

**PHILANTHROPY  
IRELAND**

SHARE TODAY. SHAPE TOMORROW.

**FURTHERING PHILANTHROPY FOR GOOD**

**Philanthropy Ireland**

**BUDGET 2022 SUBMISSION**

## THE CHALLENGE

As we move from crisis to continuity this is a critical point in time. The unforeseen challenges and deep uncertainties experienced over the last almost 18 months continue to impact and will do so for some while to come. Collectively as a society we face testing times, as post-pandemic we strive to address needs emerging in addition to those remaining unaddressed from pre-pandemic era.

This is an opportune point to activate measures to accelerate the development of philanthropy for public good. 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, notable examples spanning a range of areas, including children's rights, mental health, older people, third level education, to name but a few.

Funding is badly needed for the immediate support of projects serving the most vulnerable in our communities. Looking to the future and the rebuild of society, we know the demands placed on all resources for social, economic, and environmental issues will be significant.

We need to think and work collaboratively, making best use of all resources, including philanthropy. The opportunity is now to put systems in place to unlock philanthropy for the support of social challenges.

To build a sustainable model of philanthropy we need to attract greater investment. With modest stimulus and support, philanthropic giving can be accelerated. Government has the opportunity to provide leadership in activating measures of support.

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. **Development of Policy for Philanthropy**
2. **Activation of stimulus to attract investment in philanthropy and to impact on long term behavioural change in giving patterns**
3. **Investment in the provision of data to support and inform policy and decision-making by government and philanthropies**
4. **Activation of measures to support and advance legacy giving in Ireland.**

## 1. Development of Policy for Philanthropy

Government must lead on creating an enabling environment for the effective development of philanthropy. Such leadership, when articulated and demonstrated through policy, can steer and guide such development for good. Leadership signals a recognition by government that philanthropy can be a legitimate partner in addressing key societal issues.

Collaboration must happen with purpose, vision and intent. Philanthropic support cross cuts all departments of government, adding economic value. A Philanthropy Policy can provide a framework within which all stakeholders can work collaboratively to catalyse change for societal benefit. It provides a benchmark against which government departments can engage with philanthropy, in turn positively messaging to donors to facilitate engagement.

As the full impact of the pandemic has yet to be revealed, effective resource management is critical. Demand on resources, across all strata, including social and community services, will exceed supply. Policy framework can act as a critical support in guiding resources, in allocation and management processes. Maximising impact is a key objective of all funding stakeholders, public and private.

Policy development signals intent, creates a common bond, supports transparency, and can facilitate optimising the use of resources for the common good. We welcome the steps already in hand 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.

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

## 2. Activation of Stimulus to Attract Investment in Philanthropy

While we identify as a giving nation, it is predominantly reactionary and short term in nature. Further, recent research suggests our level of generosity has declined by comparative international standards<sup>1</sup>.

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 donations<sup>2</sup>. 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 made by government in 2000 to support the establishment of The Community Foundation for Ireland; by year end 2020 CFI cumulative grant-making exceeded €65m (€15m in 2020 alone) and the endowment fund value was €49.96m<sup>3</sup>.
- Match Funding support provided to Rethink Ireland supported them in creating a cumulative social innovation fund of €72m in a five-year period from 2016; for year end 2020 they raised €8.33m in philanthropic funds, with government matching funds providing a further €6.27m<sup>4</sup>.

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 impacting effectively. Research carried out on our behalf by BDO<sup>5</sup> identified significant deficiencies in the system noting:

- donations **decreased** by approx. 25% in the period
- donation value only marginally increased (1.7%) in the period

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<sup>1</sup> [CAF World Giving Index 2021](#) Charities Aid Foundation

<sup>2</sup> Philanthropy in the Republic of Ireland, McKinsey & Co.

<sup>3</sup> [The Community Foundation for Ireland Annual Report 2020](#) The Community Foundation for Ireland

<sup>4</sup> [Rethink Ireland 2020 Annual Report](#) Rethink Ireland

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

- only 20% of charities availed of the relief
- less than 1% of donations were more than €5k
- cost to exchequer decreased by ave. €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 and amendments to current scheme for treatment of tax on charitable donations.

### **3. Investment in Provision of Data**

Data analytics on non-profits is fundamental for the operation, development, and growth of philanthropy in Ireland. The collection and provision of timely, accurate and in-depth data on the non-profit sector is an essential element of infrastructural support for donors and the broader philanthropic community. The value provided from analysis of reporting and financials, benefits not just government but the wider public.

Trusted data, research and analysis about the charity, community, and voluntary sector at large, 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 evidence<sup>6</sup> 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 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 the removal of VAT from the cost of making a will if a charity bequest is included.<sup>7</sup>

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

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

<sup>7</sup> [My Legacy](#)

## ABOUT PHILANTHROPY IRELAND

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.

**Our Mission** Is to strengthen the social sector by advancing knowledge, understanding and practice of philanthropy.

**Our Purpose** Is to Empower Philanthropy: Enabling and supporting donors, private & institutional, to create a dynamic and diverse community engaging in philanthropy for public benefit.

### Our Members

*Philanthropy Ireland is proud to represent:*

An Siol Foundation	Davy Charitable Fund	Kylemore Trust	Protestant Aid
Applegreen	DCU Charitable Fund	Lauritzson Foundation	Quinn Family Foundation
Arts Council of Ireland	D&G Family Fund	LFT Charitable Trust	Rethink Ireland
Basis.Point	DWF Law Foundation	Lifes2Good Foundation	RDS Foundation
Bank of America Foundation	ESB	Mercy Hospital Foundation	Salesforce Foundation
Camden Trust	The Fermanagh Trust	Medtronic Foundation	Small Foundation
Carnegie Trust UK	Galway University Foundation	Mount Street Club Trust	Social Entrepreneurs Ireland
Clann Credo	Genio Trust	NMH Foundation	Social Finance Foundation
Community Finance Ireland	Giving Circle of Ireland	NTR Foundation	St. Stephens Green Trust
Community Foundation for Ireland	Greystone Trust	O'Flaherty Foundation	Tallaght Hospital Foundation
Community Foundation NI	Hospital Saturday Fund	Oakfield Trust	TUDublin Foundation
	Ireland Funds	One Foundation	Vodafone Foundation

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