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### ***PHILANTHROPY IN IRELAND – WHERE TO FROM HERE?***

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- Thank you for the opportunity to speak about philanthropy and its future in Ireland
- It's a particular pleasure to follow Michael Green. The contribution which he and his co-author Matthew Bishop have made to the rather sparse literature on philanthropy is important and I have enjoyed reading it. I recommend it to you all.
- I have been asked to reflect on the current state of philanthropy in this country. I'll do this briefly and then ask where might we go? And how might we get there? I shall try and link that into the debate on philanthrocapitalism. And I'll end counter-intuitively, by offering some health warnings about philanthropy.
- Given what happened in the United States on Tuesday, I should perhaps start with the words of the best president that the United States didn't have in the 20<sup>th</sup> century – Adlai Stevenson. He is said to have started one of his speeches by announcing "My job is to speak, yours is to listen. If you finish before me let me know!"

#### **Where are we in Ireland now?**

- First, what is the current state of philanthropy in Ireland now?
- The short answer is that we don't know? Data on philanthropy in Ireland are scarce.
- However, some work has been done for the Forum on Philanthropy, a group set up by the government which includes representatives of

interested government departments and of philanthropy's "trade association" Philanthropy Ireland. It is seeking to establish what needs to be done to grow philanthropy in Ireland.

- The Forum on Philanthropy is gathering baseline data on philanthropy in this country. The research is not yet complete and thus has not been published. But it is possible to give some indications of the scale of philanthropy in Ireland.
- It seems as if somewhat less than 300m philanthropic euro are donated annually. That figure doesn't include donations to churches and hospitals, it doesn't encompass corporate giving, nor does it include reactive charitable giving (for example, contributions to street collectors) so the real scale of charitable giving could be significantly larger than €300m.
- Individual philanthropic giving accounts for around €210m
- Foundations account for just over €80m. That's the good news. The bad news is that all but €12m of that is accounted for by three foundations which are due to cease operations over the next ten years.
- We like to think that we are a very generous people. We may well be, but our generosity is not reflected in our charitable giving. Our charitable giving, calculated as a percentage of GDP, is less than that in the UK and significantly less than giving in the USA.
- In terms of scale, then, Irish philanthropy is small and under-developed.
- It is interesting to note that of the high net worth individuals who have become philanthropically active, relatively few have chosen to establish professionally-staffed organisations to pursue their philanthropy. I know of only four such organisations, and of one more which is being established. And the same goes for corporate giving programmes. Only a handful are professionally managed.
- Of course, there are many wealthy people who make philanthropic donations. My impression, however, is that these people in general operate re-actively rather than pro-actively. And I haven't met too many who have demonstrated, to me at least, that they are pursuing a clearly thought out strategy in their giving. Someone who helps a generous and wealthy person with his philanthropy said recently that

her job was to go around the world catching up with the people to whom her employer had promised money.....

- The picture of philanthropy in Ireland is thus a blurred one. And it is not helped by the lack of transparency of those who make significant gifts. Many of these donors don't want publicity, perhaps because they can anticipate only too well our well-developed tendency as a people to be cynical about the motives of those who want to do good. Or perhaps it is because these wealthy donors don't want to attract the attention of others who might wish them to part with more of their money.
- If the lack of transparency of individual donors is unsurprising, the same cannot be said about the foundations which operate in Ireland.
- Not all of the Irish-based members of Philanthropy Ireland – the trade association for the field - list their grants and grantees on their websites, some do so in an opaque manner, and the posting of audited financial statements on websites is the exception rather than the rule. The new regulatory regime, which will come into place when the Charities Bill is finally enacted, will bring about a welcome increase in the transparency of our small band of foundations.
- Although we can't precisely quantify the scale of philanthropy in Ireland, we can say with reasonable confidence that philanthropy did not expand in proportion to the accumulation of wealth during the years that the Celtic Tiger roared.

### **Where should we aim for?**

- So if that's where we are at the moment, where should we aim to be in, say, five years time?
- Given the parlous state of the nation's finances , and the hits of recent months to personal balance sheets, it might seem to be an unpromising time to be thinking of expanding private philanthropy. But I think it's a good time to lay the groundwork for future success.
- When times are hard philanthropy doesn't come to a halt. The evidence from the United States is that philanthropy holds up remarkably well during times of crisis. Take the stock market crash in

1987. Although the market declined by 5% giving fell by only slightly more than 1%.

- Undoubtedly, the climate for private fundraising is going to be difficult in the next couple of years. But we will get through this period, and all the wealth which has been accumulated over the past decade isn't going to vanish into thin air. Indeed, smarter people than you and I will make money during this recession.
- So – to come back to the five year goal. I believe that it should be possible to double philanthropic giving in this country and reach an annual volume of 600 million euro of philanthropic funds being invested by individuals and foundations in our nonprofit sector or in good causes abroad.
- This 600 million euro goal is not the result of a careful scientific calculation. We don't know enough about the assets which might be available for philanthropy to make such a calculation. But the goal seems reasonable to me because (a) philanthropy hasn't kept pace with the accumulation of wealth in recent years, and (b) our level of giving is relatively low to start with.
- There's one thing I am sure about. It is that the need of the nonprofit sector for capital is going to increase sharply as the state struggles to get its finances into order.

### **What do we need to do to reach the €600 million goal?**

- What do we need to do to reach the €600 million goal?
- Here are three ideas
  - We need an infrastructure which facilitates the rapid expansion of philanthropy
  - We need to connect more effectively those who have money, and who might be minded to give it away, with those who need money, and
  - We need a culture which is more supportive of philanthropy
- Let me develop each of these ideas.
- First, infrastructure....

- Philanthropy's expansion would be aided if
  - the government were to make up its mind that philanthropy was something it wanted to encourage,
  - if data on who gives, how they give, and who receives could be made available so we understand this field better
  - if philanthropically inclined people could get more information on how to develop giving strategies, on how to choose causes and organisations, and on how to measure the impact of philanthropic investments;
  - if philanthropists had available to them the array of intermediaries who are the norm in other sectors – wealth advisers who understand about philanthropy, lawyers and accountants who can help put the structures in place, consultants who can assist in strategy, organisation assessment, and business planning for grantees; and finally philanthropy's growth would be aided
  - if on foot of its commitment I mentioned earlier, the government would improve the fiscal environment (and in particular remove the cap on charitable donations)
- I want to say something further about tax breaks for philanthropy (albeit with some hesitation given that I am, after all, speaking to a group lobbying for tax reform). I think there is a tendency in our sector to over-emphasise the importance of tax breaks. The international evidence is that tax breaks are not the key motivator of charitable giving. A better array of tax incentives would undoubtedly be helpful, but such incentives would not be a magic wand which would exponentially increase giving. And remember – tax incentives are an expensive public subsidy which will be difficult to achieve in our present desperate financial circumstances. So I believe it makes sense for the sector to look for a graduated system of tax incentives, which would provide greater incentives to giving which was directed at poverty, disadvantage and the most pressing social needs in our society.
- But philanthropy's expansion also requires action by the sector itself.

- One of my three ideas is that we need to connect more effectively those who have money, and who might be minded to give it away, with those who need money.
- I have always been struck by the fact that when grant-seekers talk to those who might be able to fund them they are often like ships passing in the night.
- People who run nonprofits sometimes seem as interested in process as in outcomes. Entrepreneurs, on the other hand, are usually bored by process and focus quickly on outcomes. Nonprofit leaders and fundraisers need to understand these differences and sharpen up their communications.
- Business people, on the other hand, would do well to heed the advice of a well-known American venture philanthropist Mario Morino. In Mike Green's book Morino is quoted as saying that the nonprofit sector is "far more dependent on relationships than systems. It is about social complexity not business complexity."
- Nonprofit Sector leaders who hope to benefit from philanthropy would also do well to ponder the motivations of philanthropists. Why do people give?
  - Is it because they feel some obligation to society? Some guilt about their wealth?
  - Is it because they are looking for recognition? Or for entry into a prized social circle?
  - Is it because they are looking for more meaning in their life than they have found to date?
  - Is it because they want to benefit from tax breaks?
  - Is it because they fear what their wealth can do to them and , in particular, to their children?
- Depending on the person it can be any of these motivations...or others...
- Here's my conclusion on this. If someone has made their money legally, and paid their taxes, they have no obligation to give it away. If they want to buy Impressionist paintings, or a house in Portugal, or a fancy yacht – that's their right. So I would argue, it would not be strategically

smart for the sector to try and impose some sort of moral obligation on rich people to give back a proportion of their wealth to society.

- I believe it is far more effective for nonprofit leaders and fundraisers to present philanthropy to wealthy people as an opportunity to engage themselves in critical social issues, an opportunity to make a real difference to the lives of people and –particularly – an opportunity to get more fulfilment, and have more fun, than they could dream of.
- If time permitted, I could give you a litany of examples of wealthy people whose lives have been enriched by their philanthropy, and who have relished the special challenges of philanthropy.
- I have the privilege to provide some modest help to a philanthropist who is quietly, but very effectively, giving substantial funds away to causes which don't find it easy to attract such funds. I can tell you – he's having a ball!
- And budding philanthropists can be energised by those challenges. A significant one was identified by Chuck Feeney when he said to me once "business is difficult but philanthropy is much more difficult. In philanthropy there's no balance sheet."
- My third idea was about the need to make philanthropy more acceptable in our culture. Achieving this requires action by the nonprofit sector, by organised philanthropy, and by the government too.
- I submit to you that we do not have a culture which values philanthropy and that is a barrier to expanding philanthropy.
- Remember the cynical reaction to Denis O'Brien's assistance to the FAI when Giovanni Trapattoni was hired to manage our soccer team. Remember the press coverage when JP McManus's scholarship programme was announced.
- It would be helpful if the nonprofit sector would recognise that it must play its part in establishing a culture in which philanthropy were to be celebrated and not disparaged
- That will require the sector to banish the residual discomfort it has with philanthropy.

- I encountered an example of this discomfort a few months ago when I chaired a session on fundraising at a conference for managers in the arts and heritage sector. I quickly realised that fundraising was not something that many in the group were comfortable with. When I explored this I discovered that there was fear that private funders, especially corporate funders, would seek to impose unacceptable conditions on organisations receiving their funds. Now if that were to happen that would be reprehensible. I asked if anyone could share an experience of being at the receiving end of unacceptable corporate pressure. Only one person could think of such an instance, and it turned out that the pressure hadn't been difficult to deal with.

### **Philanthrocapitalism**

- Let me turn briefly to philanthrocapitalism...and ask....
- What relevance has the move into philanthropy by successful business people, labelled philanthrocapitalism by Mike Green and Matthew Bishop, for Ireland?
- I think we are some distance away from full-blooded philanthrocapitalism in Ireland. After all, philanthropy here is a tender plant whose shoots have not yet become strongly rooted. And it will be some time before our culture values philanthropy to the extent that it becomes the fashion it has become elsewhere.
- I have to admit that my heart sank I saw on the cover of the book written by Michael Green and Mathew Bishop the strap line "How the Rich can save the world." I simply don't believe that the rich can save the world. I suspect that my scepticism is shared by Mike's London publishers because I note that the title of the British edition of his book has been subtly changed. Instead of being titled "Philanthrocapitalism: How the Rich can save the world" British and Irish readers will buy a book called "Philanthrocapitalism: How the Rich can save the world and why we should let them." While I have no faith that the rich, on their own, can save the world, I am full of enthusiasm for the idea that they should participate in the effort.
- I believe that the Irish nonprofit sector should welcome the engagement of wealthy people in the problems they are addressing and should seize the opportunity to educate the wealthy about how to

go about effecting social change. And Mike Green's book will be an invaluable aid to that process of education

### **Philanthropy's Downsides**

- It's important that we don't get starry-eyed about philanthropy. I believe strongly in its potential to contribute to the betterment of mankind – I wouldn't have worked in the field for almost seventeen years if I didn't – but philanthropy is not without its problems. Let me mention three...
- The first one is what I call the problem of scale.
- In spite of the huge sums now being deployed by the philanthrocapitalists, philanthropy, in aggregate, is small beer when compared with the public resources which are being directed at the world's social problems.
- That means that philanthropists have to be smart and strategic with their investments
- You might expect that philanthropists and their foundations, humbled by the knowledge that they make a relatively modest monetary contribution to the righting of wrongs, would conduct themselves with modesty and discretion.
- In fact, hubris is a besetting sin in the world of philanthropy. If you don't believe me, ask any fundraiser for a nonprofit organisation about the hoops they have to jump through to satisfy their foundation programme officer. Ask them about the exaggerated attention which philanthropic donors often require. And – this is particularly important for the philanthrocapitalists – ask them about the resistance which they have to put up to the demands for changes to strategy, or even to mission. Not for nothing did Oscar Wilde describe philanthropy as "the refuge of people who wish to annoy their fellow creatures!"
- And finally there's the problem of causality. In philanthropy it's frequently difficult to demonstrate that your theory of change is valid....to prove that when the goal of your philanthropic investment is achieved, its achievement was directly related to your money.
- Let me tell you a story which illustrates this...

- When I moved to New York to take over the running of The Atlantic Philanthropies, one of my surprise discoveries was that in some states in the US they actually executed juveniles who had been found guilty of capital offences.
- So when, in the course of developing a new human rights programme, my colleagues suggested that we should take on this issue I was enthusiastic. Our goal was modest. It was to focus on a small number of promising states and support advocacy and research aimed at getting state legislatures to repeal the legislation which permitted this egregious practice.
- Then an opportunity came our way which we had to seize. The Supreme Court agreed to accept a case relating to a young man who had been found guilty of committing a murder when he was under the age of 18. If the Supreme Court ruled the execution of this young man to be unconstitutional then the practice would cease throughout the country.
- We joined together with two other foundations, put a \$2m fund together, and used it to support of coalition of anti-death penalty to argue the cause against executing children.
- It seemed a long shot but we felt it was worth doing.
- In the end, the Court decided in favour of the appellant and that was the end of juvenile execution.
- I remember well the day we got the news. I excitedly drafted an e-mail to my Board of Directors to tell them of our great success. And then reality hit me – there was no way in which I could prove that our grant, and the efforts of our grantees, were critical. Or put another way, I couldn't state with certainty that this would not have happened without our investment.
- That's the dilemma of philanthropy. I think the grant was a good one. But I wonder if one of these new philanthrocapitalists would have made that grant, given the difficult of measuring precisely its impact.....

## **Conclusion**

- Let me stop beating up on philanthropy and philanthropists!
- I believe that philanthropists can play a significant part in the future development of our society, if not necessarily as crucial a role as Mike Green & Matthew Bishop envisage.
- I'll leave the last word to W.S. Gilbert (of Gilbert & Sullivan fame). He reminded us, in his libretto for *Princess Ida*, that philanthropists are a misunderstood lot....

If you give me your attention, I will tell you what I am:  
I'm a genuine philanthropist — all other kinds are sham.  
Each little fault of temper and each social defect  
In my erring fellow-creatures, I endeavour to correct.  
To all their little weaknesses I open people's eyes;  
And little plans to snub the self-sufficient I devise;  
I love my fellow creatures — I do all the good I can —  
Yet ev'rybody says I'm such a disagreeable man!