

# Philanthropy and the Wealthy in the Netherlands

Linking giving and impact

Diana van Maasdijk  
October 2010



**INSINGER DE BEAUFORT**  
BNP PARIBAS WEALTH MANAGEMENT



Prins Bernhard Cultuurfonds





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# Foreword

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This research conducted by Diana van Maasdijk fits our times and fits the Netherlands. It brings forth the findings of a survey conducted among Dutch high-net worth individuals active in philanthropy. How does their giving pattern reflect their social commitment? What motivates them to give and what do they look for in their giving process? This study does not stand alone. The Philanthropic Studies Group of the VU (Free University) is also presently conducting a large exploratory research on the giving trends of wealthy individuals in the Netherlands.

This is all very valuable information, primarily for the wealthy because they- it is claimed- would like to learn and know "how others approach giving". It also provides valuable insights to financial intermediaries, to fundraisers and to the Dutch philanthropic sector as a whole. But, more importantly, this information is extremely valuable for the coming years as we see the comeback of private philanthropic giving in an environment where the Dutch welfare state is dwindling. I hereby refer to all of the individuals who are committed to charitable giving and who will create a new wave of private philanthropy. In past years, large private giving had almost disappeared from the Netherlands. With the expansion of the welfare state, the government became the main, and in many case the only, financial supporter of almost all private initiatives. These "private initiatives" had to operate within government policy and government funding frameworks. For foreigners it is almost impossible to explain: private initiatives based on government controlled programs and financial resources.

And yet private philanthropy has always been one of the core activities of the Netherlands. Otherwise, how could, for example the Concertgebouw, the Stedelijk Museum and the Rijks Museum come about at the end of the 19th century? Or, to name a few more, the Free University in Amsterdam, the Radboud University in Nijmegen, or the Erasmus University in Rotterdam? Individuals took the initiative and raised the money to create all of these institutions.

Private philanthropy has returned to the Netherlands and there is a great amount of money available besides that of the government. This examination of Diana van Maasdijk fits into this trend and does justice to what has in the past characterized the Netherlands.

**Prof. dr. Theo Schuyt**

*Professor in philanthropic studies, VU Amsterdam*

# Methodology

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The study used qualitative methods, collecting data from 20 personal in-depth interviews—one conducted by telephone, the others face-to-face.

The interviews—held in March and April 2010—were confidential and the respondents remain anonymous. The questions asked during the interviews related to the respondents' past and current philanthropic activities.

We chose the qualitative method because research on the wealthy's philanthropic needs and challenges is a new area of study in the Netherlands; the qualitative method allows for a deeper understanding of the issues and helps show general trends. Quantitative data in the report are for illustration, and do not represent statistical analysis.

## Key findings

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- **Making a difference is the main motivator for philanthropic activity.** Respondents desire to create change and want their donations to be managed efficiently and have impact.
- **High-net worth individuals look for inspiration, involvement and clear communication.** This is what they would like to experience during their philanthropic activities.
- **The relationship between the high-net worth donor and non-profit organisations is turbulent.** Wealthy individuals experience the philanthropic sector as non-transparent, difficult to understand, fragmented, underdeveloped and uninspiring.
- **Despite hurdles and challenges in the giving process, high-net worth individuals remain philanthropically active** and wish to continue, if not increase, their giving.
- **The private foundation is the high-net worth individual's giving vehicle of choice.** This instrument presents positive tax advantages but also permits family involvement, monitoring, anonymity and focus.
- **High-net worth individuals have a need for philanthropic advice.** Wealthy donors believe that it is difficult to give well. Almost half of the respondents would like to do more with their philanthropy and 17 of the 20 respondents say they have a need for advice and support. The main areas where wealthy individuals would like to receive support **are networking with peers, monitoring and evaluation, planning when, where and how much to give, and finding trustworthy organisations to fund.**
- **There is a clear opportunity for private banks, law firms, notaries and family offices to provide philanthropy services to their clients.** Very few advisors in the Netherlands provide support for their clients' giving, yet those who are giving this service are very much appreciated. High-net worth individuals are open and willing to receive philanthropic advice and would welcome a special philanthropy service made available by private banks and other wealth advisors.
- **Interest in alternative forms of financing social issues, such as low- or no-interest loans to non-profit organisations and investing in social ventures, is on the rise.** Apart from funding traditional non-profits, wealthy individuals are also interested in funding or investing in commercial ventures that create social change. Advisors to high-net worth individuals need to be aware of this growing interest and facilitate information, knowledge and opportunities for new forms of philanthropic involvement.

# Introduction

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In recent years, philanthropy has grown in the Netherlands, in part because wealth has grown, and in part because the government is cutting more and more of its trademark social safety nets. Philanthropy is defined in the Netherlands as contributions made in the form of cash, goods and/or time, voluntarily provided by individuals and organisations, and targeted toward charitable support. According to the Vrije Universiteits' (VU) biannual report *Geven in Nederland (Giving in the Netherlands)*, charitable giving in the country has doubled between 1995 and 2007, when the Dutch donated almost €4.3 million.

Overview of total giving in the Netherlands<sup>i</sup>

X € million	1995	1997	1999	2001	2003	2005	2007
Total	2,279	2,163	3,422	3,615	4,924	4,376	4,271

These figures might be even higher, since many private foundations set up by high-net worth individuals and families operate under the radar and are not represented in the GIN studies.

Although research exists on the Dutch's philanthropic giving, little is known about the specific activities of high-net worth individuals. In April 2010, the VU conducted its first exploratory research on major giving. Findings showed that high-net worth individuals give more frequent and larger donations than average, almost 10 times larger (€2,275 vs. €239)<sup>ii</sup>.

Building on that first exploratory research, Philian, an independent philanthropy advice firm based in Amsterdam, conducted, in early 2010, a qualitative study to gain an in-depth understanding of wealthy individuals' philanthropic experience. The study and this report explore three key areas:

- **Motivation**  
Why do Dutch high-net worth individuals give and at what point do they become major donors?
- **Practices**  
How do these philanthropists structure their giving and what are the characteristics of the people and organisations to whom they donate?
- **Needs**  
What philanthropic challenges do high-net worth individuals face and what do they need in order to make their philanthropic activities more satisfactory and their giving more effective?

How high-net worth individuals give and what they need to improve their giving have never before been researched in the Netherlands. This study concludes with a list of recommendations for individuals and institutions involved in philanthropy. These recommendations are useful to donors who wish to increase the effectiveness of their giving, to non-profit organisations<sup>iii</sup> wishing to build better relationships with philanthropists and to advisors—financial, tax and legal—who wish to address a wider range of their clients' wealth-related needs<sup>iv</sup>.

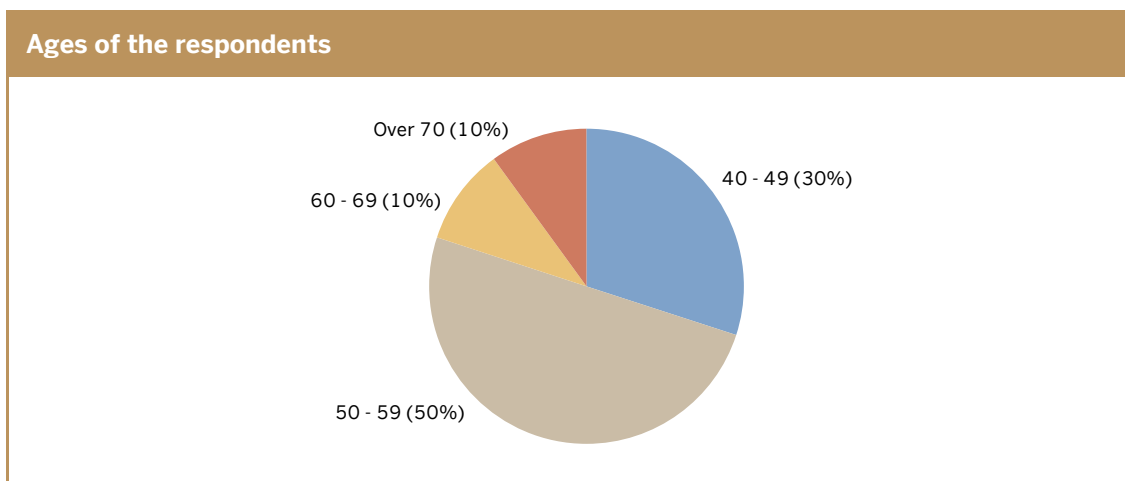
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Philian hopes that this study<sup>v</sup> will help improve the quality and quantity of philanthropic services available in the Netherlands. Ultimately, the goal of this research is to increase the potential for major giving and improve high-net worth individuals' philanthropic experience.

# Respondents

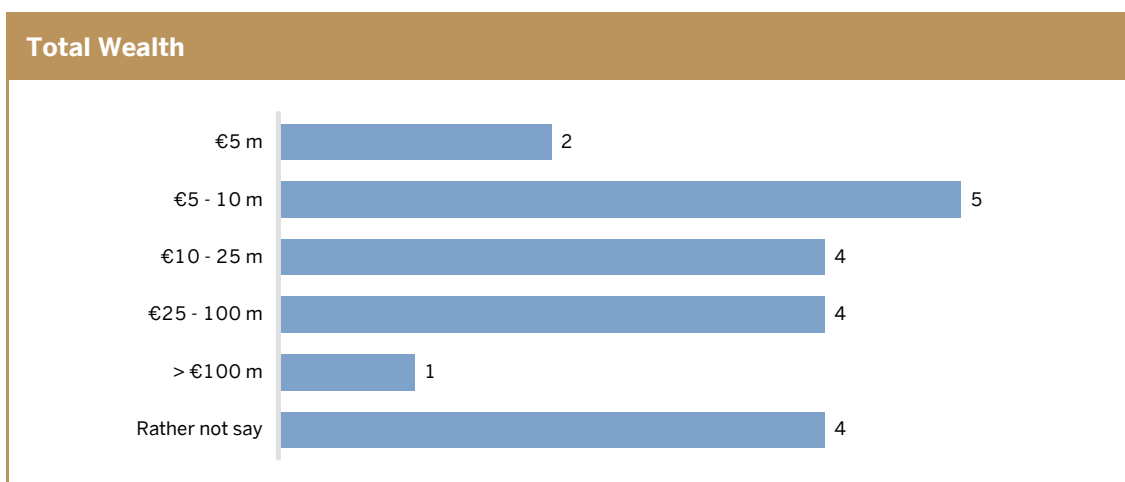
## Gender and age

A total of ten men and ten women between the ages of 40 and 89—the majority between 50 and 69—participated in the interviews. All were Dutch nationals residing in the Netherlands, with two also maintaining residences outside the country.



## Wealth

At the time of the interviews, respondents had a total wealth of €5 million or more. Seven respondents had a total wealth of between €5 -10 million. Four respondents had a total wealth of €10-25 million and another four had €25-100 million total wealth. One respondent had a total family wealth of more than €100 million and four participants declined to answer the exact amount of their wealth.

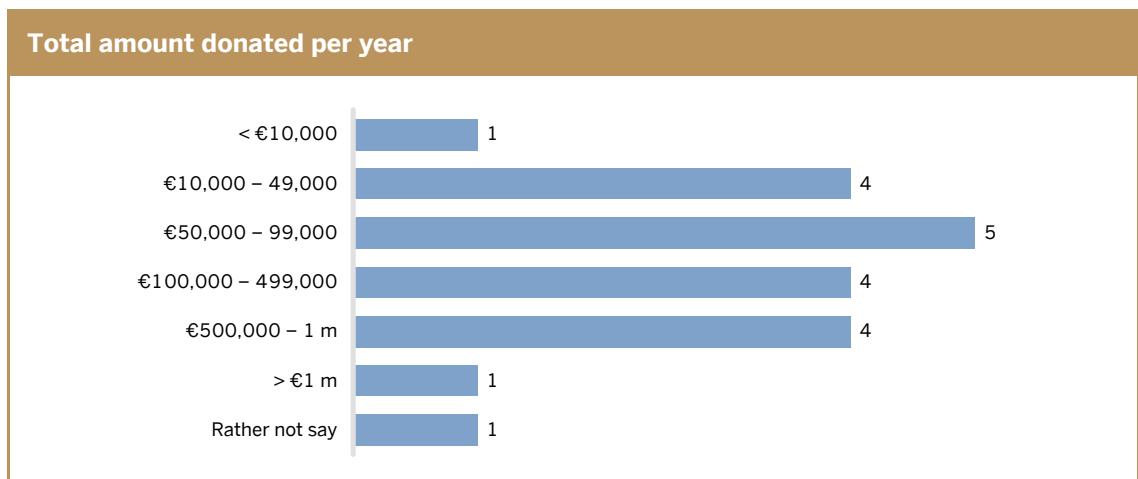


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Half of the participants earned their assets through work and entrepreneurial activities, eight through inheritance, and the remaining two from an equal combination of work and inheritance.

### *Philanthropic giving<sup>vi</sup>*

Twenty percent of the respondents donated an average of €100,000-499,000 per year, another 20 percent gave €500,000-1 million, and one respondent allocated more than €1 million per year to philanthropic activities. On the other end of the giving spectrum, one respondent claimed to be “just starting to give” and allocated less than €10,000 per year. One respondent declined to answer the total amount of philanthropic giving.



## What they think

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Overwhelmingly, not one respondent reacted positively to the question: “*What is your overall impression of the philanthropic sector in the Netherlands?*” When asked this question, respondents’ replies included that the sector was difficult to understand, not transparent, fragmented, underdeveloped, opportunistic, uninspiring and too focused on fundraising.

The respondents’ main complaints were lack of transparency and communication regarding where the funding goes. Even independent “seals of approval”—such as the *CBF-Keur*, which is designed to give guidance and assurance to donors—do not convince many philanthropists that their giving is being put to good use.

**“ A CBF label is no guarantee. This label is just like a Ministry of Transport test: You can get the certificate one month, and the next month everything can still break down. ”**

With regard to non-profits’ fundraising activities, the respondents generally felt that fundraising tactics are too insistent, commercial and irritating. Respondents also believed many of the larger non-profit organisations have a difficult time spending all that they raise effectively. Past fundraising campaigns for international disaster relief, such as the Tsunami campaign (2004-2005) and the Haiti campaign (2010), were repeatedly brought up by respondents as examples of inefficient spending and lack of transparency in funding allocation.

It appeared that respondents’ negative impression of the philanthropic sector was linked to negative media coverage of non-profits or comments from their peers and networks. Their negative impressions did not seem to derive, for the most part, from personal experiences or first-hand information. Only two of the 20 respondents had experienced a charity misallocating their donation.

The combination of poor communication between non-profit organisation and donor and negative media attention seemed to have led to the donors’ instinctive and general distrust of the philanthropic sector. That said, none of the respondents had stopped or was planning to stop their philanthropic activities in the near future. On the contrary, many respondents planned to increase their involvement in philanthropy as soon as they acquired more disposable time and/or wealth.

# Why they give

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## **Motives for giving**

Philanthropy is a highly personal and emotional activity. The reasons why someone donates money are difficult to analyse.

The exploratory research conducted by the VU in April 2010 also looked at the philanthropic motivation of Dutch high-net worth individuals. The study concluded that these individuals (with disposable annual incomes of more than €60,000) were motivated by one or more four main drivers:

- *Sense of privileged position*
- *Responsibility*
- *Guilt*
- *Tax incentives*

In order to build further on the VU research, this study analyses the 20 respondents' motivation within the VU framework<sup>vii</sup>.

The first two drivers—Sense of a Privileged Position and Responsibility—were strongly reflected in the responses of the 20 people involved in this study. When asked what motivated them to give, respondents replied that the chief reason was they had enough while there was so much need—in other words, they had a sense of privileged position. Respondents were very much aware of the opportunities they had been given by parents, networks, institutions, hard work and sheer luck. Whether their wealth was earned or inherited, respondents felt a strong sense of responsibility and solidarity with others less fortunate. Many also expressed that giving and wealth simply go hand in hand.

**“ I do not see my wealth as only belonging to myself. ”**

Another strong motivator for the respondents was to have impact and “make sustainable change”. Respondents also mentioned tradition, “noblesse oblige” and a sense of responsibility.

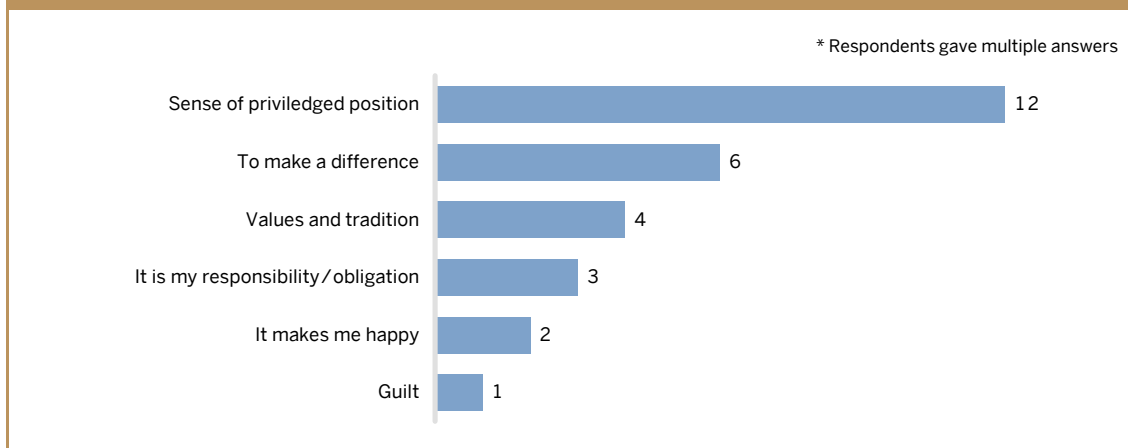
Four respondents answered that giving was part of their values. Two respondents said that giving makes them happy.

*“Doing nothing is no longer an option.”*

One self-made man noted that he felt a responsibility not to give back but to “pass on” part of the wealth he had acquired.

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## What motivates you to give?



Contrary to the Vrije Universiteit study, only one respondent mentioned guilt as a reason for giving, and not a single person answered that he or she was motivated to give because of tax benefits.

**“ I do not give for tax reasons. ”**

*“We live in a beautiful and well organised country, thanks to the taxes we pay. I do not have to give in the most tax-optimal way.”*

Nonetheless, when asked *how* they give, most respondents answered that they make use of the most advantageous tax vehicles for charitable giving.

## When they give

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If motivation is the engine, a feeling of financial security is the ignition.

**““ The first half of your life you earn money, the second half you give it away. ””**

Financial security and the onset of serious philanthropy are strongly correlated. Regardless of gender, background, wealth or philanthropic involvement, all respondents say they started to give large donations (€10,000 or more) the moment they had access to substantial amounts of money.

*“When I received the inheritance from my parents.”*

*“When I sold my company.”*

*“When I celebrated 25 years at the company and became Chair of the Board.”*

Respondents who said *“I have inherited much more than I need”* or *“I no longer need to work and can focus on giving”* were, by far, the donors giving the largest amounts. How much money varied from one respondent to the next, but what really seemed to trigger large donations was not how much money high-net worth individuals had, but how financially secure they felt.

Nine of the respondents donated an average of €100,000 or more per year. The largest amounts did come, for the most part, from the wealthiest respondents. Five respondents with a total wealth greater than €25 million gave at a level of €500,000 or more.

The one “smaller” donor, giving under €10,000 annually, said that he had recently sold his company and this event had come quite unexpectedly. *“We sold the company much earlier than anticipated. I stopped working and decided to spend more time with my family while thinking of what to do next.”* He was interested in giving and had the potential to give, but said he needed to get used to his new financial situation before becoming philanthropically active. Although he planned to give large donations in the future, he did not feel “ready” yet.

Interestingly, financial security is self-defined and not always linked to great wealth. Wealth accumulation past one’s personally-defined threshold is what creates an emotional and psychological trigger that prompts major giving and involvement in philanthropy. Although motivation is the main force behind philanthropic activity, one’s feeling of financial security is what makes it happen.

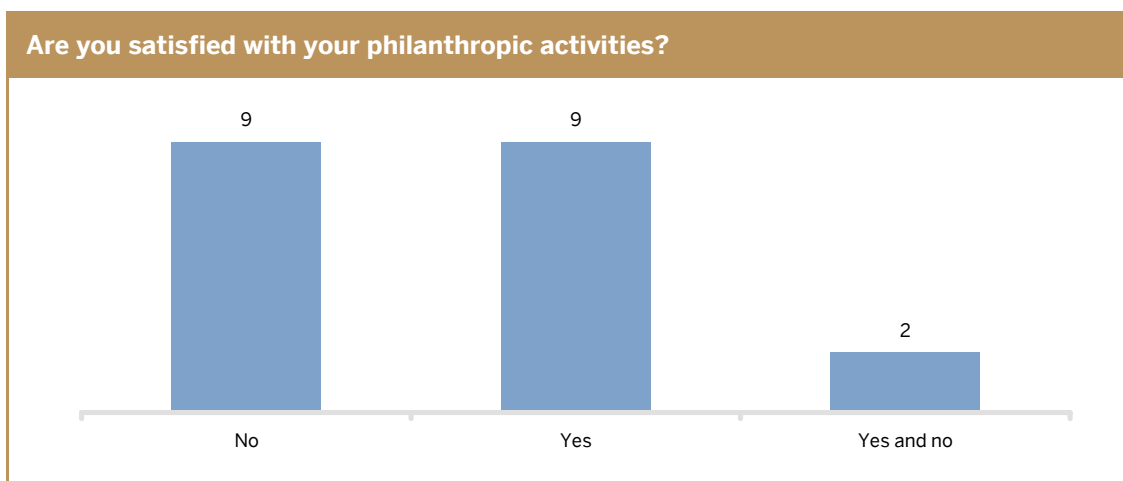
## How they give

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### *Planning and strategy*

Most respondents do not plan or develop a proactive and strategic approach to their giving. While 40 percent of respondents selected projects that fit their philanthropic criteria and theme choice, only three were employing what could be called strategic philanthropy: deciding beforehand the total amount, or percentage, of their income they will donate; choosing a focus for their giving; and building a portfolio of projects that fits their philanthropic mission.

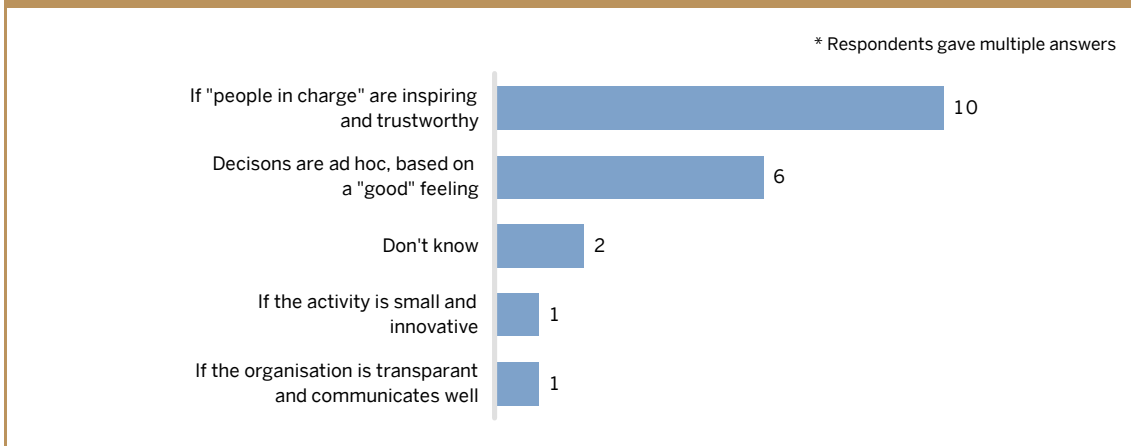
Nine respondents replied that they were not satisfied and wished to improve their philanthropic approach. The same number claimed to be satisfied, and two answered that sometimes they were and sometimes they were not.



### *Looking for inspiration and trust*

Most respondents chose what organisations to support based on the organisations' leadership or a good feeling about the organisation/project.

## How do you decide which organisation to support?



Half of the respondents gave to organisational representatives who inspire them and promote trust. Another six made ad hoc decisions based on gut feelings. As earlier established, the lack of trust in, and negative image of, the philanthropic sector is a major problem the respondents encountered within their philanthropy. It is therefore not surprising that the main criteria used when deciding to fund an organisation are inspiration, trust and a positive feeling.

A couple of respondents also made their decisions based on organisational characteristics such as "small and innovative" or "good communication and transparency," i.e. the donor knows where the money is going and what activities will take place. Two respondents could not say and replied along the lines of "I do not know," or "It depends" or "It is different every time."

### *Seeing is believing*

*"Receiving large financial reports is not proof that things are going well. Involvement and keeping up to date are important."*

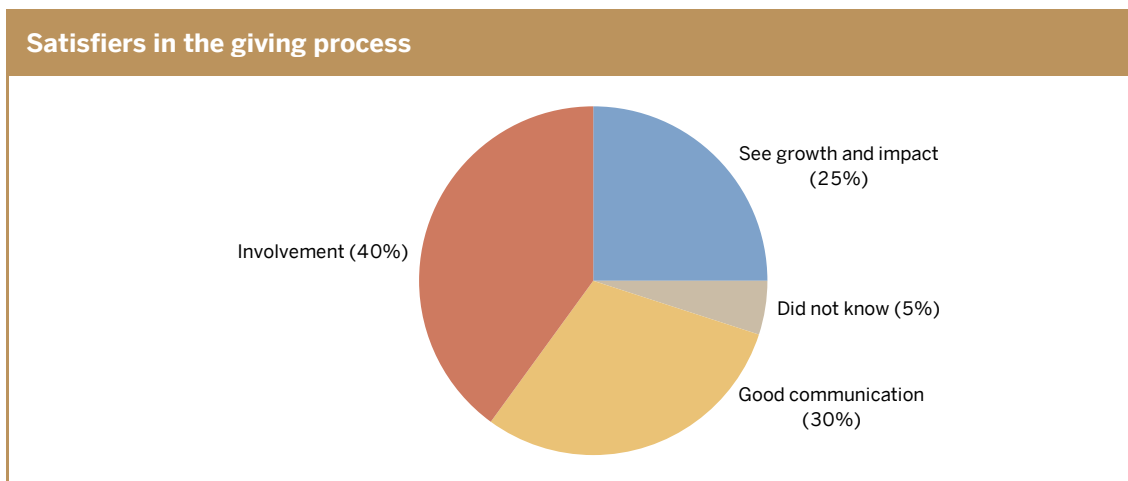
Although a minority of respondents prefers anonymity, the majority gets involved with the organisations they support. This is particularly true for the larger donors. Most respondents also mentioned volunteering as fundraisers, board members and even staff members.

*"I want to build a true connection with the projects I support, and see first-hand the impact of my giving."*

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**“ Giving is fun. You get much in return, particularly when you can make a difference. ”**

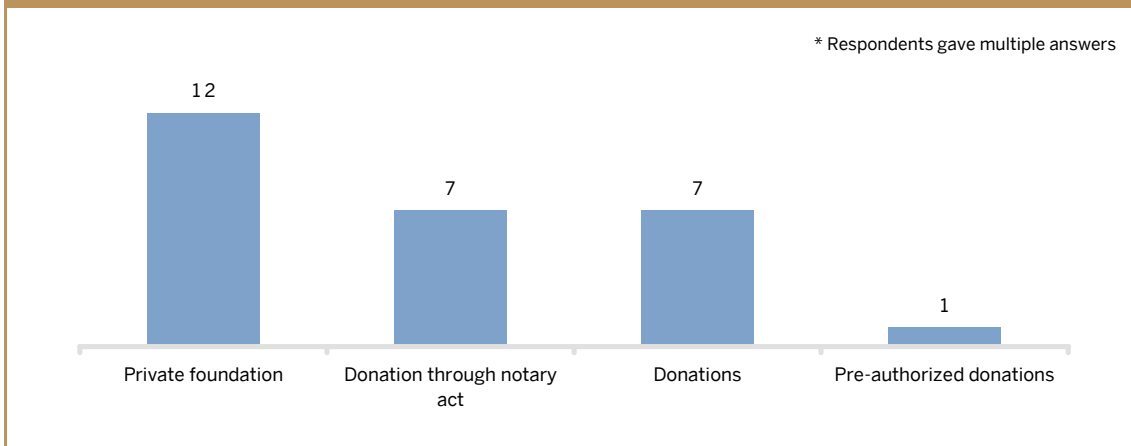
Involvement with the organisation, clear lines of communication and direct contact with the beneficiaries through project site visits were all mentioned as “satisfiers.” Involvement was the main satisfier, mentioned by eight—almost half—of the respondents. Closely following were good and clear communication and to see first-hand how a donation has helped an organisation grow and have more impact than before the donation.



### ***The philanthropic structure***

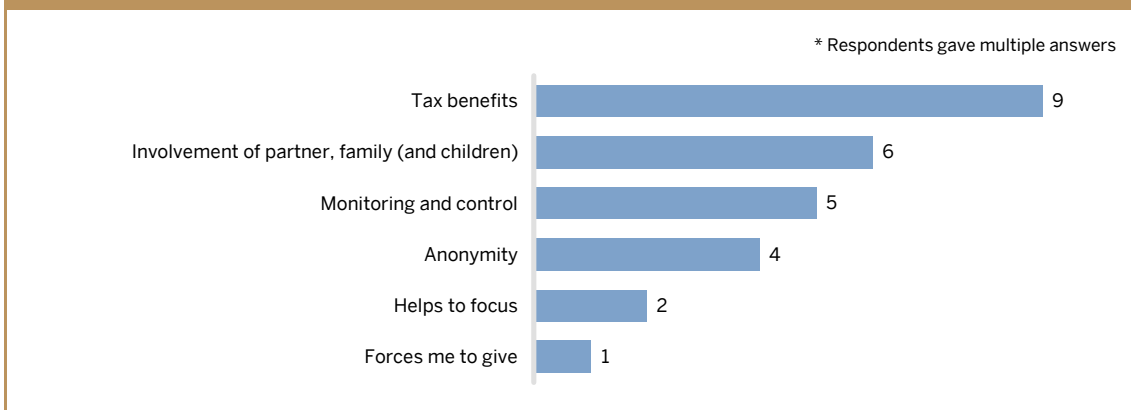
The respondents' most popular vehicle for giving is the private foundation. All but one of the respondents created foundations that were re-granting structures without their own staff or programs.

### What structures/vehicles do you use for giving?



When asked why they chose a particular structure, or set of structures, more than half of the respondents said because of the structures' tax advantages. This was particularly noted for private foundations and gifts made through a notary act, i.e. when the donor commits to a five-year period of giving and receives back in tax returns 42-52 percent of the amount donated. The notary act gift, in particular, seems to be purely tax driven. The private foundation also brings important extra benefits to the donor, which are, in order of importance: involvement of family and children, monitoring and control, anonymity, focus and "it forces me to give".

### Why did you choose to set up a private foundation?



People who chose donations as their giving vehicle did so either intentionally because it was simple and without hassle, or because they were unaware of any other structures for giving.

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Pre-authorized donations, a favourite and common fundraising instrument of many non-profits in the Netherlands, were extremely unpopular with the respondents because they don't offer much control for the donor. Pre-authorized donations (also called recurring, sustaining or regular donations) are pledges for which the donor has authorised the non-profit organisation to automatically collect a specific amount each month (or other cycle):

***““ After a while, if you give through pre-authorized donations, you no longer have control of your gifts and you even forget who you are supporting and with how much. ””***

## Who they give to

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**“ A non-profit organisation should be accessible. They need to show where the money is being spent. Transparency and openness are important. ”**

### **Small vs. larger organisations**

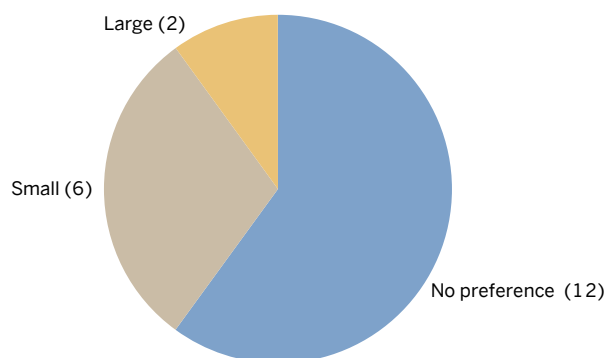
Only two respondents prefer large organisations because, according to them, large organisations have better systems, are better equipped and can use large donations more effectively than small organisations. These two donors gave on average €500,000-1 million per year.

Six respondents—about one-third—specifically prefer small organisations because they believe their donations will have a greater impact and not “*get lost within a large pot of money.*”

The majority—12 respondents—had no preference and answered along the lines of “*as long as the organisation can make a difference with my donation, large or small does not really matter.*”

Interestingly, most respondents chose large or small organisations based on who they think will put their money to best use. Regardless of whether they preferred large or small organisations, they all wanted the same thing—to create impact—but they had different perceptions of how that is best achieved.

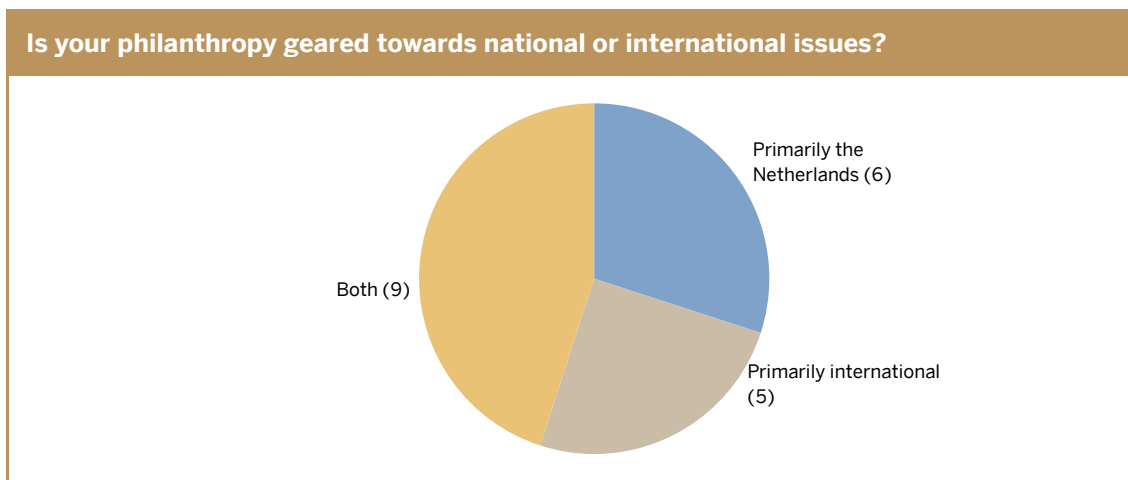
#### Do you prefer large or small organisations?



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## The Netherlands and beyond

Almost half (45 percent) of the respondents gave equal, or almost equal, attention to national and international issues. For a large number, the Netherlands was a primary focus: Almost one-third—30 percent—targeted the national level with all or most of its philanthropy. A smaller group—25 percent—focused on international issues.



## Project vs. organisation

Respondents greatly favoured giving to projects over organisations. A total of 12 (60 percent) of the respondents earmarked their funding for projects while only six (30 percent) supported an organisation. The arguments for choosing a specific project included:

**“ Supporting a project is concrete, specific and tangible. ”**

*“This way you can follow the progress of your funding and know exactly where the money is going to.”*

What is most striking about the arguments for supporting a project over an organisation is that most seem to arise from a fear that the money will not be spent well unless the donor is in control and can earmark the funding. Here again, the underlying reason for the fear is a lack of trust in the non-profit organisation. When asked if they ever supported “general costs” of an organisation, three respondents who preferred funding projects replied yes with the caveat: *“But that was for an organisation I fully trust and I know they will use the money well.”*

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The other predominant reason why most of the respondents supported projects over organisations is measurable outcomes. Projects are easier to quantify, was the general perception, and therefore gave more personal satisfaction to donors.

*“It is easier to see the impact of your funding.”*

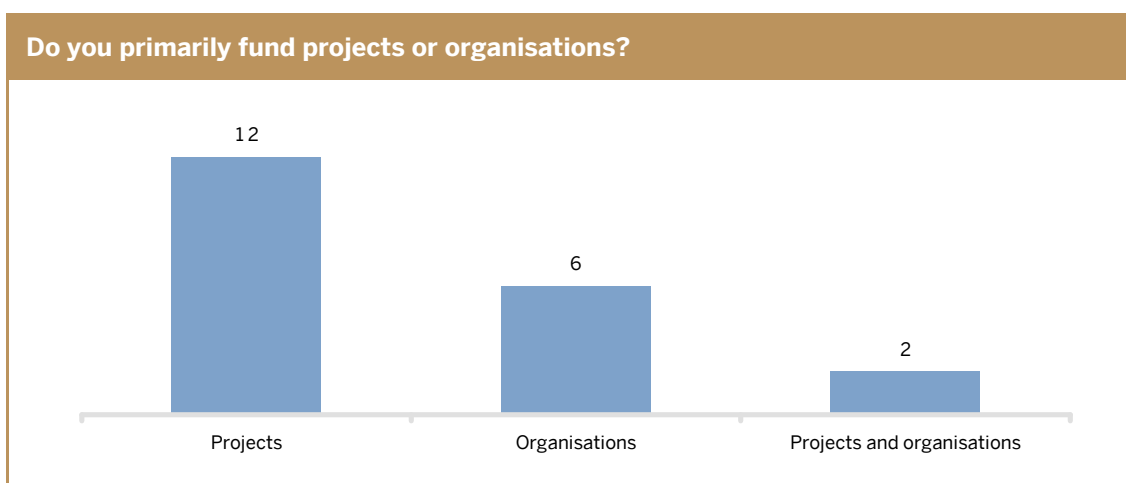
The six respondents who preferred to fund organisations over projects defended their choice, here again, with similar arguments of impact and effectiveness.

**“It is naive to think projects can operate in a vacuum. If you want the project to succeed you have to support the organisation as a whole.”**

*“I fund organisations to ensure continuity and impact of my funding.”*

*“The organisations are the experts and they know best how to spend the money. They should choose how to allocate the funding, not me.”*

An interesting final argument for funding an organisation over an individual project was self-protection. One respondent gave the following example: It can be discouraging to fund a school that fails, but less so to fund a child education organisation that moves the issue forward with a mix of successes and failures.



## What they need

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“It’s hard to give well.”

### **Barriers and hurdles along the giving process**

When asked about challenges faced during the giving process, respondents had a large variety of answers, which can be categorised into three main groups:

#### **Poor communication:**

Good communication between donor and organisation is one of the most difficult barriers respondents encountered in their giving. The use of guilt during the gift solicitation is not appreciated. Neither are the constant telephone calls, door-to-door calls or direct mail letters.

Another example of poor communication is never calling back when the donor reached out for a meeting or expressed an interest in making a large donation.

*“One day I spoke to the director of an organisation I wanted to support and expressed an interest in giving them a donation. He told me to contact their fundraiser. I tried twice to reach the fundraiser but was never called back. In the end, I never made the gift.”*

Another communication problem is lack of feedback after the donation has been made. How it was allocated and for what the donation was used is often unclear.

#### **Mismanagement of expectations:**

In a couple of cases, donors and organisations did not communicate well about expectations. In one instance, the organisation was very happy because it had a major gift, but failed to inform the donor that he/she was the only one, leaving the donor to feel that little effort was being made to build on the gift. In another instance, the donation period came to an end, and the organisation never called the donor to renew the gift, leaving the donor questioning if the group really needed the donation. In a final example, the donor wanted to be treated like a regular donor, yet the organisation treated her as special, making her feel almost embarrassed when she went to conferences and meetings. In these cases and others, the donor and recipient organisation failed to make clear from the start what they expected from each other.

#### **Difficulty finding the right group:**

Even with strong motivation and financial means, the highest hurdle for respondents was finding the right organisations to fund. One of the respondents had set up his foundation in 1975 and had more than €100,000 per year available to give. His biggest challenge, year after year, was finding projects that matched his values and objectives. Another respondent, who had set up a structure so that she and her children could give €25,000 per year, was also unable to find projects and allocate the money satisfactorily.

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## The role of advice

Seeking philanthropic advice is not uncommon—30 percent had done so. Half of the respondents who wanted advice approached their private bank; the other half independent philanthropic advisors. The other 14 (70 percent) never received advice and when asked why not, seven said they hadn't felt a need, five said they had no idea such advice existed, and two said they never met anyone capable of helping.



When it came to setting up structures for giving, not surprisingly a tax advisor / accountant was the most frequently sought advisor. However respondents did not see this type of advice—setting up a structure—as a form of philanthropic advice.

In most of the cases, it was the respondent, not the advisor, who initiated the discussion about philanthropic advice.

Respondents with the most years of philanthropic experience regretted not knowing about or getting advice in the past.

*“Ten years ago my father passed away unexpectedly. Together with my mother, my siblings and I created a very large private foundation in his honour. Although we have been actively involved in running the foundation, it has taken us about 10 years of trial and error to choose the right structure, strategy and focus. If I would have known about philanthropic advice back then, we would have saved a lot of time and money and gotten it right from the beginning.”*

*“About one year ago my (private bank) account manager asked me what ideals were linked to my money. I was amazed a banker would ask such a question and told him about how my wife and I would like to start giving at a serious level. The bank has helped us to plan the amount we will give, choose a focus and are presently looking for organisations we can start funding by the end of the year.”*

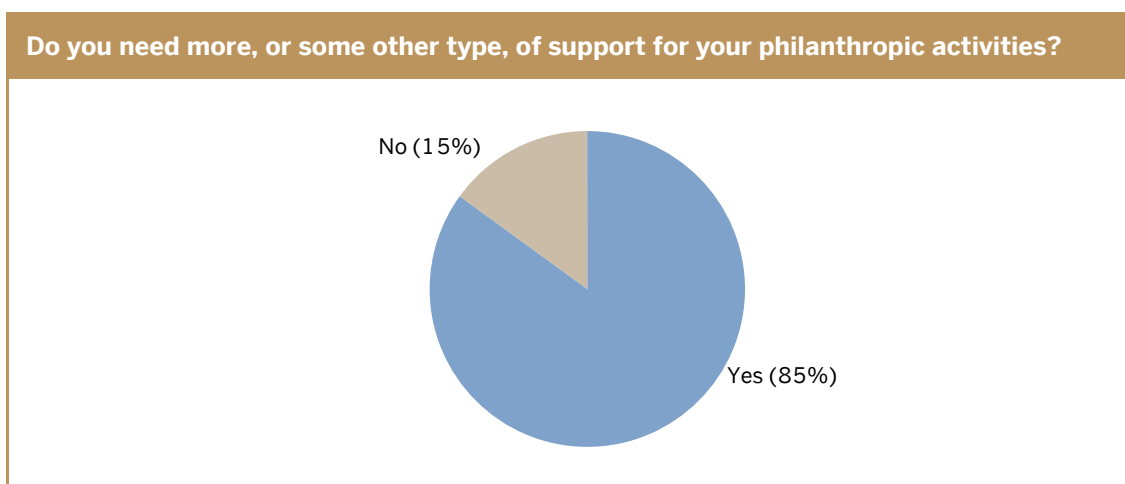
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Others have tried getting advice from different places but have yet to find someone who can truly help.

*"I have never met any advisor, whether a banker, notary or tax advisor, who has been able to really help me. They all give superficial advice and bring no added value. I know more about giving than they do."*

### **The need for philanthropic advice**

A vast majority of the respondents (17) would like to receive either more or another type of philanthropic advice.

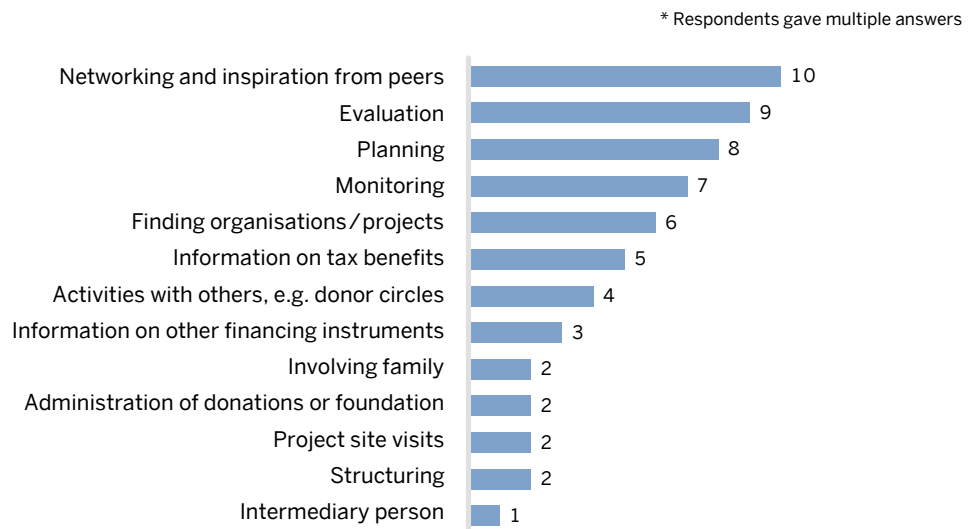


When asked what type of advice they needed, respondents' answers varied. Almost everyone, 17 of the respondents, wanted more than one type of advice, with the top needs being: 1) networking with peers 2) evaluation of donations 3) planning where and what to give 4) monitoring the projects supported, and 5) finding trustworthy organisations to fund.

Given the respondents' expressed desire for inspiration, trust, impact and involvement, it comes as no surprise that they list these as their top five needs for improving their giving.

One-fourth of the respondents also needed more clarity and information on tax laws and benefits. Group activities such as "donor circles," where donors leverage funding together for a common project, were popular with one-fifth of the respondents.

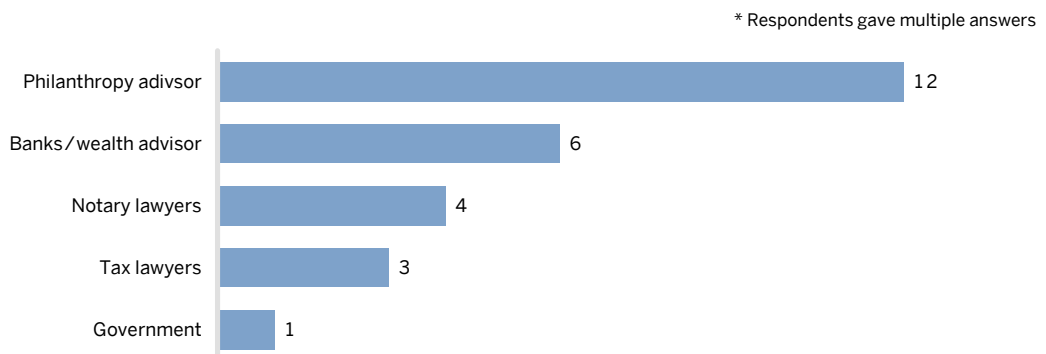
### What type of advice or support would you like to have access to?



### *The bank as a partner for philanthropic advice*

A little more than half of the respondents believe that an independent philanthropy advisor is the best person to help guide a high-net worth individual's philanthropy. However, respondents also mentioned that other types of advisors can have a positive role. After the philanthropy advisor, the private banker / wealth advisor is the most popular advice giver.

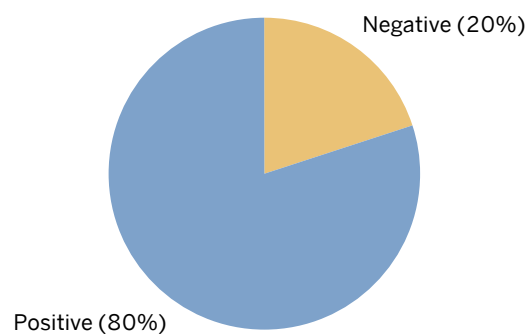
### Who do you believe can have a positive impact on supporting high-net worth individuals with their philanthropy?



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When asked what they thought of a specialised philanthropic advice service available within a private bank, 80 percent (16) of the respondents thought such a service would be a good idea. The 20 percent not in favour expressed an overall deep distrust of banks.

**What is your position regarding a specialised philanthropy advice service made available from within a bank?**



*"I can understand this. More and more people want to do business with banks that take into account the wishes of their clients, not just their money."*

*"I think such a service would create much customer satisfaction. It is also necessary to have more knowledge of the (philanthropic) field, and a bank can take a broker's (coordinating) role."*

Although the majority reacted positively, negative attitudes toward banks remained. Respondents would trust such a service only if the advisor was not a "just a bank advisor," but truly someone with knowledge of and experience in the non-profit sector.

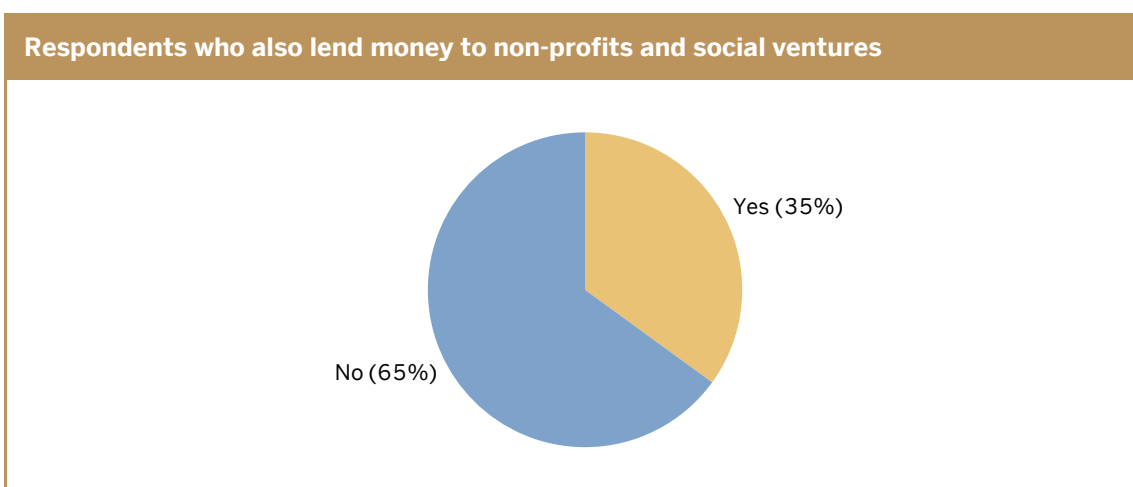
*"I would expect that if a bank would give this type of advice, it would be given not by a banker, but by an expert in the (philanthropic) field."*

***“ It would be good for banks to pay attention to this. A bank should help their clients focus and help them decide what is important for them to donate money to. I would also like it if a bank would help me to network with others. ”***

## Beyond traditional philanthropy

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Alternative forms of giving such as loans and social investments are of growing interest world-wide and the respondents' answers indicate that the trend also exists in the Netherlands. Some of the respondents are already using their philanthropic capital in alternative ways such as making no-interest loans to non-profits and low-interest loans to social ventures. Social ventures are businesses that aim to generate a positive social impact as well as a financial return. Seven (35 percent) of the respondents lend, as well as give, money to non-profits and social ventures.



Three respondents also expressed an interest in learning more about alternative financing instruments including supporting social ventures.

**“ I would very much like to receive advice on how to invest my money in a socially responsible way. ”**

*"I did not know it was possible to lend money to non-profit organisations. I would like to learn more about other forms of supporting charities apart from giving donations."*

Based on the respondents' answers, there seems to be 1) a significant interest in other forms of financing social issues apart from traditional giving (i.e. lending and investing money in non-profit organisations and social ventures) and 2) a need for specific advice, education and guidance on the "how to" as well as the pros and cons of this type of philanthropic engagement.

# What does it mean?

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This research hopes to contribute to the quality and quantity of philanthropic activity in the Netherlands. By analysing the specific philanthropic practices and needs of 20 high-net worth individuals we hope to present information that will help increase the potential for major gifts and improve the experiences of major donors. Other research on major giving and needs of philanthropists exist in other countries but given the specific economic, social and cultural makeup of the country these cannot be compared to the Netherlands.

What does this research tell us, and what are its implications for donors, non-profit organisations and wealth advisors? To help further develop private philanthropy in the Netherlands, we end this report with a few practical recommendations for people and institutions involved in philanthropy and/or with high-net worth individuals.

## **Recommendations**

### **For non-profit organisations**

Think about your performance and communicate the impact of your work, not just your need for funding. Guilting donors into giving is not an effective long-term strategy.

Develop better relationships with your donors by keeping them updated with projects' progress. Consider giving them an opportunity to get involved so they not only see first-hand the work they support, but also have a chance to develop a deeper, and perhaps longer-lasting, bond with that work.

Consider major donors true partners, much the same way a company approaches potential investors. Be open and transparent about your budgetary needs: how much the work will cost, and how much you still need to get the job done or underway. Show both successes and failures. Show your ability to manage money and donations efficiently.

### **For wealth advisors (private banks, tax advisors, notaries and family offices)**

Make philanthropy advice services available to your clients. Helping clients implement practical, tax-efficient philanthropic strategies is a critical, but often overlooked, service for wealthy individuals, and should be part of any overall wealth management strategy. Such services bring long-term benefits to your business such as client satisfaction and better client relations.

Help your clients network with like-minded donors so they can gather information and inspiration from peers. For example, create events where non-profit organisations and private clients can meet and gain deeper understanding of different social issues.

Offer clients social venture investment opportunities, which combine making a profit while addressing a social need.

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### ***For donors***

Take time to better understand the philanthropic sector. Non-profit organisations invest most of their resources in the work they do, not in communication and marketing strategies.

Network with peers to share ideas, experiences and even resources with those who have similar interests. Consider donor-advised circles, where people learn from each other and pool resources to have greater impact on mutual issues. Ask your advisor for more information on networking opportunities with peers.

Clarify your expectations from the start with the non-profit organisations you support. Let them know what type and how much (if any) involvement and feedback you want. It is particularly important that organisations know what type of involvement and feedback you expect to receive. Professional support can save you time, effort and frustration. A philanthropic adviser, with knowledge of the sector, can identify opportunities, help you plan and serve as a sounding board for all your philanthropic activities.

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## **Acknowledgements**

This research was made possible by a wide collaboration of people and organisations in the Netherlands. A very special thank you to the twenty people who gave their time and shared their experiences and knowledge during the interviews.

The author also gratefully appreciates and acknowledges the support of the following advisors, organisations and individuals who played a critical role in this research and report.

To the following sponsors and financial supporters who made this research possible: Insinger de Beaufort, Haëlla Stichting, Pequeno Stichting, Prins Bernhard Cultuurfonds, Zandstaete Investments and M.A.O.C. Gravin van Bylandt Stichting.

To Anne van Beuningen, Maarten Dullaert, François Lenfant, Liesbeth Rutgers and Geeske Zanen for helping develop the research framework. To Theodoor Gilissen, Oyens & Van Eghen, B.A. van Doorn & Comp., Sax Consulting and Stichting Mama Cash for making introductions between the researcher and interviewees.

To the VU Philanthropy Workgroup for their collaboration and support with a research assistant. To Dena Leibman and Tien Nicholaas for editing the text of the report.

Finally, a very special thank you to Kayleigh Boerjan, student at the Vrije Universiteit, minor in Philanthropy Studies, for her excellent work as research assistant.

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## About the sponsors

### *Insinger de Beaufort*

Insinger de Beaufort is a Dutch-English Wealth Management firm with a history dating back to 1779. In April 2009



**INSINGER DE BEAUFORT**  
**BNP PARIBAS WEALTH MANAGEMENT**

Insinger de Beaufort entered a strategic partnership with BNP Paribas. This grouping which includes Insinger de Beaufort, Nachenius Tjeenk and the UK activities of BNP Paribas Wealth Management has made us a leading player in wealth management with assets under management of € 80 billion. We have more than 225 employees serving clients out of our offices in Amsterdam, The Hague, Eindhoven, Cape Town and London.

Insinger de Beaufort offers its private clients a comprehensive range of wealth management products and services. The products we offer to institutional investors consist of asset management, asset consulting and alternative investment products.

The Charity Office of Insinger de Beaufort assists clients with philanthropy services. These services range from managing daily activities of foundations to advising individuals about their donations. For foundations we perform administrative and management functions, grant application, administration and accounting and we also make policy recommendations. The Charity Office also provides philanthropic advice to our private clients. We help clients choose between setting up a foundation, a donor advised fund or a gifts program, we act as an intermediary between donor and grantee, we organise meetings and we help create donor advised funds.

Insinger de Beaufort wishes to align its Charity Office activities with future needs. This is the reason why Insinger de Beaufort fully supports this research.

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### Haëlla Foundation

"We must dare to think globally, even if we believe that our goals will take one or more centuries to achieve", said Mr Dake (1887-1979) in 1967 when he and with his wife, Mrs H.L.A Dake-Noppen founded the Haëlla Foundation.



Inspired by their faith and convinced of the importance of working towards a new economic order and world peace, they decided to support people with exciting new ideas and plans. The Haëlla Foundation develops and promotes the dreams of its applicants by giving financial support. But we also do this by listening, thinking and giving advice to our grantees. In recent years philanthropists and foundations have sought out the Haëlla Foundation as a manager of grants. Presently there are 9 different funds and several individuals who give through the Haëlla Foundation. They support small projects in the fields of religion and society, peace and human rights, environment, and people in need in the Netherlands.

The enthusiasm and commitment of our funds' board members and our donors are very important to us. Through this research we hope to continue to improve our approach and improve the way in which we meet the needs of wealthy donors. This way we hope to maintain the inspiring activities of our donors and partner funds as we move forward together with philanthropists in the Netherlands.

### Pequeno Foundation

In 1997 we began our work by supporting projects in Brazil. Our original focus, to only support children, was quickly dropped. Children live within families, families form part of a community, communities make a country and a country is part of a globalised world. Everything is interconnected and the crucial question is actually: how do we make a difference and move towards a more just and beautiful world.



When we began to "do good" we expected an equal relationship between donor and grantee; a relationship where both would show the same amount of commitment and honesty regarding their successes and failures. We soon realised that power-struggles, the fear of reputation loss and poor reporting skills were also present in the world of international development. We were also amazed with the lack of communication amongst donors. The philanthropic sector is, despite efforts to increase transparency, still very closed. How can we find out if other philanthropists have had similar experiences with those partners we work with or would like to work with?

These are the reasons why we were happy to support this research. Let's have contact with each other and learn from one another. Because by exchanging experiences and knowledge, we can help ourselves become more effective and make a positive contribution to the world.

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### **Prince Bernhard Culture Foundation**

He lived in the first century BC and was enormously rich, the Roman patrician and adviser of Augustus, Gaius Maecenas Cilnius. Today his name, the Dutch word *mecenas* lives on and refers to a patron of artists and scholars.



At a time when governments must cut back, private philanthropic initiative is of great importance. The Prince Bernhard Culture Foundation provides the *mecenas* of today with an opportunity to support the arts through, for example, a donor advised fund. This is a fund with its own objective but managed and executed - with care and expertise - by the Prince Bernhard Culture Foundation.

We are a solid and reliable organisation. We approach our work carefully with the money entrusted to us by our donors. Our motto is as follows:

*"If you want to start your own cultural foundation, we can help by turning your passion into a donor advised fund for culture and the arts."*

The contemporary *mecenas* no longer wears a tunic and robes but is a patron of the arts in modern clothes. One who trusts others to manage the work but stays closely involved. Our ample mission – the financial support for culture and nature in the Netherlands - provides a wide variety of choices to our donors. The empathy and careful listening we employ when discussing the wishes of our major donors is of utmost importance. It is for this reason that the Prince Bernhard Culture Foundation wholeheartedly supports this research.

### **About the author**

**Diana van Maasdijk, M.A.** has since 1995 worked for various international non-profit organizations and foundations in several countries in Africa and Latin America as well as in the USA and the Netherlands. In 2007 she founded Philian, an Amsterdam-based consulting firm specialised in designing and implementing grant making programs for individuals, families and foundations focused on effective giving. As philanthropic advisor she has written several articles for the newspaper *Het Financieele Dagblad* and other publications. She is member of the editorial board of *FM Magazine* in the Netherlands and co-founder of the Donor Academy, a 5-module course on strategic philanthropy.



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<sup>i</sup> *Geven in Nederland* [www.geveninnederland.nl](http://www.geveninnederland.nl).

<sup>ii</sup> *Geefgedrag van vermogende Nederlanders een verkennende Studie*, GIN, 2010, R. Bekkers, B. Janssen, P. Wiepking.

<sup>iii</sup> Non-profit organisations is the term we have chosen to use throughout this document to refer to all fundraising philanthropic organisations including charitable, health, cultural, educational, etc. organisations in and/or outside of the Netherlands.

<sup>iv</sup> The 2010 World Wealth Report, Merrill Lynch Global Wealth Management and Capgemini, report points to HNWI's growing demand for philanthropy-related advisory services, page 23.

<sup>v</sup> This study was inspired by earlier research conducted in Germany, the UK and Switzerland (Scorpio Partnership 2007). That study concluded that many wealthy individuals interested in philanthropy face a number of challenges in their giving process. Philian suspected that the situation is similar in the Netherlands but wanted to conduct specific research on Dutch philanthropy taking into account the influence of the country's culture, history, government and wealth.

<sup>vi</sup> Although philanthropic contributions can be made in time, knowledge and/or money, most respondents defined "philanthropic activity" as the giving of larger financial resources.

<sup>vii</sup> *Geefgedrag van vermogende Nederlanders een verkennende Studie*, GIN, 2010, R. Bekkers, B. Janssen, P. Wiepking.



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