the relevant authorities, to NGOs wishing to establish themselves in the Lake Geneva region, (iii) supporting the accommodation of delegates from developing countries during their participation in conferences, training courses or work meetings, and (iv) contributing to connecting international Geneva with local Geneva through events and the promotion of cultural and recreational activities⁵⁴.
52. Founded in 1976, the **Fondation pour Genève** is a private organisation. Its purpose is to contribute to Geneva's reputation, in Switzerland and abroad, by promoting the creation and development of initiatives that maintain and enhance the Canton's humanitarian reputation. Through various means, this foundation supports the actions of Geneva's

⁵³SwissFoundations [Online] Zurich: Republic and Canton of Geneva; 2024 [accessed 26 June 2024]. <https://www.swissfoundations.ch/fr/>.

⁵⁴ Geneva Welcome Centre (Centre d'Accueil de la Genève Internationale - CAGI) [Online]. Geneva: Fondation pour Genève; 2024 [accessed 26 June 2024]. <https://www.cagi.ch>.

authorities aimed at promoting the Canton's international development⁵⁵. Its objective is to carry out its activities through various structures and initiatives. These include: (i) the "Diplomatic Club of Geneva", a privileged meeting place for the major players in International Geneva with local public figures; (ii) the "Observatory", which develops and disseminates analyses and recommendations designed to strengthen the international positioning of the Lake Geneva region; (iii) the "Réseau d'Accueil" and the "Cercle des Conjointes" (Welcome Network and Spouses' Circle), a foundation which offers a personalised welcome to expatriates and their spouses from diplomatic and private circles; (iv) the "Partnerships and Foundation Prize", which supports institutions or specific projects that meet the Foundation's objectives, and (v) the "Georges Junod Fund", intended to improve the well-being of elderly people in need⁵⁶.

53. Figure 12 provides a non-exhaustive overview, by category, of the stakeholders contributing to the richness of Geneva's philanthropic ecosystem.

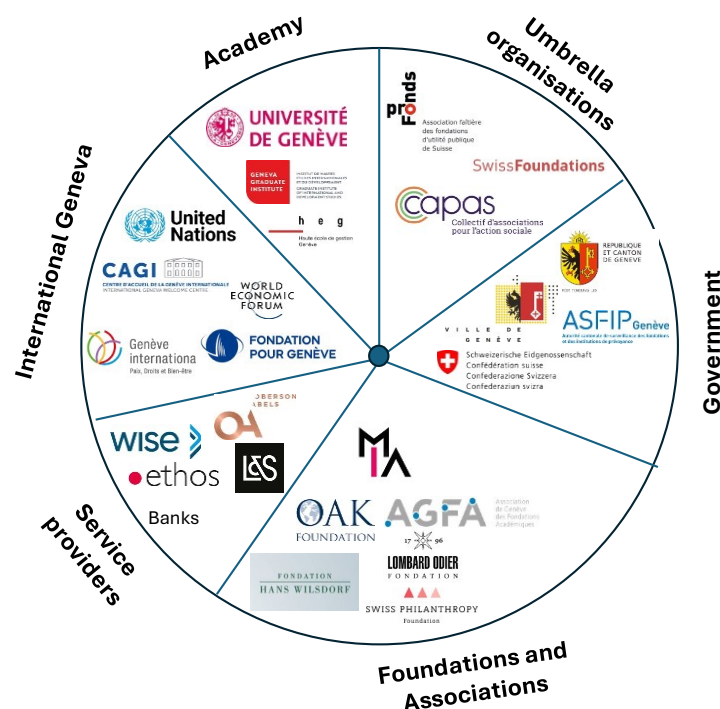


Figure 12 - Philanthropic ecosystem in the canton of Geneva (non-exhaustive overview)

⁵⁵ Fondation pour Genève, purpose [Online]. Bern: central index of business reasons; 2024 [accessed 26 June 2024]. <https://www.zefix.ch/fr/search/entity/list/firm/272666>.

⁵⁶ Fondation pour Genève [Online]. Geneva: Fondation pour Genève; 2024 [accessed 26 June 2024]. <https://www.fondationpourgeneve.ch/>.

Taxation

Exemption of public-benefit entities

54. In Switzerland, as in most other countries, entities considered to be public-benefit entities benefit from tax exemptions⁵⁷. This applies at the federal level and under all cantonal laws, although cantonal provisions vary⁵⁸.
55. From the point of view of economic policy, these exemptions are justified insofar as the sacrifice made by the State in foregoing a portion of the taxes that would otherwise be owed is outweighed by the benefits these exemptions generate in terms of the public interest. A study conducted in 2019 by PwC at the initiative of SwissFoundations confirms that this condition is generally met in Switzerland (see box below).

Tax consequences of creating a foundation⁵⁹

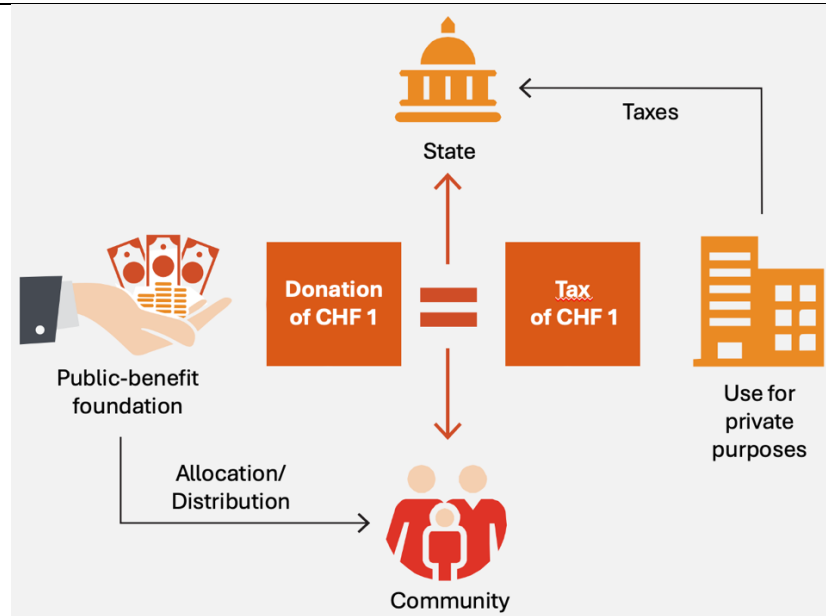
In a 2019 study, PwC and SwissFoundations examined whether the possibility of establishing a tax-exempt grant-making foundation serves the public interest, or primarily results in a tax advantage that benefits the founders without generating added value for civil society.

Considering two model cases – a grant-making foundation preserving its capital and a grant-making spend-down foundation – the amount of taxes “lost” to the treasury as a result of creating a foundation was calculated and then compared with the benefits enjoyed by the community through donations from the foundation in question:

⁵⁷ Rapport OCDE "Taxation and Philanthropy", OECD Tax Policy Studies, No. 27, OECD Publishing Paris, 2020.

⁵⁸ **Lideikyte Huber Giedre, Pittavino Marta, Peter Henry**. Tax incentives for charitable giving. Evidence from the Swiss Canton of Geneva. In Peter Henry & Lideikyte Huber Giedre (Eds.), Routledge Handbook of Taxation and Philanthropy. Routledge, London and New York, 2021, pp. 253 et seq.

⁵⁹ Foundations – A good deal for society. [Online]. Zurich: PwC, SwissFoundations; 2019 [accessed 24 June 2024]. https://www.pwc.ch/de/publications/2019/Stiftungsstudie_fr.pdf.



Model underlying the PwC Switzerland tax study

In each of the models considered, it seems that creating a charitable grant-making foundation that benefits from tax exemption is beneficial to the community. Depending on the canton, foundations become “profitable” for society within a month to a year and a half.

The commonly accepted argument that grant-making foundations are actually a means of tax optimisation to the detriment of the public interest, therefore, proves unfounded. The “tax cost” of public-benefit foundations is quickly amortised, with the donations they make exceeding the tax shortfall, and this is true in all cantons.

PwC's analysis shows that in Geneva, grant-making foundations that preserve their capital and use their investment income to make donations contribute positively to the public interest within a period of no more than four years. In contrast, grant-making foundations that consume their capital meet this requirement more quickly⁶⁰. In an inter-cantonal comparison and regardless of the calculation model applied, the study shows that, due to its high tax rates, Geneva ranks at the bottom when it comes to the “social profitability” threshold for foundations.

56. Pursuant to Articles 56 (g) of the Federal Act on Direct Federal Taxation (DFTA) and 23 para. 1 (f) of the Direct Taxation Harmonisation Act (DTHA), any legal entity pursuing public service or public benefit goals is exempt from taxes. These primarily include foundations and associations. However, Geneva does not have a register of tax-exempt legal entities, unlike

⁶⁰ “The calculations were made based on the 2019 tax rates in effect at the beginning of May 2019 [...] Future reductions in tax rates planned but not yet in effect should push back the break-even point in favour of the public-benefit foundation, sometimes significantly (e.g., Canton of Geneva).”

most other Swiss cantons⁶¹. The main reasons cited by the Geneva authorities in this regard are: the tax secrecy to which they are bound, the administrative burden involved in creating and updating such a database and the relevance of the published information in light of the good faith of the Swiss taxpayer. Other cantons, such as Bern, Fribourg, Zurich and Graubünden, have developed models for registers of exempt legal entities that are both publicly accessible and respect tax secrecy⁶².

Deductions for voluntary contributions

57. With a donation's deductibility percentage capped at 20% of taxable income, Geneva is in step with the practices in Switzerland at the federal level and by most cantons⁶³. Until 2008, this cantonal rate was 5%, before being aligned with the federal deductibility rate (which was increased in 2006)⁶⁴.
58. The data provided by the Cantonal Tax Administration (CTA) for the preparation of this report (Table B) highlights that, since 2012, the amount of donations (i) made by Geneva taxpayers and (ii) for which they claimed tax deduction⁶⁵ has been steadily increasing, from a total of CHF 80.74 million in 2012 to CHF 137.25 million in 2021.

⁶¹ **Pico, Zachary** (2024). *Encourager le don – Opportunité d'un registre des personnes morales exonérées d'impôts pour but d'utilité publique à Genève*. [Encouraging Donations – Opportunity for a Register of Tax-Exempt Legal Entities for Public Purposes in Geneva.] In EXPERT FOCUS, June 2024.

⁶² *Ibid.* p.316.

⁶³ **Lideikyte Huber Giedre, Pittavino Marta, Peter Henry**. Tax incentives for charitable giving. Evidence from the Swiss Canton of Geneva. In Peter Henry & Lideikyte Huber Giedre (Eds.), *Routledge Handbook of Taxation and Philanthropy*. London and New York, 2021, pp. 253 et seq.

⁶⁴ **Lideikyte Huber Giedre, Peter Henry**, *Incitations fiscales pour les donateurs* (Tax incentives for donors). Aperçu et recommandations pour la Suisse [Overview and Recommendations for Switzerland], in *Steuer Revue / Revue fiscale*, 10/2022, pp. 727.

⁶⁵ These amounts only include the deductible portion of donations; therefore, it cannot be ruled out that some donations were larger.

Number of taxpayers			Total deduction amount for voluntary payments
Financial year	Total	Deduction claimed	In CHF
2012	271,988	52,451	80,737,888
2013	277,876	56,080	86,206,400
2014	285,575	56,550	91,936,496
2015	293,577	59,457	94,430,131
2016	297,736	59,999	105,508,401
2017	300,776	60,604	123,248,199
2018	305,428	61,357	122,244,114
2019	310,247	61,791	131,083,788
2020	314,730	65,874	135,102,899
2021	328,688	65,574	137,247,977

Table B - Deduction for voluntary contributions, data available as of the end of March 2024

59. This trend is confirmed if we consider a longer time frame. Based on CTA data, Figure 13 shows the total amount of deductions claimed by Geneva taxpayers from 2001 to 2021. Notably, deductions increased from a total of approximately CHF 29 million in 2001 to the aforementioned CHF 137 million in 2021. The graph below also illustrates a significant change between 2008 and 2009, when the Geneva cantonal reform increased the deductibility rate from 5% to 20%, suggesting a causal relationship between this rate and donations made. Therefore, it can be considered that the increase in the deductibility rate from 5% to 20% achieved its intended objective.

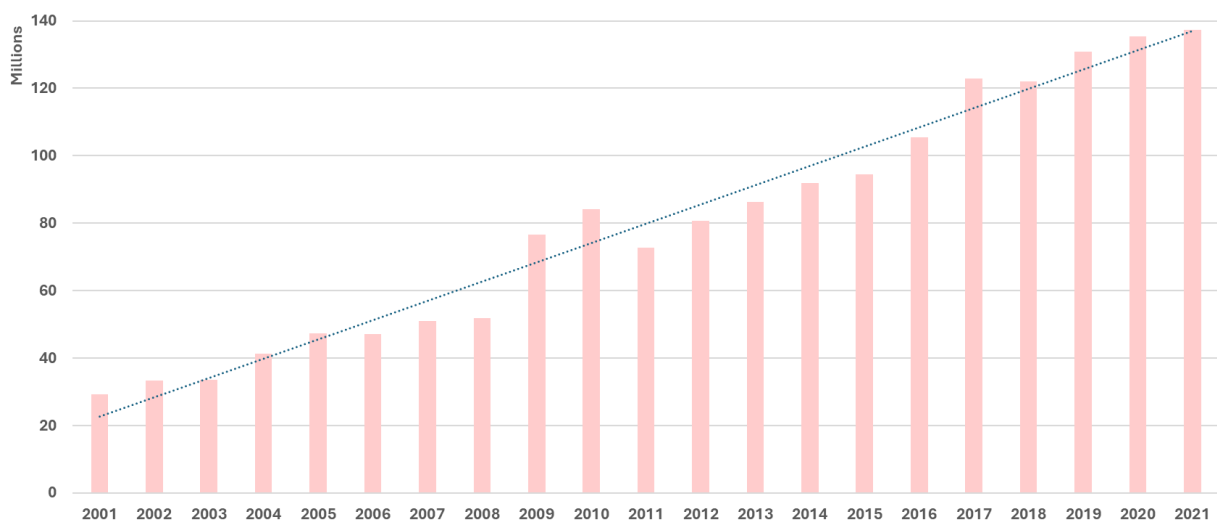


Figure 13 - Total amount of deductions for voluntary contributions (CHF)

60. Based on the data in Table B, figure 14 shows that (i) the total number of taxpayers (represented by the pink columns) increased by 40% over 20 years, from 234,117 in 2001 to 328,688 in 2021, and that (ii) the percentage of taxpayers claiming a deduction (indicated by the red line) increased steadily from 2001 to 2013, before stabilising at around 20% of taxpayers thereafter.

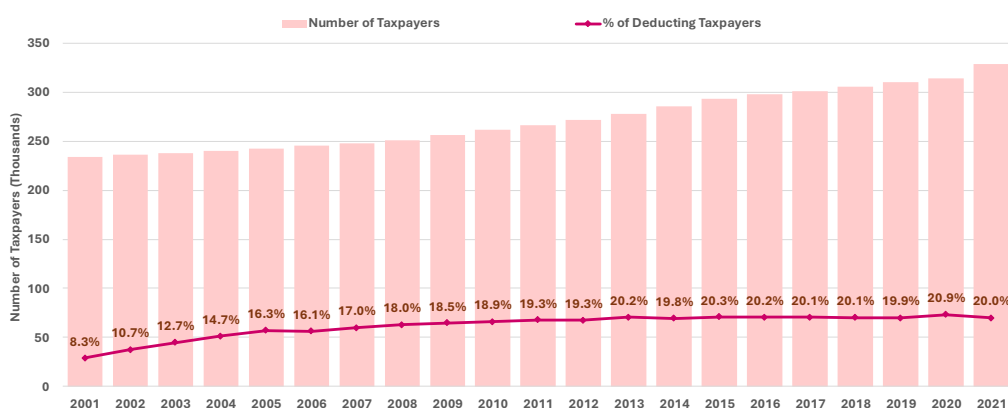
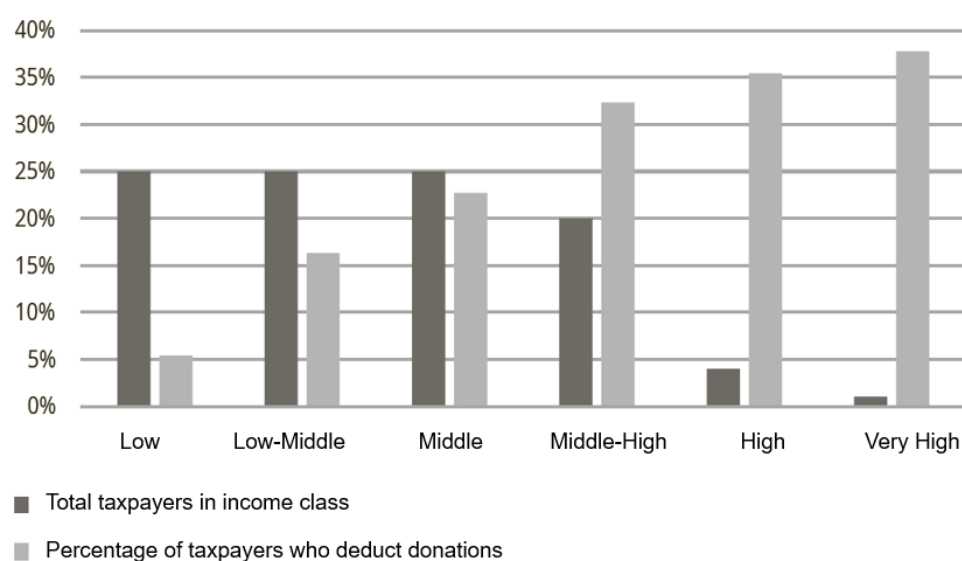


Figure 14 - Number of taxpayers and % of taxpayers claiming deductions (2001 to 2021)

61. Based on the above findings, the question was raised regarding whether the propensity to donate (and deduct) and income level are correlated. Figure 15 illustrates, for 2011, (i) the breakdown of taxpayers into six income classes (in dark grey), with the first three comprising 25% of taxpayers each, and the following three 20%, 4%, and 1% respectively, and (ii) the percentage of taxpayers claiming deductions (in light grey) in each of these classes⁶⁶. This graph confirms that higher income individuals have a greater propensity to claim deductions. Indeed, the three highest income classes (Middle-High (20%), High (4%) and Very High (1%)⁶⁷ have the highest percentage of taxpayers claiming deductions (and therefore donors) (32.3%, 35.6% and 37.8% respectively). Conversely, the lower the income, the lower the percentage of taxpayers claiming deductions. Therefore, only 5.4% of taxpayers in the lowest income class use the deduction, compared to 37.8% (almost 8 times more) for the highest incomes.

⁶⁶ Lideikyte Huber Giedre, Pittavino, Marta. Who donates and how? New evidence on the tax incentives in the canton of Geneva, Switzerland. *Journal of Empirical Legal Studies*, 19(3); 2022, pp. 758–797. <https://doi.org/10.1111/jels.12322>.

⁶⁷ Income classes are distinguished here using the classification developed by Professors Lideikyte Huber and Pittavino; they are defined as follows (CHF): Low: incomes below ≤ 14,419; Middle-Low: between 14,419 and 41,791; Middle: between 41,791 and 79,104; Middle-High: between 79,104 and 200,090; High: between 200,090 and 532,200; Very High: above 532,200. The Low, Middle-Low, and Middle classes each represent 25% of taxpayers, the Middle-High class constitutes 20%, the High class constitutes 4%, and finally, the Very High class makes up 1%.



This table was established on the basis of data published in : [LIDEIKYTE HUBER/PITTAVINO](#), (n. 22).

Figure 15 - Deductions by income class in 2011

62. The correlation between the percentage of taxpayers deducting donations (represented by the red line in Figures 16 and 17) and income class (x-axis) is confirmed when referring to 2001 and 2011⁶⁸. Comparing the percentage of taxpayers deducting donations during these two years (across all income classes) also confirms the effect of the reforms (federal in 2006 and cantonal in 2009), which, as we have seen, increased the deductibility rate. For the low-income class, the percentage of taxpayers deducting donations doubled from 2.1% in 2001 to 5.4% in 2011. This share rose from 23.1% to 37.8% for the very high-income class. This data is illustrated in Figures 16 and 17.

⁶⁸ These years were chosen because, as part of its research carried out between 2019 and 2023 to assess the impact of the federal and cantonal reforms on the deductibility of donations, the GCP obtained tax data from the CTA for the years 2001 to 2011 (which had been requested to cover the years when the federal (2006) and cantonal (2009) deductibility rates had been increased).

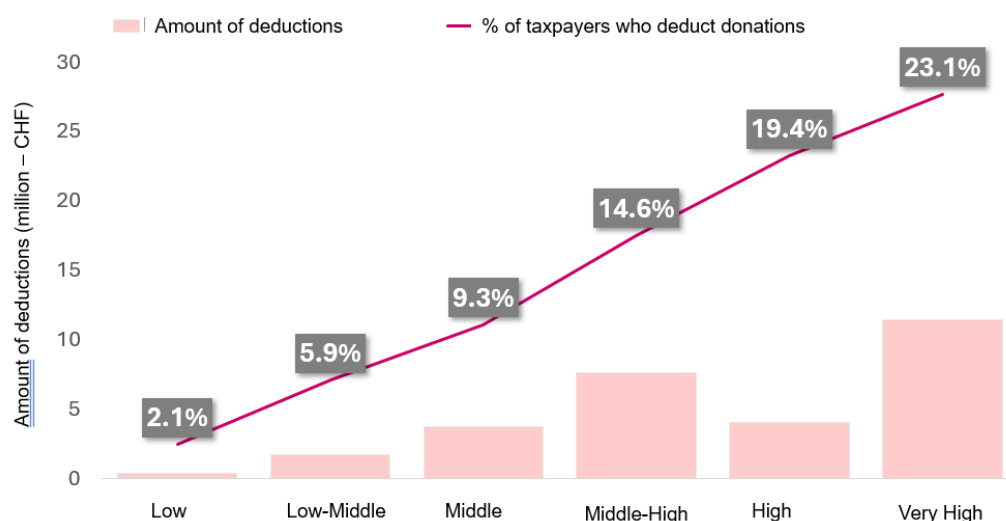


Figure 16 - Deductions by income class in 2001

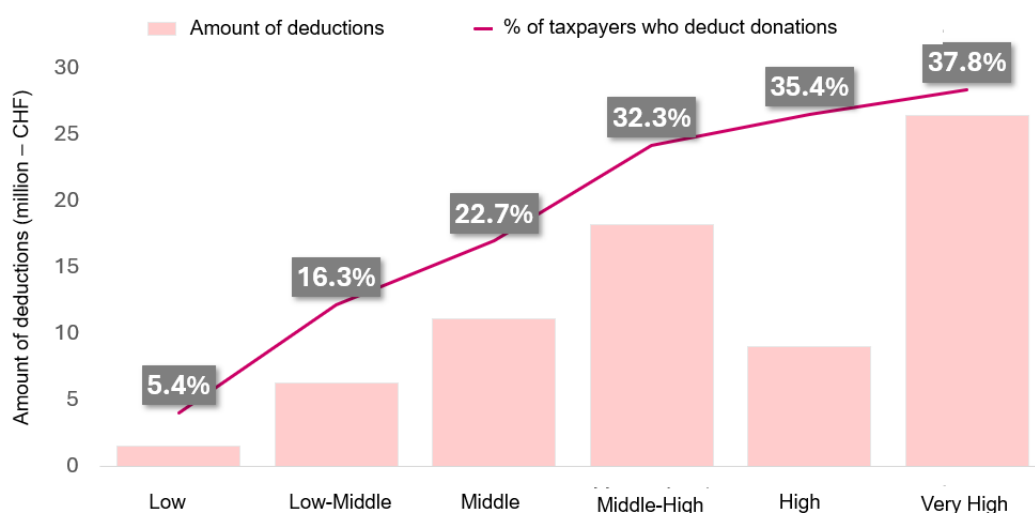


Figure 17 - Deductions by income class in 2011

63. The study by Professors Lideikyte Huber and Pittavino, published in 2022⁶⁹, highlights that the high and very high income classes, i.e., 5% of taxpayers claiming deductions (4,777 individuals in 2011), contribute nearly half (48.7%) of the total amount of deductions. In other words, almost half of deductible donations are made by a very small percentage of taxpayers (5%). It also appears that the few taxpayers (between 246 and 306 individuals) who donated 20% or more of their taxable income during the 2009-2011 period were on average

⁶⁹ Lideikyte Huber Giedre, Pittavino, Marta. Who donates and how? New evidence on the tax incentives in the canton of Geneva, Switzerland. Journal of Empirical Legal Studies, 19(3); 2022, pp. 758–797. <https://doi.org/10.1111/jels.12322>.

66 years old in 2009 and 69 years old in 2010 and 2011. They hold average assets between CHF 8 and 12 million and account for between 10% (2009, 2011) and 17% (2010) of all deductions in the canton of Geneva. Consequently, this is a very significant segment of donors. The donors affected by the deduction ceiling are generally older, give regularly, and have significant assets. The amount of their median deductions is higher than the average and median values of all donors. These trends remain consistent throughout the studied period.

CTA practice

64. The CTA provided data on the number of exemption cases it handles each year for reasons of public benefit and public service. These cases are numerous, both in absolute and relative terms. Between 2021 and 2023, they represented just over a third of all cases handled by the Tax Affairs Directorate (Table C). The volumes indicated in this table include all cases dealt with regardless of their subject matter (natural person, legal entity, general topic, etc.) and irrespective of the requesting entity (taxpayer, their agent, other external or internal entities, etc.).

Calendar year	1) Total number of all cases processed by the Tax Affairs Department (except 3 – “Low Risk Cases”)	2) of which # of cases processed - Exemption from direct taxes on profits and capital for reasons of public utility/public service	3) Total number of cases processed - “Low Risk Cases” exemption (not included in 1)	Total (1 + 3)	Incidence of cases exemption for reasons of public utility/public service (2 + 3) on total cases processed
2021	1,608	509	25	1,633	33%
2022	1,626	606	30	1,656	38%
2023	1,548	579	23	1,571	38%

Table C - Case volumes handled by the Tax Affairs Directorate

II. Summary of interviews and analytical reflections

65. As part of the research for this report, the authors interviewed 89 key stakeholders⁷⁰ whose opinions they believed would help better understand Geneva's philanthropic ecosystem and identify factors that are satisfactory versus those needing improvement. These individuals, from both the private and public sectors, were chosen to provide a diverse range of perspectives and viewpoints.
66. This second part of the report presents a summary of the collected opinions, along with reflections used as a basis to develop the recommendations laid out in the third part of the report. This summary begins with a section focused on the general perception of Geneva's philanthropy sector, followed by a second section addressing a number of specific themes. These sections and their respective subdivisions share the same structure: a series of observations followed by points for reflection.

General framework conditions

Findings

67. Respondents view the Swiss context as generally favourable to philanthropy. Its liberal framework conditions⁷¹, combined with political, social, fiscal and monetary stability, along with easy access to competent authorities and excellent advisory and support services, make it highly attractive. According to numerous experts who have assessed all the relevant parameters, conditions in Switzerland are generally at least as favourable as those in Europe, and perhaps even globally.
68. The Swiss framework conditions are partly governed by federal law, but the cantons have a fairly broad margin of discretion in their implementation – a latitude whose practical significance can prove decisive, particularly regarding the supervision of foundations and tax matters.
69. As understood and applied in Geneva, the concept of public benefit is favourable to philanthropy. In terms of private philanthropy, the Geneva authorities have been pioneers. They have avoided creating unjustified obstacles to cross-border donations, unlike other cantons, which have considered or still consider this incompatible with the conditions justifying tax exemption. Following the publication of an analysis in 2023, the Canton of Zurich decided to change its practice to favour cross-border donations⁷²; it has therefore moved closer to the practice already generally applied in Geneva.

⁷⁰The list of interviewees is included in Annex 2, p. 59.

⁷¹ Swiss Civil Code [Online]. Bern: Swiss Confederation, Fedlex, the publication platform for federal law; 2024 [accessed 24 June 2024]. https://www.fedlex.admin.ch/eli/cc/24/233_245_233/fr.

⁷² See Annex 4.1, p. 65.

70. In this context, the Lake Geneva region, particularly Geneva, serves as a highly valued hub for philanthropy initiatives. The concentration of legal, tax, financial and academic experts, along with the presence of major institutions involved in humanitarian aid, health, the environment and culture which often play a leading role on the international stage, create a favourable environment for developing the philanthropic ecosystem. The various reasons for this ecosystem are outlined in the first part of this report. Additionally, the Swiss Federal Host State Act (HSA)⁷³ allows for headquarters agreements for organisations wishing to be stationed in Geneva. As a result of this favourable environment, 42 international institutions or secretariats have established themselves in the Canton, including the International Committee of the Red Cross (ICRC) and the GAVI Alliance⁷⁴, in contrast to just six located elsewhere in Switzerland⁷⁵. Following the adoption of the International Solidarity Financing Act⁷⁶ in 2001, the Canton of Geneva became the first in Switzerland to dedicate 0.7% of its annual operating budget to supporting international solidarity projects^{77/78}.
71. However, many interviewees pointed out that the various types of players contributing to Geneva's philanthropic ecosystem often operate in silos. The interviews highlighted that interactions between local Geneva and international Geneva are quite limited. The same is true of interactions between the foundation sector, particularly grant-making foundations, and the not-for-profit sector. Some believe that it would be beneficial to enhance discussions between the Geneva State Department, which focuses specifically on philanthropy (the Department of Economic Affairs and Employment, DEE) and the (cantonal) Directorate of International Affairs.
72. One question posed to the interviewees was to identify the three key words that sum up their perception of Geneva's philanthropy sector. Ranked by their frequency, the responses appear in Figure 18, where the character size of each word is proportional to the number of times it was mentioned during the interviews. The most frequently cited concepts are tradition, generosity, impact, and its international nature.

⁷³ Federal Act on the Privileges, Immunities and Facilities and the Financial Subsidies granted by Switzerland as a Host State [Online]. Bern: Swiss Confederation, Fedlex, the publication platform for federal law; 2022 [accessed 27 June 2024]. <https://www.fedlex.admin.ch/eli/cc/2007/860/fr>.

⁷⁴ Formerly Global Alliance for Vaccines and Immunisation.

⁷⁵ Host State Act [Online]. Bern: Federal Department of Foreign Affairs; 2024 [accessed 27 June 2024].

<https://www.eda.admin.ch/eda/fr/dfae/politique-exterieure/droit-international-public/privileges-immunités/loi-État-hôte.html> accessed 8 May 2024.

⁷⁶ Act on the financing of international solidarity (LFSI [Online]. Geneva: Republic and Canton of Geneva; 2001 [accessed 27 June 2024]. <https://silgeneve.ch/legis/index.aspx>.

⁷⁷ Les 20 ans de la loi sur la solidarité [20 years of the solidarity act] [Online]. Geneva: Republic and Canton of Geneva; 2024 [accessed 24 June 2024]. <https://www.ge.ch/dossier/soutenir-geneve-internationale-solidaire/a-la-une/20-ans-loi-solidarite>.

⁷⁸ NB: Switzerland devotes only 0.43% of its gross national income to this end. See *Dépenses de développement: la contribution de la Suisse reste insuffisante* [Development Spending: Switzerland's Contribution Remains Insufficient] [-> Online]. Solidar Suisse; 2024 [accessed 2 September 2024]. <https://solidar.ch/fr/depenses-de-developpement-la-contribution-de-la-suisse-reste-insuffisante/>.

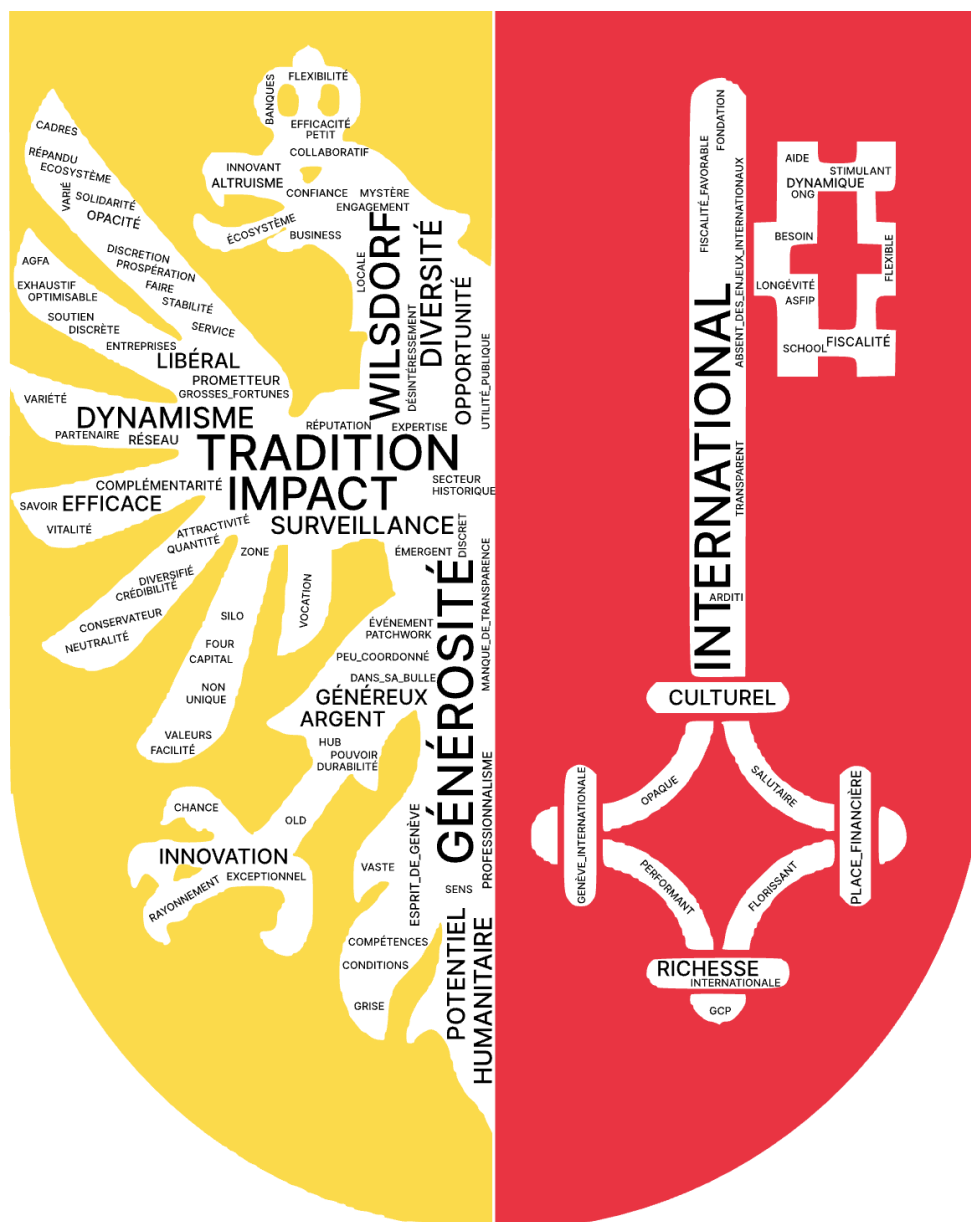


Figure 18 - Word cloud illustrating the keywords identified by stakeholders surveyed to describe the philanthropy sector in Geneva

73. Of the respondents, 49 provided feedback on the attractiveness of the framework conditions for philanthropy in Geneva. They rated this on a scale from 1 to 10⁷⁹; the average score was 8 out of 10. The same question was asked to assess their opinions on the administrations and authorities they frequently interact with, namely the CTA, the ASFIP, the FSAF, the CR and the OCPM. Opinions diverge significantly, with average scores ranging from 4 to 7 out of 10

⁷⁹ Where 1 corresponds to very unfavourable/unsatisfactory and 10 to very favourable/satisfactory.

and considerable variations in assessment depending on the specific administration or department⁸⁰.

74. These responses are illustrated in Figure 19. For each question, the coloured columns indicate the majority of responses, the vertical lines illustrate isolated opinions, the crosses indicate the average score, and the horizontal line indicates the median score.

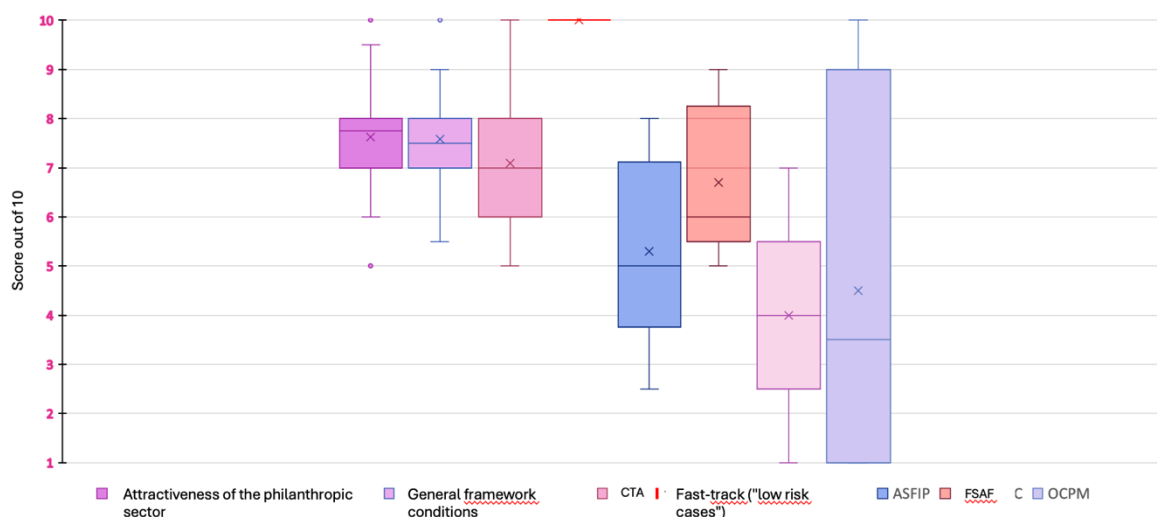


Figure 19 - Assessment of the framework conditions prevailing in the Canton of Geneva in relation to the philanthropy sector (including for each administrative department)

75. Without prejudice to the fact that the conditions prevailing in Geneva are considered generally favourable, the respondents, particularly the experts and practitioners who interact daily with the relevant government departments, commented that improvement is possible and desirable.

Points for reflection

76. **State promotion of the philanthropy sector:** Respondents appreciate that the State of Geneva actively engages with philanthropic circles. However, several interviewees noted that no statistical data has been collected or shared to date, and that information on measures taken or planned is scarce, if not non-existent, even though it could be useful. While some information has been shared, it has been within relatively small circles. Some interviewees mentioned the risk of Geneva “resting on its laurels” and suggested the need for strategic reflection on the Canton's positioning, including with regard to the content and format of the promotional efforts to be undertaken.

⁸⁰ The tax experts who contributed to the study unanimously praised the fast-track process for “trivial” cases introduced by the CTA, which allows for accelerated exemption for philanthropic entities whose form and activity meet certain conditions.

77. **Coordination between authorities and administrations:** The siloed functioning of the various authorities and administrations involved was noted several times. Regular dialogue and coordination between these various authorities would promote the sector's attractiveness and functioning.
78. **Cost of living:** By comparison internationally, Geneva is an expensive city, particularly in terms of salaries and property⁸¹. According to several interviewees, this is a barrier to establishing new foundations or associations, and sometimes to the continued existence of such organisations in Geneva. Work by the Foundation for Buildings for International Organisations (FIPOI)⁸² was welcomed, but it only involves a limited number of stakeholders.
79. **Complicated grant application processes for local associations:** As mentioned⁸³, certain types of associations are now required to register with the CR. However, interviewees noted that, recently, grant applications submitted by not-for-profit organisations to municipalities in the canton of Geneva require a business identification number (IDE). This requirement significantly complicates the task for these stakeholders, who are often small organisations lacking the knowledge and resources to navigate such administrative procedures.

Specific Framework Conditions

80. As previously mentioned,⁸⁴ the decisions made by authorities and administrations depend on federal and cantonal legal frameworks. However, the latter have a fairly wide margin for interpretation and discretion when it comes to applying the law. Most experts and practitioners interviewed wish to see a more pragmatic use of the discretion available.

⁸¹ International price comparison, provisional results [Online]. Bern: Swiss Confederation, Fedlex, the publication platform for federal law; 2022 accessed 27 June 2024]. <https://www.bfs.admin.ch/bfs/fr/home/statistiques/prix/comparaison-international-prix.assetdetail.27645023.html>.

⁸² Foundation for Buildings for International Organisations (FIPOI) [Online]. Geneva: FIPOI; 2024 [accessed 27 June 2024]. <https://www.fipoi.ch>.

⁸³ Above, paragraph 31.

⁸⁴ Paragraphs 39 to 45.

Taxation

Findings

81. The tax treatment of any philanthropic initiative often plays a decisive role. This observation applies to the issue of exemption from income tax and tax on foundation assets, and the treatment of donations made by individuals and legal entities for philanthropic purposes.
82. When compared internationally, Switzerland in general – and Geneva especially – are competitive regarding tax conditions, although other countries offer more favourable solutions. The rejection of the introduction of trusts into Swiss law in early 2024⁸⁵ represents a missed opportunity to attract very wealthy individuals, who are often inclined to allocate part of their wealth or income to philanthropic causes. Feedback from several stakeholders indicates that the attractiveness of the canton of Geneva is negatively impacted by its very high wealth tax rate⁸⁶. In the interviews, the cantons of Zug, Basel and Vaud, as well as the Anglo-Saxon countries (more modern), Liechtenstein (more flexible), Luxembourg (better equipped for impact projects) and the Netherlands (more pragmatic) were mentioned as alternatives to Geneva.
83. The authors benefited from the high availability and transparency of the CTA representatives. As a result, detailed and previously partially inaccessible information was available. Open and constructive discussions on the current situation and improvements were possible. One aspect worth highlighting is the favourable attitude of the CTA management regarding the appropriate treatment of philanthropic initiatives.
84. The implementation of the “fast-track” process, intended for “minor” or “low risk” cases, was unanimously cited as a success, promoting the Canton's attractiveness. This process allows foundations that meet certain conditions to benefit from immediate tax exemption. Furthermore, respondents appreciate the Geneva tax authority's availability and pragmatic approach, especially concerning the compensation of foundation board members and donations made abroad.
85. However, citizens and their representatives have expressed some reservations regarding the processing time for applications and the interpretation of current tax standards. The stakeholders interviewed unanimously believe that Circular 12 on Direct Federal Taxation of 8 July 1994 (on which the CTA bases its practice) is outdated and therefore needs to be updated. Concerns were also raised about the sometimes-uncertain nature of the requirements, some of which are not clearly communicated. Additional feedback highlighted

⁸⁵ Introduction of the trust into the Swiss legal system. Federal Council report on the classification of the motion [Online]. Bern: Swiss Parliament; 2024 [accessed 24 June 2024]. <https://www.parlament.ch/fr/ratsbetrieb/suche-curia-vista/geschaefte?AffairId=20230065>.

⁸⁶ Wealth tax [Online]. Geneva: Fédération des Entreprises Romandes; 2024 [accessed 24 June 2024]. <https://www.fer-ge.ch/impot-sur-la-fortune>.

how the processing of an application differs, depending on whether it is reviewed by one CTA member or another.

86. The CTA was informed of these comments and criticisms and provided the following responses and considerations:
- a. Compared to other cantons, it already adopts an open and pragmatic approach to (i) the issue of foundation board members' compensation and (ii) the exemption of institutions with activities abroad;
 - b. To improve the efficiency of its services, it has created a competence centre, composed of more than 10 duly trained individuals, responsible for handling exemption cases and other aspects related to the philanthropy sector;
 - c. In addition to its website, it regularly communicates on exemption matters, particularly for notaries and the Maison Internationale des Associations. It is willing to participate in initiatives to better inform citizens and their representatives about the tax requirements prevailing in Geneva;
 - d. Regarding file processing times, the CTA reports that, during the 2021 to 2023 financial years, the Tax Affairs Directorate processed an average of 53% of requests in less than 60 days and 79% of requests in less than 180 days. These percentages include working days. Days when the processing of the file is suspended are not counted (e.g., while awaiting a response to a request for information from the CTA, while awaiting an appointment with the taxpayer/their representative, at the request of the taxpayer/their representative, or while awaiting the outcome of ongoing legal proceedings related to the issue under investigation). Factors to consider include the quality and complexity of submitted applications and the interactions between the CTA and taxpayers, who may not always be represented by professionals.

Points for reflection

87. In light of the above, the authors of this report emphasise that:
- a. it would be appropriate to shorten the processing times for submitted applications. This requires better preparation of applications by taxpayers, although this is not the only reason for the sometimes-excessive length of time it takes to review applications. The provision of additional resources to the CTA should be considered;
 - b. it is desirable for the CTA to make its requirements more openly known. Despite a "Guide to Tax Exemptions for Associations and Foundations"⁸⁷ available online, a better understanding of certain tax authority practices would be helpful. This would allow for a better understanding and anticipation of the CTA's expectations;
 - c. within the CTA, initiatives could be taken to ensure greater unity of doctrine among those responsible for handling cases;

⁸⁷ Requests for tax exemptions. Procedures and conditions to be met. [Online]. Geneva: Cantonal Tax Administration; 2021 [accessed 24 June 2024]. <https://www.ge.ch/document/610/telecharger>.

- d. Federal Circular 12 of 1994, which in many respects constitutes the normative basis in this area, should be updated; the Canton of Geneva could take steps to this end, possibly in cooperation with other French-speaking and German-speaking cantons.

Supervisory authority

Findings

ASFIP

88. Like the CTA, the ASFIP was accessible to the authors of this study and provided them with very useful information. The ASFIP asserts to place proximity with its constituents at the heart of its concerns, is open to dialogue, and handles cases within a reasonable time frame.
89. From the perspective of citizens, the collected opinions reveal a noticeable dissatisfaction with how long it takes to process requests, as well as a tendency at times to adopt excessively formalistic positions. Furthermore, the difficulty of obtaining authorisation to liquidate foundations when justified, or to convert them into funds managed within an existing charitable trust or foundation, was also mentioned. Nonetheless, the willingness of ASFIP representatives to listen to citizens and engage in bilateral discussions with them is appreciated.

FSAF

90. The FSAF representatives were also very open to dialogue with the authors and provided them with very useful information. They demonstrate understanding and availability towards philanthropic stakeholders and those supporting them. The FSAF asserts that the scope of its interventions is limited to legal requirements and does not extend to a detailed examination of the accounts of the foundations it supervises.
91. Many interviewees praised the federal authority's pragmatism on certain issues, notably the possibility (i) of liquidating foundations whose size or insufficient resources do not (or no longer) allow them to carry out their activities effectively, and (ii) of supporting initiatives through venture philanthropy. In Switzerland, the FSAF authorised the liquidation of 70 foundations in 2020, which rose to 171 in 2023.
92. However, the majority of practitioners interviewed reported difficulties with processing times for requests and files, the inability to contact officials, and the pitfalls associated with the digitalisation process recently implemented by the FSAF (in 2022). Indeed, the resulting depersonalisation of contacts negatively affects relations with the relevant administration and undermines the effectiveness of its function.
93. Other interviewees mentioned that the FSAF is equipped for non-problematic cases, but when disputes occur between foundation directors, the relevant authority can sometimes act as

both judge and investigator (conducting an investigation and then making decisions that may amount to sanctions), which is problematic. A model similar to that practised by the Competition Commission⁸⁸, which consists of a secretariat and a commission, should be considered.

94. During discussions with the authors of this report, the FSAF acknowledged the issues arising from the digitalisation of its processes and intends to provide a contact person for professional representatives. Regarding processing times, the FSAF currently employs 24 FTEs in the secretariat and 18 FTEs in charge of cases within its legal department. Each FTE oversees between 300 and 360 foundations. Following a recommendation from the Swiss Federal Audit Office in 2022⁸⁹, which noted excessively long processing times and inefficiency due to work overload, the FSAF has expressed its willingness to limit the number of cases per lawyer to 300 in the near future.

Points for reflection

95. In light of the above, the authors of this report believe that potential improvement may consist of:
- a. Regarding the ASFIP: (i) application processing times should be reduced, and (ii) its approach should be less formalistic and, generally, more open and pragmatic;
 - b. Regarding the FSAF: (i) its digital system needs to become more user-friendly, (ii) the accessibility of personnel responsible for applications, including personalised contact, should be ensured, and (iii) when applicable, consideration should be given to increasing staffing levels.

⁸⁸ COMCO, organisational chart [Online]. Bern: Swiss confederation, Competition Commission; 2023 [accessed 24 June 2024]. <https://www.weko.admin.ch/weko/fr/home/la-comco/organigramm.html>

⁸⁹ Prüfung der Reorganisation der Eidgenössischen Stiftungsaufsicht [Online]. Bern: Swiss Federal Audit Office; 2022, p.17 [accessed 24 June 2026]. https://www.efk.admin.ch/wp-content/uploads/publikationen/berichte/wirtschaft_und_verwaltung/diverses/21267/21267be-endgueltige-fassung-v04.pdf

Commercial Register

Findings

96. The cantonal authority responsible for the Commercial Register plays an important role in practice, deciding whether the foundation will be under federal or cantonal supervision⁹⁰. The authors of this report also gained from constructive interactions with the head of Geneva Commercial Register, facilitating a high-quality dialogue regarding the role and efficiency of this administrative function.
97. Most respondents raised concerns on five key issues: (i) the notably lengthy processing times for enquiries and submitted applications; (ii) a comparatively high incidence of problems in processing applications; (iii) inability to contact anyone at the Commercial Register; (iv) the absence of many documents in English; and (v) a lack of clarity regarding the criteria for placing foundations under federal versus cantonal supervisory authority.
98. These concerns were conveyed to the CR management, which confirmed their existence and observed that:
- a. Geneva has experienced strong economic growth across all sectors in recent years, including the philanthropy sector, particularly the foundation sector. This growth should be accompanied by an increase in staffing levels, their training and the available systems;
 - b. it has become challenging to reach the CR's case managers, whether by email or telephone;
 - c. regarding the allocation of responsibility for foundation oversight, the CR acknowledges that the current solution is not ideal and agrees that it is not optimal for the register to assume this responsibility.

Points for reflection

99. In light of the above, the authors of this report believe that potential improvements could include the following:
- a. consider increasing the number of case managers at the CR;
 - b. accelerate the implementation of more efficient technical resources (communication, processing);
 - c. provide training to CR staff on the needs and specificities of philanthropic stakeholders;
 - d. ensure greater accessibility for those responsible for issues related to the philanthropy sector, and establish a readily available point of contact for professional representatives (lawyers, notaries, etc.);

⁹⁰ See paragraph 41.

- e. consider whether the current solution, whereby the CR is the decision-making authority regarding the submission of foundations to federal or cantonal supervision, should be maintained. If not, find a more suitable solution. In any case, clarify the award criteria applied by the CR, and allow foundations to be heard before any decision is made. There are indeed cases where, even if the statutory purpose may be interpreted differently, the foundation's activity is primarily local, justifying its submission to the supervision of the cantonal authority, therefore legitimately allowing the foundation to maintain closer proximity to its authority; however, there are other cases, where the foundation's activity, notwithstanding what its statutory purpose may suggest, is primarily international. In such cases, it is justified to submit it to the supervision of the federal authority rather than the cantonal authority.

Geneva Cantonal Office for Population and Migration (OCPM)

Findings

100. The OCPM plays an important role in the philanthropy sector, especially in Geneva, where numerous organisations seek to hire or currently employ foreign staff. The ability to obtain work permits and to receive prompt decisions regarding foreign nationals is often a determining factor in the retention or establishment of philanthropic organisations or activities in Geneva.
101. Among those interviewed, only a minority had a favourable opinion about the quality and speed of OCPM's services. The majority of the collected opinions view these services as problematic due to (i) the difficulty in contacting the individuals responsible for the applications, (ii) excessively lengthy processing times, often taking several months to nearly a year to obtain work permits for non-EU nationals, and (iii) formal obstacles, such as the inability to send documents written (or issued) in English. This represents a significant challenge for international stakeholders and is difficult to justify for a canton with Geneva's ambitions.
102. Like the other authorities interviewed, the authors of this report benefited from a very open and constructive dialogue with the director of the OCPM's Foreign National Service, the cantonal authority responsible for granting work and residence permits.
103. The latter acknowledges that the situation is not optimal, and notes that:
 - a. as far as the OCPM is concerned, there is no criterion for distinguishing, among the many cases it handles, those related to the philanthropy sector;
 - b. generally speaking, they are aware of existing problems and are doing everything possible to improve the quality of the services provided;
 - c. it would be useful to have more human resources and technical means;
 - d. the OCPM's call centre receives up to 3,000 calls per day. These calls are handled by nine individuals, including interns. The lines are therefore saturated, and the contacts

are not always qualified to handle specific and sometimes complex questions. The Foreign National Service is aware of this and is working to address it. To this end, it recently implemented a telephone or in-person appointments system for anyone who has submitted a residence and/or work permit application more than two months ago. In addition, a dedicated contact point for professional representatives has been established, which was well received during the interviews conducted as part of this study;

- e. regarding the lengthy processing times for applications, in approximately 80% of cases across all categories, they stem from incomplete applications or incorrect information provided by citizens. To tackle this issue, the department focuses on developing a digital process (“e-démarches” portal) dedicated to work or residence permit applications, which will better assist users and ensure they submit complete applications. Other procedures, particularly for mail processing, are being implemented;
- f. the creation of a “digital entry point”⁹¹ with a link to the OCPM website would be an appropriate measure;
- g. fluency in English is a justified requirement – some forms are currently available in English, but this is not yet the case for the “e-démarches” portal.

Points for reflection

104. The authors believe that opportunities for improvement could primarily be those whereby the head of the OCPM's Foreign National Service recognises their usefulness; in this regard, reference is made to paragraph 103 above.

Summary of the results of the opinions collected regarding the services provided by those Geneva administration departments primarily in contact with the philanthropy sector⁹².

105. Although there are differences in the assessment of the administration and citizens, the interviews conducted confirm that, with regard to public service, there is a good understanding in Geneva of the specificities of the philanthropy sector and the resulting added value for the Canton. The administration also declares a desire to provide appropriate services to this sector. However, it is acknowledged that there are areas requiring attention and improvement that should not be overlooked.
106. One constant is human resources; staffing levels could be increased within several departments and sometimes benefit from more specific training.

⁹¹ See recommendation 1.1, p. 53.

⁹² See above paragraphs 80 to 105

107. Establishing a regular and structured dialogue between the authorities concerned would be useful to ensure better coordination between their respective activities and requirements.
108. It would be advisable to design a single digital entry point accessible to any person or entity seeking information related to the philanthropy sector.

The idea of a **digital entry point** is not new. The report *Doing Better, More Efficiently: Measuring and Enhancing Philanthropic Vitality in the Lemanic region*⁹³, published in 2019, already suggested the harmonisation of cantonal best practices and requirements.

The digital entry point, which was mentioned several times during the interviews conducted as part of this study, was the subject of comments emphasising that it is not intended to create an additional administrative layer, but rather a platform providing interested individuals with an overview and easy access to relevant information, services, and resources. Consequently, the primary objective of such a tool is to facilitate, support, and so encourage philanthropic commitments, demonstrating a genuine political will for strong and sustainable support from the State of Geneva for the philanthropy sector.

A digital entry point could include, among other things:

- **Information** – Access to a number of standards, guidelines, practices and requirements to facilitate the creation and management of foundations or associations, for example:
 - [Guide to Tax Exemptions for Associations and Foundations;](#)
 - [ASFIP Practical Guide;](#)
 - [Swiss Civil Code, Articles 80 to 89 and related documents;](#)
 - [Swiss Foundation Code;](#)
 - [Report on Foundations in Switzerland 2024 CEPS Forschung und Praxis;](#)
 - [Interactive map of the philanthropy sector.](#)
- **Agenda** enabling prospective knowledge of key events in the sector
- **Legal News** – overview of the latest legislative changes impacting the sector
- **Training courses** – overview of available training programmes
- **Opportunity to contact key stakeholders** – supervisory authorities, tax authorities, commercial register, umbrella organisations (SwissFoundations, proFonds), Chamber of Notaries, etc.

A pragmatic approach could encourage the short-term development of the [Geneva and Philanthropy](#) page of the Canton. It should be noted in this regard that following its January 2024 announcement, the Canton of Zurich launched a page dedicated to the sector ([Stiftungskanton Zürich \(foundations.zuerich\)](#)).

⁹³ Doing Better, More Efficiently: Measuring and Enhancing Philanthropic Vitality [Online]. Geneva: Lombard Odier Foundation; 2019 [accessed 24 June 2024]. https://www.philanthropic-vitality.ch/assets/Philanthropic_Vitality_Report_2019_FR.pdf

Positioning and influence of Geneva

Findings

109. Several interviewees mentioned that there are few links between stakeholders in international Geneva and the local philanthropic world, even though some local philanthropic stakeholders are of major importance. Therefore, there is significant potential for developing exchanges, which could ultimately contribute to Geneva's positioning as a key platform for global philanthropy.
110. Major philanthropic foundations active in international Geneva do not have offices in the Canton, opting instead for other European centres such as London (Gates Foundation) or Brussels (Open Society); reflecting on the causes of this reality could provide solutions to this problem.
111. The Canton has never hosted a conference that brings together stakeholders in the philanthropy sector; initiatives in this regard would be welcome.
112. The same is true for communication: at the institutional level, the measures taken to raise awareness and promote Geneva's philanthropy sector are undoubtedly insufficient. Here as well, initiatives would facilitate the necessary changes.

Points for reflection

113. In light of the above, the authors consider that opportunities for improvement could include:
 - a. improved interactions between the third sector operating within the framework of International Geneva on the one hand, and philanthropic stakeholders outside of it on the other;
 - b. improved institutional communication regarding the significance of Geneva's philanthropy sector both locally and internationally, the existence of favourable framework conditions, and the administration's political commitment to foster the development of the philanthropy sector.
114. Digitalisation and cybersecurity are not only political but also operational issues for philanthropic stakeholders. Several initiatives are underway, supported by the presence of key players such as the ITU, CyberPeace Institute and the Geneva Centre for Security Policy (GCSP). In early June 2024, the launch of an incubator for digital trust and cybersecurity by Trust Valley and the GCSP is just one of the latest initiatives⁹⁴. Unfortunately, foundations and the not-for-profit sector often have limited digital skills. Therefore, proposals could be

⁹⁴ International Geneva now has its own incubator for digital trust and cybersecurity **[Online]**. Geneva: Grégoire Barbey, Le Temps; 2024 [accessed 27 June 2024]. <https://www.letemps.ch/cyber/cybersecurite/la-geneve-internationale-a-desormais-son-incubateur-pour-la-confiance-numerique-et-la-cybersecurite>.

formulated to encourage and increase exchanges between sector stakeholders and find solutions to this challenge.

115. The Lake Geneva region is positioning itself as a hub for climate philanthropy. It hosts various foundations, associations and NGOs, leveraging their diplomatic and scientific networks, to be active in ecosystem preservation and restoration programmes. Several stakeholders have emphasised the need for ongoing institutional support for these commitments.

Impact Entrepreneurship and Sustainable Investment

Findings

116. In recent years, new forms of philanthropy, including hybrid forms, have emerged, inspired by entrepreneurial approaches. These new forms involve both (i) the direct operational involvement of philanthropic stakeholders, particularly foundations, in the form of social enterprises, and (ii) the financing of these activities, which takes the form of so-called “impact” investments.
117. In both cases, the ultimate goal is to create an altruistic impact by taking initiatives – and risks – that neither the state nor the private sector is willing to undertake; hence the term “venture philanthropy” used by some. Such activities or investments can be considered consistent with the very purpose of public-benefit foundations and are also in line with the concept of “mission-aligned investment” (see box below).
118. Regarding (i) so-called **social entrepreneurship**, which could also be called “philanthropic entrepreneurship”, the aim is to facilitate and promote economic activities carried out by individuals or legal entities to benefit the public. If this is the case, it is justifiable to remove the obstacles hindering such initiatives, and it is even appropriate to encourage them. In any case, there is reason to reconsider the idea that, if they benefit from a tax exemption, these activities enter into a relationship of unfair competition with other operators in the same economic sector, and that such activities are therefore only acceptable if carried out on an ancillary basis. Such reasoning is unjustified for two reasons: (a) there is no competitive relationship, since the activities concerned belong to a different “market”, pursue an altruistic goal, and for which economic activity is not the end in itself but only the means to pursue this goal; and (b) to the extent that these activities pursue an altruistic goal, the latter should not be prevented, but rather encouraged by the State.
119. With regard to (ii) **impact investments**, the key question involves what is known as the risk-return, i.e., their risk profile in relation to the expected return on these investments. The defining feature of venture philanthropy is that investors are content with a risk-return ratio that is below what a rational (non-philanthropic) investor would accept. In other words, it involves obtaining funding from individuals willing to incur increased risk and the possibility

of a low, non-existent, or even negative return (partial or total loss of their investment). There is significant demand in this area, a demand that the market is currently not meeting. This is due in part to the fact that, given the current position adopted by most Swiss tax and supervisory authorities, such investments are not tolerated, because:

- they would endanger the foundation's assets (which are supposed to be maximised in order to have resources to pursue the foundation's purpose);
- these activities are sometimes considered to be similar to entrepreneurial activities⁹⁵.

120. Several stakeholders interviewed believe there is a lack of understanding and training within administrations regarding new forms of philanthropy. This can result (i) in a refusal of exemption from a tax perspective and (ii) in resistance from supervisory authorities, in both cases often having a prohibitive effect on the launch of the philanthropic activities concerned.

Points for reflection

121. In light of the above, the authors believe that opportunities for improvement should also consider the various points mentioned earlier⁹⁶. In support of this premise, it is important to note that Geneva occupies a particularly favourable position and has potential for the development of the new forms of philanthropy discussed here. In addition to the characteristics already mentioned in this report, Geneva has credibility in pursuing sustainable development goals and considerable experience, legitimacy and economic resources. The recent initiative known as “Building Bridges”⁹⁷ is one of the most significant achievements and could be a springboard for implementing state intervention (by Geneva). Strategic thinking is warranted in this regard to adapt framework conditions, including fiscal ones, to allow this potential to unfold.

The Case of the A. C. Berda Foundation

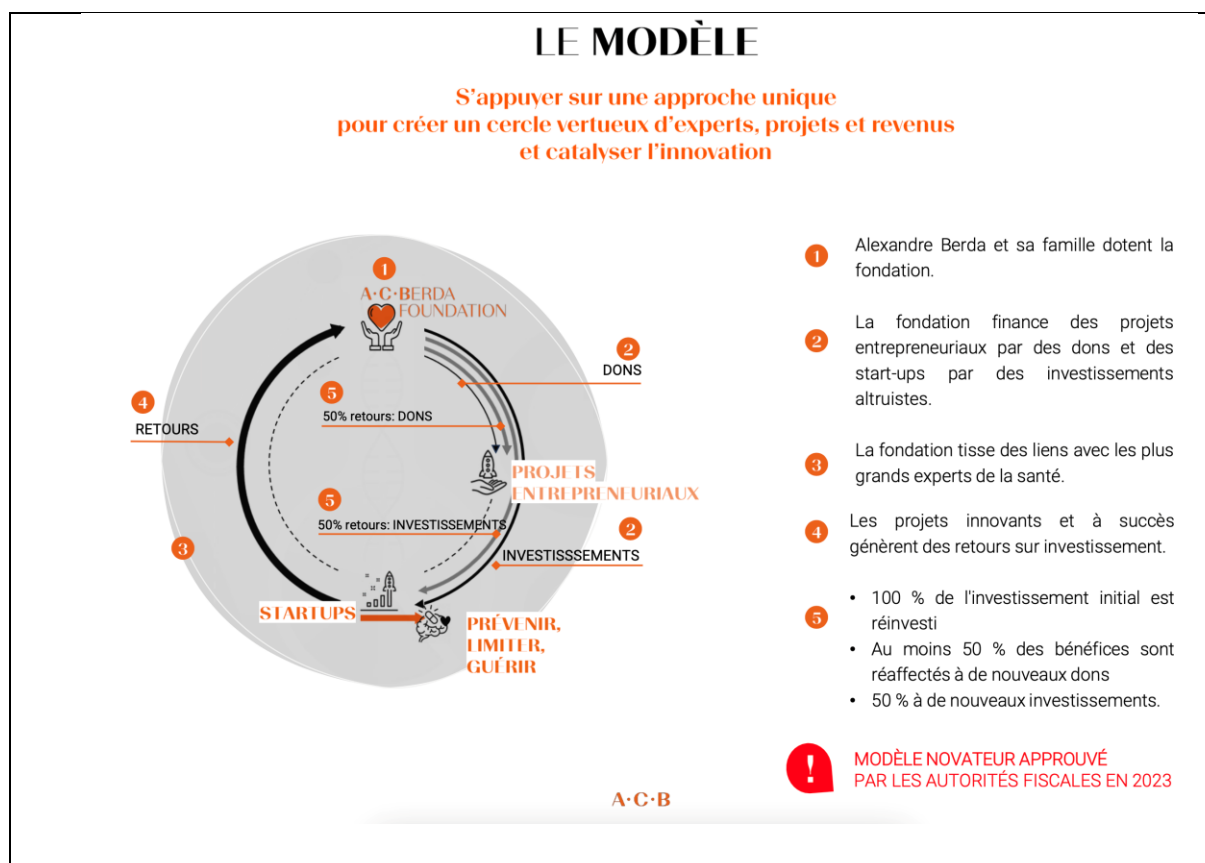
This Foundation is active in the field of medical research, particularly neurodegenerative diseases. Recognising that there is sometimes a lack of support and funding in this area, especially during the start-up phase of innovative projects, the Foundation has decided to invest in venture funds specialising in the health sector.

The Foundation has an annual budget, with 80% allocated to investments and 20% to donations. Half of the investment returns are reinvested into similar initiatives, and the other half is distributed in the form of donations to support other projects aligned with the foundation's objectives. This strategy ensures a better allocation of resources in terms of their sustainability and philanthropic purpose.

⁹⁵ See paragraph 119.

⁹⁶ See paragraphs 115 to 119

⁹⁷ Building Bridges [Online]. Geneva: Building Bridges; 2024 [accessed 28 June 2024]. <https://www.buildingbridges.org>



Role of the State in Supporting the Philanthropy sector

Findings

122. Overall, this study highlights that the state can and likely must play an active, potentially decisive role in the philanthropy sector. It must be aware of this and, therefore, be consistent in proactively and strategically taking initiatives to this end.
123. The Canton of Geneva offers fertile ground for experimentation and innovation. The state has the power to scale up projects led by proven philanthropic stakeholders but this capacity and leverage have not yet been fully exploited.
124. In the 2019 report entitled *Doing Better More Effectively: Measuring and Improving the Vitality of the Philanthropy sector in the Lake Geneva Region*⁹⁸ one of the recommendations was to “accelerate the growth of umbrella foundations” and to “conduct a feasibility study for a new type of territorial foundation with the aim of supporting donor engagement and collaboration around local needs”. The interviews conducted as part of this study show that

⁹⁸ Doing Better, More Efficiently: Measuring and Enhancing Philanthropic Vitality [Online]. Geneva: Lombard Odier Foundation; 2019 [accessed 24 June 2024]. https://www.philanthropic-vitality.ch/assets/Philanthropic_Vitality_Report_2019_FR.pdf.

the creation of a territorial foundation is neither necessary nor appropriate. The state could, however, take a more active role in boosting the development of umbrella foundations and encourage supervisory authorities to facilitate the merger by absorption (by umbrella foundations that would manage the funds) of foundations that have become inactive due, for example, to insufficient assets, their purpose, or challenges related to their governance.

Points for reflection

125. The authors of this report propose the following state initiatives:
- a. Generally speaking, the state should actively support the initiatives proposed in this report as long as it considers them relevant and feasible;
 - b. The state could promote the creation of an observatory to assess needs and resources. It should serve as a bridge between the various stakeholders in the ecosystem and be capable of engaging in dialogue with political bodies, practitioners, the not-for-profit sector and academia. Moreover, the observatory should have access to cantonal statistics to understand supply and demand in the sector, their respective trends, gather local best practices and collect feedback from the field on what has or has not worked in practice.
 - c. The state should consider and promote initiatives related to the form of public-private partnerships; this could be achieved, in particular, through a matching grant process in which the State identifies an investment of public interest (for example, a daycare or social housing) and raises private funds to co-finance the operation. Indeed, experience shows that co-financing serves as an incentive to attract investment, and even private donations, to carry out projects that would otherwise be impossible. These private investments could also be encouraged through targeted tax incentives;
 - d. Implement measures to enhance transparency and accessibility of information concerning the philanthropy sector in order to promote its efficiency;
 - e. Continue the “philanthropic round-tables” initiative launched in 2013, adjusting the format if needed.

III. Recommendations

Premise

This study has demonstrated that the philanthropy sector is of significant importance to Geneva, both in terms of the amounts involved, the direct and indirect tax revenues it generates, its positive impact on the Geneva economy and employment, as well as the expertise it provides to other sectors, the image and credibility it gives to the Canton, and its international positioning. The presence of numerous institutions in the Canton is synergistically linked to this, and therefore to the framework conditions that allow this system to exist and develop. This can be considered a virtuous spiral for Geneva, as well as for all of Switzerland.

Although this report is not based on a competitive logic, it can be stated that analysing possible alternatives to Geneva at the national and international levels often leads philanthropic stakeholders to choose the Canton due to its unique context. The growth rate in the number of foundations based in Geneva confirms this⁹⁹. While this context is favourable, it is not optimal. Therefore, it is legitimate to consider that improving the framework conditions in Geneva would foster the development of such an important sector for the Canton.

For philanthropy to thrive, strong political will and a firm belief that all reasonably possible measures must be implemented are essential. This state conviction and political determination are the necessary conditions for the implementation and success of the following recommendations:

1. Increase the transparency of the philanthropy sector to promote its understanding and enhance its legitimacy.

Generally speaking, foundations and associations based in Geneva enjoy public trust¹⁰⁰. However, the public and the media occasionally view the philanthropy sector as lacking transparency.

From the perspective of citizens and those considering launching a philanthropic initiative in Geneva, it is beneficial to establish a centralised point of access to information (digital entry point)¹⁰¹.

From a tax perspective, based on the analysis of the sector in the Lake Geneva region published in 2019¹⁰² and the blog entitled “Tax support for philanthropy: striking the right balance”¹⁰³ published in 2020, increased transparency would enhance understanding, legitimacy and efficiency in the sector.

⁹⁹ See above, paragraph 17.

¹⁰⁰ Figure 11, p. 20

¹⁰¹ paragraph 104 f.

¹⁰² Doing Better, More Efficiently: Measuring and Enhancing Philanthropic Vitality [Online]. Geneva: Lombard Odier Foundation; 2019 [accessed 24 June 2024]. https://www.philanthropic-vitality.ch/assets/Philanthropic_Vitality_Report_2019_FR.pdf.

¹⁰³ Saint-Amans Pascal, Peter Henry, Tax support for philanthropy: striking the right balance. [Online]. Paris: OECD; 2020 [accessed 27 June 2024]. <https://www.linkedin.com/pulse/tax-support-philanthropy-striking-right-balance-pascal-saint-amans/>.

What is recommended here, however, is not total transparency, but rather the ability to access a certain amount of information within the limits and in a justified manner given the objectives pursued.

In concrete terms, consideration could be given to:

- 1.1. promoting a centralised and up-to-date collection and access to relevant information concerning Geneva's philanthropy sector, for example by developing the "[interactive map of the philanthropy sector](#)" initiated in 2019. It is within this framework that the proposed creation of a digital entry point could be implemented;
- 1.2. establishing a public register of exempt entities;
- 1.3. collecting and publishing annual data on the evolution of several key performance indicators (KPIs) related to Geneva's philanthropy sector. This source of information would include aggregated distribution data from foundations and other organisations based in Geneva, in terms of amounts and the sectors that benefit from them.

2. Establish a structured strategic think tank that involves key players in the philanthropy sector, aiming at fostering its strategic, coordinated and sustainable development.

It is reasonable to assume that the initiative taken by the Canton, which led to the drafting of this report, will have a greater impact if a pragmatic, concrete, long-term action plan is implemented. Similarly, a strategic measure could establish an institutionalised forum for exchange between the State and key players in the sector, from both the public and private sectors. Concretely, this forum could take the form of an organised group of qualified individuals who meet periodically.

This group would consist of representatives from the Cantonal Office for Economic Affairs and Innovation (OCEI), the Finance Department, and the directors of key institutions such as the CTA, ASFIP, RC, OCPM, the Fondation pour Genève, GCP, SwissFoundations, proFonds and the Maison Internationale des Associations. It would be supported by a team responsible for implementing concrete measures proposed by the think tank, for example:

- 2.1. linking needs on the ground with available funding;
- 2.2. organising periodic round-tables bringing together interested stakeholders or groups to discuss selected topics.

3. Enhance the coordination efforts of the administration and its various departments

Even though each of the sectors involved in the Geneva administration generally holds a favourable attitude towards philanthropic initiatives and their stakeholders, and even though they each have their own roles and responsibilities, centralising the information provided by citizens and using a consolidated platform used by the relevant authorities (particularly CTA, ASFIP, FSAF, CR and OCPM) would simplify citizens' tasks. In the same vein, it seems appropriate, where justified, for the authorities in question to periodically exchange views on certain topics that cross-cut the various departments concerned, such as the concept of public benefit, the question of whether "impact" investments can be made, etc. To this end, consideration should be given to:

- 3.1. enabling citizens to provide all relevant information to the Geneva administration only once through a single platform accessible to the various departments concerned (the “once-only” principle). Technical measures should adequately limit access to certain confidential information;
- 3.2. organise periodic exchanges (e.g., twice a year) bringing together representatives of the relevant authorities to review their experiences and coordinate their practices.

4. Consider adapting the tax conditions applied in Geneva

In Geneva, the tax conditions applied to philanthropic initiatives and stakeholders are not generally unfavourable. However, it is worth considering whether these conditions can be improved, obviously from the perspective of the public benefit, which must remain the grounds and justification for any measures taken in this context. It would also be appropriate to ensure a unified understanding of the CTA's requirements among all those who interact with taxpayers and their advisers.

It may be worthwhile to consider forming a working group that brings together representatives from the tax administration and experts to examine whether, and to what extent, Geneva's tax conditions could be improved. In particular, this working group could address the following topics, namely:

- 4.1. allow a portion of philanthropic donations to be deducted from wealth tax;
- 4.2. allow the deferral of donation deductibility;
- 4.3. update tax rules for impact investing;
- 4.4. relax the practice of public-benefit status for philanthropic organisations carrying out commercial activities directly in line with their mission;
- 4.5. promote the deductibility of donations made by individuals to public-benefit initiatives abroad;
- 4.6. consider incentive deduction rates based on state priorities, thereby promoting the financing of certain sectors considered socially important (e.g., the construction of social housing or investments in renewable energy), both in general and in cases of state co-financing;
- 4.7. act jointly with other cantons to obtain an update of Circular 12 of 1994.

5. Promote the development of social entrepreneurship and impact investments

For the reasons already mentioned¹⁰⁴, it is reasonable to consider that the public interest would benefit from state measures promoting social entrepreneurship and impact investments.

To this end, the State could take measures aimed at:

- 5.1. removing the obstacles often encountered today by entities wishing to engage in pro-social entrepreneurial activities, to this end, eliminating any regulatory obstacles that are not strictly justified;

¹⁰⁴ See above, paragraph 115 to 120

- 5.2. encouraging and stimulating investments by the private sector (individuals, associations and foundations) for public-benefit purposes, in particular through forms of co-investment (public-private partnerships) or any other route, including general or targeted tax incentives.

6. Improve communication to promote the establishment and deployment of philanthropic activities in Geneva.

Improved communication from the Geneva administration would promote the development of the philanthropy sector in the Canton. The following measures could be considered:

- 6.1. highlighting the State of Geneva's convictions and commitment to supporting the philanthropy sector;
- 6.2. proactively and centrally communicating the framework conditions and initiatives taken by the State of Geneva to support the philanthropy sector;
- 6.3. creating and maintaining a single digital entry point, accessible to all, bringing together all useful information about Geneva's philanthropy sector.

Impact and feasibility

Not all of the recommendations proposed above, nor their implementation, carry the same degree of urgency or scope. Although prioritising them is complex and subjective, the authors of this report propose a matrix to classify the recommendations: vertically, the degree of their impact from the point of view of public interest is indicated, and horizontally, the extent to which they are concretely achievable within a reasonable timeframe.

Recommendation 1Recommendation 2Recommendation 3Recommendation 4Recommendation 5Recommendation 6					
Impact	High	5. Promote the development of social entrepreneurship and impact investments	1.3 Aggregated distribution data 2. Strategic think tank	6. Improve communication	
	Medium	4. Adaptation of tax conditions	3. Coordination of the administration and its various department	1.1 Update the interactive map of the sector 2.2 Continue organising roundtables	
	Low	1.2 Register of exempt entities			
HighAverageLow					Low
Implementation complexity					

Annexes

Annex 1 - Methodology

This study was conducted from January to June 2024. It includes a **quantitative** and a **qualitative** section.

Qualitative Section

89 people were interviewed: 86 during semi-structured interviews – including 16 during two group working sessions – and 3 people who completed an online questionnaire (listed in Annex 2). These individuals are key players in the field, including experts in tax law and foundation law, notaries, heads of foundations and associations, representatives from the financial and economic sectors, International Geneva, cantonal authorities, and the media. The decision was made to focus on the salient points emerging from the interviews. It was also agreed not to reveal individual opinions, thus allowing the people interviewed to express themselves freely.

The questions focused on the framework conditions, challenges and opportunities facing the Geneva philanthropy sector, the collaboration between the State and this sector, and emerging forms of philanthropy. Annex 3 presents the detailed questionnaire. Perceptions of the framework conditions were measured using a scale from 1 to 10 (see Figure 19, p. 37).

Quantitative Section

Limited public data on the philanthropy sector is available. Consequently, the cantonal and federal tax authorities responsible for overseeing foundations, along with certain cantonal offices, were contacted for this purpose.

Some administrations lacked access to the desired data, or could not retrieve it. Therefore, the Behavioral Philanthropy Lab (UNIGE) team, headed by Professor Giuseppe Ugazio, conducted additional research, using artificial intelligence applied to data available in the Commercial Register and other public data sources.

Regarding the tax component, Professor Marta Pittavino assisted the authors of this report by analysing data provided by the CTA on the number of taxpayers and deductions made due to voluntary contributions from 2012 to 2021. This research complements the GCP research conducted by Professors Henry Peter and Giedre Lideikyte-Huber since 2019.

Data collection using artificial intelligence

Data was collected using web scrapers programmed (with the Selenium library via Python or R) that queried information about foundations available in the following databases: (i) Commercial Register

(CR) (full names of foundation board members and their place of origin), (ii) fundraiso.com (purposes, operational or grant-making nature), and (iii) Google Maps (categorising the country of birth of foundation board members). Since not all foundations registered in Geneva in the first quarter of 2024 are listed on Fundraiso, information on the missions and grant-making or operational nature of foundations is limited to a sample of 317.

Data Processing and Analysis

The data extracted from Fundraiso underwent further “cleaning” to reflect the distribution of the foundations’ primary purposes (multiple purposes per foundation may be listed in the database) (Figure 4, p. 13). The operating modes (grant-making foundations, operational foundations, etc.) announced by Fundraiso were grouped for easier categorisation (Figure 3, p. 13). The place of origin of foundation board members was categorised as Swiss or non-Swiss, based on a Google Maps search – with adjustments made for locations that share names across multiple countries or that Selenium bots could not retrieve (Figure 5, p. 14). The gender of the board members was identified using the Python function “gender-guesser” based on their first names (Figure 6, p. 14; the grey field indicates names with a low confidence level of gender prediction). A detailed network was constructed to study the concentration of board member mandates and the relationships between the different foundations (Figure 8, p. 16). In this figure, the foundations are classified into three categories based on the board members’ relationship: blue foundations have only one member on their board, acting exclusively for that foundation; orange foundations have several members on their board, acting only for that foundation; green foundations have several members on their board, with at least one serving also another foundation's board. The complexity of member-foundation interactions was summarised in a network visualisation (bipartite, two types of nodes) generated using the Python NetworkX library, whose layout was optimised using the Gephi implementation of the Yifan Hu Proportional, Contraction and Noverlap algorithms. Throughout this process, the distribution of mandates for each board member was documented and annotated (Figure 7, p. 15). A logarithmic scale was selected to enhance the visualisation of the vertical axis.

Data gathered from the semi-structured interviews were partially analysed quantitatively to understand the prevalence (frequency) of keywords that interviewees used to describe the philanthropy sector in Geneva (Figure 18, p. 36). After calculating the frequency of these keywords, a word cloud was created using the Python library of the same name on an adapted image of the flag of the Canton of Geneva, which was then post-processed in Figma.

Acknowledgements

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Annex 2 - List of interviewees, in alphabetical order

Tibère Adler, Entrepreneur

Joëlle Andenmatten, Department of Finance, Human Resources and External Affairs (DF), Geneva

Antoine Anken, Geneva Chamber of Notaries

Metin Arditi, Arditi Foundation, Fondation Arditi pour le Dialogue Interculturel

Emmanuèle Argand, Kellerhals Carrard

Victor Argand, Kellerhals Carrard

Kyle Baker, Juchum Foundation

Dre Anne Laure Bandle, Borel & Barbey, Fondation pour le droit de l'art

Julien Beauvallet, International Geneva Welcome Centre (*Centre d'Accueil de la Genève Internationale* - CAGI)

Prof. François Bellanger, Fondation genevoise de Désendettement, Université de Genève, Poncet Turrettini Avocats

Miren Bengoa, Fondation suisse de la Chaîne du Bonheur

Prof. Peter Böckli, Professor Emeritus at the University of Basel

Dr François Bonnici, Schwab Foundation for Social Entrepreneurship, World Economic Forum Foundations

Pauline Borg, KAIROS, Le Cercle de la Philanthropie

Nicolas Borsinger, Isocrate Foundation

Delphine Bottge, Purpose Lawyers

Pascal Broulis, State Councillor, former Vaud State Councillor from 2002 to 2022 in charge of finance and external relations

Kate Cacciatore, Umbutu

Carolina Campeas Talabardon, Fondation Gandur pour la Jeunesse

Dre Dora Cognié, Dora Foundation

Philippe Cottier, Rhône Avocat·e·s, Hélène & Victor Barbour Foundation

Edouard Cuendet, Genève Place Financière Foundation

Julien de Weck, former editor-in-chief of Bilan

Céline de Wurstemberger, Carouge Theatre

Sonia Dettori, Federal Supervisory Authority for Foundations (FSAF)

Inès Dubreuil, Anne et Claude Berda Foundation

Olivier Dunant, Borel & Barbey, Alfred et Eugénie Baur Foundation

Fabrice Eggly, Fondation pour Genève

Etienne Eichenberger, WISE Philanthropy Advisors, Swiss Philanthropy Foundation

Alexandre Epalle, Cantonal Office for Economic Affairs and Innovation, Geneva

Philippe Fleury, Fédération des Entreprises Romandes Genève (FER Genève)

Bertrand Gacon, Impaakt

François Geinoz, proFonds

Dre Claudia Genier, RoCKK

Prof. Pierre-Marie Glauser, ISREC Foundation, Oberson Abels, University of Lausanne

Sabrina Grassi, Swiss Philanthropy Foundation, SwissFoundations

Nils Güggi, Federal Supervisory Authority for Foundations (FSAF)

Muriel Guigue, Cartier Philanthropy

Mohamed Handous, Cantonal Supervisory Authority for Foundations and Pension Funds (ASFIP Geneva)

Alexandre Ifkovits, Tax Affairs Directorate, Geneva

Guillaume Jacquemet, Kellerhals Carrard

Karin Jestin, Edmond de Rothschild Family Philanthropy

Sandra Keller, CARIGEST SA

Dre Aline Kratz-Ulmer, lawyer in Zurich

Catherine Labouchère, Association de Genève des fondations académiques (AGFA)

Julia Lefaux Rodriguez, Geneva Commercial Register

Patricia Legler, SwissFoundations

Laurence Levrat-Pictet, Member of foundation boards

Prof. Giedre Lideikyte Huber, Institute of Law and Economics, Faculty of Law, University of St. Gallen

Géraldine Limborg, Oak Foundation

Thierry Lombard, Fondation du Domaine de Villette

Dr Jean-Frédéric Maraia, Schellenberg Wittmer

Dr Maximilian Martin, Banque Lombard Odier, Fondation Lombard Odier, SwissFoundations

Eva-Maria Martin, Fondation Latsis Internationale

Marc Maugué, Fondation Hans Wilsdorf

Dr Benoît Merkt, Lenz & Staehelin

Karim Messali, Geneva Chamber of Notaries

Serge Michel, Heidi.news

Prof. Giulia Neri-Castracane, Faculty of Law, University of Geneva

Catherine Neuenschwander, Tax Affairs Directorate, Geneva

Prof. Xavier Oberson, Faculty of Law, University of Geneva

Patrick Odier, Dr Henri Dubois Ferrière Dinu Lipatti Foundation

Sébastien Pache, Cantonal Office for Population and Migration, Geneva

Vincent Pfammatter, Walder Wyss, proFonds

Dr Loïc Pfister, LPPV avocats

Hervé Pichelin, Fondation pour l'Expression Associative (FEA), Maison Internationale des Associations (MIA)

Jean Pirrotta, Cantonal Supervisory Authority for Foundations and Pension Funds (ASFIP, Geneva)

Denis Pittet, Banque Lombard Odier, Philanthropia Foundation, Lombard Odier Foundation

Ezra Ricci, Audemars-Watkins Foundation

Sebastian Rieger, proFonds, DUFOUR Advokatur AG

Yannick Ritschel, Valery Foundation

Sandrine Salerno, Member of foundation boards

Daniel Schafer, Lenz & Staehelin

Tabatha Schmidhauser, Pierre & Andrée Haas Foundation

Célia Sepe, Lyoxa

Susan Simmons, Audemars Piguet Foundations

Nicolas Tamayo Lopez, Lyoxa

Sonia Tancic Pérez, Geneva Welcome Centre (*Centre d'Accueil de la Genève Internationale* - CAGI)

Guillaume Taylor, Montagu Foundation, Umbutu

Elodie Van Hove, Louis-Jeantet Foundation

Fabienne Vermeulen, Collectif d'associations pour l'action sociale (CAPAS)

Bernard Vischer, Schellenberg Wittmer, Swiss Philanthropy Foundation

Ariane Waldvogel, Pro Victimis Foundation

Hanna Woodhead, Consultant in the philanthropy sector

Anja Wyden Guelpa, CivicLab, former State Chancellor of the Canton of Geneva from 2009 to 2018

Julie Wynne, Biostime Institute for Nutrition and Care, MLL Legal

Céline Yvon, Member of foundation boards

Catherine Zimmermann, Cantonal Office for Economic Affairs and Innovation, Geneva

An additional representative from the not-for-profit sector responded to the online survey and wished to remain anonymous.

Annex 3 - Questionnaire

Context

1. What **three keywords** spontaneously come to mind when you think of the philanthropy sector in Geneva?
2. How would you rate the **attractiveness** of Geneva's philanthropy sector on a scale of 1 to 10? (*1 = not at all attractive – 10 = very attractive*)

Framework Conditions

3. Perception of the **framework conditions** – particularly legal and fiscal – of the Philanthropy sector in the canton of Geneva:
 - a. How would you rate the framework conditions of the Geneva Philanthropy sector on a scale of 1 to 10? (*1 = very unfavourable – 10 = very favourable*)
 - b. Can you specify what, in your opinion, is rather favourable or unfavourable for philanthropic stakeholders and their work?
4. Perception of the work of the **tax authorities** in the Canton of Geneva:
 - a. How would you rate the work of the tax authorities on a scale of 1 to 10? (*1 = very unsatisfactory – 10 = very satisfactory*)
 - b. Can you specify what, in your opinion, is favourable or unfavourable for philanthropic stakeholders and their work in Geneva?
 - from the perspective of existing standards?
 - from the perspective of the interpretation of their role by the tax authorities?
5. Perception of the activity of the **supervisory authority for foundations** in the Canton of Geneva and at the federal level:
 - a. How would you rate the activity of the supervisory authority for foundations (ASFIP and/or FSAF) on a scale of 1 to 10? (*1 = very unsatisfactory – 10 = very satisfactory*)
 - b. Can you specify what, in your opinion, is favourable or unfavourable for foundations and their work?
 - from the perspective of existing standards?
 - from the perspective of the interpretation of their role by the supervisory authorities?
6. Perception of the activity of the **Commercial Register** in the Canton of Geneva:
 - a. How would you rate the activity of the Commercial Register on a scale of 1 to 10? (*1 = very unsatisfactory – 10 = very satisfactory*)
 - b. Can you specify what, in your opinion, is favourable or unfavourable from this perspective for foundations and their work?
 - from the perspective of existing standards?

- from the perspective of interpreting their role by those responsible for the Commercial Register?
7. Perception of the activities of the **Cantonal Office for Population and Migration (OCPM)** in the Canton of Geneva:
- a. How would you rate the activities of the Cantonal Office for Population and Migration on a scale of 1 to 10? (*1 = very unsatisfactory – 10 = very satisfactory*)
 - b. Can you specify what, in your opinion, is favourable or unfavourable for foundations and their work?
 - from the perspective of existing standards?
 - from the perspective of interpreting their role by officials at the Cantonal Office for Population and Migration?
8. What concrete measures – not addressed in your answers to the previous questions – do you think would **increase the attractiveness** of Geneva as a philanthropic location?
9. What concrete measures – not addressed in your answers to the previous questions – would **facilitate** philanthropic stakeholders' work and, therefore, optimise their **impact**?
10. Given the framework conditions, which cantons do you think constitute **alternatives** to Geneva for establishing philanthropic stakeholders?
11. Why?
12. Do you think a single entry/contact point ("**one-stop shop**") at the cantonal level would be helpful in the philanthropy sector (for those already present in Geneva and for those wishing to establish themselves there)?

Challenges and Opportunities

13. In your opinion, what are the **main thematic areas** in (or for) which philanthropy plays a key role in Geneva today? (*e.g., culture, social action, health, environment, education, international development cooperation, research*)
14. **Future Challenges:**
- a. What **role can the philanthropy sector** play in addressing society's challenges in the next 25 years?
 - b. What concrete steps could the State take to support philanthropy, seen as a valuable and even essential partner in solving these future challenges?
15. **New Forms of Philanthropy:**

- a. What **new forms of philanthropy** (e.g., venture philanthropy, social enterprises, impact investing) can help address current and future societal challenges?
- b. What changes (legislative, fiscal, etc.) do you think could facilitate the growth of these new forms of philanthropy?

Collaboration between the State and the Philanthropy Sector

16. What is your **perception of public-private collaborations**? Do you have a concrete example of public-private collaboration – successful or not – to share with us?
17. What role can the philanthropy sector play concretely alongside – or in addition to – the State (culture, social, environment, etc.), on the one hand, and in terms of economic development on the other?

Conclusion

18. What would be your **main recommendation** to the Canton of Geneva to ensure its philanthropy sector remains among the most attractive?
19. The report entitled “Doing Better, More Effectively: Measuring and Improving the Vitality of the Philanthropy sector in the Lake Geneva Region”, published in 2019, sets out the following six recommendations. Given the current situation in the Canton of Geneva, can you rank them **from 1** (high priority) **to 6** (low priority)? If applicable, please add to this list (again indicating a priority level from 1 to 6):
 - Forming an alliance of donors for the vitality of the Lake Geneva philanthropic hub
 - Communicating for greater vitality
 - Promoting training for staff and foundation board members
 - Accelerating the move towards greater transparency
 - Accelerating the growth of umbrella foundations and studying the need for a community foundation
 - Harmonising best practices and cantonal requirements
20. Is there anything else you would like to add?

Annex 4 – Overview of the Philanthropy Sector in Four Cantons

4.1 New Practices in the Canton of Zurich¹⁰⁵

For various reasons, Zurich is of significant importance in Switzerland when it comes to philanthropic initiatives. This is particularly reflected in the number of foundations headquartered there. According to the Report on Foundations in Switzerland, at the end of 2023, 2,217 foundations were headquartered in Zurich, more than in any other canton (Figure 1, p. 9). In contrast to Geneva, however, the total number of foundations in Zurich has been declining for several years. The canton has seen its number of foundations decrease by six since 2018, while during the same period, this number increased in Geneva by 159 (+13%) (Table A, p. 10). In 2018 (the latest data available on this subject), 52.2% of Zurich's foundations were subject to federal supervision, 27.9% to cantonal supervision and 17.9% to municipal supervision¹⁰⁶. Zurich's framework conditions have so far been considered restrictive by sector professionals, particularly given the positions taken by the tax authorities. Consequently, Zurich has been regarded as a somewhat unfavourable location for the philanthropy sector, or at least less favourable than other cantons such as Basel, Graubünden and Geneva. Based on this observation, the competent office of the Canton of Zurich and the SwissFoundations association commissioned a study in 2020 to analyse the sector and develop recommendations. Following the publication of this report, the Canton of Zurich allocated a budget of CHF 500,000 over two years to build a pilot phase to strengthen the canton's attractiveness for foundations¹⁰⁷. The Zurich government also announced its intention to relax its tax exemption practice for public-benefit entities, effective 1 February 2024. This relaxation focuses on three areas: (i) adequate compensation for members of foundation governing bodies, (ii) philanthropic activities carried out abroad, and (iii) entrepreneurial support models (impact investments).

a. Adequate Compensation

Until the beginning of 2024, the granting of tax exemption in the Canton of Zurich was conditional on the voluntary work of foundation board members. Only tasks beyond ordinary activities were eligible for exemption. From now on, public-benefit foundations in the Canton of Zurich may provide adequate compensation for foundation board members. Regarding this adequacy, the Zurich Tax Administration generally defers to assessing the supervisory authority for foundations. Only if this adequacy raises doubts does the Zurich Tax Administration conduct its own assessment.

¹⁰⁵ This section is largely inspired by: **Hediger Florence, Moret Benjamin, Meerholz Gina**, Changes in the Practice Regarding Tax Exemption of Charitable Foundations in the Cantons of Zurich and Vaud [Online]. Zurich: Lenz & Staehelin; 2024 [accessed 28 June 2024]. <https://www.lenzstaehelin.com/fr/news-and-insights/browse-thought-leadership-insights/insights-detail/changements-de-pratique-concernant-lexoneration-fiscale-des-fondations-dutilite-publique-dans-les-cantons-de-zurich-et-de-vaud/>.

¹⁰⁶ **Eckhardt Beate, Jakob Dominique, von Schnurbein Georg** (ed.), *Rapport sur les fondations en Suisse 2018* [Report on Foundations in Switzerland 2018] CEPS Forschung und Praxis, Volume 19, Basel 2018. https://ceps.unibas.ch/fileadmin/user_upload/ceps/2_Forschung/Publikationen/Stiftungsreport/Rapport_sur_les_Fondations_en_Suisse_2018.pdf.

¹⁰⁷ **Grassi Sabrina, Jakob Dominique, von Schnurbein Georg** (ed.), *Rapport sur les fondations en Suisse 2024* [Report on Foundations in Switzerland 2024] CEPS Forschung und Praxis, Volume 31, Basel 2024, p. 52. https://ceps.unibas.ch/fileadmin/user_upload/ceps/2_Forschung/Publikationen/Stiftungsreport/Volume_31_Rapport_sur_les_Fondations_en_Suisse_2024_WEB.pdf.

In a circular published in June 2024, effective retroactively from 1 February 2024, the Supervisory Authority for Foundations of the Canton of Zurich clarified the compensation arrangements for foundation board members as follows¹⁰⁸: (i) An amendment to the articles of association is necessary if the current articles of association explicitly stipulate that foundation board members may not be compensated; (ii) a simple decision by the foundation board is sufficient if the current articles of association provide for voluntary work by its members or are silent on this subject; these principles apply during a transitional phase to avoid administrative burden. A compensation regulation is required if annual compensation exceeds CHF 3,000 per board member or CHF 10,000 for the entire foundation board.

b. Activities Abroad

To grant a tax exemption, Zurich's practice previously required that the activity carried out abroad by the foundation in question take place in a developing or emerging country and be in Switzerland's interest. The change in practice now treats the activities of public-benefit foundations abroad like those carried out in Switzerland. The only requirement is that the activity positively impacts Switzerland or is at least deemed worthy of encouragement from a Swiss perspective. This aligns with the practice already in effect in several other cantons, including Geneva.

c. Entrepreneurial Support Models

Public-benefit foundations are now permitted to use entrepreneurial-type philanthropic models (loans, equity investments, convertible loans), even if a return on investment (loan repayment and remuneration, income from equity investments, profit sharing) is expected for the public-benefit organisation in question. However, this is only permitted in areas where a market does not yet exist and where the investments would not typically attract third parties pursuing profit under similar conditions. Any funds returned to the entity that financed the initiative must be used for public-benefit purposes.

Authors' note

Zurich's new practices regarding adequate compensation for members of governing bodies and activities abroad closely resemble the long-standing practices in Geneva. The opportunity now offered to foundations in Zurich to opt for entrepreneurial-type support models, on the other hand, is unanimously hailed as a real step forward in the sector. This argument is developed on pages 49 to 52 of this study (impact entrepreneurship). The recent public announcements in Zurich, which received widespread media coverage, have positively influenced the perception of Zurich's financial services offerings, even prompting some Geneva-based foundations to consider relocating their headquarters to Zurich.

¹⁰⁸ Merkblatt Praxisänderung Steueramt [Online]. Zurich: BVG- und Stiftungsaufsicht des Kantons Zürich (BVS); 2024 [accessed 15 July 2024]. <https://www.bvs-zh.ch/media/pages/files/dokumente/b3df57bac5-1719389783/merkblatt-praxisaenderung-steueramt.pdf>.

4.2 – New Guidelines in the Canton of Vaud¹⁰⁹

At the end of 2023, 1,365 foundations were headquartered in the Canton of Vaud, a slight decrease (1%) compared to 2018 (Figure 1, p. 9 and Table A, p. 10). In 2018 (the latest data available on this subject), 23.5% of Vaud foundations were subject to federal supervision and 75.6% to cantonal supervision¹¹⁰. A recurring criticism of the framework conditions in force in the Canton of Vaud concerns the possibility of remunerating foundation board members. To address this, noting that *“The Cantonal Tax Administration has deemed it necessary to adjust its practice to the developments observed in this area and to make it public through these guidelines”* (introduction, p. 3), the Cantonal Tax Administration of the Canton of Vaud (AFC-VD) published new *“Guidelines on the Compensation of Members of the Bodies of Entities Exempt from Taxation Due to Their Purely Public-Benefit Purpose (PUP)”* on 29 January 2024. These guidelines clarify the practice of the relevant authority in this area.

First, these directives reiterate the principle of altruism for board members of the entities concerned. A member is not considered to act altruistically if they are also employed by the foundation or a company owned by the foundation. However, exemptions may be granted in exceptional circumstances, although the exceptional nature is generally denied for members devoting less than 60 hours per year to their duties for the foundation.

The Directive distinguishes three situations: (a) members of the governing bodies of exempt entities devoting more than 60 hours per year to their duties, (b) members of the governing bodies of exempt entities devoting less than 60 hours per year to their duties, and (c) mandates conferred by the exempt entity on members of the governing body or their relatives.

a. Members of the governing body devoting more than 60 hours per year to their duties

Detailed regulations are required for any compensation of members of governing bodies who commit more than 60 hours per year. These regulations must outline the terms and conditions for potential compensation and include specifications, along with an explanation of the criteria for determining compensation, which must be capped, the payment terms, a tax declaration certifying that the compensation is declared as taxable income, and the requirement to issue a salary certificate. These regulations must be submitted to the AFC-VD for approval, as must any amendments to them.

b. Members of the governing body devoting less than 60 hours per year to their duties

An annual commitment of up to 60 hours is considered *“what can reasonably be expected of a volunteer”*. In this case, a maximum flat rate of CHF 300 per session (or CHF 3,600 per year) is

¹⁰⁹ This part is largely inspired by: **Pfammatter Vincent, Ricci Chloé, Danz Martina**, Can members of foundation Boards and association Committees be remunerated in the canton of Vaud? [Online]. Geneva: sigma legal; 2024 [accessed 28 June 2024]. <https://www.sigmalegal.ch/fr/actualites/remuneration-membres-conseil-fondation-comite-canton-vaud/>.

¹¹⁰ **Eckhardt Beate, Jakob Dominique, von Schnurbein Georg** (ed.), *Rapport sur les fondations en Suisse 2018* [Report on Foundations in Switzerland 2018] CEPS Forschung und Praxis, Volume 19, Basel 2018. https://ceps.unibas.ch/fileadmin/user_upload/ceps/2_Forschung/Publikationen/Stiftungsreport/Rapport_sur_les_Fondations_en_Suisse_2018.pdf.

authorised, in lieu of reimbursement for actual expenses, provided that this practice is formalised in specific regulations, subject to the approval of the AFC-VD.

c. Mandates conferred by the exempt entity on members of the governing body or their relatives

Generally speaking, one-off mandates outside of ordinary activities do not pose a problem; however, their systematic allocation is likely to be contested.

Authors' note

According to the experts interviewed for this study, these Guidelines largely reflect the existing practices of the AFC-VD, which are more restrictive than those in Geneva. However, the initiative to publish this practice has been widely welcomed by the sector. Indeed, this transparency fosters legal certainty and credibility for the sector, which is doubly beneficial. Nevertheless, many experts consider the threshold of 60 hours of volunteer work required before being eligible for compensation beyond the reimbursement of CHF 300 per session unjustified.

4.3 – The Philanthropy Sector in the Canton of Basel¹¹¹

With a total of 898 foundations in 2023 (which equated 45 foundations per 10,000 inhabitants), the city of Basel has the highest density of foundations in Switzerland. Its level has been increasing slightly since 2018 (+3%) (Figure 2 and Table A, p. 10). As of 2018 (the latest data available on this subject), 21.5% of the city of Basel's foundations were under federal supervision, while 76.5% fell under cantonal supervision¹¹².

Thanks to its cultural and scientific tradition, stable financial centre, and first-class infrastructure, the Canton offers favourable conditions for philanthropic stakeholders. The source of Basel's wealth – and therefore the canton's philanthropy – is largely linked to the success of its pharmaceutical sector.

Basel has implemented several measures to maintain the appeal of its philanthropic sector. Since 2021, the canton has been organising roundtable discussions titled “Philanthropy” to strengthen dialogue between authorities and foundations. The Council of State also places significant importance on collaboration between the public sector, foundations and not-for-profit organisations.

¹¹¹ This section is largely inspired by: **Engelberger Lukas**, *La place philanthropique bâloise* [Basel's philanthropic centre] In: Grassi Sabrina, Jakob Dominique, von Schnurbein Georg (ed.), *Rapport sur les fondations en Suisse 2024* [Report on Foundations in Switzerland 2024] CEPS Forschung und Praxis, Volume 31, Basel 2024, p. 50. https://ceps.unibas.ch/fileadmin/user_upload/ceps/2_Forschung/Publikationen/Stiftungsreport/Volume_31_Rapport_sur_les_Fondations_en_Suisse_2024_WEB.pdf.

¹¹² **Eckhardt Beate, Jakob Dominique, von Schnurbein Georg** (ed.), *Rapport sur les fondations en Suisse 2018* [Report on Foundations in Switzerland 2018] CEPS Forschung und Praxis, Volume 19, Basel 2018. https://ceps.unibas.ch/fileadmin/user_upload/ceps/2_Forschung/Publikationen/Stiftungsreport/Rapport_sur_les_Fondations_en_Suisse_2018.pdf.

Basel benefits from the excellent work of the University of Basel's Centre for Philanthropy Studies (CEPS), established in 2008 at the initiative of SwissFoundations with the support of a consortium of six Swiss grant-making foundations. Recently, the Basel authorities and the Stiftungsstadt Basel association commissioned a study from CEPS to collect data and formulate recommendations for strengthening and developing the philanthropy sector.

The tax conditions in the City of Basel are as follows:

- Donation deduction: the maximum amount deductible from income is 20%, provided the total amount of services is at least CHF 100 (Articles 33 letter b and 70 letter c of the City of Basel Tax Act).
- *The exemption for donations made to public-benefit organisations is granted, regardless of the beneficiary's headquarters¹¹³.*
- *The Canton of Basel has long recognised the merits of appropriate compensation for foundation board members.*

The Canton of Basel allows deductions of up to 100% for voluntary contributions (in cash or in kind) to recognised public-benefit entities from taxable income (Article 29, paragraph 1, letter L of the Basel Tax Act).

4.4 – The Philanthropy sector in the Canton of Bern

With 1,416 foundations in 2023, Bern ranks second – after Zurich but ahead of Geneva – in terms of the number of foundations headquartered there. The net growth rate in the number of foundations is 4% between 2018 and 2023 (Figure 2 and Table A, p. 10). In 2022, the density of foundations stood at 13.4 per 10,000 inhabitants¹¹⁴, placing Bern in the bottom third of cantons. In 2018 (the latest data available), 36.3% of Bern's foundations were subject to federal supervision, 53.5% to cantonal supervision, and 9% to municipal supervision¹¹⁵.

The Canton of Bern allows deduction for donations up to 20% of income, provided that total contributions amount to at least CHF 100 (Art. 38a let. a and Art. 90 para. 1 let. c of the Bern Tax Act)¹¹⁶.

¹¹³ **Oberson, Xavier.** *L'imposition des prestations philanthropiques transfrontalières - l'apport potentiel des normes de droit fiscal international, notamment des conventions de double imposition.* [The Taxation of Cross-Border Philanthropic Benefits - The Potential Contribution of International Tax Law Standards, Particularly Double Taxation Treaties.] In: *Vers les sommets du droit : Liber amicorum pour Henry Peter.* [Towards the Summit of Law: Liber amicorum for Henry Peter.] Geneva: Schulthess éditions romandes; 2019. p.557–574.

¹¹⁴ Key figures for foundations in Bern [Online]. Zurich: Fundraiso; 2024 [accessed 17 July 2024].

<https://www.fundraiso.ch/fr/page/fondations-berne>

¹¹⁵ **Eckhardt Beate, Jakob Dominique, von Schnurbein Georg** (ed.), *Rapport sur les fondations en Suisse 2018* [Report on Foundations in Switzerland 2018] CEPS Forschung und Praxis, Volume 19, Basel 2018.

https://ceps.unibas.ch/fileadmin/user_upload/ceps/2_Forschung/Publikationen/Stiftungsreport/Rapport_sur_les_Fondations_en_Suisse_2018.pdf

¹¹⁶ Déduire les dons de ses impôts [Deducting donations from your taxes] [Online]. Zurich: Zewo; 2024 [accessed 17 July 2024]. <https://zewo.ch/fr/deduire-les-dons-de-ses-impots/>

In 2019, the cantons of Bern and Aargau commissioned a study aimed at identifying measures to promote private cultural foundations and patronage within these cantons. At the conclusion of the study, its authors made the following three recommendations: (i) make private contributions to culture visible and valued, (ii) encourage dialogue and joint initiatives between public and private cultural stakeholders, and (iii) improve cantonal framework conditions – particularly fiscal ones – for philanthropy¹¹⁷.

¹¹⁷ **Schwenkel Christoph et al.**, Private Kulturförderung in den Kantonen Aargau und Bern. Study for the Culture Department of the Canton of Aargau and the Culture Office of the Canton of Bern, [Online]. Bern: Interface; 2020 [accessed 17 July 2024]. www.interface-pol.ch/app/uploads/2020/02/Be_Kulturfoerderung_AG_BE.pdf