

The Landscape of Philanthropic Giving in Ireland

Submitted to Department of Rural and
Community Development

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Indecon

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Executive Summary

Introduction and Background

Indecon was appointed by the Department of Rural and Community Development (DRCD) to conduct an independent overview examination of the landscape of philanthropic giving in Ireland. The background to this research is that the existence of a vibrant, thriving philanthropic community is an important element of civic society. The objectives of the research are to inter alia provide an overarching landscape review including an analysis and baseline of the sector, identifying gaps in data and knowledge, considering the role and scope of philanthropy and the regulatory and governance implications. The project also outlines potential opportunities and comments on a vision for philanthropy and potential key objectives. Indecon understands that, following completion of this report, the Department will prepare a National Philanthropy Policy for Government approval.

Baseline and Definition

Recommendation of Appropriate Definition

Indecon believes that a focused definition should be considered which would establish philanthropy as strategic giving aimed at sustainable improvement or change. Indecon's research and consultations indicated that philanthropic giving is strategic and planned. Indecon recommends the following definition of philanthropy for consideration by policymakers and other stakeholders as presented in the box below. In this context, sustainable impacts refer to actions that have a long-term cumulative or lasting impact. This contrasts with measures that only have short-term or immediate impacts which are not sustained.

Recommended Baseline Definition of Philanthropy
<i>Philanthropy should be defined as strategic giving for public good aimed at sustainable improvement to promote the welfare of others.</i>
<i>Source: Indecon</i>

Types of Donations and Entities Included in Definition

There are many different types of donations included in philanthropy, such as large and small financial donations as well as benefit-in-kind. There is also a range of entities involved in the act of philanthropic giving. These include private foundations, corporate bodies, philanthropic intermediary organisations and other legal entities. Philanthropic intermediary bodies engage in managing the raising and/or spending of donations. Donations from foundations and corporations as well as from the public should be considered within the definition of philanthropy, provided they represent strategic giving.

Scale and Scope of Philanthropic Giving

In examining the overall scale and scope of philanthropic giving in Ireland, we note that there is no single measure that precisely captures the extent of philanthropic giving. To understand the context and the scale of philanthropic giving, it is important to note that philanthropic giving is a subset of overall charitable giving. The overall level of charitable giving in Ireland, which includes philanthropic giving as well as more ad hoc contributions, is estimated to be around €1.2bn annually. While in the past the terms philanthropy and charity have often been used to refer to any charitable giving, Indecon believes it is important to be clear about the distinction between charitable donations and this is reflected in our proposed definition of philanthropic donations.

What is more relevant to this study is the levels of philanthropic giving, which as noted, is a subset of total charitable giving. Indecon's research shows that annual philanthropic giving to organisations that are registered charities amounted to €108m over the period 2017-2018.

A different aspect of understanding the scale of philanthropic giving is how much of it was provided by international philanthropic organisations. Indecon notes there has been a decline in annual levels of philanthropic giving by international philanthropists of approximately €65m over the period 2014-2019. How to address the scale of this decline is an important issue consideration for the proposed National Philanthropy Policy. Potential responses, as noted later in this report, should include consideration of fiscal changes, measures to highlight the benefits of philanthropy, building of philanthropic fundraising skills in beneficiary organisations and increased collaborative approaches with Government.

Motivations of Philanthropists and What Encourages Their Giving

Research on the motivation of philanthropists and what encourages their giving has identified a range of personal, societal and other factors. The new evidence collated for this project suggests one common motivation is the desire to help and to do so in an effective way. Motivations include care for a particular cause. Trust in the organisation receiving funding is also an important motivator, highlighting the role of information and regulation in measures to encourage philanthropic giving. Availability of well managed philanthropic intermediaries and information and advice on how to make a sustainable impact are also significant. In addition, taxation and financial incentives have an impact on encouraging philanthropists to give. These factors are important in designing a national policy aimed at increasing the level of philanthropic giving.

Major Beneficiaries of Philanthropy in Ireland

Non-profit organisations play an important role in Ireland's social and economic life and receive part of their funding from philanthropic sources. Indecon's survey research confirms that organisations aiming to advance education are major beneficiaries of philanthropy. Organisations advancing community welfare are also major beneficiaries of philanthropic giving.

Gaps in Data and Knowledge

Available Sources of Data and Gaps in Current Knowledge

There was limited research and information available in an integrated manner on the philanthropic sector in Ireland prior to this review. Indecon has, however, identified a range of existing sources that provide very useful data or knowledge relevant to philanthropy. Despite the value of existing sources of data, there are several gaps in published information on philanthropy in Ireland. Indecon's assessment of the main gaps are outlined below:

- Gap 1: Lack of Up-To-Date Comprehensive Data on Overall Scale of Philanthropic Giving
- Gap 2: Gaps in Data on Importance of Philanthropic Giving to Different Organisations
- Gap 3: Data Gaps on Type and Source of Philanthropic Income
- Gap 4: Lack of Data on Bequests
- Gap 5: Gaps in Financial Information on Income and Expenditures of Non-profit Organisations
- Gap 6: Lack of Consistent Data on Corporate Giving
- Gap 7: Gaps in Data on Motivations
- Gap 8: Data Gaps on Outcomes/Impacts
- Gap 9: Gaps in Internationally Comparable Data

Recommendations to Establish Accurate Data Baseline

Indecon has outlined recommendations to establish an accurate data baseline. This will require consultation by the Department with other organisations and it would be unrealistic to assume it will be possible to address all those issues in the short term. However, the implementation of a data management plan would be important.

Recommendations to Establish an Accurate Data Baseline	
Recommendation	Issue
Recommendation 1	Investigate the feasibility of undertaking an annual survey of the scale of Philanthropic Giving
Recommendation 2	Publish data on Bequests to inform understanding of the significance of this source of philanthropic giving
Recommendation 3	Consider Mandatory Application of SORP for Larger Charities
Recommendation 4	Develop regular Survey of Largest Indigenous Corporates
Recommendation 5	Develop regular Surveys of Motivations of Philanthropists and role that Philanthropy plays

Source: Indecon

Role and Scope of Philanthropy, Regulatory and Governance Implications

Role that Philanthropy Plays and Value to Irish Society

Indecon's new survey research has illustrated a range of ways in which philanthropic giving benefits Irish society. Stakeholders consulted by Indecon indicated that philanthropy has a significant societal benefit. This includes the provision of additional resources and there is recognition of the significance of innovative solutions and the enhancement of capacity. Philanthropic giving has also enhanced capacity in beneficiary organisations and has increased the cost-effectiveness of resources allocated to philanthropic purposes. This latter impact has arisen from targeted planning by major philanthropic organisations and by developing the type of information which is required by funders.

Regulatory and Fiscal Framework

There are differences in the regulatory and fiscal framework for philanthropy between countries and there is no single example of best practice for all aspects of the regulatory and fiscal framework.

One of the aspects of the regulatory and fiscal framework is government support for philanthropic endeavour through providing tax and other incentives. The OECD has indicated that there is no single accepted rationale for the preferential tax treatment of philanthropy. This is a complex area and there is a need for equity in the fiscal system and clarity on the complementary role between philanthropic activities and the public sector. Indecon also believes it is critical that any tax incentives are used effectively and avoid deadweight. The OECD sets out arguments for and against preferential tax treatment, which are summarised in the next table. An alternative or complementary measure to fiscal incentives is the provision of government funding.

Rationale for Preferential Tax Treatment of Philanthropy	
Arguments in Favour	Arguments Against
<p><u>Under provision of Public Good</u> This arises where Government is unable to provide public services at an optimal level, providing a rationale for philanthropic bodies to so do.</p> <p><u>Positive externalities</u> Any good which provides positive externalities may be underprovided in a free market, and therefore could be incentivised by, or provided by, the State.</p>	<p><u>Cost to exchequer</u> Tax concessions have a cost, reducing Government revenue and shifting the tax burden to other taxpayers.</p> <p><u>Gives power to wealthy donors</u> Gives high-income donors a disproportionate say on which causes to support (e.g., favouring Higher Education and culture over broader social welfare).</p>
<p><i>Source: OECD (2020), "Taxation and Philanthropy"</i></p>	

Aspects of International Policy of Possible Benefit to Development of Philanthropy

There are aspects of international policy relevant to the development of philanthropy in Ireland. These include the need to develop a clear and agreed definition of philanthropy and the value of a national policy. The research completed for this study, and the preparation of the proposed National Philanthropy Policy, are part of the measures designed to benefit the development of philanthropy.

Potential Opportunities for Collaboration between Government and Philanthropic Sector

Indecon's assessment suggests there is strong merit in increasing collaboration between Government and the philanthropic sector. An important issue for collaboration is how government departments and agencies and philanthropic organisations coordinate their activities in achieving social goals. This is particularly relevant in Ireland given the extensive role the State plays in tackling social problems and the role non-profit organisations play as a delivery mechanism for social interventions.

Potential Interaction and Connectivity with other Government Policies

Ensuring a close link between the proposed National Philanthropic Policy and those of Government policies will be important. While there are many Government policies that have a direct connection with philanthropy, there are also potential interactions with a broader range of other policies that have implications for philanthropy. These include areas of policy within DRCD but it should be emphasised that interactions and connectivity with policies implemented by other government departments are of equal or potentially of greater importance. National policy should therefore encompass a whole of government approach.

In considering the potential interactions and connectivity with other government policies, the learnings from the experience of the partnership-based approach between The Atlantic Philanthropies should be noted. These include the importance of philanthropy in developing innovative policies which could potentially be embedded in mainstream programmes. The evidence also highlight the numerous sectoral areas which are supported by philanthropy in different ways, for example, in the higher education and research areas. With appropriate planning, philanthropy and governments working together can lead to long term positive impacts.

Commentary

Shared Vision for Philanthropy

Indecon's view is that the development of a vision for philanthropy should be based on clarity of the definition of philanthropy and it is hoped the proposed recommendations in this report will be of assistance with this. The shared vision should be built on a clear understanding of the value of philanthropic giving to society. There is also merit in the vision being developed in conjunction with the sector based on agreed objectives. In this context, we believe the approach to developing the National Social Enterprise Policy is a useful precedent whereby the strategy was based around agreed objectives. In developing a shared vision for philanthropy, Indecon recommends an ongoing programme to promote understanding between the philanthropic community and the Government to facilitate the realisation of the potential of philanthropy. A possible vision for philanthropy could be of a society where the role of strategic giving is recognised and facilitated so that peoples' lives are improved.¹

Recommendations on Potential Key Objectives

Indecon recommends that a key objective for consideration is the goal of significantly raising the quantum of philanthropic donations which are invested for public benefit. This would require building awareness of the value of philanthropic giving and strengthening capacity in beneficiary organisations. There is also a need to ensure alignment with wider policy objectives. Final agreement on what the objectives should be and the level of ambition of the strategy are policy matters. However, the table below sets out potential objectives of a philanthropy policy.

Recommendations on <u>Potential</u> Objectives of a Philanthropy Policy	
Objective	Rationale
1. Build awareness of value of philanthropic giving	Increasing awareness of the value of philanthropic giving would be important in influencing the overall environment and cultural context.
2. Significant increase in the scale of philanthropic giving to levels in comparator countries	An important objective of the new philanthropy policy will be to set an overall ambition for the scale of philanthropic giving. Setting a precise recommendation for the levels of increased philanthropy will require improved data on the baseline and an agreement by the Government on priorities. Indecon believes that the short-term/long-term targets set should be set when there is improved data and agreed priorities.
3. Strengthen capacity in organisations that would benefit from philanthropy to enable an increase in the number of non-profits obtaining significant philanthropic revenues	Only 129 non-profits on The Charities Regulator Public Register of Charities received philanthropic funding of over €100,000 in 2018, with seven organisations accounting for over half of all such giving. The policy should have the objective of also broadening the base of non-profits that benefit from such funding, for example by supporting greater upskilling.
4. Ensure alignment of philanthropic policy with wider policy objectives	To maximise the effectiveness and impact of philanthropic giving, there is a need for a close alignment with wider Government policy.

¹ Indecon notes for comparative purposes that a shared vision was set for volunteering in Ireland's DRCD National Volunteering Strategy. This indicated that "Our vision is of a society where volunteering is promoted, valued, facilitated and supported so that people can contribute to developing and maintaining vibrant, inclusive and sustainable communities."

Comment on How Philanthropic Giving Can Be Encouraged

Indecon has identified five areas for consideration as to how philanthropic giving can be encouraged to meet the objectives as set out above. These are summarised below. The areas identified represent the inputs to a roadmap to assist in the development of a national policy to enhance the contribution of philanthropy in Ireland. These comments are influenced by the research on the motivation of philanthropists, by international experience and by our analysis of existing gaps in knowledge.²

Ways to Promote Philanthropic Giving
1. Increase engagement with Philanthropists and Beneficiaries.
2. Develop Incentives to Promote Philanthropic Giving by Individuals and Corporates.
3. Invest in skills training in Philanthropic Fundraising in the Non-Profit Sector.
4. Implement a Strategic Approach across Government involving increased co-operation with the Philanthropy Sector. This should be based on a long-term perspective with engagement at both a policy and a project level.
5. Develop a Philanthropic Data Plan.

Conclusion

Indecon believes the research presented in this report will assist in the development of a new National Philanthropic Policy for Ireland. The decision by the Department to commission this research reflects the commitment to the development of a supportive environment. The independence of the research is important in ensuring evidence-based policy development. Indecon acknowledges with thanks the valuable inputs and the level of engagement that we have received during this important project. Acknowledgements are listed in Annex 1.

² It is relevant here to highlight the June 2021 announcement by an Irish-led international consortium of a new EU-funded project to establish a National Competence Centre for Social Innovation in Ireland. The aim of the project is to facilitate an international, cross-sectoral network of stakeholders and promoters who will provide support for social innovations in each country. The project has been granted €650,000 from the EU, as well as at least €60,000 by DRCD towards budgetary costs - <https://www.gov.ie/en/press-release/a5fbf-minister-obrien-welcomes-announcement-of-eu-funded-project-to-establish-a-national-competence-centre-for-social-innovation-in-ireland/>.

The Landscape of Philanthropic Giving in Ireland

Submitted to Department of Rural and Community Development

1 Introduction and Background

1.1 Introduction

Indecon was appointed by the Department of Rural and Community Development (DRCD) to conduct an independent overview examination of the landscape of philanthropic giving in Ireland. The background to this research is that the existence of a vibrant, thriving philanthropic community is an important element of civic society. Although never a substitute for State investment in core services, philanthropic giving can make a significant difference across many areas of society including health, education, the arts and community development. There is a key role for Government in developing a supportive environment for philanthropic giving.

There has been very limited research on the philanthropy sector in Ireland which has made it difficult to analyse progress and developments. The main aims of this research project are to inform an understanding of philanthropy and the philanthropic sector and support knowledge and capacity development of the sector; to identify available sources of data on philanthropy and data gaps, and to identify points of connection for philanthropy with the Government and civil society and inform the development of a positive regulatory and fiscal framework. Indecon understands that following the completion of this report, the next action will be for the Department to prepare a National Philanthropy Policy for Government approval.

In addition to examining currently available data sources, because of the data gaps which existed, Indecon has completed extensive new empirical research for this project. The research presented provides an overarching landscape analysis of the sector, including an analysis on baseline and definition, the gaps in the data and knowledge, the role and scope of philanthropy, regulatory and governance implications and the opportunities arising. The specific research objectives of the project are outlined in the table below.

Table 1.1: Specific Research Objectives	
<u>1. Baseline and Definition</u>	
a)	Recommend an appropriate definition of philanthropy for the purposes of this research and for the potential development of baseline data and a national policy
b)	Identify types of donations and range of entities included in the definition of philanthropic giving
c)	Identify the scale and scope of philanthropic giving, based on currently available data sources
d)	Identify the motivations of philanthropists and what encourages their giving
e)	Identify the major beneficiaries of philanthropy in Ireland
<u>2. Gaps in Data and Knowledge</u>	
a)	Identify the available sources of data on philanthropy and highlight the gaps in current knowledge
b)	Make recommendations so that an accurate data baseline can be established
<u>3. Role and Scope of Philanthropy, Regulatory and Governance Implications</u>	
a)	Outline the roles that philanthropy plays and the value that philanthropy brings to Irish society referencing where it has worked well and why
b)	Compare the regulatory and fiscal framework for philanthropy in Ireland to similar countries including international philanthropic best practice
c)	Outline EU philanthropy policy and identify appropriate supports and organisations of possible benefit to the development of Philanthropy in Ireland
<u>4. Opportunities</u>	
a)	Outline potential opportunities for collaboration between Government and the philanthropy sector
b)	Outline potential interaction and connectivity with other departmental policies
<u>5. Commentary</u>	
a)	Comment on a shared vision for philanthropy in Ireland
b)	Make recommendations on potential key objectives of a philanthropy policy
c)	Comment on how philanthropic giving can be encouraged
Source: Terms of Reference for Research	

1.2 Methodological Approach

In undertaking this assignment, Indecon found that there were major gaps in the availability of data to inform the analysis. Ensuring that the key basic data are adequate is a challenge in many areas of appraisal.³ To overcome this, a detailed multi-faceted methodological approach was implemented which utilised an extensive programme of stakeholder engagement, as well as desk-based research in Ireland and internationally. The desk research included the examination of all existing relevant Irish and international databases including official CSO and OECD data. Data available from The Charities Regulator⁴ and Benefacts⁵ databases were also analysed. In addition, we reviewed existing publications and case studies. Indecon has also undertaken new empirical research with philanthropy organisations, donors/wealth advisers and charities. Indecon’s stakeholder consultation programme included virtual meetings with a range of organisations outlined in the Annex and we are very appreciative of the insights provided.

Indecon also received formal submissions from a range of stakeholder organisations and individuals, as outlined in Annex 1. These provided important inputs into our analysis of the key aspects of the Landscape for Philanthropy in Ireland.

Indecon’s new primary research had three main survey streams, namely:

- Philanthropic organisations;
- Donors and their advisors; and
- Charitable organisations.

The number of responses to each of these survey streams is presented in the following table. These surveys aimed to identify the role of philanthropy, the motivations of philanthropists, factors that encourage philanthropic giving and the beneficiaries of philanthropy. Indecon is very grateful for the levels of responses from each of these groups, which reflect the level of interest and support evident throughout this research project.

Table 1.2: Number of Responses to Survey Streams	
Survey Stream	Number of Respondents
1. Philanthropic Organisations	32
2. Donors Surveys	35
<i>Philanthropists</i>	<i>11</i>
<i>Professional advisors to philanthropists</i>	<i>24</i>
3. Charities	47
<i>Source: Indecon</i>	

³ See Chapter on Non-Technical Pitfalls in book, ‘A Guide to Evaluation Methods’, by Gray, A. W., published by Gill and Macmillan, 1995, British Library Catalogue 13542 – 0717122425.

⁴ Irish Government’s Regulation Authority for Charities. Key functions are to establish and maintain a public register of charitable organisations operating in Ireland and ensure their compliance with Charities Act.

⁵ Independent non-profit company established to improve the transparency and accessibility of Ireland’s non-profit sector.

Indecon would advise caution in interpreting the survey results as they are based on sample information. This is often also the case in official statistics such as those used by the OECD and other international agencies. The consistency of the findings from the survey research, with other evidence examined, however, reinforces the validity of the results. The combination of different sources of information permitted Indecon to develop soundly based findings and the triangularisation of data and approaches used is aligned with best practice, as suggested by the European Commission.⁶

1.3 Report Structure

Indecon's report is structured as follows:

- Section 2 sets out the baseline definition and data;
- Section 3 discusses the current gaps in data and knowledge;
- Section 4 sets out the role and scope of philanthropy and regulatory and governance implications of international best practice;
- Section 5 sets out the opportunities for collaboration with Government and connectivity with other Government policies; and
- Section 6 presents a commentary on the inputs to aspects of the proposed Government strategy on philanthropy.

⁶ For example, the European Commission has stated that “Wherever possible, evaluation questions should be looked at from different viewpoints and by different methods. This is the principle of triangularisation.” See European Commission Guidance Document on Monitoring and Evaluation – Programming Period 2014–2020, Issued by the European Commission for the Evaluation of ERDF and European Cohesion Projects.

2 Baseline and Definition

2.1 Introduction

One of the aims of this study is to bring clarity to the understanding of philanthropy and the philanthropic sector. In this section, Indecon sets out a baseline definition of philanthropy for the purposes of this research and for the potential development of baseline data and a national policy. We also identify the types of donations and the range of initiatives, and consider the scale and scope of philanthropic giving. New evidence is also presented on the motivations of philanthropists and who the major beneficiaries are.

2.2 Recommendation on Appropriate Definition

In defining philanthropy, it is important to distinguish philanthropy from ‘not-for-profit’⁷ organisations and from ‘charities’,⁸ which have their own distinct meanings. The two latter terms refer to organisation types, as distinct from ‘philanthropy’ which represents a form of giving. In considering a definition for philanthropy, Indecon notes that there are various existing definitions in Ireland and internationally. Some examples are set out below. These usually refer to the fact that philanthropy has the objective of sustainable improvement in well-being for the public good. A feature of several existing definitions relates to the sustainability and long-term nature of impacts. This contrasts with measures that contribute to short-term immediate relief.

Table 2.1: Definitions of Philanthropy

Philanthropy Ireland: Philanthropy is a particular kind of charitable giving. It is focused on the root causes of problems and making a sustainable improvement, as distinct from contributing to immediate relief.

Community Foundation Ireland: Philanthropy is best summarised as transforming generosity into lasting impact, but at its best, through commitment, collaboration and focus philanthropy can be a catalyst for positive social change.

The Wheel: Philanthropy tends to be planned giving, developed with the input of professional advisors, family members and with detailed consideration of long-term returns on the investment. Charity in the typical sense tends to be more reactive.

Alliance: Private action or the use of private resources for public purpose. The term can refer to any act of giving whether the gift is money, time or expertise.

Giving New Zealand: Philanthropy is the act of giving financial resources to a cause that is intended to improve general human well-being, and where the giver expects no direct reciprocation.

Source: Indecon Analysis

As part of our consultations, we note that several organisations proposed possible definitions of philanthropy, as shown below. The emphasis given by stakeholders to planned lasting or long-term impacts is a notable feature of the proposed suggestions.

⁷ Not-for-profit or non-profit institutions (NPIs) means organisations that do not exist primarily to generate profits, either directly or indirectly, and that are not primarily guided by commercial goals and considerations. Non-profits may accumulate a surplus each year, but any such surplus must be utilised to meet the basic mission and not be distributed to the organisations’ owners, members, founders or governing board.

⁸ In Ireland, organisations need to be registered with The Charities Regulator to be classed as a ‘charity’ and must meet criteria as per the Charities Act 2009. The Charities Regulator (2018), “What is a charity?”, <https://www.charitiesregulator.ie/media/1544/what-is-a-charity-rev-001.pdf>

Table 2.2: Submissions from Respondents

“Philanthropy tackles the root causes of issues through planned and thoughtful giving. It differs from charitable giving in that it is planned, thoughtful and often made up of multiple gifts.” - **Philanthropic Body**

“Philanthropy is strategic planned giving of private resources for public good, focused on achieving sustainable change with lasting impact. It is thoughtful giving, done with purpose and a clear sense of what it wants to achieve, likely to be done over a period of time to achieve the desired impact. It differs from charitable giving in that it is not reactive or for immediate relief.” - **Philanthropic Body**

“A dedicated focus of personal resources, financial, time and status to support and enhance social entrepreneurship enterprises in achieving sustainable change and lasting impact.” - **Philanthropist**

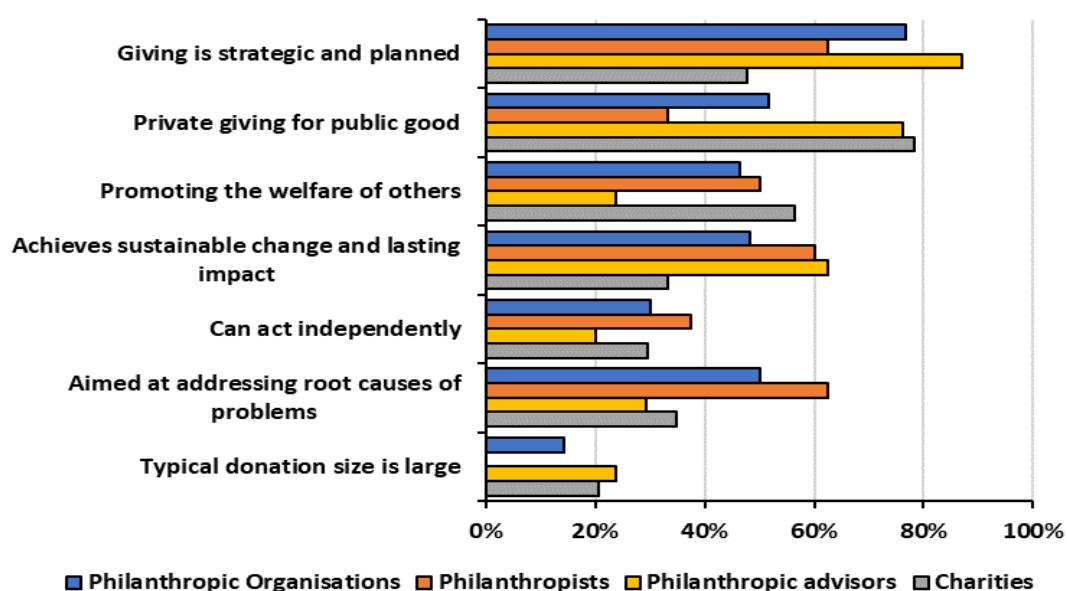
“All financial, resource or labour donations to a not-for-profit group or organisations without any requirements or stipulations on the use of that resource.” - **Charity**

“Philanthropy is generally money donated via a trust or individual whose aim is to make a lasting impact on social issues. The amount donated by an individual should be commensurate with their means. Philanthropic giving generally allows for innovative and effective use of the money rather than being tied into specific outcomes that are set in stone.” - **Charity**

Source: Indecon analysis of surveys of philanthropic organisations, philanthropists/advisors and charities (2020)

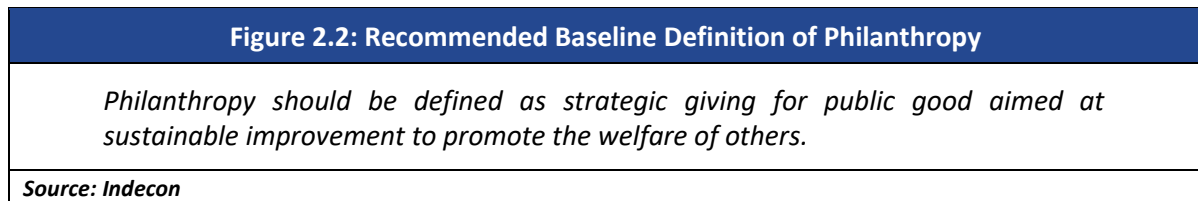
Indecon’s research and consultations with philanthropic organisations, philanthropists, philanthropic advisors and charities indicated agreement across stakeholders on what characterised philanthropy. This highlighted the fact that philanthropic giving is strategic and planned. Important characteristics of philanthropy related to the objectives which reflected “private giving for public good” and “promoting the welfare of others”. Indecon’s new survey evidence indicated that a definition for philanthropy should incorporate sustainable change.

Figure 2.1: Views of Respondents on Definition of Philanthropy
(% of Respondents Who Ranked Each Answer in Their Top Three in Terms of Importance)



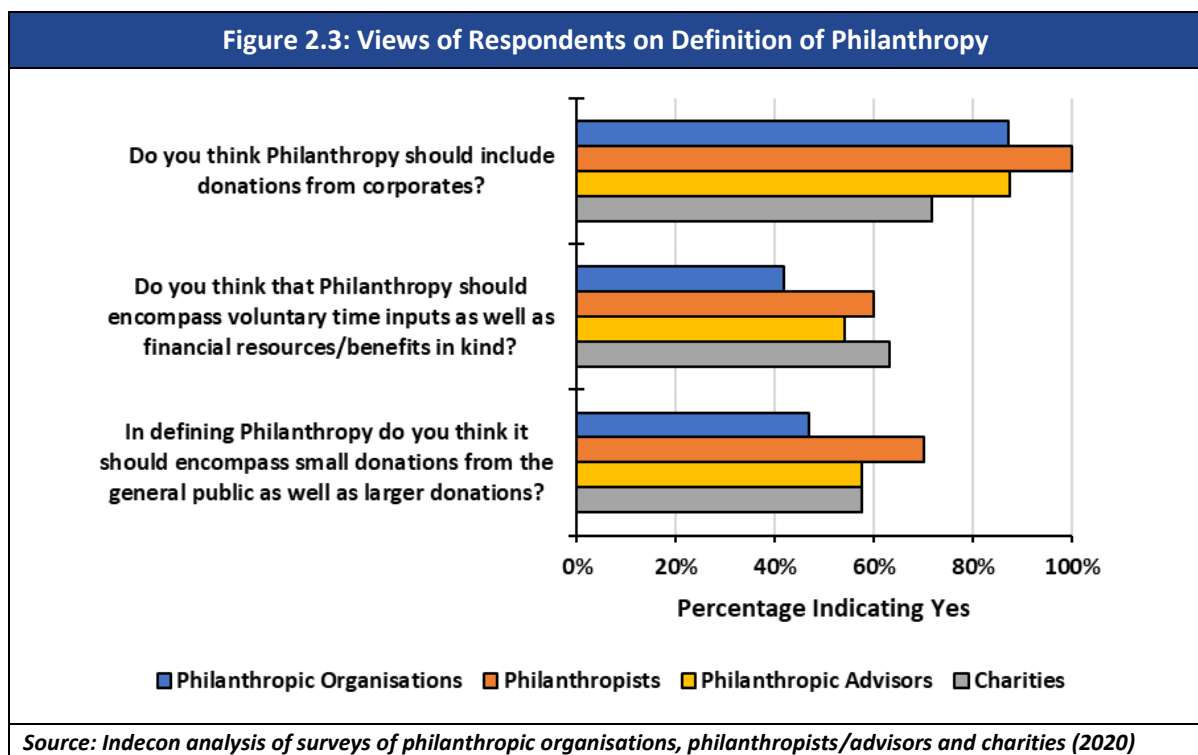
Source: Indecon analysis of surveys of philanthropic organisations, philanthropists/advisors and charities (2020)

Indecon recommends the following definition of philanthropy for consideration by policymakers and other stakeholders as shown in Figure 2.2.



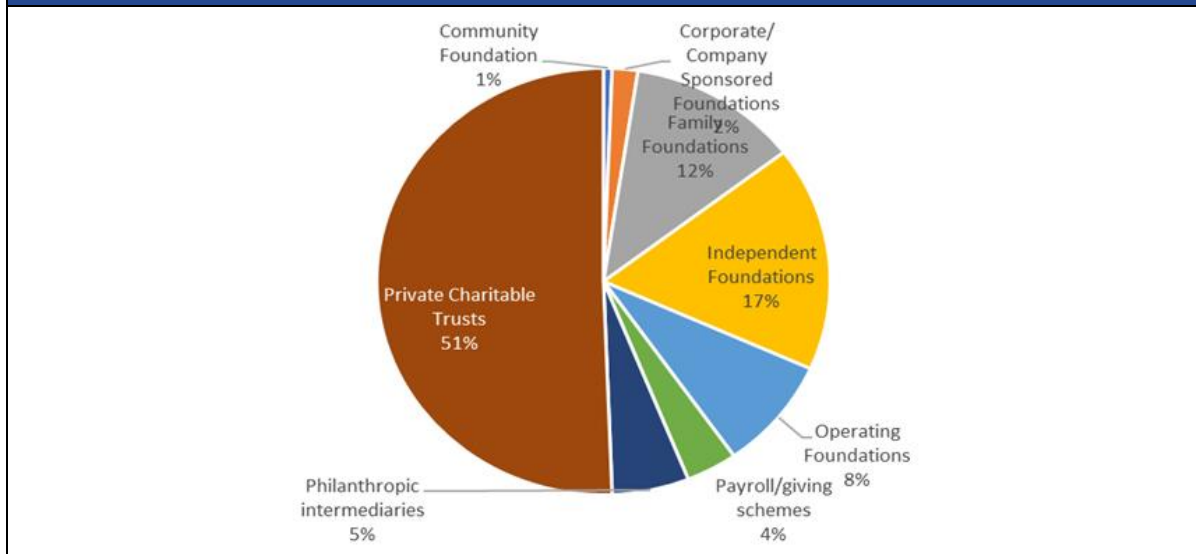
2.3 Types of Donations and Range of Entities

There are many different types of donations included in philanthropy such as large and small financial donations as well as benefit-in-kind. There is also a range of entities involved in philanthropy. These include private foundations, corporate bodies, philanthropic intermediary organisations and other legal entities. Philanthropic intermediary bodies engage in managing the raising and/or spending of donations. Indecon believes that donations from foundations and corporates as well as from the public should be considered within the definition of philanthropy, provided they represent strategic giving. Including donations from corporates in the definition is consistent with the views of the stakeholders consulted. This is illustrated in Figure 2.3.



Benefacts recently presented a useful classification of institutional philanthropy in Ireland, identifying 164 organisations which they classed as philanthropic. The distribution of these by type is shown below. Half of these are private charitable trusts, many of which have been established using a legacy or bequest.

Figure 2.4: Classification of Institutional Philanthropy in Ireland

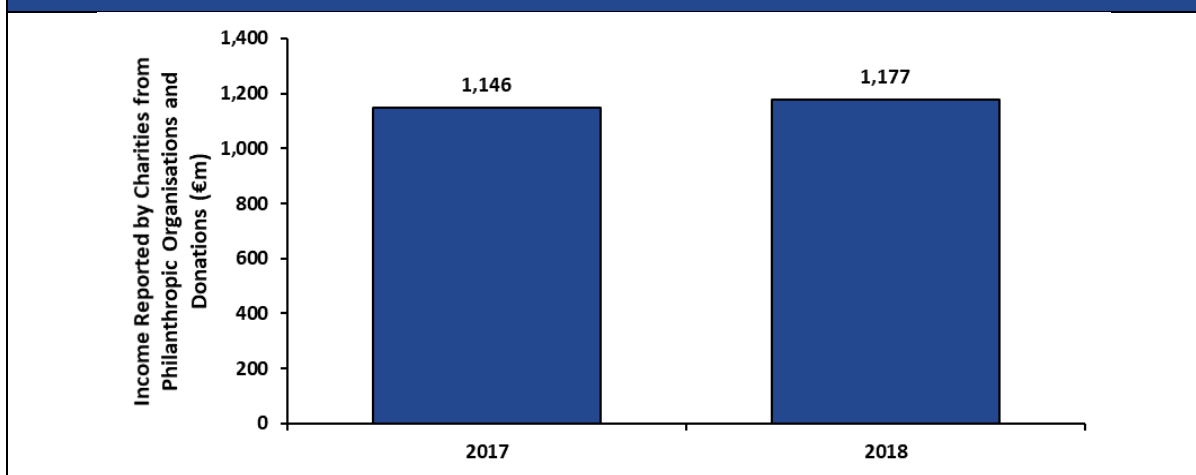


Source: Benefacts (2021), "Institutional Philanthropy in Ireland"
<https://www.benefacts.ie/philanthropy/reports/institutional-philanthropy-in-ireland/>

2.4 Scale and Scope of Philanthropic Giving

In examining the overall scale and scope of philanthropic giving in Ireland, we note that there is no single measure that precisely captures the extent of philanthropic giving. To understand the context and the scale of philanthropic giving, it is important to note that philanthropic giving is a subset of overall charitable giving. The overall levels of charitable giving in Ireland, which includes philanthropic giving, as well as more ad hoc contributions is estimated to be around €1.2bn annually. While in the past the terms philanthropy and charity have often been used to refer to any charitable giving, Indecon believes it is important to be clear about the distinction between philanthropy and charitable donations and this is reflected in our proposed definition of philanthropic donations.

Figure 2.5: Scale of Charitable Giving in Ireland (€m) (2017-2018)



Source: Indecon analysis of Public Register of Charities

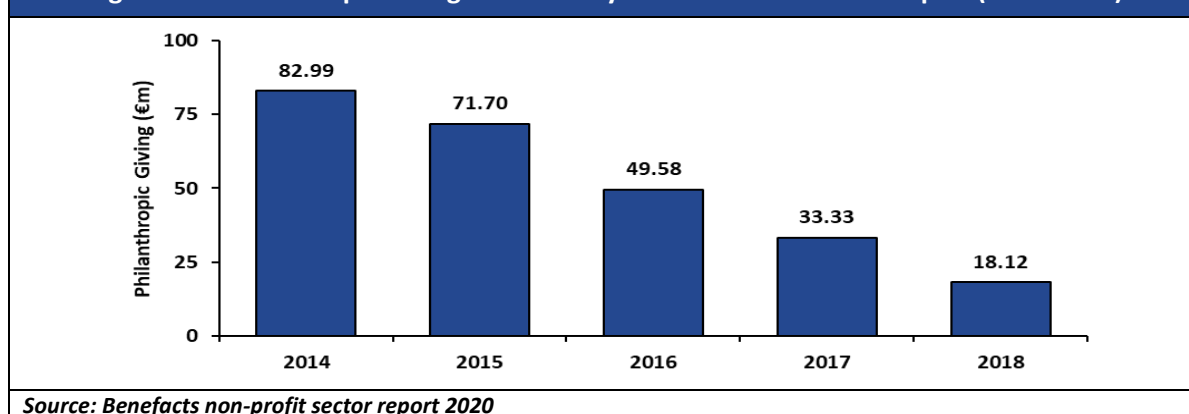
What is more relevant to this study is the level of philanthropic giving, which as noted, is a subset of total charitable giving. From the data gathered by Indecon, it would appear that average giving based on limited data available amounted to €108m over the period 2017-2018. There is significant variation between 2017 and 2018 for reported philanthropic income (reported by charities) and expenditure (as reported by philanthropic organisations). Averaging over the two years suggests an average income of €108m (€75m in 2017 and €142m in 2018), and an average annual expenditure reported by philanthropic organisations also of €108m (€119m in 2017 and €97m in 2018). Using this figure of €108m suggests that philanthropic giving accounts for 9% of total annual charitable giving in Ireland. Some 556 such organisations reported receiving philanthropic income in 2018, with an average amount received of €255,000. Over half of the reported philanthropic giving to registered charities was concentrated across seven organisations, each of whom reported philanthropic income of over €5m in 2018. Education and research activities received the most philanthropic income, with the major universities attracting significant donations. It is possible that these estimates may underestimate the overall levels of philanthropic giving if philanthropic funding was provided to any organisation which was not a registered charity or if any charities classified some philanthropic giving as general income. It is, however, likely that nearly all the main beneficiaries of philanthropic giving are registered charities.

Table 2.3: Breakdown by Level of Income from Philanthropic Organisations, 2018				
Level of Philanthropic Income (000)	Number of Organisations	% of Organisations	Income from Philanthropic Organisations, €m	% of total philanthropic income
Less than €10k	202	36.3%	0.7	0.5%
€10k - €25k	102	18.3%	1.6	1.1%
€25k - €50k	61	11.0%	2.1	1.5%
€50k - €100k	62	11.2%	4.3	3.0%
€100k - €200k	46	8.3%	6.3	4.5%
€200k - €500k	46	8.3%	14.1	10.0%
€500k - €1m	14	2.5%	10.2	7.2%
€1m - €5m	16	2.9%	29.3	20.7%
€5m +	7	1.3%	73.0	51.5%
Total	556	100%	141.7	100%

Source: Indecon analysis of The Charities Regulator Public Register of Charities
 Note: Percentages may not add to 100% due to rounding

A different aspect in considering the scale of philanthropic giving is how much was provided by international philanthropic organisations. The available evidence shows that a small number of organisations played a significant role in Ireland over the last three decades. The Atlantic Philanthropies was one of the largest philanthropic organisations in Ireland. It gave over 1,000 grants amounting to €1.1bn over 30 years but closed its Dublin office in 2018.⁹ Indecon notes there was a decline in annual levels of philanthropic giving by international philanthropists of approximately €65m over the period 2014-2018. How to address the scale of this decline is an important issue for the proposed National Philanthropy Policy. Potential responses, as noted later in this report, should include consideration of fiscal changes, measures to highlight the benefits of philanthropy, building of philanthropic fundraising skills in beneficiary organisations and increased collaborative approaches with Government.

⁹ *Irish Times* 30 March 2018. <https://www.irishtimes.com/news/ireland/irish-news/atlantic-quietly-closes-its-doors-in-ireland-after-30-years-of-philanthropy-1.3412071>

Figure 2.6 Philanthropic Giving in Ireland by International Philanthropies (2014-2018)

Indecon's new survey evidence provides an insight into the relative importance of different sources of philanthropic income.

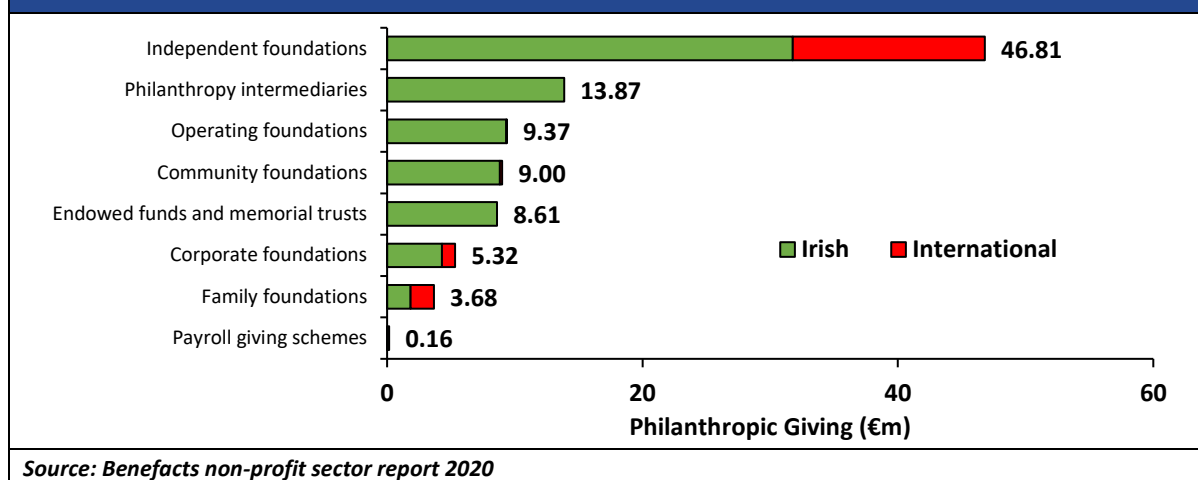
Table 2.4: Source of Respondent Organisations' Annual Philanthropic Income

	Philanthropic Organisations	Charities
(a) Donations from the General Public	14.6%	19.1%
(b) Individual Large Donors based in Ireland	24.5%	7.7%
(c) Individual Large Donors based Internationally	12.1%	2.2%
(d) Corporate Organisations in Ireland	17.6%	15.5%
(e) Corporate Organisations Internationally	11.9%	0.5%
(f) Irish Trusts and Foundations	5.5%	16.0%
(g) International Trusts and Foundations	7.8%	4.2%
(h) Endowments	3.1%	0.7%
(i) Other	2.9%	19.1%

Source: Indecon analysis of survey of philanthropic organisations and charities (2020)
 Note: Percentages are averages of respondent organisations' percentages and are therefore not additive.

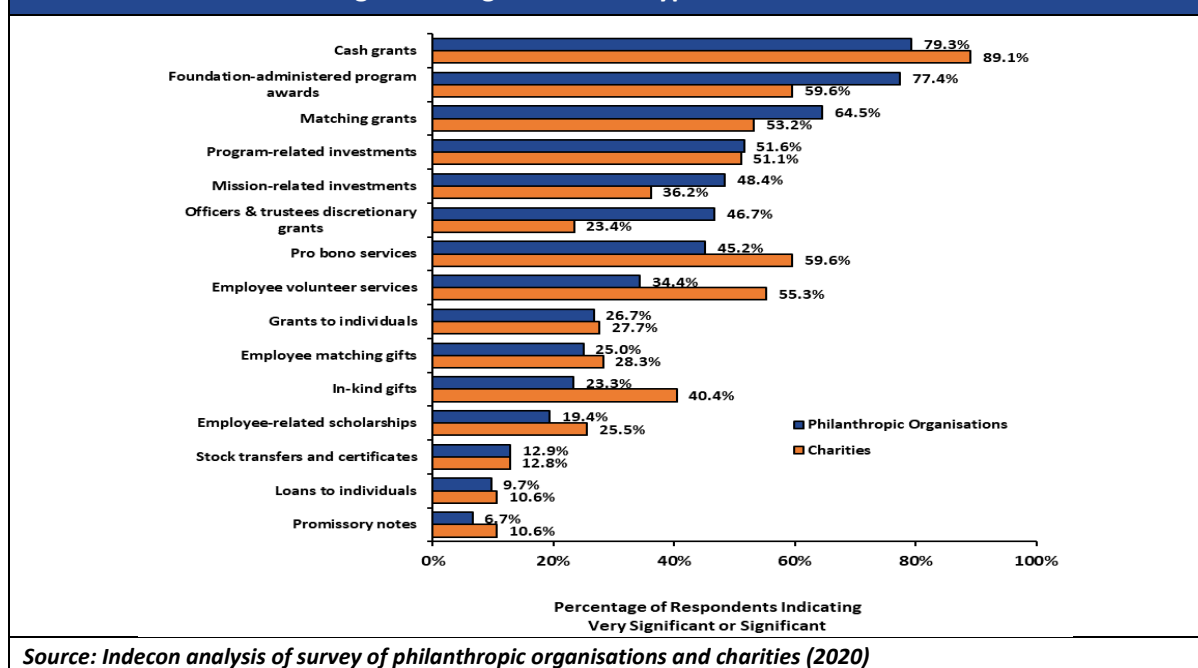
Benefacts' estimates of the contribution by type of foundation are presented below. This shows the importance of independent foundations. The figures also suggest very low levels of contribution from corporate foundations.

Figure 2.7: Philanthropic Giving in Ireland by Type of Foundation (2018)



Insights on the scale and significance of different types of donations are evident from the survey work undertaken for this project. While financial donations of different forms constitute the most significant form of donations, other forms of giving (for example pro-bono giving, employee volunteer services and in-kind giving) also play a role.

Figure 2.8 Significance of Types of Donations



2.5 Motivations of Philanthropists and What Encourages Their Giving

Research by the OECD¹⁰ on the motivation of philanthropists and what encourages giving has identified a range of personal, societal and other factors. The notion of ‘altruism’ – the desire to help others - is likely to be a central aspect of motivations. Factors such as knowing someone assisted by the philanthropic entity or having some other connection to the entity or cause may also increase the likelihood of giving. An interesting local example of the successful use of the personal and local connection is the County Monaghan Fund, which was established by a committee of 12 civic-minded Monaghan people who were interested in giving back to their county and supported by the Community Foundation for Ireland.¹¹ On a larger scale, universities in Ireland have successfully utilised alumni networks to encourage philanthropic giving.

The motivation of philanthropists is influenced by cultural and political factors and by perceptions of transparency and whether entities are viewed as trustworthy. This requires the development of capacity and skills in non-profit organisations to successfully engage with philanthropists. The way in which the Government interacts with the sector is also significant.

While international research provides important insights into the motivation of philanthropists, Indecon felt it would be worthwhile to undertake new empirical survey research with philanthropists and their financial advisors to inform an understanding of the motivations of philanthropists. The new research suggests a common motivation is a desire to help, and to do so in an effective way. Other motivations include care for a particular cause and a desire to provide assistance in a way that makes a difference. Trust in the organisation receiving funding is also an important motivator, highlighting the role of information and regulation in measures to encourage philanthropic giving.

Table 2.5: Views of Philanthropists on Motivations for Philanthropists

	Very strong motivator	Moderate motivator	Minor motivator	Not a motivator
Care about the cause	80.0%	20.0%	0.0%	0.0%
Believe they can make a difference	60.0%	40.0%	0.0%	0.0%
Believe we all need to help solve social problems	60.0%	20.0%	20.0%	0.0%
Trust the organisation(s) they donate to	55.6%	44.4%	0.0%	0.0%
Want to help people less fortunate than them	50.0%	30.0%	20.0%	0.0%
Want to set an example for others	33.3%	11.1%	33.3%	22.2%
Want to ‘pay back’ into society	30.0%	40.0%	10.0%	20.0%
Because people ask them to	20.0%	20.0%	40.0%	20.0%
Makes them feel good	0.0%	70.0%	30.0%	0.0%
Helps them become a better person	0.0%	20.0%	60.0%	20.0%
Because society expects this behaviour from them	0.0%	20.0%	50.0%	30.0%
Because everyone in their family/business donates	0.0%	20.0%	30.0%	50.0%
Because their religion encourages giving	0.0%	10.0%	20.0%	70.0%

Source: Indecon analysis of survey of philanthropists and philanthropic advisors (2020)
 Note: Due to rounding some percentages may not add to 100%

¹⁰ OECD (2020), “Taxation and Philanthropy.” <https://www.oecd.org/fr/ctp/taxation-and-philanthropy-df434a77-en.htm>.

¹¹ Community Foundation. Provides grants and support for strategic giving. <https://www.communityfoundation.ie/giving/case-studies/the-county-monaghan-fund>.

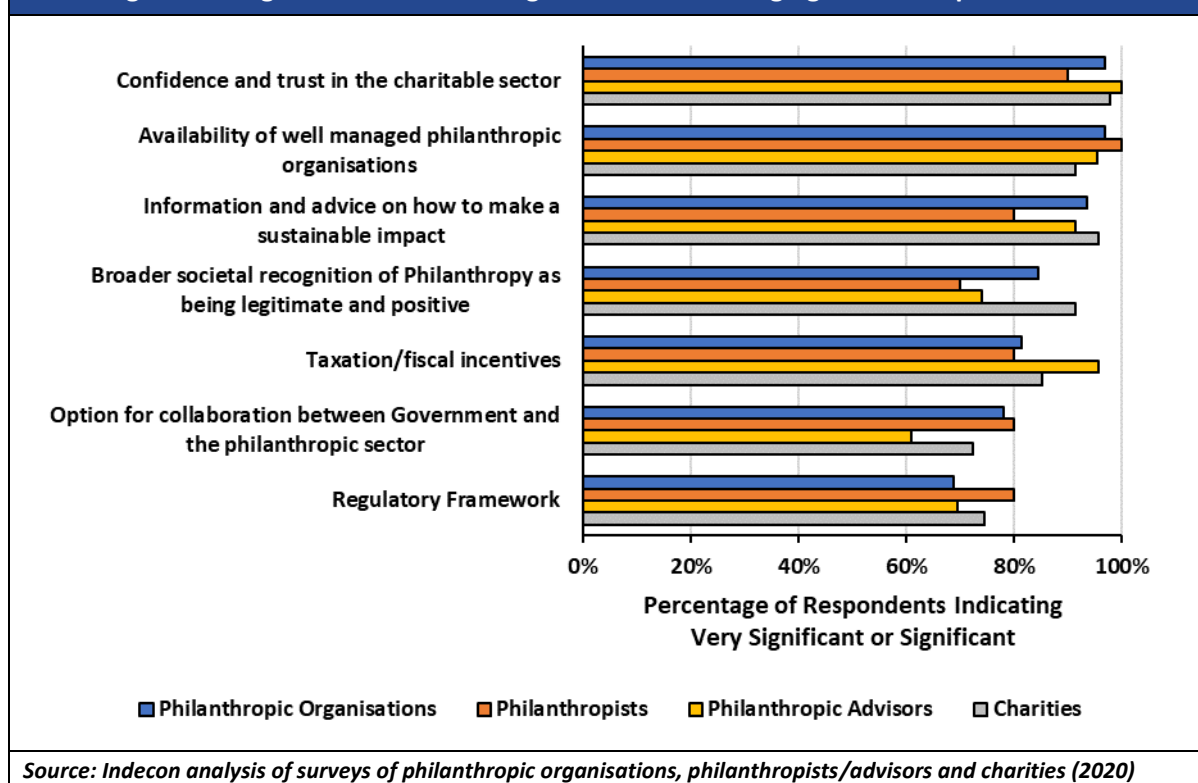
Indecon's primary research of philanthropic advisors highlights the importance of the intrinsic motivation of philanthropists, with care for a particular cause identified as a very strong motivator by philanthropic advisors.

Table 2.6: Views of Philanthropic Advisors on Motivations for Philanthropists				
	Very strong motivator for philanthropy	Moderate motivator for philanthropy	Minor motivator for philanthropy	Not a motivator for philanthropy
Care about the cause	91.7%	8.3%	0.0%	0.0%
Believe they can make a difference	62.5%	29.2%	8.3%	0.0%
Want to help people less fortunate than them	58.3%	29.2%	12.5%	0.0%
Trust the organisation(s) they donate to	50.0%	37.5%	12.5%	0.0%
Want to 'pay back' into society	45.8%	25.0%	20.8%	8.3%
Makes them feel good	25.0%	50.0%	20.8%	4.2%
Believe we all need to help solve social problems	20.8%	41.7%	33.3%	4.2%
Because people ask them to	12.5%	33.3%	45.8%	8.3%
Want to set an example for others	12.5%	25.0%	41.7%	20.8%
Helps them become a better person	9.5%	28.6%	38.1%	23.8%
Because everyone in their family/business donates	8.7%	21.7%	39.1%	30.4%
Because their religion encourages giving	4.3%	30.4%	39.1%	26.1%
Because society expects this behaviour from them	4.2%	4.2%	70.8%	20.8%

Source: Indecon analysis of survey of philanthropic advisors (2020)

Various external factors also drive the motivation of philanthropists and encourage giving. This is important in designing a national policy. Research completed by Indecon confirms that confidence and trust in charities is a very significant factor. Availability of well-managed philanthropic organisations and information and advice on how to make a sustainable impact are also significant.

Figure 2.9: Significance of Following Factors in Encouraging Philanthropists to Give



Interviews with stakeholders highlighted the fact that a lack of trust can be a reason some philanthropists choose not to give:

“They either do not trust the receiving organisation to deliver the promised level of impact in a cost-effective way or they are not convinced the receiving organisation can deliver the promised sustainable impact.”

“Fear of negatively affecting their reputation by unknowingly linking to an organisation misusing funds.”

“They need to believe in the vision of the organisation and trust the organisation and its people.”

The difficulty of identifying the right cause to support was also highlighted:

“It can be very difficult to decide what causes to give to. Personal relationships are key to this as trust builds up.”

“They cannot decide which cause(s) to prioritise. ... Too many charities engaged in the same cause.”

“In Ireland we have a fantastic charity sector, but it's so crowded with similar charities. People/Businesses get confused as to what a charity does.... The education piece here is key.”

“It is possibly difficult to choose one beneficiary over another. This does involve a commitment and an administrative burden which may not be a priority.”

“They do not know where to start i.e., what charities to give to, how to go about giving etc.”

The potential role of Government in encouraging philanthropic giving by providing matching funds was also noted in Indecon’s consultations with stakeholders.

“Their decision can also be influenced by whether there is matched funding provided by government sources.”

“Government match funding is a real incentive for both individuals and for companies.”

“The availability and promotion of matched resources is a big incentive.”

Taxation policy was highlighted in our consultations as a factor influencing the motivation for philanthropists:

“I think the tax laws in Ireland are a major factor for the lack of philanthropy outside of church and third-level education. In countries such as the USA, there are major tax benefits for philanthropists.”

“Our current tax system caps charitable tax relief on a donation at €1 million in a tax year [which] places an unnecessary limitation on philanthropic giving and does not incentivise tax-efficient large donations.”

“More supportive tax environment, political leadership and endorsement for philanthropy, telling the story of how philanthropy makes a difference in relation to particular causes, regions and themes.”

“Tax incentives (such as the simplicity of the UK Gift Aid scheme), would propel significant philanthropic cash gifts.”

Philanthropists and their advisors identified trust in the organisations they donate to, and being asked to donate, as key motivators for their giving. This includes ‘trust’ in providing an effective solution to social problems of concern. This highlights the importance of non-profits having the capacity to engage with philanthropists in an effective way that promotes trust in their organisations.

“They are not asked, nor asked properly, by the right person, at the right time. The case is not compelling nor shared in an impactful way.”

“Upskill the charity sector to improve how they engage with and gain support from potential philanthropists.”

“If we could meet a philanthropist in person, they would feel the passion and they would trust that their money would be used to make real changes in peoples’ lives.”

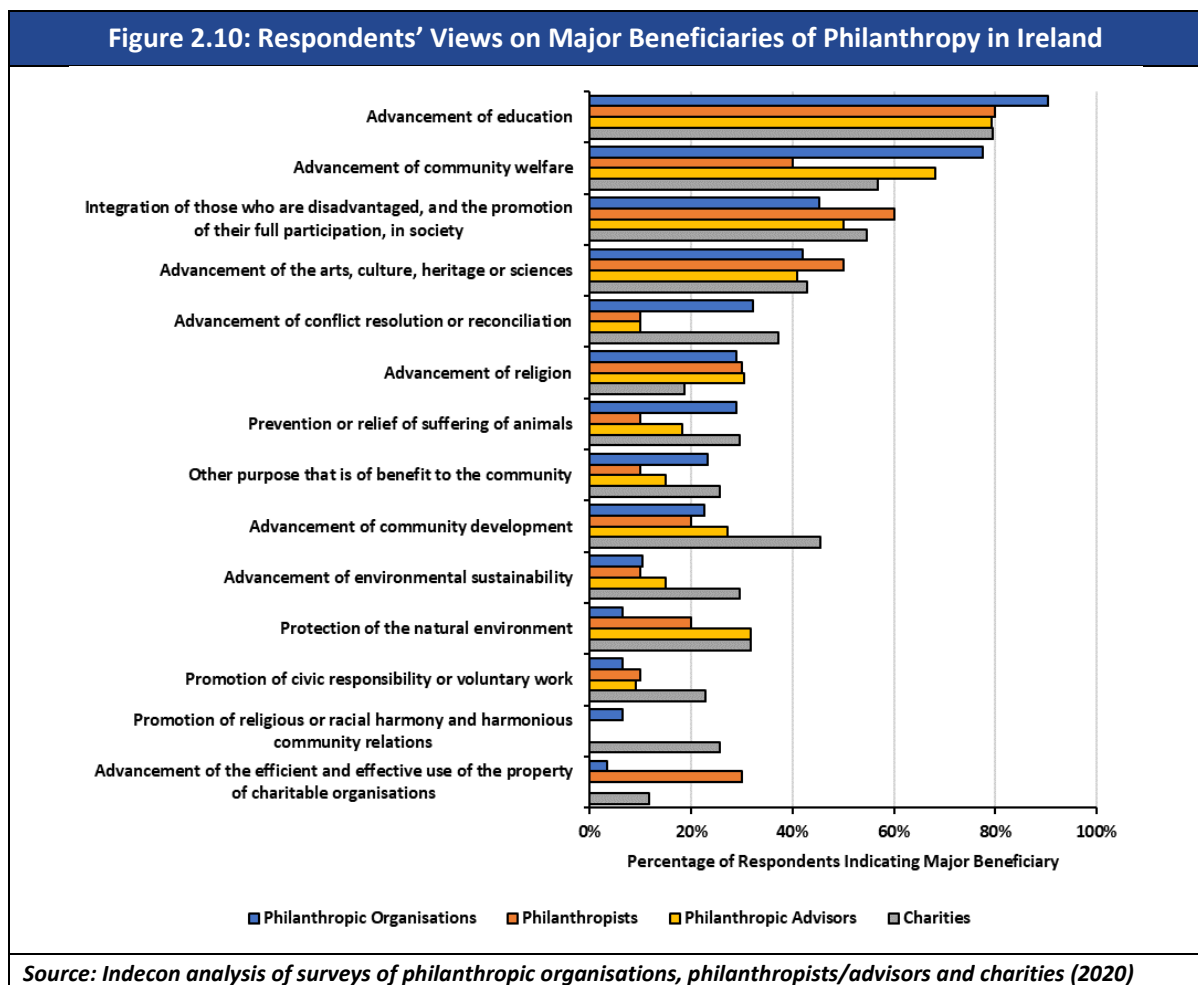
This highlights the importance of skills within the non-profit sector in terms of the ability to liaise effectively with philanthropists. Previous research undertaken by Indecon on behalf of The Wheel showed that fewer than a fifth of non-profit bodies surveyed deemed their fundraising skill levels to be adequate.¹² Philanthropic fundraising skills are a subset of general fundraising skills.

¹² Indecon (2020), “Investment Appraisal of Upskilling of Employees in the Non-Profit Sector” commissioned by The Wheel.

2.6 Major Beneficiaries of Philanthropy in Ireland

Non-profit organisations play an important role in Ireland’s social and economic life and receive part of their funding from philanthropic sources. The range of non-profit organisations which benefit from philanthropy is diverse, ranging from small community groups like sports clubs to large national organisations working in education and areas of social provision. There are over 33,000 non-profit organisations in Ireland. Almost 5,000 of these are in education and research, whilst recreation, sports and local development and housing are the next largest areas of activity.

While many non-profit sectors have benefitted to some extent from philanthropy, there are areas of activity that represent the major beneficiaries of philanthropy in Ireland. Indecon’s survey research confirms that organisations aiming to advance education are major beneficiaries of philanthropy, with several universities having established dedicated units to raise philanthropic funding. Organisations advancing community welfare are also major beneficiaries of philanthropic giving. In considering how to increase the range of beneficiary organisations, our consultations suggest that what works well is the ability of beneficiaries to demonstrate the potential impact of the use of funding provided. This requires well-resourced and skilled organisations. In considering the wider benefits of philanthropy, our research suggests that philanthropic funding often in partnership with Government can facilitate the evaluation of innovative ideas.



2.7 Conclusions

- The analysis in this section has highlighted the need for clarity on the definition of philanthropy. Indecon's consultations with stakeholders confirm the importance of the definition encompassing the intention to improve the public good and have a lasting impact. This informs Indecon's recommendation on the definition of philanthropy. The findings also demonstrate the range of entities involved and the types of donations which include donations from corporates/foundations.
- The evidence on the scale and scope of philanthropic giving shows that there has been a significant decline in philanthropic giving in Ireland by international philanthropists. Indecon believes this implies the need to significantly increase the scale of philanthropic giving. This analysis supports the need to agree on key objectives for philanthropic policy and to have a clearer understanding of the potential of strategic giving.
- The research on the motivation of philanthropists and what encourages giving suggests the need to increase awareness of the value of philanthropic giving. It confirms the importance of strengthening capacity in organisations that benefit from philanthropy. This will require investing in skills within the broader non-profit sector.

3 Gaps in Data and Knowledge

3.1 Introduction

One of the objectives of this research project is to identify the available sources of data on philanthropy and highlight the gaps in current knowledge. Based on the analysis undertaken, Indecon also makes recommendations so that an accurate data baseline can be established. The nature of philanthropy represents a challenge for data collection in most countries.

3.2 Currently Available Sources of Data on Philanthropy

There was limited research and information available in an integrated manner on the philanthropic sector in Ireland, prior to this review. Indecon has, however, identified a range of existing data sources that provide very useful data or knowledge relevant to philanthropy. The main Irish and international data sources are presented in the next table. This includes data on the social and economic context, on the scale of philanthropic giving and on uses of philanthropy funding. Several organisations are of particular importance in providing data and knowledge, including the CSO, The Charities Regulator, Benefacts and other specialist organisations. There are also some other CSO sources including the Labour Force Study which includes important sectoral information on the scale of employment in sectors where non-profit organisations are very significant, such as in education. However, as this does not separately identify non-profit organisations, it is not included in the table. In addition to the main data sources listed, there have been previous once-off studies and academic research on aspects of philanthropy. Some illustrative examples are presented in the bibliography at the end of this report.

Table 3.1: Data Sources on Philanthropy

Data holder	Data series	Purpose	Limitations
CSO	Household Finance and Consumption Surveys	Data on distribution of wealth, which may help guide targeting of potential philanthropic donations.	Only published every 5 years.
CSO	Household Budget Surveys	Data on expenditure, including with respect to donations.	Only published every 5 years and does not provide breakdown among higher wealth households.
Revenue Commissioners	Charitable Donation Scheme	Can be used to assess the use of the scheme for donations.	Data collected but not routinely published. Does not differentiate between charitable donations and philanthropic giving.
The Charities Regulator	Online searchable database	Provides information relating to registered charities including philanthropic bodies, and including charitable purpose & objectives, trustees, annual reports filed, etc.	Published financial data is more limited for charities which submit abridged accounts.
Benefacts	Online searchable database	Collects and aggregates data on non-profits and philanthropic bodies from a range of public sources. Publishes and analyses data.	Published data and research helps inform an understanding of the landscape of philanthropy.
2 into 3 annual reports	Irish not-for-profit fundraising report	Overview of a sample of not-for-profit organisations with a focus on fundraising.	Sample-based methodology.
Charities Aid Foundation	World Giving Index	Tracks social norms regarding <u>total</u> giving, though not limited to philanthropic giving.	Broadly focused on all giving, survey-based methodology.
Knight Frank ¹³	Wealth Report	Data on the number of high-wealth individuals globally on an internationally comparative basis. This is relevant in considering ways to incentivise individual philanthropists.	Limited to presenting comparison of overall numbers.

Source: Indecon

¹³ Commercial and residential property agency.

3.3 Gaps in Current Knowledge

Our findings indicate that despite the valuable information provided by the CSO, the Revenue Commissioners, The Charities Regulator, Benefacts and other organisations, there are significant data gaps when seeking a full understanding of the philanthropic sector. While some can be addressed to help inform evidence-based policies, others are less amenable to being solved in the short to medium term. The gaps in knowledge in Ireland reflect challenges evident in other countries. This challenge is compounded by the fact that when it comes to generating, managing, and using data, countries and organisations have different definitions of philanthropy. Even if definitions are agreed, reliable data on philanthropic giving can be found in only a limited number of countries.¹⁴

There are also areas of specific gaps which tend to be addressed by ad hoc studies. For example, there currently exists very little published information on charitable bequests. Recent evidence from Legacy Solutions¹⁵ suggested that annual bequests in Ireland amounted to around €40m-€70m in recent years. This was based on a combination of desk research and direct contact with charities. The gaps in partially available information on bequests exist even though solicitors applying for a Grant of Probate of any will that contains a charitable legacy are required to lodge a one-page summary form with the Probate Office setting out the details of all charitable bequests. We understand that these forms are then forwarded to The Charities Regulator.

In considering data gaps, Indecon also notes that small non-profits in Ireland are permitted to file accounts in an abridged format that do not include the income and expenditure account. The Directors are required to prepare a full set of accounts presenting a true and fair view of the assets and liabilities of the company and of its surplus or deficit for the year. Following adoption, small companies are permitted to file the accounts in abridged form to the Companies Registration Office.

Some countries address this issue by obliging charities to use SORP (Statement of Recommended Practice). SORP for Charities is an interpretation of the underlying financial reporting standards and gives guidance on financial accounting and reporting for charitable entities.¹⁶ It was developed by the charity regulators in England and Wales, Scotland and Northern Ireland in cooperation with the Financial Reporting Council (FRC) for the UK and Ireland. The use of Charities SORP is voluntary for charities in Ireland, although the adoption of this practice has been growing.

In addition, a 2009 McKinsey report on philanthropy in Ireland¹⁷ identified another data issue whereby the extent of corporate philanthropic giving was not comprehensively documented. There are also important gaps in information on the overall impact and performance of non-profit organisations. As noted earlier, this is a factor that can influence the motivation of philanthropists. While the work of The Charities Regulator has been of critical importance in enhancing trust, and in the provision of information, there is a need for ongoing enhancement of information on beneficiary organisations. There are examples internationally of organisations that have been set up to track and rank the performance of non-profits. This includes the awarding of ‘star ratings’ as a means by which potential philanthropists can compare the efficiency and effectiveness of each charity. These services are run by organisations that are, themselves, usually non-profits, often funded by philanthropic sources. While these are mainly in the US, Indecon notes that the US has a very different cultural, regulatory and fiscal environment.

¹⁴ Global Partnership for Sustainable Development Data (2018), “Global Philanthropy Data Charter”

¹⁵ Unpublished currently.

¹⁶ Benefacts (2021), <https://www.benefacts.ie/help/glossary/>.

¹⁷ McKinsey (2009), “Philanthropy in Ireland”.

Despite the value of existing sources of data, there are gaps in published information on philanthropy in Ireland. This confirms the need for additional information and evidence to inform policymakers and to monitor progress. Indecon's assessment of the main gaps is outlined in Figure 3.1.

Figure 3.1: Summary of Gaps in Knowledge

Gap 1: Lack of Up-To-Date Comprehensive Data on Overall Scale of Philanthropic Giving

While Indecon has identified useful estimates of the scale of philanthropic giving from available sources, this information is not comprehensive and annual data is only published after a lag. Comprehensive segmented evidence on the scale of philanthropic giving is not available.

Gap 2: Gaps in Information on Importance of Philanthropic Giving to Different Organisations

Indecon has analysed detailed data on the significance of philanthropic giving to charitable organisations from The Charities Regulator. However, data on the importance of philanthropic giving as a percentage of income is not available for many non-profit organisations.

Gap 3: Data Gaps on Type and Source of Philanthropic Income

A significant data gap on philanthropy in Ireland is the type and source of philanthropic giving. Of relevance are gaps in information on philanthropic donations by different types of donors. New empirical survey research completed by Indecon for this study provides insight on this important area but there is no current comprehensive annual data available on this aspect of philanthropy.

Gap 4: Lack of Data on Bequests

There currently exists very little published information on charitable bequests, although estimates have been made. Indecon understands that The Charities Regulator collects some information on bequests, but only for regulated charities and this is not currently published.

Gap 5: Gaps in Financial Information on Income and Expenditures of Non-Profit Organisations

Small non-profits in Ireland are permitted to file accounts in an abridged format that do not include the income and expenditure account. Financial statements that do not provide information on sources of income are of more limited use to potential funders.

Gap 6: Lack of Consistent Data on Corporate Giving

While Indecon has identified data sources that examine donations of private individuals, there are significant gaps in consistent information on corporate philanthropic donations in Ireland.

Gap 7: Gaps in Data on Motivations

Indecon has completed new Irish research on the motivation of philanthropists in Ireland and some previous research studies were also available (see Section 2.5). Ongoing information on motivations and changes in the factors which encourage giving is not available.

Gap 8: Data Gaps on Outcomes/Impact

While there is some information available on non-profit organisations and philanthropic activity, there are significant data gaps on the impact of overall philanthropic giving. Measuring the socio-economic changes that can be attributed to an intervention is recognised in the Public Spending Code as a critical step in evaluating the value of a programme.¹⁸

Gap 9: Gaps in Internationally Comparable Data

There are gaps in internationally comparable data on philanthropy. This includes gaps in how aspects of Ireland's regulatory and policy measures compare with other countries.

Source: Indecon

¹⁸ <https://assets.gov.ie/43555/b026e01682a24a4fb4db411bc15c3df3.pdf>

3.4 Recommendations to Establish an Accurate Data Baseline

Indecon has outlined recommendations to establish an accurate data baseline. This will require consultation by the Department with other organisations and it would be unrealistic to assume it will be possible to address all those issues in the short term. However, the implementation of a data management plan would be important.

Table 3.2: Recommendations to Establish an Accurate Data Baseline			
	Issue	Recommendation	Owner
Recommendation 1	Investigate the feasibility of undertaking an annual or bi-annual comprehensive survey of the scale of philanthropic giving in Ireland	This could potentially be considered by the CSO although Indecon is aware of the resource and other constraints for the CSO in undertaking new survey work. Other options could include commissioning an organisation to complete this work.	Department of Rural and Community Development
Recommendation 2	Publish data on bequests to inform understanding of the significance of this source of philanthropic giving	The Charities Regulator could potentially collate and publish data on bequests.	The Charities Regulator
Recommendation 3	Consider Mandate Application of SORP	The Government should consider making SORP mandatory for larger charities. ¹⁹ This would improve data availability and enhance transparency. However, to minimise any administrative burden, we consider this should be confined to charities over a minimum size. Indecon, however, notes that many Irish charities have already voluntarily adopted SORP in order to follow best practice and to improve information and transparency.	Government/The Charities Regulator
Recommendation 4	Develop a regular survey of largest Indigenous corporates	A regular survey of the largest companies in Ireland tracking key elements of their philanthropic efforts should be conducted.	Business community
Recommendation 5	Develop regular surveys of motivations of philanthropists and role that philanthropy plays	This should focus on existing gaps in data and knowledge.	Department of Rural and Community Development

Source: Indecon

¹⁹ Indecon note that the Charities (Amendment) Bill which is currently being considered may include changes to the accounting, audit and reporting requirements of charities.

3.5 Conclusions

- ❑ The identification of the sources of data indicates that while there is a range of existing data sources that provide useful information, significant data gaps exist. These include the absence of comprehensive information on an annual basis on the scale of philanthropic giving. There are also gaps in information on bequests and for many charities, there is limited information on their financial position. Data to monitor philanthropic efforts of large Irish corporates is not currently available. There are also data gaps in outcomes of philanthropic giving and in the motivations of philanthropists.
- ❑ Indecon has made recommendations to address these gaps and to establish an accurate data baseline that can be used to monitor progress and developments. The recommendations to address data gaps should be implemented within the context of an overall philanthropy data plan.

4 Role and Scope of Philanthropy, Regulatory and Governance Implications

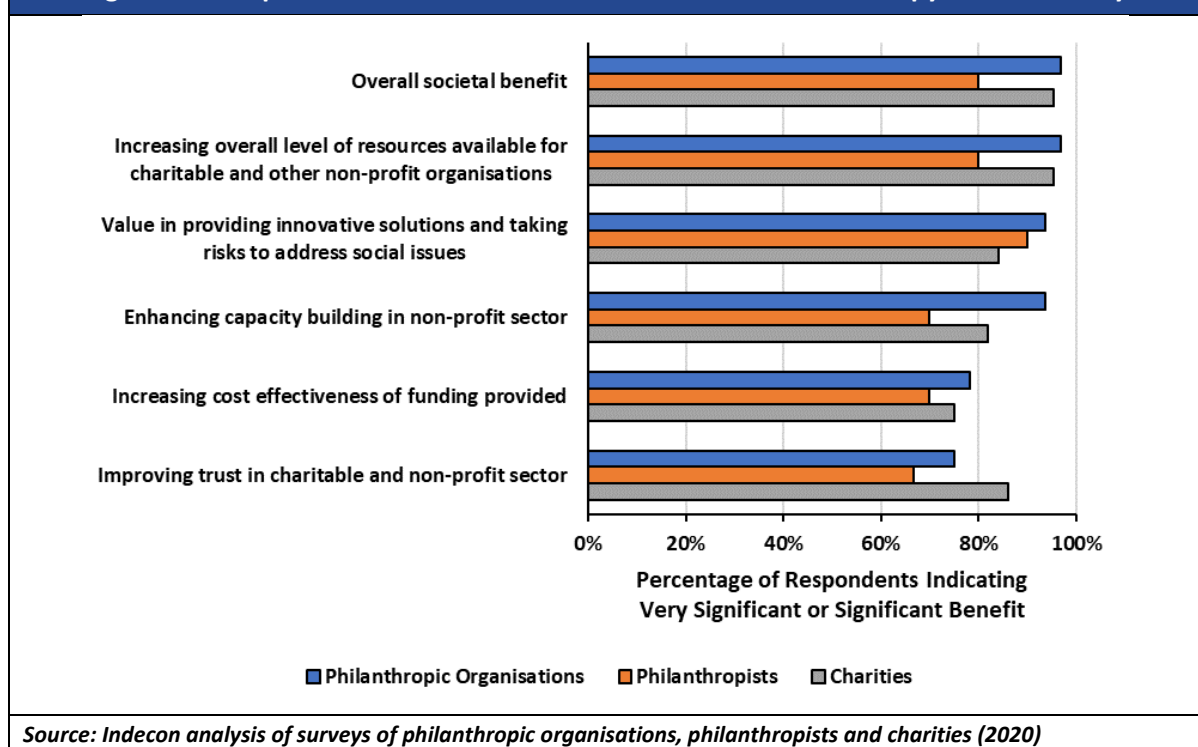
4.1 Introduction

There is recognition that a well-planned and developed philanthropic community is an important element of civic society, although never a substitute for a Government role in core services. It is, however, important to consider what information and knowledge exists on the role and scope of philanthropy and the value it can bring to Irish society. As part of the landscape analysis, it is also important to consider the regulatory and governance implications.

4.2 Roles that Philanthropy Plays and Value to Irish Society

Indecon's new survey research has illustrated a range of ways in which philanthropic giving benefits Irish society. Stakeholders consulted by Indecon indicated that philanthropy has a significant impact on overall societal benefit. This includes the provision of additional resources and there is recognition of the significance of innovative solutions and the enhancement of capacity. This is confirmed by examples for specific organisations, such as research on the impact of The Atlantic Philanthropies, which highlight the importance of not only increasing the overall level of resources but also of providing innovative solutions. Philanthropic giving has enhanced capacity in the non-profit sector and has increased the cost-effectiveness of resources allocated to philanthropic purposes. This latter impact has arisen from targeted planning by major philanthropic organisations and by developing the type of information which is required by funders. A similar benefit resulted in the past in a different area of Irish policy arising from the reporting requirements to the European Commission concerning the use of EU structural funds.

Figure 4.1: Respondents' Views on the Potential Value of Philanthropy to Irish Society



Several stakeholders consulted as part of this research indicated that an important means by which philanthropy benefits society was providing solutions to social problems. This is consistent with international research on best practice.²⁰ This requires close cooperation between the Government and philanthropists. Various stakeholders highlighted the importance of this co-operation:

“We have untapped potential for philanthropy in Ireland. Without a Government policy on philanthropy that both defines and encourages philanthropic giving, potential opportunities for collaboration are wasted. The meeting points exist but without scaling up from the language of charitable giving to the language of philanthropic giving, the opportunity to ensure the optimum outcome from the encounter is lost.”

“Philanthropy and Government should work together to help solve societal problems.- Strategic partnerships – these should include round table discussions with the non-profit sector and business communities. This would show a collaborative approach to solving public problems. This would present new ways to leverage philanthropic assets and advance new and exciting ways to solve national problems.”

“It is very important that there is collaboration between Government and the Philanthropy sector. The collaboration between Government departments and The Atlantic Philanthropies was a good example where Government worked alongside the organisation to focus on a number of initiatives which were then embedded into policies and streamlined into mainstream Government funding. More of this collaboration across the different Government departments especially in education and in health to improve outcomes for children and families in Ireland.”

“Overall, Government needs to set out a strategy and strategic vision for philanthropy and for the outcomes it can achieve. These outcomes need to be measurable and need to result in significant change for particular cohorts of society.”

“Government to drive a national initiative in ‘Creating a Culture for Giving’ together with other stakeholder organisations and back it up with long-term financial commitments of support.”

Some stakeholders also pointed to the ability of philanthropists to support advocacy. For example, philanthropists supported the campaign for Marriage Equality in Ireland which culminated in the referendum in May 2015.²¹ Other stakeholders highlighted the importance of supporting innovative means of service delivery which could subsequently be mainstreamed by the public service. This requires close cooperation between the Government and philanthropists. According to one stakeholder:

“Philanthropy can take risks that government funds cannot. It can back early-stage ideas, innovations and take the risk to test and prove them. If proven, governments can take over the scaling/spreading of the innovation.”

²⁰ See Goldsmith (2010) “The Power of Social Innovation: How Civic Entrepreneurs Ignite Community Networks for Good.” Also see Geoff Mulgan: Social Innovation: How Societies Find the Power to Change.

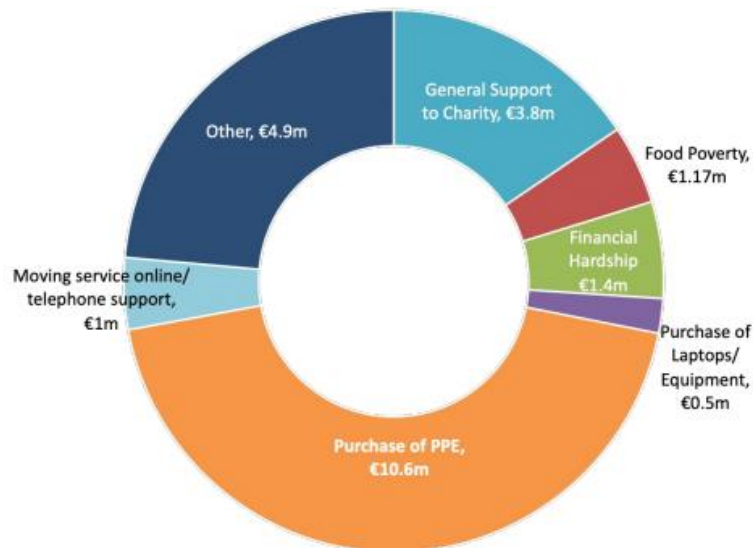
²¹ The Atlantic Philanthropies (2018), “Advocacy for Impact”. <https://www.atlanticphilanthropies.org/insights/insights-books/advocacy-for-impact>

Several stakeholders highlighted that philanthropy could enhance the professionalism of non-profits especially with respect to governance and communication. Indecon believes that a vibrant and expanded philanthropic community would be of major potential value to achieving societal and public policy objectives. The ability of the philanthropic sector to respond rapidly to an emerging problem is highlighted in the next case study.

Figure 4.2: Case Study: Donations from Philanthropists in Response to COVID-19 in Ireland²²

What happened

An example of the role philanthropy can play in terms of providing speedy solutions to social challenges is the response to COVID-19 in Ireland. Over €28m in philanthropic funds were raised²³ in response to the COVID-19 pandemic, including some large individual donations. Of this, €23.4m has been spent so far, of which €10.6m went to purchasing personal protective equipment for the HSE. General support to charities (€3.8m) and financial hardship (€1.4m) were also areas of focus for philanthropic giving during the crisis. These initiatives were responsive and show the effectiveness of the strategic alliance between Government and the philanthropic sector. This model can be further strengthened to align with government policies. The priority Government policy at this time was responding to Covid-19.



Lessons Learnt

The study also draws several lessons from this example:

- ❑ In terms of what influences giving, existing relationships were key.
- ❑ Charities highlighted the impact of COVID-19 on their operations and the need for core funding, while philanthropies reported mixed views in relation to levels of funds available. As such, while philanthropy can play a role, it can never provide certainty.
- ❑ The role of intermediary foundations was highlighted, with a significant portion of giving being distributed via these foundations to charities serving communities across Ireland.
- ❑ Opportunity created potentially for new donors that responded to the emergency to be tempted to back non-profit organisations in this next phase.

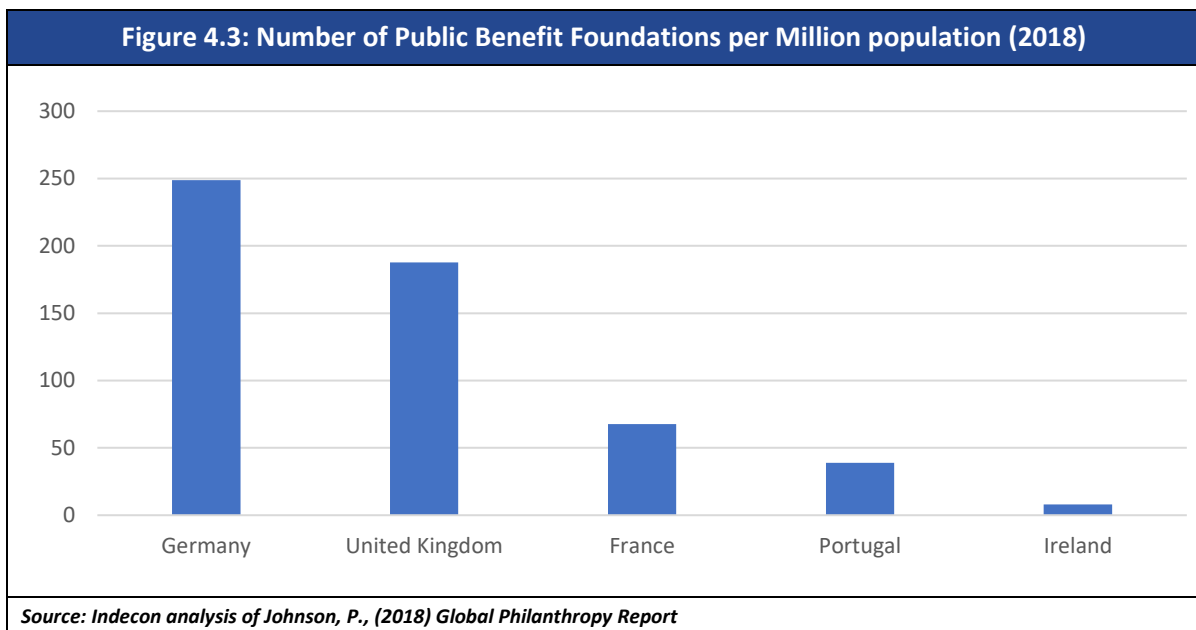
Source: Philanthropy Ireland

²² Philanthropy Ireland (2020), "Mapping the Emergency Response of Philanthropy to COVID-19."

²³ Research captured donations and grants made between March and July 2020, with a survey of 78 organisations.

4.3 Regulatory and Fiscal Framework

There have been important developments in the regulatory and financial framework in Ireland that have been aligned with elements of practice in similar countries. These include the establishment of The Charities Regulator and several enhancements in financial measures. However, the evidence suggests that the extent of philanthropic activity in Ireland is low compared to European countries. The following figure shows the number of public benefit foundations in a selection of European countries as expressed per million of the population. Ireland is estimated to have approximately eight per million population, compared to 188 per million in the UK. However, caution is needed in interpreting these figures due to cultural differences as well as the different legal and fiscal environments that exist across Europe.²⁴



There are differences in the regulatory and fiscal framework for philanthropy between countries and there is no single example of best practice for all aspects of the regulatory and fiscal framework. Of relevance is the comparison with European countries, given the similarities with Ireland. Ireland's regulatory framework for philanthropy has been ranked in the Global Philanthropy Environment Index²⁵ as slightly less positive than some other European countries.

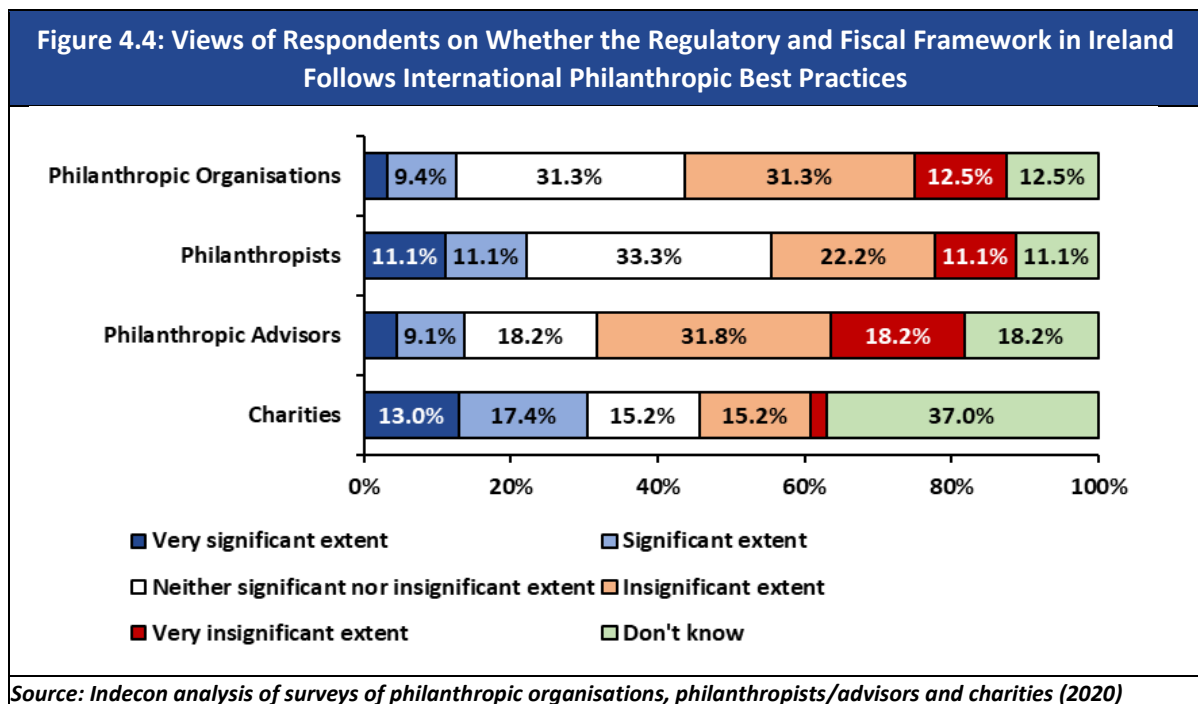
In comparing Ireland with other countries, it is useful to consider the evidence on the scale of philanthropic income in terms of the annual value of charitable bequests. An analysis of the annual charitable bequests in various countries as a percentage of GDP indicates that Ireland has a lower level than elsewhere in Europe.²⁶ This may in part be impacted by the regulatory and fiscal framework, but also by the societal awareness of the benefits of philanthropy and by differences in international philanthropic best practice.

²⁴ <https://www.efc.be/knowledge-hub/data-on-the-sector/philanthropy-faq/>.

²⁵ <https://globalindices.iupui.edu/environment/methodology/index.html>.

²⁶ Community Foundation of Ireland (2020) 'Legacies for Good'

Indecon's primary research included obtaining views on whether the regulatory and fiscal framework in Ireland was aligned with international philanthropic best practices. It is notable that many philanthropic organisations and philanthropists/advisors did not consider that Ireland followed international best practices. These views may reflect perceptions of the differences in the tax system and of the wider regulatory environment. The incentives for corporates to engage in philanthropic giving in Ireland may also be influenced by the low rate of corporate tax. This is because eligibility for corporate philanthropic donations under a low corporate tax rate provides a lower rate of tax reduction than would apply if there was a higher rate of corporate taxation. In our consultations with stakeholders, the absence of a clear definition of philanthropy and a National Philanthropic Policy were seen as important issues for the regulatory and policy framework.



One of the aspects of the regulatory and fiscal framework is government support for philanthropic endeavour by providing incentives. The OECD has indicated that there is no single accepted rationale for the preferential tax treatment of philanthropy. This is a complex area and there is a need for equity in the fiscal system and clarity on the complementary role that philanthropic activities can play jointly with the public sector. Indecon also believes it is critical that any tax incentives are used effectively and avoid deadweight²⁷. The OECD sets out arguments for and against preferential tax treatment, which are summarised in the table overleaf.

²⁷ Deadweight refers to the likelihood that an outcome would have occurred without the intervention. See Gray, A. W. 1995, 'A Guide to Evaluation Methods', Published by Gill and MacMillan.

Table 4.1: Rationale for Preferential Tax Treatment of Philanthropy

Arguments in Favour	Arguments Against
<p><u>Under provision of Public Good</u></p> <p>This arises where Government is unable to provide public services at an optimal level, providing a rationale for philanthropic bodies to so do.</p> <p><u>Positive externalities</u></p> <p>Any good which provides positive externalities may be underprovided in a free market, and therefore could be incentivised by, or provided by, the State.</p>	<p><u>Cost to exchequer</u></p> <p>Tax concessions have a cost, reducing Government revenue and shifting the tax burden to other taxpayers.</p> <p><u>Gives power to wealthy donors</u></p> <p>Gives high-income donors a disproportionate say on which causes to support (e.g., favouring Higher Education and culture over broader social welfare).</p>

Source: OECD (2020), "Taxation and Philanthropy"

The themes identified by the OECD were also highlighted during the interviews conducted by Indecon with stakeholders. While there was recognition of the value of philanthropic giving, the requirement for the State to retain central control of core services was stressed. This mirrors the findings of McKinsey (2009)²⁸ which reported that the public and the media tended to be distrustful of largescale philanthropic activities. The report also reported a lack of understanding of the complementary role between philanthropic activities and the public sector and the fact that social provision was regarded as a government responsibility.

The following table summarises charitable donation tax relief available in Europe.²⁹ In most countries, individuals can claim some tax relief on donations. The percentage of income tax reduction that can be claimed varies between countries, with most countries allowing a portion of the donation to be deducted. Some countries, however, allow deduction of the full value of the donation, subject to the limits set based on the individual's income. In Ireland, donations can qualify for tax relief if they exceed €250, with a maximum donation of €1m in any one year. Approved bodies may claim 31% tax relief on a donation, with the payment to the approved body not exceeding the amount of tax paid by the donor in that year.

²⁸ McKinsey (2009), "Philanthropy in Ireland".

²⁹ European Fundraising Association (2018).

Table 4.2: Charitable Donation Tax Relief Schemes in Europe

Austria	Individuals can deduct donations to approved organisations up to the value of 10% of the previous year's taxable income. A scheme introduced in 2017 allows for tax deductions on endowments to foundations.
Belgium	Individuals can claim tax relief on charitable donations to approved donations with the typical relief equal to 45% of the value of the donation, with a cap of 10% of the individual's taxable income. Corporate donations are also tax-deductible up to 5% of the total net income of the taxable period or €500,000.
Czechia	Individuals can claim tax exemptions on donations to approved charities, up to a value of 10% of their taxable income. Companies can also exempt donations to registered charities up to the total value of 5% of their taxable income.
Finland	Tax incentives in Finland are limited to specific universities in the EEA, with these incentives only applying on donations between €850 and €500,000.
France	Individuals can claim an income tax reduction of 66% of the amount donated, capped at 20% of annual taxable income. Companies can deduct 60% of the value of their gift from corporation tax up to a maximum of 0.5% of their annual turnover.
Germany	Individuals in Germany can deduct up to 20% of their pre-tax income as a donation to approved non-profits. Similar schemes exist for corporate donors.
Ireland*	The Charitable Donation Scheme allows tax relief on qualifying donations made to approved bodies. If an individual donates €250 or more in a year, the approved body can claim a refund of tax paid on that donation. If a company donates €250 or more in a year, the company can claim a tax deduction as if the donation was a trading expense.
Italy	Tax incentive schemes depend on the type of charitable organisation, with 65% tax credit against the cost of donations to arts/cultural organisations. Most schemes are limited to 10% of taxable income. Similar schemes exist for corporate giving.
Netherlands	Donors can deduct the value of their donations to approved organisations, from their taxable income (capped at 10% of taxable income). Companies are also entitled to deduct the annual value of their gifts up to a maximum of 50% of their annual profit/revenues.
Norway	Individuals who donate NOK 500-40,000 to charity annually are eligible for a tax deduction against the value of those donations. Similar scheme exists for corporate donors.
Slovakia	Individuals can allocate 2% of their income tax to a non-profit organisation (or 3% if they have volunteered over 40 hours of their time during the previous year) directly from their tax return. A similar scheme exists for corporate donors.
Slovenia	The public can complete a tax statement, allocating 0.3% of their income tax to an NGO, political party or church, which typically equates to €5-50 per person (depending on their income). Companies can also give 0.5% of their taxable income to public benefit organisations, and an additional 0.2% if the donation is for cultural organisations or disaster relief.
Spain	The Spanish public can claim a tax credit of 30% of the value of their donations. However, a tax deduction of 75% applies to the first €150 donated from supporters who have given for the past three years or more. Tax relief is capped at 10% of the taxable income. A similar scheme exists for corporate donations.
Sweden	Tax deductions for donations to non-profit organisations re-introduced in 2019 allow for the deduction of SEK 1,500 for donations made to non-profit organisations approved by the Swedish Tax Authority.
Switzerland	Individual donors in Switzerland are eligible for tax deductions on cash and the value of other donations given, providing they have given more than CHF 100 (€85) during the year. Tax relief is capped at 20% of taxable income and applies on gifts to all recognised charitable organisations. A similar scheme applies to corporate donations.
UK	Gift Aid enables charities to claim the basic rate of tax paid on the value of donations they receive from taxpayers. Higher rate taxpayers are then entitled to claim back the difference between the higher and basic rate of tax. Additional tax incentives apply on donations of land, property, shares, payroll donations, cultural artefacts, legacies and workplace giving. With no minimum donation or cap for Gift Aid donations, CAF's ³⁰ UK Giving 2018 report indicates that half of all UK donors currently use the scheme. Companies using the scheme gain the tax benefit for themselves, deducting charitable donations from their taxable income.
Source: European Fundraising Association (2018), "Tax Incentives for Charitable Giving in Europe"	
*Source of information on Ireland is Revenue.ie	

³⁰ Charities Aid Foundation.

Research conducted on behalf of Philanthropy Ireland focussed on the impact of the change in tax treatment of charitable donations in 2013. This change meant that donations from individual PAYE and self-assessed donors would be treated the same. Tax relief would be granted to the approved charity rather than to the donor, whether the individual was self-assessed or PAYE. Indecon has updated the analysis contained in the report with data obtained from the Revenue Commissioners on charitable donations in Ireland. The aggregate value of claims processed under the Charitable Donation Scheme has been static over the last number of years, despite very strong growth in income and wealth over this period. The following table shows that over €90m was donated annually between 2013 and 2018, with between €40m and €49m claimed each year. Approximately 80% of these claims were paid each year with the rest either partially paid or not paid at all. There has also been little change in the total number of donors, particularly in terms of self-assessed donors who are more likely to constitute wealthier individuals.

Table 4.3: Overview of Claim Values Processed, 2013-2019 (€m)				
	Donated	Claimed	Paid	Incomplete or Invalid
2013	€90.8m	€40.8m	€33.3m	€7.5m
2014	€98.1m	€44.1m	€35.5m	€8.5m
2015	€101.9m	€45.8m	€36.9m	€8.8m
2016	€92.4m	€41.5m	€34.4m	€7.1m
2017	€108.4m	€48.7m	€38.5m	€10.2m
2018	€91.4m	€41.0m	€33.0m	€8.0m
2019*	€62.6m	€28.1m	€10.5m	€17.6m

Source: Data from Revenue (2017-2019) and BDO (2013-2016)³¹

* 2019 returns partial

The OECD refers to the Irish and UK schemes as “matching schemes”. In a matching scheme, the government tops up donations with a specific amount, which means that the fund or Public Benefit Organisation receiving the donation can claim the incentive. In 2014, Norway introduced a matching scheme (also known as the gift reinforcement programme) in addition to the available deduction, with Singapore also operating such a scheme.³²

³¹ BDO (2018), “The Impact of the 2013 Change in the Tax Treatment of Charitable Donations”.
<https://www.bdo.ie/getattachment/News/2019/BDO-and-Philanthropy-Ireland-announce-launch-of-ne/Philanthropy-Ireland-Report-Final-20-2-19.pdf.aspx?lang=en-GB>.

³² OECD (2020), “Taxation and Philanthropy.”

The philanthropic environment in Ireland includes taxation relief on qualifying donations made to approved bodies.³³ There is also a VAT compensation scheme for charities in Ireland and Irish capital gains tax relief.³⁴ It is further instructive to compare Ireland with New Zealand given the similarities in terms of population size and wealth. Ireland's population size (5.2m) is very similar to that of New Zealand (5.0m),³⁵ while the age structure and levels of per capita national income are also very similar. The New Zealand tax system encourages charitable giving by offering an income tax rebate of 33.33 cents for every one dollar donated by individuals to approved charities and organisations in a given tax year.³⁶ Claims can only be made on donations of five dollars or more, but no more than the individual's total taxable income for the year.

Individuals in New Zealand who make donations that exceed their annual taxable income can claim the outstanding tax credit on their partner's income provided this does not exceed their partner's total taxable income. There is a four-year time limit on claims, with any credit due applying to the tax year when the donation was made rather than the year in which the receipt was submitted.

Another way individuals can donate to approved charities or organisations is via payroll giving which applies in New Zealand. This is when the employer deducts the donation on behalf of their employee and passes it on to the chosen organisation(s).³⁷ The employee receives the same tax credit outlined above directly through payroll rather than having to apply for it separately. Under this option, the tax credit also reduces the amount of PAYE the employee pays.

In considering the fiscal context for philanthropy in Ireland it is also important to consider the issue of tax incentives for donations by corporations. The recent OECD Report³⁸ noted that businesses can use business expensing rules, which are linked to donations, to incentivise corporate sponsoring of philanthropic entities. As indicated in the next table, three countries allow the use of corporate tax credits which enable corporations to subtract a share of the value of their donation from their tax liability. Norway also has a matching scheme for corporate giving.

An issue for Ireland is the interaction with the corporate tax rate. Early in October 2021 the Minister for Finance, Mr. Pascal Donohoe, announced the decision of the Irish Government to join the international consensus on a suite for reaching reforms to the global corporation taxation framework arising from the latest round of discussions at the OECD. The agreement provides that the minimum effective rate of corporate tax for those companies in the scope of the agreement will be 15%. This will impact on 56 Irish multinational companies that employ approximately one hundred thousand workers, and one thousand five hundred foreign-owned multinational companies that employ approximately four hundred thousand workers. Ireland has also secured a commitment as part of this agreement to retain the statutory 12.5% for businesses with annual revenue of less than €750 million. From a philanthropic perspective, this may provide a small change in the incentives for philanthropic giving by multinationals operating in Ireland, however, there is likely to be a need for additional measures. Even with this recent change to 15%, the low average corporate tax means there are fewer incentives for corporations to engage in philanthropic giving than in certain other European countries. This is because the lower a tax rate is, the less valuable a tax relief linked to that tax rate is. For example, if a corporate philanthropic donation of €10m is made, companies would secure a €1.50m reduction in their corporate tax liabilities assuming a 15% tax rate but if a 40% corporate tax applied the €10m donation would result in a €4m reduction in tax liabilities.

³³ <https://www.revenue.ie/en/companies-and-charities/charities-and-sports-bodies/charitable-donation-scheme/index.aspx>

³⁴ These two schemes were highlighted as case studies in the recent OECD Report, Tax and Philanthropy, OECD, No. 27, 2020.

³⁵ CIA World Factbook, accessed 24.02.21.

³⁶ New Zealand Inland Revenue: <https://www.ird.govt.nz/topics/income-tax/tax-credits/tax-credits-for-donations>

³⁷ New Zealand Inland Revenue: <https://www.ird.govt.nz/roles/employees/payroll-giving-as-an-employee>

³⁸ OECD 2020 op cited.

Table 4.4: Tax Incentives for Donations by Corporations			
Country	Deduction	Credit	Matching
Argentina	X		
Australia	X		
Austria	X		
Belgium	X		
Bulgaria	X		
Canada	X		
Chile	X	X	
Czech Republic	X		
Estonia	X		
Finland	X		
Germany	X		
Greece	X		
Hungary	X		
India	X		
Indonesia	X		
Ireland	X		
Italy	X		
Japan	X		
Latvia	X	X	
Lithuania	X		
Luxembourg	X		
Malta	X		
Mexico	X		
Netherlands	X		
New Zealand	X		
Norway	X		X
Portugal	X	X	
Romania	X		
Singapore	X		
Slovenia	X		
South Africa	X		
Switzerland	X		
United Kingdom	X		
United States	X		
Colombia		X	
France		X	
Israel		X	
Slovak Republic			
Sweden			

Source: OECD Taxation and Philanthropy Questionnaire
X denotes the tax incentive for corporations

Government Partnerships

Indecon believes it is useful to differentiate between financial incentives and wider government supports. For example, one of the ways that the Government encourages philanthropic giving in Ireland is through government partnerships. Such partnerships can not only generate additional funding but also provide other important benefits including enabling innovation and facilitating initiatives which Government could not take because of the risks involved.

There are many examples of how these partnerships can be developed. One example is Rethink³⁹ Ireland's Social Innovation Fund, which uses matched funding for philanthropic donations through Dormant Accounts Funds.⁴⁰ A case study of Rethink Ireland is shown in Table 4.5.

Table 4.5: Case Study: Rethink Ireland

Rethink Ireland is a nationwide organisation that provides support to Irish non-profits through investment funds in the areas of health, education, climate justice and economic empowerment. With offices in Dublin, Cork, Galway and Wexford, Rethink Ireland works with businesses as well as individuals to identify local charities and social enterprises working in these four areas, to expand and promote their work on a national scale. Rethink Ireland provides support in the form of cash grants as well as professional advice/business assistance. Its vision and mission statement are:

"Our vision is an Ireland in which social innovations are supported to realise their ideas and make positive societal change. Our mission is to identify the best social innovations and ideas and provide the business supports they need to help address our most pressing social needs."⁴¹

Business partners such as banks, insurance companies, and industry leaders, as well as individual donors, provide financial backing to Rethink Ireland. Pro bono services to support Rethink Ireland's chosen recipients are also provided through professional firms.⁴² Additionally, the Social Innovation Fund administered by Rethink Ireland is supported through matching grants by the Department of Rural and Community Development from the Dormant Accounts Fund⁴³ and is also supported by other Government departments.

Rethink Ireland began operations in 2016 and since then has raised over €30m in philanthropic funding to support over 130 social innovations across Ireland. Matching grants have doubled this amount to over €52m, leading to follow-on funding of €12m and assisting 864 disadvantaged persons to progress into employment.⁴⁴ Its Social Enterprise Fund 2021 is currently running to support inventing and developing solutions to Ireland's most pressing social issues by creating meaningful jobs, tackling inequalities and supporting community development.⁴⁵ Rethink has many funds which represent collaborative partnerships in areas of equality, education and climate change. This model is just an example of how these partnerships can be developed.⁴⁶ Examples of projects include:

Amicitia (which works with the inhabitants of rural towns and villages across Ireland, where there are higher levels of consistent poverty, to co-create initiatives which will improve the quality of life, health and wellbeing of aged, disabled and socially isolated local residents).

Cork Counselling Services (which provides counselling and psychotherapy. It also educates and trains students to attain professional counselling standards in an applied setting, reflecting best practice and accreditation.)

jumpAgrade (which ensures personalised teaching is accessible to all students, addressing educational inequality. Its online platform and research-backed methods enable it to support second-level students from less fortunate backgrounds and underrepresented groups. To date, jumpAgrade has provided educational support to over 1,000 students from disadvantaged backgrounds).

Dress for Success (which connects job seekers with appropriate donated clothing supplies for interviews and employment).

FoodCloud (which matches surplus retail food supplies with charitable organisations providing meals for the disadvantaged).

Source: Indecon

³⁹ Provides cash grants and business support to social innovations.

⁴⁰ It is relevant here to highlight the June 2021 announcement by an Irish-led international consortium of a new EU-funded project to establish a National Competence Centre for Social Innovation in Ireland. The aim of the project is to facilitate an international, cross-sectoral network of stakeholders and promoters who will provide support for social innovations in each country. The project has been granted €650,000 from the EU, as well as at least €60,000 by DRCD towards budgetary costs - <https://www.gov.ie/en/press-release/a5fbf-minister-obrien-welcomes-announcement-of-eu-funded-project-to-establish-a-national-competence-centre-for-social-innovation-in-ireland/>.

⁴¹ <https://rethinkireland.ie/about-us/>.

⁴² <https://rethinkireland.ie/our-partners/supporters/>.

⁴³ <https://rethinkireland.ie/our-partners/government-funding/>.

⁴⁴ [https://www.zurich.ie/about-us/corporate-social/rethink-ireland-innovate-together/#:~:text=Rethink Ireland: Innovate Together Fund 1, a national organisation supporting innovative charities, ... More.](https://www.zurich.ie/about-us/corporate-social/rethink-ireland-innovate-together/#:~:text=Rethink%20Ireland%3A%20Innovate%20Together%20Fund%201,a%20national%20organisation%20supporting%20innovative%20charities,%20...%20More.)

⁴⁵ https://rethinkireland.ie/current_fund/social-enterprise-development-fund-2021/.

⁴⁶ https://rethinkireland.ie/awarded_fund/innovate-together-round-1-awards/.

In identifying appropriate supports and organisations of possible benefit to the development of philanthropy in Ireland, it is useful to consider EU philanthropic policy. At a European level, InvestEU provides funding for social investment which can be used to complement philanthropic activity. InvestEU was originally announced in 2018 as the successor to the European Fund for Strategic Investments (EFSI), to support investment and access to finance in the EU in a streamlined manner and will run from 2021-2027. The first five windows for funding include social investment and skills, which includes a budget guarantee of €3.6bn, representing 5% of the minimum commitment to these five windows. The InvestEU Fund will support projects from private sector organisations active in the social investment space, including SMEs, large corporations, cooperatives, foundations, venture philanthropists, social impact investors, education and training institutions.

Of relevance in considering the European policy, environment is the “European Philanthropy Manifesto”, which is a joint initiative of DAFNE⁴⁷ (Donors and Foundations Network Europe) and the EFC⁴⁸ (European Foundation Centre). This proposed a ‘Single Market for Philanthropy’ to include: a better recognition of philanthropy in EU legislation as well as at national level; support for cross-border philanthropy across the EU; and a decrease in today’s barriers to philanthropy to leverage the impact of donors’ and foundations’ spending of private resources for public good.⁴⁹ Four recommendations were outlined in this Manifesto, namely: recognise philanthropy and engage with it; facilitate cross-border philanthropy and reduce barriers; enable and protect philanthropy; and co-grant and co-invest for public good and civil society. The importance of an engagement with philanthropy recognised in EU policy requires agreement on the key objectives. Such engagement necessitates a strategic approach across government policies.

4.4 Aspects of International Policy of Possible Benefit to Development of Philanthropy

There are several aspects of international policy and the learnings from Irish experience with relevance to the development of philanthropy in Ireland. These include the need to develop a clear and agreed definition of philanthropy and the development of a national policy. Enhancing communications and engagement with philanthropic organisations and other funders and the beneficiaries of philanthropy would also be important. The research completed for this study, and the proposed preparation of a National Philanthropy Policy, are part of the measures designed to benefit the development of philanthropy.

While there are differences in the regulatory and fiscal environments in Ireland compared to other countries, some of the differences are either cultural in nature, or relate to issues that are broader than philanthropy. One area that could be considered however is targeted changes in the incentives for either personal or corporate philanthropic donations. A shared understanding must however be first developed among stakeholders on how best this could be achieved.

Several options could be considered as part of the development of a national policy. For example, to significantly increase philanthropic donations of scale, there may be merit in considering adjustments to corporate tax incentives. A detailed cost-benefit analysis of any specific tax changes is outside the scope of this current project. However, Indecon believes one option which could be evaluated would be the application of a tax credit structured similarly to the Irish Research & Development tax credit.

⁴⁷ Donors and Foundations Network Europe.

⁴⁸ European Foundation Centre.

⁴⁹ Donors and Foundations Network Europe and European Foundation Centre (2019), “European Philanthropy Manifesto”- https://www.philanthropyadvocacy.eu/wp-content/uploads/2019/03/20190321-Philanthropy-Manifesto_420x210_WEB.pdf.

This would provide a credit equal to a percentage of corporate philanthropic expenditure subject to certain conditions being met. Because of the low existing levels of corporate philanthropic donations of scale in Ireland, a properly targeted measure could have a significant net impact compared to the tax costs to the Exchequer which would likely be limited. This could be restricted to allocations above a certain level to minimise deadweight. This may also be a benefit in making some adjustments to the cap on donations for individuals in the Charitable Donation Scheme, bringing Ireland in line with the UK Gift Aid scheme. For equity reasons, however, some cap on personal tax incentives should be kept. Another option would be to incentivise giving through changes in the Charitable Donation Scheme whereby an individual would have the option to claim the relief or to provide the relief to the charity concerned.

An alternative to additional tax incentives would be to expand the levels of co-funding provided by the Government. This option would involve focusing government support using other policy instruments such as through Rethink Ireland, which allows the State a degree of control and choice as to which projects are supported.

4.5 Conclusions

- ❑ Philanthropy plays an important role and can provide distinctive benefits to Irish society. These include not only increased resources but also the enabling of innovation. Philanthropy can facilitate the implementation of new measures which could not be funded by governments due to the risks involved. Where such measures are effective, they can be considered for implementation in mainstream programmes. There is, however, a need for agreement on the key objectives for philanthropic policy. That implies the need for an alignment of philanthropic policy with wider policy objectives.
- ❑ The levels of qualifying charitable donations from individuals notified to the Revenue Commissioners in Ireland have remained static despite the growth in incomes. This may, in part, reflect changes in the tax treatment of donations. It is also important to consider the issue of tax incentives for donations by corporations. Also of importance is the absence of any tax benefit to an individual for charitable donations as the relief accrues to the approved beneficiary organisation.
- ❑ International policy suggests the need for clarity on the definition of philanthropy and the merits of targeted incentives. The analysis supports the development of incentives to promote philanthropic giving but these need to be carefully designed to maximise impact and cost-effectiveness.
- ❑ The review highlights the role and value of government partnerships. This requires agreement on the key objectives and the implementation of a strategic approach across government. The international review highlights the benefits of government engagement with philanthropists and with beneficiaries.

5 Opportunities

5.1 Introduction

The practical experience of philanthropy in Ireland and in other countries highlights the importance of developing a national policy that encompasses all aspects of philanthropy. This includes promoting philanthropic giving, demonstrating the benefits of philanthropy and ensuring an alignment with public policy. This experience has also been reflected in theoretical research which has highlighted that public policy for philanthropy has both a supply/production side and a demand/consumption side (Frumkin, 2006).⁵⁰ A possible way of considering this, which is relevant to identification of opportunities, is presented in Table 5.1.

Table 5.1: Elements of Philanthropy Policy	
Supply Side/Production	Demand Side/Consumption
<p>Promote an increase in the scale of philanthropic giving</p> <p>In many countries, policy in this area revolves around tax concessions, though any other measure to promote financial contributions by individuals can also be included here, whether financial (e.g., provision of matched funding), components of philanthropic infrastructure or by trying to influence behaviours through giving campaigns.</p>	<p>Alignment of philanthropic goals with public policy</p> <p>This refers to how philanthropic resources are distributed, and whether they are used effectively to produce societal benefits.</p>
<p>Promote benefits of philanthropy</p> <p>Philanthropy has been shown to have positive effects on givers' happiness, as well as psychological and physical well-being, so one possibility is to expand the number of people involved in philanthropic giving.</p>	<p>Promote efficient use of philanthropic donations</p> <p>This can be in ensuring recipient organisations spend donations on 'charitable' purposes and are accountable for their use, or in a more expansive sense that these uses have positive societal value aligned with policy objectives.</p>
<p><i>Source: Adapted by Indecon from Philips (2016)</i></p>	

Previous work on identifying the opportunities for philanthropy were represented in the *Report of the Forum On Philanthropy and Fundraising*, published in 2012. The following areas of opportunities were prioritised under the terms of reference of the Forum:

1. Identify the components of the infrastructure needed for a vibrant philanthropy and fundraising sector and recommend the actions needed to create such an infrastructure;
2. Identify changes to the tax code that could be implemented with a view to facilitating the growth of philanthropy and to support the ease with which charities can effectively engage with donors on tax relief processes, taking account of the current financial constraints on government;
3. Explore the possibility of joint ventures between Government and philanthropic sources, both in terms of joint funding and active promotion of philanthropy and fundraising; and
4. Develop proposals for an Irish Giving Campaign and a Year of Philanthropy.

⁵⁰ Frumkin, P. (2006) Strategic giving: The art and science of philanthropy. Chicago, IL: Chicago University Press

These can generally be classed as supply-side policies, although the promotion of possible joint ventures between the State and philanthropists represents, in large part, a demand-side goal. The Forum set out a target to increase giving in Ireland by 10% year on year. While the term ‘philanthropic’ giving was used, it is understood that this may have referred to total giving, and not specifically to philanthropic giving. The recommendations of the Forum are set out in the next table. The recommendations of the report were, for the most part, realised with the exceptions of progress on Encouraging Major Gift Philanthropy and significant advancement on Data Collection.

This current project is aligned with the recommendation to understand the value of philanthropy and to research and scope the fundraising sector nationally.

Table 5.2: Recommendations of Forum on Philanthropy and Fundraising	
Recommendation	Proposals
National Giving Campaign	The Campaign will increase awareness and understanding of the value of Philanthropy and Planned Giving among all sections of Irish society (high net worth, business, and the public) through demonstrating their contribution to improving Irish society and the development of community in Ireland.
Improving the fiscal environment and infrastructure for giving	<ol style="list-style-type: none"> 1 Tax Reform: Simplification (Taxation Consolidation Act (TCA), Section 848A) 2 Tax Reform: Decoupling – (TCA, Section 848A) 3 Tax Reform: Encouraging Major Gift Philanthropy 4 Tax Reform: Donation of heritage items to the National Collections [TCA S.1003] 5 Charities Regulation 6 Data Collection
Developing fundraising capacity among not-for-profits	<ol style="list-style-type: none"> 1 Research and Scope the Fundraising Sector Nationally 2 Support and Investment in Fundraising Training 3 Proposed Investment in Fundraising Infrastructure in Ireland 4 Government Influence on Sector
Creating a National Social Innovation Fund	To create a Social Innovation Fund of a significant size (starting at €10m+) to support the establishment and growth of social innovations with the potential for transformative impact on critical social issues facing Ireland, including unemployment and the environment.

Source: Forum for Philanthropy and Fundraising Report (2012)

There have also been significant supply-side developments since the report of the Forum. These include the commencement of the Charities Act 2009 in October 2014 with the establishment of The Charities Regulator and the creation of the Register of Charities. There have also been changes in fiscal incentives and measures to support social innovation and to enhance skills.

5.2 Potential Opportunities for Collaboration with Government

Potential Opportunities for Collaboration between Government and Philanthropic Sector

Indecon’s assessment suggests there is strong merit in increasing collaboration between Government and the philanthropic sector. The opportunities for collaboration between Government and the philanthropic sector should commence with the publication of this research on the philanthropic landscape and on consultations on the proposed new national policy. There is, however, also merit in pursuing opportunities for ongoing collaboration. One interesting example of an opportunity in this area is the initiative taken in Israel. To try and improve collaboration, Interfacing Round Tables were established as a channel for discussion and collaboration between the Israeli Government and philanthropists. These discussions have led to increased joint initiatives. Qualitative research has

found these round table forums to be of benefit to philanthropists who believe that they have generated a change in the attitude towards philanthropy in Israel in that philanthropists now feel they are involved and being listened to as opposed to being shut out and/or clashing with Government.⁵¹

An important issue for collaboration is how government departments and agencies and philanthropic organisations coordinate their activities in achieving social goals. This is particularly relevant in Ireland given the extensive role the State plays in tackling social problems and the role non-profit organisations play as a delivery mechanism for social interventions. Internationally, government and philanthropy collaboration has sometimes been informal and episodic.⁵² There is evidence that foundations internationally of various types and scale are now seeking to engage with Government on a more formalised and continuous basis. There is also an increasing trend towards donor-donor collaborations, given the scale of social challenges philanthropists see and the desire to maximise the best use of scarce resources.⁵³ In the context of considering opportunities for collaboration between government and the philanthropic sector, we note that one of the suggested lessons from The Atlantic Philanthropies' experiences is that:⁵⁴ *"There are relatively few philanthropic partners on the island of Ireland and the new approach..... could not be mainstreamed or sustained without the Governments' political and financial support."*

An example of collaboration between government and philanthropic organisations is the initiative in the Australian state of Victoria, where a practical guide for organisations was developed (non-profits, philanthropists, service providers). This assisted them in dealing with cross-sector partnerships, called *Working in Partnership: Practical advice for running effective partnerships*, and was developed under the Department of Planning and Community Development. It lists five key factors that are needed for effective partnerships:⁵⁵

- **Importance of facilitators to construct relationships:** these foster cooperation and ensure that the overall view of the project and its aims are carried out and completed, as well as in assisting organisations in navigating state bureaucracy and the identification of opportunities and resources;
- **The correct decision-makers at the table:** these are those with the right commitment to work and information, enabling the authority to make decisions and contribute resources for effective management of the project. Such decision-makers also needed to be in a senior role to have effective authority;
- **Clear visions and objectives:** these ensure that the main goal of the project can be achieved, and action plans can be laid out towards achieving it. (In this context, Indecon has in this study proposed objectives for the proposed National Philanthropy Policy);
- **Good processes:** this means that the partnership should have clear lines for collaboration and communication and the meetings should give an equal opportunity to all relevant members that are involved in decision-making to input into policy; and
- **Ongoing motivation through evaluation and champions:** this means having the necessary mechanisms in place for the evaluation of projects and people with sufficient authority to advocate for them.

⁵¹ Schmid, H., & Shaul Bar Nissim, H. (2016). Government and Philanthropy in Israel. *Society*, 53(3), 307–314.

⁵² http://cphp.usc.edu/wp-content/uploads/2012/11/WorkingTogether_final.pdf

⁵³ <https://www.bridgespan.org/bridgespan/Images/articles/the-long-spoon-problem-philanthropic-collaboration/the-long-spoon-problem-five-models-of-philanthropic-collaboration.pdf>

⁵⁴ The Atlantic Philanthropies (2017) "Atlantic Insights: Government Partnerships & Engagement."

⁵⁵ Pope, J., & Lewis, J. M. (2008). Improving partnership governance: using a network approach to evaluate partnerships in Victoria. *Australian Journal of Public Administration*, 67.4: 443-456.

In Table 5.3, some theoretical suggestions for the requirements for the successful establishment of relationships between philanthropies and government are shown. This highlights the importance of a shared vision, the development of trust and the levels of commitment needed. It also highlights the importance of improving understanding of the perceptions of both the sector and of government.

Table 5.3: Ingredients Necessary for Successful Cross-Sectoral Relationships

- Understanding of the key drivers for different sectors, as well as each other's needs and constraints;
- Respect and trust for each other's skills and knowledge and understanding how these can add value to each other's work. It is also about acknowledging that it takes time and patience to build trust;
- Shared vision and focus. This may not mean that all members to the relationship share the same goals, but that they share at least one goal on which they are jointly focused for the purposes of the work being undertaken;
- Clarity about boundaries, roles and structures, but with the acknowledgement that it is not always possible to know how things will develop; and
- Time commitment, which is dependent on the type of relationship. The associated time costs are then assessed against the benefits derived from the relationship.

Source: Webster and Wyse ⁵⁶

The need for an understanding of the potentially differing perspectives of government and philanthropists noted in the above table is confirmed by other research which suggests that in order for there to be effective collaboration between government and philanthropies, both need to realise that they have to share power with one another over the project, losing some of their independence, autonomy and control.⁵⁷ This means that organisations have to compromise and sometimes realise that maybe all of their aims in conducting a project are not achievable.⁵⁸ Indecon would also note that it takes time for respect and trust to develop and be maintained in relationships between philanthropies and government. As a result, there is some evidence that government co-operates more effectively with philanthropists that they have worked with previously and know the constraints under which they operate. For example, we understand that collaboration in Israel broke down in what was known as the case of the Yaniv project, where the foundations involved had not previously worked with the Government. In contrast, another project, the Avney-Rosha Project, where the promoters had previous experience of working with the Government, resulted in stronger co-operation.⁵⁹ The latter project was a joint public philanthropy partnership where foundations committed to raising \$20m over five years (to be matched by the Government). These funds were aimed at exploring ways of improving the public school system and the management and administrative skills of principals. However, participants in the Avney-Rosha Project noted that the lack of a legal framework or guidelines governing cooperation between philanthropists and government acted as a hindrance to the effective running of the project, which was the also case in the Yaniv project. It must also be noted that fears around loss of autonomy over projects may be exacerbated in cases where partners in funding a project differ in size and financial clout, in that small foundations could feel crowded out by larger players and Government.⁶⁰ While Government needs to lead and direct policy, there is a need to see philanthropists as partners in the project they fund, recognising the added value they bring to policy and sharing some authority with them.⁶¹

⁵⁶ Webster, M., and Wyse, T. (2012). "Guiding principles for building collaborative partnerships between government and philanthropy". Philanthropy Consulting Service. <https://providers.dhhs.vic.gov.au/guiding-principles-building-collaborative-partnerships-between-government-and-philanthropy-report>

⁵⁷ Leat, D. (2009) "More than money: The potential of cross-sector relationships." Big Lottery Fund

⁵⁸ Pole, N. "Collaboration among grantmaking foundations: A review of the literature" Working Paper 14 (2016).

https://philab.uqam.ca/wp-content/uploads/2018/01/WP14Foundations_collaboration_literature_review_final.pdf

⁵⁹ Almog-Bar, M., and Zychlinski, E. (2014). "Collaboration between philanthropic foundations and government." International Journal of Public Sector Management.

⁶⁰ Leat, D. (2009) "More than money: The potential of cross-sector relationships." Big Lottery Fund.

⁶¹ Almog-Bar, M., and Zychlinski, E. (2014). "Collaboration between philanthropic foundations and government." International Journal of Public Sector Management.

5.3 Potential Interaction and Connectivity with Other Government Policies

Ensuring a close link between the proposed National Philanthropic Policy and those of wider Government policies will be important. While there are many policies that have a direct connection with philanthropy, there are also potential interactions with a broader range of other policies that have implications for philanthropy. These include examples of areas of policy within the remit of DRCD but it should be emphasised that interactions and connectivity with policies implemented by other government departments are of equal or potentially of greater importance. National policy should therefore encompass a whole of government approach.

Indecon's analysis suggests that philanthropy has an important role in working with Government in inputting to a wide range of sectoral policies and in supporting government programmes. There are numerous sectoral areas which are supported through philanthropy in different ways. One example is in relation to higher education and research. This was highlighted in Indecon's analysis elsewhere in this report of the levels of philanthropic funding allocated to the higher education sector. This was also evident from the lessons which emerged from The Atlantic Philanthropies partnering with Government in the higher education and research area. It is important to note that the impacts of such collaborations are seen over a period. For example, it has been suggested that "Relationship building between philanthropy and Government takes time, and philanthropists should be prepared to invest in the relationship over many years. Atlantic's work with Government started off with PRTL in the 1990s, and this provided a firm base from which to evolve".⁶² The experience of The Atlantic Philanthropies in the higher education, childcare and other sectors, demonstrates the value of a planned approach. As noted by the research by Boyle and Shannon, "philanthropy and Government joint funding of interventions can lead to long-term lasting positive change. Better outcomes for citizens and service users have been noted as have new ways of working".⁶³

In considering the potential interaction and connectivity with Government policies, the specific learnings from the experience of the partnership-based approach between The lessons from The Atlantic Philanthropies and Irish Government policies are of interest.⁶⁴ These include the importance of philanthropy in developing innovative practices which could become embedded in mainstream programmes. There is, however, also a need to recognise that some projects may be sustainable without mainstreaming Government programmes, while other pilot initiatives may prove to be unsuccessful.

In identifying opportunities and the interaction with Government policies, it is useful to consider the experience of some other notable initiatives involving philanthropy. One important example is through the Ireland Funds⁶⁵ which has been operating for over four decades. It is discussed below as a case study as to how to grow international/diaspora giving.

⁶² Boyle, R., Shannon, L., (2018), opt cited page 76.

⁶³ Boyle, R., Shannon, L. (2018), page 78.

⁶⁴ This has been informed by the important research by Boyle, R., and Shannon, L. 'Better Together? Lessons from The Atlantic Philanthropies and Irish Government Partnership-based Co-Investments', Institute of Public Administration/The Atlantic Philanthropies.

⁶⁵ A global philanthropic network committed to equality and opportunity across the island of Ireland and among Irish communities worldwide.

Table 5.4: Case Study: The Ireland Funds

One of the challenges faced by the Irish philanthropic sector has been the winding up of The Atlantic Philanthropies. This in turn has contributed to the sharp fall in donations received from international philanthropists. Many countries recognise the potential of their diasporas to contribute to their nations' economic and social development through a range of contributions including financial investment, political advocacy, and philanthropic giving.

The Ireland Funds consists of a large, global network of donors that funds peace and reconciliation, arts and culture, education and community development throughout the island of Ireland. With chapters in 12 countries, The Ireland Funds has raised over \$600m for deserving causes in Ireland and beyond, benefiting more than 3,200 different organisations.⁶⁶

The Ireland Funds believes that there remains huge growth potential for philanthropic donations into Ireland by members of the diaspora community. Increasingly, donors identified by The Ireland Funds are Irish-born, when in the past they were more likely to be second or third-generation Irish.

The Ireland Funds stresses that one of the most powerful ways of accessing these donors is through political encouragement and acknowledgement of philanthropists (for example, as part of the various State visits organised by the Department of Foreign Affairs). The Ireland Funds also believes that it is important to create a meaningful link between the donor and the cause supported. For example, the Collison brothers, who founded payment firm Stripe, have announced a collaboration with the University of Limerick for the development of a computer engineering programme. Finally, the relatively limited size of the philanthropic activity in Ireland compared to the US creates an advantage that a single donation can have much more impact and visibility than it might otherwise have.

Source: Indecon

In considering potential interaction and connectivity with Government policies, the value that philanthropies add is often seen as trialling innovative solutions to wider Government policies.⁶⁷ An example of philanthropic interaction with Government policies in the fields of disability, mental health and homelessness is presented by the case study of Genio.

Table 5.5: Case Study: Genio

Genio is a philanthropic organisation based in Ireland specialising in the areas of disability, mental health, homelessness and addiction. It works closely in Ireland with the Department of Health, the Health Service Executive, the Department of Housing, Planning and Local Government, the Dublin Region Homeless Executive and Local Authorities, in many cases underpinning national reform programmes.⁶⁸

Genio manages transition or reform funds that enable the Government to continue providing ongoing services during a period, usually three to five years, while changes are being implemented and costs are higher during that time. To date, the Irish Government has invested over €41m and The Atlantic Philanthropies has invested €27m in service reform.

The Service Reform Fund Action Research team are closely aligned with the Centre for Social Innovation at Trinity College Dublin; some staff members have adjunct appointments at Trinity. Maintaining close relationships between the research team and academia enables use of the most up to date best practices.

Genio's approach is very specific to the challenges faced in the areas of housing, disability and mental health. It uses an "action research method to informing the rollout of complex change efforts where problems are intertwined and there are strong, differing views across stakeholders about the nature of the problem and the ways in which it should be addressed. In the areas of homelessness, mental health, disability, dementia and addiction, there are services that are often seeking to provide greater choice and adapt to more effective approaches".

Source: Indecon

⁶⁶ <https://irelandfunds.org/about-us/>.

⁶⁷ Abramson et al (2014), "Public-Philanthropic Partnerships: A Review of Recent Trends."

⁶⁸ <https://www.genio.ie/our-approach>

The following case study shows the potential for collaboration between philanthropists and the education sector, with a significant donation made to Trinity College Dublin by the Naughton Foundation⁶⁹ which will support STEM research in the years to come.

Table 5.6: Case Study on Partnership with Philanthropist in Education Sector

In May 2018, the Naughton Foundation announced a donation of €25m to Trinity, which is believed to be one of the largest private philanthropic donations in the history of the State. This donation aims to support the E3 (Engineering, Environment and Emerging Technologies) Initiative which strives to solve some of the greatest challenges facing the planet by bringing together engineers and scientists from different fields.

The E3 Learning Foundry will add 1,800 additional places for STEM (Science, Technology, Engineering and Mathematics) students. The vision of E3 is to enable:⁷⁰

- *The creation of a purpose-built, multidisciplinary foundry for the delivery of innovations in research and teaching within the Schools of Engineering, Natural Science and Computer Science and Statistics;*
- *A future-proofed education for new graduates who will enable society to live on this planet in a way that is sustainable and equitable;*
- *The underpinning of the infrastructural and staffing needs of these expanded Schools to ensure that their outputs are world-leading; and*
- *An increase in the number of STEM students within Trinity by over one third in 10 years.*

Source: Indecon based on Information Published by TCD

The experience of The Atlantic Philanthropies which was referred to earlier, also shows the role of philanthropic activity in interacting with wider Government reforms. The Atlantic Philanthropies commissioned research reports regarding its experience as a philanthropic organisation engaged with the Irish public sector, and what lessons could be learnt for future work. In it, the organisation highlighted the basis of the strategy, which was:

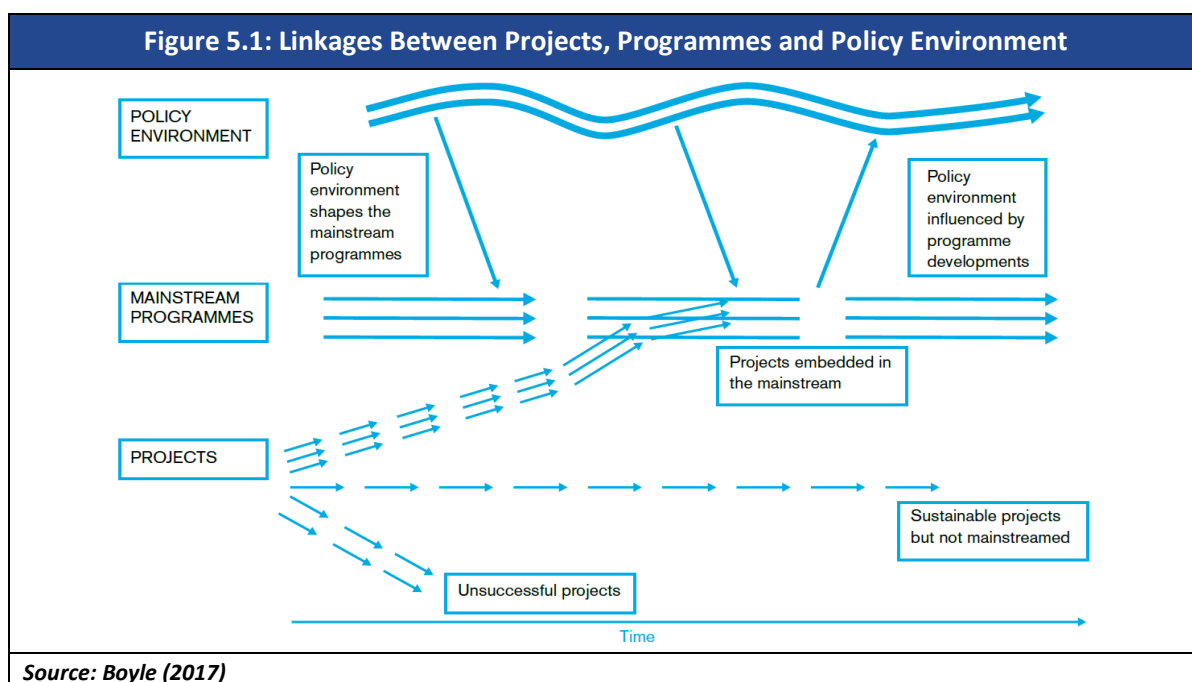
“... to influence and help shape mainstream government programmes, so that reforms in the public service contribute to better social outcomes.”⁷¹

Figure 5.1 adapted from Geels (2002), provides a framework for understanding how philanthropy interacts with wider Government policies. This is also consistent with previous experience in Ireland. For example, The Atlantic Philanthropies made a deliberate decision to work with Government at both the policy environment and project level, on the basis that if it had focussed exclusively on the former, the evidence base to inform policy change would not have been strong. And if the focus had been on the project level only, it would have been harder for successful projects to break into the mainstream.

⁶⁹ A private family foundation established by Martin and Carmel Naughton to support worthwhile causes in the arts and education.

⁷⁰ <https://www.tcd.ie/e3/about/>.

⁷¹ Boyle, R., and Shannon, L. (2018), “Better Together? Philanthropy and Government Lessons from The Atlantic Philanthropies and Irish Government Partnership-based Co-Investments.”



The Atlantic Philanthropies outlined some suggestions for both other philanthropies and for Government on how best to work together in the future. These are summarised in Table 5.7.

Table 5.7: Views of The Atlantic Philanthropies on lessons of working with Government	
Lessons for Philanthropies	Lessons for Government
<ul style="list-style-type: none"> <input type="checkbox"/> Work at both the policy and project levels. <input type="checkbox"/> Relationship-building between philanthropy and government takes many years. <input type="checkbox"/> Individuals matter, especially those in senior management positions in government. <input type="checkbox"/> Change in government is slow. <input type="checkbox"/> Atlantic would not have had the influence it had with Government unless the scale of, and timescale for, investment was substantial. <input type="checkbox"/> Phased payment of grants act as a learning and accountability mechanism. <input type="checkbox"/> Co-funding of investments by Government is important. <input type="checkbox"/> Moving beyond pilot sites can be challenging. <input type="checkbox"/> Having a consistent focus on outcomes and evidence is vital. <input type="checkbox"/> Collaborations and networks play a pivotal role in embedding change. <input type="checkbox"/> A firm approach is required to secure the commitment to agreed outcomes. <input type="checkbox"/> A flexible approach is required to adapt as necessary within agreed boundaries. 	<ul style="list-style-type: none"> <input type="checkbox"/> Think strategically about areas where it is appropriate to work with philanthropy. <input type="checkbox"/> Identify priority issues where innovative thinking could be of most assistance. <input type="checkbox"/> Understand the opportunities and challenges that working with philanthropy can bring. <input type="checkbox"/> Working with philanthropies to develop theories of change and examining the evidence base can support longer-term thinking on policy. <input type="checkbox"/> Looking at philanthropies solely as a source of cash to support existing programmes will lead to a poor working relationship. <input type="checkbox"/> Commit time to developing a good working relationship. <input type="checkbox"/> Develop willingness to operate across organisational boundaries and collaborate with civil society organisations. Facilitate collaborative learning networks. <input type="checkbox"/> Support evidence generation and evaluation activities. <input type="checkbox"/> Plan ahead for embedding change and identify what mainstreaming might look like.

Source: The Atlantic Philanthropies⁷¹

As part of our research Indecon also had the benefit of a number of discussions with Government departments and other stakeholders who had interacted with philanthropy over the last number of years to explore aspects of possible connectivity with other Government policies and the lessons learned. The consultations suggest that working with philanthropies can have many positive benefits. Philanthropic investments in Ireland have played a valuable role in the development of some important public services which have contributed to wider policy objectives. The value in terms of trialling new approaches, and to help build up capacity in the non-profit sector to support policy objectives, are noted. For example, philanthropists can work with beneficiary organisations to help build their strategic and management capabilities, which departments do not normally do but which can support policy.

In considering interactions, the reliance on a single philanthropist can create a 'cliff edge' for project funding. There are also challenges with moving from experimentation to mainstreaming any new initiatives.

5.4 Conclusions

- ❑ The research completed has indicated that opportunities exist for public policy which should be developed as part of a National Philanthropic Plan. These include the opportunity to increase the scale of philanthropic giving and to promote the benefits of philanthropy. There is, however, a need to ensure alignment of philanthropy goals with public policy objectives. The proposed consultation on a new strategy would assist with this.
- ❑ In considering opportunities to expand the levels of philanthropic giving, Indecon believes that there is a need to enhance collaboration between Government and the philanthropy sector.
- ❑ The evidence from the experience of The Atlantic Philanthropies, which was one of the most significant examples of philanthropic engagement with the Irish Government, suggests the necessity to collaborate with government, at a policy as well as at a project level, to assist in the mainstreaming of innovative ideas. Its experience also suggests the importance of collecting evidence on outcomes and the need to evaluate activities. There is also strong merit in collaboration over a long time to enhance understandings between government and philanthropists.
- ❑ The examination of opportunities also highlights the need to consider the potential interactions and connectivity with wider Government policies.

6 Recommendations

6.1 Introduction

This report has set out the landscape of philanthropic giving in Ireland. Indecon believes that there remains significant untapped potential of philanthropy to further important social goals. Some insights from the research completed are relevant to the development of a shared vision for philanthropists, the development of key objectives and on how philanthropic giving can be encouraged. These were discussed in the conclusions to each of the sections of this report and the implications are outlined below.

6.2 Developing a Shared Vision for Philanthropy

Shared Vision for Philanthropy

Indecon's view is that the development of a vision for philanthropy should be based on clarity on the definition of philanthropy. It is hoped the proposed recommendations in this report will be of assistance with this. The shared vision should be built on a clear understanding of the value of philanthropic giving to society. There is also merit in the vision being developed in conjunction with the sector based on agreed objectives. In this context, we believe the approach to developing the National Social Enterprise Policy is a useful precedent whereby the strategy was based around agreed objectives. In developing a shared vision for philanthropy, Indecon recommends an ongoing programme to promote understanding between the philanthropic community and the Government in order to facilitate the realisation of the potential of philanthropy.

Table 6.1: Recommendations on issues relevant to developing a shared vision for philanthropy

1. Development of an Agreed Definition of Philanthropy
2. Agree Key Objectives for Philanthropic Policy
3. Foster a Clearer Understanding of the Potential Role of Strategic Giving to Society
4. Implement a Consultation Programme on Proposed National Policy

Recommendation 1: Development of an Agreed Definition of Philanthropy

In preparing a vision for philanthropy, it is important that there is an agreed definition of what characterises philanthropy. As part of this current research project, Indecon has recommended a definition of philanthropy. Obtaining the views of stakeholders on the proposed definition could be undertaken as part of the proposed consultations on a National Philanthropic Policy.

Recommendation 2: Agree Key Objectives for Philanthropy Policy

Indecon notes that the approach used in the development of the National Social Enterprise Policy is a useful precedent whereby the strategy was based on the foundation of agreed objectives. In the case of the proposed philanthropy plan, Indecon has outlined recommendations for objectives for consideration.

Recommendation 3: Foster a Clear Understanding of the Potential Role of Strategic Giving to Society

The Government and the sector should work together to develop a better understanding of the potential role of strategic giving in Ireland. This should focus on the complementary role philanthropy can play in solving some of our most challenging social problems. The research presented in this report has highlighted aspects of the role which strategic giving can play as well as the challenges which exist.

Recommendation 4: Implement a Consultation Programme on Proposed National Policy

Indecon is supportive of the proposal to develop a National Philanthropic Policy for Government approval. The development of a shared vision should be one of the outcomes of the planned stakeholder consultation programme.

6.3 Recommendations on Potential Key Objectives of a Philanthropy Policy

A new philanthropy policy should have clear objectives. As such, Indecon recommends consideration of a key objective on the goal of significantly raising the quantum of philanthropic donations which are invested for public benefit. This would require including awareness of the value of philanthropic giving and strengthening the capacity of beneficiary organisations. There is also a need to ensure an alignment with wider policy objectives. Final agreement on what the objectives should be and the level of ambition of the strategy are policy matters. However, Table 6.2 sets out potential objectives of a philanthropy policy.

Table 6.2: Recommendations on <u>Potential</u> Objectives of a Philanthropy Policy	
Objective	Rationale
1. Build awareness of value of philanthropic giving	Increasing awareness of the value of philanthropic giving would be important in influencing the overall environment and cultural context.
2. Significantly Increase the scale of philanthropic giving to levels in comparator countries	An important objective of the new philanthropy policy will be to set an overall ambition for the scale of philanthropic giving. Setting a precise recommendation for the levels of increased philanthropy will require improved data on the baseline and an agreement by the Government on priorities. Indecon believes that the short-term/long-term targets should be set when there is improved data and agreed priorities.
3. Strengthen capacity in organisations that would benefit from philanthropy to enable an increase in the number of non-profits obtaining significant philanthropic revenues	Only 129 non-profits on The Charities Regulator Public Register of Charities received philanthropic funding of over €100,000 in 2018, with seven organisations accounting for over half of all such giving. The policy should have the objective of also broadening the base of non-profits that benefit from such funding, for example by supporting greater upskilling.
4. Ensure alignment of philanthropic policy with wider policy objectives	To maximise the effectiveness and impact of philanthropic evidence, there is a need for a close alignment with wider Government policy.

6.4 How Philanthropic Giving Can Be Encouraged

Indecon has identified areas for consideration as part of the development of a national policy on philanthropy as to how philanthropic giving can be encouraged to meet the objectives as set out above. These are summarised below. The areas identified represent an input to a roadmap to assist in the development of a national policy to enhance the contribution of philanthropy in Ireland. These comments are influenced by the research on the motivation of philanthropists and our review of international experience and our analysis of existing gaps in knowledge.

Table 6.3: Ways to Promote Philanthropic Giving
1. Increase Engagement with Philanthropists and Beneficiaries.
2. Develop Incentives to Promote Philanthropic Giving by Individuals and Corporates.
3. Invest in Skills Training in Philanthropic Fundraising in the Non-Profit Sector.
4. Implement a Strategic Approach across Government involving Increased Co-Operation with the Philanthropy Sector. This should be based on a Long-Term Perspective with Engagement at both a Policy and a Project Level.
5. Develop Philanthropic Data Plan.

1. Increase Engagement with Philanthropists and Beneficiaries

Public sector bodies and agencies have developed experience of working with philanthropists. Philanthropic giving however must act as a complement to, rather than a substitute for, public sector provision. Government departments/agencies should continue to work with the philanthropic sector so that both government and the philanthropic community can learn the lessons of these past collaborations. The Government should consider a form of regular interaction, such as Interfacing Round Tables, as a means of promoting this understanding. The experience of engagement in Ireland also demonstrates the benefits of long-term relationships to increase understanding between government and philanthropists of their respective objectives. Engagement on the policy context as well as individual projects should also be pursued to ensure alignment with wider policy objectives.

2. Develop Incentives to Promote Philanthropic Giving by Individuals and Corporates

A reduction in the activities in Ireland of a small number of key international philanthropy organisations has resulted in a sharp fall in funding. Domestic philanthropic expenditure would have to almost double to replace the fall in giving in Ireland by international philanthropies. As part of a new strategy on philanthropy, targeted ways in which fiscal incentives could help raise the level of domestic philanthropy in Ireland should be considered. There are examples from other European countries presented in this report, which may be helpful in informing the development of a positive fiscal framework. Indecon, however, believes that there is a need to tailor this to reflect Irish circumstances. The aim should be to promote all philanthropic giving including policies for individuals and corporates. Providing incentives for the corporate sector to make additional philanthropic contributions of scale could be of particular importance. As discussed in Section 4, this could involve the application of a targeted tax credit. This would require a detailed cost-benefit appraisal and modelling which is outside the scope of this study. If a corporate credit was introduced, Indecon believes that, to reduce deadweight, only philanthropic giving above a certain level should be eligible.

The review of international incentives has shown that in a small number of countries corporate tax credits are in place. For example, corporates could be allowed to treat as a business loss a percentage of philanthropic donations. There are however other policy options available to promote philanthropic giving by individuals and corporates, and it is important that there is a shared agreement among policymakers on what options should be pursued.

3. Invest in Skills Training in Philanthropic Fundraising in the Non-Profit Sector

As well as creating the financial incentive for philanthropists to give, the research by Indecon indicates the importance of non-profit bodies' ability to engage with philanthropists to encourage donations. There remains a skills deficit within the non-profit sector in this area which impedes the sector's ability to engage with philanthropists. This suggests the importance of non-profits having the skills and capacity to engage with philanthropists in an effective way that promotes trust. The Government, through the National Training Fund and the relevant State agencies, could play an important role by providing funding to allow the non-profit sector to invest in their skill capacity, including in the area of philanthropic fundraising.⁷² Indecon, however, notes the important work of the Charities Institute Ireland peer-to-peer networking and information sharing.

4. Implement a Strategic Approach across Government involving Increased Co-Operation with the Philanthropy Sector. This should be based on a Long-Term Perspective with Engagement at both a Policy and a Project level.

The need for the proposed new national policy on philanthropy is confirmed by Indecon's review of the Philanthropic Landscape in Ireland. Developing a new strategy should focus on strategic giving. In developing the strategy there would be merit in bringing together representatives of the sector with relevant government departments and agencies, including those who have experience partnering with philanthropic organisations. The opportunities for collaboration between Government and the philanthropy sector include increasing the overall level of funding available, providing a mechanism to test innovative initiatives, and improving measures of impacts of investments. This should not simply be confined to interaction with DRCD but should include connectivity with wider Government policies in education, health, climate action and fiscal policies.

5. Develop a Philanthropy Data Plan

A key element of developing a shared vision for philanthropy is ensuring that the right data is available to ensure that it is properly measured. This is needed so that the progress of philanthropy in Ireland can be assessed. Indecon's research has identified significant data gaps which should be addressed. The Government should consider developing a sectoral data action plan to build the data needed to better understand the philanthropy sector using existing sources and information where possible.

⁷² Indecon previously undertook a detailed review of skills in the non-profit sector for The Wheel which highlighted the need to enhance wider fundraising skills in the non-profit sector.

6.5 Conclusion

Indecon believes the research presented in this report will assist in inputting to the development of a new National Philanthropic Policy for Ireland. The decision by the Department to commission this research reflects the commitment to the development of a supportive environment. The independence of the research is important in ensuring evidence-based policy development. Indecon acknowledges with thanks the valuable inputs and the level of engagement that we have received during this important project.

Annex 1 Acknowledgements

Indecon would like to acknowledge the valuable assistance provided by the range of stakeholders who participated in this study. We would like to thank the members of the project Steering Committee, including Kevin Power, Ciara Bates and Breda Bailey of the Department of Rural and Community Development, and Éilis Murray of Philanthropy Ireland. We are also very appreciative of guidance and strategic advice from Bairbre Nic Aongusa of the Department. We would also like to thank a wide range of other individuals inter alia including Aidan O'Brien of the Department of Justice and Equality; Conor Rowley and Denis Ryan of the Department of Children and Youth Affairs; Joe Cullen of the Department of Finance; Ian Devlin of the Department of Public Expenditure and Reform; Claire Whelehan of DCU Educational Trust; Professor Oonagh Breen of UCD; Patricia Quinn of Benefacts; Andrea Deering of An Siol Foundation; Caitriona Fottrell of Ireland Funds; Deirdre Mortell of Rethink Ireland; Alma Curran of Medtronic Foundation; Faye Drouillard of Giving Circle of Ireland; Tina Roche of the Community Foundation; Deirdre Garvey and Paul Meade of The Wheel; Dennis O'Connor of 2into3; John Healy; Gemma Donnelly Cox of Trinity College; Niall O'Sullivan of Campaign Solutions; Madeleine Clarke of Genio; Nick Sparrow; Vicky Brown of the NTR Foundation; Steve Thompson; Celeste O'Callaghan of the Department of Health; Charities Institute Ireland; Bernard Kirk; Orla O'Neill of the St. Stephen's Green Trust, and Noelle Spring of the Katharine Howard Foundation. We would also like to acknowledge with thanks individual philanthropists who inputted to the project, who for confidentiality reasons, are not named. We would also like to thank Chartered Accountants Ireland for facilitating the distribution of our survey to wealth advisors to their members. Finally, we would also like to thank all those who participated in Indecon's new empirical survey research. Indecon would like to acknowledge, with thanks, the exceptionally high level of interest, input and engagement from stakeholders which has been of critical importance to this research. **The usual disclaimer applies and responsibility for the analysis and findings in this independent report remains the sole responsibility of Indecon research economists.**

Indecon would like to thank the organisations and individuals who were consulted as part of our interview programme as outlined below. Meetings with Stakeholder Organisations

Department of Children and Youth Affairs	Medtronic Foundation
Department of Justice and Equality	The Wheel ⁷⁵
Department of Finance	2into3
Department of Public Expenditure and Reform	Philanthropist
DCU ⁷³	Private
UCD ⁷⁴	Trinity College
Benefacts	Campaign Solutions
Ireland Funds	Genio ⁷⁶
Rethink Ireland	Non-profit consultant
Giving Circle of Ireland	NTR Foundation ⁷⁷
Community Foundation	Private
An Siol Foundation	

Source: Indecon

⁷³ Dublin City University.

⁷⁴ University College Dublin.

⁷⁵ A national association of community and voluntary organisations, charities and social enterprises providing a 'one-stop-shop' for anything related to the charity and non-profit sector.

⁷⁶ A European philanthropic organisation based in Ireland specialising in the areas of disability, mental health, homelessness and addiction.

⁷⁷ A foundation that provides financial support to selected projects, research and non-governmental organisations in renewable energy.

Indecon also acknowledges the valuable insights provided by submissions made to the review as outlined below.

Submissions from Stakeholder Organisations	
Department of Health	Rethink Ireland
Department of Children and Youth Affairs	St. Stephen's Green Trust ⁷⁸
Philanthropy Ireland	Community Foundation
Steve Thompson	Katharine Howard Foundation ⁷⁹
Charities Institute Ireland	My Legacy ⁸⁰
Camden Education Trust	
Source: Indecon	

⁷⁸ An organisation which provides grants that support activism and works to address issues relating to inequalities and injustice and supports organisations and activists to effect positive social change.

⁷⁹ An independent all-Ireland grant-making Foundation with a particular emphasis on supporting community projects and initiatives in areas that are socially disadvantaged.

⁸⁰ An umbrella group of over 70 Irish charities working together to promote the importance of making a will and to ask people to consider leaving a legacy gift to a favourite charity.

Glossary of Terms and Abbreviations

Charities	A charity is an organisation with specific purposes defined in law that are exclusively for the public benefit and aimed at promoting the welfare of others. In Ireland, there are legal criteria that entities have to meet if they are to be registered charities. These include that they must operate in the Republic of Ireland, have a charitable purpose only and exist to benefit the public or a section of the public in Ireland through its charitable purpose.
CSP	Community Services Programme
CSO	Central Statistics Office
DPER	Department of Public Expenditure and Reform
DRCD	Department of Rural and Community Development
EFSI	European Fund for Strategic Investments
Foundation	Foundation is an organisation created and supported with donations in order to do something that helps society and established to provide money for a particular purpose.
Giving / Donation	Giving/Donation refer to making a present to another person or organisation.
Intermediary Body	Intermediary Body is a body or organisation which acts as a link or go-between between people or organisations. The word intermediary comes from the Latin Intermedius where inter means between and medius refers to the middle.
Intermediary Foundation	Organisation established to act as an intermediary or link between funders/donors and an organisation undertaking a particular purpose.
Non-profit or not for profit organisations	Organisations that operate for a public or social benefit in contrast to an entity that operates as a business aiming to generate profits for its shareholders
NPIs	Not-for-profit institutions (NPIs) means organisations that do not exist primarily to generate profits, either directly or indirectly, and that are not primarily guided by commercial goals and considerations. NPIs may accumulate a surplus each year, but any such surplus must be utilised to meet the basic mission and not distributed to the organisations' owners, members, founders or governing board.
NPOs	Non-profit organisations (NPOs) means organisations that do not exist primarily to generate profits, either directly or indirectly, and that are not primarily guided by commercial goals and considerations. NPOs may accumulate a surplus each year, but any such surplus must be utilised to meet the basic mission and not distributed to the organisations' owners, members, founders or governing board.
OECD	Organisation for Economic Cooperation and Development
Partnership	Partnership is an association of two or more persons or organisations working together to co-operate for a purpose. To be legally recognised as a partnership, certain criteria must be adhered to as defined in legislation.
Philanthropy	Giving for public good which represents a long-term act aimed at sustainable improvement to promote the welfare of others. There is no official definition of philanthropy and in line with the terms of reference for this study, Indecon has proposed this definition for consideration. Previously the term was often used more generally to refer to any giving aimed at promoting the welfare of others and was used interchangeably with the term charity.
Philanthropists	A philanthropist is a person who donates funding for philanthropic purposes.
Philanthropic Foundation	Organisation that is established to provide funding for philanthropy.
Philanthropic Giving	Refers to making a present to an organisation or individual involved in philanthropy.
Philanthropic Intermediary Body	Intermediary body which acts as a link between donors and philanthropic organisations.
Philanthropic Organisations/Philanthropic Body	Organisations or body whose purpose is to engage in philanthropic activities.

Philanthropic Partnership	Refers to an association of two or more organisations working together to co-operate for philanthropic purposes.
Philanthropic Sector	Philanthropic sector refers to a distinct or separate area that is involved in philanthropic activities. It includes all philanthropic organisations.
Public Register of Charities	Contains information on more than 10,900 charities that have been registered with The Charities Regulator.
Registered Charities	Charities that are registered with the appropriate regulatory authority. In Ireland, this refers to charities registered with The Charities Regulator.
Revenue Commissioners	Responsible for the assessment and collection of taxes and duties in Ireland.
SORP	Statement of Recommended Practice.
Statement of Recommended Practice	An interpretation of the underlying financial reporting standards and guidance on financial accounting and reporting for charitable entities.
Stakeholders	Stakeholders refers to individuals, groups or organisations with an inherent interest in an area or who may be impacted by a policy.
Stakeholders Consulted	Stakeholders in the context of this report refers to a range of organisations that were consulted as part of this review. This includes organisations with whom Indecon held meetings, and these are listed in Table 1.1. Stakeholders consulted also includes those organisations who made submissions to the review as listed in Table 1.2. In addition, stakeholders consulted also include philanthropic organisations, donors and their advisors, and charitable organisations who made inputs via the new survey research undertaken by Indecon.

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⁸¹ Indecon notes that there is a wide range of other research documents which deal with philanthropy and this bibliography is not meant to be a definitive listing of existing research. To take one example, some interesting other theoretical research is included in OECD (2020) Report.

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