

# **VANDERES** foundation

## **Policy Plan 2020 - 2025**

Stichting Vanderes Foundation  
Prins Hendriklaan 9  
3701CK Zeist

<http://www.vanderes.foundation>  
[info@vanderes.foundation](mailto:info@vanderes.foundation)

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## Introduction

The Vanderes Foundation is on a mission to do the most good she can with the limited resources she has. We believe in the theory behind Effective Altruism (EA) to help us achieve this goal. By prioritizing certain cause areas and by applying the moral philosophy of utilitarianism, we feel we have a good shot at increasing our impact significantly. We will never succeed to fully maximize positive impact, as we will continue to make mistakes and knowledge will continue to evolve.

In the next five years, we aim to continue on our journey by learning more about Effective Altruism and the quest of how to do the most good. We decided to make use of external experts to help us on our mission. We will make use of the investment vehicle of the family to maximize our investment returns in a safe and responsible way.

As a default, we will donate to the EA Funds, which are steered by very knowledgeable people whose job it is to find the most effective charities within the respective cause-areas. There are currently four funds focusing on (1) global health and poverty reduction, (2) animal welfare, (3) existential risk reduction and (4) meta. We will back specific organizations or interventions, once we feel we can have an outsized impact due to one reason or another.

As an equity fund, we will try and make the highest return by investing our core capital. Every year these returns will be donated. With new capital flowing in from the family company, we will be able to make bigger returns over the years. In line with regulations of the Dutch Tax Authority we won't grow our capital from our investment returns, solemnly from new donations. We will not attract external donors, as we want to build the foundation into a family legacy, which the next generation, in due course, will be able to take over to continue the tradition of philanthropy.

We look forward to continuing to do good, in memory of our founder Isaac van der Sluijs, who showed us the way.

Warm regards,  
Mirte Gosker

Chair of the Vanderes Foundation

## 1. Road to impact

It was April 2017 when Ies founded the Vanderes Foundation. We felt quite some reluctance towards the traditional philanthropy sector, so we wanted to do things different. We decided on our mission to improve (access to) education, while preserving our core capital, with the ultimate goal to break the chains of poverty. The hypotheses behind this were that 1) better (access to) education leads to an improved socio-economic status\*, and 2) lending and/or investing our capital instead of donating it, would lead us to recycle our capital and thus give us the chance of creating more positive social impact.

We felt we were quite innovative by focusing on impact investing and venture philanthropy instead of donations. However, it wasn't easy to get started. Many education-related interventions -like building or improving school buildings, training of teachers, development of an improved curriculum- often lack the opportunity to return the capital needed. Then we found Zomia, a social enterprise offering student loans to underprivileged students in Myanmar. A great opportunity for us to get involved. One year and five partnerships later we decided to make student financing our niche focus. Until the beginning of this year, we provided loans to and invested in early-stage social enterprises providing student financing to underprivileged students in lower-GDP countries.

### Initial ideas about impact

New to both student financing and running a foundation, we experimented quite a bit while selecting the social enterprises to partner with. Some of them take a student first approach, focusing on marginalized students (orphans, ethnic minorities, refugees) and giving them very friendly loan conditions. Others focus on last-year college drop-outs in specific (high potential) study paths, which leads to shorter repayment cycles and therefore a much larger growth capacity for our partners. We also experimented with loans versus investment. We hoped to learn which approaches would lead to the biggest positive impact.

Even though there was no evidence yet, we reasoned we were doing quite well on impact by:

- creating **additionality** (providing cheap capital, accepting below market-rate interest rates and longer runtimes and taking high risks by backing early-stage enterprises with non-proven business models)
- aiming for zero **counterfactual** (focusing on the unbanked population with no additional sources of funding)
- **positive externalities** (The World Bank has some initial evidence showcasing improved access to education leads to a higher socio-economic status and improved chances for the next generation), while being aware of the potential negative spill-overs.

After one and a half years, we felt we knew what we were doing and we were ready to fundraise. To be able to do so, we had to show some initial impact data. We immersed ourselves into the world of impact measurement, and soon found out that measuring impact is rather complex, let alone if you want to measure impact of multiple early-stage student financing enterprises, whose students are mostly still studying. During our fact-finding mission, we came across the Effective Altruism movement.

Effective Altruism (EA) is a philosophy and social movement using evidence and reason to determine the most effective ways to do good and make the world a better place. We were familiar with using science and evidence-based measurements when looking at impact. But their reasoning about prioritizing certain cause areas over others based on scale, solvability and neglect, was very new to us. In a nutshell, EA suggests that cause areas that should be prioritized usually have three characteristics:

1. they're great in **scale**: They affect many people's lives, by a great amount;
2. they're highly **neglected**: Few people are working to address the problem;
3. they're highly **solvable**: Additional resources might even solve the problem once and for all.

We instantly felt EA's reasoning made a lot of sense and feared that our mission did not apply to the standards of maximizing our potential impact. We started to read more about EA, talk to experts, joined an EA retreat, got Effective Giving to do a shallow-water review of our foundation's strategy and talked to J-PAL's (yes, Abhijit Banerjee and Esther Duflo won the Nobel Prize later that year!)

Policy team to conclude that: 1) a tremendous amount of charitable giving goes to tertiary education; and 2) the earlier you go into (childhood) education, the bigger the positive impact you can make. That got us thinking. **We knew we weren't doing the best we could.**

## Transformation

Because it's not easy to give up what you're doing, we felt the need to somehow try and shed light on the impact that we were making at the time. We wondered how to do this, since most of our partners lacked capital and manpower to do a rigid impact measurement study and next to that, most of their students were still studying. The positive impact we were hoping to achieve with our loans and investment (that is: an increase on the socio-economic ladder), would only be measurable a number of years down the line. As a plan B, we tried to measure the improved learning outcomes, or LAYS, per dollar spent. LAYS is the abbreviation of Learning Adjusted Years of Schooling, a metric invented by the World Bank in 2018 that *"seeks to combine access and learning outcomes into a single measure, allowing funders to compare directly across different kinds of interventions"*.

With limited data we built a comparative model of our partners' LAYS creation, which for many reasons, was far from perfect. We asked our partners to try and calculate their additionality, used far-fetched data to compare different schooling systems in different countries and we actually didn't feel too comfortable about the metric we were using (as our goal was always an increase in socio-economic status and not learning outcomes). But, it was an interesting exercise to look at our portfolio from another angle. It turned out there was a factor 36x between our lowest and highest performing portfolio partners. However, the real insight came, when we compared our portfolio partners' results to the LAYS created by the most (evidence-backed) effective charitable intervention in education. The charitable intervention was over a factor 1,000 more effective in creating LAYS compared to our highest achieving partner. Realizing this, we decided we needed to do things differently. **Even if we would only donate our returns and not even touch our core capital, we could have a factor 10 more impact on this specific metric.** We wondered what would happen if we'd be open to other, less neglected cause areas.

## What we changed

After long and careful consideration, we decided on a couple of things. First of all, we no longer feel we should make financial concessions while investing our core capital. Since we know that there are incredibly effective charitable interventions within the educational sector, we feel we should try and donate as much money as we can to these interventions and with that, create the biggest amount of positive impact within this cause area.

We also found our late founder's family willing to continuously support his foundation in this new direction. They have decided to donate all excess returns their investment arm makes on a yearly basis, continuing to build Isaac's legacy. Family and board agreed on a long-term vision. This means we won't donate the core capital at once, but will accumulate and grow it, so that over a couple of decades, we'll be able to donate the equivalent of the current capital on a yearly basis.

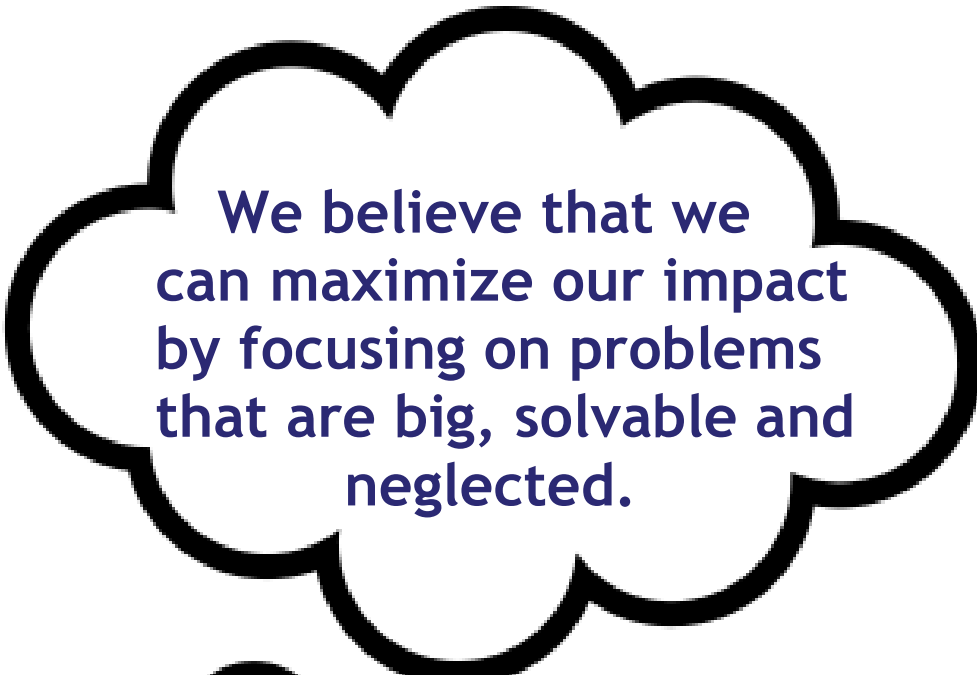
Secondly, we decided to steer away from the educational sector. The returns on the initial capital will continue to be donated to educational efforts (since we have to comply with Dutch law). However, with the returns on the new capital that will flow in, we will focus on maximizing our positive impact following the theory of Effective Altruism. We foresee that most of our donations will flow into the EA funds, which are run by experts on their specific topics. There are currently four funds focusing on (1) global health and poverty reduction, (2) animal welfare, (3) existential risk reduction and (4) meta. We will back specific organizations or interventions, once we feel we can have an outsized impact due to one reason or another.

We will continuously doubt our strategy and look for ways to increase our positive social impact. We will make use of experts far more knowledgeable than we are in both investing and Effective Altruism. We feel that science, evidence and rational thinking can lead us to make an outsized impact. We also feel that taking our egos out of this process, not giving in to our urges to feel the warm glow of doing good, will help us reach our goal to maximize our positive social impact. And we hope we can feel good about this, even if the causes we support are unsexy and don't do well in shiny marketing

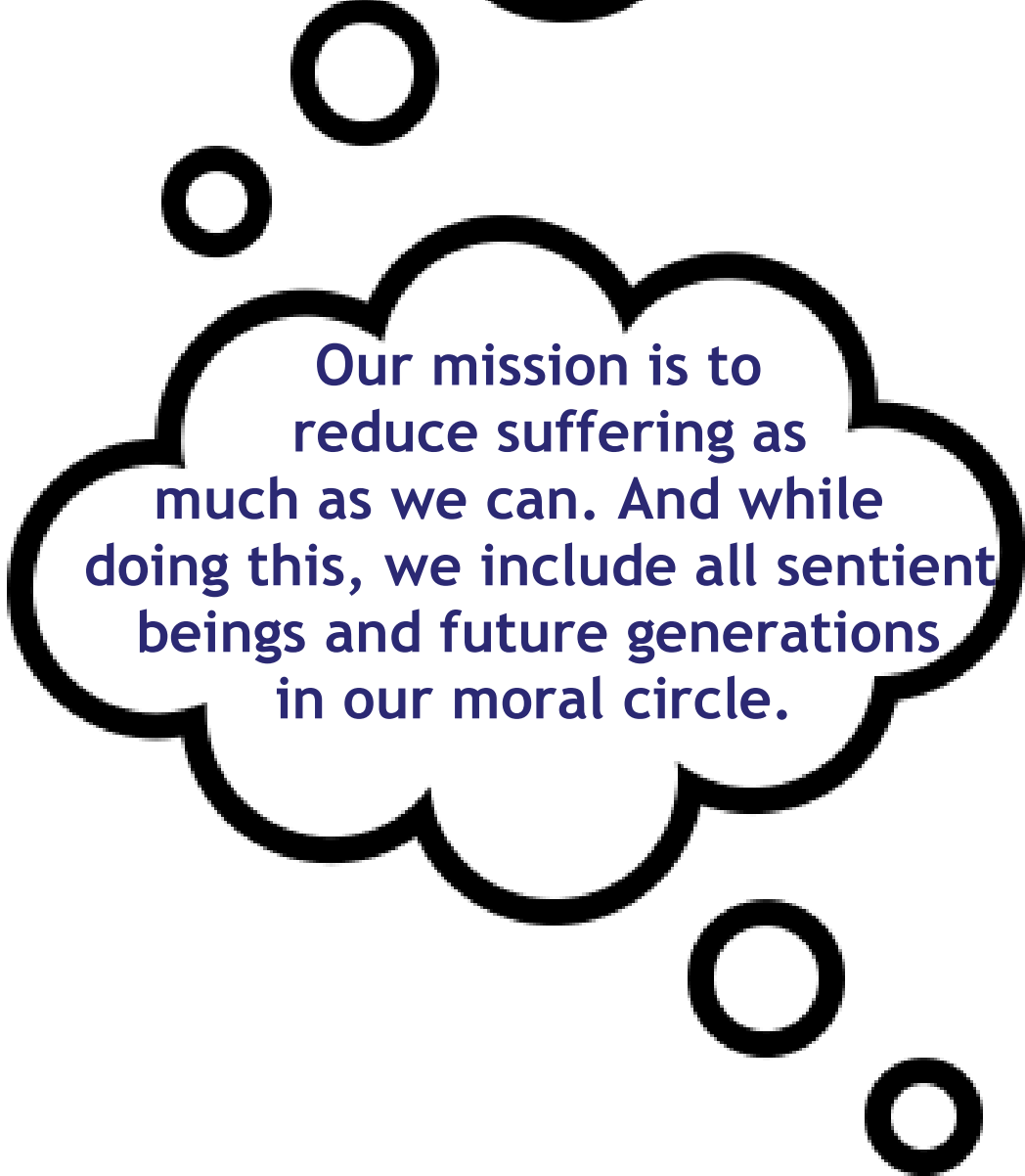
brochures. We will miss the inspiring updates from our portfolio partners and touching letters from funded students, but hope to inspire other foundations to go deep and truly rethink whether they are doing the best they can. **Good intentions are not good enough, we need to be better than that.**

\* *“Higher education simultaneously improves individual lives and enriches the wider society, indicating a substantial overlap between private and public interests.” (The World Bank, 2000)*

2. Vision and Mission



**We believe that we can maximize our impact by focusing on problems that are big, solvable and neglected.**



**Our mission is to reduce suffering as much as we can. And while doing this, we include all sentient beings and future generations in our moral circle.**

### 3. Current situation

The Vanderes Foundation has currently still four outstanding loans with student loan providers in Asia, Africa and South America. The repayments on those loans are no longer recycled but collected and over time returned to the foundation. Since the start in 2017, we have been able to make annual donations, respectively €7,870.- from the returns over 2017-2018 and €34,738.- from the returns of 2019. The donation of 2017-2018 went in full to Pratham, an Indian charity that together with J-PAL invented the Teaching at the Right Level (TaRL) program. The program creates an incredible increase in positive learning outcomes (or LAYS, Learning Adjusted Years of Schooling). Our donations over 2019 went to TaRL Africa. A spin-off from Pratham's program to be rolled out in Africa and Iodine Global Network.

We currently still have money invested in different investment vehicles (impact fund, peer to peer lending) and even some 'sitting in the bank'. Most-likely we will be able to invest this in the family investment vehicle within the next six months (pending a license). We believe this would be a safe and responsible way to invest our money and create good returns to be able to donate on an annual basis.

With COVID-19 hitting economies, we do expect to receive less capital than we hoped for in the next couple of years, but only time will tell.

#### **4. Activities**

As described in paragraph 1 the activities of the Vanderes Foundation for the next five years will consist of investing our core capital and donating the proceeds on an annual basis towards the most effective charities by making use of the Effective Altruism Funds.

**5. Future**

We expect the Vanderes Foundation to continue to enable the family's main philanthropic activities and hope the next generation will continue its efforts when they grow up.

## 6. Organisatie

Statutory name:	Stichting Vanderes Foundation
Registered office:	Zeist
KvK-nummer:	68720181
RSIN:	857562241
Fiscale nummer:	857562241
Rechtsvorm:	Stichting (foundation)
Datum akte van oprichting:	09-05-2017
Bezoekadres:	Prins Hendriklaan 9, 3701 CK, Zeist
Website:	<a href="http://www.vanderes.foundation">http://www.vanderes.foundation</a>
Email:	<a href="mailto:info@vanderes.foundation">info@vanderes.foundation</a>

### 6.1 Board

The activities the board members carry out, are honorary and therefore unpaid. The board members are independent.



Chair: Mirte Gosker



Treasurer: Nienke Budde



Secretary: Inge van Dasselaar

### 6.2 Employees and Volunteers

There are currently no other employees working for the Vanderes Foundation. External advisors and consultants that support our work are all unpaid.

## **7. Finance**

### **Management and spending of capital**

We currently have about half of our capital invested in social enterprises providing student loans to underprivileged students in Indonesia, Colombia and Ghana, as an outcome of our previous strategy. This capital was lent to them on below market rate return terms. We started the recollection of all outstanding loans and investments from the social entrepreneurs since our strategy change, but this will take 2-10 more years.

The other half of our core capital we started to invest in order to create the biggest return we safely can. We have an investment in an impact fund with 10% return, a loan to one of the above-mentioned social enterprises for a 12% return and will invest the rest in the family investment vehicle once we can (most likely within in the next six months, pending a license).

The Vanderes Foundation doesn't have any other costs than the those for the webhosting of its website.

### **Capital Growth**

The Vanderes Foundation does not accept external donations. The family decided that the foundation would be its philanthropic pillar amongst all its activities. New funds will be donated on a yearly basis by the family company. These new funds will no longer be restricted to the cause-area of education but can be donated towards a broader range of topics in order to create the most good we can.