

# **Non-profit foundations should have professional structures and cooperate with others - an experience report**

Andi Götz\*

## **I. Preliminary remark**

This article is based on the subjective experiences of the author and does not claim to meet scientific quality criteria. On the one hand, it is a report of experiences, which, however, has a lot to do with the person being honoured by this paper, and on the other hand, it would like to encourage decision-makers who are entrusted with the administration and use of capital dedicated to the non-profit sector to be more professional in dealing with the funds to be distributed and to cooperate more with each other.

From 1996 to 2012, the author was Managing Director of the International Commission for the Protection of the Alps (CIPRA)<sup>1</sup>, an internationally active non-governmental organisation based in Schaan, Liechtenstein, with representations in seven Alpine states from France to Slovenia, which promotes nature conservation and environmental protection, sustainable development and the networking of organisations and people active in this field throughout the Alps. In this capacity, he also had a lot to do with charitable foundations in Liechtenstein, as the organisation needed considerable funds for its operation and to pay the salaries of up to twenty employees year after year. After this activity, he founded a company<sup>2</sup>, whose field of activity includes advising charitable foundations, especially in Liechtenstein.

---

\* Andi Götz is a lawyer and owner of Götz Charity Consulting AG in Vaduz.

<sup>1</sup> [www.cipra.org](http://www.cipra.org)

<sup>2</sup> [www.charityconsulting.li](http://www.charityconsulting.li)

## **II. Subjective impressions of the "typical Liechtenstein charitable foundation"**

### **A. Great and uncomplicated helpfulness**

From the time of the first professional activity in Liechtenstein in 1996 until today, it has always been very impressive to see what enormous resources charitable foundations have at their disposal in this country, even if the actual capital available to the individual foundation can usually only be estimated to some extent. This has hardly changed since the establishment of the Association of Liechtenstein Charitable Foundations and Trusts (VLGST)<sup>3</sup>, despite partially increased transparency. Nevertheless, it is easy to see that many foundations can do good on a very large scale and that they do so in an uncomplicated manner.

In this context, it is often very useful that in many foundations the foundation council has a room for manoeuvre that should not be underestimated. However, this varies greatly. For example, it is relatively clear when a foundation states on the VLGST website that its purpose is to support "activities for animal protection in Switzerland in accordance with the founder's guidelines". It can be assumed here that these "requirements of the founder" are even more clearly defined in a by-law or in other declarations of intent made by the founder, but the thematic focus on animal welfare and the geographical limitation to Switzerland already create considerable clarity and transparency. The members of a foundation board enjoy a much wider scope of action if the purpose is circumscribed with the following formulation: "The purpose of the foundation is the support of any non-profit or charitable organisation as well as the general pursuit of any non-profit or charitable purpose, in particular in the charitable, religious, humanitarian, scientific, cultural, moral, social, sporting or ecological field, without geographical restriction, at the free discretion of the Foundation Board. The Foundation Board intends to place a certain emphasis on culture and social issues within the above-mentioned purpose, however, without limiting the discretion of the Foundation Board to make awards within the scope of the overall purpose of the Foundation. In particular, in individual financial years, donations in other areas may also predominate. Furthermore, the Foundation Board

---

<sup>3</sup> [www.vlgst.li](http://www.vlgst.li)

may at any time deviate from the aforementioned focus by amending these regulations". The reference for this quotation is again the website of the VLGST. This shows: Anyone with a cause worth supporting has a certain chance of finding support in the diversity of Liechtenstein charitable foundations and trusts.

## B. Very different levels of professionalism in the use of funds and in controlling

There are very professionally set up foundations in Liechtenstein. One example among many is certainly the Medicor Foundation<sup>4</sup> in Triesen. It supports selected projects in the areas of education, health and social aid. In countries in Africa, Latin America and the Caribbean as well as Eastern Europe, these are intended to contribute as directly and sustainably as possible to improving the living conditions of people in need. The foundation awards around 20 million USD annually. To this end, it not only has a clear strategy, but also appropriately trained staff who carefully evaluate funding applications for the attention of the Foundation Board and professionally accompany funded projects, regularly also based on project visits to the various countries. In addition to the Executive Director and an assistant, this foundation employs five project officers with a total of 380 job percentages (as of 2022). This makes it possible to guarantee the Foundation's support activities in a professional manner, to optimise them on an ongoing basis and to enter into long-term cooperation with the most reliable partner organisations.

The Medicor Foundation is by far not the only foundation in Liechtenstein that can rely on professional structures to the extent described, with the necessary professional capacities and sufficient staff.

However, it is often the case in Liechtenstein that boards of trustees are made up exclusively of trustees and lawyers. In addition, the foundation board members often have a limited time budget for their work - this is certainly also a subjective impression of the author, but it is based on a multitude of experiences - which makes it difficult and sometimes impossible to deal in depth with applications and to thoroughly monitor projects and their success.

---

4

[www.medicor.li](http://www.medicor.li)

### **III. Plea for professionalism in dealing with foundation funds**

#### **A. Foundation councillors need expertise or support**

If a foundation or trust is in a position to regularly make very significant awards, it is urgently recommended, on the basis of what has been said, to set up an office with appropriately trained staff, to staff the board of trustees with appropriate experts or to buy in the necessary expertise externally. A professional handling of applications - and thus also of the Foundation's funds - is not least important for the acceptance of the Foundation by the various stakeholders and for the Foundation's external image. The appointment of trustees and lawyers to the boards of charitable foundations is certainly useful when it comes to correct procedures and professional management of the foundation and its assets. However, professional support is needed where technical competence is required in the fields of action in which the foundation's funds flow.

An alternative to the support of an administrative office, as in the example of the Medicor Foundation, is to fill the board of trustees with personalities who have the necessary training and experience in the relevant fields. For example, a foundation that focuses its donations on cultural institutions could draw on the experience of appropriately trained foundation board members; a nature conservation foundation would select board members with an appropriate professional and practical background, and so on. However, this would require that the members of the foundation council be provided with the necessary time budget if they are to largely take over the tasks of an office in terms of content, even in the case of very significant award volumes.

In Liechtenstein, however, there seems to be a tendency among the majority of non-profit foundations neither to staff the board of trustees with experts in the relevant fields of action nor to set up a professional office, even if this would appear proportionate in view of the available and deployed resources.

#### **B. It is about implementing the founder's will as efficiently as possible**

It should not be questioned that committed foundation councillors can build up experience and competences due to their partly long-standing activity and can do good work thanks to a high level of motivation, and can often also be more impartial

than experts in a specific field. Furthermore, it can be argued that doing without an office can also save money, because an office costs money that is then no longer available for awards, and foundation councillors should not spend as many hours as they like on their work.

Nevertheless, the question arises as to whether the will of the founder is better fulfilled if funds are saved for the selection and monitoring of projects. There is a risk that decisions are made based on the sensitivities and subjective preferences of the foundation board members instead of a serious evaluation of the applications. In particular, even if organisations or project promoters receive recurring financial support, this should only be done on the basis of a careful evaluation of the success of the supported projects or activities.

Where such a thorough examination is not possible due to structures and capacities, there is a risk that funds will not be used efficiently. Here, the founder's will would be implemented more effectively if it were evaluated with the necessary thoroughness and the corresponding financial effort which causes are to be supported and how the funds are used. In this way, misallocations could be avoided and the money would be used more efficiently.

#### **IV. Cooperation as an alternative**

If a foundation decides neither to set up an office with specialists in the fields foreseen in the foundation's purpose, nor to staff the foundation council accordingly, cooperation with other foundations that pursue similar purposes and have professional structures can prove worthwhile.

The person honoured with this commemorative publication was for many years a member of the Board of Trustees of the Aage V. Jensen Charity Foundation (AVJCF)<sup>5</sup> based in Liechtenstein, which focuses entirely on nature conservation and environmental protection. The Board of this foundation is also composed exclusively of personalities with a legal and fiduciary background; however, the Board can draw on the competencies of a very professionally structured foundation of the same founder, the Danish Aage V. Jensens Fonde<sup>6</sup>, whose office also employs highly trained nature conservation experts.

---

<sup>5</sup> [www.avjcf.org](http://www.avjcf.org)

<sup>6</sup> [www.avjf.dk](http://www.avjf.dk)

On behalf of the AVJCF, the author has initiated and initiated various cooperations with other foundations. In each case, these have led to at least a doubling of the funds invested. At the same time, the cooperations have saved the other foundations a lot of administrative work and thus made the decision to donate easier. On the other hand, in the last example – the Donors' Initiative for Mediterranean Freshwater Ecosystems DIMFE – the AVJCF also benefited both from the professional structures of the cooperation partners and from its experience in project selection, project monitoring and success control in the relevant field.

## A. Strengthen nature conservation in Europe

The starting point for the cooperation with other foundations was the AVJCF's wish that other foundations in Liechtenstein also channel more money into nature conservation. Thus, on behalf of the AVJCF, the author identified a number of urgent nature conservation projects, especially in Eastern and South-Eastern Europe, in workshops and stakeholder surveys. Based on this list, the AVJCF launched the programme "Enhancing Nature Protection in Europe". In this programme, it financed projects itself on the one hand and invited other foundations – not only in Liechtenstein – to finance suitable projects for it on the other. The benefit for the other foundations was that the projects to be supported had already been carefully selected. In addition, the AVJCF also offered to take care of project monitoring and evaluation, so that the administrative effort for the other foundations was very limited. At the same time, the foundations could decide for themselves whether they wanted to remain discreetly in the background or appear in public as donors.

This cooperation was very efficient. The AVJCF supported projects with € 2.8 million from 2014 to 2021. During the same period, support from other foundations amounted to more than € 5.5 million, so that a total of € 8.35 million was collected. For every euro invested by the AVJCF, two euros were added by other foundations, tripling the AVJCF's support.

These funds have been used to support wetland protection in the Balkans and save wonderful river systems from destruction, to fight legal and illegal logging of virgin forests in Romania, to enhance black stork habitats in Belarus and Ukraine, to advance the protection of the Mediterranean monk seal in the Eastern Adriatic, and much more.

In other words, each participating foundation was able to select projects from a portfolio that suited the foundation and, as mentioned above, keep the administrative effort for project monitoring and controlling to a minimum.

The programme continues.

## B. The Donors' Initiative for Mediterranean Freshwater Ecosystems (DIMFE)

Inspired by this success, the author of this article has proposed to the Aage V. Jensen Charity Foundation to launch an initiative to promote freshwater ecosystems (rivers, lakes, marshes and wetlands) and invite other foundations to join in.

### 1. The Mediterranean monk seal as a source of ideas

The idea for such a "Donors' Initiative" came from the "Monk Seal Alliance". The Mediterranean monk seal (*Monachus monachus*) was once distributed throughout the Mediterranean Sea and parts of the adjacent Atlantic Ocean. It is one of two remaining species of ancient seals (the other being the Hawaiian monk seal), and both are threatened with extinction. A third species, the Caribbean monk seal, has been extinct since the 1950s.

Decades of hunting, deliberate and accidental killing by fishermen, disease, pollution, depleted fish stocks and habitat destruction and disturbance have taken a heavy toll on seal populations. By 2000, the population had declined to about 400-500 seals.

To prevent the species from becoming extinct altogether, five like-minded foundations launched the Monk Seal Alliance (MSA) in 2019. They are the Fondation Prince Albert II de Monaco, the MAVA Foundation, the Fondation Segré, the Fondation Sancta Devota and the Thalassa Foundation. All these foundations already had experience in funding projects for the protection of the Mediterranean monk seal. By joining forces, they wanted to optimise their use of resources to jointly advance the conservation of the Mediterranean monk seal.

The MSA's funding is designed to ensure that seal conservation takes place strategically, holistically and throughout the species' range. National and regional conservation measures such as the establishment of marine protected areas, cooperation with fishing communities and awareness-raising among various stakeholders have borne fruit: the current population is estimated at around 800 animals. This success has come about through efforts over the years, but is

consolidated in a significant way and secured in the long term through the cooperation of the aforementioned foundations.

## **2. A programme for Mediterranean freshwater ecosystems**

Freshwater ecosystems harbour a great diversity of species and also provide water supplies for the local population. However, due to human and climatic disturbances, these ecosystems have extinction rates four to six times higher than marine or terrestrial habitats. In the Mediterranean, populations of freshwater vertebrates have declined by 28% since 1993, and 36% of the remaining species are today threatened<sup>7</sup>.

In contrast, relatively little funding is available for the protection of freshwater ecosystems. For example, the European Foundation Network outlined in a 2021 study that foundations in the United Kingdom used only 3% of nature conservation funding for the protection of freshwater ecosystems in the years 2016 to 2019<sup>8</sup>.

With the example of the Monk Seal Alliance in mind, the Aage V. Jensen Charity Foundation succeeded in getting the MAVA Foundation<sup>9</sup> from Switzerland and the Fondation Prince Albert II de Monaco<sup>10</sup> on board for the protection of freshwater ecosystems, with whom it launched the "Donors' Initiative for Mediterranean Freshwater Ecosystems". The foundation took place on 7 September 2021 during the World Congress of the IUCN (International Union for Conservation of Nature) in Marseille<sup>11</sup>.

The three foundations agreed to cooperate for an initial period of three years with a minimum of bureaucracy. An agreement stipulates that each foundation sends a representative to an Executive Committee, which submits proposals for projects to be supported to a Board. The Board is also composed of equal numbers of representatives from the three foundations. The administration and coordination of the Donors' Initiative is the responsibility of the Fondation Prince Albert II de Monaco,

---

<sup>7</sup> Galewski T., Segura L., Biquet J., Saccon E. & Boutry N. Living Mediterranean Report - Monitoring species trends to secure one of the major biodiversity hotspots. Tour du Valat, F. 2021. [https://medwet.org/wp-content/uploads/2021/06/Living\\_Mediterranean\\_report\\_2021.pdf](https://medwet.org/wp-content/uploads/2021/06/Living_Mediterranean_report_2021.pdf)

<sup>8</sup> Cremona, P; Godwin, H; Miller, F. & Cracknell, J. : Where the Green Grants Went, Patterns of UK Funding for Environmental Work; Environmental Funders Network, Aylesbury, UK, 2021, <https://www.greenfunders.org/wp-content/uploads/2021/11/Where-the-Green-Grants-Went-8-November-2021.pdf>

<sup>9</sup> <https://mava-foundation.org/>

<sup>10</sup> <https://www.fpa2.org/>

<sup>11</sup> cf. FL-Stiftung: Initiative für Feuchtgebiete, Liechtensteiner Vaterland, 22 October 2021, p.8



whose professional approach relieves the other two foundations of most of their administrative work.

In this foundation cooperation, the Aage V. Jensen Charity Foundation can benefit from the expertise of its partner foundations in the field of freshwater ecosystems in the Mediterranean region. Both have offices with permanently employed experts who are involved in the implementation of the "Donors' Initiative for Mediterranean Freshwater Ecosystems". The MAVA Foundation and the Fondation Prince Albert II de Monaco have access to a network of experts that the Aage V. Jensen Charity Foundation does not have in the field of Mediterranean freshwater ecosystems.

A first call for proposals was launched in 2021. All three foundations have made use of their existing contacts with organisations active in this field, so that a very large number of actors active in these areas have been reached.

Thus, in the first round of calls for proposals, 22 project applications were received from all over the Mediterranean region. The Executive Committee carefully reviewed these applications and identified 14 proposals that were clearly less interesting or did not seem to fit into the DIMFE framework.

The other eight applications were submitted to relevant external experts for evaluation. Based on these evaluations, the Executive Committee excluded two further applications. For three other projects, possibilities were sought to reduce the budgets or change the focus of implementation based on the experts' recommendations.

This approach made it possible to submit consolidated proposals to the Board for the approval of six very high quality projects. These proposals were well-founded and well justified, so that approval was possible by circular letter. In this way, the workload for the boards of the three foundations could be kept within narrow limits, with a manageable financial outlay for external experts.

In this way, in a first round of awards in 2021, around two million euros were awarded to six projects in Bosnia and Herzegovina, Croatia, Albania, Greece, Malta and Morocco, and a second round of awards was announced in 2022.

The same experts who were consulted for the selection of the most suitable projects were also recruited for the monitoring and evaluation of the projects. In this way, it was not only possible to ensure an efficient and targeted selection of the projects to be funded, but also to have the appropriate use of funds checked by proven experts during the project period and after its completion.

From the beginning, the DIMFE was conceived as an open vessel that would also be accessible to further patrons. In the meantime, the Fondation Hans Wilsdorf<sup>12</sup> has decided to join the Donors' Initiative and other foundations have expressed their interest in participating, so that significant funds for the protection of freshwater ecosystems can also be awarded in future years.

## **V. Conclusion: Acting together professionally increases the efficiency and effectiveness of the allocation of funds**

These examples are intended to demonstrate:

- Non-profit foundations can achieve very good results by cooperating with others in fields of action of common interest thanks to the associated visibility and the many synergies and use their funds efficiently and effectively.
- Cooperations can reduce the administrative burden for the actors involved without compromising the professionalism of the allocation of funds or the serious monitoring and success control. On the contrary, the participating foundations can mutually benefit from each other's experience, competencies and network of contacts.
- Especially for foundations that have significant funds at their disposal but cannot rely on a network of experts in at least part of their fields of activity, cooperation with others can lead to a more targeted allocation of funds and ensure that they are used in a professional manner.

In summary, this means: Not every foundation has to have all the competences at its disposal. However, this does not mean that it has to forego a serious selection of supported projects and activities or that it cannot guarantee sufficient project monitoring and success control. Cooperations with other foundations can create win-win situations and compensate for any competencies and capacities that are not available among individual cooperation members. This can massively increase the accuracy in the allocation and use of funds. This benefits the implementation of the founder's will.

### **Keywords**

Charitable foundations, Liechtenstein, foundation cooperation, nature conservation, freshwater ecosystems, Mediterranean region.

---

<sup>12</sup> <https://hanswilsdorf.ch/>