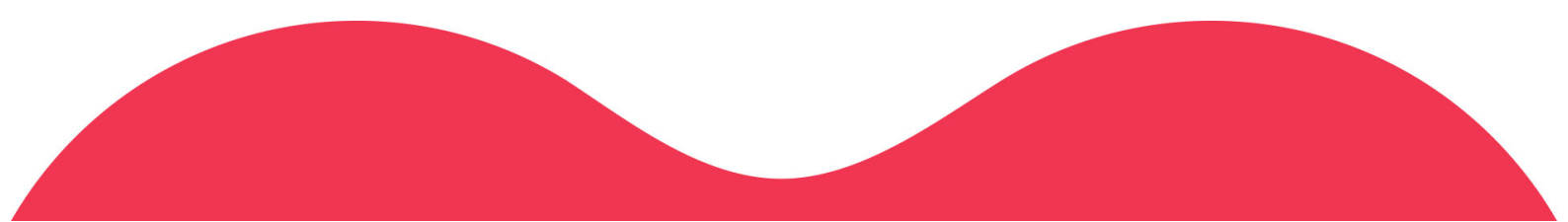


Data on Philanthropy – By Us, for Us

Philanthropic Taxonomies: The Swiss Case

Practical Insights

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Introduction

While there are a variety of different taxonomies used for classifying philanthropic activities in Europe carried out by specific organisations or in specific countries, we believe that there are still significant gaps in understanding the broader philanthropic landscape. Through practical insights, this paper explores the **diverse uses and benefits of taxonomies**,¹ and highlights how taxonomies contribute to better research, informed decision-making, enhanced collaboration and improved coordination, accountability, and transparency within the philanthropic sector. These insights build on the webinar "[Common Taxonomies in European Philanthropy](#)", held on 28 March 2023 as part of the [Data on Philanthropy – By us, for us](#) webinar series organised by Philea and ERNOP.

To help make all of this concrete, this paper features a **brief case study** on the successful implementation of a philanthropy taxonomy by SwissFoundations. This case study showcases the key factors that led to its success and presents major findings that have emerged from its use and adoption.

To assist organisations in developing or improving their own taxonomies, the paper concludes with a **set of recommendations** that emphasise:

- The importance of trust in data collection and collaboration
- The need for framework flexibility to accommodate evolving needs
- The use of technology and user feedback to ensure the effectiveness and relevance of the taxonomy

What is taxonomy in philanthropy?

A taxonomy is a scheme of classification, and in philanthropy refers to a way of organising and naming different types of philanthropic actors, decisions and projects. Just as biologists classify living species, those who study the world of philanthropy need to classify the different "entities" in the "ecosystem" of philanthropic actors. A common language is essential for effective communication, and a taxonomy is a foundation for shared understanding.

¹ Rene Bekkers, [Vrije Universiteit Amsterdam](#), moderated the discussion with Aline Freiburghaus, [SwissFoundations](#), and Georg von Schnurbein, [Center for Philanthropy Studies, University of Basel](#).

In the field of philanthropy, the International Classification of Non-Profit Organizations ([ICNPO](#)) has often been used as a basis for formulating a taxonomy. ICNPO is designed to be applied internationally to enable cross-country comparisons and assist with the preparation of national accounts.

Uses and benefits of taxonomies in philanthropy

Taxonomies in philanthropy serve multiple purposes and bring several benefits that contribute to enhanced accountability, transparency, collaboration and coordination, as well as better research, decision-making, and strategic resource allocation within the field as briefly described below:

Better quality research: Taxonomies facilitate comprehensive data analysis and research by enabling the comparison and analysis of data from multiple organisations and countries. This is particularly important in the European context where legal definitions of philanthropic organisations – and level of detail in existing definitions – vary from country to country. With consistent classifications of organisations and grants, researchers can aggregate and analyse data to identify trends, patterns, and best practices in philanthropy.

More effective decision-making: By providing a clear framework for grant classification, taxonomies help philanthropic organisations assess their activities, identify gaps or areas for improvement, and make data-informed decisions. This structured, evidence-based approach to decision-making enhances efficiency, effectiveness and impact, ensuring that resources are allocated strategically to address priority areas and maximise outcomes.

Collaboration and coordination: Taxonomies play a vital role in establishing a shared language and understanding of key concepts within the philanthropic sector. By providing clear and consistent definitions, they minimise ambiguity and ensure effective communication and knowledge sharing among stakeholders, all of which also helps to avoid duplication. With consistent and concise definitions and categorisations, organisations can identify more easily common goals and synergies, leading to stronger and more efficient strategic partnerships that encompass collaborative initiatives, shared resources and coordinated efforts.

Accountability and transparency: A standardised taxonomy enables consistent reporting and disclosure of grant information. This transparency promotes a clearer understanding of the types of grants being awarded and makes it easier to track how funds are allocated and used, ensuring that or-



ganisations fulfil their intended purposes and meet their obligations to stakeholders. This also leads to a better understanding of philanthropy among external stakeholders, including the public.

The Swiss case

This brief case study examines the implementation of a philanthropy taxonomy by [SwissFoundations](#) to foster a more comprehensive understanding of the philanthropic landscape in Switzerland. This case highlights the importance of developing a taxonomy that acknowledges the diverse nature of foundations in the absence of a clear legal definition. This section explores the major findings resulting from the taxonomy's use and the factors that contributed to its successful implementation.

The need for a flexible taxonomy in Swiss philanthropy

SwissFoundations recognised the need for a taxonomy due to specific challenges present in the Swiss context. In Switzerland, there is no clear legal definition of a foundation. Instead, a set of criteria exists for creating one, resulting in a diverse landscape of foundations with varying purposes and histories. This diversity makes it difficult to establish a single category that encompasses all types of foundations. Additionally, the prevailing public perception of what a foundation is fails to acknowledge the wide range of variations and nuances within the sector.

To address these challenges, SwissFoundations developed a taxonomy that embraces a flexible and self-identification approach. This taxonomy respects the unique characteristics of each foundation, allowing them to align themselves with criteria that best represent their specific objectives, activities and organisational structure. By providing this adaptable framework, the taxonomy enables a more accurate and comprehensive representation of the diverse nature of foundations in Switzerland.

Major findings from the use of a taxonomy

The philanthropy taxonomy implemented by SwissFoundations has proven instrumental in gathering and analysing data on its members since 2009. A comprehensive study carried out by SwissFoundations on the implementation of the taxonomy has revealed interesting insights about the philanthropic landscape in Switzerland:



- One striking finding is the **sheer number of charitable foundations** in the country, with a staggering 13,790 foundations identified.² Notably, Switzerland witnesses the creation of approximately one foundation per day, highlighting the dynamic nature of the sector. Conversely, the study also revealed 214 liquidations in the past year, indicating the ebb and flow of foundation activity.
- Challenging common perceptions, the study discovered that **half of the existing foundations were established after 1990**, dispelling the notion that foundations are predominantly old and static entities.
- In terms of **thematic focus**, the study underscored the prominent areas of engagement for Swiss foundations, namely culture and leisure, social services, and education and research. Interestingly, the data also revealed a significant upsurge in the establishment of foundations dedicated to environmental protection, indicating a growing emphasis on this vital cause.
- Another interesting observation emerged regarding the **composition of foundation boards**. The study revealed that most foundation board members hold only one mandate. This challenges the prevailing notion and highlights the diverse nature of board structures within the sector.
- The study further shed light on the **financial aspects** of the foundation sector. It was found that the total assets held by foundations in the country nearly [doubled](#) from 2012 to 2020. This increase can be attributed not only to the establishment of new foundations but also to the appreciation in value resulting from investments in real estate and financial markets.

The insights gleaned from this analysis demonstrate the invaluable role of the philanthropy taxonomy implemented by SwissFoundations. By providing a comprehensive understanding of the sector's dynamics, growth patterns, thematic interests and financial developments, this taxonomy serves as a vital tool for strategic decision-making and advancing the collective impact of foundations in Switzerland.

² This number is particularly striking considering Switzerland's relatively small population and the fact that, on average, European countries have around 7,000 foundations each. For more information on foundation numbers in Europe, visit [Philea](#). For more information on the Swiss foundation sector, visit [SwissFoundations](#).



Success factors

The successful implementation of the Swiss taxonomy can be attributed to several key factors. These factors include cross-sectoral collaboration between SwissFoundations and academia; the constant adaptation of the taxonomy to reflect changes in the field; the value proposition and trust among participating organisations; and the use of digitalisation and technology in data collection and analysis as explained below.

Cross-sectoral collaboration

The collaborative relationship between SwissFoundations and the University of Basel has been robust and fruitful. From the outset, these two entities have worked closely together, publishing joint reports that incorporate data contributed by SwissFoundations. This collaboration is crucial as it enables the application of research findings in practical contexts. While not all research can be directly applied, bridging the gap between academia and philanthropic practitioners is essential, and SwissFoundations and the University of Basel have diligently worked together to achieve this objective.

Continual adaptation to reflect changes in the field

The taxonomy has undergone continual development to ensure its relevance and effectiveness in capturing the evolving landscape of philanthropy. Observing the dynamic philanthropic environment, SwissFoundations have incorporated new elements as they emerge. For example, they have expanded the taxonomy to include aspects such as the lifespan of foundations, which includes addressing sunseting foundations³ and time-limited foundations. Additionally, clarifications have been made regarding umbrella foundations, distinguishing different types of foundations and their implications for donors creating sub-funds. This adaptive approach has enabled the taxonomy to provide a comprehensive framework for addressing new foundation types and their characteristics.

Value proposition and trust

The SwissFoundations taxonomy offers participating organisations the valuable ability to compare themselves with others, motivating them to disclose their data. Establishing a common basis of knowledge enables informed decision-making and facilitates the identification of trends within the sector.

³ A sunseting foundation, also known as a spend-down foundation, is a type of philanthropic organisation that operates with the intention of fully spending down its assets and closing its operations within a specified period of time.

Trust has also played a crucial role in the taxonomy's success, with initial members of SwissFoundations comprising foundations that already had a strong level of trust. As the membership expanded, this trust continued to grow, fostering a collaborative and transparent environment.

Digitalisation and technology

The implementation of digitalisation and technology has played a pivotal role in the success of the Swiss taxonomy. The fundamental data for the Swiss database is obtained through web scraping from the register of commerce. Specialised tools, such as an R Package, are utilised to differentiate gender, particularly in the list of board members. Furthermore, natural language processing techniques are employed to analyse foundation purposes, capitalising on advancements in digitalisation and data analysis. These technological advancements have significantly enhanced the efficiency and accuracy of data collection and analysis within the taxonomy. Recognising the challenges associated with differences in self-classification and researcher or machine-based classification, ongoing discussions and adjustments have been instrumental.

Recommendations

Developing and improving taxonomies is a vital undertaking for organisations seeking to gain a comprehensive understanding of their sectors and to drive effective decision-making. Overcoming challenges related to limited data, building trust with foundations, and leveraging established frameworks are crucial steps in this process. In this context, several recommendations can guide organisations in their efforts to develop or enhance taxonomies.

Enhancing data collection and collaboration

Seek existing data: Begin by checking for available data from authorities or agencies that gather information on non-profits. This can provide a starting point for overcoming the challenge of limited data on foundations.

Build trust: Establishing trust with foundations is crucial for obtaining data. Cultivate good relationships and proximity with foundations to gain credibility and trust. This trust-building process may involve starting with basic information requests and gradually progressing to more sensitive financial data. National associations can play a critical role in obtaining data by fostering close relationships and building trust with their members.

Encourage transparent data sharing: Foster a culture of openness and data sharing within the philanthropic sector. Encourage foundations and non-profits to voluntarily provide data and information to support the taxonomy development process. Emphasise the benefits of shared data, such as improved sector-wide insights, enhanced collaboration, and informed decision-making, while ensuring data privacy and confidentiality.

Engage in collaborative partnerships: Foster collaborations with other philanthropic support organisations, academic institutions and research entities to pool resources, share expertise and collectively work towards developing comprehensive taxonomies. Collaborative efforts can help leverage diverse perspectives, ensure wider data coverage and enhance the overall quality and applicability of the taxonomy.

Developing a balanced framework

Leverage existing frameworks: Consider using established frameworks such as the International Classification of Non-Profit Organizations (ICNPO) for creating comparative studies of non-profit organisations. To enhance content-oriented aspects, consider connecting the ICNPO with the Sustainable Development Goals (SDGs), which are widely accepted and connected across various sectors. This integration can foster collaboration between organisations and businesses in applying the SDGs.

Enable reproducibility: Develop tools and methodologies that allow for the replication of studies in different contexts. For instance, creating reproducible R scripts can enable the study to be replicated with different datasets or in diverse geographical settings, providing an aggregate picture of the foundation sector.

Prioritise flexibility and adaptability: Recognise that taxonomies need to be dynamic and adaptable to accommodate the evolving nature of the philanthropic sector. Design taxonomies that can be easily updated and revised to reflect emerging trends, new funding areas and changing priorities within the sector. This flexibility will ensure the taxonomy remains relevant and useful over time.

Benefiting from technology and user feedback

Embrace technology and automation: Leverage advancements in technology, such as artificial intelligence, data analytics and machine learning, to streamline the data collection, analysis and taxonomy creation processes. Explore the use of web scraping, natural language processing and automated



data extraction techniques to gather information from diverse sources and improve the accuracy and efficiency of data collection. However, ensure a commitment to openness and data sharing to facilitate further research and analysis.

Provide training and support: Offer training programmes, workshops, and resources to assist foundations and non-profits in understanding and effectively utilising the taxonomy. Foster a culture of taxonomy literacy within the sector by providing guidance, documentation and user-friendly tools that facilitate the adoption and implementation of the taxonomy.

Seek feedback and iterative improvement: Establish mechanisms for continuous feedback and iteration. Engage with stakeholders, including foundations, non-profits, and experts in the field, to gather input on the taxonomy's effectiveness, usability and relevance. Regularly evaluate and update the taxonomy based on feedback and emerging insights to ensure it remains a valuable resource for the sector.

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