

Philanthropy & the Arts

An overview of recent
developments in philanthropy
with particular reference to
Philanthropy & the Arts in Ireland

This document has been prepared by Venture Philanthropy Ireland Limited (VPI) on behalf of Arts & Business Northern Ireland.

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"In my own philanthropy and business endeavours I have seen the critical role that the arts play in stimulating creativity and in developing vital communities. The arts have a crucial impact on our economy and are an important catalyst for learning discovery and achievement in our country."

Paul G Allen

Philanthropist and Co – Founder, Microsoft

Commenting on the Arts & Economic Prosperity III Study conducted by Americans for the Arts

"The arts benefit communities as well as individuals. Cities and towns with flourishing cultural activities attract business and tourists and provide tremendous incentives for families. There are wonderful models in Massachusetts and across the country of communities that have integrated cultural institutions into revitalization efforts. They have strengthened their economies and greatly improved quality of life in their neighborhoods."

Edward Kennedy

U.S. Senate (MA)

Co-Chair, Senate Cultural Caucus

"I believe in the power of the arts to transform communities."

Meryl Streep

Supporting the New Metropolitan Arts Centre (Belfast 2007)

"The arts flourish where patronage is strong and we are lucky to be witnessing a growing culture of State and Corporate patronage."

President Mary McAleese

The Allianz Business to Arts awards in Dublin 2007

Aim and Objectives

The aims and objectives of this report were to examine philanthropy and its origins, particularly in the United States and Ireland and discuss how it may develop in the future. Philanthropy was examined with an emphasis on the arts which attract significant philanthropic funding in the United States but have not attracted similar funding in either Northern Ireland or the Republic of Ireland.

Given the increasing net wealth of individuals and households in Northern Ireland and the Republic of Ireland, it also examines philanthropy as a wealth management issue and briefly looks at more recent developments in philanthropy, such as venture philanthropy and social investment which operate as an alternative to traditional philanthropy.

Finally it examines current attitudes to philanthropy among a number of high net worth individuals with a particular reference to the arts.

The time frame was extremely short, from March–June 2008 and given that research of this nature has never been carried out before this imposed certain restrictions on the report outcomes.

Methodology

Most of the research undertaken was desktop, but discussions from a recent independent research trip to the United States by the author, which included a meeting with a large philanthropically funded arts body, are included. Interviews with ten of Ireland's top 100 high net worth individuals are included also. Expanding this was limited by the three-month time frame. There was a 50:50 split between Northern Ireland and the Republic of Ireland giving an added weighting to the Northern group in terms of overall population. Given the obvious limitations further breakdowns in terms of the respondents were not undertaken. A similar UK study in 2004 was undertaken over a three-year time frame and interviewed 75 individuals. It should be noted that some individuals when approached, were unwilling to participate as they do not become involved in research projects or respond to questionnaires. The areas addressed were related to the individuals' understanding of philanthropy, whether arts and culture was on their philanthropic agenda and what could the world of arts and culture do to attract additional funding? The questions asked are included in Appendix I.

Given the privacy issues around this subject, the interviews were based on a questionnaire containing largely open questions and were undertaken in a confidential manner by the author. Some interviews were conducted in person, some using conference call facilities and some responses to the questions asked were in writing. Those carried out in person gave the opportunity for additional comments and conversations on the subject. Verbatim responses were recorded manually.

Corporate philanthropy was not covered for the basis of this report as given the very restrictive time scale it seemed more prudent to focus on philanthropy from the point of view of the individual. McKinsey recently produced research figures on corporate philanthropy worldwide and these have been included in Appendix II of this document.

This study focused on four key areas in terms of comparisons: Arts and Culture, Health, Education and the Environment.

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Executive Summary

The overwhelming trend in terms of the conversations undertaken was that people are willing to fund the arts but currently do not do so to the same extent as they fund other sectors (health, education and the environment). The reasons tend to be specific personal interests in particular areas or sectors and not being exposed to arts projects seeking funding. The McKinsey global survey on corporate philanthropy included in Appendix II supports this. While there were some who were supporters of the arts this tended to be due to a strong personal interest in the area.

Legislation mattered but was not as big an issue as might have been expected. Similarly while there are specific differences in taxation in Northern Ireland and the Republic of Ireland, taxation was not a major determinant in terms of giving. Most like to give directly but understood that the growth of the sector will lead to the establishment of more philanthropic trusts and foundations and an increase in structured giving.

Overall the responses confirmed that good projects attract funding. There was a general feeling that the world of arts and culture does not sell its projects in a manner that is appealing to potential funders. Good business models, strong leaders and a capacity to create sustainable cash inflows to support and supplement philanthropic funding were also relevant. The ability to successfully ask is largely based on the individuals involved. Star power¹ matters in terms of attracting funds. Knowing how to ask and what to ask for initially is also relevant.

- Not all of those involved would consider investing in the arts philanthropically and the suggestion was made that innovative financial modelling in terms of how projects are funded would attract additional cash inflows.
- Visual art was considered to be personal investment on all occasions but investing in young emerging artists was considered to have a more philanthropic element to it.
- The government overwhelmingly were considered to have a role to play in encouraging philanthropic activity and all media coverage particularly that in recent times was considered helpful.
- All considered art and culture as important to society as sport. There were some discussions that when art and sport are managed together in government departments, as is the case generally, art and culture do not always have an equal platform.
- None of the respondents had a problem in being directly approached but this generally was initiated through people they already knew personally or because of a particular personal interest in a subject or project. Personal priorities, who “makes the ask” and knowing how to ask was also mentioned as being an important issue. Where the funds are directed i.e. “the cause” was also very important.
- All saw philanthropy as a distinctly separate issue to charity as it was considered to be more about long-term sustainability.
- Most thought philanthropy needs to be re-defined in a modern way. One comment suggested that it was a ‘mistress from the past’ and it needed to be modernised.

¹ “Star Power” is an American term which represents having a high profile individual / celebrity fronting a fundraising campaign

- Being directly involved in managing donations was not an issue as most were very happy in terms of where the funds were going, as they knew the recipient organisations well.
- All but one saw philanthropy as a wealth management issue.
- Robust organisational structures were relevant within the receiving organisation, in other words it must be seen to be operating on a professional basis.
- There was some interest in professional project management of given funds but this was limited as most managed their own giving in a very strategic manner. The issue that philanthropy is not just the domain of the super rich was also mentioned.
- Secondary research identified a lack of primary and local statistical evidence to support the value that arts and culture contribute to society and the economy.
- Further conclusions as to the outcomes of the discussions are covered in the concluding paragraph.

To summarise:

- People are willing to fund the arts and culture sector from a philanthropic perspective, but currently do not to the same extent as they fund other sectors (health, education and the environment). It was the only sector that on occasions provoked a very strong negative response in terms of philanthropic funding.
- Philanthropy is a very personal private issue particularly in Northern Ireland.
- It is up to the world of arts and culture and those representing it to create a strong artistic business case in order to attract inward philanthropic funding.
- How you ask and whom you ask is critical and philanthropy is primarily a relationship building exercise between the donor and recipient.
- Government were overwhelmingly considered to have a role to play in encouraging and supporting philanthropic activity.
- There is a need for primary and local statistical evidence to support the value that arts and culture contribute to society and the economy



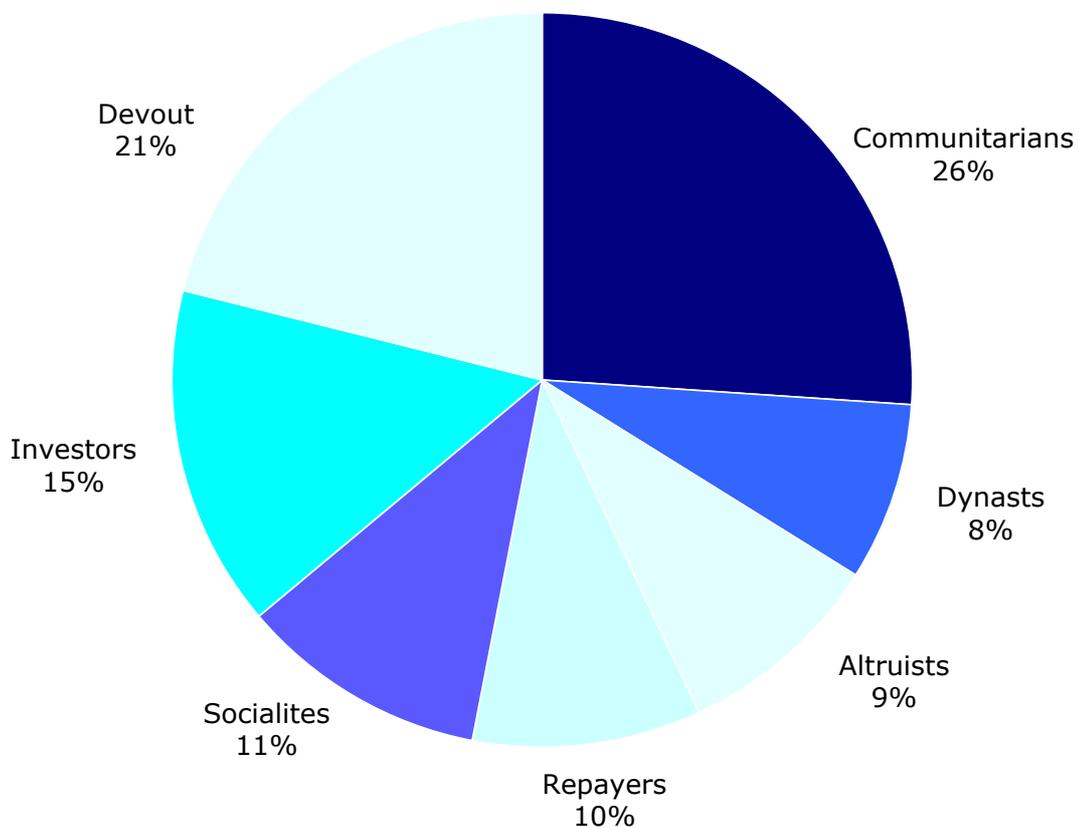
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An Overview of Philanthropy

What is Philanthropy? The word taken from its Greek origins literally means “love of human kind”. The Oxford English Dictionary describes philanthropy as “the practice of donating money to help people in need”. In a modern sense it is “contributions to support a cause be they time, money or goods by individuals or corporations” (Aikens 2004)².

Effectively it is giving money without any expectation of a financial return. Philanthropy comes in many guises. The Seven Faces of Philanthropy³ state that philanthropic intentions can be driven in many ways and by many motivations. The Seven Faces of Philanthropy provide a framework for understanding major donors and for understanding that philanthropy can take many forms.

The Seven Faces of Philanthropy



Source: 'The Seven Faces of Philanthropy,' Prince, R. P. & File, K. M., 1994 by Jossey-Bass

Understanding donor segmentation is a powerful tool that should be used to maximize effectiveness when interacting with major donors.

Different people have different motives and qualities that distinguish themselves from others. Below is a summary of those seven faces.

²Atkins, Kingsley. (2004) 'Promoting Philanthropy In Ireland; 101 Fund Raising Tips' The Ireland Funds.

³ Prince, A. R, File, K. M. (1994) 'The Seven Faces of Philanthropy,' Jossey-Bass.

COMMUNITARIANS: “Doing Good Makes Sense”

The main motivator of Communitarians is civic responsibility through a strong connection to the local community. They respond to three positive images: community, leadership, and accountability. Philanthropy can therefore be considered an exchange since communitarians appreciate recognition and also value the benefits they receive for their business, which generates income from the community they strive to have an impact on. They view philanthropy as a voluntary decision to help improve the quality of life in their respective communities.

DEVOUT: “Doing Good is God’s Will”

Through charity, the Devout represent religious traditions of God, service, duty and mission. They respond positively to reinforcement of their religious rationale for donating. Because they act on faith and values, they openly trust the organizations to which they donate and do not want any recognition in return. The Devout attribute all of their material success and wealth to God and therefore feel morally obliged to give back to others.

INVESTORS: “Doing Good is Good Business.”

Investors are donors who follow a businesslike approach with non-profits and seek productivity and efficiency with their donations. Like any investor in the financial markets, they first devote their time to careful investigation of the charity prior to giving. Some of their goals include tax minimization, investment for return, and some formal recognition. Unlike other philanthropists, investors are characterized by their judicious approach to giving—calculating a cost-and-benefit analysis and engaging in frequent negotiation to achieve the bottom line.

SOCIALITES: “Doing Good is Fun”

Socialites are donors, primarily women, who coordinate fundraising activities and special events to reflect mutual support and community leadership. They are motivated by their social circles and the creativity involved in planning events. They often focus on the results such as earning money to donate and receiving public attention. Socialites see philanthropy as social exchange and an opportunity to direct attention to places the government overlooks.

ALTRUISTS: “Doing Good because it Feels Right”

Simply put, altruists support non-profits “because it gives their life a greater sense of purpose”. In addition, they strongly believe that they are the only true philanthropists. They respond positively to images of social responsibility, self-actualisation, and self-fulfilment. Their selflessness is internally driven and often involves acts of spontaneity and instinct.

REPAYERS: “Doing Good in Return for Good Being Done”

RePAYERS seek out opportunities to pay back and show their gratitude. They act out of response to a life-changing event and often focus their giving to educational and medical organizations. They expect to be valued by the recipient but do not desire attention or formal recognition.

DYNASTS: “Doing Good as Family Tradition”

Dynasts are those who are heavily influenced by others and their upbringing. They respond to family history and tradition and especially devote their efforts to the economically disadvantaged. They are the least interested in individual attention and recognition from non-profits, but simply want to continue the tradition of impacting lives in crisis.

Percentages %	Communitarians	Devout	Investors	Socialites	Altruists	RePAYERS	Dynasts
Fraction of Donors	26.3	20.9	15.3	10.8	9.0	10.2	8.3
Male	91.1	84.2	86.7	37.7	n/a	66.7	50.0
Business Owners	75.6	81.3	74.5	74.7	69.9	76.2	56.3
College Educated	45.6	85.7	84.1	79.1	90.3	90.8	93.7
Government is inadequate	92.9	86.7	71.9	91.7	55.4	92.2	100
Wealthy are obligated to Give	10.7	100	0	0	100	87.5	100
Give for Personal Benefit	78.6	0	100	100	0	0	100
Carefully Evaluate non-profits	91.9	44.2	81.3	79.2	49.7	81.0	100
Use Professional Advisors	51.4	12.5	10.3	20.0	0	5.0	61.5
Want to be involved with donations	41.8	24.4	3.1	0	5.6	33.3	31.3
Want realization of motivations	83.9	95.6	87.5	91.7	95.2	42.9	81.3
Value individualized attention	86.9	80.2	90.6	100	0	9.5	6.3

Source: ‘The Seven Faces of Philanthropy,’ Prince, R. P. & File, K. M., 1994 by Jossey-Bass

The above would indicate that philanthropy can mean many things but where did it originate?

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Philanthropy in the United States

Philanthropy was really defined in the United States. Andrew Carnegie (1889)⁴ in his essay on wealth in 1889 stated:

'The man who dies rich dies disgraced'

America's third generational wealth and lack of a strong public sector has led to huge philanthropic activity over the last century. Many organisations survive without any state support on private donations alone. The endowments to some of the larger universities are substantial and many museums and galleries survive without any support from the state but purely on subscriptions and donations. Foundations like the Rockefeller Foundation and the Ford Foundation distribute hundreds of millions dollars every year based on their endowment payout requirements. The American Foundations are however not without their critics. Joel Fleishman (2007)⁵ discusses that despite their huge impact on the American civic sector little is known about how they operate. Staff are only accountable to trustees and trustees are accountable to no one. In 2007 by law they must spend around €35 billion annually. This amount will steadily grow and it will come with increased calls for scrutiny and regulation. Philanthropic activity in the United States is an industry in itself.

80% of US households donate money each year to over 1.5 million charities, social welfare organisations and religious congregations. In the US 93% of the affluent would increase giving if they found additional causes they felt passionately about. 66% would give more if they were better informed about giving options and the effectiveness of their contributions and 85% would be anxious to receive guidance from their advisor on philanthropy (Pew Charitable Trusts 2008)⁶.

The non-profit sector worldwide is one of the fastest growing sectors. It engages 40 million globally and spends \$1.3 trillion annually, more than the GDP of all but six countries. The task in Ireland is to encourage givers to be more strategic, more focussed, more intentional, rather than responding to ad hoc requests. In other words move from chequebook charity to engaged philanthropy (Aikens 2008)⁷



⁴ Carnegie, Andrew. (1889) 'Wealth' North American Review, Volume 148, Number 391, pp. 653-654.

⁵ Fleishman, Joel, L. (2007) 'The Foundation A Great American Secret: How Private Wealth Is Changing The World', New York: Public Affairs, pp. 259-264.

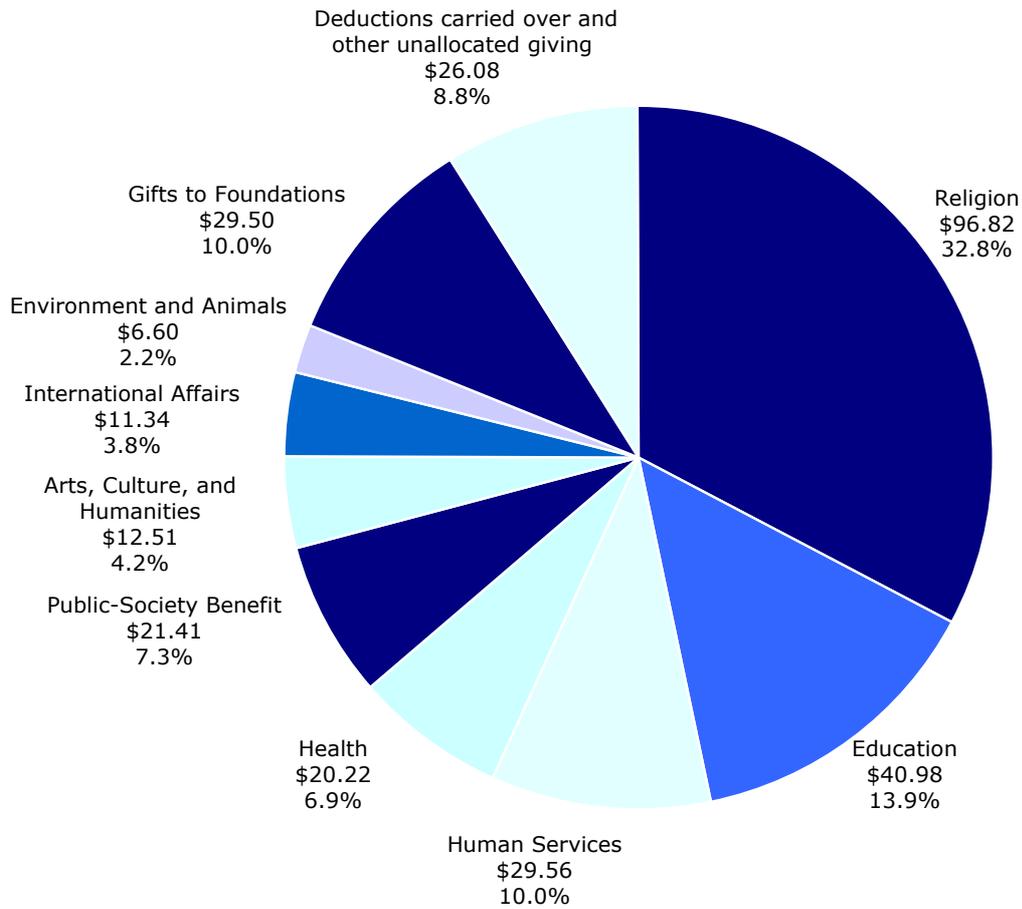
⁶ www.pewcharitabletrusts.com

⁷ Aikens Kingsley (2008) 'Connect' The Ireland Funds.

Contributions in 2006

\$295.02 billion
From GIVING USA 2007

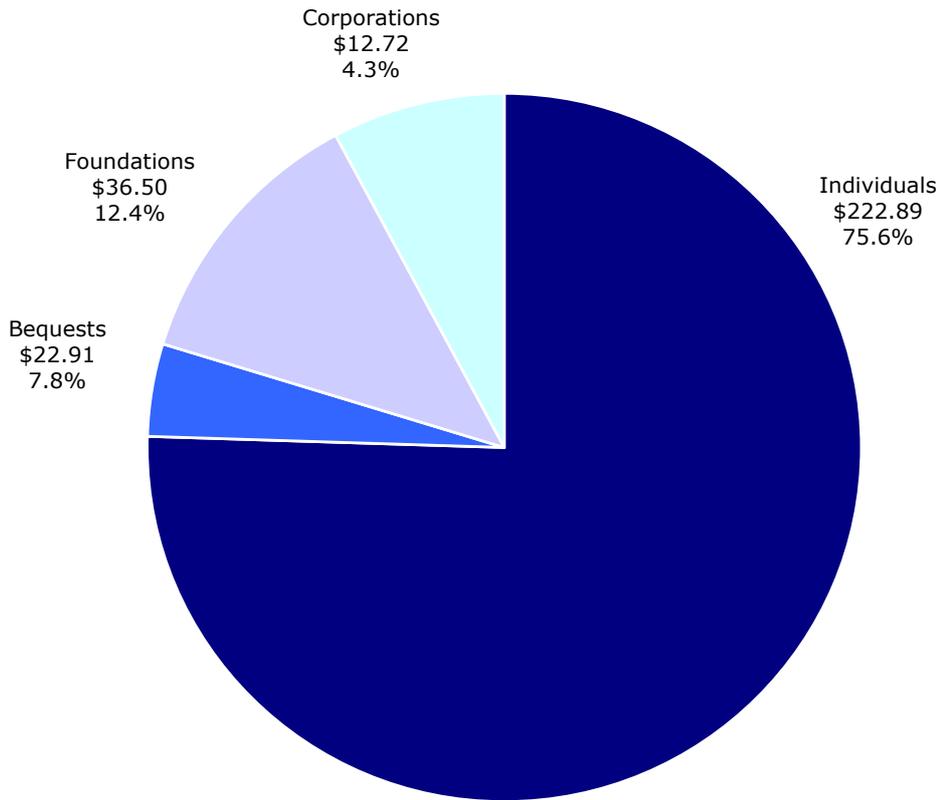
By Recipient



Contributions in 2006

\$295.02 billion
From GIVING USA 2007

By Source



The tables below demonstrate the level of philanthropic contributions in the United States to Universities and colleges and to health organisations.

Colleges and Universities

The Philanthropy 400 The Chronicle of Philanthropy

	Private Support	Total Income	Total Expenses
Stanford University (Calif.)	\$911,163,132	\$4,569,584,963	\$2,875,794,707
Harvard University (Cambridge, Mass.)	\$594,941,000	\$6,289,987,461	\$3,035,950,598
Yale University (New Haven, Conn.)	\$433,461,932	\$3,306,303,037	\$2,040,950,653
University of Pennsylvania (Philadelphia)	\$409,494,598	\$4,104,947,447	\$3,258,390,447
Cornell University (Ithaca, N.Y.)	\$406,229,000	n/a	n/a
University of Southern California (Los Angeles)	\$405,745,421	\$2,348,460,733	\$1,952,409,448
The Johns Hopkins University (Baltimore)	\$377,336,025	\$3,250,451,000	\$3,080,532,000
Columbia University (New York)	\$377,276,204	\$3,352,327,916	\$2,667,071,472
Duke University (Durham, N.C.)	\$332,034,301	n/a	n/a
University of Wisconsin at Madison	\$328,625,770	\$2,323,188,810	\$2,015,982,440
University of California at Los Angeles	\$319,580,552	n/a	n/a
University of Washington (Seattle)	\$316,251,912	n/a	n/a
New York University	\$279,918,813	\$2,777,721,13	\$2,464,450,690
University of Minnesota (Minneapolis)	\$266,991,894	n/a	n/a
Northwestern University (Evanston, Ill.)	\$253,401,792	\$1,937,629,002	\$1,409,208,280
University of Michigan (Ann Arbor)	\$251,476,551	n/a	n/a
University of California at Berkeley	\$245,966,241	n/a	n/a
University of Chicago	\$237,117,399	\$1,979,245,369	\$1,633,540,018
University of North Carolina at Chapel Hill	\$236,579,182	\$2,025,215,594	\$1,313,915,280
Massachusetts Institute of Technology (Cambridge)	\$235,550,000	\$2,937,282,000	\$2,347,184,000
University of Virginia (Charlottesville)	\$216,353,292	\$1,547,194,000	\$1,807,858,000
Ohio State University (Columbus)	\$210,012,248	\$69,391,920	\$40,049,485
Princeton University (N.J.)	\$207,012,898	\$2,453,681,000	\$1,114,006,000
Tufts University (Medford, Mass.)	\$204,844,078	\$747,098,344	\$596,216,820
University of California at San Francisco	\$201,206,363	n/a	\$123,921,923
University of California at San Diego (La Jolla)	\$186,185,745	\$2,262,386,286	\$1,966,968,456
University of Illinois (Urbana)	\$180,262,095	\$3,953,408,000	\$3,781,555,000
University of Notre Dame (Ind.)	\$179,859,540	n/a	n/a
University of Texas at Austin	\$176,497,498	n/a	n/a
Purdue University (West Lafayette, Ind.)	\$173,910,932	\$1,547,299,000	\$1,398,399,000
Pennsylvania State University (University Park)	\$161,379,763	n/a	n/a
University of Florida (Gainesville)	\$161,276,756	\$279,834,277	\$95,383,262
Dartmouth College (Hanover, N.H.)	\$159,912,000	\$964,441,271	\$712,144,172
University of Miami (Coral Gables, Fla.)	\$158,454,647	\$1,671,435,717	\$1,491,065,548
Arizona State University at Tempe	\$148,755,364	\$169,812,984	\$74,245,028
Texas A&M University (College Station)	\$145,841,551	n/a	n/a

Health Organizations

The Philanthropy 400 The Chronicle of Philanthropy

	Private Support	Total Income	Total Expense
American Cancer Society (Atlanta)	\$969,287,000	\$1,037,680,000	\$963,532,000
American Heart Association (Dallas)	\$445,479,279	\$ 589,088,458	\$576,994,459
Leukemia & Lymphoma Society (White Plains, N.Y.)	\$223,410,134	\$ 229,980,603	\$225,648,981
National Multiple Sclerosis Society (New York)	\$217,874,316	\$ 219,948,644	\$218,111,278
March of Dimes Birth Defects Foundation (White Plains, N.Y.)	\$213,613,411	\$ 236,105,854	\$224,717,103
Muscular Dystrophy Association (Tucson)	\$182,562,101	\$ 199,760,812	\$175,129,833
Juvenile Diabetes Research Foundation International (New York)	\$181,164,000	\$ 193,208,000	\$196,191,202
Make-A-Wish Foundation (Phoenix)	\$171,073,456	\$ 180,100,769	\$167,061,805
Alzheimer’s Association (Chicago)	\$167,235,000	\$ 205,626,000	\$187,784,000
American Diabetes Association (Alexandria, Va.)	\$165,075,618	\$ 213,715,611	\$219,030,381
Susan G. Komen for the Cure (Dallas)	\$156,437,315	\$ 207,528,723	\$189,871,257
Easter Seals (Chicago)	\$150,698,000	\$ 892,254,920	\$871,628,898
Cystic Fibrosis Foundation (Bethesda, Md.)	\$133,946,072	\$ 226,355,813	\$195,908,827
National Cancer Coalition (Raleigh, N.C.)	\$119,656,895	\$ 119,808,886	\$119,440,343
American Lung Association (New York)	\$119,420,723	\$ 149,532,957	\$166,237,633
Arthritis Foundation (Atlanta)	\$110,692,014	\$ 136,701,324	\$119,180,974
American Kidney Fund (Rockville, Md.)	\$ 89,733,358	\$ 91,905,738	\$ 92,236,776
Health Research (Rensselaer, N.Y.)	\$ 77,398,065	\$ 496,444,529	\$496,355,615
Help Hospitalized Veterans (Winchester, Calif.)	\$ 70,512,250	\$ 71,272,872	\$ 69,321,047
Foundation for the National Institutes of Health (Bethesda, Md.)	\$ 68,689,169	\$ 79,110,565	\$ 57,850,387
Stanley Medical Research Institute (Bethesda, Md.)	\$ 68,140,050	\$ 75,312,751	\$ 38,971,279
Planned Parenthood Federation of America (New York)	\$ 56,985,488	\$ 62,584,980	\$ 67,353,070
United Cerebral Palsy (Washington)	\$ 54,754,788	\$ 588,369,343	\$568,047,687

It can be seen from the tables above that many of these organisations have no public funding and rely on self generated income or philanthropic donations alone. There is no doubt that philanthropy developed in the United States as a direct result of limited public sector funding.

Similar organisations in Ireland would be reliant on state funding.

There is also the evolvement of Venture Philanthropy first defined in the United States by Letts Ryan Grossman (1997)⁸. It applies a more strategic and proactive approach to philanthropic giving but has been criticised in some quarters as over interference in the operational aspects of non-profit organisations. It is a growing movement in Europe where the mantle has been taken on by private equity houses who are adapting traditional

⁸ Letts, C. Ryan, W. Grossman, A. (1997), 'Virtuous Capital: What Foundations Can Learn from Venture Capitalists', Harvard Business Review; Mar/Apr 97 Vol.75 Issue 2, p36-44.

investment management processes to philanthropic giving (EVPA 2007)⁹. A generic diagram describing Venture Philanthropy is included in Appendix III.

In the book *The New Philanthropists: The New Generosity* (2006) Charles Handy and his wife Elizabeth, a portrait photographer, compiled research, interviews, and photographs of twenty-three entrepreneurial pioneers who have all used their skills and wealth to make a difference in the world. He profiles each person carefully and describes how new charitable projects came into creation by these wealthy professionals. Handy describes this new generation of philanthropists as “catalytic philanthropists” and “social entrepreneurs” who encourage other successful people to follow their example.

These “New Philanthropists” are people who “aren’t satisfied by writing cheques to worthy causes” but would rather be in the “driving seat”. They fit a new mould because they use their business acumen to start new charities and target their money directly to personal causes. In the introduction Handy emphasizes the three P’s that all twenty-three individuals share: “Passion, Permanence, and Partnership”. Collectively the contributions of these generous philanthropists have changed the face of philanthropy across the world.



Below is a selection of those discussed in the book.

⁹ European Venture Philanthropy Directory 2007/2008

1. Tony Adams

Tony Adams is a former English football player who played for the Arsenal and England teams. After admitting to the public that he was an alcoholic he entered recovery programs such as Alcoholics Anonymous to battle his illness. He openly wrote about his experiences in his autobiography *Addicted*. With the proceeds of £60,000 and his experience with alcohol and drug addictions he founded the Sporting Chance Clinic, a small charitable foundation that provides treatment and counselling for athletes suffering from addictions. The foundation prides itself on the fact that it charges people based on what they can afford and to this day has “never turned anyone away” according to Adams. He continued with his devotion to football by pursuing a research degree at Brunel University on youth development in football which he used to become the manager of Wycombe Wanderers, a poorly managed performing club. Despite many setbacks Tony focused on his love of football and reinvented himself in order to improve conditions for others.

2. David Charters

David Charters began his career at Deutsche bank after graduating from Cambridge University. As a result of his successful job on the trading floor he acquired a lot of material wealth, but was not satisfied with the way he prioritised things in his life, often neglecting his unique special interests and his family. He set out to change his life around and others in similar situations by establishing the Beacon Fellowship Charitable Trust within the United Kingdom to improve the culture of charitable giving. The fellowship showcases and praises best practice in philanthropy by rewarding various philanthropists and social entrepreneurs. David contributed over £300,000 of his personal income to launch the initiative. He was inspired to help the culture of giving and said that “in Britain charitable work is regarded as worthy but you keep quiet about it. That is a pity because some of the best ideas come from individuals no one hears about.” By providing more shining examples to the public, Beacon Fellowship aims to encourage others to give money and time to organizations. He later became a magistrate and a trustee for the Action for Blind People, satisfying the “altruistic urge” he says exists in all of us.

3. Tony Falkenstein

Tony Falkenstein, who describes himself as a “go-giver” rather than a “go-getter,” firmly believes in treating shareholders with respect and giving all employees their fair share in the company. He was born to German parents in New Zealand and received a Commerce degree at Auckland University. After working for Polaroid and the IceCapades he launched his entrepreneurial career by starting Just Water International. He is also the chairman of New Zealand’s first business high school, Onehunga High Business School. He also donated shares to the University of Auckland Business School and to the Unitec School of Management and Entrepreneurship, as he is passionate about business education being the key to economic prosperity in New Zealand. He has lobbied with the government to make business education part of the national curriculum, which has influenced the Education Minister’s plans for the future.

4. Jeff Gambin

After living a privileged childhood in India, Jeff Gambin went on to study at Cambridge University to specialize in entomology while also qualifying as a chef and a pilot. He then took his father's advice and moved to Australia where he worked as a pilot and opened Indian restaurants. His life changed one cold night when he sat in the park and a homeless man kindly offered his blanket to him. This act of selflessness from a man in such destitute conditions inspired Jeff and his wife Alina to volunteer their time and help break the cycle of poverty and addiction. They created Just Enough Faith Foundation, a charity that prepares over 400 meals a night for the homeless in Sydney. Jeff not only cooks the food himself but pays for most of the costs. He also runs a farm with the assistance of volunteers and a few of the homeless to help develop their potential. In 2000 Jeff was awarded the Australian Humanitarian of the Year Award for his dedication and inspiration for others to also volunteer their time.

5. Tom Hunter

Tom Hunter came from a humble background working at his father's grocery store in a mining village in Scotland. He noticed that training shoes were a popular item at his father's store and decided to capitalize on this business opportunity by opening a store to sell shoes. His store was named Sports Division and later branched out to include sports clothing and other athletic items. Sports Division became so successful that it bought out the leading sports store, Olympus Sport, and was later sold for £260 million. Although he did not anticipate selling the store, Tom used this money to develop the Clinton-Hunter Development Initiative. He saw a problem with the education system in Scotland where schools continued to focus on old nationalized industries that no longer functioned. The mission of the Hunter Foundation is "to effect long-term cultural change to deliver a 'can-do' attitude initially in Scotland via major investment in, largely, educational programmes". Tom has used his money, contacts, and experience to contribute £35 million to Scottish initiatives and to leverage £175 million of public and private sector investment. Tom continued to make money over the years by establishing West Coast Capital in 2001, an investment firm that deals with retail and property. He strongly believes in wealth creation and wealth management to benefit other people beyond himself and his family.

6. Niall Mellon

Niall Mellon was born into a thrifty family in Ireland and was motivated at a young age to make money. He started out as an excellent salesman, selling fire extinguishers door to door. After working at a bank he then became an investment adviser at age eighteen and finally a mortgage broker who reaped the benefits of the Celtic Tiger in Ireland with his stakes in property. After buying a house in South Africa he was moved by the plight of the poor people living in shacks in Cape Town and began with charity work to help improve their lives by providing them with more adequate homes. His charity, the Niall Mellon Township Trust, has built thousands of homes and has become the largest provider of charity housing in South Africa. From millionaire property developer to philanthropist, Niall's efforts have inspired many to make a difference.

7. Gordon Roddick

Gordon Roddick co-founded the Body Shop with his wife, Anita Roddick (*d. Sep 1987*), and devoted considerable energy and assistance to disadvantaged people around the world. He was instrumental in helping the indigenous in Brazil, where the Body Shop extracts its nut oil, by financing the Xingu Project to provide health care and education. With his wife he also supported the Rainforest Foundation which helped give a voice to neglected Amazon tribe communities. He also got involved with funding Belu, a socially benevolent and environmentally-responsible bottled water company. Gordon's interest in social business is also evident in his work with Freeplay, developing a wind-up radio to help combat AIDS in Africa by providing media coverage in troubled areas, and with Via3.net, an online network offering opportunities for ethical businesses and non-profit organizations to grow in strength and influence. Gordon Roddick's efforts have greatly impacted the world in working towards a socially just future.

8. Jeff Skoll

Jeff Skoll is a Canadian born businessman who started the internet auction firm eBay with Pierre Omidya, a fellow classmate from Stanford. Jeff was interested early on by authors such as Ayn Rand who wrote about battling the problems, dangers and injustices in the world. After his father died from cancer he took his father's advice and resolved to be proactive and achieve his big dreams. Jeff built eBay on principles of mutual trust and the idea that people are fundamentally good, his philosophy in life. With the wealth eBay gave him, which he describes as "the means to enable my dreams," Jeff became a philanthropist and started the independent movie production company called Participant Productions. His mission in Hollywood was to make stories. He produces documentaries and large scale films that sought to "alert the prosperous and the influential to the problems of the world". He also started his own foundation called the Skoll Foundation to support social entrepreneurship by investing in social entrepreneurs and celebrating their work through media projects. He has also advanced his message of social change through campaigns such as "Get Clean" to promote clean energy and public responsibility to the environment.

Other examples include Scotsman and entrepreneur Duncan Bannatyne who in June 2008 said he would be giving his £380 million fortune to charity. Along with Bannatyne another British man financier Chris Hohn announced he would be giving €633 million to good causes. In June 2006 Warren Buffet said he would be giving \$31 billion dollars of his fortune to the Bill and Melinda Gates Foundation. Allen McClay of Northern Ireland pharmaceuticals giant Galen has donated almost €40 million to good causes. Many chose to remain anonymous. JP McManus is believed to have donated at least €60 million to his JP McManus Charitable Foundation. The largest donation to the Carnegie Foundation last year was €38.5 million and the donor remained anonymous. Chuck Feeney has been investing money in Ireland for at least two decades. Between 1992 and 2002 his foundation Atlantic Philanthropies gave away €702 million. In 2006 the Foundation gave €68.4 million to causes in the Republic of Ireland and €24.5 million to Northern Ireland. In a rare note to the trustees of Atlantic he wrote 'I believe people of substantial wealth potentially create problems for future generations unless they themselves accept responsibility to use their wealth during their lifetime to help worthwhile causes'.

VENTURE PHILANTHROPY |
IRELAND

History of Philanthropy in Ireland

Philanthropy is considered a new and growing phenomenon in Ireland today. It is becoming a major contributor to the improvement of key aspects of society and much has been written about the subject of late. The publication of Conor O' Cleary's book on Chuck Feeney (2007) has heightened public awareness as was its aim. The book on the life and aspirations of a self-made billionaire gives a unique insight into the mind of arguably one of the worlds greatest living philanthropists. In an effort to highlight the area he spoke on radio for the first time in February 2008. He has and is truly embracing the

"Giving while living concept"

His total donations worldwide since 1982 stand at something close to €2.6 billion.

Recently, there have been two editorial columns in the Irish Times¹⁰ dedicated to the subject of philanthropy commenting on the need to develop a philanthropic culture. Bill Clintons' book 'Giving: How Each of Us Can Change the World' discusses that there are many thousands of people doing good things in the world and many more supporting them financially.

It is interesting to read (Acheson Harvey Kearney Williamson 2004)¹¹ that organised philanthropic activity was first evident in Ireland in Medicine and Education. Ten Hospitals were founded from 1718 - 1760 as the result of endowments or gifts from individuals: for example, Mercer's Hospital from Mary Mercer, Dr Steevens' Hospital from Dr

Stevens and his sister Grizel (1720), the Rotunda from Dr Mosse and St Patrick's Hospital for 'fools, madmen and idiots' from the endowment of the writer and cleric Dean Jonathan Swift. Governance of these bodies was entrusted to trustees known to the bequeathers, though in the case of Dr Steevens' hospital this broke down and new trustees drawn from the great and good in the city were appointed by Act of the Irish Parliament in College Green.

Education in the eighteenth century was provided by a mixture of parish primary schools and by private enterprise for secondary schools, often being named after their founder.

All the Protestant parishes had primary schools and 45 Catholic primary schools were recorded in 1730 (Fagan 1986). From 1810, the first 200 primary and later secondary schools called English Schools were established by the Erasmus Smith Trust, which was funded by the benefactor's trust, landlords and the local community.

'Voluntarism', was also prevalent whereby middle class women in 19th century Ireland were able to discharge what they saw as their religious and moral duty to society. Luddy, 1995, first described this in detail. They were able to use their considerable influence to shape the provision and direction of philanthropic enterprise and guide it into the areas they considered to be of most importance. Luddy suggests that the reformist tradition in Irish Philanthropy owed its existence principally to Quaker and Nonconformist women and these women worked with men in societies such as the Dublin Aid Committee (later to become the National Society for the Prevention of Cruelty to Children) and the Philanthropic Reform Association. A principal aim of these societies was to lobby the state to legislate for improvements in the conditions in workhouses and for

¹⁰ Irish Times August 31st, September 21st 2007

¹¹ Acheson, N. Harvey, B. Kearney, J. Williamson, A. (2004) 'Two Paths One Purpose; Voluntary Action in Ireland North and South: A report to The Royal Irish Academy's Third Sector research Program', Institute Of Public Administration.

increased protection of children. It is particularly notable that Quaker women had a highly developed sense of individual responsibility and benefited from the egalitarian ethos of the Quaker tradition. This led them to play a major role in philanthropy and social reform and later in the nineteenth century in the suffragette movement. They go on to say that the development of voluntary action in Ireland was shaped both by Protestant philanthropy particularly in Northern Ireland and by the emergence and triumph of Catholic social action throughout the island.

Philanthropy played an important role in the early development of the voluntary sector in Ireland. However philanthropic giving was not a feature of funding developments in the Republic of Ireland until the latter end of the century. The level of organised and formal giving from foundation, trust and philanthropic sources for the voluntary sector was estimated at only €8.5 million in 1993 (Harvey, 1993). Voluntary and community organisations depended largely on informal giving – calling door to door, flag days, wills, unsolicited individual donations, fund raising events etc. The first sign of organised giving was the Ireland Funds established in 1976. The Ireland Funds sought to raise money abroad and at home for projects in both parts of the island in such areas as arts and culture, community development, peace and reconciliation and education. The amounts raised until the late 1990's were quite small but they set a pattern whereby giving on one hand and funding for voluntary organisations on the other hand might become more systematic.

Probably the largest funder of the Irish voluntary sector was Atlantic Philanthropies. The founder was Charles F. 'Chuck' Feeney, an Irish American businessman. Since 1986 hundreds of millions of euros have been distributed in

the areas of education and community development.

The most striking British Foundation to come to Ireland in the 1990's was the Joseph Rowntree Charitable Trust. The trust had originally been set up in 1908 when all of Ireland had been part of the United Kingdom. Activity in the Republic of Ireland withered away over the next 70 years and the trust primarily focussed on the funding of activities in Northern Ireland until 1992 when the trust began to investigate whether it should formally reinstitute a programme in the Republic of Ireland, which it did.

The International Fund for Ireland was set up in 1986 following the Anglo Irish agreement. It was funded by the governments of the United States, New Zealand, Australia, Canada and the European Union. Its brief described it as an independent international organisation with the twin objectives of promoting economic and social advance and encouraging contact dialogue and reconciliation between Nationalists and Unionists.

The above demonstrate that while philanthropic activity has been ongoing in Ireland for the last number of centuries it is only more recently that structured giving has become more evident.

VENTURE PHILANTHROPY |
IRELAND

**More Recent
Discussions on
the subject of
Philanthropy**

Warren Buffet famously said:

“Give your children so much that they can do anything but not so much that they don’t have to do anything”.

The American Ambassador Tom Foley recently held a forum on philanthropy (February 2008)¹² at which anyone operating in the area of philanthropy or who had an interest in this area was invited. He stated that the potential for philanthropy in Ireland was high but for philanthropy to thrive five things must be present:

- A culture of generosity
- Financial capacity
- Philanthropic infrastructure
- Supportive public policy
- Supportive public attitudes

Philanthropy is considered by many to be primarily a wealth management issue. Recent figures published by the Bank of Ireland demonstrate Irelands and the OECD countries increasing wealth (Appendix V). Most private banks in Europe and in the United States have philanthropic services as part of their wealth management services. Ireland does not and the market may not be big enough to sustain a individual operations within the banking sector. However there is a belief among those operating philanthropic foundations in Ireland - currently the largest on an all Ireland basis being Atlantic Philanthropies and the

¹² Foley, Thomas. (2008), 'Dialogue on Philanthropy: Extract from Ambassador Foleys' Opening Speech' Phoenix Park, Dublin, 22nd February 2008.

Ireland Funds (Atkins 2005) that this is a wealth management issue and it is only when the financial and banking sector start taking it seriously as a wealth management issue that philanthropy will be firmly placed on an individuals wealth management agenda. The Ambassador noted the lack of infrastructure in terms of encouraging a philanthropic environments and an article in the (Financial Times 2007)¹³ highlighted the lack of advisors in this area. Coutts, Goldman Sachs and Barclays all have specific philanthropic departments. Tax regimes also matter while the Republic of Ireland has a cap on giving the UK does not. Both jurisdictions have Gift Aid or Tax Relief on donations. However the Republic of Ireland has very generous tax exemption schemes for artists and a percent for art scheme for new building development. Section 106 allows for generous tax breaks in the UK but apparently carries a restriction in Northern Ireland which is beyond the remit of this document (Appendix IV).

Both jurisdictions do not have charitable legislation in place but the legislative process is underway in Northern Ireland and the Republic of Ireland.

There is no doubt tax matters and schemes that help both the artist and philanthropist have to be helpful. The inclusion of giving in the restriction of reliefs in the Republic of Ireland has been criticised but legislation to structure the charitable sector and the onset of more structured giving may bring with it a change in the tax system. The counter argument is that a lot of the very wealthy are resident overseas for tax purposes and therefore have limited tax liabilities anyway.

There is a long tradition in Ireland of giving in both money and time. Irish people are relatively generous compared

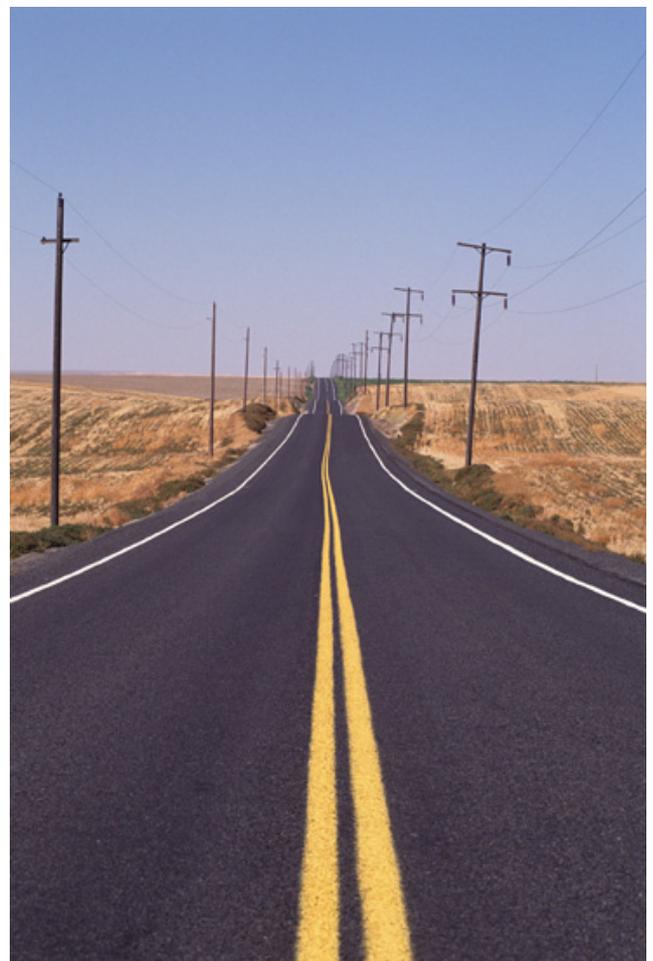
¹³ Willman, John. (2007), 'Wealthy Fail to find Good Charity Advice', Sept. Financial Times.

with other European countries in relation to individual giving. However what marks Ireland out as unusual is that charitable donations tend to be unplanned. "There's no doubt that we're a charitable society, but it's a spontaneous thing with us," said Kingsley Aikins, chief executive of The Worldwide Ireland Funds. "However, there isn't a philanthropic culture of planned or strategic giving."

A survey in 2005¹⁴ found that while 89 per cent of Irish people donated to charity, only 12 per cent donated in regular monthly instalments. The Irish persons most favoured form of giving was street collections, followed by various other forms of ad-hoc donations (fund raisers, house collections etc.). There are signs that this is changing. In Ireland, there has been a strong growth in the number of non-profit organisations that are actively engaged in promoting philanthropy and improving the climate and capacity for fundraising with the aid of full-time dedicated fundraising staff. The survey showed that a small number of organisations which focus on philanthropic giving were the second most successful class of fund raising body in Ireland. Planned giving can have numerous advantages for both the donor and the charity involved. For the charity, less reliance on unplanned, spontaneous donations would allow better long term planning. For donors, planned giving allows them to make long-term commitments and to help add their management and entrepreneurial expertise to the projects they are supporting.

The key difference is that Ireland's wealth is first generational while American wealth is third generational and this will have an impact how this wealth is dispersed. The existence of a welfare state is also very relevant.

Philanthropy has been gaining ever increasing press and interest in Ireland and figures suggest that there are 100,000 millionaires in this county. However, philanthropy is estimated at just over 0.55% GDP in Ireland and in the United States the figure is double this.



¹⁴ Paper presented at the Fundraising Ireland 2006 Conference September 29th 2006 Guinness Storehouse by Deirdre Garvey Chief Executive Officer The Wheel

VENTURE PHILANTHROPY |
IRELAND

Philanthropy & the Arts

The Financial Times magazine in February 2008¹⁵ wrote that wealthy arts patrons are now outspending the public purse and asked the question what do these venture philanthropists expect in return for their money.

Increasing numbers of high net worth individuals – the current euphemism for the rich- are handing over significant sums to the arts where the returns can be far more visible and immediate than in medical research or poverty relief (Appendix VI). You gain privileged access to the creative process with the satisfaction of seeing works of art come to life that might not have existed without your help. For a relatively small outlay - anything from £10,000 to £10,000 million - you can have an impact. If you have spent well, the impoverished artist you have supported will reward you generously. Bill Bollinger founder of Egerton Capital (\$7 billion under management) said his charitable giving has been based on 'you give where you live'. 'As opportunities come our way and inspire us we take them and tend not to count the cost. If all that was done to redress dire needs in the world we wouldn't have the Sistine Chapel or Handel's Messiah. This might seem frivolous to some but they touch our soul and if you don't engage in things that touch the soul what are you doing here.'

Like most venture philanthropists Bollinger believes in charitable collaborations that combine an educational thrust with a 'pleasure payback' for the donor. 'Education is the foundation for a successful life and a successful economy' he says. By giving these young artists adequate resources and some advice we think our giving will have quite a leveraged impact.

Last year for the first time since 1945 the arts in the UK received more money from private donors than the public purse. The latest figures from Arts and Business show an increase of 10% with individual giving now exceeding corporate sponsorship and grants from foundations. The Tate Galleries patrons scheme – minimum contribution £1,000 has more than tripled its income during the past 10 years. At Glyndebourne the privately run opera company in Sussex the proportion of individual giving has risen in the same period from 30 to 60 per cent reversing positions with the previously dominant corporate sector. The English National Opera hitherto heavily reliant on state subsidy has engineered a substantial increase in private giving – it now has 85 supporters who commit £5,000 or more each year to its work on stage and in education. Private giving has helped fill the gaps in organisations that have lost their grants and as with the US over the last 15 years many arts organisations have set up development departments a euphemism for professional fundraising. According to Sir Nicholas Serota, Tate Director, the personal patient approach secures the biggest donations but it is never easy. Arts patronage is hardly new either, the Medici dynasty funded generations of artists.

The arts have long been a major focus of philanthropic activity in the United States. The table overleaf indicates the percentage of funds that Museums and Libraries receive from private giving.

¹⁵ Clarke, Andrew. (2008), Financial Times Magazine, February 23/24th

Museums and Libraries

The Philanthropy 400 The Chronicle of Philanthropy

	Private Support	Total Income	Total Expenses
Museum of Fine Arts, Houston	\$185,834,751	\$295,215,383	\$ 81,973,214
Museum of Modern Art (New York)	\$133,523,000	\$263,698,000	\$215,733,000
Smithsonian Institution (Washington)	\$131,240,183	\$581,464,297	\$416,539,568
Museum of Fine Arts, Boston	\$130,443,296	\$234,323,568	\$109,732,752
National September 11 Memorial and Museum at the World Trade Center (New York)	\$114,842,533	\$115,849,313	\$ 6,577,101
Metropolitan Museum of Art (New York)	\$108,922,925	\$466,588,764	\$280,304,345
American Museum of Natural History (New York)	\$ 99,290,758	\$239,978,517	\$168,441,652
Art Institute of Chicago	\$ 80,926,950	\$259,127,321	\$170,183,175
Philadelphia Museum of Art	\$ 75,796,564	\$139,388,204	\$ 46,969,117
Nelson Atkins Museum of Art (Kansas City, Mo.)	\$ 67,536,992	\$ 78,817,055	\$ 24,160,371
Newseum (Arlington, Va.)	\$ 51,872,686	\$ 52,120,456	\$ 25,334,192

A recent visit by the author¹⁶ to the Boston Museum of Fine Arts involved a discussion with the Director of Institutional Relations on their main approach to funding. It was described as 'sweating the asset', from a singles night on a Friday sponsored by a leading drinks company to the naming of doorways. You name it, they did it. It certainly indicated a very innovative approach - the motto being if it works go for it. As to the difference between sponsorship, patronage and philanthropy the lines were very grey. The key driver was cash inflows. It was interesting to note the personalities involved as it was very clear from the onset given the persona of the director it is the people directly involved that create the successes. This demonstrates once more the personal nature of the subject. Earned income was

40% Endowment income 40% and fundraising 10-15%. Income streams were created in many ways. From car parking, events, theatre, retail operations, travelling exhibitions to food services. They used their space smartly, renting as often as possible to corporate organisations. They cultivated relationships and had a particularly strong relationship with the financial services sector. A criticism of American museums would be the high entry charges while in the UK and Ireland quite often these are free. In defence of entry charges they had free days and special days sponsored by a social bank which offered anyone who did not have the means the possibility of visiting the museum. They also had family days, family memberships, non-profit passes for non-profit organisations and 70,000 school children a year passed through their doors. They built creative partnerships with clients and took the view that it wasn't just art for arts sake but that you support education by supporting the arts.

¹⁶ This visit was part of an American State Department funded trip sponsored by the Irish Institute at Boston College. It involved seven companies from Northern Ireland and seven companies from the Republic of Ireland and the theme was Corporate Citizenship and Philanthropy

It was admitted that they attracted criticism in their approach on occasions but they were not afraid to take risks. They kept coming back to term 'sweating the asset' and they operate one of the best facilities in the United States with absolutely no state funding.

They had education programmes for their employees and all were encouraged to bring their ideas to the table. As they reiterated many times they took a very broad approach to philanthropy. They had a strong governance structure 80 trustees and 120 overseers. They didn't have an alumni association like the Universities but had 120 corporate members. 80 per cent of their fundraising came from individuals and 20 per cent from corporations. They didn't work with the sin industries but their first Fridays were sponsored by Bombay sapphire. They had moved away from what they saw as corporate philanthropy and thought it was an old model. Good business plans replaced this and then every effort was made to put the plan into action. An example given to support this was the fact that Microsoft put a computer in every library in the USA not really philanthropy but a practical business plan.

Figures are not available for Ireland in term of where philanthropic spend is directed but UK figures clearly show where arts and culture are placed in terms of overall spending.

"In the Frame or Out of the Picture" was commissioned by the National Economic and Social Forum¹⁷ in the Republic of Ireland in 2008. The report reveals that compared with the rest of the population people with a degree are nearly three times more likely to go to a film twice as likely to attend a play or art exhibition and

significantly more likely to attend musical events be they pop traditional or classical.

People from less well off backgrounds are many times less likely to attend arts events. This applies to not just high arts such as classical music theatre and art exhibitions but also to mainstream film comedy and popular or traditional music.

While education has the strongest influence on attending arts events people of higher income or social class are also much more likely to attend. The new analysis finds no evidence that these large differences are down to different levels of interest in the arts.

The research directly compares people from different social backgrounds who listen to or watch equivalent amounts of arts programming on radio or television or CD and DVD. Despite equivalent interest those from less well off backgrounds are much less likely to attend events. The finding suggests they face barriers other than interest.

Maureen Gaffney of the National Economic and Social Forum said that the report places an onus on us all to dismantle the barriers that block cultural participation.

Other findings conclude those from less advantaged backgrounds are not as likely to read for pleasure but active participation such as performing in shows social background has a much weaker influence.

It concludes that arts policy reflects rather than counters the impact of social background on the arts.

Finally gender matters, women are twice as likely to attend arts events and are more likely to read. People over the age of 45 are significantly less likely to attend no arts events at all.

¹⁷ Kelly, E. & Lunn, P. (2008) 'In the Frame or Out of the Picture' A Statistical Analysis of Public Involvement in the Arts, A report commissioned by the National Economic and Social Forum (2008).

The relevant tables from the report are included in Appendix VIII. What relevance or effect this has on the philanthropic world and philanthropic giving to the arts is unknown but it certainly supports the view that the world of arts and culture is the domain of educated middle class society and attracting inward funding from private givers who wish to address the needs of the less fortunate may be restricted by these facts.

While it had been previously reported that people from disadvantaged groups are less likely to be involved in the arts, the relationship revealed in this report is stronger and more wide-ranging than has been documented before. In particular, educational attainment appears to have the most consistent impact on involvement, with those of less average attainment being many times less likely to attend arts events of almost all types, or to read for pleasure.

One possible explanation is that, rather than experiencing some form of exclusion, people from more disadvantaged backgrounds are simply less interested in the arts. If this explanation is right, then there would be little reason for arts policy to address this issue, as lack of involvement would represent an informed choice. However, the statistical techniques used here allow this theory to be tested. The analysis compares the relative involvement of individuals who express equivalent interest in the arts, or who are equally likely to watch or listen to arts programming on radio, television, CD etc. When people who possess equivalent interest (by these measures) are compared, those from better-off background are still many times more likely actually to attend arts events.

Overall, the findings provide strong evidence for the view that greater priority needs to be given to 'cultural inclusion' in arts policy. There is considerable interest

in the arts right across Irish society. In the case of less advantaged groups, however, much of this interest is yet to be engaged.

The above confirm some of our own research outcomes and unless the interest in the arts is seen to move across all sectors philanthropic activity in this area will be similarly restricted.

The organisation Americans for the Arts¹⁸ issued its third report 'Arts & Economic Prosperity: The Economic impact of Non-Profit Arts and Culture Organisations and Their Audiences' in May 2007. Its findings suggested that communities that invest in the arts reap the additional benefits of jobs, economic growth and quality of life that positions those communities to compete in our 21st century creative economy. In the U.S. there are over 100,000 non-profit arts and culture organizations that are providing the public with thought-provoking artwork that also serves as an economic driver. These organizations allocate resources and services from their economic investments. The non-profit arts and culture industry generates \$166.2 billion annually in economic activity and an enormous impact by supporting 5.7 million jobs and generating \$29.6 billion in government revenue.

Robert Lynch in his summary emphasized the need for elected officials and business leaders to provide credible data that illustrates the economic benefits of the arts and culture industry. This will make the funding process for the industry more efficient. In addition to providing intrinsic benefits such as beauty and inspiration the arts and culture industry also support local businesses by attracting cultural tourists who consequently give revenue to restaurants, hotels and retail stores.

¹⁸ Americans for the Arts (May 2007) 'Arts & Economic Prosperity III: The Economic Impact of Non-Profit Arts and Culture Organisations and Their Audiences.'

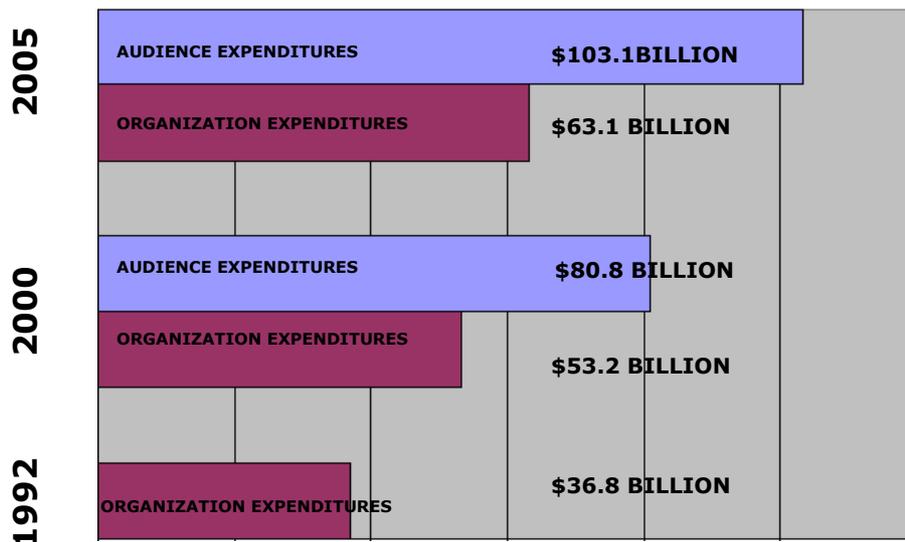
Research confirms that tourists spend more money than their counter parts – almost double in the U.S. cities with developed arts and culture attracts new businesses and innovators with creativity and therefore drives the global economy.

This study defined economic impact through four different measures. They include the following: Full-Time Equivalent (FTE) Jobs, Residential Household Income, Revenue to Local Government and Revenue to State Government.

ECONOMIC IMPACT OF THE NON-PROFIT ARTS & CULTURE INDUSTRY (2005) (expenditures by both organizations and audiences)	
Total Expenditures	\$166.2 billion
Full-Time Equivalent Jobs	\$5.7 million
Resident Household Income	\$104.2 billion
Local Government Revenue	\$7.9 billion
State Government Revenue	\$9.1 billion
Federal Income Tax Revenue	\$12.6 billion

Source: Americans for the Arts, Arts & Economic Prosperity III: The Economic Impact of Non-Profit Arts and Culture Organisations and Their Audiences, May 2007

Art & Economic Prosperity III: The Economic Impact of Non-Profit Arts and Culture Organisations and Their Audiences



Source: Americans for the Arts, Arts & Economic Prosperity III: The Economic Impact of Non-Profit Arts and Culture Organisations and Their Audiences, May 2007

From 2000 to 2005, spending by organizations and their audiences increased by 24 per cent which represents an 11 per cent increase after adjustment for inflation. During this 5 year period

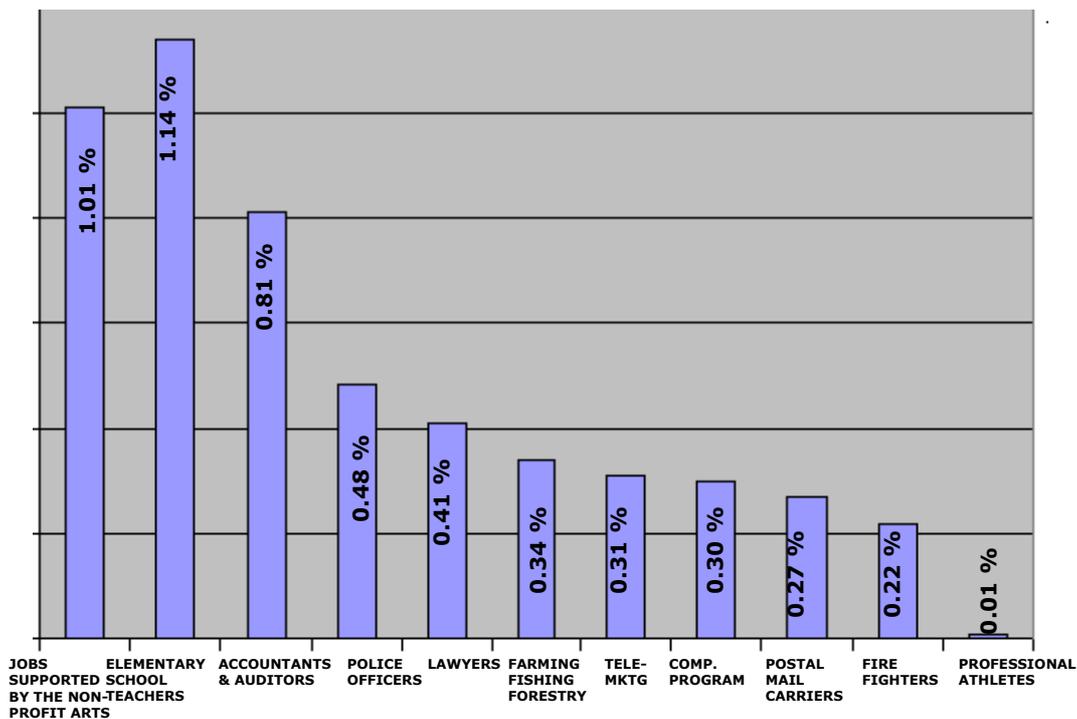
spending by non-profit arts and culture organizations increased 18.6 per cent which represents a 4 per cent increase after adjustment for inflation.

Industry Employment Comparisons

The non-profit arts and culture organizations provide employment for a variety of professions. These include the obvious ones such as artists, curators and musicians. In addition, the organizations support builders, plumbers, accountants,

printers, lawyers, public safety officers and countless other professions. In 2005 they supported 2.6 million full-time jobs which represented 1.01 per cent of the U.S. workforce for that year.

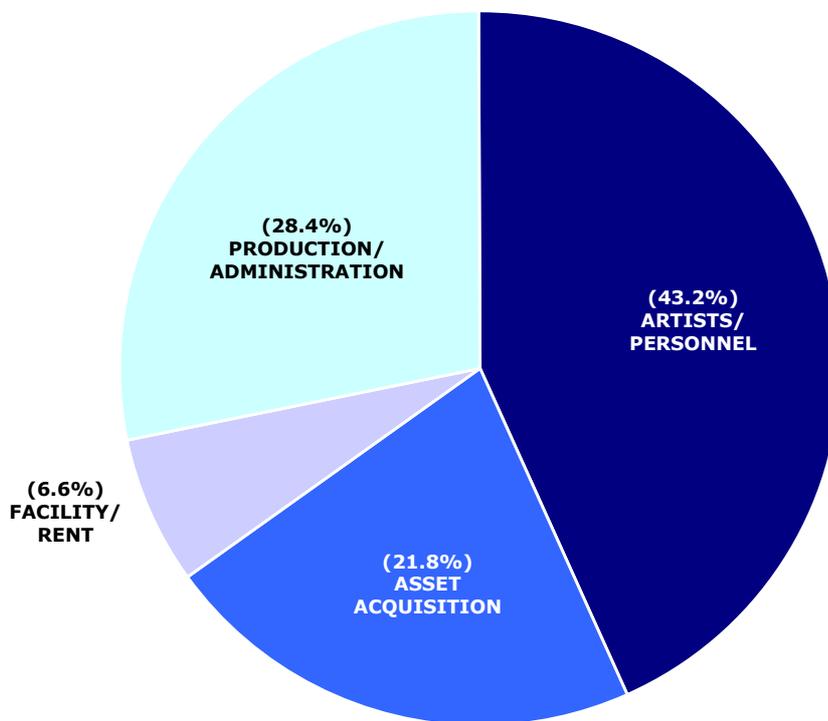
Percentage of U.S. Workforce (2005)



Source: Americans for the Arts, Art & Economic Prosperity: The Economic Impact of Non-Profit Arts and Culture Organisations and Their Audiences, May 2007

A Labour-Intensive Industry

Expenditures By Non-Profit Arts & Culture Organizations (2005)



Source: Americans for the Arts, Arts & Economic Prosperity III: The Economic Impact of Non-Profit Arts and Culture Organisations and Their Audiences, May 2007

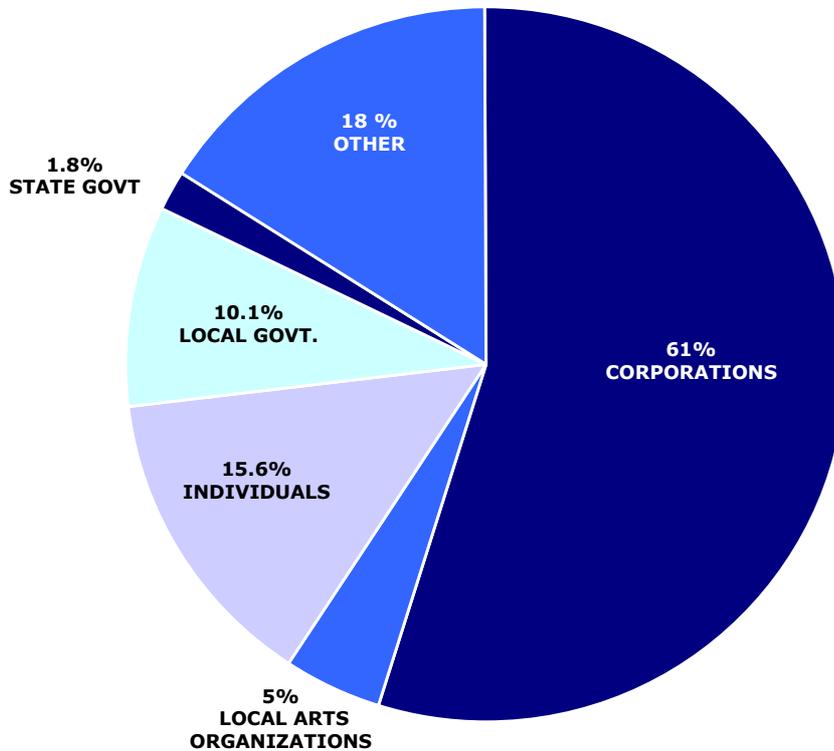
Arts & Culture Tourists Spend More and Stay Longer

A research study in 2001 conducted by the Travel Industry Association and Partners in Tourism revealed the following statistics:

- 65% of all adult travellers attended an arts and culture event on a trip more than 50 miles away
- 32% of these adult cultural travellers lengthened their trip because of it
- 57% of those who extended their trip added on 1-2 more nights

Arts Voluntarism

Sources of In-Kind Contributions To Non-Profit Arts & Culture Organizations



Source: Americans for the Arts, Arts & Economic Prosperity III: The Economic Impact of Non-Profit Arts and Culture Organisations and Their Audiences, May 2007

The Lyric Theatre in Belfast had a hugely successful fundraising campaign and it is believed there were some large donors involved which led to this success. They had Star Power. They had a great story to tell and the theatre had and has an appeal for all. Lessons can be learned from the approach they took.

The Belfast Festival at Queens in February 2008 secured its long-term future when Ulster Bank signed off on one of the biggest corporate sponsorship deals in arts history. The three-year deal is worth £1.3 million with a very strong indication it may well extend beyond the three years.

Figures from Arts & Business show that private investment in culture and the arts has reached more than 8 million a year in Northern Ireland.

Colin Tweedy (Arts & Business) stated that 'cultural Philanthropy will only happen if we can ensure the sector can develop the right relationships with potential donors be clear about its ask and effective in the management of those donors, whether those donors are going to give one pound or a million pounds'.

Richard Florida in the Rise of the Creative Class¹⁹ notes that a creative environment attracts creative people who are drawn to places that are diverse, tolerant and open to new ideas. He states we have evolved economic and social systems that tap human creativity and turn it into economic value as never before. Creative workers are those who add economic value through their creativity. They include scientists, engineers, designers, artists and those involved in knowledge based industries. Increasingly, cities are drivers of national economies and are successful because creative people from around the world want to live there.



¹⁹ Florida R. (2002) 'The Rise of the Creative Class,' New York, NY: Basic Books.

VENTURE PHILANTHROPY |
IRELAND

**Response
to Research
Questions**

The Questions Asked²⁰

What is your understanding of the word philanthropy and philanthropy generally?

- Helping those in need
- Charitable giving to good causes
- Supporting good causes
- Charitable giving to worthy causes
- Giving or investing funds for social good in a structured way that tackles the causes of social problems
- Giving money to good causes with no economic or personal gain
- Structured giving as distinct from charitable giving
- Most respondents described philanthropy as giving
- Giving (No deep understanding of the word philanthropy - it is just out there)

Do you think philanthropy needs to be defined more clearly?

- Philanthropy is really about hands on investment
- Not defined but discussed more
- Modernised as distinct from how it was viewed in the past
- Description broadened to include not just financial support but time and expertise
- Yes it tends to be associated with high net worth individuals – it should not be limited to this section of society
- Two individuals felt there was no need further definition
- The remaining respondents said it should be but made no comment as to how
- It needs to be redefined in modern terms (“it is just a bit of a mistress from the past”)

²⁰ The questions were asked of ten of Ireland's top 100 High Net Worth Individuals (Irish Independent 2008). There was a 50:50 split between Northern Ireland and the Republic of Ireland

Do you consider philanthropy a wealth management issue or on your wealth management agenda?

All felt that philanthropy was a wealth management issue and that it was on their wealth management agenda, except one who while very active in the philanthropic sector did not associate philanthropy with wealth management

What would encourage you to include philanthropy on your agenda or prompt you to consider a philanthropic investment/ donation?

All respondents were already very active in the philanthropic sector but two felt more infrastructure and causes that they could relate to were relevant. Additional comments included:

- It is a crime to die wealthy
- You should take account before you reach your final destination
- Giving away wealth is easy, giving it away effectively is not

If and when you decide to give what generally prompts this decision?

- A need for your time and mentoring skills – giving expertise is just as important
- The cause and a belief that the money is hitting the ground
- Causes that you can relate to
- Personal interests
- Resources available and a relationship with the cause
- Good cause, tried and tested promoters and an area that clearly needs help
- A worthy cause that you can relate to
- How much I care about the cause and whether I believe in the solution being presented including the person presenting it
- The recipient, 'the cause' and who asks
- Most felt it was simply a worthy cause that prompted their giving
- When something needs to be done about a situation
- You can use your time or skills to support a cause / organisation

What is the deciding factor in terms of which organisation/sector you donate to?

- A clearly defined need and knowledge that the support can be effective
- Knowledge that the money will get to the ground that is directly to the source
- Having a personal interest
- Causes that are on the personal radar
- Occasions I am invited to and personal relationships with those involved
- Effectiveness /efficiency/ target
- Reputation and prior knowledge of the cause or of the promoter
- I must be able to relate to the organisation and the role they play in society
- The cause and a solution that works
- Personal priorities
- There are many reasons – the need matches your personal priorities
- An holistic approach (whole person not just symptoms)

Do you like to be directly involved or do you prefer to remain at arms length?

- On occasions I would be interested in professional project management
- Half the respondents preferred to remain at arms length
- One third liked to be directly involved, other comments included:
 - If the project is clearly defined - arms length
 - Initially arms length but recently more directly involved
 - The giving of time can be very effective and you are directly involved
 - The idea of partnering with an organisation for a year is an attractive one

Are you interested in robust organisational structures within the company/charity you give to?

- Not necessarily given the nature of some of the organisations funding streams
- One third felt robust structures were necessary
- I would be interested in giving to organisations that are seen to be professional
- Sound management structures in place without being too bureaucratic
- It is essential for suitable management to be in place to control funds
- The remainder felt this was not relevant

Is taxation an issue in determining what and how or why you give?

- Not currently but may well be at some stage
- No but it should not be an issue or a restriction
- For two respondents the answer was no
- For two it was a definitive yes
- Yes mainly so it maximises funds available to the charity
- It has some relevance but it is not a driving factor

In what manner do you prefer to give?

- **Directly**
- **Through a foundation/trust**

- More than half the respondents preferred to give directly
- One third preferred to give through a foundation or trust
- For the remainder it varies, depending on charity

In terms of the structure of the donation would you prefer to give?

- **Over a period of time**
- **Just a one off donation**

- One third of respondents preferred to give over a period of time, the remainder preferred just a one off donation. Other comments included:
 - Over a period of time it is good to see a project evolve and become familiar with it
 - A combination
 - It varies depending on the charity
 - Either but more usually over time
 - It depends

In terms of the four key areas which interests you specifically?

- Education
 - Health
 - The Environment
 - Arts and culture
- A third preferred to support health firstly then education
 - Education and arts and culture inclusively
 - A third preferred to support education in the first instance and then health
 - All four inclusively
 - Education then health and becoming more interested in environmental organisations
 - Education then arts and culture
 - One individual included religious organisations as a key area
 - All of the above

Would you consider investing in the core costs of an organisation?

- A third were prepared to invest in the core costs of an organisation
- Only in certain circumstances possible initial capital investment to start a project off
- Yes in terms of delivering value for money
- Yes but not specifically
- It depends
- Yes and do so frequently
- No

Would you consider the arts in terms of a philanthropic investment?

- All bar three respondents were prepared to support the arts
- One said it wouldn't be high up on their agenda
- One would not be willing to support the arts
- One responded with a resounding no

If not, why not?

- It does not move me compared to helping people
- The arts world gives the impression it is high brow often and not in touch with reality a bit like the "emperors' new clothes"
- The world of art and culture need to make more noise about how it contributes to society and take advantage of the regeneration in all our cities. In this lies huge opportunity
- Because there are much more important world / local health issues to be tackled
- Only a small proportion of the population benefit from the arts

What can the arts world do to encourage philanthropic investment?

"Take the example of the Lyric Theatre they had star power, local personalities, they played on peoples emotions they had smart structures in place. They gave the impression they were professional and not just a bunch of enthusiastic amateurs. They got their acts together."

- Start being more inventive in terms of dealing with cash inflows; for example submit a percentage of all sales from an auction to an arts project
- Give back to create more inflows
- Quite often people simply have not been asked to support projects because of preconceived perceptions
- Look at current developments generally in the commercial world and capitalise on them
- Clearly demonstrates how they are going to make a difference
- Demonstrate if it will lead to the betterment of people
- Explain what the investment will provide in real terms
- Be "noisier" about the value of art and its contribution to society
- Be more practical in terms of projects
- Take the lead with a proposal and follow it through
- Define how it is going to make a difference
- Reach out into a community
- Arts organisations need to manage affairs so that the business activity and the arts projects are not confused
- Find enthusiasts

Do you consider arts and culture as valuable a contributor to society as sport and leisure?

- Half the respondents felt that art was as valuable a contributor as sport
- Yes but seems to be the poor relation in terms of funding
- It is very fragmented but lifts society when the right approach is taken
- Its educational and enjoyable it generates income there can be a great deal of personal engagement for all
- Sport is not elitist. It has a broad appeal there is an educational job to be done in terms involving the public regarding whether the arts world exists for those directly involved or for the greater good
- There was one very definitive no

Do you consider a purchase of a piece of visual art a contribution to the arts sector generally or purely a personal investment?

- The majority felt visual art was a personal investment
- For established artists it is a personal investment but for emerging artists it is more philanthropic and helps the sector
- Two felt it was both

Do you consider regulation of the charitable sector an issue and would regulation encourage you to give?

- It should be regulated
- It doesn't make a difference personally but it should be regulated
- It shouldn't be regulated by government but charitable organisations need to be structured in a way that they are safe custodians of finance
- Yes definitely necessary
- Yes it would encourage me to give
- I don't think regulation will make much difference and I view it with scepticism
- Yes it will help as long as it is not over regulated but it is not a major issue. I am very structured about my giving anyway
- Potentially it has to be good but over regulation could stifle the sector there is a need for regulators generally but this can lead as already stated to over regulation
- Good charities will get better others will need to professionalize to a greater extent. Overall it won't make much of a difference and regulation would be viewed with a certain amount of scepticism
- Over-regulation would not be helpful

Do you think the recent highlighting of philanthropy in the press and media generally has been helpful or a hindrance in terms of encouraging or discouraging philanthropy?

- It is helpful but it tends to categorise it as being associated with high net worth individuals only
- More encouraged than discouraged when approached correctly
- Most felt it is always helpful

Are you interested in measuring or understanding the impact of the investment in other words measuring the social return on the philanthropic investment in the arts or otherwise?

- Half felt they did want some measurement in terms of social impact
- Want to understand, see and touch
- The remainder said no
- I get regular feed back from the funds I invest in but don't want to be swamped in it!
- I'd like to have made a difference but the only way to gauge this is to measure it

Do you think government has a role to play in encouraging a philanthropic culture?

- Everyone has yes!
- Half the respondents said the government had a role to play
- If they do it should be a minor role it belongs in the private sector
- They should act as facilitators or as a catalyst
- Yes they can help raise awareness and provide some guidelines to giving. They should create conditions that allow people to give easily and remove ad hoc giving
- The government should be involved first
- It is seldom the cause for giving

Do you think there is a need for more support services in the area of philanthropy and would this help to encourage philanthropic giving generally?

- All felt there was a need for more support services
- It is still a relatively new concept in Northern Ireland/ Republic of Ireland was the comment on a number of occasions

Conclusion

The conclusion is that philanthropy in Ireland is a very personal and private issue. People give to areas they have a personal interest in and also through individuals they know. In this regard many are not willing to discuss the matter in any way. It tends to be activated by personal interests and personal contacts. The ability of an organisation to create sustainable income streams will always attract inward investment philanthropic or otherwise. The perception that the world of arts and culture is not attractive or open to all sections of society as opposed to sport was also an issue.

Philanthropy will become more structured in time and will be driven by specific cultural needs and issues in different areas of the country. In Europe strategic philanthropy is an integral part of the private banking system and the new phenomenon of Venture Philanthropy has been taken on board by private equity houses as a new and active approach to giving. Giving where the return is purely social is being managed alongside traditional investment products where the returns are financial. New and inventive financial modelling that supports social change will come to the fore in years to come. The recent turmoil in the financial markets will create a demand for a more transparent financial services sector and new financial services products which will offer social, ethical and environmental investment products. These will supplement traditional giving. As with any financial investment giving will start to attract similar questions from philanthropists. Are there robust organisational structures in place and what will be the return on my investment? The world of arts and culture must make more “noise” about the value it adds to society, operate an access to all policy and demonstrate an ability to create sustainable cash inflows to match and support philanthropic investments.

The questions when asked on a one-to-one basis led to broader discussions around the subject. One of the points raised was that the younger generation would recognise the benefits they had in terms of their education and the opportunities that came from increased wealth. They will be inclined to share their own wealth having had such advantages themselves.

Most would have no problem about being directly approached in terms of being asked and felt the emerging social enterprise sector was a first cousin to philanthropy but a separate issue. They felt that charity was necessary but philanthropy was more about long term sustainability.

It should also be recognised that some individuals while willing to be approached about the subject considered it an entirely private matter and therefore were not willing to share any information on the subject. This is very relevant and worth noting in the overall context. A lot of giving currently is ad hoc and operates through private networks and contacts. It is a small territory and it is unlikely that this will change in the near future.

Cohen and Warick ask in their book ‘Values Driven Business’²¹ - Is Philanthropy the answer? The historic American philanthropic model will not be a fit for Ireland given our public sector funding. However the new values driven business model (as described in this book) that is, businesses that operate both from a commercial and social perspective, may be a model Ireland will adopt into the future. This model will operate very well alongside general philanthropy and could be adapted by arts organisations.

²¹Cohen, B., & Warick, M. ‘Values- Driven Business: How to Change the World Make Money and Have Fun’. Berrett-Koehler Publishers.

The world of arts and culture in demonstrating its added value to society will attract that much desired philanthropic investment. The arts in the United States as demonstrated in this document attract large volumes of private funds but as also described they 'sweat their assets' a term used by the director of funding at the Museum of Fine Arts in Boston. When it comes to sponsorship, patronage or philanthropy, they take the approach if it works do it. There is a move in the UK towards social enterprise as opposed to charitable enterprise and more and more charities are creating independent income streams.

This in itself will act as a catalyst for increased funding as philanthropists who are generally successful business leaders will be attracted to organisations that are moving towards self-sufficiency and sustainability.

The most recent figures published by Americans for the Arts clearly demonstrate the value the arts add to the American economy. It is research such as this alongside supporting figures that will attract philanthropic donations. They clearly make a business case for supporting the arts showing the value added across all sections of the economy.

Our current changing economic climate was not discussed during the preparation of this document. It would be unlikely that an economic downturn would not have an effect on philanthropic activity.



Appendices

Research Questions

- What is your understanding of the word philanthropy and philanthropy generally?
- Do you think philanthropy needs to be defined more clearly?
- Do you consider philanthropy a wealth management issue and is it on your wealth management agenda?
- What would encourage you to include philanthropy on your wealth management agenda?
- If and when you decide to give what generally prompts this decision?
- What is the deciding factor in terms of which organisation/sector you donate to?
- Do you like to be directly involved in the investment process or do you prefer to remain at arms length?
- Are you interested in robust organisational structures within the company/charity you give to?
- Is taxation an issue in determining what, how or why you give?
- In what manner do you prefer to give?
 - Directly
 - Through a foundation/trust
- In terms of the structure of the donation would you prefer to give?
 - Over a period of time
 - Just a one off donation

Appendix I

- In terms of the four key areas which interests you specifically?
 - Education
 - Health
 - The Environment
 - Arts and Culture
- Would you or do you consider investing in the core costs of an organisation?
- Would you consider the arts in terms of a philanthropic investment? If not why not?
- What can the arts world do to encourage philanthropic donations?
- Do you consider arts and culture a valuable contributor to society generally?
- Do you consider arts and culture as valuable a contributor to society as sport and leisure? If not why not?
- Do you consider a purchase of a piece of visual art a contribution to the arts sector generally or purely a personal investment?
- Do you consider regulation of the charitable sector an issue and would regulation encourage you to give?
- Are you interested in measuring or understanding the impact of the investment in other words measuring the social return on the investment?
- Do you think government has a role to play in encouraging a philanthropic culture?
- Do you think there is a need for more support services/public awareness campaigns around the whole area of philanthropy and would or could this help to encourage philanthropic giving generally?

Appendix II

The McKinsey Quarterly, January 2007

Introduction: Why Give?

- Philanthropy is more important now due to growing stakeholder expectations of companies
- The survey revealed many companies are not meeting the social goals
- 20% of respondents replied that their corporate philanthropy programs are very effective at this and their executives foresee a global horizon through collaboration with other companies
- A small percentage of respondents said their companies go beyond their goals for philanthropy programs in pursuit of more concrete business goals (i.e. gaining information on potential markets)
- Nowadays it is common to see companies operating in far-flung locations – not just in their communities
- Nearly 90% of companies now seek business benefits from their philanthropy programs as well
- In this survey, respondents frequently said goals include enhancing corporate brand and reputation
-

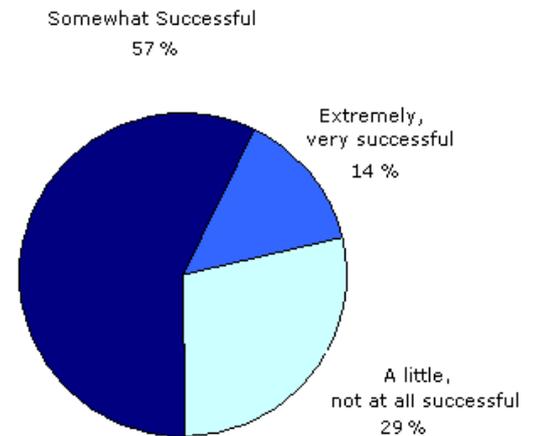
In addition to the social benefits of your company's corporate philanthropy programs, which, if any, of the following business goals does your company try to reach with those programs?

% of respondents, n = 721



How successful have you been at achieving these goals

% of respondents, n = 638



The State of Corporate Philanthropy: A McKinsey Report, February 2008

Corporate Philanthropy can be an effective tool for companies that are trying to meet consumers' rising expectations of the role businesses should play in society, say respondents to a McKinsey Global Survey.¹ The survey also suggests, however, that companies aren't using that tool as well as they could. Executives doubt their philanthropy programs fully meet their social goals or stakeholders' expectations for them.

Appendix II

About a fifth of the respondents say their corporate philanthropy programs are very or extremely effective at meeting social goals and stakeholder expectations. Their companies take a somewhat different approach than others do: their programs are more likely to address social and political trends relevant to the business and to be influenced by community and business needs. Executives at these companies expect their programs to become more global and say that efforts are already more likely to involve collaboration with other companies. Finally, these companies are much likelier than others to say they are achieving any business goals they have set for their philanthropy programs in addition to social goals.

A small group of respondents say their companies are reaching beyond traditional corporate goals for philanthropy programs – such as enhancing the company’s reputation or brand – to pursue more concrete business goals, such as gaining information on potential markets. Their approach to focusing the programs also differs from the approach at other companies.

What matters, who matters, and where companies are giving instead

Executives overall say their companies are much likelier to address a broad mix of local issues with their corporate philanthropy programs than to address the social and political issues that they expect will affect shareholder value the most. The mix of issues addressed varies across industries and regions, but the overall difference remains.

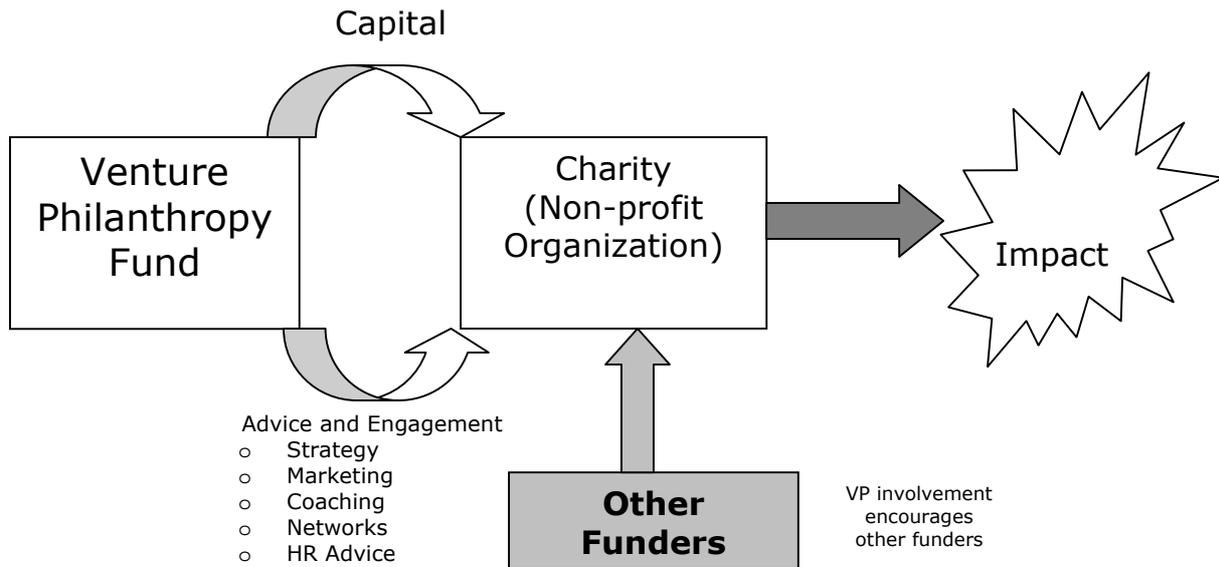
% of respondents, ¹ n=721		Which, if any, of the following issues are you currently addressing with your corporate philanthropy programs?			
Top 3 Issues	Total	Asia-Pacific	Europe	Developing Markets	North America
Education	75	75	66	75	83
Community	58	61	53	56	53
Economic Development	52	49	48	61	54
Environment	52	59	55	66	41
Civil, public affairs	51	52	47	59	52
Health, social services	48	42	47	52	49
Culture, arts	47	42	46	54	46

¹ Respondents could select more than 1 answer; those who answered 'other' or 'don't know' are not shown.

Source: 'The state of corporate philanthropy: A McKinsey Global Survey,' February 2008

A Generic Description of Venture Philanthropy

Venture Philanthropy



Venture Philanthropy multiplies the impact of financial capital through advisory services and high engagement over time

Source: European Venture Philanthropy Directory 2007/08

A) Charities Legislation in Northern Ireland

There is currently no register for charities in Northern Ireland in the same way as exists in England, Wales and Scotland. Charitable status in Northern Ireland is effectively a function of recognition by registration with HM Revenue Commissioners that the organisation has charitable status for tax purposes. (The relevant tax legislation essentially in sections 505 and 506 ICTA 1988 is the same legislation which applies throughout the UK).

There is currently a process underway to implement new legislation to govern the activities of charities in Northern Ireland. The Charities Bill for Northern Ireland was introduced to the Assembly on 10/12/2007. The Bill replaces the draft Charities (NI) Order 2007 (which was originally intended to be enacted last year in Westminster). The Charities Bill will not be enacted in the first part of 2008 as had been anticipated, as the Committee for Social Development, which is currently considering the Bill, has been granted an extension until 27 June 2008. It is now envisaged that it will be late summer at the earliest before the new charities legislation comes into being.

This legislation when enacted will:

- Provide statutory definitions of charity and charitable purpose;
- Establish a Charity Commission for Northern Ireland and a Charity Tribunal
- Create a Register of Charities for Northern Ireland;
- Introduce the Charitable Incorporated Organisation (a new form of Charitable body); and
- Set out new rules with regard to accounting, fund-raising and collections.

There are a number of articles regarding this legislation on the Northern Ireland Council for Voluntary Action website: www.nicva.org.

UK Taxation: key elements in giving to charities

The key element of tax efficient charitable giving in the UK is the "Gift Aid" scheme. Under this scheme an individual will obtain income tax relief for a 'qualifying donation' made to a charity. The individual is treated for the purposes of income tax as if the gift had been made after deduction of income tax at the basic rate. Where applicable the donor also obtains higher rate income tax relief. A company may similarly claim relief from corporation tax by way of a charge on income for a 'qualifying donation' to a charity. Further information on the Gift Aid scheme can be found on the HMRC website: Refer to www.hmrc.gov.uk/charities/giftaid-charities/how.htm.

The receipt by a charity of a 'qualifying donation' under the Gift Aid scheme is correspondingly treated as the receipt, under deduction of basic rate income tax of a gift equal to the 'grossed up amount of the gift' (i.e. the amount of the gift grossed up by reference to the basic rate for the tax year in which the gift is made). The income tax so treated as deducted is treated as income tax paid by the charity which they can then reclaim from HMRC.

Appendix IV

The cut in the basic rate of UK income tax from 22% to 20% from 6 April 2008 in principle meant that charities receiving donations under Gift Aid would only be able to reclaim 25p from HMRC for every pound of donations received, down from over 28p when the rate was 22%. However, the recent budget / current finance bill proposes that despite the cut in income tax rates, charities will be able to reclaim gift aid payments for 2008/2009, 2009/2010 and 2010/2011 at a transitional rate of 22% thus preserving its current value for the next three years.

There is currently an HMRC consultation process underway as to the future of Gift Aid with a view to supporting and increasing Gift Aid.

In addition to Gift Aid, both individuals and companies can obtain tax reliefs for the gift of shares, investments, land and buildings to charities. Refer to:
www.hmrc.gov.uk/charities/donors/land.htm.

Section 106 Town & Country Planning Act 1990

Section 106 allows a local planning authority to enter into a legally binding agreement or planning obligation with a developer. This is re-enacted in Northern Ireland in the Town & Country Planning Act 1991. The understanding is that the legalities are a bit more difficult in Northern Ireland and that section 40 may not be so widely used as section 106 is in the UK. However it has been used in some of the more recent developments to ensure that they encompass green / recreational space and there may well be scope to use the legislation in the development of the arts.

B) Charities Legislation in the Republic of Ireland Qualifications for Tax Relief²²

- Donation of money or shares;
- Recipient is an “eligible charity” or approved body by the Revenue Commission;
- Donation must not be repayable;
- Donation must not confer any benefit to the donor or any person connected with the donor;
- Individual donor is resident in Ireland;
- Corporate donor is resident in Ireland, including branches of foreign companies; and
- Minimum of €250 to a single charity in one year.

Donor Classifications

1. A PAYE-only (Pay As You Earn) taxpayer
2. An individual on Self-Assessment
3. A Corporation

1. PAYE-only Individual: relief is given on a “grossed-up” basis to the eligible charity or approved body so that it is ‘net’ of income tax, requirement to submit “Appropriate Certificate” to the charity, the donor is liable for any capital gains tax payable for the difference between the value of the shares transferred and the original cost

- Charities benefit from the tax relief method
- To “gross-up” take the amount the PAYE taxpayer donates, the cost to the taxpayer, and divide by one minus the tax rate to find the value of the donation to the charity.
- Once the taxpayer submits the “Appropriate Certificate” the claim for repayment by the Revenue Commission is validated. This repayment is received at the end of the tax year and is equal to the tax associated with the donation.

2. Self-Assessed Individual: individuals claim relief as deduction from their taxable income in their annual tax return, no grossing-up arrangement or requirement to submit documentation, therefore no repayment claim by the eligible charity

- The taxpayer benefits from the tax relief method
- The individual donates a certain amount and receives tax relief at the tax rate. The cost to the tax payer is the donation minus the tax relief, a deduction on the tax return for donating.
- Receipt to the eligible charity is the amount of the original donation.

²² Source: PricewaterhouseCoopers Charitable Giving Guide 2008

Appendix IV

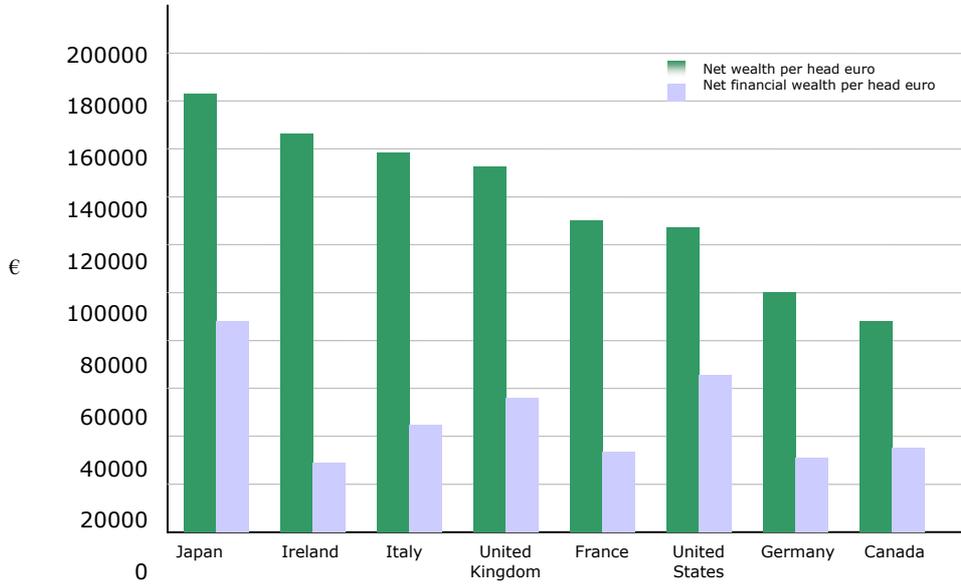
3. Corporate Donations: corporation claims a reduction as if it were a trading expense in the accounting period of the donation, no grossing-up arrangement or requirement to submit documentation

- The company benefits from the tax relief method
- If the donation is made in less than 12 months (a short accounting period) the deduction is reduced proportionately

The Charities Bill published in 2007 will regulate the sector and it is currently at committee stage.

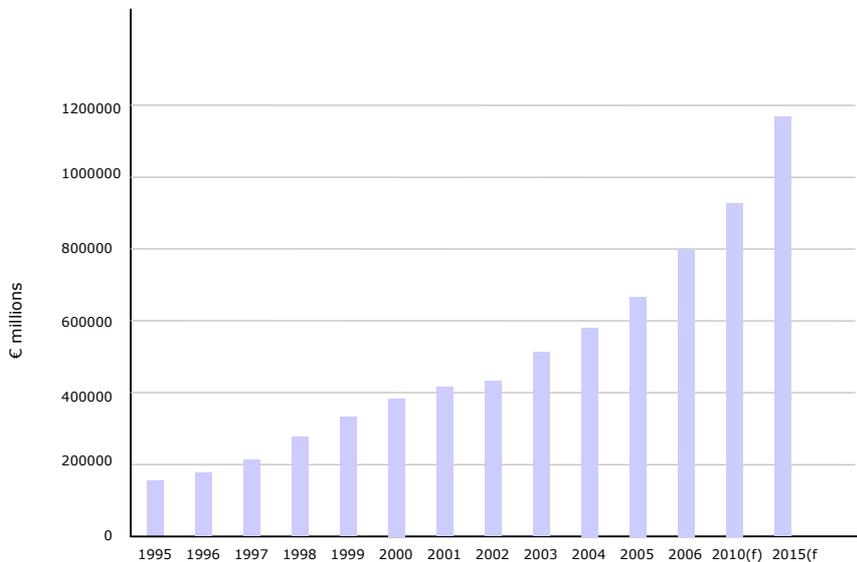
The Wealth of the Nation, July 2007
Bank of Ireland Private Banking Ltd.

Ireland still ranked second of eight leading OECD countries



Source: Bank of Ireland Private Banking Limited, July 2007, "The Wealth of the Nation"

Net Wealth of Irish households – 2006 another banner year



Source: Bank of Ireland Private Banking Limited, July 2007, "The Wealth of the Nation"

Appendix V

Average Earnings in Northern Ireland

Average Gross Weekly Earnings (Northern Ireland)										
Median	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total	249.5	253.5	266.2	270.2	284.3	290.0	305.4	318.7	322.7	330.7
Full-time	298.1	310.5	320.2	330.5	342.0	352.0	372.6	385.2	402.5	401.9

Source: www.nomisweb.co.uk, workplace based

Appendix VI

The Sunday Times Giving List (UK figures)

2008 wealth	Recent donations	Giving index	*denotes family wealth Main beneficiaries
1 £110m	£235.8m	214.32	Aids/HIV, education, humanitarian
2 £50m	£54.8m	109.64	Scottish, medical
3 £1,050m	£1,013.8m	96.55	Humanitarian, education, children
4 £130m	£97m	74.62	Arts, cultural
5 £50m	£36.1m	72.13	Human rights, poverty relief, environment
6 £100m	£31m	31.00	Environment, children, medical
7 £1,300m	£233.6m	17.97	Education, medical, arts, humanitarian
8 £130m	£20m	15.38	Social welfare, community
9 £120m	£18.2m	15.19	Youth, social welfare
10 £250	£37m	14.78	Children, Aids/HIV, humanitarian
11 £235m	£30.2m	12.84	Aids, medical, children, music
12 £400m	£50m	12.50	Environment
13 £99m	£9m	9.09	Religious
14 £1,200m	£100m	8.33	Children, community, medical
15 £520m	£42.8m	8.24	Religious, humanitarian, education
16 £90m	£6.9m	7.70	Social, international, youth, medical
17 £1,000m	£76m	7.60	Education, religion, arts, welfare
18 £116m	£8m	6.90	Education, children, health, humanitarian
19 £117m	£8m	6.84	Education
20 £135m	£8.6m	6.37	Medical, children
21 £500m	£30.5m	6.09	Science, religion, education
22 £890m	£50m	5.62	Humanitarian, youth
23 £83m	£4.3m	5.16	Medical, arts, education
24 £200m	£10m	5.00	Arts, cultural
25 £205m	£10m	4.88	Community
26 £145m	£6.5m	4.48	Jewish, poverty relief
27 £60m	£2.1m	3.48	Youth, education, arts
28 £250m	£8.4m	3.35	Arts, education, religious, medical
29 £125m	£4m	3.20	Children, sport, education
30 £400m	£12m	3.00	Education
31 £80m	£2.4m	3.00	Environmental, conservation, humanitarian
32 £72m	£2.1m	2.92	Various as celebrity auctioneer
33 £45m	£1.2m	2.72	Education, medical, humanitarian
34 £157m	£4.2m	2.70	Education, children
35 £94m	£2.5m	2.68	Conservation, wildlife, social, regional
36 £150m	£4m	2.67	Education, humanitarian
37 £720m	£17.3m	2.40	Poverty relief, medical, religious, education
38 £850m	£20.2m	2.37	Regeneration, arts, education, children
39 £172m	£4m	2.33	Education
40 £450m	£10.4m	2.31	Children

Appendix VI

2008 wealth		Recent donations	Giving index	*denotes family wealth Main beneficiaries
41	£130m	£3m	2.28	Education, medical, children
42	£260m	£5.3m	2.03	Education, arts, Jewish
43	£389m	£7.7m	1.98	Education
44	£116m	£2.3m	1.98	Education, children, social exclusion
45	£195m	£3.8m	1.96	Education, children, sport
46	£270m	£5m	1.85	Cultural
47	£470m	£8m	1.70	Education, community, religion, humanitarian
48	£729m	£11.7m	1.61	Education, community, children
49	£60m	£0.9m	1.56	Education, medical
50	£200m	£3m	1.50	Medical, children, education
50	£1,000m	£15m	1.50	Education

The table is ranked by the Giving Index, the proportion of total wealth donated to charity in the most recent 12 months for which foundation/trust/company/personal accounts are available. It is based on a Sunday Times questionnaire sent to all those in last year's Rich List or from accounts lodged with the Charity Commission or its Scottish equivalent.

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