



Catalyzing change: A new model of philanthropy

A conversation with Jesper Nygård, CEO of Realdania

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"The Good Hospice in Denmark", a programme aiming to demonstrate how architecture and physical surroundings can support the care for the dying. A project co-developed by Realdania; Author Adam Mørk. Source: Realdania.

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Just as businesses are becoming more actively engaged in addressing social challenges and developing new business models to deliver on both purpose and profit, so too are leading non-profit organizations rethinking their role, operating models and ways of working. Giving money to deserving projects is no longer enough. Realdania, along with other leading philanthropic organizations worldwide, is driving a new model of catalytic philanthropy that actively engages multiple stakeholders and communities in realizing sustainable positive changes environmentally, socially and economically. In the last 13 years Realdania has supported philanthropic initiatives with a total project value of approximately EUR 3.7 billion. Of this amount, Realdania's grants account for EUR 1.9 billion, while other project partners have financed the additional amounts. We recently had the chance to speak with Jesper Nygård, CEO for Realdania in Denmark, to explore what this new approach means in driving positive changes in Danish communities.

Global Trends: What is your vision for building sustainable communities in Denmark?

Realdania came into the world to increase the quality of life of the Danish population. When we use the word "sustainable" we are not thinking only about climate and energy; rather, we see it as an overall concept covering health-related issues, the economy, diversity, lower CO2 emissions and reduced climate-related footprints. For us it is about good, thoroughly thought out projects and processes that help improve the quality of life for people. That is our philosophy and that is why we try to ensure that everything we do is sustainable.

Global Trends: What are the opportunities and challenges you see in making these communities environmentally, socially, and economically sustainable?

We have a great society. It is a society where tax payments and the public sector make sure that the Danish population has equal and free access to education, health and so on. Part of our learning, coming from this snug "El Dorado," is that over generations Denmark has developed a society where the state plays a huge role compared to other countries. But even in a society like this, there is a growing realization that the public sector cannot solve every issue – something is missing. Although our taxation is extremely high there are a number of issues that are not being addressed effectively.

There is a growing realization that not everything can be paid by taxes. You can call it a "tax society" or a "tangled up in service society." It is almost impossible to raise taxes yet the demands for more services are constantly growing. The Danish welfare state can only develop further and maintain some of its unique core values if the cooperation between the sectors in society is strengthened and the public sector is not the only supplier of welfare. As a result it is important that all of us – individuals, families, the public sector, the private business community and civil society (including the foundations) – contribute to helping solve societal issues. Early on we had already seen it as a part of our role, as philanthropic foundation with almost 170,000 members, to participate in doing so.

We see ourselves contributing to developing our society in partnership with the business community and the public sector. If we are to succeed in the sustainability challenges we face, we cannot – as a business, an individual, or a community – just sit back and point to the government and expect them

to create all the solutions. They will often only be solved if we do it together. However, you need to understand and respect that each party's perspectives, operating frames and environments are different. For example, the business community is very often focused on tomorrow and the next quarterly results report, while the politicians have next year's finance bill and elections at the top of their minds. On the other hand we have the freedom to be a little more risk-taking, visionary and to think long term. Combining these three perspectives, the business communities' competence in making money, the politicians' governance frameworks, and our long-term freedom, offers wonderful opportunities but only if we are capable of cooperating.

The best way of expressing this way of thinking is using the American term "collective impact" and it very much makes sense in Danish society. The more we cooperate, understand and respect each other, the easier it is to address the environmental, social and economic challenges on our common agenda and the result is much better than doing it alone.

Global Trends: With whom are you entering partnerships?

We partner with all kinds of private, public and civil society organizations, from The Danish Cancer Society, to knowledge institutions, municipals, the public sector, diverse associations, private businesses, and cultural institutions. We have existed for 13 years and our mantra has always been to work through dialog and networks to create solutions in partnership with others. A lot of people think, and sometimes it may be true, that foundations want to be the sole financier of "worthwhile projects," accumulating bronze plaques testifying to their financing of each project. However the most important thing for Realdania is to bring partners together to create a solution or product that is much better than the one you can create alone.

Global Trends: Can you tell us more about some of Realdania's "catalyzing" investments?

It's probably better to call it catalytic donations than catalytic investments. What is most important is that we are entering a phase where our approach will be even more catalytic than in the past. We get a lot of inspiration from skilled and visionary American foundations such as the Ford Foundation, the Rockefeller Foundation, the Robin Hood Foundation, Bloomberg Philanthropies and The Gates Foundation, all of which also embody this catalytic perspective.

Since our inception, Realdania has worked with what we call "smart money" which, in reality, is a first step towards being catalytic. As a Danish philanthropic organization we don't just want to hand out money. What we want to do is to share knowledge, transferring it from project to project, as well as contributing knowledge ourselves. A catalytic mindset is all about aligning actions and mindsets and this resonating throughout everything you do. It is not necessarily about bringing a lot of money, but more about bringing the right amount of money and knowledge to change a mindset or change the way you have done things in the past. By the time we learned the term catalytic philanthropy, we had actually been practicing this way of thinking for many years. We just didn't know it. Now we do and it helps us communicate our approach and focus.

A good example of our catalytic approach to projects is in our work with hospices – whose aim is to allow the terminally ill to spend the last days of their lives in attractive physical surroundings. In 2004 the Danish government introduced a new plan for hospices. At that time there were only a few, so the bill outlined the need for thirteen more hospices in Denmark which was a very rational and generous decision. The problem was that the government did not have the tools to ensure that

these hospices became “best practice” or rather “next practice” institutions. This is where Realdania came in and offered to create a model program for developing a “good hospice.”

It was a complementary partnership. The government had both the desire and the money to build the new hospices to the best standards, while we had the desire and ability to contribute the knowledge that would optimize the investment. First, we gathered national and international knowledge, then developed this into a model program. The next step was to offer around one million dollars to each of a small handful of hospices that would be initial test sites for implementing the model program. Of course it was much more expensive to build them but the critical thing was to test the model program so that we could learn what worked in practice – and what did not – which then meant that we could share and transfer the knowledge from one hospice to the next. Since then the model program has been revised two or three times and we have very close cooperation with PAVI – The Danish Knowledge Centre for Rehabilitation and Palliative Care. All palliative wards and hospices built or rebuilt subsequently have been built around the concept and learning of this model program. In summary, we were able to combine knowledge with relatively small donations, making it possible to optimize the government’s spending in this area. Today, our world-class hospices offer just one example of how working in such catalytic partnerships can mean that two plus two equals a great deal more than four.

Examples of other projects we are involved in include:

Climate change and urban development: In the town of Kokkedal in Northern Zealand, the need to manage increasing amounts of rainwater along with the need for new meeting and activity venues inspired the Municipality of Fredensborg and Realdania to cooperate on a project that will demonstrate how adaptation to climate change and suburban development can go hand in hand. With a total budget of EUR 15.8 million, the project, which is also supported by The Danish Foundation for Culture and Sports Facilities and two local public non-profit social housing associations, represents one of Denmark’s largest collective efforts to adapt to climate change. In that sense this is a demonstration project, which is meant to inspire other suburban areas facing similar challenges.

From street to city: A four-lane road in the center of Odense will be transformed into a new urban space and a new city precinct will be created, moving cars to the underground car park with 650 spaces. This new urban area will cover some 50,000 square meters. It is a project that welcomes pedestrians, cyclists and public transportation.

Global Trends: Realdania has been built as a democratic, networked organization working together with many different communities in Denmark. What are the benefits you see of this model? How do you make it work in practice?

We are an organization with many members. In contrast to many American foundations and, in reality, many Danish foundations, our funding does not come from one person but from a large number of people who contributed to a mortgage credit organization over many, many years. When our mortgage credit activities were sold off as part of a merger in 2000, the decision was made to secure the value of the company’s capital by developing the company into a philanthropic association. The aim was to ensure that future generations could also benefit from the money

through improving and developing the built environment and everyone with a property in Denmark can join the foundation as a member.

We are constantly trying to do our absolute best, but the fact that we also have members, the media and multiple shareholders/investors/interest groups contributes to keeping us on our toes. Ultimately, we only have legitimacy if we create good results and do not spend too much money. Our network and member organization is a critical part of doing so – we use them to share knowledge, provide input on projects, and to extend the reach of our network. If you want to be catalytic the network is the most important thing because it is how you find your partners. The hospice project only became reality because of the strength of the network and the relationships that were built. This means that being a democratic and a network-based organization is a very important part of our identity.

Global Trends: Given your organization's approach, how do you share your knowledge with others in Denmark and internationally?

First, for many years we have been very active in the European foundation network EFC (European Foundation Center), which has allowed us both to learn and to share the knowledge we have built. Second, we have worked very hard on building relationships with and getting inspiration from leading American foundations, knowledge institutions, and centers of foundation research. These include the Strategy Group, Center for Effective Philanthropy, and the Foundation Center as well as some of the foundations mentioned earlier on, e.g. Bloomberg Philanthropies and the Rockefeller Foundation. Realdania is also a member of the Council of Foundations in the US. As with everything we do building a strong network is important to us and we are using our international experience in making efforts to build up a Danish foundation network that I believe, in the next couple years, will get stronger as domestic foundations start to share knowledge.

An example of the importance of international networks in practice is that we are very close to participating in a very big international initiative. It's a fantastic project that will very likely have huge importance for the development of the global climate over the next decades; the two other partners are a large American Foundation and a large English Foundation. Entering a partnership with these foundations offers significant benefits for us as well as for them. I think our Northern-European welfare-focused mindset can be inspirational and we would enter this partnership with an ambition of being catalytic. Obviously in America the foundations have a different starting point, as there is much less involvement from the state in terms of how they go about solving social issues, although they already have lots of experience with being catalytic. In Denmark, on the other hand, our starting point is that some of the social issues that American foundations are trying to address are already solved by the Danish welfare state. Therefore, there is a lot of scope for both sides to learn from each other's different starting points.

Global Trends: What are the lessons you have taken away from these ways of working?

Working like this is, for me, a tremendous privilege. Here we have a lot of money to make a difference to the world in which we live. On top of that our work is all about helping with and contributing to solving important problems. In many workplaces people focus on one project or one work task which may be fairly narrowly defined or prescribed. Here we have the freedom to think and operate strategically, to take risks in developing new ideas and approaches to help solve societal challenges and bringing partners together. It's a tremendous privilege to have the opportunity to

develop these projects and then invite people to cooperate together to achieve important goals, not just through direct investment or donations but also through sharing their knowledge. Together with our partners, we believe that we can contribute to the ambition of creating a better society and increasing the quality of life of the Danish people.

Global Trends: What are the opportunities and challenges you see ahead over the next 5-10 years for Realdania?

Currently, we are implementing a strategy that focuses on becoming even more problem-driven in terms of our ways of working. That means our challenge is to become even better at working through networks, be even better at getting private businesses, public institutions, and other players from the civil society to enter into partnerships together to solve some of society's issues. It's really a craft, an art if you will. It is like being a good soccer player or a good shoemaker. You need to understand craftsmanship. It is extremely important to cooperate respectfully with others, but it is not enough simply to respect the other party, you also need to understand their perspective, the framework within which they think and operate. If you don't understand for instance that politicians tend to think more about the short-term because that's when they are in power, or about how to regulate better, you will never achieve a good working relationship. Our organization constantly needs to work on being better at building this understanding. Another challenge is to pull together all our knowledge and share it widely, so that it is at the disposal of other projects and for others in our society. While some of these challenges may sound "soft" in terms of business capabilities, our view is that the craft of building networks, sharing knowledge, and tackling important environmental, societal, and economic challenges through partnerships is the essence of working in a problem-driven, catalytic way.

Notes on Realdania

Realdania's capital is based on funds that were managed by Danish mortgage credit associations for 150 years. Realdania was established in 2000 when the association Foreningen Realdanmark sold its mortgage credit and banking activities to Danske Bank. Before the merger the net capital amounted to EUR 1.4 billion. Mortgage credit law prevented the association from returning this money to its members, and it was therefore decided to establish Realdania with the purpose of supporting projects within the built environment to the benefit of the common good. This ensures that the funds will also benefit future generations.

Today the member-based philanthropic organization supports projects in three built environment focus areas: cities, buildings and built heritage. Here Realdania targets five programme areas: Room for all, the potentials of outlying rural areas and the open land, innovation in construction, living built heritage, and cities for people.

Realdania runs the philanthropic enterprise based on its investment business. Since it was founded in 2000, the organization has funded or co-funded more than 2,000 projects of which 700 are currently active. On average, the organization engages in philanthropic activities with a total budget of 5.9% of its investment capital per year. It mainly supports project in Denmark but is also involved in a smaller variety of international activities.

(Source: [Realdania](#))