



Trend report on Danish foundations 2018
Zooming in on their philanthropic activities

September 2018

Content

Foreword	03
Foundations in Denmark	06
Trends in Danish foundations	18
International trends	25
Contacts	26



Foreword

They represent an increasing capital base with majority ownership in the largest companies in the country. Simultaneously, they are strongly committed to create value for society and they operate across divides of society, free from political interests. Driven by a long-term perspective, they have the freedom to experiment, where others will not or cannot take the risk.

Danish private foundations are perfectly placed for impact. They have the means and the potential to drive real change and contribute to the innovation necessary for societal transformation in Denmark and beyond.

Increasingly, we see Danish foundations breaking down silos and taking on this role as innovative change-maker. This will require that the public sector is ready to embrace the foundations and let them in on the innovation agenda in society. And it will require that foundations focus on innovation and remain risk willing in order to find new solutions to societal problems.

Recent years have seen growth in the private foundations' resources, partly because the Danish Foundation Act, has led to tighter supervision and requirements related to fund management and grants levels. Combined with a political environment with tight public budgets, the foundations now look into a new strategic space with new levers for societal impact. On the national scene, a growing interest in impact investing and new tools such as social impact bonds can potentially pave the way for real innovation of core elements in our ability to improve health, employment and social inclusion in society.

At the global scene, the Sustainable Development Goals (SDG's) are starting to prove its value as a lever for change. The SDG's can be seen as an internationally agreed catalogue of the biggest social, environmental and economic challenges facing our time.

Together with the private and public sector, the Danish foundations are starting to catch on to the SDG's in their strategies and communication.

Despite the fact that local presence is an integrated part of most of the Danish foundations, they are also increasingly looking to international peers for inspiration, network and best practice. Danish foundations are keeping an eye on how the globalisation of collaborations between foundations and other organisations starts to define new best practices and improved opportunities for scaling projects to create greater global impact as well as local results.

This report throws light on philanthropic activities in Danish foundations and showcases some of the recent developments that hold promise for an even stronger role for foundations in the future.

We wish you a good read.

Methodology

This report is based on data from four different sources with the purpose of providing deep insights into the current state, the on-going trends and implications for the future of foundations in Denmark.



Monitor Deloitte data set

An elaborate data set of 53 of the largest Danish foundations' annual reports, websites and statements.



Interviews and surveys

Interviews with 16 of the largest Danish foundations and survey among 56 foundations in 2017. Follow-up dialogue with multiple stakeholders in recent months.



International experts

Interactions with leading international experts on foundations and impact investment, including Monitor Institute.



External data

Various external data sources, such as Statistics Denmark, DanmarksFonde and others.

Foundations in Denmark

The private foundations play a significant role in the Danish society as key drivers of societal change and impact. Through strategic and philanthropic work, they contribute to solving some of the biggest societal challenges.

Foundations have a central and evolving role in the Danish society

The Danish foundations hold a critical role in Denmark. They own some of the largest domestic corporations and award billions of DKK every year to philanthropic purposes such as social and environmental themes, culture, education, health and other purposes.

In recent years, the Danish business sector has grown and as a result, so have the foundations. Due to active ownership, the increasing profits of the corporations are channelled into the foundations, and by this ensuring increasing levels of grants for distribution.

A similar development is seen among philanthropic associations. The total assets of the top 25 foundations measured by grant level has doubled from 2006 to 2016. As of 2016, the level of awarded grants has increased to a record high of DKK 16 billion – a record that has most likely been exceeded in 2017.

The growth of the foundations' resources combined with a political environment with tight public budgets have created a new strategic space for the foundations.

Today, the foundations have a unique opportunity to take on more social responsibility and drive solutions to some of the biggest problems facing the Danish society. An opportunity the Danish foundations are starting to seize.

As the public sector shrinks and the foundations dig into more complex problems and become increasingly proactive in their approaches, the private, public and third sector are getting more interdependent.

It has become difficult to clearly distinguish areas of responsibility between the private, public and third sector. Consequently, the increasing interdependence calls for further collaboration between the sectors to define and deliver solutions aiming to increase societal value and impact.

Nevertheless, it is clear that the Danish foundations have the needed resources and ambitions to make a significant mark on the Danish society. A comparison of the governmental financial margin and the total grants distributed by the Danish foundations further emphasises the financial power and importance of the foundations today.

The current governmental budget of 2019 allows for a financial margin of DKK 28 billion for the period of 2019-2025. The financial margin can be used to increase public services beyond the level of today, to lower taxes and/or accommodate for unexpected circumstances and expenditures.

By comparison, and assuming continued growth in the grant levels, the Danish foundations are expected to distribute four times that amount with DKK 112 billion for philanthropic purposes within the same period.

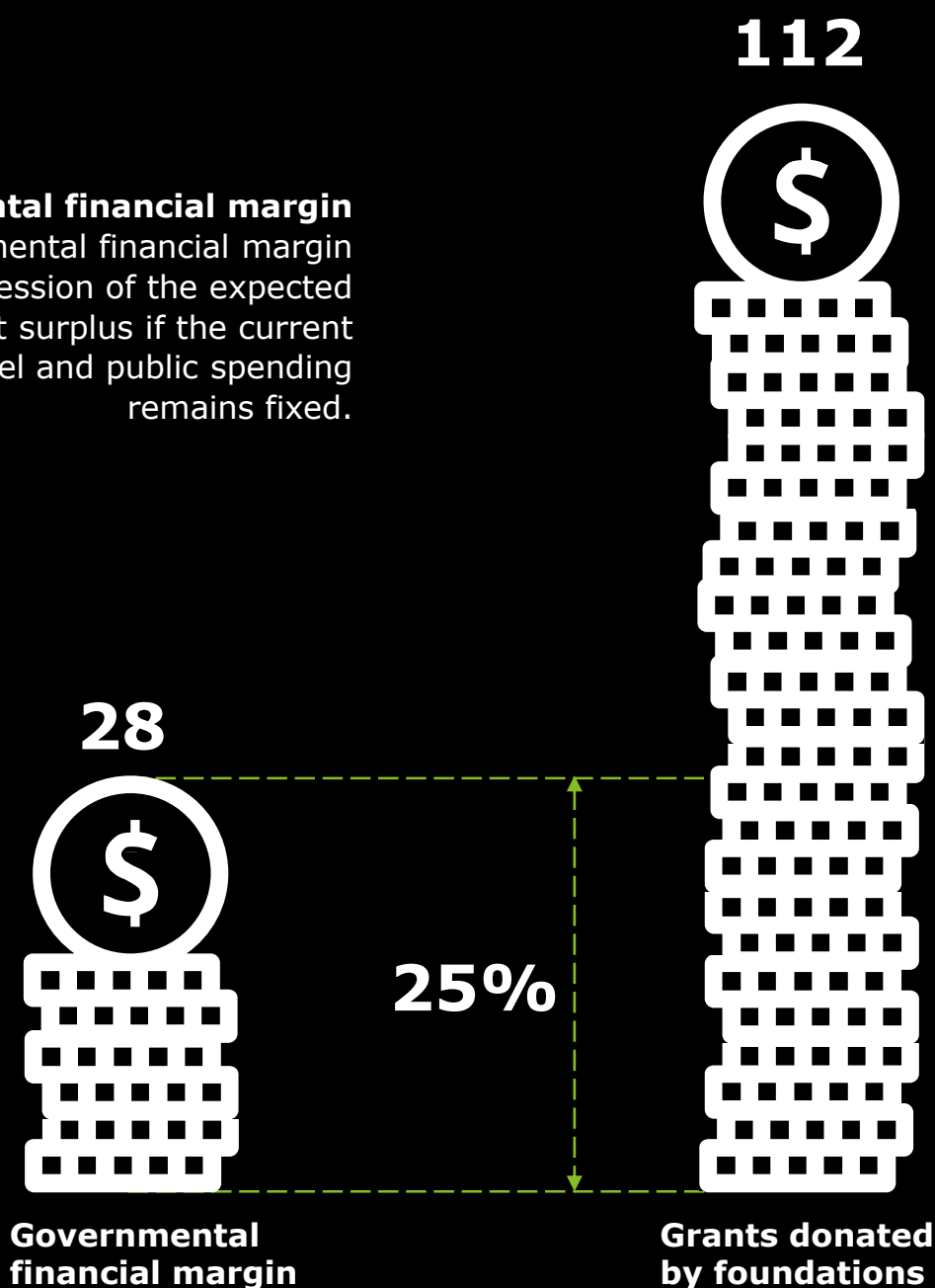
As the public sector shrinks and the foundations dig into more complex problems and are becoming increasingly proactive in their approaches, the private, public and third sector are getting more interdependent

The foundations' financial muscles

Resources for distribution
DKK in billions – (2019-2025)

Governmental financial margin

The governmental financial margin is an expression of the expected public budget surplus if the current tax level and public spending remains fixed.



The landscape of Danish foundations

Danish foundations roughly comprise of two types of organisations; 1) Foundations with commercial ownership, and; 2) Philanthropic foundations or associations. The commercial foundations have split objectives, although primarily focusing on the active ownership of their operating companies, while conducting philanthropic work in parallel. The majority of the DKK 16 billion awarded in grants in 2016 was distributed by commercial foundations.

The Danish foundations vary significantly in size, both in terms of equity and annual distribution of grants. However, the main share of awarded grants is centralised around a few large foundations. More than 60 percent of the total amount of grants is attributable to the 10 largest foundations.

In addition to the large foundations, a big number of smaller commercial and philanthropic foundations have annual grants of around DKK 50 million.

Origin of foundations across industries

The origin of the Danish foundations is typically the given industry of the underlying commercial companies. Foundations originating from the medical and pharma industry account for about half of the total grants distributed in 2017, driven by a few large commercial foundations such as the Novo Nordisk Foundation.

Danish foundations 101

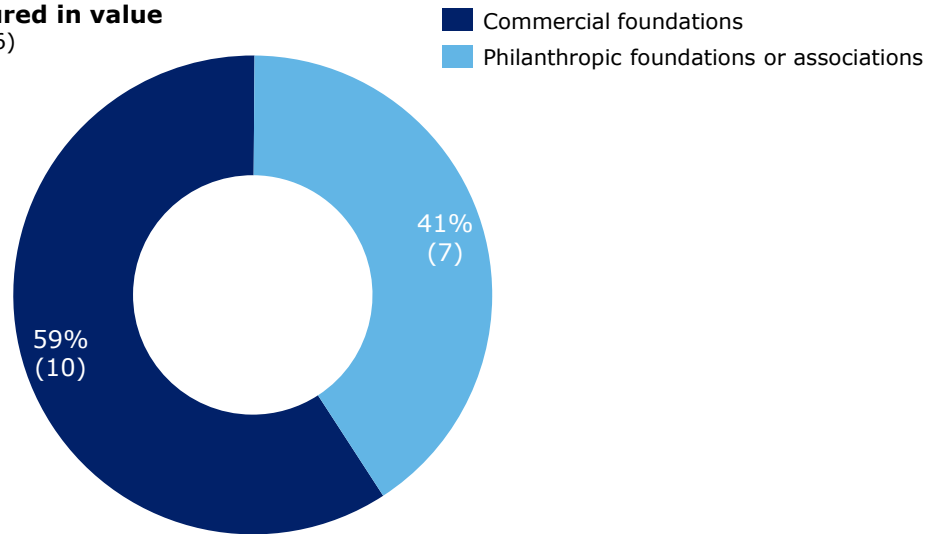
A foundation is a self-governing entity. No physical or legal person outside the foundation holds the property rights to the foundation's assets. The foundation's bylaws are a set of articles described in its charter also known as its purpose. The assets transferred to a foundation (from a private person or corporation) are irrevocable and separated from the assets of its founder.

Overall, the Danish foundations are separated into two main categories with different regulatory constraints:

- 1) Commercial (operating) foundations are governed by the Danish Act on Commercial Foundations under The Danish Business Authority while;
- 2) Philanthropic foundations are subject to the Foundations Act under The Department of Civil Affairs.

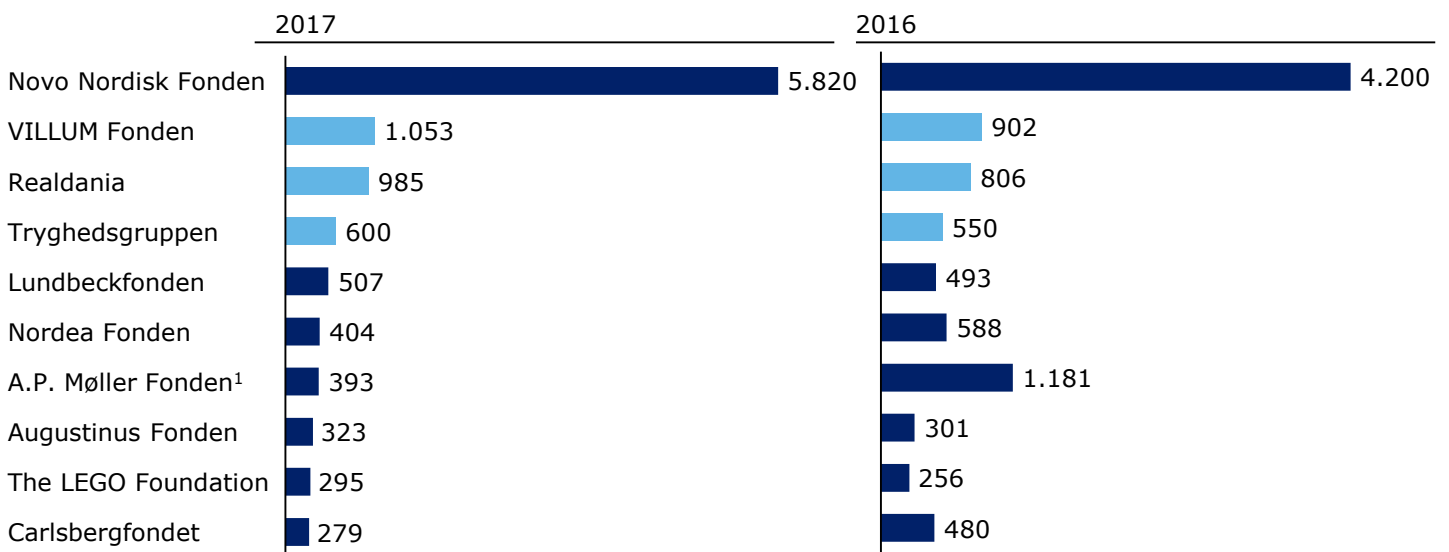
Danish foundations' distribution measured in value

Percentage of total grants (DKK in billions) (2016)



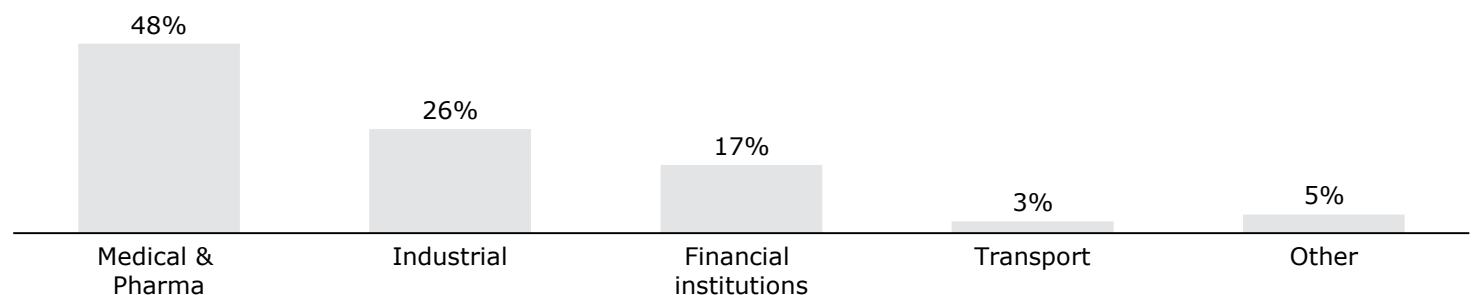
The 10 largest foundations measured in awarded grants

DKK in millions (2017 and 2016, sorted by 2017)



Share of grants across foundations' industry of origin

Percentage of total (2017)



Note: 1. A.P. Møller fonden denotes the A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fonde til Almene formål

Grants are centralised around few purposes

The Danish foundations award grants to a wide range of purposes both in a national and international context. The grants are typically earmarked for specific purposes in accordance with the foundations' charter.

Looking into the purpose of the largest Danish foundations (measured by annual grants), the most common purposes that receive support are research and social initiatives. The two areas account for the main focus of 55 percent of the foundations. Research and social initiatives are closely followed by educational and cultural purposes.

However, a slightly different pattern emerges when looking at how the grants are distributed in terms of value. Although the largest beneficiaries of grants and donations remain within research and social purposes, there are large differences in the actual amount distributed between the areas. Research is by far the largest beneficiary with close to DKK 8 billion in grants in 2016,

accounting for about half of the total funds distributed. It should be noted that research covers a wide range of different areas such as medical, health, environmental and business studies.

Cultural purposes received DKK 2.5 billion in grants, while social purposes were granted DKK 1.7 billion accounting for 15 and 10 percent of the total funds distributed in 2016, respectively. Across the remaining purposes, there is an even distribution with the exception of religious purposes, which received very limited grants.

By sorting the largest foundations on the basis of industry (origin) and mapping them relative to their focus areas, a more granular picture is uncovered. Foundations originating in the medical and pharma industry all have purposes within research and health. Foundations of industrial origin have a more diversified focus across multiple areas such as educational, research, cultural and social purposes. Likewise, foundations originating in the financial sector tend to focus on cultural, social and health purposes.

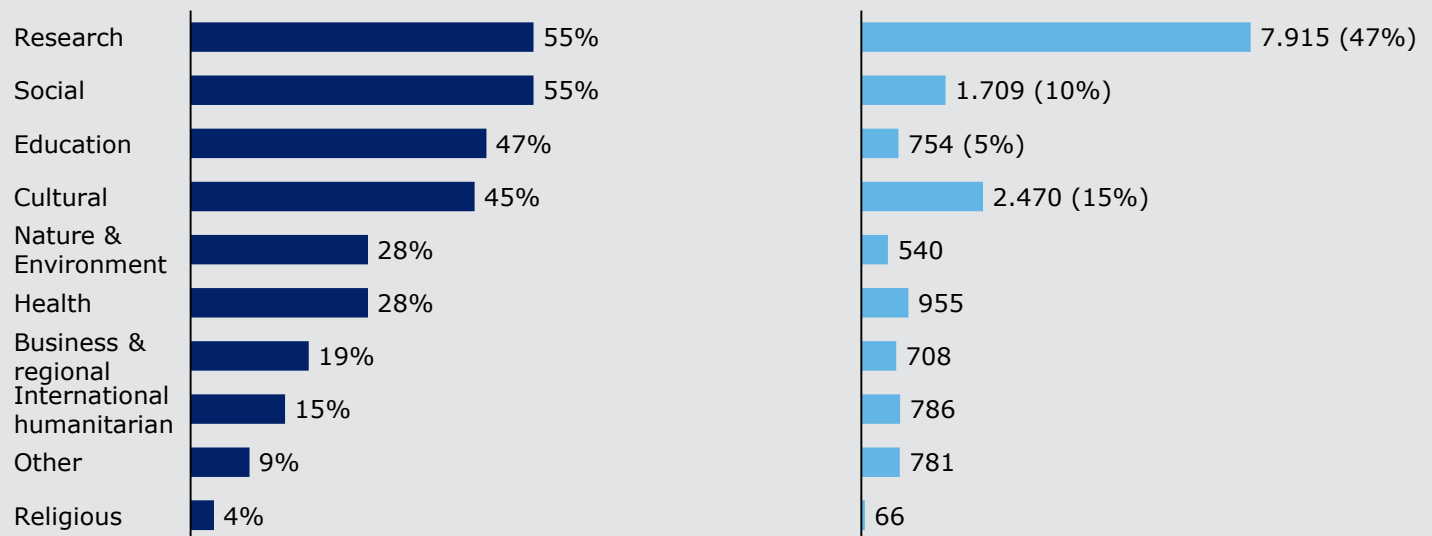
Monitor Deloitte Data set

The analysis is based on data collected and analysed by Monitor Deloitte.

The data set consists of the 53 largest Danish foundations (measured in value) and is based on the foundations' annual reports, charters, websites and statements. The data set includes variables, such as grant size, purpose and regional focus. For foundations without a stated purpose, the last three years of donations serves as a guideline.

The 53 foundations included in the data set account for about 80 percent of the total amount of grants distributed in Denmark.

The focus of Danish foundations






■ Share of foundations with focus on the given purpose (2017), percentage

■ Total amount of grants distributed from all Danish foundations (2016), DKK in millions (share of total grants)

Mapping of the largest Danish foundations' purpose and industry origin

Share of foundations with the given area of purpose, percentage (2017)

■ Above 70%
 ■ 50% – 70%
 ■ Below 50%

Industry \ Purpose	Medical & pharma	Industrial companies	Financial institutions	Transport	Other
					
Research	100%	72%	30%	50%	39%
Cultural	40%	56%	80%	50%	22%
Social	40%	56%	70%	100%	50%
Health	60%	17%	60%	0%	17%
International humanitarian	20%	28%	0%	50%	11%
Educational	40%	67%	20%	100%	44%
Business & regional	20%	22%	20%	0%	17%
Nature & environment	0%	39%	30%	0%	28%
Other	0%	11%	30%	0%	0%
Number of foundations in the industry	5	18	10	2	18

The Danish foundations and the SDG's

The Danish foundations have adopted the United Nations Sustainable Development Goals (SDG's) as common guidelines, and they highlight the SDG's as one of the most important trends in their philanthropic work. In an interview study conducted by Monitor Deloitte in 2017, 75 percent of the Danish foundations answered that the SDG's are important for their daily work.

The SDG's consist of 17 key goals and 169 targets, which balance three dimensions of sustainable development towards 2030. The goals are relevant to the Danish foundations as they engage all sectors and can be applied across all domains, from local to national and global.

Furthermore, the SDG's provide a common language and framework for measuring and focusing efforts across predefined targets. In this way, the SDG's serve as a common language to strengthen collaboration between foundations

and other organisations (including public institutions) both national and worldwide.

Although the Danish foundations find the SDG's important for their daily work, only a minority of the foundations have in fact operationalised the SDG's. Only seven percent of the interviewed foundations have fully operationalised the SDG's and their associated indicators in their work, such as renewable energy as a share of their energy consumption, income inequality, and the number of intentional homicide.

The Sustainable Development Goals for the world



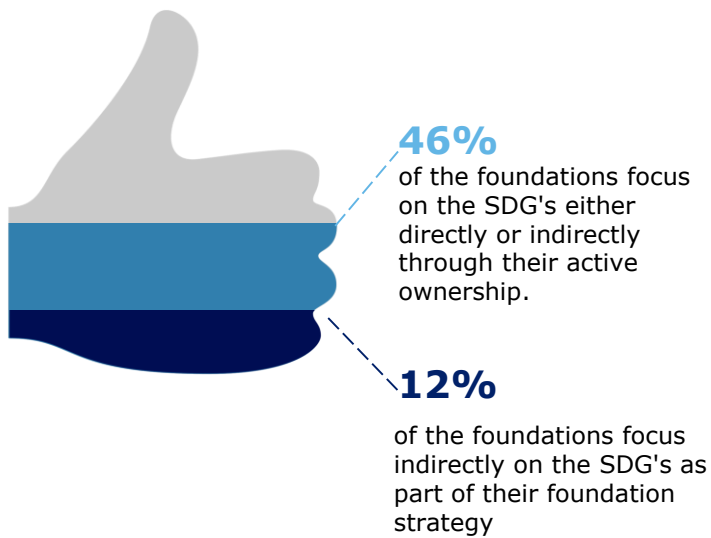
Not all SDG's receive equal attention

The foundations tend to focus on two to four SDG's. The SDG's are often selected based on their alignment with the foundation's origin, geographical scope or the CSR focus of the associated companies.

The majority of foundations is already supporting the SDG's indirectly through their active ownership, while only a small group of the foundations explicitly express focus on specific SDG's as part of their foundation strategy.

Share of large Danish foundations explicitly addressing the SDG's

Share of foundations - total= 53, 2017

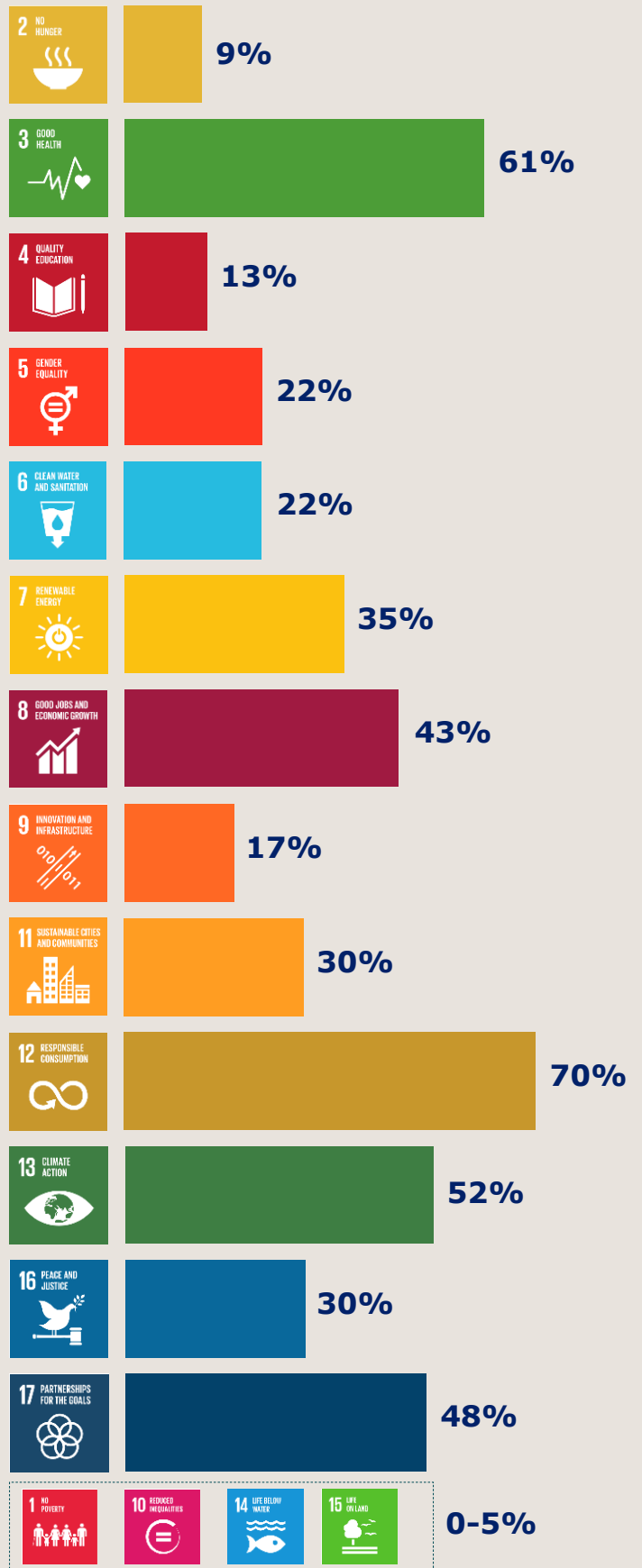


There is wide variation in the Danish foundations' attention and focus on the SDG's. The most commonly addressed SDG's include Responsible Consumption & Production (#12), Good Health & Well-Being (#3) and Climate Action (#13).

Other goals such as No Poverty (#1), Reduced Inequalities (#10), Life Below Water (#14) and Life on Land (#15) receive limited or no explicit focus from the Danish foundations.

SDG focus

Share of foundations with a direct or indirect focus (2017)



Source: Monitor Deloitte database

Local presence is an integrated part of the Danish foundations

Regardless of their size and scope, the Danish foundations have a high degree of local anchorage. The largest foundations not only take a nationwide perspective, but also prioritise their local communities including small towns, municipalities and/or regions.

Strong local ties

The foundations often have strong ties to the local communities of their origin or to the location of their production facility. The strong local ties are in some cases determined and defined by the foundations' charters and overall purpose. Consequently, some foundations are obliged to distribute a certain share of their total grants to local communities. For many foundations, a strong local anchorage is seen as an employee value proposition – often in more rural areas where the employees are based in the local community. The local anchorage ensures that the foundations play an essential role in creating a favourable and attractive environment for the employees and their families.

However, as Danish companies and their related foundations become more global, so do their philanthropic reach and responsibilities, and local ties to new communities are established.

From large scale projects to small donations

The foundations' commitment and support have a large impact on smaller communities. The philanthropic work is often seen in close collaboration with local and regional stakeholders - both public and private. Some of the largest foundations, such as Bitten & Mads Clausens Fond (Danfoss), Poul Due Jensen Foundation (Grundfos) and A.P. Møller Fonden, have strong local ties and impact on their respective communities.

Grants range from large scale programmes over the course of a longer period of time to small single donations. Large projects have the potential to drive significant societal change in an entire region, for example Project Zero by Bitten & Mads Clausens Fond with the ambition to make the area around Sønderborg CO2 neutral by 2029.

Regardless of their size and scope, the Danish foundations have a high degree of local anchorage.

Geographical footprint

The foundations' geographical footprint is often determined by their commercial operations, if relevant. Overall, there are three main geographical categories, which are reflected and embedded in the foundations' philanthropic work

Locally bred



Focus on benefiting the local community through donations to local initiators and associations.



Nationwide



Focus on the national perspective through nationwide campaigns and projects as well as local initiatives.



Global



Focus on both domestic and international presence to meet the foundations' global responsibilities and affiliation.





Case – Local focus

Færch Fonden

Færch Fonden has limited grants of DKK 16 million per year. However, they have centred their efforts on projects that are considered beneficial and are expected to make a difference to the area around Holstebro in order to create local value.

The foundation works in close collaboration with the City of Holstebro, while bringing in outside expertise and resources from other foundations, research institutions, and private companies.

The foundation seeks to be an economic growth engine for the Northwest of Jutland in the future and has launched a focused impact investment. To drive the strategy, Martin Vang Hansen (former vice president of VækstFonden) was hired in 2015 as the CEO of Færch Fonden¹.

Selection of recent projects



Holstebro Museum

Significant modernisation and transformation of the museum



ACCELERACE

Accelerace

Accelerator with international ties. Invested in partnership with Vækstfonden and Symbion.

SOUND HUB DENMARK



Sound Hub Denmark

Incubator in Struer co-founded by Bang & Olufsen, Harman Lifestyle and Aalborg Uni.



Danish Talent Academy

(DTA) Campus Campus for DTA in partnership with Realdania.

“I see a trend, where the foundations realise the need for new approaches and strategies to enable them to work with more risky societal challenges.”

- Flemming Besenbacher, Chairman of The Carlsberg Foundation.

Trends in Danish foundations

Danish foundations are positioning themselves to take on more responsibility and drive societal change in Denmark and beyond.

Four major trends have been identified in the Danish foundation sector. These trends affect not only the way that the foundations work and their distribution of resources, but also their position in the Danish society.

The foundations are moving from passive grant distribution towards catalytic philanthropy. The shift implies that foundations are increasingly defining distinctive focus areas and

initiatives are started in close collaboration with other actors in a long-term effort to amplify societal impact. As part of the shift in the way that the Danish foundations operate, they are on a greater transformation and maturity journey to succeed in their new role as catalysts and professional organisers.

Consequently, foundations are applying a more strategic and proactive approach, while their purposes are refined and their operations are streamlined.

But with 'great power comes great responsibility'. The foundations are facing a growing public demand for greater transparency and stronger focus on impact measurement. As the foundations' role in society transforms, key stakeholders, including the Danish Business Authority and the Danish Department of Civil Affairs, are starting to require deeper insight into how the foundations operate, distribute funds etcetera. The four trends are more or less aligned with the international trends in the field.

A higher degree of professionalism

Working more strategically with distinct purposes and focus areas in an efficient manner.

Transparency & impact evaluation

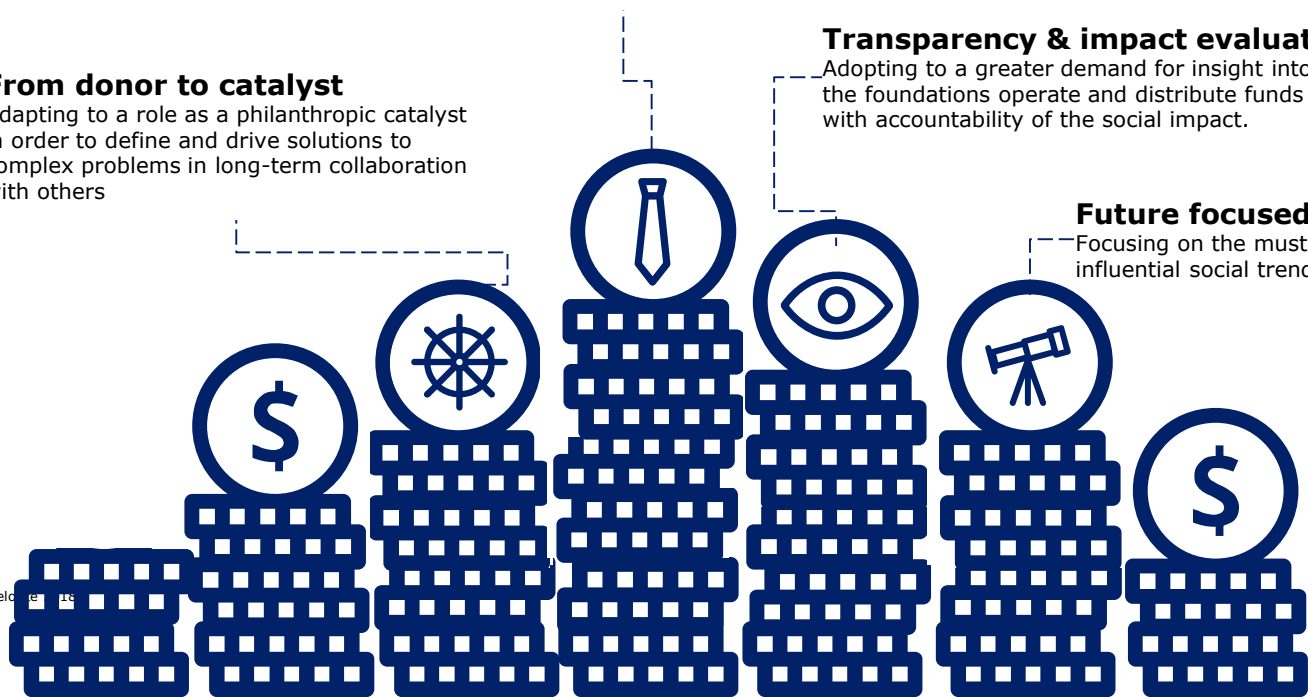
Adopting to a greater demand for insight into how the foundations operate and distribute funds along with accountability of the social impact.

Future focused

Focusing on the most influential social trends.

From donor to catalyst

Adapting to a role as a philanthropic catalyst in order to define and drive solutions to complex problems in long-term collaboration with others





Trend 1 – From donor to catalyst

Danish foundations are maturing

The Danish foundations are increasingly embracing a more proactive approach to grant distribution. In some cases, foundations have closed down a public grant application process to set the agenda themselves. 88 percent of the interviewed foundations claim that they define, drive and are accountable for the projects they are engaged in. They are no longer just financial contributors, but rather the driving force behind the philanthropic agenda.

This shift is in line with an international trend where foundations to a greater extent start to define and drive long-term projects to foster and strengthen the societal impact.

Change drivers

The proactive role allows foundations to set the agenda and specify their focus and desired outcome, but also to define their methods and intermediate goals. A proactive approach allows for avoiding a project-by-project focus and even for intensifying the coherence in the project portfolio of the foundations. 70 percent of the interviewed foundations work with a long-term focus through multiple projects. This fortifies their ability to generalise and learn from past experience and projects.

The path towards a more proactive approach is also fuelled by the financial strength of the foundations along with a withdrawing public sector, the latter leaving a strategic

strategic vacuum open for the foundations to seize.

Both large and small foundations with tight budget constraints are taking an orchestrating role, leading long-term projects and attracting outside funding through partnerships and collaboration in order to deliver higher value and impact based on limited resources.

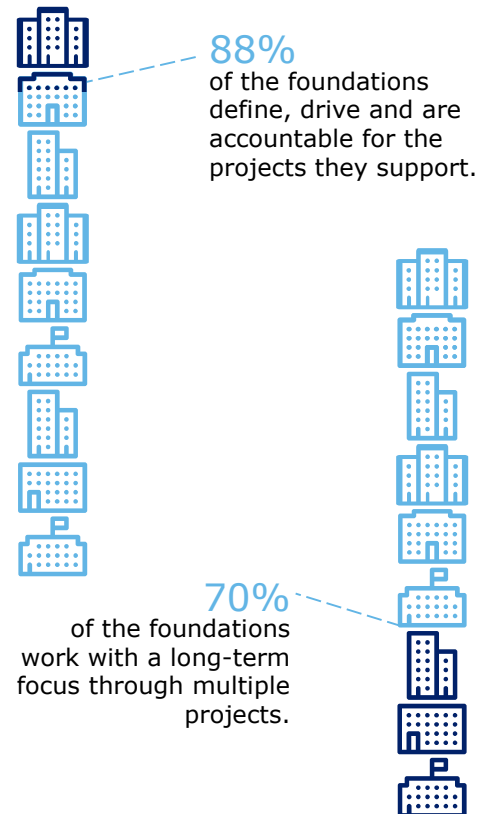
Need for partnerships and strong relations

One consideration following a more proactive grant approach is that the Danish foundations may not have the necessary knowledge and insight into the societal challenges they seek to address. Consequently, the foundations depend on partners and to ensure the necessary knowledge and skills.

Catalytic philanthropy definition:

"Catalytic philanthropy is an approach practiced to create transformative change beyond writing the check. Truly catalytic philanthropists often 'punch above their (financial) weight' by leveraging their voice, community relationships, and non-grantmaking skills such as convening and capacity building to drive social change."

- Mark Kramer, *Stanford Social Innovation Review*, 2008



Examples of foundations with a catalytic strategy:



BEVICA

INDUSTRIENS FOND FREMMER DANSK KONKURRENCEEVNE

The LEGO Foundation



BEVICA Being a catalyst for change

Bevica Foundation

The Bevica Foundation has existed since 1872 and works to provide people with physical disability as much independence as possible. Bevica provides annual grants of about DKK 10-15 million proves

that you can have an innovative strategy no matter your annual grant level. Central elements in Bevica's change theory is that they need to be proactive and that they create a much bigger impact, when they collaborate and co-create with others.

Bevica Foundation collaborates with a broad range of partners and takes an active role in raising awareness with the relevant partners about the challenges of physical disability and inclusion at the labour market, in health and in our cities and in social life in general.

Selection of recent projects



The movement laboratory
Focusing on health promoting nature for all, making nature accessible for all.



Fitness for all
Inclusive fitness centres provides opportunity for people with handicap to be more active.

Technical
University of
Denmark



Gaze IT professorship at DTU
5-year grant to research in eye control devices to physically disabled people.



Universal design and accessibility for all
Integrating universal design into the curricula at the Royal Danish School of Fine Arts, Architecture.



Trend 2 – Higher degree of professionalism

A prerequisite for succeeding with the new proactive role through catalytic philanthropy, is to ensure a higher degree of professionalism. The organisational transformation has already begun, and the foundations are working more strategically with their purposes, while clarifying focus areas and streamlining operations.

Attracting new skills

The new role and recent growth in grant size, increase the level of complexity and standards for the foundations and their organisations. In many cases, the foundations are in need of new employee profiles as skills such as project management, communication and specialised philanthropic knowledge become key attributes. Attracting these profiles has proven difficult as the foundations are increasingly competing with each other as well as the private sector, which generally provide higher compensation packages.

Streamlining operations

Historically, the foundations have been lacking behind their private counterparts in terms of efficiency and application of best practice. As part of the journey towards professionalism, the foundations' operating platforms are being streamlined. The catch-up of efficiency is driven by improvements of fundamental processes and functions such as the application processes and financial administration.

One lever of efficiency is digitalisation. Core areas and processes such as archives and application are increasingly becoming digitalised and automated.

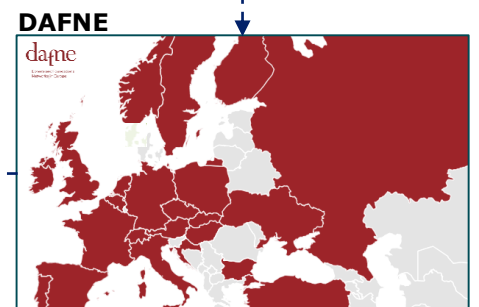
A higher degree of collaboration

The desire to solve large and complex societal problems, requires collaboration between foundations and public institutions. 50 percent of the interviewed foundations claim that they are currently collaborating with public and private stakeholders as part of their philanthropic work and that they expect further collaboration, while 88 percent are working in long-term alliances with other foundations. A great example of the power of relations and collaboration is Fondenes Videnscenter.

Fondenes Videnscenter is a network for knowledge-sharing and external communication on behalf of the members. The network was founded in 2017 and includes 34 of the largest foundations in Denmark and is applicable to both large and small foundations.

The network allows Danish foundations to tap into the Donors and Foundations Networks in Europe (dafne), which is a pan-European network aiming to provide a platform to share knowledge and learn from best practice. The network currently represents 26 foundations networks across Europe with a total of more than 10,000 foundations.

Fondenes Videnscenter





INDUSTRIENS FOND **Looking beyond Denmark**

The Danish Industrial Foundation

The foundation's objective is to promote the competitiveness of the Danish industry. This includes topics like innovation, new technologies and transfer, export, sustainable development, circular economy, education and new business models. The foundation aims to grant up to DKK 250 million annually.

In 2018, the foundation launched its new strategy sharpening the mission, but widening the scope. The new strategy contains five specific focus areas, a stronger emphasis on internationalisation and the sustainable development goals. Together with the new strategy the foundation also published an allocation policy where applicants and partners can find further information about the foundation and its work.

As indicated by its name, The Danish Industry Foundation is particularly interested in strengthening Danish production companies. But they also allow projects looking at the full spectrum of companies in all industries, recognising that Denmark's commercial beacons have also diversified.

Selection of recent projects



From Philanthropy to Business

Knowledge and tools that integrate sustainability into Danish companies.



Plastics Recycling

The Plastic Industry Association develops model for recycling plastics.



Gateway to India's Smart Cities

Helping Danish Smart City SMEs with export success in India.



SDG Accelerator

SDG Innovation program run by the UNDP for 30 industrial companies.



Trend 3 – Transparency & impact evaluation

As they take on a more central role in the society, Danish foundations are confronted with higher demands for transparency from external stakeholders. However, the foundations are struggling to provide the required transparency and assure accountability through impact measurement and project evaluation.

Transparency

The “new” Commercial Foundations has modernised the legislation governing commercial foundations and has introduced clearer rules on, among other things, the responsibilities undertaken by board members and on financial statements and principles for grant distribution. 50 percent of the Danish foundations put forward that the increased demand for transparency will have big implications for their work going forward. 38 percent do not expect to see any effect on their work as they are already ensuring transparency exceeding the level stated in the new legislation.

Impact measurement

Performing impact evaluation and measurement will be a key capability for the foundations in the future. Gathering and processing data to track impact and conclude on learning and effects, will be an essential focus area going forward. However, only 12 percent of the large Danish foundations are actively performing impact evaluation and measurement of their grants and projects.

A common barrier for performing impact evaluation and measurement is the lack of skills among the foundations. The high degree of complexity in data gathering and analysis has proven difficult for the foundations, and it is expected to be a continued area of improvement.

The next steps in the evolution of impact evaluation

An analysis performed by the Monitor Institute (a Deloitte research entity focused on philanthropy) found a comprehensive framework for effective impact evaluation based on 125 interviews with large philanthropic foundations. The framework is based on three principles:



Evaluation and measurement have to lead to choices.



End-users need to be involved in the impact evaluation.



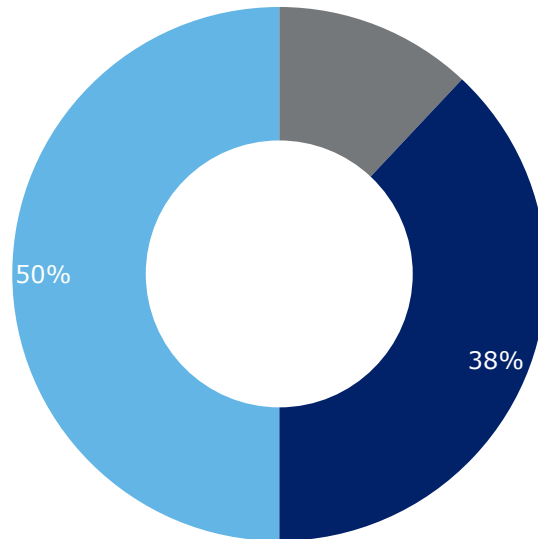
Knowledge needs to be shared internally in the organisation.



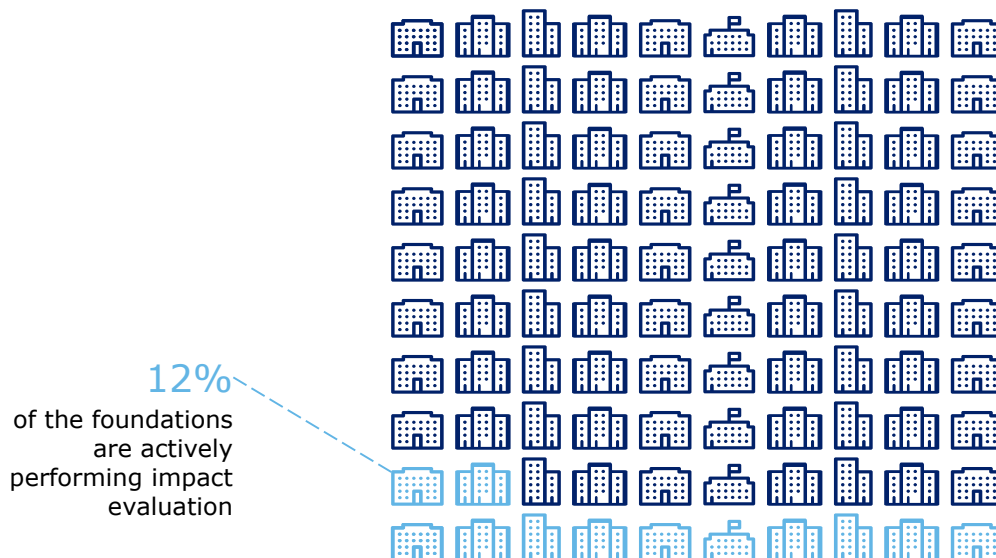
Will the new demands for transparency have great impact on your grant work?

Percentage of total grants (DKK billions) (2016)

- No, we are already doing it
- Yes, it will greatly influence our work



Do you perform active impact evaluation?





Trend 4 – Future focused

The future focus for the Danish foundations is driven by a set of social trends, new ways of investing and adoption of the SDG's.

Social trends

When looking into the social trends that the foundations find most important for their future work, three trends stand out. The majority of the Danish foundations points towards sustainability and sustainable development as the most important trend. Fighting social divides and mitigating inequality within society count as the second most important trend, while digitalisation and how to leverage digital opportunities for the foundations come in third place. Exploring how digitalisation can be a catalyst in solving social problems in an efficient way receive great attention from the foundations.

Impact investing

Impact investment is gaining foothold among the Danish foundations, and 30 percent of the interviewed foundations state that they are currently working with impact investment. However, the general experience with impact investment is still at a fairly immature stage, also recognising that the shift towards impact investment is a fundamental change for the foundations.

Now the foundations need to balance and bridge their philanthropic focus with a commercial investment strategy along with the CSR strategy of the associated companies. A number of the Danish foundations have adjusted their strategies to embrace impact investment.

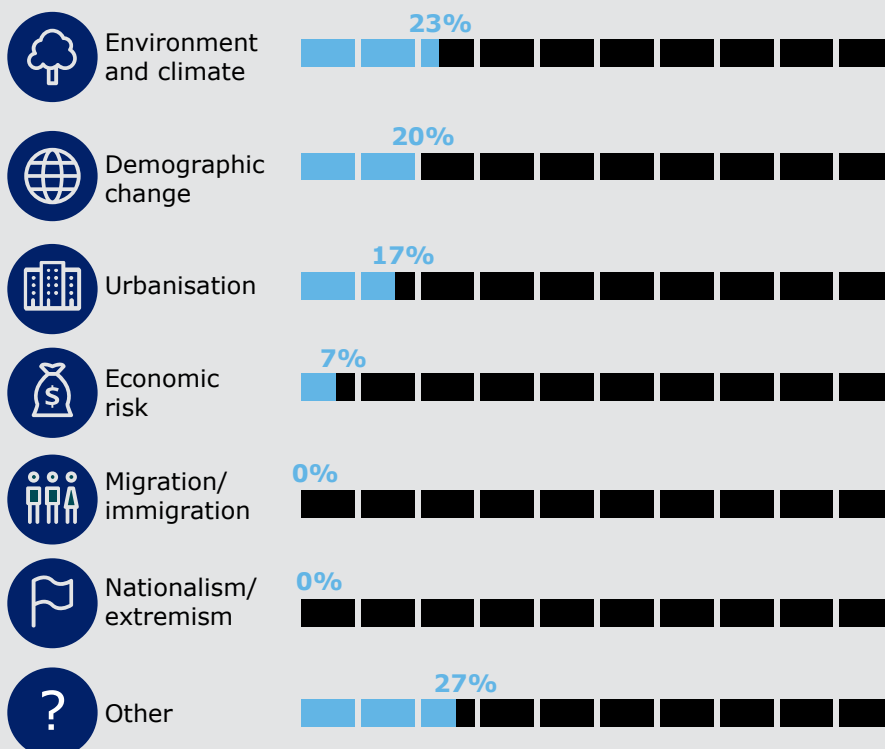
One of them is the Villum Foundation, who has committed 10 percent of the total grants to green impact investment by 2020, thereby generating attractive financial returns, while contributing to the transition towards a more sustainable society.

The most common social trends as reflected in the foundations' grants

The largest Danish foundations have allocated the main part of their grants to environment and climate, closely followed by demographic change and urbanisation. The trends in the awarded grants differ from the most important trends in the foundations' future work.

Most influential social trends

percentage (2017)





 **Impact investment and the SDG's**

SDG Investment Fund

The Danish pension funds PKA, PensionDanmark, PFA, ATP, JØP/DIP and PenSam and IFU have established the Danish SDG Investment Fund.

The new fund will contribute to the realisation of the SDG's and promote the sale and export of Danish technology and know-how through commercial investments in developing countries.

The new fund is based on a public-private partnership with a 60/40 allocation between the private investors and IFU.

The current capital commitment is DKK 4.1 billion. The total objective is a fund of up to DKK 5 billion. The expected net yield to investors will be 10-12 percent. The new SDG Investment Fund was inaugurated at the UN City May 2018.

Partners involved



“Unleashing the power of endowments is the next great challenge for philanthropy”

- *The Ford Foundation*

International trends

The international foundations experience the same trends as their Danish counterparts, although in some areas the international foundations are at a more mature stage in their transformation and development journey.

One step ahead

The trends identified for Danish foundations are much in sync with their international counterparts. However, outside of Denmark, large foundations and philanthropic organisations have already gone through a transformation towards more professional and effective operations – a journey that the Danish foundations are currently experiencing.

Interdependence of sectors

The social, private, and public sector are becoming increasingly interconnected. New models of delivering social change are being innovated and scaled, including social impact bonds, social enterprises, and impact investment. As organisations and individuals work across sectors, it is becoming more and more difficult to distinguish between funds for investment, philanthropy, and political activity.

Impact investment

Impact investing is maturing among the international foundations as former philanthropic purposes become mainstream. Large foundations such as the Ford Foundation and the Rockefeller Foundation have placed big bets within impact investment. The Ford Foundation has earmarked 5 percent of their endowments, corresponding to USD 1 billion, to impact investments in 2017.

This field is rapidly growing and expected to accelerate in the future as assets are transferred to millennials, who have shown a much greater interest in impact investment than previous generations. With USD 40 trillion transferred to millennials within the next two decades, impact investing is well positioned for growth.

Sustainable Development Goals

Adoption of and alignment with the aspirations of the SDG's and their indicators are the new norm rather than the exception. The international foundations are not only contributing financial resources, they are also creating innovative financial products to bridge the gap to the private sector and to attract additional funding from private sources. One example of this is the successful Zero Gap initiative by the Rockefeller Foundation.

Data, transparency and large scale collaboration

Efforts to make previously inaccessible data more available are paving the way for an evidence-based approach to solving social problems with a focus on impact evolution. American philanthropic foundations with donations exceeding USD 200 million spend on average 2.6 percent of their budget on impact evaluation.

Data and skills to gather and analyse data are becoming valuable assets for foundations. As transparency in the public sector and the complexity in collaborations between organisations continue to increase figuring out how to handle big data is bound to be a crucial skill in the future of the foundations.

The globalisation of the collaboration between foundations and other organisations is defining new best practice and improved opportunities for scaling projects to create greater global impact in new partnerships and ecosystems.



Monitor Institute

Monitor Institute is Deloitte’s global expert team working with social impact focused organisations and leaders. Monitor Institute helps clients to make the hard choices that advance progress on pressing social and environmental challenges.

Offerings and focus areas









The Institute’s approach marries a deep grounding in strategy, networks and social movements, and human systems with the fundamentals of professional advisory services - effective project management, skilled facilitation and well-timed intervention.

Monitor Institute by Deloitte’s impact-first approach means that opportunities to work with clients and develop thought leadership are pursued based on their potential to surface and spread innovative approaches to addressing societal issues.

Monitor Institute first started as part of the Monitor Group in Cambridge, Massachusetts in 2005, this involved working exclusively with philanthropy and social sector organizations; increasingly this includes companies and those in the public sector who are also focused on these issues.

Since becoming part of the largest global network of professional services member firms, Monitor Institute by Deloitte can now pair its understanding of social change with Deloitte’s change management, analytics, and digital capabilities to meet a wider array of clients.

Focus areas

Philanthropy 	Impact measurement 	Education 	Social innovation 
Adaptive strategy 	Aligned action 	Corporate social impact 	Workforce development 

Thought leadership

Through thought leadership, Monitor Institute tracks the evolving terrain of social impact to identify, frame, and disseminate ideas and practices that are designed to advance progress on the most pressing issues of our time, and are often developed in collaboration with others who are working with us “in the trenches” of social change.

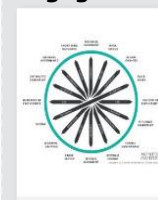
Examples of thought leadership:

Participate



Participate: The power of involving business in social impact networks.

Engage



Engage: How funders can support and leverage networks for social impact.

Measurement



Reimagining measurement: Enhancing social impact through better monitoring, evaluation, and learning

Contacts



Michael Hjortlund
Partner
mhjortlund@deloitte.dk



Martin Faarborg
Partner
mfaarborg@deloitte.dk



Bahare Haghshenas
Senior manager
bahahag@deloitte.dk

Monitor Deloitte.

About Deloitte

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 264,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

Deloitte Touche Tohmatsu Limited

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

© 2018 Deloitte Statsautoriseret Revisionspartnerselskab. Member of Deloitte Touche Tohmatsu Limited.