

Philanthropy

FACILITATING GOOD WORKS

Just seven months after Prime Minister Jean-Claude Juncker emphasised the government's commitment to philanthropy in his State of the Nation address, the Fondation de Luxembourg has been established.

Duncan Roberts (text), Etienne Delorme (photo)

"There is a need for this kind of institution," says **Tonika Hirdman**, Director General of the **Fondation de Luxembourg**, which came into being on 1 January. "I worked in the private banking industry for some time and came across clients who want to give something back to society but they don't know how. That's where the foundation can come in and support them with ideas and recommendations." It was at a one-day conference on opportunities for philanthropy at the **Banque de Luxembourg** in April that the idea of a public foundation was first mooted by **Jean-Claude Juncker**. "Luxembourg has been very proactive," says Hirdman, who will have a permanent staff of three to assist her. A board of governors, chaired by Justice Minister **Luc Frieden** and including members **Pierre Bley**, **Pit Hentgen**, **Georges Ravarani**, **Jean-Jacques Rommes** and **Jean-Lou Siweck**, will help guide the foundation's major strategic planning and development.

The Fondation de Luxembourg will help non-profit organisations that cover everything from scientific or cultural projects to various kinds of aid to developing countries. "It just has to be in the general interest. It really comes down to the desire and wish of the donors," Hirdman explains. "However, often the donors have an idea that they want to give money but you really have to trigger what it is they really feel for. And to do that you need to meet and have long discussions. And that is how the foundation wants to work, to help them develop their philanthropic strategy. It is not about helping people who would like to make a one-time donation to a charity organisation, it is about the long-term."

FISCAL CHANGE

Hirdman has some experience in the field of partnering charitable institutions. Her banking career started with **Banco**, the Swedish subsidiary of **ABN-AMRO**. "The business model of that company was to build bridges between the NGO world and the financial world. We created investment funds where 1% of clients' assets at the end of every year was transferred to a charity organisation of their own choice." After heading up the global durable investment strategy for ABN-AMRO asset management, Hirdman arrived in Luxembourg to lead the local subsidiary of the bank in 2006.



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Tonika Hirdman (Fondation de Luxembourg)

To help the foundation realise its goals, changes to the tax rules and bureaucratic legislation that govern donations have been made. For a start, the amount of tax deductible donations has been doubled from 500,000 euros to one million euros, or 20% of net income instead of 10%. "I think it's a very generous approach now. I fully recognise the need for fiscal change. People who give away money want to believe that their money will have the greatest possible impact." In addition, donors will no longer require authorisation from the Ministry of Justice for donations above 12,500 euros, as long as the money is transferred from a bank within the European Union – for money from banks outside the EU, sums above 300,000 euros still require the ministerial authorisation.

The Fondation de Luxembourg, which is non-profit making, will have a seed capital of some five million euros, which derives in equal shares from the state and the **Œuvre nationale de Secours Grande-Duchesse Charlotte**. "But we will take out

commission on the funds we manage and in a few years hope to be self-supporting." The foundation will access donors through private banks, lawyers and notaries. "They have two options. Either they set up their own foundation, in which case we will act in a consulting role to help them identify and set up projects they can sponsor. The other option is to constitute a foundation within the Fondation de Luxembourg."

Of course, questions have been asked about the timing of the foundation's launch during a financial crisis. But while Hirdman agrees there is less money around, she believes there are still enough high net worth individuals around and even if they have lost up to 30% of their assets, many still have enough cash at their disposal. "Another consequence of the crisis is that people are changing their priorities in life, returning to old values of humanity and being mindful of other people's needs. It is a contrast to the more individualistic values that we saw during the years of enormous growth." ●