

Influencing the Impact Economy

An Interview with Phyllis Kurlander Costanza,
Head of Social Impact, UBS and Chief Executive Officer, UBS Optimus Foundation

EDITORS' NOTE *Phyllis Costanza joined UBS in 2011 as CEO of the UBS Optimus Foundation. In 2018, she took on additional responsibility as the Head of UBS Philanthropy and was appointed Head of Social Impact in 2021. Since starting at UBS, she has reshaped the Foundation's strategy and introduced innovative financing vehicles including the first Development Impact Bond (DIB) in education. Prior to joining UBS, Costanza was a senior executive and board member of the Children's Investment Fund Foundation (CIFF) and worked in management consulting and the public sector (New York City Representative for New York State Governor Mario Cuomo). Costanza is a board member of Educate Girls, the International Center for Research on Women (ICRW), UBS Optimus Foundation UK, an advisory board member to the Education Outcomes Fund for Africa and the Middle East, and a member of the Council of Foreign Relations. She is also on the Women's Leadership Board at Harvard University John F. Kennedy School of Government and was a co-founding board member of the Power of Nutrition from inception to 2019. Costanza holds a master's degree in public policy from Harvard University's John F. Kennedy School of Government.*



Phyllis Kurlander Costanza

our clients to create genuine, lasting, measurable improvements in the lives of some of the world's most neglected populations. Our purpose has evolved dramatically. Clients want to see effective projects produce measurable impact in addressing some of the world's hardest-to-crack problems. We are reimagining the power of investing with philanthropic capital. And, because we are so focused on enabling clients to create a better world, philanthropy has become a core differentiator for UBS, and we attract dozens of new clients each year based on the strength of our philanthropic advice.

What are the focus areas for UBS Optimus Foundation and its main initiatives?

We focus on the causes and symptoms of social inequality and support economic inclusion. We're active in healthcare, education, child protection and the environment in a number of innovative ways that includes designing and implementing cutting-edge programs. We also partner with some of the most innovative social enterprises to increase children's test scores, deliver oxygen to COVID victims in hard-to-reach places, place orphans with families instead of institutions, and restore coastal forests to capture carbon and create jobs. There's

a lot going on and those are just a handful of concrete examples among the hundreds of projects we lead or support.

We are also pioneering new developments in collective philanthropy, which means getting donors a seat at the table where experts and community leaders work at a systems level to make sweeping, permanent changes. Traditional philanthropy, where "donors give money to charity," may have a role to play, but to address the world's biggest problems, we need collective approaches at a systems level if we're going to make an impact. For example, through our UBS Collectives platform, we bring together clients – about 60 now – who make long-term, personal commitments to tackling critical issues facing society, to really make a lasting difference. This means rolling up their sleeves and going on-site with the project implementers themselves to lead and shape results. In UBS Collectives, each family commits up to \$1 million plus their time. We have a number of new Collectives up and running, giving clients the chance to help lead a transformation. For example, we've launched interesting work using nature-based solutions to support biodiversity and mitigate climate change, which means restoring coastal mangrove forests. We also give donors a number of ways to get involved with impactful financing mechanisms to improve the quality of health and education. As part of our child-protection mission, we're also active in placing orphans

FOUNDATION BRIEF *The UBS Optimus Foundation (optimus.foundation) is a grant-making foundation that offers UBS clients a platform to use their wealth to drive positive social and environmental change. The Foundation selects programs that improve children's health, education and protection, ones that have the potential to be transformative, scalable and sustainable as well as programs tackling environmental and climate issues.*

Will you highlight the history and heritage of UBS Optimus Foundation and how you define its purpose?

UBS Optimus Foundation was founded in Switzerland 23 years ago because our clients were looking for advice on charitable giving and assurances of how their donations were used. The purpose at the time was to support our clients by providing our expertise in the philanthropic space. Now, our global operation is focused on empowering

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with families so they can thrive instead of with institutions where their development often stalls. What do these initiatives all have in common? They are highly measurable and effective, they focus on the most disadvantaged members of society, and they give clients the chance to get directly involved in making a difference.

How critical is collaboration as part of UBS Optimus Foundation’s strategy?

Collaboration is essential for philanthropic success – one person can’t solve global problems on their own. We bring clients together through our Collectives program to co-fund and collaborate with community leaders, policymakers, scientists and activists, who are all keen to solve societal issues. They all sit at the same table. They are committed and the energy is enormous. The impact of collective philanthropy is far greater than traditional charity because donors become doers. They bring their passion and expertise to the table. Getting everyone together fully energized – that’s UBS’ contribution. The clients and implementing partners, through their shared values and ability to see their differences as an asset, are the ones who really make it happen. They drive it. Like all the best collaborations, they create a clear strategy. Everyone knows what they want to do, why they need to do it and what metrics are needed to achieve it.

What was the vision for creating the Global Philanthropist Community?

UBS’ Global Philanthropist Community is just one of many examples of how we support clients to fulfill their ambitions. It’s an exclusive network allowing clients from around the world to engage with like-minded individuals and families to share best practices, as well as learn from and be inspired by our technical experts and global leaders. This platform enables, for instance, a client in Brazil to connect with a client in Singapore who are both interested in supporting the restoration of coastal mangroves. Mangroves are amongst the best nature-based solutions to capture carbon – more than four times more effective than even the rainforest – and these clients can discuss ways to engage on this issue in their respective countries.

How critical are metrics to measure the impact of UBS Optimus Foundation’s programs?

Metrics are essential for success and are a part of our project design process from the very beginning because it’s important to know whether we are helping our clients drive social impact. Long gone are the days when donors give money and walk away. Our clients are often business owners and leaders, and they want evidence that their time and money have produced impact, but metrics aren’t everything. We also must ensure we are supporting organizations to build strong and experienced leadership teams and deliver robust models to drive social change with adequate resources.

How valuable is it to have such a deep commitment from UBS’ leadership team and senior management for the work of UBS Optimus Foundation?

It’s critical. Without support from the very top of the organization, it would be difficult to deliver on our goals. UBS has one of the most robust philanthropic offerings of any financial institution. While Philanthropy Advisory is not unique in the industry, UBS takes it many steps further. We offer our clients not only advice, but on-site experiences and a giving platform that is second to none. How many other firms take clients out to the bush of Liberia on a motor bike to understand the best ways to deliver healthcare to some of the most remote and marginalized populations?

How is UBS engaging its employees in its philanthropic efforts and how proud are you to see the commitment from UBS’ workforce at all levels of the organization for this work?

UBS is extremely committed to engaging our employees in volunteering – we believe in supporting the communities in which we live and operate. We know that employees who volunteer through work are more engaged and more likely to stay with the firm. Our Community Impact teams around the globe focus on education and skills development to

create a more inclusive economy. These teams identify and organize skills-based volunteering efforts for our employees, which is an important part of our company’s culture.

What do you see as the role that leading companies have in supporting their communities and to being a force for good in society?

Corporations have an obligation to the communities in which they work, and clients expect companies to play a role. One of our goals is to influence the impact economy. This means moving from an economy that looks only at financial outcomes towards one that influences the whole spectrum of outcomes for all stakeholders. That includes all members of society and even the environment. If we are helping to drive economic output in a way that damages our environment, we are net losers.

To make the transition to an “impact economy,” externalities traditionally left off a company account must be added back in – things like pollution on the negative side, or on-the-job training on the positive side – must be accounted for when looking at a corporation’s overall performance. UBS Optimus Foundation is all about creating those positive impacts. Moving toward an impact economy will help companies become a greater force for good in society.

Another innovative way to be a force for good is to support young companies that are taking on social and environmental issues. We support start-ups with the potential to help solve some of the world’s most pressing problems through our Global Visionaries program, where we help these entrepreneurs with resources and networks to enable their success. There are some impressive examples among the Global Visionaries of companies that could change the world, either planting forests, creating carbon-negative concrete, or building vertical farms in city centers.

What advice do you offer to young people beginning their careers during this unprecedented time?

I have two children, aged 23 and 24, and the advice I give them is to understand how finance works so that you are both informed and empowered. No matter the field you want to enter, there is a financial element. You need to understand how financial machinery works, how to best fund programs, how to assign value, how to manage budgets, and how to harness the financial system to achieve your goals.

Did you always know that you were attracted to this type of work?

I grew up in a very politically active family, campaigning with my mom back in the ‘70s for the Equal Rights Amendment. My parents worked in the public sector, and I always had an interest in following in their footsteps. When I was 25, I worked in New York State Government as the Representative to the Governor for Manhattan – it was an amazing experience. I knew I wanted to continue doing work that had a broad influence. Once I got my master’s degree in Public Policy, I was drawn into international development. That was 25 years ago, and I’ve never looked back. ●