

PHILANTHROPY IRELAND

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EMPOWERING PHILANTHROPY FOR A BETTER IRELAND

BUDGET 2023 SUBMISSION

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Submission from Philanthropy Ireland for Budget 2023

THE CHALLENGE

The global pandemic, the conflict in Ukraine and escalating energy crisis highlight how major changes can occur very rapidly and with devastating impact. Meanwhile existing crises climate, housing, poverty, etc., still remain. Such realities underline the urgent need, existing and ongoing, for philanthropic support.

As we strive to navigate and manage current crises this is a critical point in time. The impact of the unforeseen challenges and ensuing deep uncertainties will continue to unfold for some time to come. Collectively as a society we face testing times, as we strive to address needs emerging in addition to those remaining unaddressed.

Philanthropy and philanthropic organisations are a critical part of our democratic and pluralistic society. More and more citizens want to do good: they want to help address societal issues; to express themselves and connect and collaborate with others who share their ideals.

As the independent representative body for grant makers, over the past 20+ years, we have witnessed the value of philanthropy in enabling and supporting projects for social impact. **Philanthropy can take risks, collaborate for innovation, support proofs of concept and respond swiftly.**

Philanthropy can play a vital role in driving increased additional investment in the not-for-profit sector in Ireland. This has been successfully demonstrated in the past. Philanthropy supports endeavours from which we all benefit. Notable examples span a range of areas, including [early childhood support](#), [children's rights](#), [marginalised youth](#), [equality](#), [older people](#), [vulnerable women](#), [climate](#), [development overseas](#), [support of travellers](#), [social justice issues](#), [disadvantaged communities](#), to name but a few.

While funding is needed for the immediate support of projects serving the most vulnerable in our communities, looking to the future we know the demand on all resources for social, economic, and environmental issues will be significant. We need to work collaboratively and in partnership to maximise use of resources, including philanthropy. **The opportunity is now to activate measures to unlock philanthropy in support of social good.**

Modest stimulus and support can accelerate philanthropic giving. To build sustainable models of philanthropy we need to stimulate behavioural change to attract greater investment. Government can provide leadership in activating measures of support. Philanthropy is not and never will be a substitute for public investment, but in enabling philanthropy government leaders and policy makers send clear messaging on the value placed on doing good and our collective responsibility to society.

Despite significant achievements, philanthropy remains underdeveloped in Ireland. There is real opportunity to advance it in a manner that reflects collective values and ambition. The ongoing commitment from government for the development of philanthropy policy lays foundations for a supportive infrastructure, essential for growth and development.

Informed by our member experiences, by national and international research, and by our oversight on best practices in the field of philanthropy, we propose moderate, actionable steps for positive impact.

THE SOLUTION

1. Develop and resource Philanthropy Policy to accelerate and support growth in philanthropy
2. Activate stimulus to attract investment in philanthropy to impact on long term behavioural change in giving patterns
3. Invest in development of data to support and inform policy and decision-making of government and philanthropies
4. Activate measures to advance legacy giving in Ireland to expand the mix of philanthropic giving

1. Development of Philanthropy Policy

Philanthropy needs a policy and regulatory environment that allows it to achieve its full potential to support and benefit society, maximising impact and adding value. There is real opportunity to strengthen philanthropy as a key vehicle for improving communities and societies and increasing civic engagement. This can only be achieved with substantive effect by creating an enabling environment through policy and fiscal supports.

The impact of philanthropy cross cuts all departments of government, adding both social and economic value. Philanthropy and its important role in supporting civil society, community development and Irish values must be better recognised by policymakers: learn, engage, acknowledge. Notably:

- Policy can provide a framework within which all stakeholders can work collaboratively to catalyse change for societal benefit.
- Philanthropy can be most effective when operating in collaboration with government and public policy; public leadership must authorise and support such collaboration.
- To maximise delivery on collaboration, public sector protocols/guidelines for partnering on philanthropy need to be developed.
- Ireland could further leverage the impact of private resources for public good by introducing financial instruments that act as a catalyst for co-granting with philanthropy and stimulate co-investments; such options can be examined and reviewed in context of policy.
- Policy can form a benchmark against which government departments can engage with philanthropy, in turn positively messaging to donors and facilitating engagement.

As the impact of recent and ongoing events continue to unfold, effective resource management is critical. Demand on resources, across all strata, including social and community services, continues to accelerate. Policy development signals intent, creates a common bond, supports transparency, and can facilitate optimising the use of resources for common good. We welcome the steps already taken to advance policy. This needs to be expedited to facilitate much needed partnerships with private funding, through clear processes of engagement, across the whole of government.

A supportive enabling environment is vital to accelerate the effective development of philanthropy for social impact. **Leadership must come from government and when articulated and demonstrated through policy, can steer, and guide such development for good.** Leadership signals intent, purpose, and ambition - recognition by government that philanthropy can be a legitimate partner in addressing key societal issues.

Our Ask: *The provision of adequate resources to expedite the development of a Philanthropy Policy, to oversee its implementation and to facilitate review and learning.*

2. Activation of Stimulus to Attract Investment in Philanthropy

While we in Ireland identify as a giving nation, our giving is predominantly reactionary and short term in nature. Further, recent research suggests our level of generosity has declined by comparative international standards¹.

Planned giving – philanthropy - encourages greater depth of giving. Research indicates that donors who give strategically tend to give more, suggesting planned donations are on average five times greater than spontaneous donations². To grow strategic giving, we need to create a cultural shift to more sustainable long-term investment in giving. Cultural shifts need to be centrally driven and stimulated over a sustained period to fully embed.

There is clear evidence and precedent demonstrating both the potential and value of stimulus measures to accelerate philanthropic giving. Evidence of this here in Ireland includes:

- Investment support of IR£1m was made by government in 2000 to support the establishment of The Community Foundation for Ireland (CFI); by year end 2021 CFI cumulative grant-making exceeded €86m (€18.7m in 2021 alone) and the endowment fund value exceeds €55m³.
- Match Funding support provided by government to Rethink Ireland assisted their achievement of creating a cumulative social innovation fund of €85m as of June 2022 since 2016; for year end 2021 they raised almost €7m in philanthropic funds, with government matching funds providing a further €5.5m⁴.

¹ [CAF World Giving Index 2021](#) Charities Aid Foundation

² [Philanthropy in the Republic of Ireland](#), McKinsey & Co.

³ [The Community Foundation for Ireland Annual Report 2021](#), The Community Foundation for Ireland

⁴ [Rethink Ireland 2021 Annual Report](#) Rethink Ireland

Direct investment and match funding are just two examples of models of support open to government to accelerate philanthropy. What is notable, is that both can represent significant return on investment for government, for the benefit of society, as evidenced above.

The current system for treatment of tax on charitable donations, introduced in 2013, is not effective and is not adding value. Research carried out for Philanthropy Ireland by BDO⁵ identified significant deficiencies in the current system noting:

- donations **decreased** by approx. 25% in the period
- donation value only marginally increased (1.7%) in the period
- only 20% of charities availed of the relief
- less than 1% of donations were more than €5k
- cost to exchequer decreased by average €10.8m (it was intended to be cost neutral)
- €50m is the estimated loss of income to NFP sector over 5-year period 2013-2018

The system is not working to either encourage or to maximise the opportunity for major gift giving. The decrease in cost to the exchequer for operation of the 2013 scheme can offset cost to the exchequer for the introduction of stimulus for investment in philanthropy.

Stimulus measures will help to create a culture of giving larger donations and encourage the establishment and/or further development of structured giving vehicles to invest in causes for public good.

Tax and regulatory systems have the potential to accelerate philanthropic giving. Research consistently indicates that while a stimulus is not always a motivation to give, it can influence how much people donate and in what way.

A wider review of public policies that impact on philanthropy, including tax, is essential to provide for greater inclusion and to encourage higher levels of giving.

Our Ask: *Provide stimulus to attract investment in philanthropic giving, individual and corporate, including expansion of match funding initiatives and amendments to current scheme for treatment of tax on charitable donations.*

⁵ [The Impact of the 2013 Change in Tax Treatment of Charitable Donations](#) BDO

3. Investment in Provision of Data

Data analytics is fundamental for the operation, development, and growth of philanthropy in Ireland. The collection and provision of timely, accurate and in-depth data on philanthropy and the wider non-profit sector is an essential element of infrastructural support for donors and the broader philanthropic community.

Trusted data, research and analysis about philanthropy, the wider voluntary sector and the individual organisations in it, is essential in supporting key decisions on allocation of philanthropic funds to ensure integrity in decision-making.

A positive culture of philanthropy is dependent on trust and transparency with access to reliable information. International evidence⁶ points to credible publicly available data being a key factor in building the confidence of philanthropists to allocate funding and to increase their strategic contributions.

Looking to the development of a policy to support the growth of philanthropy, the inclusion of a trusted open data source(s) providing key analytical insights is fundamental to any policy planning. Trend data for improved policy making, and greater transparency and public accountability for government, philanthropies, and charities alike is a necessary investment.

Our Ask: *The provision of adequate resources to support the provision of robust data to meet the need for high quality and timely information to inform decision-making on giving.*

4. Activation of Measures to Support and Advance Legacy Giving

Legacy giving offers real potential to advance the level of philanthropic giving in Ireland. It can play a vital role in promoting a culture of philanthropy being a democratic model of giving, open to all, removing perceived barriers as philanthropy only being within the remit of the wealthiest in society. We support the call of My Legacy for commitments to support the growth and development of legacy giving in Ireland.⁷

Our Ask: *Activate measures to support and advance legacy giving in Ireland.*

⁶ [Giving More and Better: How can the philanthropy sector improve?](#) NPC UK

⁷ [My Legacy](#)

ABOUT US

Philanthropy Ireland (PI) is the representative body for the philanthropic sector in Ireland, our members disbursing over €200m annually, supporting over 2,000 projects across Ireland and overseas.

A not-for-profit member organisation PI is dedicated to the growth and development of philanthropy in Ireland for the benefit of society. Our 50 members comprise independent grant-making Trusts and Foundations; Family Foundations; Corporate Foundations; and Private Donors.

Our Mission is to strengthen the social sector by advancing knowledge, understanding and practice of philanthropy. Our purpose is to empower philanthropy, representing donors, private & institutional, to create a dynamic and diverse community engaging in philanthropy for public benefit. We do this through 3 key pillars of activity:

- **Promotion** of philanthropy to increase strategic giving
- **Policy** for philanthropy to encourage an enabling environment for philanthropy
- **Practice** of philanthropy to effect evidence based good practice in grant making

We work in collaboration and partnership with a cross section of organisations, both national and international and with government. We are supported through funding from Philanthropies, Department of Rural and Community Development and Membership fees.

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THANK YOU FOR THE OPPORTUNITY TO CONTRIBUTE.

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