



Forum on
Philanthropy
& Fundraising

Report of the

Forum on Philanthropy and Fundraising

May 2012



"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."

Philanthropy Ireland

Contents

Foreword	4
Section 1:Executive Summary	6
Section 2: Introduction	8
Section 3: Recommendations	12
Recommendation I - National Giving Campaign	12
Recommendation II - Fiscal and Infrastructure	14
Recommendation III - Building Fundraising Capacity	18
Recommendation IV - Social Innovation Fund.....	20
Forum Implementation Plan	22
Appendix A: Terms of Reference	26
Appendix B: Membership of the Forum.....	27

Foreword



Phil Hogan, T.D.

Minister for the Environment,
Community and Local Government

July 2012

One of my first actions in office was to reconvene the Forum on Philanthropy and extend its mandate to cover fundraising. I did so because I believe that Philanthropy and Fundraising can play a critical role in driving increased additional investment in the not for profit sector in Ireland.

While there is strong awareness of the value that non-profit organisations bring to our quality of life, the economic impact of the sector is often overlooked. The wider not-for-profit sector in Ireland employs over 100,000 people. The sector has an annual turnover of €5.7 billion and generates €3.7bn in wages and salaries and €290m in employers PRSI per annum. Moreover, funding channelled into the sector goes straight to work in every city, town and parish across the country, boosting local

employment and the local economy. I am anxious that Government do all that it can to increase investment in the sector.

The Forum, which brings together the major Philanthropies, Philanthropy Ireland, Fundraising Ireland and representatives from the relevant Government Departments, met for the first time on the 29th of June last year. At that meeting, I asked for a report on how we might develop philanthropy and fundraising and increase the amount of money invested by Irish people in good causes.

The Forum has set out a target to increase philanthropic giving by ten percent year on year in Ireland from its current level of approx. €500m per annum to €800m by 2016. This is clearly a very

ambitious target, particularly given the adverse economic conditions. However, I believe it is achievable given the traditional generosity of the Irish people. The thinking behind the Forum is to generate additional investment in the not-for-profit sector; it is not designed to substitute for Government investment. I firmly believe increased private investment in the sector will generate increased jobs throughout our country.

Every day and in every community in Ireland, people are working to make Ireland a better place to live in, whether that is in community and voluntary bodies or sporting and cultural organisations. The work of the Forum is designed to support the efforts of these individuals and organisations. There is no

"I would like to stress that the work of the Forum is not just about targets and visions. Rather, the work of the Forum is about increasing the investment in good causes in Ireland to make a tangible difference to the lives of our people today and a better future for us all."

community in Ireland which is not in some way touched by the work of the not-for-profit sector. Indeed, I would go further and say that there is not an individual in the country who does not in some way benefit from the work of the sector.

I would like to thank the members of the Forum for their work on this report and to wish them well as they take on the much more challenging task of turning a vision into a reality and driving increased investment into one of the most important sectors in Irish life. My Department will continue to work with the Forum in reaching its very ambitious targets.

I would like to stress that the work of the Forum is not just about targets and visions. Rather, the work of the Forum is about increasing the investment in good causes in Ireland

to make a tangible difference to the lives of our people today and a better future for us all.



Phil Hogan, T.D.
Minister for the Environment,
Community and Local Government
July 2012

Section 1:

Executive Summary

Introduction

Ireland's proud tradition of individual and collective giving has formed the basis for much that is good in our society, and is a key driver of the vibrant not-for-profit sector in this country. In addition to its societal and cultural roles, the not-for-profit sector is also a major industry sector in its own right, employing more than 100,000 people.

The Forum on Philanthropy & Fundraising believes that there is an opportunity to substantially increase the level of private sector investment in the sector by creating a favourable environment for individual and corporate philanthropy in Ireland, and developing fundraising capacity. This would unlock significant funding and help to create new and innovative public private partnerships to address fundamental social and economic challenges, and in addition help to fund arts and cultural initiatives. Increased investment in the sector will generate increased employment in local communities, build social capital and support the movement for national reform and national renewal.

Four Recommendations:

The Forum has set out a target to increase philanthropic giving by ten percent year on year in Ireland from its current level of approx. €500m per annum to €800m by 2016. This report sets out the main strategic recommendations of the Forum and an implementation plan for delivering on the overall objectives.

The drivers for this increase in giving fall under four overarching themes:

- A National "Giving Campaign";
- Improving the fiscal environment and infrastructure for giving;
- Developing fundraising capacity among not-for-profits;
- Creating a National Social Innovation Fund.

1. National Giving Campaign

The Forum proposes a National Giving Campaign which will increase private giving, and in particular planned giving, by ten percent year on year to 2016. It will also raise awareness and understanding of the value of philanthropy and planned giving amongst all sections of Irish society (high net worth, business, and the general public), by demonstrating their contribution to improving Irish society and the development of community in Ireland.

2. Fiscal and Infrastructure Recommendations

The Forum recommends that measures to promote the creation of structured vehicles for major gifts should be introduced, following the example of other developed economies with mature infrastructures for giving through grant-making charitable trusts, foundations and donor-advised funds.

Furthermore, the Forum recommends the development of the soft infrastructure for fundraising and philanthropic giving through greater disclosure and enhanced collection of information to promote confidence and to support better policy-making in the future.

3. Building Fundraising Capacity

The Forum recommends a structured national fundraising education and training programme which will facilitate the growth of private donor income to the not-for-profit sector.

4. Social Innovation Fund

The Forum recommends the creation of 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.

Conclusion

The Forum's vision for the period 2011-2016 is that the role and legitimacy of the contribution of philanthropy and strategic charitable fundraising to Irish society will be reinforced, properly understood and valued. An appropriate infrastructure to facilitate philanthropy and fundraising will have evolved, including appropriate regulation of the charities sector, efficient tax and legal frameworks that encourage giving, with proactive and engaged intermediaries and wealth advisors that promote philanthropy and giving. Philanthropy and Fundraising in Ireland will be widely perceived as operating to the highest standards of transparency, probity and effectiveness. The fields of philanthropy and fundraising will be characterised by readily accessible and good quality information and research, which enable progress and developments within the field to be tracked and understood over time, including appropriate international comparisons.



Section 2:

Introduction

Why support Philanthropy & Fundraising?

In Ireland we have a proud tradition of giving; of giving both to our own and to others. This tradition of individual and collective giving has formed the basis for much that is good in our society, and has supported the growth of a vibrant not-for-profit sector in this country.

The not-for-profit sector plays a crucial role in supporting social, community, economic and cultural life throughout Ireland and is the indispensable partner for Government in delivering vital national services. While there is strong awareness of the value that non-profit organisations bring to our quality of life, the economic impact of the sector is often overlooked. The wider not-for-profit sector in Ireland employs over 100,000 people – which is equivalent to the numbers employed in the ICT sector and the Pharma Chem sector combined. The sector has an annual turnover

of €5.7 billion and generates €3.7bn in wages and salaries and €290m in employers PRSI per annum. Moreover, funding channelled into the sector goes straight to work in every city, town and parish across the country, boosting local employment and the local economy.

The fiscal crisis facing the state and the severity of the recession, combined with a lack of effective philanthropy and fundraising capacity, have had an impact on both public funding and private investment from business and individuals to the not-for-profit sector, at a time when the need for services has increased dramatically. In addition, parts of the sector are hugely reliant on state funding, with not-for-profit organisations on average receiving 60% of their funding from the exchequer. Clearly this is not sustainable in the current economic climate.

There is also the fact that two of Ireland's major philanthropic organisations – Atlantic Philanthropies

and the One Foundation – are now spending down and both will cease to operate within a few years, leaving a significant funding gap within the not-for-profit sector. It is important to ensure that, in encouraging greater giving into the future, current partnerships between the State and philanthropic organisations are not negatively impacted – the Forum's recommendations are therefore additional to existing arrangements and should not lead to any displacement of public funding.



A 60% increase in giving by 2016

In this interim report the Forum on Philanthropy sets out a target to increase philanthropic giving in Ireland from its current level of approx. €500m per annum to €800m by 2016. The above target is clearly ambitious given the current recession; however, it is not unrealistic given the underdeveloped nature of giving in Ireland. For example:

- Only 15% of donors in Ireland give in a regular planned fashion compared to 36% in the UK. Planned donations are on average five times larger than spontaneous donations.
- In terms of percentage of income donated, Ireland ranks well below the US and below many of its European peers, including Sweden, Switzerland, and the UK, where despite a similar government philosophy people are donating more than 1% of their disposable income compared to the Irish figure of 0.8%. The UK figure is 1.2%¹.
- In Ireland the 400 top earners accounted for about 10% of the tax-deducted charitable giving. In Germany, the UK, or the US, the top income earners account for more than 30% of private donations.
- There are only about 30 active grant-making foundations in Ireland compared to more than 8,000 in the UK. With 0.7 charitable foundations per 100,000 inhabitants, the number of Irish foundations lags far behind the European average of about 20. If Ireland was to match the average European figure there would be 857 grant making foundations here.
- Corporate giving in Ireland is very low. Only 1.4% or some EUR 25 million of Irish NGOs' income in 2005 stemmed from corporate donations, or less than 0.1% of pre-tax profits of the top 500 Irish companies. By comparison, all listed corporations in the UK donate on average 1.2% of their pre-tax profits. In other words these British corporations donate on average 12 times the Irish contribution.
- 80% of professional advisors stated that their clients do not understand the concept of strategic planned philanthropy, 50% of all advisors surveyed have never had a discussion² with their client about philanthropy. Another 18% do not feel comfortable with the subject and only discuss it if the client raises it.

¹ Source Philanthropy in the Republic of Ireland 2009 McKinsey all of the subsequent figures in this section are from this study.

² Philanthropy Ireland research 2011

- Even though Ireland is gripped by recession, there is still significant potential to increase the amount of money raised – between 2009 and 2010 the amount of money raised by charities actually increased by 23% (6% if you exclude the most effective fundraisers the overseas development charities).

The Forum believes that to attract greater funding from philanthropy and corporate investment, it is critical that there is an appropriate infrastructure to facilitate philanthropy and investment in this country, with efficient tax and legal frameworks that encourage giving, proactive and engaged intermediaries and wealth advisors, and appropriate regulation of the non-profit sector that promotes effectiveness, accountability and transparency.

The not-for-profit sector itself also needs to adapt to new economic realities, and to operate more efficiently and more innovatively. The sector must become better at targeting a more diverse range of supports, including partnerships within the corporate sector. It is essential that our not-for-profit sector can tap into the many crossover benefits which can flow from a well-cultivated relationship with the private sector.

The Forum notes that the Programme for Government 2011 contained a commitment to a new model of social financing for social interventions;

We will establish a new model of financing social interventions– Social Finance Bonds– that share audited

exchequer savings with charitable voluntary organisations (p30).

Social Impact Investing (SII) and other forms of outcomes based finance (including SIB's) are a novel means of financing the delivery of key social services, in a cost efficient and measurable manner. SII works by identifying public sector benefits that can be achieved by tackling social problems early and raising private investment to fund preventative interventions up front. SII represents an effective partnership between the State, private investors (initially philanthropic or charitable trusts) and specialist service providers that carry out the actual work. The private investors are only paid if the intervention is successful and the required targets are met. SII would mobilise new private capital to create more social good for less funding.

The Forum on Philanthropy notes that Clann Credo – the Social Investment Fund, the Atlantic Philanthropies and the Centre for Effective Services are currently completing research on their potential applicability in an Irish context. It awaits the report of this research with interest.

The Forum notes the report and recommendations of the Working Group on Arts Funding, of September 2011, which outline initiatives whereby state funding for the arts in Ireland can stimulate private sector support for the arts through philanthropy, sponsorship and endowment. The recommendations outlined in the working group's report complement the Forum's recommendations.

Four Recommendations

In order to meet the goal of increasing philanthropic giving in Ireland, recommendations under the following four themes should be implemented. In making recommendations it is understood that any proposed State funding would be subject to relevant public financial guidelines and financial procedures, including procurement regulations.

1. Issuing a compelling call to corporate entities, high net worth individuals and the general public to increase their giving through a National Giving Campaign.
2. Putting in place the right environment to facilitate greater giving (tax, regulation and data collection). Fiscal initiatives will incentivise individual and corporate giving while the development of soft infrastructure for fundraising and philanthropic giving will promote confidence and support better policy-making in the future.
3. Increasing the quality of the 'ask' by developing fundraising capacity and developing a structured national fundraising education and training programme.
4. Creating a National Social Innovation Fund as a public private partnership between Government and the philanthropic sector 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.

Social Impact Investing works by identifying public sector benefits that can be achieved by tackling social problems early and raising private investment to fund preventative interventions up front.



Section 3:

Recommendations

Recommendation 1 – National Giving Campaign

Proposal

The Giving Campaign will form the context or overarching infrastructure for the recommendations of the Forum on Philanthropy and will form part of a wider national recovery strategy designed to restore both the economy and national self-belief.

The Campaign will increase awareness and understanding of the value of Philanthropy and Planned Giving amongst all sections of Irish society (high net worth, business, and the general public), through demonstrating their contribution to improving Irish society and the development of community in Ireland.

Rationale

According to the latest report on fundraising in Ireland by consultants, 2into3, Irish charities reported an increase of 23% in fundraised income in 2010 over 2009, (or 6% if you exclude international development aid charities), despite the fact that Ireland is still in the grip of a serious recession. The report's authors stress that if the quality of the 'ask' was improved Irish people would give even more. The National Giving Campaign is an opportunity to get the 'ask' right, and elevate fundraising and philanthropy in Ireland to a new level. The Giving Campaign will operate for two years, at which time it will be reviewed and a decision taken to renew the campaign or to implement alternative strategies to grow giving in Ireland.

Operating Model

The National Giving Campaign will be a public private partnership between Government and philanthropic organisations, overseen by a high profile National Board of respected and influential citizens supported by an Executive Steering Committee responsible for oversight of the Campaign. The steering Committee will select a team of experts and 'best of breed' agencies to design build and run a major public awareness and call to action campaign run over a two to three year period. The design of the campaign (including key messages, tone, etc.) will be driven by empirical research. Possible campaign phasing for 2012/2013 includes:

- Set the Context for Giving in Ireland, highlighting the benefits that giving delivers to Irish Society;
- Inspire our target audiences – tell them why they should get behind this campaign use role models (Henry Shefflin/Brian O'Driscoll/Bernard Brogan to legitimise effort;
- Show them How – provide simple clear actions as to how they can make a difference (e.g. Online donations/ Direct Debits);
- Use partnerships to drive the message to key sectors e.g. IBEC/ Dublin Chamber to the business community, GAA/IRFU to the general public, Trade Unions for workers;

- Measurement – Central to this campaign is effective measurement and a programme of research should be put in place from the outset.

The campaign would begin with a high profile launch with the Taoiseach/ Minister at a suitable venue e.g. Croke Park/Dublin Castle, followed by TV/Radio/Billboard and Digital advertising campaigns. The campaign would then use partnerships with a national sporting organisation/ business organisation to drive a series of regional/county road shows on the good that giving is doing locally and how with a little more investment much more could be done. The impact of the initial media campaign would then be re-enforced by charities launching their own campaigns under the National Giving Brand.

The campaign would be positioned as part of a movement for national renewal and restoration not only of the economy but of national self-belief. A key success factor would therefore be high profile political leadership.

Outcomes/Benefits

- Increase private giving by ten percent year on year from all sections of society, and in particular to increase planned giving amongst all sections of society.
- Deliver a long term increase in planned and philanthropic giving.
- Underscore the legitimacy and value of philanthropy to policymakers, the media and the general public.

- Deliver a significant economic stimulus through better funding of civil society.
- Instil a culture of giving into Irish society.

Costs

The full cost of the campaign would be €2.5m over two years; the campaign would expect to generate at least €200,000 from media partners in addition to the input from philanthropic investors.

Next Steps

Commission motivational research on charitable giving and philanthropy as a matter of priority.



Recommendation II – Fiscal and Infrastructure

Introduction

The Forum has a number of proposals aimed at increasing the number and level of donations to good causes in Ireland.

The Forum recognises the need to simplify the administration of the tax relief scheme as it applies to charities, and is aware of the Department of Finance/Revenue Commissioners/ICTR working group investigating options. The Forum is broadly supportive of the concept of simplification, but has concerns that taking the taxable benefit from the donor and giving it to the charity in all cases, may adversely impact the number and level of larger donations, and the growth of large scale philanthropy in Ireland. The Forum therefore recommends the setting up of a separate scheme to encourage major gift philanthropy.

The Forum proposes the decoupling of tax relief on donations to charities and approved bodies from the S.485(C) restriction. This restriction treats business investments from which the investor benefits in the same manner as charitable donations where the donor derives no benefit. This proposal acknowledges the key difference between tax relief to private philanthropy to promote the public good, and private investment to promote private gain.

The Forum recommends that major gifts should be encouraged by allowing charities, grant making charitable trusts, foundations and donor advised funds the option to sign up for a scheme which enables them to allow the taxpayer to retain the taxable benefit for the donation.

The Forum also recommends that the tax relief in respect of the donation of art works/heritage items to approved cultural institutions should be restored to 100% (it was reduced to 80% in 2008).

Finally the Forum recommends the development of the infrastructure for fundraising and philanthropic giving through greater disclosure and enhanced collection of information to promote confidence and support better policy-making in the future.

The Forum intends to conduct an ongoing review of measures to strategically develop Irish Philanthropy including research into donor motivations, and measures to increase planned giving from giving while living to charitable bequests in legacies.



Proposal No.1: Tax Reform: Simplification (Taxation Consolidation Act, Section 848A)

1. PAYE and Self-Assessed Donors should be treated the same i.e. with the tax relief in both cases going to the charity. This has already been recommended by the Commission on Taxation on the basis of ensuring equity. The one exception we propose is that the relief should be given to a donor who contributes to specific structured giving vehicles (cf. Recommendation 3).
2. There should be a single composite rate of relief, e.g. 33%.
3. The lower threshold for relief should be adjusted downward (currently it is €250).

A Dept. of Finance led working group with ICTR and the Revenue Commissioners is investigating the impact of the proposals for simplifying the operation of the tax relief scheme on donations using a statistical analysis model developed with PWC. This will be used to refine and cost detailed proposals.

Rationale

The administrative burden on donors, charities and the state from the operation of the current scheme is considerable, and is widely considered by charities to represent a barrier to tax-efficient giving. The scheme is also inequitable as there is a different treatment of self-assessed and PAYE donors. These proposals would treat all donors equitably.

Benefits

Reduced administration and hence costs for both charities and the state. Enables a risk-based approach to assessing tax reclaims. Greater convenience for donors, charities and Government and helps to address data protection issues re charities holding PPSN numbers.

Costs

This proposal is intended to be cost neutral.

Proposal No. 2: Tax Reform: Decoupling – (TCA, Section 848A)

1. Decouple the S.848 (A) tax relief on donations to charities and approved bodies from the S.485 (C) restriction on the use of tax reliefs by higher earners and replace it with a €1m cap per annum on the donations scheme itself.
2. Where donors wish to make more substantial donations to support a particular project or initiative, apply a 'roll-over' of tax relief for up to 5 years.
3. In the case of donations in excess of €5m that may not be appropriately addressed for tax purposes under these proposals, provide by legislation for a separate approvals process, on a case-by-case basis to encourage such philanthropic donations.

Rationale

The current scheme is unnecessarily complicated. This proposal recognises the key difference between tax relief to private philanthropy to promote the public good and private investment to promote private gain. Tax reliefs for charity / philanthropy will not result unless a charitable /philanthropic donation has been made. There is no circumstance, therefore, where a financial gain may accrue as a result of the donation. In fact the legislation specifically states that there can be no benefit to the donor in the case of the S.848 (A) tax relief scheme on donations.

Benefits

This measure clearly separates philanthropic from business decisions; we believe it will encourage more giving.

Costs

Further analysis of Department of Finance information on the use of restrictions by higher earners needs to be undertaken to determine a full estimate of costs.



Proposal No. 3: Tax Reform: Encouraging Major Gift Philanthropy

1. In the specific cases of donations into designated vehicles (grant making foundations, trusts, donor advised funds and charities) that opt into the scheme the tax relief at the marginal rate should go directly to the donor. Charities that opt in to the Major Gift Scheme will be precluded from operating under the standard, simplified S848A scheme.
2. There will be a lower limit of five thousand euro for donations and an upper limit of one million.
3. This initiative should be reviewed after four years to assess its effectiveness.

Rationale

The Forum recognises that tax simplification will benefit the majority of charities, however there is a danger that taking the taxable benefit from the donor may reduce donations and negatively impact on grant-making trusts and foundations and donor advised funds which rely on larger donations. This potentially could damage the growth of philanthropy and impact the successful delivery of the Forum's strategy.

There are relatively few grant-making trusts and foundations in Ireland compared to the rest of Europe and the US, and the two largest ones plan to spend down within less than five years (Atlantic Philanthropies and One Foundation). There is therefore an urgent need to provide specific incentives to support already-existing philanthropies and encourage the growth of new ones.

Benefits

This measure will help to create a culture of giving larger donations and encourages the setting up and/or further development of structured giving vehicles that will invest in public goods and grow philanthropy in Ireland.

Costs

The measure will only cost if it is successful in attracting increased additional investment.

Proposal No. 4: Tax Reform: Donation of heritage items to the National Collections [TCA S.1003]

1. The S.1003 tax relief in respect of the donation of art works/heritage items to approved cultural institutions should be restored to 100% (it was reduced to 80% in 2008).
2. The maximum cost to the Exchequer should still be capped at €6m and all the other conditions should still apply.

Rationale

The reduction to 80% of the market value of the donation has proven a major disincentive for donors. In 2007 and 2008, donations under the scheme amounted to €5,273,320 and €5,348,969 respectively. By contrast, there were no donations made in 2009, a donation worth €190,000 was made in 2010 and so far in 2011, there have been no applications made under the scheme.

Benefits

Increased investment in the acquisition of items of national cultural importance.

Costs

No additional costs. The scheme is already capped at €6m per annum.

Proposal No. 5: Charities Regulation

1. The Charities Act of 2009 should be speedily implemented, with the establishment of the Regulator on an administrative basis, supported by an implementation forum drawn from the sector and relevant professions.

Rationale

The Forum considers that effective regulatory oversight is essential to build donor confidence, and that philanthropic giving will be served by better intelligence and greater transparency about the charitable purposes of donors and beneficiary organisations alike.

Benefits

This proposal:

- Implements legislation that has been on the Statute Book for more than two years;
- Provides greater accountability and transparency which are needed to build public confidence and attract increased investment in the non-profit sector;
- Provides a stream of reliable evidence on which to build better policy and evaluate outcomes.

Costs

An in-house regulator is the least costly solution to the requirements of the Act. By re-using public information (already filed with the Companies Registration Office and/or Revenue), and working with existing online platforms and organisational capacity in Ireland, low cost solutions can be availed of by the State.

Proposal No. 6: Data Collection

1. The CSO should be mandated by Government to collect data on charitable giving in Ireland as part of the quarterly household survey in line with its mission of the "efficient and timely provision of high quality information for a changing society".
2. Continued support for initiatives to develop current, reliable financial data about charities and philanthropies, and to make this data widely available.
3. The CSO, Revenue and/or other appropriate bodies should be mandated to provide an annual report on vital statistics for the charity sector in Ireland, including trends in charitable giving, employment, economic contribution etc, using data from all relevant sources.

Rationale

This sector is one which employs more than 100,000 people, turns over approx. €5.7bn annually and makes a major social contribution to Irish society, yet there is a dearth of accurate and robust data on which to base public policy. In order to maximise the effectiveness of the Forum we need a solid evidence base to test the success or otherwise of proposed initiatives.

Benefits

Enhanced trend data for improved policy making, and greater transparency and public accountability for government, philanthropies and charities alike.

Costs

To be determined.

Recommendation III – Building Fundraising Capacity

Proposal

The Forum recommends a structured national fundraising education, training and support programme which will facilitate the growth of private donor income to the not-for-profit sector. The approximate total investment required to support this over the next three years is approximately €1 million.

Rationale

The change in Ireland's economic fortunes has resulted in many charities facing into an uncertain future. The 2009 report "Charitable Fundraising in an Economic Downturn" found that while most respondents from the study intended to increase their fundraising activity many were unsure about their ability to fundraise effectively. In addition "Exploring the Irish Fundraising Landscape" stated "it is evident that fundraisers in Ireland lack the basic professional support infrastructure to enable them to improve standards, share learning, promote fundraising as a profession and most importantly carry out their work more effectively."³

Case Study:

In the context of capacity building the Business to Arts 'New Stream' Programme provides a sector specific case study of the results that might be achieved via an investment in capacity building in fundraising in Ireland.

In 2008 Business to Arts partnered with Deloitte to commission the 'Private Investment in Arts & Culture Survey' with the express aim of gaining a deeper understanding of the level of fundraising skills and the fundraising environment for the arts and cultural sector in Ireland.

This report led to three core recommendations being developed from the research, which were to:

- Develop fundraising capacity in the arts and cultural sector;
- Increase individual giving;
- Encourage collaboration and shared learning.

These recommendations informed the development of a wide ranging and successful fundraising capacity building programme named New Stream which is operated by Business to Arts and supported primarily by the Bank of America Charitable Foundation, the contributions of other corporations in Ireland and some support from the Department of Arts, Heritage & the Gaeltacht.

The programme is currently reaching the end of its second year of delivery, with independent evaluation of the project showing that, in its first year of operation (2009/10), 28 participating organisations fundraised over €1 Million of new income which they attributed to their participation in and skills/theory learned from the New Stream programme. This sits against an investment of just over €100,000 in the first year of the programme by the Bank of America Charitable Foundation (which has committed in excess of €400,000 to the programme over three years).

While this example cannot be taken as directly representative of what might be achieved in other sectors (the arts coming from a low base of fundraising expertise, and having been traditionally reliant on public funding), it does demonstrate what might be achieved via investment in skills.

To achieve the aims of the Forum four key elements are required:

No.1: Research & Scope the Fundraising Sector Nationally

Replicating the good work completed in compiling "Exploring the Irish Fundraising Landscape"⁴ in 2007 and focusing more on the numbers of fundraising employees and an assessment of their skill set – a fundraising sectoral research paper, can be commissioned and completed within a three to four month timeframe.

Costs

The estimated cost for carrying out this research is €50,000 (to be supported by Government & Philanthropic investment).

No.2: Support and Investment in Fundraising Training

2.1 Development & Roll-out of Certificate and Diploma in Fundraising Practice

In September 2011, Fundraising Ireland commissioned Professor Adrian Sargeant to develop a certificate and diploma programme in fundraising for Ireland. This scoping exercise will be completed in cooperation with key stakeholders including fundraising practitioners, CEOs, funders and other

³ Charitable Fundraising in an Economic Downturn, The First Annual Report on Income and Fundraising Activity in Irish Charities May 2009. By Geraldine Prizeman and Siobhan McGee. The Centre for Non-profit Management, Trinity College

⁴ Exploring the Irish Fundraising Landscape, A report on the practice and scale of charitable fundraising from the public in Ireland. By Freda Donoghue, Andrew O'Regan, Siobhan McGee, and Anne Marie Donovan, ICTR & Centre for Non Profit Management, Trinity College

representative organisations from the sector. Fundraising Ireland aims to complete this work by March 2012 and the first framework meeting is taking place on November 7th in Dublin.

Costs

The cost of this initial piece of work is €35,000 (to be funded by Fundraising Ireland). The roll-out of these courses will continue during 2012 and 2013.

2.2 Fundraising Seminars/Boot-Camps

Alongside this accredited training the Forum proposes that a series of fundraising boot-camps should be organised for small to medium sized charities to up-skill and enable participants to fully participate in and benefit from the National Giving Campaign.

Rationale

The Forum is conscious of the need to develop fundraising capacity in the near to medium term amongst medium sized organisations to help drive the Giving Campaign and to ensure that such organisations can fully benefit. This measure is aimed at organisations which have existing fundraising capacity but who would still benefit from focused professional development.

Benefits

This measure will enhance the skills of participating charities and assist in the professional development of a critical cadre of fundraisers. In the short term it will deliver point skills to assist charities to fully benefit from and indeed to help drive the national giving campaign.

Costs

Less than €100,000 – costs to be borne by a partnership of Government, Philanthropy and the participating charities.

No.3: Proposed Investment in Fundraising Infrastructure in Ireland

The infrastructure to support fundraising capacity building will be key to developing the sustainability of the not-for-profit sector into the future. A number of organisations provide direct and indirect support in this regard, including Fundraising Ireland, which is a national representative body for those involved in charitable fundraising, with over 2,000 individuals engaged with the organisation. The organisation provides regular training seminars and events, focused on developing skills and capacity in the sector. In addition it holds an annual conference attended by up to 300 delegates.

Rationale

In order to further develop capacity-building of the fundraising sector and to provide effective ongoing training and support, the sector will require financial partnership from Government and philanthropic funders in addition to its own earned income through events and membership.

Benefits

A professional fundraising sector with the proper skills and knowledge to ensure sustainability of the not-for-profit sector in the longer term. It should also be recognised that a professionalised, best practice fundraising sector will be required to facilitate the three other platforms of

the Forum on Philanthropy, in particular the National Giving Campaign.

Costs

The proposal is that this would be funded through a public-private investment of €1 million over the next 3 years (2012-2014) to include a grant from Government, subject to procurement regulations.

No. 4: Government influence on sector

Statutory funding is still seen as vital to the majority of charities operating in Ireland. Government therefore would benefit from encouraging the professionalism of fundraising through capacity building, matched funding programmes, training grants and collaborative working groups in a number of key charitable sectors in order to decrease dependency on State funding.

Expected Outcomes & Benefits

All outcomes would be measured, evaluated and reported annually as agreed during the design phase of this proposal. At this stage we anticipate the following impact:

- A professional fundraising sector that can facilitate the ambitious targets of the Giving Campaign;
- 960 fundraising charities and circa 1500 fundraisers up-skilled in professional fundraising techniques and continuous professional development opportunities;
- Additional income of €300M to the sector by 2016;
- Reduced sector reliance on statutory funding.

Recommendation IV – Social Innovation Fund

Proposal

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.

The objective of the Social Innovation Fund (SVF) is to stimulate philanthropy to support protection of our most vulnerable people during a time of economic transition, through a focus on harnessing the power of Ireland's social innovations. Recognising the originality and drive of Ireland's social enterprises large and small, the Innovation fund would provide funds to scale social innovations that improve life outcomes and have a widespread impact on critical social problems facing Ireland. The not-for-profit sector has developed innovations which can improve life outcomes and cut costs for the Irish state. These organisations need growth capital (just like businesses) but there is no significant not-for-profit capital market. There is a pipeline of social entrepreneurs and established enterprises with innovations in childcare, disability, elder care, environment etc that are ready to scale. Furthermore, there are opportunities to drive efficiencies as well as improved outcomes, through the application of technological or other solutions.

Key Principles of the Social Innovation Fund

- **Purpose** – To have transformative impact on social issues in Ireland, through a significant fund starting at €10 million and rising to €30m over 3 years.
- **Leverage** – Catalysed by government, it is a joint Innovation between government and philanthropy.
- **Impact** – Focused on specific outcomes & provides growth capital - not working capital.
- **Fund Management** – Performance managed.
- **Selection** – Independent and transparent.

The fund will select organisations for support based on these criteria:

Creates jobs	Demonstrates entrepreneurial skills
Must be sustainable beyond initial investment from the Fund	Provides innovative solutions to social or environmental problems.
Has the potential for scaling up	Offers value for money

The Business Case/Rationale

The Social Innovation Fund will address the deficit in growth capital for solutions ready to scale in a cost-effective manner. The Social Innovation Fund is attractive for a number of reasons:

Fiscal

- **Job Creation** – As they grow, social innovations create jobs. These are high quality jobs, possibly based in regions difficult to target with inward investment.
- **Cost-Effectiveness** – The partnership with philanthropy will double the Government's investment while the investments themselves have potential to reduce government expenditure on social service solutions in the long term.

Social

- **Social Solidarity** – The SVF is a model of government and private sector collaboration to tackle the problems Ireland faces today.
- **Social Protection** – At a time when the most vulnerable members of society are experiencing reductions in the level of assistance the state provides them, the Social Innovation Fund is a vehicle for scaling up cost effective models of care.
- **Entrepreneurial** – The Social Innovation Fund will nurture the Irish entrepreneurial spirit.

Political

- **Control** – The government leverages its own funds, and can align philanthropic funds with its own priorities.
- **Public Relations** – The Social Innovation Fund is a tangible, proactive, and highly visible action to create jobs, address social problems, promote innovation and show it cares.
- **Programme for Government** – Fulfils the "Programme for Government" promise to support the development of a vibrant social entrepreneurial sector.

Track Record

Social Innovation Funds have a strong track record internationally. In the first half of 2010, £3.7m of government investment in Inspiring Scotland was leveraged by philanthropy to bring 1,311 young NEETs (Not in Education, Employment, or Training) back into economic activity. Between 2003 and 2009, the Serbian Social Innovation Fund has transformed social services, increasing the coverage of social care services from 12 to 100 municipalities with €7m of national funding. In America in 2010, the i3 fund secured \$140m of private investment to increase the levels of educational attainment in American public schools, while the Social Innovation Fund allowed government to triple a \$50m investment in high-performance not-for-profits. The two largest foundations operating in Ireland, the Atlantic Philanthropies and the One Foundation will be shutting down in the next five years, leaving an annual €60m gulf in funding for the Irish social sector. It is now imperative that new philanthropists are found and new foundations established to fill this vacuum. A well-resourced Social Innovation Fund is the best method of achieving this.

Operational Model

The Fund will initially be led by an Interim Board which will give oversight to the research and design phase, and opening stages of implementation. The Senior Management Team should be comprised of a blend of business/investment and social sector (public sector/non-profit) experience. The team as a whole should meet the following criteria:

Track record of Fund Management	Knowledge and experience of selection processes
Highest levels of government accountability	Track record of performance management of grantees
Comfort with new brand owning IP	Track record of working with govt. and private sector
Track record of successful partnership building	Sophisticated understanding of causes and solutions to complex social problems

Expected Outcomes and Benefits

The benefits range from availability of innovative, cost effective services to people who need them, to incentivisation of entrepreneurial activity in the social sector, with resultant jobs created.

Costs

It is critical that the funds are performance-managed towards an outcomes-focus. Based on international comparisons, 10% of the fund will have to be set aside for effective administration.



Section 4:

Implementation Plan

The attached document presents a high level road map for the implementation of the recommendations of the Forum on Philanthropy and Fundraising.

Introduction

The Forum's objective is a 10% year on year growth in charitable giving from the start of the campaign to 2016. This is a very ambitious but achievable target. However achieving this target will require excellence in execution and a robust implementation plan. The following document outlines at a high level the steps necessary to implement the recommendations of the Forum.

The successful execution of the Forum's recommendations will require the active support of the existing members of the Forum, Government Departments, Philanthropic Foundations and Representative Organisations. It will also require the active support of a very wide body of stakeholders in the wider not for profit sector including:

- Major Charities;
- The Wheel;
- Not for Profit Business Association;
- Disability Federation of Ireland;
- The Community Platform;
- Dochas;
- Inclusion Ireland;
- Relevant others.

It is critical that prior to the launch of the Forum Report all the relevant stakeholders are engaged with and brought on board to support the implementation of the Forum's agenda. This may require a series of one to one meetings or a number of group briefings. This activity needs to be led by the Chairman of the Forum.

Implementation Approach

Implementing the recommendations of the Forum will require the public support and leadership of the Minister and the Government, the active involvement of the Department of the Environment Community and Local Government, and the support of other Government Departments, large philanthropic organisations such as The Atlantic Philanthropies and the One Foundation, membership organisations such as Fundraising Ireland, ICTR and Philanthropy Ireland. Whenever there is a multiplicity of organisations involved the danger arises that no one organisation is responsible or in charge.

The existing Forum will continue to meet at least four times a year and will continue to provide strategic direction, maintain oversight of the implementation and consider future planning and additional initiatives. It will meet quarterly. It should be noted that the remit of the current Forum runs out in June 2012.

Therefore it is recommended that an overall steering committee be selected from members of the Forum, and from such external experts as the Minister may see fit to appoint, under the leadership of the current Forum Chairman. The function of the steering committee will be to advise on and monitor the implementation of the Forum's recommendations and alert the Minister if problems arise. The Steering Committee will have overall control of the strategic direction of the implementation and should meet as often as possible or at least eight times a year.

For each of the Forum's initiatives there is a need to set up specific structures to ensure that the recommendations are implemented. For three of the initiatives; the Giving Campaign; Tax and Infrastructure; and Building Fundraising Capacity there already exist organisations (Philanthropy Ireland, ICTR and Fundraising Ireland) which have the capacity to provide administrative support i.e. a secretariat. However no such organisation exists to support the creation of the Social Innovation Fund, which will require a somewhat different approach.

Implementation Groups for each of the first three strategic areas can then be selected from the overall Steering Committee with the addition of representatives from the relevant Government Departments. It would be sensible if the Chair of the Forum were a member of each sub-committee to ensure proper co-ordination of the overall programme. The creation of the Social Innovation Fund will require a somewhat different approach as in the absence of a lead organisation there will be a need to have a Chair (who could be the Chairman of the Forum or another individual appointed by the Minister), an interim board, and an executive officer to oversee the start up of the Fund.



The National 'Giving Campaign'

The National Giving Campaign will form the public 'face' of the programme and provides the context for all of the other initiatives. Prior to the commencement of the campaign proper research needs to be commissioned to identify the "hot buttons" that will drive increased giving amongst the Irish people. This research will provide the critical input for writing a campaign brief for the team (PR, Creative, Advertising, Digital Agencies) who will deliver the strategy. It is envisaged that the charities in Ireland will be encouraged to launch their own campaigns under the umbrella of the Giving Campaign thus magnifying the impact of the overall campaign. A steering committee should be appointed consisting of representatives from:

- The Department of the Environment Community and Local Government;
- Philanthropy Ireland;
- Major Philanthropic funders (i.e. these who contribute to the cost of the campaign);
- The Charity Sector (major indigenous charities).

The Steering Committee will oversee the drafting of the brief and tender process for the delivery agencies, agree the key performance indicators with the selected agencies and ensure that these performance indicators are met. The Steering Committee will provide strategic counsel as needed for the campaign. The Giving Campaign will run for two years and then be evaluated to see if a further campaign is required or if new alternative initiatives are needed. Philanthropy Ireland will provide a secretariat to support the work of the Group.

Improving the fiscal environment and infrastructure for giving

Unlike other elements of the program, improving the fiscal environment and giving infrastructure is entirely in the control of government. However responsibility for the delivery is spread between the Department of Finance (tax), Justice (Charities Regulation) and Environment (Infrastructure).

To ensure co-ordinated action a steering committee should be appointed consisting of representatives from:

- Forum members from the Charity sector and relevant stakeholders at the discretion of the Minister;
- Department of Justice and Equality;
- Department of the Environment Community and Local Government.

Separately it is understood that the Department of Finance will recommend simplification of the treatment of charitable donations to ensure that all of the taxable benefit goes to the charity. This will clearly benefit charities that rely on direct debits however it may well damage the ability of charities and philanthropic institutions that rely on large donations to fundraise. It is critical that any move to simplification be balanced with a scheme to encourage large donations tax efficiently. ICTR will provide a secretariat to support the work of the group. Participation in this group by civil servants is on the same basis as their participation in the work of the Forum, to ensure the discussions are fully informed but not to act as advocates for any particular position.

Developing fundraising capacity among not-for-profits

'Good giving requires good asking' - the success of the Giving Campaign and the Forum Strategy are dependent on strengthening the profession of fundraising in Ireland and the capacity of Irish charities to fundraise effectively.

To drive co-ordinated action a steering committee should be appointed consisting of representatives from:

- Department of the Environment Community and Local Government;
- Fundraising Ireland;
- The major philanthropic donors.

The group will oversee the design and implementation of a certificate in fundraising and other initiatives to increase the professionalization of fundraising in Ireland. Fundraising Ireland will provide a secretariat for this group.

Creating a National Social Innovation Fund

The national Social Innovation Fund is perhaps the largest single initiative recommended by the Forum, and will involve the setting up of a new organisation to fundraise and manage subsequent investments. The National Social Innovation Fund will require more than a steering committee, rather it will need:

- A Chairman of proven ability, with high level contacts in the business and policy community and philanthropic communities;
- An interim board of 'heavy hitters' from the business community both multinational and indigenous;
- A CEO to kick start the fundraising effort – this will require a senior fundraiser preferably with a background in Philanthropy or the not for profit sector or a fundraising organisation;
- A Head of Investment to oversee investments from the Fund;
- Some initial seed capital for office set-up.

It might be worth considering having the Chair of the Forum also Chair the Social Innovation Fund at least for the initial period to bolster the overall level of coordination of the various elements of the plan.

Implementation Plan



Appendix A:

Terms of Reference

Forum on Philanthropy September 2011

Measures to support Philanthropy in Ireland

From its inception, the Forum on Philanthropy has acted to advance understanding, promote dialogue and inform the policy agenda on philanthropy.

The mandate of the Forum is to be renewed.

The Forum's vision for the period 2011-2016 is that the role and legitimacy of the contribution of philanthropy and strategic charitable fundraising to Irish society will be reinforced, properly understood and valued. An appropriate infrastructure to facilitate philanthropy and fundraising will have evolved, including appropriate regulation of the charities sector, efficient tax and legal frameworks that encourage giving, with proactive and engaged intermediaries and wealth advisors that promote philanthropy and giving. Philanthropy and Fundraising (and the professionals who work in the sector) in Ireland will be widely perceived as operating to the highest standards of transparency, probity and effectiveness. The fields of philanthropy and fundraising will be characterised by readily accessible and good quality information and research, which enable progress and developments within the field to be tracked and understood over time, including appropriate international comparisons.

The renewed focus for the Forum should be on strategically supporting the further development of both philanthropy and fundraising capacity. To this end, the name of the Forum is to be changed to:

"The Forum on Philanthropy and Fundraising"

The new Forum will prioritise the following areas:

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.

The Forum will continue to focus on the following matters:

- Facilitating dialogue between the public sector and those involved in, or promoting, philanthropy and fundraising capacity;

- Improving access to contacts across public bodies on information on opportunities for philanthropy and fundraising;
- Implementing the vision for philanthropy and fundraising outlined above;
- Increasing understanding among funders, both public and private, of the nonprofit sector;
- Developing ways of influencing professional advisors so that they include philanthropy as a worthy and desirable option to their clients;
- Developing linkages with appropriate bodies both domestically and internationally, and such other initiatives as may be appropriate;
- Producing a strategy to create the optimum environment to increase the amount of philanthropic and charitable giving in line with the timeframes set by the Minister;
- Improving data gathering – the Forum should ensure that there is valid, timely and comparable data on philanthropy in Ireland. This will identify roles and responsibilities for private philanthropic organisations and the State;
- Telling the story of philanthropy and fundraising to increase public understanding and awareness of the contribution of philanthropy and fundraising at all levels and, to identify and implement the best way to develop case studies of philanthropy in an Irish context.

Appendix B: Membership of the Forum on Philanthropy and Fundraising

Name	Organisation
Frank Flannery	Chair
Mary Sutton	Atlantic Philanthropies
Colin McCrea	Atlantic Philanthropies
Andrew Hetherington	Business to Arts
Mary O’Kennedy	Fundraising Ireland
Sheila Nordon	Irish Charities Tax Research (ICTR)
Seamus Mulconry	Philanthropy Ireland
John Healy	Philanthropy Ireland
Niall O’Sullivan	The Community Foundation for Ireland
Tina Roche	The Community Foundation for Ireland
Caitriona Fottrell	The Ireland Funds
Deirdre Mortell	The One Foundation
Niall Ó Donnchú	Dept. Arts, Heritage & Gaeltacht
Don Sexton	Dept. Environment, Community & Local Government
Sean McLaughlin	Dept. Environment, Community & Local Government
Seamus Milne	Dept. Finance
Pat Ring	Dept. Finance
Sean Hoy	Dept. Foreign Affairs and Trade
Terry Dunne	Dept. Justice and Equality
Terry Walsh	Dept. Public Expenditure and Reform
Tom Boland	CEO of the Higher Education Authority

