

# **Vision in Philanthropy**

## Research Report

# **The Philanthropy Market in Northern Ireland**

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## 1 INTRODUCTION & BACKGROUND

### 1.1 Introduction

The Vision in Philanthropy (ViP) Project Partnership commissioned RSM McClure Watters to undertake research on the philanthropy market in Northern Ireland.

### 1.2 Background

The ViP Project Partnership is comprised of representatives from the following organisations that have an interest in the promotion of philanthropy: The Community Foundation for Northern Ireland (lead partner); Arts & Business Northern Ireland; Heritage Lottery Fund; Lloyds TSB Foundation for Northern Ireland; Northern Ireland Assembly; and the Ulster Community Investment Trust. The ViP Project Partnership collectively believe that by working together they can realise a common goal of creating a culture of philanthropy in Northern Ireland.

Although there is no formal partnership, the group initially came together in May 2009 through their participation in a US State Department Mission 'Vision in Philanthropy' to the USA and have remained in contact. In April 2010, the alumni, the 'ViPers', organised a visit by Ms Ellen Remmer, President and CEO of The Philanthropic Initiative Inc. to participate in a series of events and seminars in Belfast (Please refer to Section 2.8 for further details).

In December 2010, the group was successful in securing funding from the Building Change Trust<sup>1</sup> to undertake a 'Vision in Philanthropy' project, the overall aim of which is:

*"To build on collaboration amongst a number of organisations with an interest in philanthropy, engage others, and collectively contribute to creating a culture of philanthropy in Northern Ireland"*

The funding relates to the achievement of the following outcomes. Together these outcomes will contribute to developing new ways of working together, enabling the sector to realise a vision (involving private philanthropy), and as a result will contribute to the creation of a more independent, confident and risk taking sector.

- **Outcome 1:** Better understanding of the philanthropy environment in Northern Ireland which will be shared amongst stakeholders;
- **Outcome 2:** Wider engagement of people and organisations with an interest in the promotion of philanthropy;

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<sup>1</sup> The Building Change Trust's mission is "Investing in social change: Working to make today's challenges tomorrow's opportunities". The Trust aims to invest in NI's community and voluntary organisations to achieve positive change by; increasing active citizenship and supporting community development; developing new ways of working and effective cooperation; enabling the sector to develop and realise an inspiring future vision; and helping create a more independent, confident, risk taking and effective sector.

- **Outcome 3:** Increased access to knowledge and resources required to promote philanthropy and to facilitate giving;
- **Outcome 4:** Increased awareness of the potential of philanthropy to contribute to the future development of the sector; and
- **Outcome 5:** Leadership and outline of an integrated strategy for change.

This research report reflects the achievement of **Outcome 1**, which aims to establish a better understanding of the philanthropy environment in Northern Ireland to inform the work of the partnership and the ViP project.

## 1.3 Terms of Reference

The Terms of Reference for this assignment include:

*“To carry out desk research and consultations as required in order to establish a comprehensive understanding of the market for philanthropy - this should include:*

- *A digest of existing relevant research;*
- *Gathering quantitative and qualitative data with analysis of trends in respect of volume of philanthropic giving, as well as consideration of motivations (why) and mechanisms (how); and*
- *An assessment of the support / intermediary services available and identification of gaps with particular reference to the role of wealth advisors and the impact / potential of mobile telecoms / online giving”.*

## 1.4 Understanding Philanthropy

The ViP Project Partnership’s understanding of philanthropy is that it is **“planned giving with a defined strategic purpose”** and is therefore distinct from charitable giving, which is more reactive and spontaneous in nature.

Coutts Bank, which have their own distinct Philanthropy Department for Ultra/High Net Worth Individuals (U/HNWI), state:

***“Philanthropy means giving money, assets, encouragement and expertise to positively impact society and the environment. It differs from charity, though both are important”***

Coutts further state that while charity refers to purely altruistic and compassionate acts, such as providing disaster relief or emergency aid, philanthropy evokes acts that are strategic and considered. Philanthropy typically involves an individual giving to an organisation that is trying to address the root causes of a problem.

The Community Foundation Network defines philanthropy as:

***“The desire to promote the welfare of others, expressed especially by the generous donation of money, time and talents to good causes”***

Others such as the Philanthropy Bridge Foundation consider Philanthropy to be:

***“The act of donating money, goods, time or effort to support a charitable cause that means something important to us”***

They further note that the most distinct and crucial idea of philanthropy, is that it means giving over a long period of time. The time itself can be unlimited, and so can the positive impact that is created through not only money, but also through time, effort and passion. It also requires strategic thinking, to ensure that what people believe in can have the biggest possible impact on society and the world.

Philanthropy UK defines philanthropy as follows:

***“It relates to highly engaged giving by very wealthy individuals, families and foundations to meet unmet social need”***

It should be noted that no one definition can be applied to philanthropy, it means different things to different people / organisations, although a common theme is that philanthropy is strategic in its focus, aiming to address a social need i.e. private initiatives for public good and is therefore considered distinct from spontaneous charitable giving.

## 1.5 Report Structure

The report is structured under the following headings:

- **Section 2:** Summary of Desk Research
- **Section 3:** Stakeholder Consultations – Key Findings
- **Section 4:** Survey of High Net Worth Individuals
- **Section 5:** Conclusions & Recommendations

## 2 SUMMARY OF DESK RESEARCH

To gain an in-depth appreciation of the philanthropy market, we carried out a desk based review of existing research/data at an International, UK and Northern Ireland level.

The following section highlights key findings from this desk review based on the following themes:

- Global Giving;
- Key Motivations for Philanthropic Giving;
- Mechanisms for Philanthropic Giving;
- Potential of mobile telecoms/on-line giving;
- Corporate Philanthropy & Responsibility;
- Role of Philanthropy Advice Market;
- Barriers to Philanthropic Giving;
- Northern Ireland Context;
- Key Lessons – from Elsewhere.

Further details of the findings emerging desk based review can be found in **Appendix 1**.

### 2.1 Global Giving

#### **World Giving Index**

According to the World Giving Index<sup>2</sup>, Australia and New Zealand are the most generous nations in terms of the willingness of their citizens to donate time and money to charity, with Ireland ranked third and the UK in eighth place.

Western and Southern Europe has the third highest average level of giving money in the world (i.e. 53%) behind Australasia (62%) and North America (69%), making it one of the three regions where, on average, over half the population gave money in the last month. At 24% the average level of volunteering in Western and Southern Europe is much lower than in Australasia (40%), Central Asia (38%) or North America (37%), although it still ranks as the fourth highest region globally.

#### **Global Giving – High Net Worth Individual (HNWI)**

Philanthropy across the world amongst HNWI looks set to increase, with individuals looking likely to donate more money and time. This finding is based on a 2010 study of 2,000 millionaires in over twenty countries across the world<sup>3</sup>.

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<sup>2</sup> Charities Aid Foundation, 2010, The World Giving Index

<http://www.cafamerica.org/dnn/Portals/0/Press%20Releases/World%20Giving%20Index%20Final%20Report.pdf>

<sup>3</sup> Barclay's Wealth, November 2010, Global Giving: The Culture of Philanthropy – A white paper in co-operation with Ledbury Research, <http://www.barclayswealth.com/Images/Global-Giving-the-Culture-of-Philanthropy.pdf>

Ireland, India, the US and South Africa are recognised as the four leading countries with HNWI engaged both in terms of money spent and time given to charities. The UK is 14<sup>th</sup> in the ranking of the top 15 Wealthy 'Benefactor' Donors in terms of money spent and ranked 6<sup>th</sup> in terms of time donated.

According to this study, the key drivers across the four leading countries are: a strong community philosophy (as best seen in Ireland and South Africa), less reliance on the state for support (India and the US), a highly visible disparity of wealth (India and South Africa) and the sense of empowered individualism (the US).

Barclays Wealth's quantitative study of 500 HNWI in the UK and the US<sup>4</sup> also identified that the wealthy have not significantly reduced their donations to charity during the downturn and continue to be very generous with their time. Key findings include:

- Wealthy philanthropists are more socially aware and motivated to give back to the communities they came from, as well as global causes;
- The wealthy are still giving despite the downturn;
- The wealthy will play an increasingly important role, compared to governments, in funding welfare projects;
- The wealthy prefer to fund projects directly as they can make a bigger impact and drive change more effectively by giving directly to charities;
- HNWI donors are becoming increasingly active philanthropists and now seek to solve rather than simply to support; and
- The worlds of charity and business are converging.

## 2.2 Key Motivations for Philanthropic Giving

Many factors influence Philanthropic Giving to include the age of the donor, their source of wealth and their interest in a specific cause. The style of giving is influenced by: personal motivations, degree of involvement, risk tolerance, kind of journey, desired impact and personal reward<sup>5</sup>.

According to Barclay Wealth's quantitative study of 500 HNWI<sup>6</sup>, the most popular reason for giving among the wealthy was because they '*can afford to*' (50%) followed by '*to give something back to the community*' (46%), '*personal fulfilment*' (45%) and '*social benefits*' (42%). Findings showed that the key motivators related to high-value donors are linked to responsibility, to include: **religious duty**; **familial duty** based on wanting to preserve that which was passed on from their parents; and **societal** – a belief that wealth should be shared amongst others.

<sup>4</sup> Barclays Wealth in co-operation with Ledbury Research, 2009, Tomorrow's Philanthropist [http://group.barclays.com/html\\_phase\\_2/assets/docs/reports/Tomorrows-philanthropist.pdf](http://group.barclays.com/html_phase_2/assets/docs/reports/Tomorrows-philanthropist.pdf)

<sup>5</sup> Community Foundation Network, Philanthropy Wheel [http://www.communityfoundations.org.uk/philanthropy\\_services/philanthropy\\_wheel/](http://www.communityfoundations.org.uk/philanthropy_services/philanthropy_wheel/)

<sup>6</sup> Barclays Wealth in co-operation with Ledbury Research, 2010, Barriers to Giving <http://www.barclayswealth.com/insights/assets/pdf/Philanthropy-Barriers-To-Giving.pdf>

HNWI have diverse motivations for supporting charities - often driven by the feeling of duty in supporting those less fortunate. HNWI can be grouped into the following categories and associated motivations for giving: privileged youth (desire to engage), eco givers (desire to save the planet), altruistic entrepreneurs (duty to give back), reactive donors (peer pressure), cultured inheritors (legacy) and professional philanthropists (religious & political)<sup>7</sup>.

Donors are most likely to be 'inner directed' people: society's scouts who are interested in ethics, 'issues', analysis and complexity. Followed by 'outer directed' people: driven by needing the esteem of others. Least likely to give are 'sustenance driven' people: socially conservative, people concerned about belonging, tradition, drawn to authority. Sustenance driven prefer institutions such as hospitals and ex-service personnel; outer directed people choose 'people' causes, e.g., children, deaf /blind, training organisations; and inner directed people are drawn to the environment, heritage, culture and international development<sup>8</sup>.

In order to enhance giving, it is important that charities reach out to each segment and target and tailor their promotional efforts accordingly.

### 2.3 Mechanisms for Philanthropic Giving

The UK Giving Survey<sup>9</sup> highlights that giving by cash remains the most common way of giving, with almost 50% of donors using this method in 2009/10. Those giving larger amounts tend to use cheque/card and direct debit so these methods continued to account for the largest shares of charitable giving, 29% and 22% respectively in 2009/10. Barclays Wealth survey of 500 HNWI also identified that those you give tend to donate via cash and cheques (88%), fundraising themselves (35%) or serving on boards of charities (35%).

There are a number of options available for those wanting to give, depending on finances and personal resources. The range of tax-efficient mechanisms for donors to consider includes<sup>10</sup>:

- Charitable Trusts;
- Community Foundations;
- Donor Advised Funds;
- Gift Aid for Individuals;
- Legacies;
- Payroll Giving;
- Gifts of Assets;
- Community Investment Tax Relief (CITR);

<sup>7</sup> Barclays Wealth, 2009, Philanthropology – The Evolution of Giving, A white paper in co-operation with Ledbury Research, <http://www.barclayswealth.com/insights/assets/pdf/Philanthropy-The-Evolution-Of-Giving.pdf>

<sup>8</sup> Caroline Fiennes, April 2011, The Aha: Why donors give, why non-donors don't, and what to do about it, <http://carolinefiennes.files.wordpress.com/2011/04/aha-driving-giving-april-2011.pdf>

<sup>9</sup> Charities Aid Foundation, December 2010, UK Giving Survey – An overview of charitable giving in the UK, 2009/10 [https://www.cafonline.org/pdf/UK%20Giving%202010\\_101210.pdf](https://www.cafonline.org/pdf/UK%20Giving%202010_101210.pdf)

<sup>10</sup> Philanthropy UK, December 2008, A Guide to Giving, <http://www.philanthropyuk.org/publications/guide-giving>



- Gift Aid for Businesses;
- Charity Events; and
- Affinity Cards.

## 2.4 Potential of mobile telecoms/on-line giving

Internet technology provides better opportunities for organisations to reduce their costs for communicating, gathering information, or accomplishing transactions. The Internet provides organisations with new, more direct avenues to customers/donors.

Consequently, new technologies, used strategically, can provide voluntary and community organisations with the means to be more effective, accountable and reactive. There are significant opportunities that these technologies offer to help organisations to engage with others and to build networks to increase their effectiveness<sup>11</sup>.

As people have gained confidence in using the Internet not only to search for information, but to carry out financial transactions, there is a rising expectation that fundraising will be done online. The flexibility of this technology allows potential donors to control what information they receive at what times, and therefore the opportunity to give on their terms at times that suit them without being asked<sup>12</sup>.

The biggest risk for charities is to fail to exploit these opportunities and to therefore fail to keep up with the changing expectations of the sector's many stakeholders. It is also important to consider the digital divide and the fact that not all stakeholders have the skills/resources to access the Internet, therefore promotional efforts need to provide off-line support to complement their online tools.

## 2.5 Corporate Philanthropy & Responsibility

Corporate philanthropy refers to *"the act of corporations donating a portion of their profits or resources to various non-profit organisations"*<sup>13</sup>.

Measuring the value of corporate philanthropy is important to companies as they seek to explore the social impact, business benefits and investor returns to show that it is as strategic, cost effective and value-enhancing as possible. However, measuring impacts can be challenging as benefits can be intangible or not easily associated with short-term financial profits e.g. enhancing a company's brand, engaging employees, recognition.

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<sup>11</sup> NCVO, 2006, ICT Foresight: Campaigning and Consultations in The Age of Participatory Media [http://www.ncvo-vol.org.uk/uploadedFiles/NCVO/What\\_we\\_do/Campaigning\\_Effectiveness/NEW\\_Projects/PDF\\_ICT\\_Foresight\\_campaigning\\_and\\_consultation.pdf](http://www.ncvo-vol.org.uk/uploadedFiles/NCVO/What_we_do/Campaigning_Effectiveness/NEW_Projects/PDF_ICT_Foresight_campaigning_and_consultation.pdf)

<sup>12</sup> NCVO, 2007, ICT Foresight: Charitable Giving and Fundraising in a Digital World, [http://www.ncvo-vol.org.uk/uploadedFiles/NCVO/Publications/Publications\\_Catalogue/Sector\\_Research/ICTForesight\\_CharitableGiving.pdf](http://www.ncvo-vol.org.uk/uploadedFiles/NCVO/Publications/Publications_Catalogue/Sector_Research/ICTForesight_CharitableGiving.pdf)

<sup>13</sup> Learning to Give, [http://learningtogive.org/resources/scholars\\_views/pva/pva\\_corp.asp](http://learningtogive.org/resources/scholars_views/pva/pva_corp.asp)

The Committee Encouraging Corporate Philanthropy (CECP) launched a research paper, 'Business' Social Contract: Capturing the Corporate Philanthropy Opportunity'<sup>14</sup>. This paper reflects the views drawn from 40 of CECP's Board of Boards CEO conference, a McKinsey quarterly global survey of more than 700 executives, and 24 in-depth interviews with CEOs and top executives. The salient points emanating from the research are:

- **The Shifting Social Contract** – 84% of corporate executives believe that society expects businesses to take a more active role in environmental, social, and political issues than it did five years ago. Corporate philanthropy is one effective way to meet these new expectations;
- **The Evolution of Corporate Philanthropy** – Companies are developing more sophisticated initiatives to address the three levels of their contract with society (laws and regulations, implicit non-legal expectations, and frontier issues such as obesity or human rights) and employing broader resources for community impact, including volunteerism, product donations, and capacity building;
- **The Complexity of Getting It Right** – Fewer than 20% of companies surveyed said their philanthropic efforts were very or extremely effective in meeting social or business goals. To help optimise these efforts, companies must define the focus of philanthropic efforts, gain public recognition for their programmes and allocate appropriate CEO time to philanthropy; and
- **Capturing the Corporate Philanthropy Opportunity** – Examining the behaviour of leading corporate philanthropists' uncovered three keys to philanthropic success: deep involvement from the CEO and board of directors, alignment between philanthropic and business strategy, and management of philanthropy as a business investment.

## 2.6 Role of Philanthropy Advice Market

The key components within the philanthropy advice market include **private client advisors** (e.g. lawyers, private banks, accountants, independent financial advisors) who **provide advice to clients** (e.g. individuals, families, Trusts and Foundations, Corporates) and help clients define their objectives, help support administration, and review the impact of grants. **Philanthropy advisors** (e.g. Community Foundations, Individual Consultants, Specialist Advisors) are also a key players within the market, providing advice to clients and private client advisors as well as referrals to private client advisors<sup>15</sup>.

Research carried out by New Philanthropy Capital<sup>16</sup> involving 100 private client advisors, 78 of whom offered some form of Philanthropy services to clients, showed that philanthropy is important to the business of wealth advisors and 60% of participants believe that it will continue to grow in importance over the next five years.

<sup>14</sup> CECP, 2008, Business's Social Contract: Capturing the Corporate Philanthropy Opportunity, <http://www.corporatephilanthropy.org/research/thought-leadership/research-reports/businesss-social-contract.html>

<sup>15</sup> New Philanthropy Capital, The Business of Philanthropy: Building the Philanthropy Advice Market, 2010

<sup>16</sup> New Philanthropy Capital, October 2008, The role of wealth advisors in offering philanthropy services to high-net-worth clients, [http://www.bertelsmann-stiftung.de/bst/de/media/xcms\\_bst\\_dms\\_27033\\_27034\\_2.pdf](http://www.bertelsmann-stiftung.de/bst/de/media/xcms_bst_dms_27033_27034_2.pdf)

Advisors and their parent institutions are not, on the whole, offering high-quality philanthropy advice to clients, according to research carried out by New Philanthropy Capital<sup>17</sup>. Recommendations to improve the philanthropy advice landscape relate to increased collaboration and leadership in the market to include:

1. Participants in the philanthropy advice market should recognise a collective interest to develop and promote the market.
2. A formal network should be established to progress the development of the market.
3. Government should take a lead in convening key players in the market and encouraging its development.
4. The financially strong members of the philanthropy advice market should support the whole market—particularly the weaker parts—practically and financially.

As a first step towards strengthening the philanthropy advice market, NPC has created a Steering Group of Advisors, with representatives from 19 different private client advisory and specialist philanthropy advisory organisations. The steering group is chaired by Dame Stephanie Shirley, the UK's Ambassador for Philanthropy.

A culture change does not happen quickly, there is a responsibility of each of the relevant stakeholders to engender change and to promote a philanthropy culture<sup>18</sup> i.e.

- **Individual Philanthropists:** To seek support from the growing range of philanthropy services being offered by professional advisors, and to encourage their peers to develop their own charitable giving;
- **Professional Advisors:** To expand their philanthropy advisory services to better meet the needs of experienced and new givers;
- **Charities:** To communicate their vision and impact to donors more effectively;
- **Media:** To provide increased, objective coverage of charitable giving in the UK;
- **Government:** To send a positive message which welcomes all givers and recognises their commitment to society; and
- **Research Community:** To explore further experiences and practices of wealthy donors.

## Northern Ireland Survey of Philanthropy Advisors

'PhilanthropyNI', a Community Foundation for Northern Ireland initiative, has recently been established as a resource for philanthropy advisors and people in Northern Ireland seeking advice and guidance on their philanthropic journey. PhilanthropyNI launched an online survey to capture views on 'attitudes of philanthropy', which is still on-going. To date, there have been 13 responses to the online survey – representing the following professions: Accountant: 39% (n=5); Investment Manager: 23% (n=3); Financial Advisor: 15% (n=2); Client Relationship Manager: 15% (n=2); and a Legal Advisor: 8% (n=1).

<sup>17</sup> Philanthropy UK, June 2007, Philanthropy amongst ultra high net worth individuals and family offices in Europe: The UK, Switzerland and Germany, <http://www.wise.net/press/Philanthropy%20study.pdf>

<sup>18</sup> Philanthropy UK, September 2007, Wealth and Philanthropy: the views of those who advise the rich [http://www.philanthropyuk.org/sites/philanthropyuk.org/files/Wealthandphilanthropy\\_Sep07.pdf](http://www.philanthropyuk.org/sites/philanthropyuk.org/files/Wealthandphilanthropy_Sep07.pdf)

61% (n=8) of advisors reported having 0-10% of clients engaging in philanthropy, 31% (n=4) identified that 10-35% of their clients are involved in philanthropy and only 8% (n=1) of advisors having 50% of clients or more engaging in philanthropy.

The research highlights that although advisors believe that they do have a role to play with regard to promoting philanthropy, only half feel sufficiently equipped to discuss philanthropy.

### 2.7 Barriers to Philanthropic Giving

Research carried out by Barclays Wealth, to include a quantitative study of 500 HNWI in the UK and the US, highlighted that only one-third will donate more than £10,000 a year – less than 1% of their net worth, therefore this group could give more both in terms of time and money. The barriers which are restricting this increased engagement are based around four distinct themes<sup>19</sup>:

- Lack of financial security;
- Lack of one of the three key motivators: wanting to give for familial, societal or religious reasons;
- Concerns regarding the perceived inefficiency of some charities and the amount spent on administration; and
- Complex tax system and welfare policies.

NPC's philanthropy survey of 44 single and multi-family offices in the UK, identified the following challenges/barriers to giving<sup>20</sup>:

- Most of the families were satisfied with their recent giving experience, but unfavourable aspects include *"tortuous administration"* and the fear of being *"actively pursued by charities"*;
- More than 90% of families are planning either all or some of their giving and the top drivers in selecting charities to support are the charity's vision and strategy and that the charity is focused on the greatest need. However finding information about charities is a challenge — particularly around the measurement of results; and
- Almost 60% of families would find some kind of philanthropy advice useful, particularly around monitoring charities' performance, but many of them do not currently seek or receive this advice.

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<sup>19</sup> Barclays Wealth, March 2010, Barriers to Giving – A white paper in co-operation with Ledbury Research, <http://www.barclayswealth.com/insights/assets/pdf/Philanthropy-Barriers-To-Giving.pdf>

<sup>20</sup> Family Offices are private companies that manage the investments and affairs of a single wealthy family (single family office) or several wealthy families (multiple family office). It is estimated that there are 11,000 family offices globally, with 2,500 to 3,000 in the US a further 2,500 in Europe, and 200 in Australia (source: Withers Worldwide)

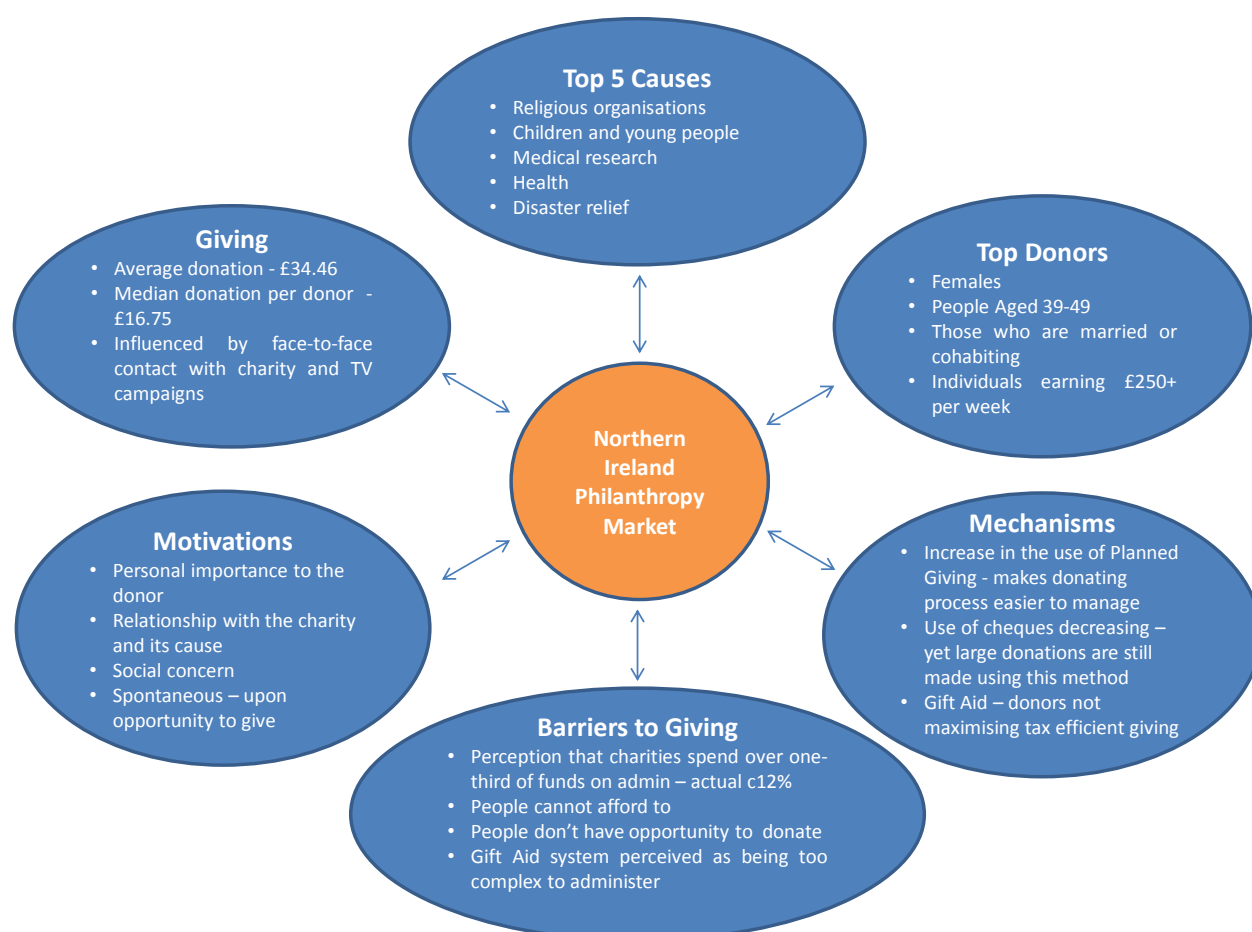
## 2.8 Northern Ireland Context

According to the Northern Ireland Giving Survey 2010<sup>21</sup>, which is based on 1,000 interviews, Northern Ireland remains a very generous society with over eight in every ten individuals continuing to make a donation to charity, despite these being difficult economic times.

90% of individuals had made a charitable donation in the previous 12 months, with 84% of donors having either increased or maintained their level of giving. The average total donation in a four weekly period is £34.46 per donor (compared to £31 in UK Giving Survey<sup>22</sup>) and £28.59 per head of population. The median donation per donor is £16.75 (compared to £12 in UK Giving Survey) and £11.00 per head of population.

The figure below highlights some of the key findings emanating from the Northern Ireland Giving Survey.

**Figure 2.1:** Characteristics of the Northern Ireland Philanthropy Market



<sup>21</sup> Northern Ireland Council for Voluntary Action (NICVA), NI Individual Giving Survey 2010

<sup>22</sup> Charities Aid Foundation & the National Council for Voluntary Organisations, December 2010, UK Giving 2010 – An overview of charitable giving in the UK 2009/10 [https://www.cafonline.org/pdf/UK%20Giving%202010\\_101210.pdf](https://www.cafonline.org/pdf/UK%20Giving%202010_101210.pdf)

- There has been continued steady **growth in the level of donations made to religious organisations**; 15.7% in 2005, to 20.4% in 2008 and now 26.1% as a share of total yield in 2010. This continued growth in the financial share of religious organisations donations reinforces the important impact that these donations have on the overall picture of giving in Northern Ireland.
- 75% of donors feel it is important that a Northern Ireland based charity benefits from the charitable donations they make. 66% of donors agree that **regular communications** from the charities they support helps **build a personal relationship** with the charity and its cause.
- Face-to-face conversations with a charity representative and television campaigns appear to be the most likely communications from a charity to elicit a donation.
- The average amount the public perceive charities spend on administration is 36%. This is much higher than what respondents, on average, consider to be an acceptable level. Intelligent Giving<sup>23</sup> lists average charity spend on administration at approximately 12%, lower than the 19%, on average, that the public think is acceptable, and far below what they estimate is actually being spent.
- 35% of donors had used one of the various forms of planned giving (e.g. via direct debit, through a payroll giving scheme, standing order or membership fees)) in the four weeks covered by the survey, an increase of 8% from 2008 findings. The reason most cited by respondents for using planned giving was that *"it made the donating process easier to manage"*. **Time spent by charities in attempting to attract their regular donors to formal planned giving options is beginning to have a positive impact on donor behaviour.**
- For participation in a fundraising event and legacy giving, the most popular reason for making a donation was that the charity addressed an issue that was of **personal importance to the donor**.
- The use of cheques by individual donors has fallen by 5% to 8%, yet despite this fall, donations by cheque still contributed some 7.6% of the total yield recorded in this survey. As the Institute's Save our Cheques campaign makes clear, there are many charities, in particular those who rely heavily on an older supporter base, who receive more than 70% of their income by cheque
- As in the 2008 survey, most respondents stated that they did not **Gift Aid** their donation(s) because it was **not offered by the charity**. This suggests that whilst donors are aware of tax efficient giving, **large volumes of money are being lost by the sector** on what are likely to be legitimate claims as they are selective in their use of Gift Aid for different types and levels of donations. Again, previous research suggests that this is the result of the administrative burden associated with Gift Aid.

### Developing a Philanthropy Culture in Northern Ireland

The Community Foundation for Northern Ireland was established in 1979 and has since worked with communities across the region, the Foundation supports philanthropy and has used grant-making and fund development to drive social change. The Community Foundation for Northern Ireland is the lead partner amongst a group of organisations (including Arts & Business Northern Ireland, Heritage Lottery Fund, Lloyds TSB Foundation for Northern Ireland, NI Assembly and the Ulster Community Investment Trust) that have an interest in the promotion of philanthropy.

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<sup>23</sup> NfP Synergy (July 2008) Charity Awareness Monitor Results Engagement 4 of 6.



Although there is no formal partnership, the group initially came together in May 2009 through their participation in a US State Department Mission 'Vision in Philanthropy' to the USA and have remained in contact. The ten-day study visits to the US brought together fourteen individuals from Northern Ireland and the Republic of Ireland. Taking place in Boston, Massachusetts and Chicago, Illinois, the project allowed leaders from government, non-governmental organisations, philanthropic foundations and grant making organisations to explore how best to expand the scope and reach of private philanthropy on the island of Ireland.

### **Key conclusions drawn from the visit include:**

- Community Foundations in the US have responded positively to:
  - the challenge to use their financial assets to better effect;
  - the competitive threat of commercial donor servicing providers; and
  - the potential disintermediation effect of the Internet.
- While the recent economic downturn has created a shock within the system (along with very substantial falls in endowment) it has served to:
  - place new value on donor relations (based on quality not quantity);
  - validate non grant-making functions; and
  - reinforce efforts to become more efficient and more effective through innovation, knowledge, and collaboration.
- Knowledge and communications are at the heart of the transformations taking place involving:
  - simply presented credible, evidence based analysis and the ability to demonstrate and communicate impact;
  - the creation of 'constructive appeals' i.e. promoting philanthropy with a positive message; and
  - fully embracing mobile telecoms and web2 technology.

In April 2010, the alumni, the 'ViPers', organised a visit by Ms Ellen Remmer, President and CEO of The Philanthropic Initiative Inc. to participate in a series of events and seminars in Belfast to discuss topics on: the culture of philanthropy in Northern Ireland, diaspora giving, women's giving, the role of philanthropy in visioning community change, arts and culture philanthropy, giving circles and the role of professional advisors in promoting philanthropy.

The events were well attended to include a wide range of community, voluntary and private sector organisations as well as the Minister of Department of Finance and Personnel and the Minister of Department of Enterprise Trade and Investment.

### **Culture of Philanthropy in Northern Ireland - Observations by Ellen Remmer**

Ms Ellen Remmer concluded her visit to Ireland by reflecting on the state of the sector, current challenges and promising opportunities.

## State of the Sector

- Northern Ireland has a **giving culture but not a strategic giving culture**, consequently there is a potential for growth. Individual **giving is a very personal and private issue** within Northern Ireland, with people giving to areas where they have personal interest and through individuals they know.
- The **supply side has been limited** as the country had little surplus wealth. Based on the experience of other countries it often takes time for new wealth to become confident with their wealth and to think about investing surplus wealth in serious philanthropy.
- **Cultural taboo against public philanthropy** as it suggests ostentatious display of wealth. In Northern Ireland this is closely related to the history of conflict and fear of *“putting one’s head above the parapet.”*
- The **demand side for philanthropy is also weak**. The fundraising professionals have had limited training in private fundraising. They believe that they do not know how to make a compelling case to the private sector for funds; in short they simply “don’t know how to ask.” The **culture is one that is uncomfortable and unskilled in private philanthropy**.

## Current Challenges

- On the supply side, government agencies which both gave and promised large donations during the economic boom are pulling back and even withholding promised funds. On the demand side, new non-governmental organisations (NGO) formed and existing ones expanded during the boom are now struggling for funding. Moreover several of the largest foundations in Ireland are time-limited (e.g. Atlantic Philanthropies and the One Foundation) and NGO’s are worried about what will replace their giving.
- Other forms of **institutional philanthropy also seem relatively weak**. There is only one community foundation for Northern Ireland and one community foundation in the Republic of Ireland. It appears that these community foundations have not yet realised their potential in growing philanthropy and serving as a prominent philanthropic resource and vehicle for donors.
- **Knowledge** and use of donor advised funds and other charitable trust vehicles seems to be quite **limited among professional advisors**
- While Ireland’s extensive **diaspora philanthropy** has long been a model for other countries, it is presumed that historically much of this giving – particularly in Northern Ireland – related to “the troubles.” With the conflict in large part at an end, professionals talk about the **need for a new value proposition for diaspora giving**, perhaps based on “backing winners” in building a sustainable peace, or investing in preserving Irish culture.

## Promising Opportunities

- **Public support of private philanthropy** is evident in Northern Ireland. Present at the events were several ministers, including members of the Legislative Assembly (Stormont) and the US Consulate. **Business interest in philanthropy** is also evident, with business leaders – both active and retired - who are practicing very entrepreneurial and engaged private philanthropy. These individuals need



both **peer and professional supports** to ensure that they do not lose interest due to the challenges of making change.

- There is a **need to collaborate more effectively** in order to achieve a transformation in the culture of giving. *It is important to note that this recommendation has been initiated through the formation of the ViP Project Partnership, which aims “to build on collaboration amongst a number of organisations with an interest in philanthropy, engage others, and collectively contribute to creating a culture of philanthropy in Northern Ireland”.*
- The attendance of many professional advisers and business leaders suggests that many of the elements were there to create a climate for philanthropy and that it might just be a case of fitting them together.
- If a transformation in culture and quantity of giving is to transpire, it will be very important for the different players to run experiments in collaboration and come together to craft an **integrated strategy for change**.
- There is a **need for leadership** from a community and voluntary sector and private sector collaboration. A **strategy is needed** which includes investment, but is based on more than finance. It needs to be focused around the **Northern Ireland “brand/offer”** and should be about selling skills, knowledge, culture, arts, tourism, business etc.
- There is a **need for champions of philanthropy** to encourage peers and others to give, however, currently there is a skills gap and associated lack of confidence in how to approach philanthropic fundraising and make the ‘ask’ in the right way throughout Northern Ireland.
- **Campaign/strategy to promote giving** – The Republic of Ireland hosts Philanthropy Ireland – a six year old association of foundations whose mission is to *“contribute to and inspire an effective and robust philanthropic sector in Ireland.”* While no such entity exists for Northern Ireland, there is some fresh energy to catalyze a similar coherent and strategic effort.
- **Technology based giving** – A collaborative effort in Northern Ireland will be focusing on technological approaches to increasing diaspora giving. The potential for greater technology based giving is also positively affected by the fact that Ireland boasts the highest percentage of young people in their population of all Europe.
- **Investment in development staff** – Both the community foundations and a number of other arts, cultural and educational institutions have invested in recent years in development staff whose primary job is to build private philanthropic support. The success of exemplars such as Queen’s University Belfast, which recently raised \$40 million of a \$50 million campaign for a new library through private fundraising, will inspire others. Community foundation development staff members are at early stages of creating relationships with professional advisors, who can be a great referral source and promote organised giving among their client base.
- **Giving circles** – GIVE INC is one example of a giving circle in Northern Ireland, co-founded by one of the ViPers, which is comprised of up to 20 individuals who have each committed £1 per day. The leaders of this giving circle would like to cascade their efforts into 20 more Giving Circles.

## 2.9 Key Lessons – From Elsewhere

Ireland, Switzerland, Netherlands and the UK are the top four countries within the Western & Southern Countries listed in the World Giving Index and ranked within the top eight countries overall. Although these countries are among the most generous givers, the following section presents an overview of their approach to enhancing philanthropy.

### Ireland

The Irish see themselves as a nation of givers. However, the positive embrace of philanthropy only extends to the smaller donations made by the majority of the population. McKinsey<sup>24</sup> consider that three initiatives in particular would help increase the level and effectiveness of philanthropic activity in Ireland:

#### ■ **Improve the Culture of Giving**

- Media attention and public debate of the current and potential positive social impact of philanthropy.
- Drawing attention to the good work performed by Irish philanthropists will spur the more active philanthropists to be more public with their activities - will inspire other wealthy individuals to invest in philanthropic organisations or to set up their own foundations.
- The above would encourage companies to devote a higher share of their profits to charity, as they would be keen to show their community engagement to employees and external stakeholders.

#### ■ **Mobilise Resources for Philanthropy**

- Promote the use of regular, planned donation methods.
- Potential for increasing the number of active private foundations.
- Promote corporate donations - growing pressure for companies to be more socially responsible.

#### ■ **Expand and Strengthen the Underlying Infrastructure**

- Improve intermediary landscape to provide the infrastructure required by effective donors.
- Professional advisors should engage their clients in discussions on philanthropy more often and in a more informed way.
- Local and foreign specialised philanthropic advisors should be encouraged to expand their service offering in Ireland.

Philanthropy Ireland, which aims to support and grow philanthropy in Ireland, have developed a 'Guide to Effective Giving'<sup>25</sup>, based on a review of 'good practice' literature and a series of consultations. This guide was published for philanthropists, potential philanthropists and key intermediaries, such as professional advisors and fundraisers.

<sup>24</sup> McKinsey & Company, July 2009, Philanthropy in the Republic of Ireland – An assessment of the current state and future potential of philanthropic giving in the Republic of Ireland

[http://philanthropy.ie/images/uploads/Philanthropy\\_in\\_Ireland\\_FINAL.pdf](http://philanthropy.ie/images/uploads/Philanthropy_in_Ireland_FINAL.pdf)

<sup>25</sup> Philanthropy Ireland, 2008, Guide to Effective Giving, [http://philanthropy.ie/index.php/effective\\_philanthropy/](http://philanthropy.ie/index.php/effective_philanthropy/)

The guide states that philanthropic organisations can have a greater impact by focusing on four key activities:

- Developing a giving strategy;
- Measuring performance and impact;
- Communicating effectively; and
- Co-operating or collaborating with other stakeholders.

### **Switzerland**

Although, Switzerland has a rich and long philanthropic tradition, and ranks today among the most generous nations in Europe, priorities have been identified within the study 'Advancing Philanthropy in Switzerland'<sup>26</sup>. The report recommends a series of concrete action steps in order to achieve two priorities: "catalysing cooperation" and "putting philanthropy on the map" i.e.

- **Catalysing Co-operation** - greater collaboration, coordination and consolidation between donors and foundations and with other sectors will allow the impact of philanthropy to increase. A larger cooperation should reduce the fragmentation of the sector and encourage greater use of cooperative foundations structures such as umbrella foundations rather than the systematic creation of new foundations.
- **Putting Philanthropy on the Map** - In order to increase the social impact of philanthropy and improve its recognition and comprehension, the study highlighted the importance of increasing the understanding and appreciation of philanthropy. The report suggests the following audience categories to put philanthropy on the map: General public; General public / young people; Current or aspiring philanthropists; Public servants and civic leaders; Media / journalists; International peers; and Decision makers.

### **The Netherlands**

In recent years, philanthropy has grown in the Netherlands, in part because wealth has grown, and in part because the government is cutting its social safety nets. The report 'Philanthropy and the Wealthy in the Netherlands'<sup>27</sup> outlines recommendations for organisations in the non-profit sector, wealth advisors and donors, to include:

- **Non-profit organisations** should communicate the impact of their work, not just the need for funding and develop better relationships with donors by keeping them updated with projects' progress. Non-profit organisations should consider giving donors an opportunity to get involved so they not only see first-hand the work they support, but also have a chance to develop a deeper, and perhaps longer-lasting, bond with that work. Non-profit organisations should also consider major donors as true partners, showing their ability to manage money and donations efficiently.

<sup>26</sup> FSG Social Impact Advisors, June 2010, Advancing Philanthropy in Switzerland – A Vision for a Cooperative and Recognised Philanthropic Sector,

[http://www.rwi.uzh.ch/oe/stiftungsrecht/aktuellesausdemzentrum/EN\\_Rapport\\_Philanthropie.pdf](http://www.rwi.uzh.ch/oe/stiftungsrecht/aktuellesausdemzentrum/EN_Rapport_Philanthropie.pdf)

<sup>27</sup>

[http://www.philianconsulting.com/docs/Philanthropy%20and%20the%20Wealthy%20in%20the%20Netherlands\\_October\\_2010.pdf](http://www.philianconsulting.com/docs/Philanthropy%20and%20the%20Wealthy%20in%20the%20Netherlands_October_2010.pdf)

- **Wealth advisors (private banks, tax advisors, notaries and family offices)** should make philanthropy advice services available to their clients. Helping clients implement practical, tax-efficient philanthropic strategies is a critical, but often overlooked, service for wealthy individuals, and should be part of any overall wealth management strategy. Wealth advisors should also help their clients network with like-minded donors so they can gather information and inspiration from peers. Advisors do need to be aware of the growing interest in alternative forms of financing social issues, such as low- or no-interest loans to non-profit organisations and investing in social ventures and facilitate information, knowledge and opportunities for new forms of philanthropic involvement.
- **Donors** should take time to better understand the philanthropic sector and network with peers to share ideas, experiences and even resources with those who have similar interests. Donors should also consider donor-advised circles, where people learn from each other and pool resources to have greater impact on mutual issues.

### UK

In May 2011, the Government's Giving White Paper<sup>28</sup> announced that £40m of the first £80m funding for volunteering, infrastructure and a volunteering match fund over the next four years. The aim is to transform the giving culture, not through legislation but by cultural and behavioural change to make giving a social norm. The methods to enhance giving include: 'Making it Easier to Give' and 'Making it More Compelling to Give'. Although the Giving White Paper was positively received, the key gap identified related to the lack of the Government's commitment to encourage and increase lifetime legacies among donors in the UK.

In April 2011, a paper reflecting on a Philanthropy Review Summit was launched to include 'Recommendations to Increase Philanthropic Giving in the UK'<sup>29</sup>. The summit brought together 90 philanthropists with leaders from the world of business and the charitable sector to consider these issues. The summit provided Philanthropy Review an opportunity to gather evidence to inform the Review's call-to-action which will be published in June 2011. The Review is concerned with opportunities to increase giving in the immediate term and to build a stronger culture of philanthropy in the longer term. The key themes emerging from the summit include:

- **Leadership** – Philanthropy Review wish to see a new culture of philanthropy where the media celebrates giving without questioning the motives of those who give, where business leaders are the first to give through their workplace and inspire their workforces to do the same, and where the UK boasts a growing network of philanthropists who give and encourage their peers to give;
- **Incentives** – existing fiscal incentives simplified and promoted; Philanthropy Review want to build on these incentives, not least with the introduction of lifetime legacies to the UK; and
- **Connection** – donors give because they connect to a cause; they want to see stronger relationships between donors and charities, with giving to be more fun and engaging.

<sup>28</sup> <http://www.cabinetoffice.gov.uk/sites/default/files/resources/giving-white-paper.pdf>

<sup>29</sup> <http://www.philanthropyreview.co.uk/Philanthropy%20Review%20Summit%20Recommendations%20FINAL.pdf>

## 3 STAKEHOLDER CONSULTATIONS – KEY FINDINGS

### 3.1 Introduction

RSM McClure Watters undertook one-to-one consultations with key representatives in 27 organisations (against a research target of 22) to include:

- 18 consultations (14 telephone and 4 face-to-face) with key sector representatives involved in philanthropy; and
- 9 consultations (8 face-to-face and one telephone) with advisors to HNWI.

**Table 3.1** Key Stakeholders Consulted

Organisation	Contact Name
<b>Key sector representatives</b>	
1. Community Foundation for Northern Ireland / Philanthropy NI	James Magowan
2. Ulster Community Investment Trust (UCIT)	Jonathan McAlpin
3. Heritage Lottery Fund	Stella McDermott
4. Arts & Business Northern Ireland	Mary Trainor
5. Atlantic Philanthropies	Ken Logue
6. Allia (formerly City Life)	Phil Caroe
7. Business in the Community Northern Ireland	Kieran Harding
8. Community Development Finance Association's (CDFA)	Bernie Morgan
9. Coutts Entrepreneurs	Maya Prabhu
10. Institute for Philanthropy	Sal Laspada
11. Lloyds TSB Foundation for Northern Ireland	Sandara Kelso-Robb
12. New Philanthropy Capital	Plum Lomax / Tris Lumley
13. Northern Ireland Council for Voluntary Action (NICVA)	Seamus McAleavey
14. Philanthropy UK	Fiona Ellis
15. Queen's University Belfast	Norma Sinte
16. Society of Trust and Estate Practitioners (STEP)	Keith Johnston
17. National Trust (Northern Ireland)	Wendy Elliott
18. Charity Bank	Niamh Goggin
<b>Advisors to Ultra to High-Net-Worth Individuals</b>	
1. Barclay's Wealth	Jonathan Sloan / Emma Turner
2. Brewin Dolphin Securities	Hal Catherwood
3. Carson McDowell	Neil Bleakley
4. Cleaver Fulton Rankin	Michael Graham
5. McGrigors	Ian Huddleston
6. Northern Bank Ltd	Adrian O'Neill
7. PricewaterhouseCoopers	Nigel Anketel
8. Quilter Investment Management	Leigh Yeaman
9. Davy Stockbrokers NI	Mike Irvine

## 3.3 Key Findings – Key Stakeholder Representatives

The consultations focused on the following key discussion areas:

- Identification of the key motivations for philanthropic giving;
- Mechanisms used by donors for philanthropic giving;
- Description of the culture of social investment/ philanthropic giving in Northern Ireland;
- Views on the promotion of philanthropy in Northern Ireland;
- Whether developments in technology have an effect on philanthropy;
- Whether the economic downturn has an effect on the need/market for philanthropy;
- Suggestions of how to increase the level and effectiveness of philanthropic giving in Northern Ireland;
- Awareness of the practices for philanthropy in NI and other countries; and
- Best practice/lessons from elsewhere.

The following section summarises the key findings emanating from the consultations in respect of each of the areas identified above for the key stakeholders representatives (base=18).

### Key Motivations for Philanthropic Giving

The key motivations for philanthropic giving are the **personal connections between the donor and the cause** (n=6), or **social impact of giving** (n=6). Other triggers promoting the interest in philanthropy include the sale of a business (n=1) and inheritance (n=1).

The remaining respondents agreed that a range of factors behind philanthropic giving exist and because each person is different, there is no universal reason/motivation for philanthropy.

The main beneficiaries of philanthropic giving are: Church, local community causes, Health Sector, Education and to a lesser extent Culture and Arts.

### Demotivation Factors for Philanthropic Giving

The perceived **high administration costs associated with charities** (n=7), rather than donations going directly to the cause, was highlighted by respondents as the key demotivating factor for philanthropic giving. Key sector representatives also noted that there is a perception that philanthropy can be seen as “self-serving” or “a way of avoiding tax”.

According to two representatives, donors may be deterred from giving as they may have a “**lack of control over where the money goes**”. Three respondents felt that donors are discouraged to give as “**charities in general do not inspire people to give**”, suggesting that “**charities are not confident in their own abilities**”. “A **lack of saying thank-you** to donors” was also considered as a disincentive to repeat donations.



One respondent commented that “people do not wish to publicise the fact they have money to give to causes as they **don’t want begging letters** from organisations / individuals and so would rather remain anonymous”.

### Mechanisms Used by Donors

The majority (n=11) of respondents agreed that giving direct to particular charities is the key mechanism used by donors.

Three respondents noted that there is a ‘tiered’ approach to giving whereby small donations are given **directly to the charity** of choice, medium sized donations **via intermediaries** and large donations are put into **Trusts / Foundations**. Four respondents stated that Trusts / Foundations were popular for HNWI.

### Culture of Social Investment/ Philanthropy in Northern Ireland

Two respondents felt that there is no culture of philanthropy in Northern Ireland “only a history of small donations with **a lack of strategic thinking behind the donations**”. Four respondents considered philanthropy in Northern Ireland to be **behind other nations** as there is “**no joined up approach to Philanthropy**...with everyone doing little bits and pieces”. However, it was noted that citizens in Northern Ireland do give generously at a lower level.

Four respondents believe that philanthropy is **not embedded in the Northern Ireland culture** as many of those who would like to be involved, do not become involved as they do not wish to increase their profile. Whereas three respondents considered philanthropy to be embedded in the UK culture “it is something which we are market leaders in behind the US and Australia”.

The remaining consultees, those outside of Northern Ireland, felt that they are not fully aware of the culture and could not provide comment.

### Promotion of Philanthropy

The majority of respondents noted that philanthropy is “**not effectively promoted**” in the UK nor in Northern Ireland. Only one respondent believes that philanthropy is effectively promoted.

Respondents also felt that role models are not effectively promoted. Three respondents commented that “philanthropists do not wish to have any publicity regarding the nature or extent of giving and want to remain anonymous”. However, conversely the majority of respondents noted that **role models are the best method to inspire new donors**. Three respondents stated that “peer networking and listening to the experience of their peers” is an effective method in which to inspire new donors.

### Need / Market for Philanthropy

Given the recent economic downturn, key representatives were asked whether this has had any effect on the philanthropy market. The majority of respondents (n=14) believe that the **recession has resulted in reduced contributions** from philanthropists, whilst three stated that there has been no reduction in donations from HNWI. One representative declined to comment in the absence of knowledge and/or statistics.

One respondent reflected that the recession has either resulted in people being less likely to give vs. people feeling a sense of community and willingness to help as *“the middle class are now ‘feeling the pinch’ and now understand what it must be like to be in need of donations/support”* i.e. more empathy with people in need.

### Developments in Technology & Philanthropy

All respondents asserted that **technology has had a positive effect on philanthropic giving** due to the convenience of giving via telecoms or via the Internet thereby reducing the need for intermediaries, however, two respondents noted this was at a retail level only.

All respondents stated that **technology has had a positive impact on the way charities operate** for those charities which have embraced it fully. It has **improved communications** with donors, provided a means to **donate online, reduced paperwork** and **improved efficiency**. It was also noted that it has provided donors with **access to information** to help them to **make informed decisions** on which charities they should give to.

One respondent felt that technology could have a negative effect and has the potential to turn a large giver into a smaller giver i.e. older people may have traditionally preferred writing a cheque for a large amount of money but are not comfortable with using the Internet to donate large sums – *“with the disappearance of cheques older people need another mechanism to donate”*.

### Suggestions for Enhancing Philanthropic Giving

A wide range of suggestions were provided by respondents on the methods that should be considered to enhance the level and effectiveness of philanthropic giving. These suggestions highlight that respondents perceived there to be gaps in the promotion of philanthropy in Northern Ireland. Suggestions include:

#### ■ Enhance Promotion

- Need to create a strategy and action plan to promote giving;
- Need to create a culture – develop and promote a vision and work towards achieving the vision;
- Need individuals/role models to advocate and champion philanthropy;
- Creation of a Philanthropy Ambassador;
- The word philanthropy is not user friendly as the general public perceive philanthropy to be *‘something for the super-rich’*. The concept of philanthropy should be promoted at a ground level as the general public do not consider themselves as possible philanthropists;
- Enhance the ‘branding’ of philanthropy – *‘needs to be visible’*;
- Leadership required to drive the promotion of philanthropy;
- Keep donors informed of how money has benefited the cause. This will help to maintain their interest;
- Charities need to understand donor intent and adapt targeted marketing accordingly;
- Charities should create a value based proposition – rather than been seen as begging;



- Targeted marketing approach to include: general public, advisors and HNWI;
- Greater media coverage /celebration of role models;
- Better asking;
- Address the perception among the general public that donations are directed to administration processes rather than those in need;
- Promote philanthropy by using case study examples of why philanthropy is important – e.g. Lyric Theatre, Queen's University Belfast Library and the Ulster Museum;
- Consider hosting 'Awards Ceremonies' (e.g. Beacon Awards) for donors with beneficiaries in attendance;

### ■ **Increase Co-ordination**

- Provide a central point for information – e.g. website and physical presence i.e. an office where wealth advisors can get advice or can signpost their clients to;
- Increase co-ordination between public/private and voluntary sectors at a macro level;
- Matching philanthropists with charities – a service which could be provided by a new philanthropy body;

### ■ **Enhance Networking Opportunities**

- Creation of a strategic network of HNWIs to encourage peer networking;
- Raise awareness through conferences to include keynote speakers;
- Introduce a 'peer group of philanthropists' which would encourage more regular / strategic giving;

### ■ **Improve access to information**

- Provision of a central point for information – e.g. PhilanthropyNI's website. Although this is considered important, a physical presence is also needed;
- Provision of more advice to donors;
- Improvement in advice from advisors as they are considered to be the interface to prospective donors;
- Introduce philanthropy into the school curriculum to promote the benefits of 'giving' to pupils at an early stage;

### ■ **Improve Mechanisms**

- Promotion of 'Giving Circles';
- New donors should be made aware of the options for giving / make it easy and give people the confidence to give;
- Incentives by government to create higher levels of giving.

## Awareness of Philanthropy in Other Countries

The majority of respondents highlighted the US as the role model for philanthropy, believing that the “US have a culture of giving something back to society”.

One respondent stated the reason behind this is that the “US does not have a welfare state unlike the UK, which uses this as a funding safety net”. It was noted by one respondent that “the US devotes a huge amount of time and resources to seeking out and nurturing prospects”. This, according to the respondent, could be applied in Northern Ireland.

None of the respondents are aware of any differences between Northern Ireland and the rest of the UK apart from that it operates on a smaller scale than the UK. One respondent did note that Northern Ireland has no joined up approach to philanthropy and in that respect it is **not as mature as other countries**.

## Best Practice / Lessons from Elsewhere

The majority of respondents considered the US as a benchmark to follow, recognising that it will be a slow process to embed a culture of philanthropy in Northern Ireland. Luxembourg was also cited as a good example of a small nation trying to strategically develop philanthropy.

The key issue to building philanthropic practices, according to one respondent, is that “**relationships with donors need to be built and continued on a long-term basis**”. Donors should also be valued more by charities / foundations according to another respondent e.g. “they should be invited to events or receive letters of thanks”. Two key sector representatives also noted that greater network building should be introduced to allow philanthropists to engage with their peers. Furthermore, a respondent added that a portfolio approach should be considered.

## 3.4 Key Findings - Advisors to High Net Worth Individuals

The following section summarises the key findings emanating from the consultations with advisors to HNWI (base =9).

### Proportion of Clients Involved in Philanthropy and Levels of Giving

Advisors to HNWIs reported that less than 15% of their clients are involved in philanthropy. With different numbers of clients within each firm, this could range from between 20 – 50 individuals involved.

Six of the advisors articulated that the levels of their clients giving is less than £500k, one advisor stated that one of their clients is involved in philanthropy giving to include contributions ranging between £500k and £1million. One advisor has one client involved in philanthropy in excess of £1million plus, whereas another noted that they have a few clients involved at this level. One advisor declined to comment on philanthropy levels.

### Philanthropic Contributions and Beneficiaries

The majority of advisors stated that HNWIs would normally leave **legacies** to causes via their estate / will. The **sale of their business** or assets they held was the reason for clients making philanthropic

contributions as per two advisors. The remaining two advisors stated that their clients undertake philanthropy via their disposable income.

A range of beneficiaries were cited, with the most popular being: church, health sector, arts, education and social welfare; however, this depended on the client themselves.

### Key Motivations for Philanthropic Giving

The majority of advisors to HNWIs stated that the key motivations for philanthropic giving are “**personal connections to the cause**” or that philanthropists wished to “**give something back to society**”, findings which are on par with that among key sector representatives.

One advisor commented that key motivations can be a result of a ‘**life event**’ which played on their conscience. Another noted that “**sometimes ‘guilt’ played a part**”; however, motivations are unique for each individual.

According to one advisor the majority of their current clients are not at the stage in their life when giving something back may be a motivating factor for them to become involved in philanthropy.

### Demotivation Factors for Philanthropic Giving

As per the key stakeholder respondents, the key demotivating factor for philanthropic giving, as highlighted by advisors, is also the **perception that donations are used in part for the high administration costs** associated with charities (n=5).

A ‘lack of say’ regarding the allocation of the donor’s contribution was noted by two advisors as a possible deterrent to giving. One advisor stated that due to the economic downturn, donors are inclined to focus on their family and own finances in the first instance rather than on philanthropy. One advisor did not comment.

### Mechanisms Used by Donors

Advisors noted three main mechanisms used by their clients:

- Outright gifts via wills;
- Charitable trusts for large amounts; and
- Direct giving to selected charities (usually via cheque).

### Culture of Social Investment/ Philanthropy in Northern Ireland

The majority of advisors agree that **philanthropy is not embedded in Northern Ireland’s culture**. Three advisors believe that people in Northern Ireland are generous in terms of charitable donations on a smaller, local scale. However, one advisor feels that philanthropy is rooted in the culture and that the level of giving is higher than in the rest of the UK.

### Public Awareness / Perception of Philanthropy in Northern Ireland

In terms of large scale philanthropy, awareness is low in Northern Ireland, particularly when compared to charitable donations, where public awareness is high, according to advisors. One advisor, who is a new

entrant to the Northern Ireland market, declined to comment as they are unsure of the levels of public awareness.

### Need / Market for Philanthropy

Given the recent economic downturn, advisors to HNWI were asked if this has had any effect on the philanthropy market. The majority (n=6) of advisors agree that the **recession has resulted in reduced contributions from philanthropists** due to the uncertainty in individuals own future finances, whilst three advisors believe that there has been no reduction in donations from HNWI.

### Developments in Technology & Philanthropy

All advisors noted that **technology has had a positive effect on philanthropic giving** i.e.

- Charities could now promote causes / their organisation better online (n=5);
- Technology and/or websites has added convenience to giving (n=5); and
- It has levelled the playing field for charities (n= 2).

### Effectiveness of Support / Intermediary Services

Advisors were split in their opinion of whether there are any gaps in the market and the effectiveness of existing support / intermediary services available. Comments received included:

- Professional people know what support is available and where to get it;
- **Support organisations are more reactive than proactive** in terms of delivering a service to clients and the offering could be enhanced by offering specialist philanthropy services within firms;
- There is **no umbrella group to bring all the intermediaries / support services available into one co-ordinated package**;
- The infrastructure for philanthropy in Northern Ireland is poor;
- People do not realise how many options there are available;
- There is a need to improve the promotion of philanthropy through the publishing of more success stories.

### Key Drivers of Non-Governmental Organisations

According to two advisors the key drivers of non-governmental organisations (NGOs), philanthropic foundations and grant making organisations are to 'plug the gap' left by government. One advisor felt that the aims and objectives of NGOs need to fit with those of charities before becoming involved in social change. Another commented that these organisations are good at outlining their approach; however, they do not provide a great deal of flexibility. The remaining respondents declined to comment.

### Suggestions for Enhancing Philanthropic Giving

The majority of advisors agreed that philanthropy could be more effectively promoted in Northern Ireland, however, it was recognised that promotion was getting better. It was agreed that role models are not promoted by organisations within a Northern Ireland context as people generally prefer anonymity.

A number of suggestions were provided by advisors to HNWI to enhance the level and effectiveness of philanthropic giving, including:

- Better promotion of charitable causes and the need to connect with donors / Need to promote giving by publishing success stories (n=5);
- Promotion of tax incentives / gift aid (n=3);
- A trust or an umbrella group should be set up – it was suggested that the Community Foundation for Northern Ireland should take the lead on promoting philanthropy (n=2);
- Provision of more advice to donors and advisors (n=2);
- Awareness should improve first, before enhancing the philanthropy infrastructure;
- Delivery of seminars for professionals involved in the sector;
- Information days for the general public to increase awareness;
- Improved promotion of the benefits of giving to inspire donors. However it was noted that the actual cause usually inspires the person;
- More peer networking / pressure to get other HNWI involved;
- Role models can help to improve philanthropy, but can deter others who would prefer privacy;
- More targeted use of media;
- Creation of 'Giving Circles' / Create an 'entry level' for Giving Circles; and
- The Northern Ireland Assembly should be more proactive regarding the promotion of philanthropy.

### Awareness of Philanthropy in Other Countries

As per the key stakeholder interviews, three advisors highlighted the US as a country which Northern Ireland could learn from as it supports a culture of philanthropy. Other practices noted by respondents included:

- Dutch approach - give their time / expertise rather than money to certain projects which could be a future approach/focus in Northern Ireland;
- Charities Aid Foundation, is registered charity that connects donors and charities – this should be considered for Northern Ireland; and
- The introduction of a Charity Commission/er / Ambassador for Philanthropy for Northern Ireland.

It was also noted by one advisor that “Northern Ireland is too small a scale to attempt to apply lessons learned from other jurisdictions such as the US as Northern Ireland only has ‘paper millionaires’ where wealth is tied up in assets”.

## 4 SURVEY OF HIGH NET WORTH INDIVIDUALS

### 4.1 Introduction

As part of this research project, the terms of reference required a sample of 15 HNWI consultations to be undertaken.

RSM McClure Watters approached 20 HNWIs who are clients of the firm. Unfortunately, the majority of individuals declined to take part, citing that they did not wish to discuss their philanthropic giving motivations or the beneficiaries they support for privacy reasons, reflecting the culture in Northern Ireland.

RSM McClure Watters also attempted to contact HNWI clients via those nine advisors consulted as part of the research. However, none of the advisors were able to provide any leads for us to contact, as their clients did not indicate an interest in taking part.

Despite numerous efforts, RSM McClure Watters were only able to survey 5 individuals in relation to their philanthropic activities. The results of the survey of HNWIs involved in philanthropy are detailed below.

### 4.2 Approach

RSM McClure Watters undertook 3 face-to-face consultations and 2 telephone consultations with HNWIs involved in philanthropy.

A structured questionnaire/interview guide was developed which focused on the following key discussion areas:

- Levels of time involved in philanthropy and quantum of giving;
- Motivations /inspiration for philanthropic giving;
- Resources / advisers utilised;
- Mechanisms for philanthropic giving;
- Advice/support/information required from wealth advisors, accountants, solicitors or others to help you develop philanthropic activities;
- Factors constraining/inhibiting philanthropic giving in Northern Ireland;
- Suggestions on how to increase the level and effectiveness of philanthropic giving in Northern Ireland; and
- Views on how the philanthropy infrastructure in Northern Ireland can be improved in the future.

### 4.3 Key Findings - HNWI

The following section summarises the key findings emanating from the consultations in respect of each of the areas identified above.

## Involvement in Philanthropic Giving

Two HNWI have been involved in philanthropy for the last 2-3 years, whereas two others have been involved in the field for approximately 6-10 years and 11-15 years respectively. One HNWI has been involved in philanthropy for nearly 20 years.

Two of the HNWI's reported donating circa £100-£150k per annum, whereas two others stated this was between £60-£100k per annum and one stated this was circa £10k per annum.

## Key Motivations for Philanthropic Giving and Beneficiaries

Key motivations noted by HNWI's include: **“religious reasons”**, **“wanting to give something back”** to society and **“personal passions for the causes”**. A range of beneficiaries were cited such as: religion, children and young people; vulnerable people; local communities; overseas charities, Prince's Trust, disaster appeals and Northern Ireland based health related services.

According to one HNWI the majority of their philanthropic activity is targeted overseas, believing that *“due to the welfare system in Northern Ireland and the UK there are no poor people compared to other parts of the world”*. One HNWI reported that approximately 75% of their giving is concentrated overseas.

## Effectiveness of Support / Intermediary Services

All of the HNWI's commented that they **did not receive any advice** on how to approach philanthropy from professional advisers.

One individual remarked that they received forms from solicitors on how to set up a charitable foundation, but no advice was offered on how to complete the forms or how to set-up the foundation. This individual also mentioned that the information provided was a government approved format which meant they had no requirement for further advice.

## Mechanisms Used by Donors

Four of the HNWI's use cheques to donate directly to their selected charities, whereas one individual used the Charities Aid Foundation (CAF).

## Developments in Technology & Philanthropy

Three HNWI interviewed **did not use new media** to expand their philanthropy networks / levels of giving. However, one commented that **use donor forums** to a small extent and another stated they use mobile telecoms to small extent. One HNWI noted that new media does not have any bearing on their levels of giving.

## Gaps in Current Service Provision

There are only gaps in current service provision / philanthropy infrastructure if someone was giving 'millions' and is therefore an issue of scale, according to one HNWI. Two HNWI believe that **“existing philanthropists needed to introduce others creating a ‘snowball’ effect”** and that **“advisors should become more proactive by encouraging philanthropists to give more”**.



One HNWI felt there are no gaps in current service provision / support in the marketplace as support can be gained from wealth advisors, accountants and solicitors.

### Factors Constraining Philanthropic Giving in Northern Ireland

Three HNWIs stated that **misappropriation of funds** and concern regarding the perceived amount of **funds used in the administrative process** of charities is the main factors constraining the levels of philanthropic giving. One of the HNWIs commented that he always ask charities *“to provide details of how much of every donation reaches those who need it and how much is eroded in administrative costs”*. They evaluate this on a case-by-case basis.

It was agreed by two HNWIs that profitability of companies has a large impact on philanthropic giving (and the economic climate) – if the company is doing well, then individuals tend to give more. One HNWI noted that *“Northern Ireland’s understanding of philanthropy constrains its development and society could get more out of philanthropists if they were more strategic in their thinking”*. Respondents also remarked that privacy is an issue in Northern Ireland where people **wish to remain anonymous**.

One individual articulated that *“no-one can really support philanthropy in Northern Ireland until philanthropy is properly defined”*.

### Suggestions for Enhancing Philanthropic Giving

Two HNWIs specifically mentioned that reforming the tax system for donations / charitable giving to make it less complex to understand, would assist in increasing the level and effectiveness of philanthropic giving.

Another felt that there is much ‘secrecy’ behind charitable giving / philanthropy in Northern Ireland and that it needs to be made more open - *“there is a **need to create a ‘club’ atmosphere where like-minded individuals could come together to share ideas**”*.

A HNWI further added that **business leaders** and those who have money **should be encouraged to give** and this needs to be via a targeted approach by *“bringing people into forums”*. It was also stated that *“business leaders should be reminded of their Corporate Social Responsibility and the difference this can make to society and staff motivation”*.

One HNWI highlighted that **role models** are important in trying to enhance philanthropic giving. However, another added that although a role model approach may encourage other people to give, it was a very simplistic approach *“**More promotion of the role of philanthropy and peoples’ social responsibility**”* should be a focus of the media to enhance philanthropy in the future, according to two respondents.

One HNWI re-iterated that *“until philanthropy is properly defined, then people will always associate philanthropy with charitable giving, however, there is a difference as philanthropy is more sustainable if marketed properly”*. The HNWI also noted that there needs to be *“more interest from the next generation of families involved in philanthropy”*.



### Suggestions for Enhancing Philanthropy Infrastructure in NI

One HNWI reported that there does not appear to be anything wrong with the existing infrastructure, but that *“the problem in Northern Ireland is the attitude of people – i.e. ‘they are greedy / selfish and do not wish to share the wealth with others’”*. Another HNWI stated there is no strengthening of the infrastructure required. One HNWI was concerned that *“by enhancing the infrastructure, bureaucracy would actually increase and this would reduce the speed of delivery to the charities / causes selected”*.

According to one HNWI **“advisors should get together to increase the profile of philanthropy and provide more knowledge about how to go about getting advice and support for philanthropic activities”**. Furthermore, it was remarked by one HNWI *“that people in Northern Ireland need to be educated as to what philanthropy is and a definition of it determined”*. This individual also noted that *“beneficiaries need to stop thinking about philanthropy in strictly monetary terms”* – i.e. it can also include the provision of time to a particular cause.

## 5 CONCLUSIONS & RECOMMENDATIONS

### 5.1 Key Findings & Conclusions

This research paper provides an overview of the trends in Northern Ireland in respect of the volume of philanthropic giving, the motivations (why) and mechanisms (how) for philanthropy, with consideration given to the potential of mobile telecoms / online giving. An assessment of the support provided and the role of wealth advisors is also provided.

Key findings and conclusion are based on the following themes:

- Global Giving;
- Key Motivations for Philanthropic Giving;
- Mechanisms for Philanthropic Giving;
- Potential of mobile telecoms/on-line giving;
- Corporate Philanthropy & Responsibility;
- Role of Philanthropy Advice Market;
- Barriers to Philanthropic Giving;
- Northern Ireland Context;
- Summary of Key Stakeholder Findings.

#### 5.1.1 Global Giving

The desk research suggests there is significant potential for philanthropic growth throughout the world with some countries having well-developed infrastructure to take advantage of future growth, whilst other countries, although philanthropy is part of the culture, the infrastructure is less well developed.

According to the World Giving Index, Ireland is ranked third behind Australia and New Zealand as the most generous nations in terms of the willingness of their citizens to donate time and money to charity. It is evident that philanthropy forms a significant part of the culture of these countries. The UK is ranked in eighth place.

#### 5.1.2 Key Motivations for Philanthropic Giving

Many factors influence philanthropic giving such as the age of the donor, their source of wealth and their interest in a specific cause. The style of giving is influenced by: personal motivations, degree of involvement, risk tolerance, kind of journey, desired impact and personal reward.

Het Net Worth Individual (HNWI) have diverse motivations for supporting charities - often driven by the feeling of duty in supporting those less fortunate. HNWI can be grouped into the following categories and associated motivations for giving: privileged youth (desire to engage), eco givers (desire to save the planet), altruistic entrepreneurs (duty to give back), reactive donors (peer pressure), cultured inheritors (legacy) and professional philanthropists (religious & political).

It is important that charities understand that donors can be sub-divided into a **range of categories/segments with distinct characteristics and interests**. This knowledge will help charities to target and **tailor their marketing efforts** effectively to enhance giving to their particular cause/organisation.

### 5.1.3 Mechanisms for Philanthropic Giving

The UK Giving Survey highlights that giving by cash remains the most common way of giving, with almost 50% of donors using this method in 2009/10. Barclays Wealth survey of 500 HNWI also identified that those who give tend to donate via cash and cheques (88%), fundraising themselves (35%) or serving on boards of charities (35%).

There are a number of options available for those wanting to give, depending on finances and personal resources. The range of tax-efficient mechanisms for donors to consider includes: Charitable Trusts; Community Foundations; Donor Advised Funds; Gift Aid for Individuals; Legacies; Payroll Giving; Gifts of Assets; Community Investment Tax Relief (CITR); Gift Aid for Businesses; Charity Events; and Affinity Cards. Donors/potential donors should be directed to information on how to avail of these methods of giving either by the government and/or an umbrella philanthropy support organisation.

### 5.1.4 Potential of on-line giving/ mobile telecoms

Internet technology and mobile telecoms provides better opportunities for organisations to reduce their costs for communicating, gathering information, or accomplishing transactions. The Internet and mobile telecoms provide organisations with new, more direct avenues to customers/donors and offers new options to give (e.g. 'JustTextGiving' by Vodafone allows users to donate to charities by text). The flexibility of technology allows potential donors to control what information they receive at what times, and therefore the opportunity to give on their terms at times that suit them without being asked.

The biggest risk for charities is to fail to exploit these opportunities and to therefore fail to keep up with the changing expectations of the sector's many stakeholders. It is also important to consider the digital divide and the fact that not all stakeholders have the skills/resources to access the Internet, therefore promotional efforts need to provide off-line options to complement their online tools.

### 5.1.5 Corporate Philanthropy & Responsibility

Corporate philanthropy refers to *the act of corporations donating a portion of their profits or resources to various non-profit organisations*.

Philanthropy is becoming increasingly important to companies as a means to enhance business performance/impact by increasing employee engagement, reputational capital and market opportunities. Therefore businesses are recognising the relationship between opportunities for enhancing business performance and social impact and the need to align their philanthropy and corporate social responsibility (CSR) initiatives.

Mechanisms should be put in place to measure the business benefits of corporate philanthropy; however it is acknowledged that these benefits are intangible or not easily associated with short-term financial profits. By measuring success, companies will be more inclined to dedicate time and resources to philanthropy if a return is evident.

The distinctive capabilities and resources available within the private sector should be taken advantage of and the relationship between this sector and the community and voluntary sector enhanced through collaborative efforts towards achieving social impact through philanthropy.

## 5.1.6 Role of Philanthropy Advice Market

Research carried out by New Philanthropy Capital involving 100 private client advisors, 78 of whom offered some form of philanthropy services to clients, showed that philanthropy is important to the business of wealth advisors and 60% of participants believe that it will continue to grow in importance over the next five years. Advisors and their parent institutions are not, on the whole, offering high-quality philanthropy advice to clients, according to research carried out by New Philanthropy Capital. Recommendations to improve the philanthropy advice landscape relate to increased collaboration and leadership in the market.

The results of the Philanthropy Online Survey supports earlier evidence, which identifies that advisors are not sufficiently equipped to discuss philanthropy with clients and therefore are not providing philanthropic advice to HNWI's.

It is fundamental that that professional advisor in Northern Ireland stimulate client demand for philanthropy advice and that advisory services better meet the needs of experienced and new givers.

It is important that the benefits of offering philanthropy services are promoted to gain a higher level of commitment/buy-in from wealth advisors i.e. various benefits for advisors include: adding value to the relationship; creating an additional line of revenue; increasing the likelihood of client referrals; deepening the relationship with the client; providing an opportunity to discuss broader lifestyle issues; enhancing the organisation's brand and values; deepening the relationship with the client's family; retaining assets; and providing professional development opportunities for staff. Advisors would also benefit from more effective networking opportunities with specialist philanthropy services providers to ensure that they are knowledgeable in the range of services available.

The ViPers may wish to consider collaborating with the NPC Steering Group of Advisors, this will provide opportunities to share knowledge on how to develop the provision and take-up of good philanthropy advice.

## 5.1.7 Barriers to Philanthropic Giving

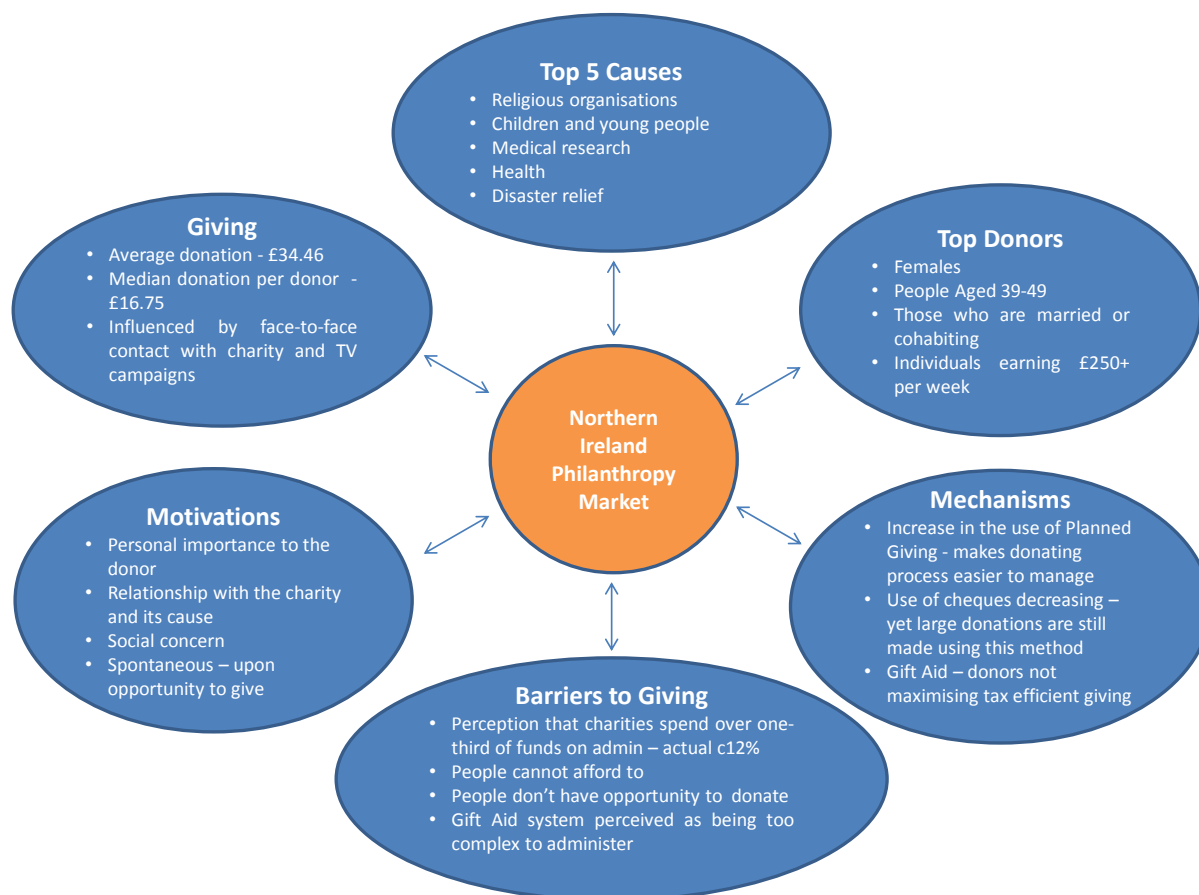
The barriers which are restricting this increased engagement include: lack of financial security; lack of one of the three key motivators: wanting to give for familial, societal or religious reasons; concerns regarding the perceived inefficiency of some charities and the amount spent on administration; concerns/fears of being "actively pursued by charities", limited information about charity's visions/strategy and measurement of results, and complex tax system and welfare policies.

For those barriers that can be controlled, it is important that barriers are removed /reduced. Charities should clearly communicate their vision and strategy and ensure that donors are aware of the various channels/mechanisms to give. As efficiency and the level spent on administration are key considerations when selecting a cause, charities should ensure that donations are managed efficiently and that the proportion of donations allocated to administration is kept to a minimum. This focus should be communicated clearly to the wider community to reduce any negative perceptions that charitable giving does not reach the target cause. The most effective way to increase donations would be to increase tax breaks to offset charitable giving their money can make a bigger impact, than indirectly through taxation. It is important that a basic guide to giving is developed to communicate the various methods of giving which take advantage of tax breaks.

## 5.1.8 Northern Ireland Context

According to the Northern Ireland Giving Survey 2010, Northern Ireland remains a very generous society with over eight in every ten individuals continuing to make a donation to charity, despite these being difficult economic times. The characteristic of the Northern Ireland philanthropy market are presented in the diagram below. By understanding the philanthropy culture, methods can be employed to maximise strengths to enhance giving and address areas of weakness/barriers to giving.

**Figure 5.1:** Characteristics of the Northern Ireland Philanthropy Market



It is important to note that the ViP Project aims to build on collaboration amongst a number of organisations with an interest in philanthropy, engage others, and collectively contribute to creating a culture of philanthropy in Northern Ireland.

### 5.1.9 Summary of Key Stakeholder Findings

RSM McClure Watters undertook 27 consultations (against a target of 22) to include: 18 consultations with key sector representatives involved in philanthropy and a further 9 consultations with advisors to HNWI.

Key findings are presented below, which reflect that of the desk research:

#### Key Sector Representatives

Although Northern Ireland has a culture of charitable 'giving', it is believed to be on a smaller scale compared to other nations. Key sector representatives believe that **philanthropy is not embedded in the Northern Ireland culture**. It was agreed that there is **no joined up approach to philanthropy** in Northern Ireland and that it is not effectively promoted.

The key motivations behind philanthropy highlighted are **personal connections** between the donor and the cause; and the **social impact of giving**. The beneficiaries of philanthropic giving cited by respondents are: Church, local community causes, Health Sector, Education and to a lesser extent Culture and Arts. Factors which act as a deterrent to giving include the perceived high administration costs of charities, perception that it is a method of avoiding tax and lack of control over how the funds are used.

There would appear to be a 'tiered' approach to philanthropy whereby small donations are given directly to the charity of choice, medium sized donations via intermediaries and large donations put into trusts / foundations. In general, representatives also agreed that **technology has had a positive effect on philanthropic giving** i.e. developments in technology has assisted charities in the way they operate – i.e. lower administration costs, improved communication with donors with those who have embraced it fully.

A wide range of suggestions were provided by respondents on the methods that should be considered to enhance the level and effectiveness of philanthropic giving, to include: **enhanced promotion; increased co-ordination, promotion of strategic networks; improved access to information; and improved mechanisms for giving**. The suggestions for improvement highlight the current issues/gaps in services to promote philanthropy.

#### Advisors to HNWIs

As per the key stakeholder consultees, it was noted by the majority of advisors that **Northern Ireland does not have a culture of philanthropy**.

The key motivations behind philanthropy are **personal connections** to the cause and **wanting to give something back to society**. Advisors cited that there is a range of beneficiaries of philanthropic activity which includes: churches; health sector; arts; education and social welfare as the most popular. There would appear to be three main mechanisms used by clients including outright gifts via wills; charitable trusts for large amounts and direct giving to selected charities.

Factors which act as a disincentive to giving noted are the perceived high administration costs of charities and a lack of control over how the funds are used.

Developments in technology has assisted charities in promoting their organisation better online and added convenience to giving, according to advisors. One advisor commented that technology has levelled the playing field for smaller charities as they now have a cost effective method of promoting their particular cause.

Advisors were split in their opinion of whether there are gaps in the market and the effectiveness of existing support / intermediary services available. Approximately half of all advisors felt that **support organisations are more reactive than proactive** in terms of delivering a service to clients and the **offering could be enhanced by offering specialist philanthropy advice** within firms.

A number of suggestions were provided by advisors to HNWI to enhance the level and effectiveness of philanthropic giving, including: **better promotion** of charitable causes and the need to connect with donors; need to promote giving by **publishing success stories**; increased **promotion of tax incentives / gift aid**; and a the formation of a **Trust or an umbrella group** to drive/lead the development of philanthropy in Northern Ireland.

### Survey of High Net Worth Individuals

As part of this research project, the terms of reference required a sample of 15 HNWI consultations to be undertaken. RSM McClure Watters approached 20 HNWI who are clients of the firm. Unfortunately, the majority of individuals declined to take part, citing that they did not wish to discuss their charitable giving motivations or the beneficiaries they support for privacy reasons, reflecting the culture in Northern Ireland. RSM McClure Watters also attempted to contact HNWI clients via those nine advisors consulted as part of the research. However, none of the advisors were able to provide any leads for us to contact, as their clients did not indicate an interest in taking part. Despite numerous efforts, RSM McClure Watters were only able to survey 5 individuals in relation to their philanthropic activities. The key findings are summarised below.

Key motivations for philanthropic giving are “**religious reasons**”, “**wanting to give something back**” to society and “**personal passions for the causes**”.

A range of beneficiaries were cited, such as: Churches/religious organisations, children and young people; vulnerable people; local communities, overseas charities; Prince’s Trust; disaster appeals; and Northern Ireland based health related services.

It was agreed by two HNWI that profitability of companies has a large impact on philanthropic giving (and the economic climate) – if the company is doing well, then individuals tend to give more. Misappropriation of funds and concern regarding the perceived amount of funds used in the administrative process of charities is the main factors constraining the levels of philanthropic giving in Northern Ireland.

All of the HNWI commented that they **did not receive any advice** on how to approach philanthropy from professional advisers.



In terms of gaps in current service provision / philanthropy infrastructure, one HNWI felt that this is only apparent if someone was giving 'millions' and is therefore an issue of scale, however in Northern Ireland the scale of giving is relatively low. The others stated that ***"existing philanthropists needed to introduce others creating a 'snowball' effect"*** and that ***"advisors should become more proactive by encouraging philanthropists to give more"***. One HNWI noted that ***"no-one can really support philanthropy in Northern Ireland until philanthropy is properly defined"*** and re-iterated that ***"until philanthropy is properly defined, then people will always associate philanthropy with charitable giving, however, there is a difference as philanthropy is more sustainable if marketed properly"***.

Three HNWI's interviewed **did not use new media** to expand their philanthropy networks / levels of giving and one noted that new media does not have any bearing on their levels of giving. However, one noted they would use donor forums to a small extent.

Two HNWI's specifically mentioned that reforming the tax system for donations / charitable giving to make it less complex would assist in increasing the level and effectiveness of philanthropic giving. Another felt that there is much 'secrecy' behind charitable giving / philanthropy in Northern Ireland and that it needs to be made more open - ***"there is a need to create a 'club' atmosphere where like-minded individuals could come together to share ideas"***.

***"More promotion of the role of philanthropy and peoples' social responsibility"*** should be a focus of the media to enhance philanthropy in the future, according to two respondents.

## 5.2 Recommendations

Taking into consideration the desk research, lessons from elsewhere and primary research findings, the following recommendations can be made:

### **Develop a Strategy to Enhance Philanthropy**

There is a need to develop a **co-ordinated strategy to enhance philanthropy** in Northern Ireland. This strategy should include a 'Vision' and 'Mission' which is visible and promoted across all sectors and the wider community, for example:

Philanthropy UK's vision is of *"a society of engaged citizens which promotes thoughtful and effective giving, and where philanthropy is celebrated as a positive act of civic participation"*. Philanthropy UK's mission is *"To inspire new givers; To inform and share knowledge and best practice with all those involved in giving; and To connect givers to charities, networks and sources of advice and information. These aims are based on our belief that effective giving should be intelligent, innovative, proactive and, above all, enjoyable"*

Philanthropy Ireland's vision for 2020 is that *"the unique contribution of philanthropy to Irish society will generally be understood and valued. It will be recognised that modern philanthropy is rooted in the Irish tradition of giving and people will be able to see how they can become actively involved in philanthropy"* Philanthropy Ireland mission is *"To increase the level of philanthropy in Ireland and to*



*expand the community of engaged donors who are regular, strategic, long-term contributors to good causes.'*

The vision should inspire all individuals in Northern Ireland, regardless of their level of wealth, to commit time, energy and money to a worthwhile cause(s) – a concept that can empower all members of the community to give, as well as stimulating diaspora giving.

Strategic aims and objectives should be defined highlighting how this vision will be achieved. These objectives should be SMART objectives i.e. Specific, Measurable, Achievable, Realistic and Time bound which will aid the evaluation process. Immediate and longer term actions should be developed in pursuit of each objective. Actions that will provide a clear focus and direction for the strategy and detailing associated cost for its implementation and delivery.

**Leadership** is needed to drive the strategy forward in order to realise the vision. This leadership could be provided by one organisation or a grouping of organisations with an interest in promoting philanthropy.

The work of Community Foundation for Northern Ireland and partner organisations under the ViP project has been a strong catalyst for promoting philanthropy, aiming *“To build on collaboration amongst a number of organisations with an interest in philanthropy, engage others, and collectively contribute to creating a culture of philanthropy in Northern Ireland”*. This grouping and the recent development of the Philanthropy brand, provides a means in which to lead the development and implementation of a strategy.

There is also a need to invest in promoting the concept of philanthropy as a partnership between government, the individual and agencies. **Collaborating** more effectively will help to achieve a transformation in the culture.

### **Develop a Communications Strategy/Action Plan**

A **communications strategy** should be developed as part of the overarching strategy to enhance philanthropy. The marketing and communication effort should be targeted to each donor segment, taking into account varying characteristics, interests and motivations for giving.

The word philanthropy may be perceived to be for the ‘super rich’, therefore communication is needed to promote giving at a ground level as the general public do not consider themselves as possible philanthropists – the impact of many smaller donations should be recognised on par with that of large donations made by HNWI.

Communication to the wider community should be focused on **‘success stories’** e.g. Queen’s University Belfast campaign for a new library through private fundraising, and the redevelopment of the Lyric Theatre achieved through private and public funding. The history of Belfast as a city built on philanthropy should also be used to entice interest in the meaning and impact of philanthropy. Consideration should be given to implementing an advertising campaign in the run up to philanthropy week and other events e.g. Prince of Wales Medal for Arts Philanthropy – Arts & Business.

There is a need for ‘champions’ / role models to advocate the role of philanthropy, which could be promoted via the creation of ‘award ceremonies’ celebrating key roles models involved in philanthropic

giving and the beneficiaries they support. However, it is evident that the culture in Northern Ireland is one where philanthropists tend to avoid discussing their donations, preferring their endeavours to be private.

### **Engage Donors**

Charities should ensure that they **create a value based proposition**, connecting their needs to the interests of donors. Simple, yet effective methods of engaging donors include: 'better asking', issuing thank you letters, forwarding communication on the benefits of their contribution etc.

By keeping donors informed of how their money has benefited the cause, their interest will be maintained and contribute to developing a long-term relationship. Charities should also be welcoming of the time, nonfinancial support, entrepreneurial and professional skills which today's philanthropists can bring. Training may need to be provided to educate or reinvigorate the sector on methods of engaging donors and fundraising skills.

Giving Circles should also be promoted as a means in which to engage donors. Giving Circles represent a growing trend in philanthropy where shared giving and social networking empowers donors to make decisions on how to direct their money.

### **Develop Peer Support Networks**

Northern Ireland lacks the critical mass of a peer group of philanthropists which could encourage more regular / strategic giving. The creation of a **peer and professional support network** for philanthropists should be considered.

This network of influential, innovative and like-minded individuals could provide an important 'think-tank' where methods to promote a culture of philanthropy can be explored. The opportunity for philanthropists to join the network may help to retain their continued interest in giving and influence their peers to join.

### **Improved Mechanisms**

The various methods for philanthropic giving should be promoted to the wider community. The development of a 'basic guide to giving in Northern Ireland' to include a range of methods and their benefits would equip donors/potential donors with the knowledge of 'how to give' and 'how to give efficiently', which will help to enhance the amount of funds being directed to charitable causes.

It is evident from the research and consultations that the benefits of gift aid is not being fully utilised. It is important that charities are encouraged to promote the use of gift aid in their campaigns – to avoid large volumes of money being lost by the sector.

### **Mobilise the use of Technology**

Charities should be made aware of the benefits of new technologies and when used strategically, can provide the means to be more effective, accountable and reactive. Charities increasingly use their website to fundraise and connect with donors. It is important that charities monitor the effectiveness of online tools and adapt them accordingly. Social networking opportunities should also be used to engage with others and to build networks to increase their effectiveness.

Education and training should be provided to up-skill some charities to take advantage of these new technologies.

It is also important for charities to maintain off-line options to connect with existing and potential donors as they may not wish to use online options. This will complement their online tools and ensure those that have been philanthropic givers are not disenfranchised by providing a range of giving options.

### **Improve Philanthropy Advice Market**

The philanthropy advice market in Northern Ireland appears to be weak. There is a lack of detailed knowledge surrounding revenue flows linked to philanthropy services and an unwillingness to 'ask' clients about their interests in strategic giving. Consequently, there is room for improvement regarding the contribution which wealth advisors can bring to enhancing philanthropy.

It is important that advisors are appropriately skilled in providing advice for those interested in philanthropic giving. Specialist advisory services in philanthropy should also be promoted, as they can be considered as advocates for philanthropy and will help to promote this culture. The ViPers may wish to consider collaborating with the NPC Steering Group of Advisors, this will provide opportunities to share knowledge on how to develop the provision and take-up of good philanthropy advice.

### **Enhance Corporate Philanthropy**

The desk research highlights that the corporate sector is an increasingly strong driver of philanthropic growth, with business leaders increasingly becoming advocates for increased philanthropic involvement, both to their corporate peers and to the community at large.

This trend should be acknowledged and efforts made to promote corporate philanthropy in Northern Ireland to include: the promotion of the benefits of workplace giving, executive giving circles, and corporate foundations.

The Vision in Philanthropy Partnership is funded by The Building Change Trust



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