

# Developing philanthropy

## *From giving to investing*

In line with rapid economic growth, Ireland has experienced major societal changes over the past two decades. However, Ireland's increased wealth and a larger not-for-profit sector have not yet been accompanied by an increase in planned giving to not-for-profit organisations.

Katie Burke



A widening gap between the rich and poor, immigration in place of emigration, and a greater range, and awareness, of social problems are some of the major societal changes that we are currently experiencing. The not-for-profit sector in Ireland has expanded in an attempt to address these increasing societal issues.

Planned giving to the not-for-profit sector in Ireland, however, remains an underdeveloped phenomenon. Private donations amount to only 0.34% of GNP or approximately 14.6% of all income to the not-for-profit sector (€450 million), and estimates indicate that only 12% of the population give in a planned way. Meanwhile in the UK, private giving accounts for 0.77% of GNP or 36% of all income to the not-for-profit sector (€12.16 billion), with 20% giving in a planned way. In addition, of those making private donations in Ireland, the most popular causes tend to be those supporting programmes/

organisations overseas as opposed to supporting the sector in Ireland.

A reliance on unplanned, spontaneous giving in Ireland has significant implications, including planning difficulties for not-for-profit organisations and lost income to the sector of up to €25 million annually, as a result of donations being made tax inefficiently.

There are welcome signs that some of Ireland's wealthiest are turning towards more strategic philanthropy, and seeking to make social investments, as they would business investments (although the number of those engaging in strategic philanthropy in Ireland remains well below comparative figures internationally). Donors are making longer-term commitments, increasingly diversifying their philanthropic investments, seeking varying levels of involvement with beneficiaries and expecting frequent updates on the impact of their donations.

The development of a vibrant Irish philanthropic environment will require the focused and coordinated efforts of multiple players, including individual philanthropists, foundations, corporates and government.

Philanthropists (individual and corporate) who are seeking to create long-term social change need to define what they want to achieve, how much they are willing to commit (in terms of both money and level of involvement with the cause), their expectations from the organisation, their preferred mechanism for giving and the possible role that partnerships (with other funders) may play in leveraging funding and making the greatest impact.

As a whole, philanthropy in Ireland would benefit from more philanthropists being willing to give publicly, providing role models for other potential philanthropists. Much of Ireland's philanthropic giving is done in a private and non-publicised manner. This is partly cultural and partly due to a fear of being bombarded with requests for donations. In addition, forums where philanthropists could exchange ideas and experiences and share the pleasure of giving should be encouraged.

Ireland's low profile for corporate philanthropy (i.e. planned giving by corporations/commercial organisations) is partially attributed to the low corporate tax rate. However, developing an effective corporate philanthropy strategy – which seeks programmes that strategically fit with the business, build links with the community and offer opportunities for staff volunteering – is of significant benefit, not only in maximising a company's return on gifting, but also in increasing staff motivation, loyalty and company reputation. Given the growing number of successful businesses in Ireland (Irish and multinational), there should be potential for substantial growth in corporate philanthropy. In fact, it is surprising that it has taken this long!

Government also has an important role to play in developing philanthropy in Ireland. If we look at the UK, where the context for giving has changed significantly over the last decade, government policies have been introduced to encourage people to give to their communities,

and initiatives have been implemented to stimulate new cultures of giving and greater use of tax effective methods. Programmes such as The Giving Campaign, which ran from 2001–2004, supported by government and the voluntary sector, have successfully increased awareness of tax effective giving and increased giving among the UK's wealthy, employers, employees and youth.

Finally, someone needs to take the lead in terms of developing a framework for philanthropy in Ireland – a framework that fits with our culture and society. The lead could be taken by the philanthropic foundations, government, or the not-for-profit sector, or indeed they could act together.

Philanthropy in Ireland is crying out for leadership and a plan of action. Perhaps the recently formed Government Forum on Philanthropy will do just this.

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### Article at a glance

Private giving in Ireland accounts for 0.34% of GNP in Ireland, compared to 0.77% in the UK and 2.1% in the US (2005).

Giving in Ireland is mostly unplanned and spontaneous.

Individual and corporate philanthropists need to move towards planned giving – strategic philanthropy.

Leadership is needed to develop a framework for philanthropy in Ireland, which fits with our culture and society.