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A REPORT ON THE PRACTICE AND SCALE  
OF CHARITABLE FUNDRAISING FROM  
THE PUBLIC IN IRELAND

# EXPLORING THE IRISH FUNDRAISING LANDSCAPE



## **ACKNOWLEDGEMENTS**

The Centre for Nonprofit Management would like to thank the Focus Group participants and those who completed individual interviews for their contribution to this research.

Thank you to colleagues in the Centre for their helpful comments at various stages of the project.



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irish charities tax reform group

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## EXECUTIVE SUMMARY

### THE STUDY BRIEF

In light of proposed reform of the law relating to charities, the Department of Community, Rural and Gaeltacht Affairs has commissioned Irish Charities Tax Research Limited (ICTRL) to conduct research with the aim of making recommendations on how fundraising can be effectively regulated through Codes of Practice. The ICTRL commissioned the Centre for Nonprofit Management to provide the 'best estimate of the prevailing scale and practice of charitable fundraising in Ireland'.

Two avenues of enquiry were employed to provide such an estimate. A quantitative analysis of fundraising organisations was conducted to establish an estimate of the scale and profile of charitable fundraising organisations and their activities including their income, operational remit and human resources. Data for this analysis were derived from the Centre for Nonprofit Management's Mapping Survey - the largest survey of nonprofit organisations in the Republic of Ireland.

A qualitative investigation was conducted as the second avenue of enquiry using Focus Groups and individual interviews. Eight Focus Groups were conducted nationwide in October and November 2006 and three individual interviews were subsequently conducted with experienced professionals to investigate emerging issues in more detail. Discussion centred upon the organisation, structure and practice of fundraising within charities, public confidence, the future of fundraising and the envisaged impact of regulation and Codes of Practice on local, regional, national and international organisations.

#### The Context of Fundraising in Ireland

Research on charitable fundraising over the past 15 years comes from a variety of sources, some State-sponsored and others privately funded. These reports have highlighted the variety of charities operating in Ireland, their provision of essential social services and their differing size and capacity. Any regulatory and legislative vehicles, therefore, must accommodate disparities in the resources and capacities of organisations.

Previous research has estimated that, on average, Irish charities rely on fundraised income for 10.5-11 per cent of income. Many organisations have been found not to have salaried fundraisers and quite often fundraising is a task for volunteers or board members. Additionally, even those organisations with the capacity to employ full-time fundraisers have been found to have difficulty in securing individuals with appropriate experience and expertise.

It has been reported that once-off cash donations tend to be the most prevalent form of giving in Ireland rather than planned or committed giving. With regard to corporate giving, there is a dearth of up-to-date research which gauges its extent and impact. Data from 1997, however, have suggested that corporate giving was low in Ireland (at 0.04% of a company's annual turnover).

There have been considerable legislative modifications since 2000 which have made charitable giving an attractive option in terms of tax incentives. However, given the Republic of Ireland's improved economic status in recent years, it has been argued that there is potential for higher levels of charitable giving.

#### Survey Findings on Fundraising Organisations in Ireland

Data from the CNM's Mapping Survey conducted in 2005 were analysed to produce a profile of fundraising organisations in Ireland. Over 4,000 organisations responded to the Mapping Survey, over 960 of which were fundraising organisations with Charity (CHY) numbers.

These fundraising organisations were profiled in terms of their age, location, remit, size, service, income and their available personnel. Briefly, it was found that:

- 80 per cent of fundraising organisations were less than 38 years old
- 56 per cent were located in Leinster
- fundraising charities reported annual income figures that varied between €4 and €25.8 million. Fifty per cent of these organisations reported fundraised income of €13,000 or less and 70 per cent reported receiving less than €35,000 from fundraising

In addition to establishing an organisational profile, fundraising organisations were compared to other nonprofit organisations. Fundraising organisations were more likely to:

- have a local/regional remit than a national/international remit
- be larger than the average nonprofit organisation – in terms of income and paid staff
- have reported growth in income, paid staff and volunteers over the three years prior to the survey in 2005
- be health, social services, international development, religious groups and philanthropic organisations
- place greater importance on relationships for generating finance with the State, community/society and business than the average organisation with a CHY number or the average Irish nonprofit organisation

Furthermore, the Top 105 fundraising organisations were identified using data on income from fundraising as the basis of this identification. They were found to:

- be an average age of 49 years
- be located in Dublin and to be more focused on a national or international remit than the smaller fundraising organisations
- have reported growth in size over the three years prior to the survey
- be in health, international development or social services

- place greater importance on relationships with the State, community/society and business for generating finance than the average fundraising organisation

An examination of the top fundraising organisations revealed them to be larger and older than other fundraising organisations. Fundraising from individuals and from businesses comprised a greater proportion of their income and the significance of this could also be seen in the importance accorded by these organisations to relationships with the wider community/society, business, as well as with the State.

### **Findings from Focus Groups and Individual Interviews**

Eight Focus Group interviews and three individual interviews were conducted between October and December 2006. These interviews with fundraising personnel highlighted the differences between the experiences of charities focused on local and regional fundraising and those larger organisations concerned with national and international fundraising efforts. Local and regional organisations were found to utilise routine methods, such as church gate collections, and local business sponsorship, which were directed towards a particular donor population where the fundraising was likely to be more personal and success was achieved through community ties. In these organisations, fundraisers were generally non-dedicated fundraisers, for example volunteers and board members, or staff who had considerable additional responsibilities. Interview respondents noted that accountability was achieved through personal trust and observable local evidence. Investment in fundraising was found to be low, and fundraising was regarded as a millstone, diverting much-needed resources away from service delivery.

Larger national and international charities, on the other hand, tended to employ full-time fundraising teams and a variety of methods for different donor populations (such as face-to-face, direct mailing or corporate sponsorship). Fundraising and accountability were found to be less personalised and based on tactics such as cause-related marketing, formal information streams and public relations. Investment in fundraising was high and ongoing, and fundraising was interwoven with the organisation's performance and development.

These different fundraising behaviours and experiences are likely to have implications

for the successful application of regulatory procedures and voluntary Codes of Practice.

According to fundraising personnel, the current fundraising environment is characterised by

- increasing competition; there is pressure to develop innovative strategies to avoid public apathy
- increasing costs and expectations; the public expect professional services but frown upon excessive investment in fundraising
- donors; business, the State and individuals are demanding greater levels of accountability and transparency

Fundraising, whether on a voluntary or professional level was found to be an isolated responsibility with few avenues of support and no educational infrastructure to develop expertise.

Predicted future directions in fundraising include:

- increasing professionalism; fundraising can no longer be an add-on responsibility if smaller to medium-sized charities wish to remain financially viable
- smaller organisations may have to pursue fundraising alliances and joint initiatives in an increasingly-competitive environment, or they may possibly have to merge with similar organisations

### Reflection and Analysis

Analysis suggests that the fundraising field is populated by a large number of local and regional charities, whose fundraising efforts are part time, and a relatively small group of national and international charities which have full-time fundraising teams. Private giving is generally entrenched at the level of once-off donations and there has only been moderate development in regular committed giving to national and international charities. Furthermore, there has not been any notable expansion in the extent of large gifts and legacies. Longer-term organisational security and growth would benefit greatly from the development of committed giving, large gifts and legacies but fundraisers in Ireland lack educational and training opportunities to learn new skills in order to develop these areas of fundraising. This situation contrasts with the experience of the UK and the US,

where fundraisers are assisted by an educational and training infrastructure, which provides expertise, educational opportunities and support through professional fundraising associations.

Given the dynamics of the fundraising environment, it is possible that in the future there will be:

- increasing disparity between small local/regional and large national/international charities in terms of skills, capacity, growth and success
- increasing pressure on medium organisations to enhance the investment and the scale of their fundraising efforts or reduce their organisational goals
- increasing likelihood of collaboration between medium and smaller organisations to develop efficacy

The introduction of regulatory procedures and Codes of Practice in a fundraising environment characterised by resource disparities should take into consideration the fact that regulation may impose a considerable bureaucratic burden on smaller organisations without offering any particular advantage to them. This cautionary note is made in the context of the personal nature of their relationships with their donor public where regulation may be regarded as a constraint on these relationships. Larger organisations, on the other hand, are better equipped to absorb another bureaucratic demand and regulation may offer a public relations advantage among a donor public with which they have relatively formal relationships. Reporting requirements and regulation obligations, therefore, might be more effective if linked to organisational capacity, measured in terms of overall income. In this scenario, a threshold system, which acknowledges the reality that 60 per cent of organisations have incomes of less than €21,000, would be appropriate.

## SUMMARY OF KEY FINDINGS

The following key findings result from both an analysis of the 960 fundraising organisations with CHY numbers who responded to the Mapping Survey (the findings of which relate to 2004) and a qualitative investigation by means of Focus Groups and individual interviews with relevant fundraising practitioners (these findings relate to October – December 2006).

### Fundraising Income

- These organisations raised €193,216,191 from private and corporate sources
- Fundraised income represented 23.1 per cent of the total income for these organisations
- Public finances provided 62.2 per cent of income, fees accounted for 9.5 per cent, deposit accounts for 3.2 per cent, membership for 1.1 per cent and other sources 0.9 per cent
- The average amount of fundraised income per organisation was €201,267, however 50 per cent of organisations reported receiving less than €13,000 in fundraised income, 80 per cent reported less than €71,047 and 10 per cent reported receiving €201,274 or more per annum
- The top ten percent of organisations<sup>1</sup> were more likely to have reported an increase in their fundraised income, and in their staff and volunteer numbers in the period from 2002-2004

### Profile of Fundraising Organisations

- The field of fundraising organisations is distinguished by a large concentration of small organisations and a small number of large organisations
- On average, the larger fundraising organisations were older (average age 49), had three and half times the number of full-time paid staff and 2.7 times the number of part-time paid staff than the average fundraising organisations
- The larger top 105<sup>2</sup> organisations were more likely to have a national/international remit
- Of the larger top 105 organisations, 19 per cent worked in health, 15 per cent in international

<sup>1</sup> The top ten per cent were measured by private income sources.

<sup>2</sup> The Top 105 organisations are those that reported raising €200,000 or more from the public in the previous year

development, eight per cent are classified as religious groups, and 7 per cent as philanthropic organisations

- In terms of geographical remit, 66.4 per cent of fundraising organisations had a local or regional remit, while 33.6 per cent of organisations had a national or international remit.
- Organisations with a local or regional remit reported raising an average of €78,321 in fundraising income per annum. Such smaller organisations tended to have voluntary or non-dedicated fundraising staff

### Organisation and Practice of Fundraising

- Two distinct fundraising experiences are reported by organisations depending whether they are large or small and on whether they have a national/international or a local/regional remit
- In the case of larger organisations with a national remit the fundraising experience is larger scale and more professionalised. Accountability is primarily information based, investment in fundraising practice is high and fundraising is seen as an important driver of organisational performance
- For smaller organisations with a local or national remit, fundraising is typically local and personalised, often one task among many others, and usually supported by a voluntary effort. Accountability is based on personal trust and observation, and investment in fundraising practice is low, with fundraising often regarded as a necessary evil

### Regulation: Potential Implications for the Fundraising Sector

- While the proposal for Regulation and Codes of Practice was widely welcomed across the

sector, concerns were expressed, often by smaller organisations, that regulation or Codes might involve them in another layer of administration for which they were ill-resourced

- Other fears included a concern over the diminution of volunteerism and that the larger organisations may dominate the debate on the design of regulation
- There appears to be an increasing concentration in the practice of fundraising so that a smaller number of organisations are securing a larger amount of donations. Unless carefully designed and supported, regulation and Codes may serve to propel this dynamic
- The use of thresholds and proportionality in practice and in reporting requirements, in conjunction with training and support, offers one approach to achieving broadly beneficial design and implementation of regulation

## SECTION 1 THE STUDY BRIEF

### 1.0 SUMMARY

This section outlines the purpose and methods of this study. In light of proposed reform of the law relating to charities, the Department of Community, Rural and Gaeltacht Affairs has commissioned Irish Charities Tax Research Limited (ICTRL) to conduct research with the aim of making recommendations on how fundraising can be effectively regulated through Codes of Practice. The ICTRL commissioned the Centre for Nonprofit Management (CNM) to provide the 'best estimate of the prevailing scale and practice of charitable fundraising in Ireland'.

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A qualitative investigation was conducted as the second avenue of enquiry using Focus Groups and individual interviews. Eight Focus Groups were conducted nationwide in October and November 2006 and three individual interviews were subsequently conducted with experienced professionals to investigate emerging issues in more detail. Discussion centred upon the organisation, structure and practice of fundraising within charities, public confidence, the future of fundraising and the envisaged impact of regulation and Codes of Practice on local, regional, national and international organisations.

The structure of the report is as follows:

- Section 2 reviews previous research conducted in relation to the Irish fundraising environment
- Section 3 establishes a profile of fundraising charities
- Section 4 reports the findings from Focus Group and individual interviews
- Section 5 serves to integrate and analyse the data from Sections 3 and 4 and articulates various potential developments in the fundraising sector in light of proposed reform

### 1.1 Background

The Department of Community, Rural and Gaeltacht Affairs is currently (late 2006) in the process of enacting comprehensive reform of the law relating to charities in order to ensure accountability and to protect against the abuse of charitable status and fraud. One of the most important areas covered by the proposed legislation is fundraising by charities.

The General Scheme for the Charities Regulation Bill 2006 provides that:

1. All charities seeking to operate or fundraise within the State will be obliged to register with the new Charities Regulator;
2. Permits will be required for all public collections for the benefit of charities except within the grounds of places used for public worship;
3. The Charities Regulator will require charities to provide information concerning their fundraising activities in their applications for registration, as well as in their annual accounts and annual returns;
4. Codes of Good Practice will be developed with the charities sector, in relation to practices and procedures, that is, the operational and administrative aspects of charitable fundraising.

To progress these Codes of Good Practice, the Department of Community, Rural and Gaeltacht Affairs entered an agreement with Irish Charities Tax Research Ltd (ICTRL) to carry out research and make recommendations on how the operational aspects of charitable fundraising can be effectively regulated through Codes of Practice.

To assist with the project, ICTRL commissioned the Centre for Nonprofit Management, Trinity College

Dublin to provide an up-to-date picture of current fundraising practice by the charitable sector in Ireland.

Centre for Nonprofit Management research personnel on this project were Dr. Freda Donoghue, Andrew O'Regan, Siobhán McGee and Anne Marie Donovan.

## 1.2 Methodology

The primary research objective of this study was to establish a 'best estimate of the prevailing scale and practice of charitable fundraising in Ireland'. To facilitate the objective, the study design incorporated two strands of research:

- A quantitative analysis of fundraising organisations to establish an estimate of the scale and profile of fundraising organisations in Ireland
- A qualitative investigation of fundraising practice using Focus Groups and individual interviews

### 1.2.1 Quantitative Analysis: Establishing the Scale and Profile of Fundraising Organisations

A quantitative analysis of the profile of fundraising organisations in the charity sector and nonprofit sector in Ireland and the scale of their income was conducted using data from the Centre for Nonprofit Management's *The Hidden Landscape*.<sup>3</sup> This profile shed light on the age of fundraising organisations, their location, their remit (national, local, regional) and the functions of these organisations (i.e. social services, education etc.). The size of fundraising organisations was analysed in terms of their income, employee and volunteer numbers as well as the key relationships they identified as important for generating income. The top ten per cent of charitable organisations in terms of fundraised income were identified and these organisations received additional specific analysis.

### 1.2.2 Qualitative Analysis: Capturing the Practice of Fundraising in Ireland

The Centre for Nonprofit Management conducted an investigation of fundraising practice from the perspective of both volunteer and professional fundraisers representing organisations of local, regional and national remit. In all, eight Focus Groups were conducted with forty organisations.

Participants included fundraising personnel from organisations whose total fundraising income is listed in the top twenty per cent of fundraising organisations who responded to the Centre's *The Hidden Landscape* survey. (The list of participating organisations is contained in Appendix One and the dates and venues are contained in Appendix Two).

Focus Group discussion centred on the practice, organisation and structure of fundraising within the organisation, on the question of public confidence, the future of fundraising in Ireland and on the envisioned impact of Codes of Practice on fundraising activity. (The Focus Group interview outline is contained in Appendix Three).

In addition, a small number of individual interviews were conducted with selected fundraising professionals so as to elicit greater insight into particular issues arising from the Focus Groups. Data from these discussions and interviews were then analysed.

## 1.3 Delivery Process

Focus Groups were conducted in Dundalk, Sligo, Galway, Kilkenny and Cork and three were held in Dublin. The Focus Groups were conducted in conjunction with consultation seminars carried out by ICTRL. The ICTRL seminars focused on providing information and gathering feedback on the subject of fundraising regulation and Codes of Practice. The study's Focus Group sessions commenced on the 16 October and were concluded by 10 November. Three individual interviews were subsequently conducted and concluded by December 13th (See Appendices for details and dates of participation).

## 1.4 Structure of the Report

Section 2 considers the context of fundraising in Ireland and reviews relevant research findings. Section 3 draws on *The Hidden Landscape* quantitative data to establish a more detailed picture of the fundraising environment. Section 4 examines qualitative data from the Focus Groups and individual interviews to establish a view of current fundraising practice. Section 5 serves to integrate and analyse the findings of the two preceding sections and draw some conclusions.

<sup>3</sup> Donoghue, F., Prizeman G., O'Regan, A., and Noël, V. (2006). *The Hidden Landscape: First Forays into Mapping Nonprofit Organisations in Ireland*, Dublin, Centre for Nonprofit Management, Trinity College Dublin.

## SECTION 2 THE CONTEXT OF FUNDRAISING IN IRELAND

### 2.0 SUMMARY

This section outlines the findings of previous research which cast light on the state of the fundraising sector in Ireland. The charitable fundraising sector has been subject to a number of State-sponsored intermittent reviews in the past 16 years. These reports have highlighted the variety of charities operating in Ireland, their provision of essential social services and their differing size and capacity. Consequently, it has been advised that any regulatory and legislative vehicles must accommodate the differential resources and capacity of organisations.

Previous research has estimated that, on average, Irish charities may rely on fundraised income for 10.5-11 per cent of income. Many organisations may not have a salaried fundraiser and quite often fundraising is a task for volunteers or board members. Additionally, even those organisations with the capacity to employ full-time fundraisers may have difficulty in securing individuals with experience and expertise. It has been reported that once-off cash donations tend to be the most prevalent form of giving in Ireland rather than planned committed giving. With regard to corporate giving, there is a dearth of up-to-date research which can gauge its extent and impact. Data from 1997 have suggested that corporate giving was low in Ireland (0.04% of a company's annual turnover).

There have been considerable legislative modifications since 2000, which have made charitable giving an attractive option in terms of tax incentives. However, given the Republic of Ireland's elevated economic status in recent years, it may be argued that there is potential for higher levels of charitable giving. This review has been informed by secondary publications.

### 2.1 Introduction

Though legislative reform of charities in Ireland has only gathered impetus in 2006, the status and needs of the charitable fundraising environment have been subject to sporadic reviews in the past 16 years. The Costello Report (1990) evaluated the adequacy of existing statutory controls but also highlighted the variety of charities providing services in the Republic of Ireland.<sup>4</sup> Statutory incursion into the charitable fundraising sector would have to respect and accommodate those charities with a turnover of millions and a sizable administrative staff

4 Costello, Mr. Justice D. (1990). *Report of the committee on fundraising activities for charitable and other purposes*, Dublin, The Stationery Office.

to those with a limited annual income and mostly voluntary administrators. Similarly, the Burton Report<sup>5</sup> (1996) encompassed an investigation of the practical applications of the Costello Report, much of which informs the current General Scheme.<sup>6</sup>

Our attention now turns beyond the statutory reflection of the fundraising environment, to a review of the trends in organisation, delivery and charitable giving which have characterised the fundraising environment in recent years.

### 2.2 The Contribution of Fundraising to Income

Research identifies that the State is by far the most important source of funding for nonprofit organisations including charities. However, Government policy states that statutory agencies will only provide 100 per cent funding for services that meet agreed priority needs and for priority development work where an element of self financing cannot reasonably be expected.<sup>7</sup> Estimating the importance of fundraising for Irish charities has been a problematic venture given the absence of a separate account reporting structure and an umbrella organisation for charities. However, several studies in recent years have attempted to gauge an approximation of the contribution of fundraising to charities overall income. The most recent strand of research indicates that on average, nonprofit organisations rely on fundraising for 10.5 per cent of their income.<sup>8</sup>

5 Department of Justice (1996). *Report of the Advisory Group on Charities/Fundraising Legislation*, Dublin, The Stationery Office.

6 For a copy of the General Scheme for Charities Regulation Bill see [www.pobail.ie/en/CharitiesRegulation/HeadsofBill/](http://www.pobail.ie/en/CharitiesRegulation/HeadsofBill/)

7 Department of Social, Community and Family Affairs (2000). *Supporting Voluntary Activity. A White Paper on a Framework for Supporting Voluntary Activity and for Developing the Relationship between the State and the Community and Voluntary Sector*, p. 91.

8 Donoghue *et al* (2006).

It has been estimated that charities rely on fundraising for 11 per cent of overall income.<sup>9</sup>

### 2.3 Who is Fundraising?

The Ireland Funds Report, *Fostering Fundraising in Ireland* (2002), highlighted the growth in the number of nonprofit organisations such as charities that are actively engaged in promoting philanthropy and improving the climate and capacity for fundraising with the aid of full-time dedicated fundraising staff.<sup>10</sup> However, many fundraising organisations (including charities) may not have a salaried fundraiser and volunteers and board members may play an extensive role in fundraising. One of the most common tasks for volunteers is fundraising. On the other hand, a major challenge for fundraising organisations with the capacity to employ full-time fundraisers is the recruitment of experienced fundraisers and the reluctance of senior management and board members to commit to fundraising strategies. In light of financial and human resource shortages, the Ireland Funds Report concluded that there was a need for the creation of an ‘entity’ or central resource that could offer support and guidance to all manner of fundraising nonprofit organisations. Similar organisational conditions prevail in the Northern Ireland fundraising sector where fundraising capacity is seriously restricted given the shortage of full-time dedicated staff.<sup>11</sup>

### 2.4 Trends in Charitable Giving

Survey data collected in the 1990s identifies a consistent pattern of individual charitable giving.<sup>12 13</sup> Prompted giving rather than planned giving (payroll, standing orders etc.) was the most likely means of donating through channels that included church gate collections, flag day collections, door to door

collections and the sale of lottery and raffle tickets. The younger (18-24 years) and the older generations (70-90 years) were less likely to donate and the size of the average donation in 1998/9 of IR£7.85, did not differ significantly from donations in 1994 despite considerable economic growth in individual wealth. Research has not yet focused on the impact and prevalence of web based fundraising in Ireland.

Recent surveys suggest that committed or planned giving is still relatively low in comparison to prompted cash donations.<sup>14</sup> This reflects UK trends where the National Council for Voluntary Organisations (NCVO) reported that cash collections seemed to have increased, indicating that there has been a limited drive to shift giving towards more planned methods. Such a trend is regarded as a setback. While cash may be the most widely used method of giving it is the method with the lowest and most unreliable yield.<sup>15</sup> There is little data from the Republic of Ireland pertaining to major gift donations or ‘high impact’ philanthropy.<sup>16</sup> For reasons of confidentiality it is a problematic fundraising field to gauge and only anecdotal evidence is available to suggest that pursuing major gifts is becoming a genuine tangible option for organisations.

### 2.5 Corporate Giving

The footprints of corporate relationships with the nonprofit sector have been detected, though there has been little evidence to suggest there has been a widespread adoption of a planned giving strategy. Data from 1997 suggested that the overall contribution from the corporate sector was 0.04 per cent of a company’s turnover.<sup>17</sup> Sparse and unattractive tax incentives have been regularly cited as the source of underdeveloped corporate and individual philanthropy in Ireland. However, since 2001 the regime for tax relief has been modified considerably in favour of encouraging charitable donations. With the reduction of the minimum annual threshold to €250 for tax effective giving, relatively small donations are now

9 Ernst and Young (2003). *A Report to the Irish Charities Tax Research Limited on the VAT Burden Imposed on Charities*, Dublin, Irish Charities Tax Research Limited.

10 The Ireland Funds (2002). *Fostering Fundraising in Ireland*, Dublin, The Ireland Funds.

11 Advantage Fundraising Solutions (2003). *An action research project analysing the capacity of the existing fundraising and income generation skills base in Northern Ireland to maximise the potential offered by new fundraising and income generation techniques*, Belfast, NICVA.

12 Ruddle, H. and Mulvihill, R. (1999). *Reaching Out: Charitable Giving and Volunteering in the Republic of Ireland*, Dublin, The Policy Research Centre, National College of Ireland.

13 Ruddle, H. and Mulvihill, R. (1995). *Reaching Out: Charitable Giving and Volunteering in the Republic of Ireland*, Dublin, National College of Industrial Relations.

14 Amárach (2005). *Good Intentions: Consumer Preferences for Charities in Ireland*, available at [www.amarach.com](http://www.amarach.com)

15 National Council for Voluntary Organisations (2006). *The UK Voluntary Sector Almanac 2006: The State of the Sector* available at [www.ncvo.org-vol.uk](http://www.ncvo.org-vol.uk)

16 Donoghue, F. (2000). *Philanthropy or Advertising? Corporate Giving to the Non-Profit Sector in Ireland*, Dublin, Policy Research Centre, National College of Ireland.

17 Donoghue (2000)

eligible for tax relief. However, advocacy groups for Irish charities would highlight the absence of minimum thresholds in other countries. There is no upper limit for tax relief outside a stipulation that donors with a particularly close relationship with the charity, for example, a board member cannot donate more than 10 per cent of their taxable income without sacrificing tax relief.<sup>18</sup>

Economic growth in Ireland in the recent decade and the growing momentum behind the concept of Corporate Social Responsibility (CSR) may have impacted on the importance of the corporate sector as contributors. Organisations such as *Business in the Community Ireland* have been established to facilitate and foster corporate responsibility including corporate giving either in cash or gifts in kind. Given these developments, it is possible to speculate that the extent and importance of corporate giving to Irish charities is likely to increase.

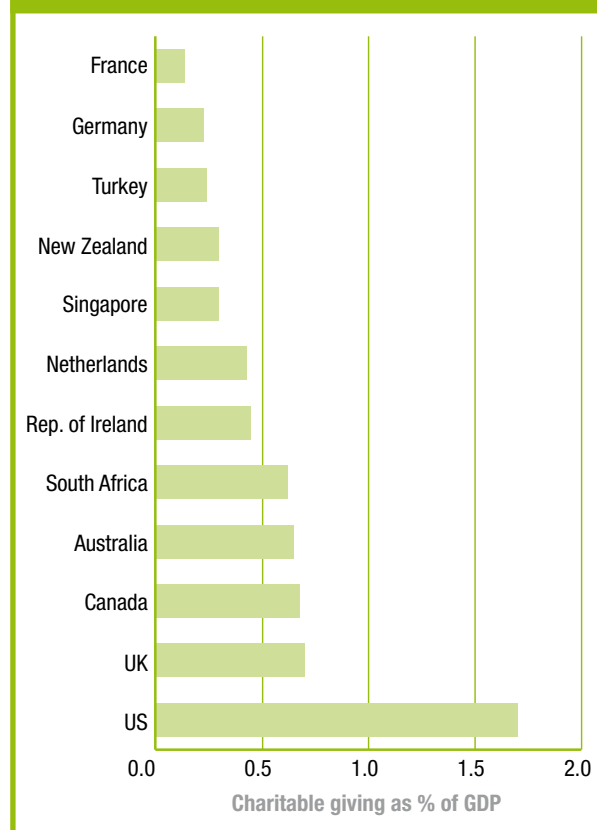
## 2.6 Capitalising on Prosperity

It has been previously reported that individual giving to nonprofit organisations in general is higher in Ireland than in other Western countries (though behind the US and UK). However, the 2000 Household Budget Survey, conducted by the Central Statistics Office, suggests that individual or household charitable donations did not keep pace with economic prosperity. In comparison to 1994, donations increased by only 18 per cent despite over a 50 per cent increase in the average weekly disposable household income in both rural and urban households.<sup>19</sup> Whilst there are numerous factors that blend together and contribute to a nation's propensity to donate besides wealth, recent economic research underlines the potential for much higher yields from the public at large. The average net wealth per head of the population is estimated at €150,000, and there are approximately 30,000 millionaires in Ireland and over 300 individuals with a fortune of €30 million plus. In terms of OECD ranked countries, Ireland sits second in terms of estimated individual wealth behind Japan, ahead of the UK, US, France, Germany and Canada.<sup>20</sup> Figure 2.1

(below) highlights national giving levels in terms of their national gross domestic product. The Republic of Ireland is positioned behind the US, UK, Canada, Australia and South Africa in terms of the proportion of national wealth that is donated to charities.<sup>21</sup>

**Figure 2.1: Charitable Giving as a Percentage of GDP**

Source: Charities Aid Foundation, 2006



Overall, there has been a minimal amount of research conducted that has focused upon charities, their fundraising organisation, activities and success either on a large-scale national basis or on a deeper in-depth level. The remainder of this report seeks to contribute to addressing this gap.

18 The Finance Act 2006 (Section 485C) places a limit on the extent to which high earners can utilise Tax Relief schemes on donations to charity. See [www.finance.ie](http://www.finance.ie) for more information.

19 Central Statistics Office (2001). *Household Budget Survey 1999-2000 Preliminary Results*, Dublin, The Stationery Office.

20 O'Sullivan, P. (2006). *The Wealth of the Nation*, Dublin, Bank of Ireland Private Banking.

21 Charities Aid Foundation (2006). *International Comparisons of Charitable Giving*, November 2006 – CAF Briefing Paper, available at [www.cafonline.org/internationalgiving](http://www.cafonline.org/internationalgiving). Evidence for this conclusion is derived from a survey based on a sample gleaned from the Irish Revenue Commissioner's Records of Charities. The sample (N=375) was relatively small in comparison to other country based surveys. However, the Charities Aid Foundation claims while there may be scope for error in the exact figures, they are confident in the individual rankings of participating countries.

## SECTION 3 SURVEY FINDINGS ON FUNDRAISING ORGANISATIONS IN IRELAND

### 3.0 SUMMARY

This section profiles fundraising organisations in the Republic of Ireland in terms of their age, location, remit, size, service, income and their available personnel. Data from the Centre for Nonprofit Management's Mapping Survey conducted in 2006, were analysed to produce a profile of fundraising organisations in Ireland. Over 4,000 organisations responded to the Mapping Survey, over 960 of which were fundraising organisations with Charity (CHY) numbers.

These fundraising organisations were profiled in terms of their age, location, remit, size, service, income and their available personnel. Briefly, it was found that:

- 80 per cent of fundraising organisations were less than 38 years old
- 56 per cent were located in Leinster
- fundraising charities reported annual fundraised income that varied between €4 and €25,800,000. Fifty per cent of these organisations reported fundraised income of €13,000 or less and 70 per cent reported receiving less than €70,000 from fundraising
- have a local/regional remit rather than a national/international remit

In addition to establishing an organisational profile, fundraising organisations were compared to other nonprofit organisations. Fundraising organisations were more likely to:

- be larger than the average nonprofit organisation – in terms of income and paid staff
- have reported growth in income, paid staff and volunteers over the three years prior to the survey in 2005
- be health, social services, international development, religious groups and philanthropic organisations
- place greater importance on relationships for generating finance with the State, community/society and business than the average organisation with a CHY number or the average Irish nonprofit organisation

Furthermore, the Top 105 fundraising organisations were identified using data on income from fundraising as the basis of this identification. They were found to:

- be an average age of 49 years
- be located in Dublin and to be more focused on a national or international remit than the smaller fundraising organisations
- have reported growth in size over the three years prior to the survey
- be in health, international development or social services
- place greater importance on relationships with the State, community/society and business for generating finance than the average fundraising organisation

An examination of the top fundraising organisations revealed them to be larger and older than other fundraising organisations. Fundraising from individuals and from businesses comprised a greater proportion of their income and the significance of this could also be seen in the importance accorded by these organisations to relationships with the wider community/society, business, as well as with the State.

### 3.1 Introduction

This section of the report provides a profile of organisations actively engaged in fundraising. The data from the largest-ever survey of nonprofit organisations in Ireland have been analysed to present findings on organisations with CHY numbers and on organisations actively involved in fundraising.<sup>22</sup> From a total of 4,214 responding organisations to the Mapping Survey, 1,729 reported having CHY numbers (41% of the 4,214 respondents). Of those 1,729, a further subset of organisations actively engaged in fundraising was identified, which numbered 960, or 55 per cent of the subset of organisations holding CHY numbers. This subset of organisations will be referred to as 'fundraising organisations' throughout this report. Comparisons will be drawn among all three sets of

<sup>22</sup> Donoghue *et al* (2006).

organisations ('All nonprofit organisations in Ireland', 'organisations with CHY numbers' and 'fundraising organisations'). All these sets of organisations are related, as the fundraising subset is derived from the CHY subset, which, in turn, is derived from the larger sample of Irish nonprofit organisations.

### 3.2 Profile of Fundraising Organisations

The average (mean) age of fundraising organisations was 31 years at the time of the survey (mean year of establishment 1973.78) and half of these fundraising organisations had been established in the 18 years prior to the survey. Organisations with CHY numbers, by comparison, had an average (mean) age of 30 and so, were a little younger on the whole than fundraising organisations; half of these had been set up since 1990. The larger sample of Irish nonprofit organisations was older than fundraising organisations or those with CHY numbers and had an average (mean) age of 34. Fundraising organisations, therefore, were a little older than organisations with CHY numbers but younger than Irish nonprofit organisations on the whole.

**3.2.1** When we examine the organisations by age group, we can see these differences highlighted (see Table 3.1). While one quarter of all Irish nonprofit organisations were aged 38 years or more, just one-fifth of fundraising organisations were. A further quarter of Irish nonprofit organisations were aged between 19 and 37 years, while just less than 30 per cent of fundraising organisations were. Similarly, fundraising organisations were also slightly over represented in the 9-18 age group. Indeed, as was indicated in *The Hidden Landscape*, 45 per cent of private donations went to organisations aged between 19 and 37 years.<sup>23</sup>

**Table 3.1: Age Group of Organisations**

Age Group	All NPOs %*	CHY Orgns %*	FR Orgns %*
0-8 years	23.2	25.9	23.4
9-18 years	25.6	30.6	27.2
19-37 years	25.6	23.8	29.1
38+ years	25.6	19.7	20.3

\* Legend: All NPOs – all nonprofit organisations responding to the Mapping Survey; CHY Orgns – Organisations with CHY numbers; FR Orgns – Fundraising Organisations [All tables in this report will use same abbreviations]

23 Donoghue *et al* (2006) p. 47.

**3.2.2** The likelihood of being based in Leinster was greater for fundraising organisations and organisations with CHY numbers, than for all Irish nonprofit organisations, as can be seen in Table 3.2 below. Fifty-six per cent of fundraising organisations compared to just under 51 per cent of all nonprofit organisations were based in Leinster. There were smaller proportions of fundraising organisations located in Munster and Connacht.

**Table 3.2: Province of Organisations**

Province	All NPOs %	CHY Orgns %	FR Orgns %
Leinster	50.7	54.0	56.4
Munster	27.9	25.6	24.5
Connacht	15.4	13.6	13.1
Ulster	6.0	6.8	6.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**3.2.3** When we examine the remit of fundraising organisations, again they demonstrate a different profile from that of the larger group of Irish nonprofit organisations, although their profile is similar to organisations with CHY numbers. Fundraising organisations and organisations with CHY numbers were more likely to operate on a wider scale than Irish nonprofit organisations, as a whole. Almost 30 per cent of fundraising organisations and 27 per cent of organisations with CHY numbers reported that they had a national remit, compared with just less than 20 per cent of all Irish nonprofit organisations. Furthermore, just shy of 17 per cent of fundraising organisations and a little more than 14 per cent of organisations with CHY numbers had an international remit compared with just over nine per cent of all Irish nonprofit organisations. In addition, one quarter of fundraising organisations and almost 22 per cent of organisations with CHY numbers reported having a regional remit compared with just 16 per cent of all Irish nonprofit organisations. Irish nonprofit organisations, on the whole, had a greater tendency to be more locally focused than fundraising organisations.

**Table 3.3: Remit of Organisations**

Remit	All NPOs %	CHY Orgns %	FR Orgns %
Local	78.2	68.9	66.7
Regional	15.9	21.7	24.9
National	19.5	27.0	29.4
International	9.3	14.4	16.9

Totals more than 100 per cent because responding organisations could choose more than one category.

**3.2.4** When we explore the focus of fundraising organisations a little more closely we find that just two-thirds of fundraising organisations have both a local and regional remit (66.4%), while one third have a national and/or international remit (33.6%). This compares with three-quarters of all nonprofit organisations having both a local and regional remit (76.5%) and just under one-quarter reporting a national and/or international remit (23.5%).

**3.2.5** A classification of fundraising organisations also displays differences between fundraising organisations and Irish nonprofit organisations, in general. Fundraising organisations were dominant in a few fields, viz. social services, development and housing, education and research and health. Almost 22 per cent of fundraising organisations were social services organisations, compared to 13 per cent of all Irish nonprofit organisations. Ten per cent of fundraising organisations were located in the health field, compared to four per cent of all Irish nonprofit organisations. Religious groups and international development organisations showed a stronger presence among fundraising organisations than among Irish nonprofit organisations on the whole. Sports organisations, on the other hand, were more visible at 16.6 per cent of all Irish nonprofit organisations than among fundraising organisations.

**3.2.6** A similar pattern could also be seen in *The Hidden Landscape*, which reported that one-quarter of private donations (from individuals) went to international development organisations and a further one-fifth went to social service organisations.<sup>24</sup>

**Table 3.4: Classification of Organisations (ICNPO)<sup>25</sup>**

Classification	All NPOs	CHY Orgns	FR Orgns
Social services	13.1	22.7	21.8
Development and housing	20.6	20.5	16.1
Education and research	20.1	12.3	11.5
Health	4.4	8.7	10.1
Arts, culture and heritage	8.5	7.8	8.8
Sports and recreation	16.6	7.5	8.4
Advocacy, law and politics	4.5	6.0	6.1
Environment	5.9	4.2	5.1
Religious groups	1.9	3.8	4.6
International development	1.5	3.1	4.3
Philanthropy	1.2	2.6	2.6
Trade unions, business and professional associations	1.8	0.9	0.6

### 3.3 Organisational Size

This section examines the size of fundraising organisations in comparison with all Irish nonprofit organisations and with organisations holding CHY numbers. First of all, when we look at the average incomes of these different kinds of organisation we can see that the mean income of fundraising organisations is larger than that of all nonprofit organisations although it is less than that of organisations with CHY numbers. The average (mean) income of fundraising organisations is 1.4 times greater than that of all Irish nonprofit organisations but it amounts to only 85 per cent of the average income of organisations with CHY numbers. Irish nonprofit organisations reported an average income which was 61 per cent of the average income of organisations with a CHY number and 71 per cent that of fundraising organisations.

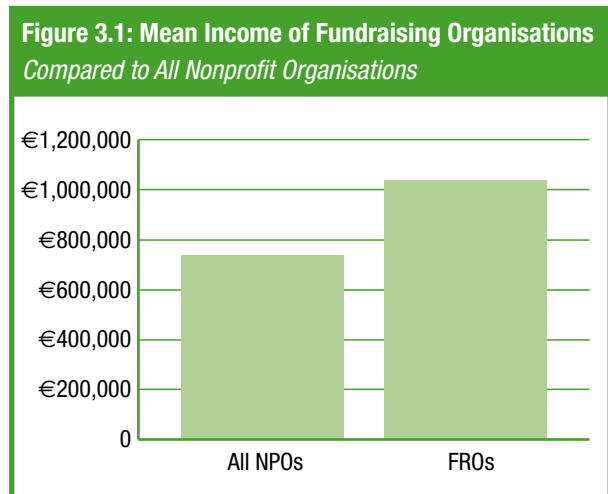
**Table 3.5: Average Income of Nonprofit Organisations**

	All NPOs	CHY Orgns	FR Orgns
Mean income	€738,205	€1,215,436	€1,038,066

<sup>25</sup> International Classification of Nonprofit Organisations, see Salamon, L. and Anheier, H. (1997). *Defining the Nonprofit Sector: a cross-national analysis*, Manchester, Manchester University Press.

<sup>24</sup> Donoghue *et al* (2006) p. 48.

As illustrated in the figure below, when we compare fundraising organisations with all nonprofit organisations, the difference appears quite stark.

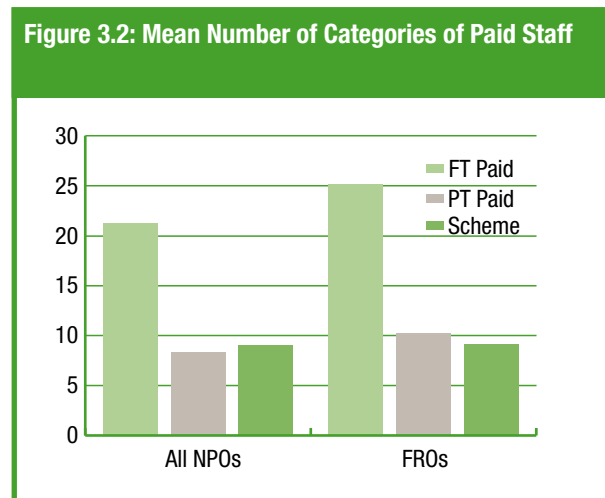


**3.3.1** As can be seen, therefore, fundraising organisations are larger (by income) than nonprofit organisations in Ireland but not as large as organisations with a CHY number. This pattern also holds when we examine the data for human resources for, as can be seen, organisations with CHY numbers have more full-time, part-time and Scheme staff than the larger pool of Irish nonprofit organisations. Fundraising organisations, however, while employing greater numbers of paid staff, on average, than Irish nonprofit organisations in general, do not have as many paid employees as the average organisation with a CHY number.

Fundraising organisations have, on average, 25 full-time paid staff each, compared with 28 full-time paid staff in an organisation with a CHY number and 21 full-time paid staff in all Irish nonprofit organisations. In addition, fundraising organisations employed 10 part-time paid staff, compared with 11 part-time paid employees in an organisation with a CHY number and eight part-time paid staff in all Irish nonprofit organisations. Fundraising organisations employed just under ten Scheme staff, compared with just under 11 in organisations with CHY numbers and nine in all Irish nonprofit organisations.

**Table 3.6: Paid Staff in Organisations**

Average No. (Mean)	All NPOs	CHY Orgns	FR Orgns
Full-time paid staff	21.24	28.3	25.2
Part-time paid staff	8.33	11.2	10.3
Scheme staff	9.06	10.7	9.7



**3.3.2** When we calculate all paid staff, fundraising organisations employed, in a paid capacity, 21,135 staff (full-time, part-time and Scheme), and reported an average (mean) of 30.6 paid staff. This compares to a mean of 24.8 paid staff in all Irish nonprofit organisations and a total of 64,266 paid employees. In other words, fundraising organisations employed almost one third of all paid employees in Irish nonprofit organisations although they comprised just 23 per cent of all Irish nonprofit organisations.

**3.3.3** A converse picture presents itself when we examine volunteers because fundraising organisations reported fewer volunteers than the average Irish nonprofit organisation but more than the average organisation with a CHY number. Fundraising organisations have just over half the number of volunteers that are reported by all nonprofit organisations but all organisations with CHY numbers have under half the number of volunteers reported by all nonprofit organisations.

### 3.4 Organisational Growth over Time

As well as tending to be larger than the average Irish nonprofit organisation, fundraising organisations were also more likely to have reported an increase in income in the three years prior to the Mapping Survey. Just under 65 per cent of fundraising organisations reported an increase in income compared to 60 per cent of all nonprofit organisations. Organisations with CHY numbers were a little less likely than fundraising organisations but more likely than all nonprofit organisations to state that they had experienced an increase. In addition, while one-quarter of all nonprofit organisations reported no change in their income, only one-fifth of fundraising organisations did so.

**Table 3.7: Income Change in Organisations**

Change in Income	All NPOs %	CHY Orgns %	FR Orgns %
Increased	59.6	63.3	64.7
Decreased	15.3	15.1	15.3
Stayed same	25.1	21.6	20.0

**3.4.1** As with the change in income reported above, fundraising organisations were more likely to report an increase in the number of paid staff employed by them and less likely to report no change in numbers than all nonprofit organisations. Almost 49 per cent of all nonprofit organisations compared to almost 53 per cent of fundraising organisations stated that their paid staff had increased in the three years prior to the Mapping Survey.

**Table 3.8: Changes in Paid Staff in Organisations**

Change in Income	All NPOs	CHY Orgns	FR Orgns
Increased	48.7	51.9	52.7
Decreased	12.8	11.9	12.3
Stayed same	38.6	36.2	35.0

**3.4.2** When we look at whether or not organisations reported any change in their volunteer numbers, we can see a similar pattern of growth emerging as for paid human resources and income. Although fundraising organisations reported having fewer

volunteers on average than all Irish nonprofit organisations, they were more likely to report an increase in volunteer numbers. Almost 36 per cent stated that their volunteers had increased in numbers, compared to 30.5 per cent of Irish nonprofit organisations in general. Fundraising organisations were less likely to report no change than the other categories of organisation.

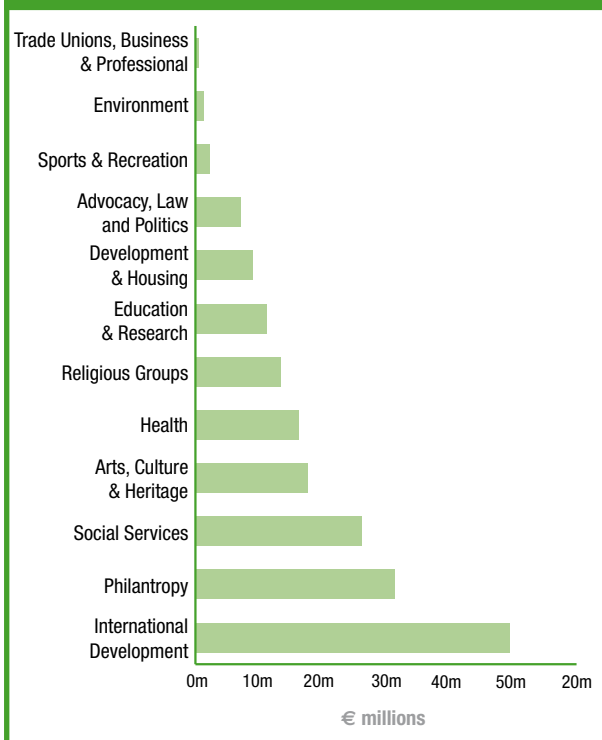
**Table 3.9: Changes in Volunteer Numbers in Organisations**

Change in Income	All NPOs	CHY Orgns	FR Orgns
Increased	30.5	33.7	35.7
Decreased	23.0	23.9	23.3
Stayed same	46.5	42.4	41.0

### 3.5 Fundraising

The figure below shows the distribution of income received through fundraising as reported by fundraising organisations. When we examine total amounts raised through fundraising by ICNPO group, we can see large differences. Those groups who raised the largest amounts of money were international organisations (€51,585,304), philanthropy (€32,708,810), social services (€27,245,650), arts, culture and heritage (€18,055,725), health organisations (€16,595,798) and religious organisations (€15,700,173). These groups were followed by, in order of importance, education (€11,250,450), development and housing (€9,457,563) and advocacy (€7,110,182). Groups reporting the smallest amounts raised through fundraising were in sports and recreation (€2,036,215), environment (€1,162,105) and trade unions (€308,216).

**Figure 3.3: Total Amounts Fundraised by Fundraising Organisations**  
(classified by ICNPO Group)<sup>26</sup>

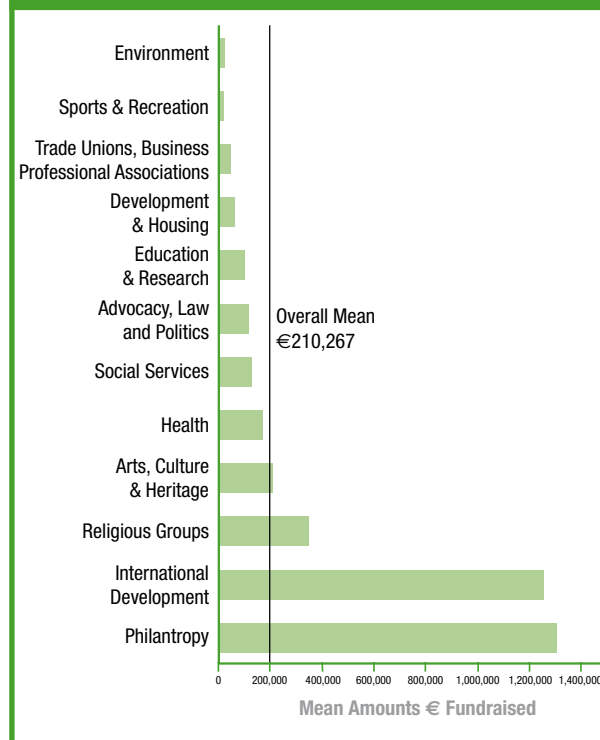


**3.5.1** As can be seen from the figure below, while the overall average (mean) amount raised through individual and corporate sources was €210,267, there were vast differences apparent among fundraising organisations. Those raising most funds were in the fields of Philanthropy and International Development (which reported €1,308,352 and €1,258,178 respectively). Religious groups also reported receiving over the overall mean (€356,822), while Arts, Culture and Heritage organisations received just above the overall mean (€214,949).

**3.5.2** When we explore fundraising amongst our population of fundraising organisations a little more closely, we can see some other differences related to size and the remit of the organisation. Fundraising organisations that tend to be more focused on a local and regional remit reported an average of €78,321

<sup>26</sup> In relation to Philanthropy and International Development Organisations it is noteworthy that these sums are raised by relatively few organisations. The stronger position of these organisations can be explained by the fact that fundraising is a central part of their activities in Ireland. Indeed, in an Irish context, fundraising may, at times, be seen as a core component of these organisations, while the other kinds of organisations are primarily identified with activities apart from fundraising.

**Figure 3.4: Mean Amounts Fundraised by Fundraising Organisations**  
(classified by ICNPO Group)



raised through fundraising (that is, below the overall mean for all fundraising organisations). They also reported fewer paid staff (full-time, part-time and Scheme) than the average for all fundraising organisations. In other words, fundraising organisations which tended to focus on the local and regional reported having an average of 23 paid staff, and an average of 21 full-time and part-time staff. They also returned lower mean incomes, reporting an average income of €584,620, which compares with a mean income for the population of fundraising organisations of €1,038,066.

**3.5.3** Fundraising organisations that tended to be more focused on a national and international remit, however, reported an average of €468,221 raised through fundraising and also had larger paid staff complements, on average, than the more locally-focused organisations. These larger fundraising organisations reported a mean of 46 paid staff (full-time, part-time and Scheme) and 43 full-time and part-time staff. Furthermore, organisations with paid staff reported larger donations, on average, than those without paid

staff, which would further indicate the importance of paid staff to fundraising activities. In addition, fundraising organisations with a national or international remit and with paid staff also reported larger incomes than the overall mean, returning €2,027,718 on average. They also reported larger volunteer numbers than those organisations tending to have a local or regional remit.

**3.5.4** Fundraising organisations, therefore, not only demonstrated great diversity in their size but some relationship could be seen between their size and the remit of their activities. Those tending to focus on a national and international remit were larger in terms of incomes, paid staff, volunteers and amounts fundraised.

**3.5.5** When we examine the amount of income coming from different sources, we can see that the State remains the most important source of income for each type of organisation under investigation in this report. As the table below shows, each type of organisation reported the greatest amount of income from the State.

**Table 3.10: Amount of Income (€) Reported From Each Source**

Source	All NPOs	CHY Orgns	FR Orgns
State	1,142,433,539	793,103,921	521,121,267
Private donations	200,942,710	169,921,679	169,921,679
Corporate donations	25,994,995	23,294,512	23,294,512
Fees	278,932,029	190,846,949	79,544,147
Member-ship	60,744,316	19,635,763	9,279,854
Deposit accounts	153,937,805	104,732,455	27,041,141
Other	46,203,897	33,446,032	8,149,006
<b>Total source income</b>	<b>1,909,189,291</b>	<b>1,334,981,311</b>	<b>838,351,606</b>

**3.5.6** This picture of State dominance in income becomes even more apparent when we examine a breakdown of the proportions of income coming from different sources, as can be seen below. Firstly, fundraising organisations get 62 per cent of their income from the State, while organisations with CHY numbers and all nonprofit organisations get less than that (59 per cent and almost 60 per cent respectively). Secondly, private and corporate donations are more important to fundraising organisations than they are to the other types (because of the underlying logic for drawing this sub-set of organisations) but private donations are also more important for organisations with CHY numbers than they are for all Irish nonprofit organisations as a whole. Fees and income from deposit accounts are less important for fundraising organisations than for organisations with CHY numbers and all Irish nonprofit organisations. Membership income is just as insignificant for fundraising organisations as it is for organisations with CHY numbers.

**Table 3.11: Percentage of Income Reported From Each Source**

Source	All NPOs	CHY Orgns	FR Orgns
State	59.8	59.4	62.2
Private donations	10.5	12.7	20.3
Fees	14.6	14.3	9.5
Deposit accounts	8.1	7.8	3.2
Corporate donations	1.4	1.8	2.8
Membership	3.2	1.5	1.1
Other	2.4	2.5	0.9

**3.5.7** When we examine the proportion of organisations reporting on different sources of income, however, the activity of fundraising organisations emerges. Although the overall contribution to their income from some sources may be small, fundraising organisations are still active in their efforts to raise income across a variety of sources. Because of the way in which this sub-set was sampled (that is, their reliance on private and corporate donations), they are, obviously, most involved in seeking donations from private and corporate sources, but a higher proportion of these organisations are also active in seeking funding from the State, through fees, membership, from deposit accounts and from other sources.

**Table 3.12: Percentage of Organisations Reporting Sources of Income**

Source	All NPOs	CHY Orgns	FR Orgns
Private donations	52.8	51.0	91.9
State	67.9	62.8	72.6
Fees	40.3	41.6	50.7
Membership	32.7	20.1	29.8
Corporate donations	15.1	15.9	28.6
Other	9.2	8.7	10.8
Deposit accounts	5.0	6.1	7.3

### 3.6 Analysis of Donations

In order to explore the most effective fundraising organisations, this section analyses the data on donations. While €193,216,191 (€193.2m) was received from both private and corporate sources by the 960 organisations engaged in fundraising, half of those 960 organisations received €13,000 or less. Ten per cent of organisations received €201,274 or more, while at the other end of the scale, another ten per cent of organisations reported receiving between €4 and €802.

**Table 3.13: Breakdown of Amounts Received in Donations**

Deciles (Tenths) of Organisations	€
First	4-802
Second	803-1,999
Third	2,000-3,860
Fourth	3,861-7,999
Fifth	8,000-12,999
Sixth	13,000-20,241
Seventh	20,242-34,999
Eighth	35,000-71,046
Ninth	71,047-201,273
Tenth	201,274-25,800,000

**3.6.1** For further investigation purposes, organisations amongst the top fundraisers were isolated to explore their profile. Organisations that reported receiving €200,000 or more in donations were analysed as a subset of the above. These organisations numbered 105 and reported total donations of €171,453,925 and an income of €566,115,147 from various funding

streams, which means that donations came to 30.3 per cent of their specified income.<sup>27</sup>

**Table 3.14: Source Income of Top 105 Fundraising Organisations**

	€	%
State	323,032,692	57.1
Private donations	151,592,984	26.8
Corporate donations	19,860,941	3.5
Fees	38,530,749	6.8
Membership	3,750,712	0.6
Deposit accounts	25,299,469	4.5
Other	4,047,600	0.7
<b>Total reported sources</b>	<b>566,115,147</b>	<b>100</b>

**3.6.2** For these fundraising organisations, donations comprised a far greater proportion of their income and income from the state, fees, membership and other sources made up a smaller percentage than for the subset of fundraising organisations as a whole. Table 3.11 above showed that 62 per cent of the income of all fundraising organisations came from State sources, while 23.1 per cent came from donations. The top 105 fundraising organisations, on the other hand, reported 30.3 per cent of their income from donations and 57 per cent from the State.

**3.6.3** The profile of these organisations is also a little different from that presented above for all fundraising organisations. Nineteen per cent of the Top 105 organisations are based in the health area; compared to 10.1 per cent of all fundraising organisations and 4.4 per cent of all Irish nonprofit organisations. Furthermore, 15 per cent are in international development, compared to four per cent of all fundraising organisations and 1.5 per cent of all Irish nonprofit organisations. Eight per cent are religious groups, compared to four per cent of fundraising organisations and two per cent of all Irish nonprofit organisations. Seven per cent are classified as philanthropic organisations, compared with 2.6 per cent of fundraising organisations and one per cent of all Irish nonprofit organisations.

**3.6.4** Those data give us some indication of where the larger fundraising organisations are based. It is only when we look at the amounts raised by these organisations, however, that we can identify

<sup>27</sup> It was not possible to isolate a Top 100 because several organisations reported receiving €200,000 in donations

who the major actors are, for, as we shall see, those raising the largest amounts of money from corporate and individual donors are in a number of key fields. This can be seen in the following figure.



**3.6.5** The Top 105 were older and larger than the population of fundraising organisations as a whole. Their average (mean) age was 49 and half of them had been established by 1978. They had over 3.5 times the number of full-time paid staff, on average, of all fundraising organisations and almost 2.7 times the number of paid part-timers. For example, these larger organisations reported having a mean of 114.5 paid staff (full-time, part-time and Scheme) compared with a mean of 17 paid staff reported by organisations not amongst the Top 105. This also compares with a mean of 30 paid staff reported by fundraising organisations as a whole. They also reported large numbers of volunteers and larger than for fundraising organisations as a whole. For example, the mean number of volunteers reported for all fundraising organisations was 418, while the Top 105 reported having an average of 687 compared to a mean of 388 amongst those organisations not in the Top

105. This compares with a mean of 795 volunteers reported by all Irish nonprofit organisations.

**3.6.6** Just under 80 per cent of these organisations reported an increase in their income in the three years prior to the survey, compared to 65 per cent of all fundraising organisations. Eleven per cent reported no change in income compared to 20 per cent of all fundraising organisations. Just under three quarters (72.2%) reported an increase in employee numbers compared to 53 per cent of all fundraising organisations, and 45 per cent reported an increase in volunteer numbers compared to 36 per cent of fundraising organisations. In other words, these organisations are very large in terms of both financial and human resources.

**3.7 Important Relationships for Generating Income**

When we compare the relative importance of different relationships for the generation of funding to the organisations, we can see, once more, the activity of fundraising organisations. Ranking relationships with different constituencies along a continuum where 0 means ‘not at all important’ and 3 means ‘very important’, we can compare the relative significance of each relationship for the different sets of organisations. As can be seen, fundraising organisations give higher average (mean) scores to each constituency than either of the other two sets of organisations.

**Table 3.15: Average (Mean) Scores for Significant Relationships in Generating Financial Resources**

	All NPOs	CHY Orgns	FR Orgns
State	1.99	2.23	2.28
Community/Society	1.85	1.93	2.13
Business	1.37	1.48	1.71
Voluntary Organisations	1.45	1.51	1.59
Beneficiaries	1.19	1.41	1.55
TDs	1.07	1.21	1.29
Religious	0.98	1.12	1.24

**3.7.1** For the purposes of this report, the high placement of the wider public and the corporate sector for fundraising organisations is worthy of note, as is the ranking of the State. Furthermore for organisations with CHY numbers (of which fundraising organisations are a sub-set), the wider public, the corporate sector and the State are also

more important than for all nonprofit organisations, in general. Among organisations with CHY numbers, as with all nonprofit organisations in general, the corporate sector is not ranked as highly as it is for fundraising organisations, and, furthermore, is not placed as high relative to the other constituencies. So, for all nonprofit organisations and for organisations which CHY numbers the corporate sector comes in at fourth place, whereas for fundraising organisations it is placed in third position. These data show the consistency between the findings on donations and income from State sources and the relative importance accorded by such organisations to those sources of income.

**3.7.2** When we examine the Top 105 fundraising organisations a little more closely, the pattern that differentiates fundraising organisations from other nonprofit organisations becomes even clearer (as can be seen in Table 3.16 below). The top fundraising organisations gave a mean score of 2.27 to community/society, 2.29 to the State and 1.99 to business. In other words, their mean scores were higher than fundraising organisations, as a whole. They also gave higher mean scores to beneficiaries (1.84), TDs (1.43) and religious (1.37) but a lower mean score to other voluntary organisations (1.50).

**Table 3.16: Average (Mean) Scores for Significant Relationships in Generating Financial Resources – Fundraising Organisations and Top 105 Fundraising Organisations**

	Top 105	FR Organisations
State	2.29	2.28
Community/Society	2.27	2.13
Business	1.99	1.71
Beneficiaries	1.84	1.55
Voluntary Organisations	1.50	1.59
TDs	1.43	1.29
Religious	1.37	1.24

Section 3 has examined the scale of charitable fundraising organisations while Section 4 considers the practice of fundraising organisations drawn from the qualitative data.

## SECTION 4 FINDINGS FROM FOCUS GROUPS AND INDIVIDUAL INTERVIEWS

### 4.0 SUMMARY

Eight Focus Group interviews and three individual interviews were conducted between October and December 2006. These interviews with fundraising personnel highlighted the differences between the experiences of charities focused on local and regional fundraising and those larger organisations concerned with national and international fundraising efforts.

Local and regional organisations were found to utilise routine methods, such as church gate collections, and local business sponsorship, which were directed towards a particular donor population where the fundraising was likely to be more personal and success was achieved through community ties. In these organisations, fundraisers were generally non-dedicated fundraisers, for example volunteers and board members, or staff who had considerable additional responsibilities. Interview respondents noted that accountability was achieved through personal trust and observable local evidence. Investment in fundraising was found to be low, and fundraising was regarded as a millstone, diverting much-needed resources away from service delivery.

Larger national and international charities, on the other hand, tended to employ full-time fundraising teams and a variety of methods for different donor populations (such as face-to-face, direct mailing or corporate sponsorship). Fundraising and accountability were found to be less personalised and based on tactics such as cause-related marketing, formal information streams and public relations. Investment in fundraising was high and ongoing, and fundraising was interwoven with the organisation's performance and development.

These different fundraising behaviours and experiences are likely to have implications for the successful application of regulatory procedures and voluntary Codes of Practice.

According to fundraising personnel, the current fundraising environment is characterised by

- increasing competition; there is pressure to develop innovative strategies to avoid public apathy
- increasing costs and expectations; the public expect professional services but frown upon excessive investment in fundraising

- donors, business, the State and individuals are demanding greater levels of accountability and transparency.

Fundraising, whether on a voluntary or professional level was found to be an isolated responsibility with few avenues of support and no educational infrastructure to develop expertise.

Predicted future directions in fundraising include:

- increasing professionalism; fundraising can no longer be an add-on responsibility if smaller to medium-sized charities wish to remain financially viable
- smaller organisations may have to pursue fundraising alliances and joint initiatives in an increasingly-competitive environment, or they may possibly have to merge with similar organisations.

#### 4.1 Introduction

This section presents a more detailed and in-depth picture of fundraising practice and organisation in Ireland from the perspective of fundraisers from charities of differing size, income and service. In total, forty charities participated in Focus Groups (see Appendices for details). There was a relatively even representation of charities in terms of age (both traditionally established charities and recently established charities) and origin. The majority of participating charities were social service based or health services based charities, followed by international aid and development charities.

A preliminary analysis of the Focus Group findings indicated that the participating organisations may be usefully categorised in terms of their operational remit. Two categories of organisations were created - those that operated on a national or international basis and those that operated on a local or regional

basis. Of the 40 participating charities, 24 were categorised as having a local or regional remit and 16 charities with a national or international remit.<sup>28</sup> These two categories seem to be linked to two distinct experiences in the Irish fundraising environment.

## 4.2 The Organisation and Practice of Fundraising

The chief areas of interest include the allocation of fundraising responsibility and the types of fundraising techniques that are being utilised.

### 4.2.1 The Organisation of Fundraising

For smaller charities, fundraising is primarily a task for voluntary committees and volunteers or board sub-committees and paid staff who had considerable additional responsibilities. Conversely, most of the larger charities had fundraising teams of three to eight full-time professional fundraisers. Fundraising responsibilities were usually divided in terms of fundraising method (e.g. direct marketing, corporate giving, events etc.) with fundraising staff reporting to a fundraising manager.

**4.2.2** Volunteers were essential to charities at local and regional level in terms of innovation, organisation and operations. Independent organisation of events and campaigns was a common trend and a favoured form of fundraising for many of these charities because of the low labour and financial costs incurred. The volunteer role in fundraising was less evident in national and international organisations especially in charities that have relied on the recruitment of standing orders/direct debits by paid fundraisers rather than on cash collections. In such organisations volunteer contribution to fundraising was restricted to the operational level at events or administration. In one case there was no role for volunteers because they were considered cost inefficient.

**4.2.3** The role and responsibility of the board varied. For some local and regional charities with no paid fundraising staff the board members could be solely responsible for fundraising at all levels and sizes. For a sizable portion, approval and disapproval of fundraising strategy was the most significant role for board members especially in the case of charities whose board members were personally involved with

<sup>28</sup> Branches of national organisations were categorised as regional charities as their fundraising organisation and activity operated on a regional basis with regional personnel.

the cause or service. In some cases, board members had prevented the adoption of more modern (and expensive) fundraising methods such as face-to-face fundraising or corporate advertising for ethical or cost reasons. Many fundraising personnel were disappointed that their board members were not proactively assisting the development of contacts especially in the business and corporate sector.

*The idea behind us getting these people on the Board was we thought that they'd be able to help us out and set us up with meetings with people in various different places around town but it just hadn't happened. Because like that, if you are just ringing up or sending in proposals to businesses, it just gets lost, you need somebody, you need a personal contact, I think, in there a lot of time, even to get your foot in the door, even to get a meeting*

*Regional Organisation, Galway<sup>29</sup>*

### 4.2.4 Fundraising Practice: Methods and Influences

Charities engaged in a range of fundraising methods, however there is an identifiable clustering of methods among charities which had a local or regional remit and charities with a national or international remit. Table 4.1 outlines the different methods common to each set of charities.

**Table 4.1: Fundraising Methods**

Local/Regional	National/International
Flag day collections	Standing orders/direct debits
Church gate collections	Direct mail
Events	Corporate sponsorship/partnership
Draws and lotteries	Events
Local business sponsorship	Public/church gate collections
Mail shots	Web appeals
International treks	Major donors
Corporate sponsorship	Legacies

<sup>29</sup> For the purpose of anonymity, all organisations quoted are distinguished only by their operational remit (i.e. local, regional, national, etc.) and the location of their participation in the Focus Groups, that is Dundalk, Sligo, Galway, Kilkenny, Cork or Dublin. In addition, it is indicated if the organisation is a local or regional branch of national/international organisation

#### 4.2.5 Fundraising Methods - Local and Regional Charities

The indication is that much fundraising effort goes into organising repeat events and cash collections. Working to develop more sustainable and regular income streams, such as regular giving and major gifts, remains largely under exploited.

*Our fundraising is totally dependent really on church gate collections, it's a major part of it. And, it's getting harder and harder to get those volunteers; you find the same people are collecting for loads of other charities*

*Regional Organisation (branch), Cork*

**4.2.6** Volunteers are key to the success of these collections, a number of charities reported that they had ceased public collections or had relinquished church gate allocations because of a lack of volunteers. Events are also an integral income earner for charities, however there was growing wariness amongst larger organisations in relation to their actual revenue value. There was a preference for volunteer organised and operated events such as participation in the mini marathon or sky dives, swims etc. where the charity did not have to provide considerable administrative resources.

*What we have done in the last two years for example, would be the Mini Marathon...last year we raised something like €2,000 for just a few people doing it whereas this year we've raised €5,000, so we're all of the opinion in the office that it's very easy money because literally you just get t-shirts (sponsored) for people and they sign up and we're hoping to increase the number of people who will do that*

*Regional Organisation, Cork*

**4.2.7** Local businesses were an especially important relationship for organisations that did not have a volunteer base to collect funds and organise fundraising events. Quite often, personal local relationships underpinned these donations from business rather than cold calling. Developing corporate fundraising relationships was a concern for a small selection of urban and city based charities. Strategic appointment of board members prominent in the business community was a recent phenomenon for these organisations and

fundraisers were hopeful that their board members would deliver in terms of developing contacts.

*It's hugely important the links with local businesses. I can only speak about my own experiences ... and I have to say I think they just think we're great. I think the local population believes that we're very honourable in all that we do*

*Regional Organisation, Dundalk*

#### 4.2.8 Fundraising Methods - National and International Charities

For national and international charities, corporate donations, public collections and standing orders/direct debit were the most common source of fundraising income. Web based appeals, legacies and major gifts were a relatively minor method of fundraising income. Direct debit arrangements or standing orders are secured by a variety of means; namely face-to-face or door-to-door marketing and direct mail appeals. Face-to-face and standing order/direct debit solicitation were mostly favoured by large scale charities, operating at national and international levels. Though considered costly and often yielding a low return on investment, events were still a popular fundraising method especially for their public relations role. However even where practices are proving less successful than previously, charities are unwilling to explore other or newer fundraising methods, especially where that would mean investing scarce resources; the result is that innovation in fundraising is rare.

*We don't have a huge reserve because all our money goes into either patient support or research. So it is almost a hand to mouth environment to be in. And there isn't a huge amount to invest in fundraising projects*

*National Organisation, Dublin*

#### 4.2.9 Choosing Fundraising Methods: Influential Factors

Cost (both in terms of time and money), return on investment and public relations were the decisive factors for the majority of charities of all sizes. Events such as balls and treks were losing support because of costs and questionable return on investments. Fundraisers were acutely aware of

the public's expectation that fundraising should be cost free, or, at least, that there should be minimal costs associated with fundraising. However, some national and international charities have an explicit return on investment ratio where, for example, they aim for a 4:1 or a 3:1 return on their fundraising investment. For local or regional organisations such ratios are less in evidence, and for them investment in fundraising (i.e. allocating a fundraising budget) proportionately presents a greater challenge and there is almost no evidence of this happening in practice.

*We work on an 80:20 ratio, so for every €1 spent we need to raise €4, that's across all the fundraising activities in a year, within that there would be flexibility to invest in areas that are new and developing versus areas that are cash cows*

*National Organisation, Dublin*

#### 4.2.10 Ethical Influences

Fundraisers expressed few misgivings about corporate donations or corporate sponsorship except in the case of charities working with children and victims of substance abuse who, for example, had policies of not accepting sponsorship from alcohol companies or not holding fundraising events where alcohol was on sale.

Face-to-face solicitation for standing order or direct debit donations were held in low esteem particularly by local and regional organisations who believed that on street solicitation was too pressurising. It was also often the case that the board of directors restricted the development of face-to-face solicitation for ethical reasons as well as financial conservatism.

*Well I think anything that's pressurised I wouldn't agree with, I don't like any kind of pressurised selling of any kind and the same with fundraising, anything that is pressurised I wouldn't be interested in doing it really. I think people have to give of their own free will*

*Regional Organisation (branch), Kilkenny*

*Our Board wouldn't let us do on the-street fundraising, they don't like it, they don't agree with it*

*National Organisation, Dublin*

### 4.3 Fundraising Relationships

This section explores some of the key relationships that fundraisers engage in and considers their significance in relation to the organisation's local/regional or national/international remit.

#### 4.3.1 Introduction

In describing their fundraising practice, fundraisers constantly referred to others on whom they depend to achieve their goals. While fundraisers did not explicitly classify their function as one of managing relationships, it was apparent that in order to fundraise they in fact manage many varied sets of relationships, both external and internal.

The following table outlines the main external and internal relationships that were mentioned.

**Table 4.2: Key Fundraising Relationships**

Internal Relationships	External relationships
Board/Management Committee	Clients/Service Users
Patrons	Donors
CEO/Director	Local Businesses
Volunteers	Corporates
Programme staff	Media (local/national)
Support staff such as Communications, HR, Finance and Administrative staff	Funders (State/statutory funders, trusts)
	An Garda Síochána
	Shopping Centre Managers

#### 4.3.2 Relationships: the Experience of Local and Regional Organisations

Fundraisers in local and regional charities often know many of the organisation's external stakeholders either personally or as members of the local community. As noted in section 4.1.4, local and regional charities are more likely to engage in very direct requests for support (i.e. flag days, cash gate collections, events, draws and lotteries, local business sponsorship, local mail shots, treks and corporate sponsorship). As a result, fundraisers feel significant pressure not to 'over ask' for support when approaching local people for support, whether they are the general public, local business and companies, or to the local media for coverage.

*For an event a month ago I had to get €2,000 worth of prizes and they had to be got in the county from local businesses – because once you go out of the county there's no point. Now I have an event in two weeks time and I need spot prizes and draw prizes, so I have to start all over again, and I can't go back to the same people. So you run out of people very quickly*

*Regional Organisation, Kilkenny*

**4.3.3** Local and regional charities are quite concerned to ensure that the public in their local area are not turned off by excessive and competing requests for support. They endeavor to ensure that this does not happen informally, through a combination of information sharing and local knowledge, and through the auspices of An Garda Síochána who allocate permits for cash collections in the locality.

*You're constantly hitting the same people, so you cannot over-sell yourself. You can only do a certain amount of fundraising in the year and there are only certain times of the year that you can actually fundraise, because if you are out there all the time, the other organisations aren't getting a chance and people get fed up*

*Regional Organisation, Sligo*

*Flag days work OK, but we're running out of options, a lot of time it is the same people that are there all the time. And it's very hard to go back to the same people a second, third or fourth time. They're getting very tired of it, and they're saying – oh, it's you again!*

*Regional Organisation, Kilkenny*

#### **4.3.4 Local Accountability and Communications**

Their known personal association with the charity tended to make the fundraisers feel accountable to their local support base. The fact that money raised locally was spent locally was seen as extremely important and was understood to be the primary motivator for those supporting these organisations. The organisations are fiercely determined that they defend this distinctive dimension.

*What people would identify with is that they know Mrs Murphy's young lad is in our centre, and that's a huge thing for them, they know what we're doing for him*

*National Organisation, Kilkenny*

*People will give to local organisations because they know the people. They will not give to those who come from outside their county; they are very reluctant to do that.*

*Regional Organisation, Sligo*

*Well it's hugely important that you are identified with the locality, we have something to show to people (about) what we do for the local community and how that it is benefiting the local community - very important*

*Local Organisation, Dundalk*

They strive to be accountable by providing evidence of the service they provide (Open Days were mentioned a number of times), by being open to visitors, and through the fact that supporters often personally know the organisations' clients or service users. The role of local media is important in this regard as generally organisations rely on press and radio to communicate their message, as well as to promote their events.

*They know anytime of the day once the Centre is open they can come up to that door and they can ask to go in and see what we do, within reason, respecting other people's dignity and confidentiality, and we never cry shy of that. We frequently have open days again and we would listen to feedback from people. And we are constantly going out into the community looking for input/ feedback or anything else. Not just from the people who are using the Centre but from the people outside of it*

*Regional Organisation, Dundalk*

#### **4.3.5 Relationships: the Experience of National and International Organisations**

The contextual factors and resulting fundraising practices of national and international charities means that there is less likelihood of personal relationships with donors. Frequently, national

and international charities fundraising campaigns were more focused on advertising, direct mail, web, telemarketing and merchandising (the exception to this was face-to-face and door-to-door campaigns). This can be related to a number of factors, including the larger volume of supporters, more incidences of professional staff responsible for delivering aspects of the organisations remit and less staff who are 'all rounders', less reliance on volunteers to deliver fundraising goals and more likelihood of the charity being city based.

#### 4.3.6 Internal Relationships – a Key Resource

Internal relationships, that is, relationships within the organisation, are relatively more important to fundraisers in national and international organisations. Successful fundraising is dependent on an effective communications strategy to make their organisation's work known to the public. Fundraisers rely on programme colleagues for vital support and for information on the organisations remit to assist them in their work. They depend on colleagues in finance and administration functions in their organisations for up-to-date information on donations, and income and expenditure. With larger volumes of transactions this means a certain level of office systems and usually a donor database is in place to record donations and donation history and to provide an audit trail for a multiplicity of transactions.

They need a supportive relationship with the Director/CEO to give them authority in their role within the organisation; they require the Board to invest in a fundraising strategy and assign a fundraising budget. A fundraising budget is fundamental, as the practices and systems being implemented require more expenditure and investment than those of local or regional organisations.

#### 4.3.7 Accountability

National and international organisations also see the requirement for greater transparency and accountability in all their actions, whether in fundraising or service delivery. Charities report an ever-increasing demand for greater transparency and accountability on the part of their donors, clients and

other supporters.<sup>30</sup> Charities readily acknowledge that maintaining public trust and confidence is paramount to their organisations' ongoing success. This in turn requires investment in administration and support systems on the part of organisations. However, generally charities believe that these greater accountability requirements are appropriate and they agree that they should strive to meet and sometimes exceed those minimum requirements.

Generally, national and international charities address accountability through issuing annual reports and audited accounts, and newsletters to their supporters.

*We are so paranoid about losing trust that we're putting systems in place to make sure that if we are questioned on anything that we can back it up*

*International Organisation, Dublin*

#### 4.4 The Fundraising Environment – Practitioner Perspectives

This section presents an overview of what practitioners see as the overarching influences, issues and challenges operating in the fundraising environment. Table 4.3 summarises these influences using a classification of the four major environmental dynamics affecting fundraising organisations, namely: (a) the intensity of competition in fundraising, (b) the likelihood of new entrants, (c) the influence of clients, users, beneficiaries and (d) the influence of suppliers (funders, donors, volunteers, government).

<sup>30</sup> Although the terms 'transparency' and 'accountability' were referred to interchangeably in Focus Group discussions, they have different meanings. Accountability is defined as 'answering for one's behaviour' including to the public at large, while Transparency refers to 'the provision of information about the organisation's board, managers, employees, volunteers, and members'. From Anheier, H.K., *Nonprofit Organisations; theory, management, policy* (2005). Routledge, New York

**Table 4.3: Summary of Key Environmental Dynamics<sup>31</sup>**

<p>(1) The intensity of competition in fundraising</p> <ul style="list-style-type: none"> <li>• There are a very small number of large national organisations, and a vast number of smaller sized organisations fundraising from the public</li> <li>• There is a strong sense of ever increasing competition</li> <li>• There is a growing drive towards greater professionalism in fundraising</li> <li>• The costs of fundraising are increasing</li> <li>• Organisations compete for volunteers as well as for funds</li> </ul> <p>(2) <b>The likelihood of new entrants</b></p> <ul style="list-style-type: none"> <li>• New organisations are forming on an ongoing basis, whether indigenous organisations, international organisations opening operations in Ireland or new (immigrant) communities forming organisations</li> <li>• There is no policy or regulation heretofore to mediate the establishment of new organisations</li> </ul> <p>(3) <b>The influence of clients, users, beneficiaries</b></p> <ul style="list-style-type: none"> <li>• There is a growing emergence of a rights based culture, whereby access to services is seen as a right and not as charity. It is now assumed that service users have a right to certain minimum standards of performance.</li> <li>• Charities face an ongoing demand for more services</li> <li>• There is an increasing demand for accountability and transparency in service delivery and in fundraising</li> </ul> <p>(4) <b>The influence of funders, donors, volunteers, government</b></p> <ul style="list-style-type: none"> <li>• State/statutory agencies set high standards for accountability and organisations are required to be separately accountable to many different State funders – resulting in highly bureaucratic accountability systems and considerable duplication of reporting</li> <li>• There are frequent incidences of ongoing, short term statutory funding</li> <li>• There is high reliance by some organisations on public fundraising to deliver core programme work and some organisations are heavily reliant on public fundraising to make up the funding shortfall and to raise funds that can be used more flexibly</li> <li>• There is an increasing demand for quality services and for accountability and transparency from donors, funders and from the State</li> <li>• The public expectation is that there should be little or no costs associated with fundraising</li> <li>• There is decreasing amount of available volunteer time</li> </ul>
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#### 4.4.1 Increasing Competition and Increasing Expectations

Almost all charities see the fundraising environment becoming increasingly competitive. This derives from a number of factors, including the fact that new organisations are entering the field all the time, thus making it harder to make organisational voices heard and thereby achieving the required level of fundraising income. In addition, it is widely apparent that expectations of fundraisers are greater than ever and that fundraising is required to deliver an increasing level of return every year.

*The only target we'd have is that we'd be trying to improve on the previous year*

*Regional Organisation, Cork*

*There is a pressure on fundraisers, it gets worrying if we miss a target, it isn't as if you get your P45, but...in order for us to continue our expansion, yes, we do need to fundraise otherwise we would stop growing and that would be disastrous because there is a huge amount of money needed to undertake this research programme and that's our ultimate goal*

*National Organisation, Dublin*

*Our target is effectively set over a five year period based on the strategy and that target increases 10 per cent annually based on the previous year's target rather than on the previous year's income*

*National Organisation, Cork*

#### 4.4.2. Increasing Costs versus Public Expectations

There is a widely held view that fundraising is becoming more expensive due to increasing costs of time, materials, advertising, insurance, reporting and accounting. As costs are rising so too are donors' expectations – where in the past less expensive prizes or less sophisticated events were acceptable, increasingly this is no longer the case and greater efforts have to go into designing events that are attractive in their own right, as they are increasingly less likely to be supported just because they are for a 'good cause'.

Coupled with rising costs are public expectations of fundraising costs (i.e. that it should be cost free). In some cases public disdain for fundraising

<sup>31</sup> This framework is adapted from Porter's Five Forces Framework. See Porter, M.E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, New York, Free Press.

costs may hinder an organisation's investment in fundraising. As noted in Section 4.1.8, some national and international charities have an explicit return on investment such as a 4:1 ratio of return on their fundraising investment.

Allied to this there is a view that it is harder to recruit volunteer fundraisers than in the past – and a view that there is decreasing amount of available volunteer time and people have less inclination to volunteer, or that they volunteer for defined tasks and not on an ongoing basis. This change impacts more on local and regional organisations who are more reliant on volunteers as a key resource to deliver their fundraising strategy.

*The days of people giving their time for nothing are fast coming to an end. And if that happens you're then going to have to employ people to do professional fundraising for our organisations and if that happens you are going to need more money and if that happens the government are going to have to fund you more. Therefore, the whole purpose of fundraising and people giving of their time is going to be a dying thing in Ireland*

*Local Organisation (branch), Sligo*

*I think nationally there's never been as much money being given to causes. But now we are all out there looking for more and more because the services are more expensive now*

*Local Organisation, Dundalk*

*Another thing that has happened in relation to the National Lottery and people's perception of value. There was a time when somebody who won a car in the community, that was a big prize and now if they win €100,000 or €250,000, they'll say – is that all? The problem is that expectations have got so high*

*Local Organisation, Dundalk*

*We haven't got the manpower for flag days any more*

*Regional Organisation, Dundalk*

#### **4.4.3 A Lack of Long Term Strategic Investment**

Section 4.1.4 reports that much fundraising effort goes into organising repeat events and cash collections. In the case of many organisations, particularly local and regional charities, there is relatively minor effort put into generating income streams such as regular committed giving, large gifts and legacies. Even when practices are proving less successful than previously, charities seem unwilling to explore alternative fundraising methods, especially if this would mean investing financial resources. The result is that innovation in fundraising is rare, and the level of investment in fundraising appears to be quite low.

*I would think that there is a direct relationship between the conservatism of a Board and an organisation that is willing to take risks, and most Boards are pretty conservative*

*International Organisation, Dublin*

*A lot of organisations have this year-on-year mentality - that you set your budget and raise it in the year (or you don't raise it in the year), and this disallows forward thinking*

*International Organisation, Dublin*

*We don't have a huge reserve because all our money goes into either patient support or research. So it is almost a hand to mouth environment to be in. And there isn't a huge amount to invest in fundraising projects*

*National Organisation, Dublin*

Reliance on fundraising to cover a proportion of core operational costs was common, with some organisations relying 100 per cent on fundraising to run the charity. However despite the importance of fundraising to some organisations, there appear to be few efforts by local and regional charities to develop fundraising strategies that are geared towards achieving longer-term support and which move away from a year-on-year approach. While there is an awareness that such an approach would be advantageous, resource constraints and lack of expertise seem to militate against organisations breaking out of an annual fundraising cycle and adopting a more strategic approach.

*Our fundraising targets are based on the expected shortfalls in our annual programme*

*Local Organisation, Galway*

*At the moment the way it works .... is that we look at how much it cost to run the organisation last year, at how much we got from the various sources .... We compare year on year and look at inflation and then we'd say this is how much it's going to cost to run the organisation in 2007, and we get our accountants to work with us on that and then we say ok, this is where we need to be at*

*Regional Organisation, Cork*

Only a minor number of charities (and mostly international charities) had developed three to five year fundraising strategies that were intertwined with the overall development and strategy of the organisation. Most charities survive on a year-to-year basis, both from public fundraising and from other funding sources. Alongside low levels of investment, there is little evidence of building reserves, and in fact when there are reserves these can be viewed negatively.

*We might be victims of our own success insofar as we do raise a lot of money but then we've a lot of capital projects down the way and we want to put the money in for that. But the Health Board, or whatever you call them nowadays, looks at our accounts and says you don't need money; you've got all this money. So the sooner we spend our money on the capital, the better. We're being penalised for putting away a little bit of money - they see it as us not needing the funding.*

*Regional Organisation, Sligo*

#### **4.4.4. A Lack of Supports for Fundraisers**

In local and regional organisations staff (whether voluntary or paid) are often responsible for fundraising together with other pressing service delivery responsibilities. They generally have no training or education in fundraising methodologies, nor do they have access to any support networks. This leaves people carrying weighty responsibilities and with little access to practical support.

Role isolation applies also to fundraisers in national and international organisations, for while they are less likely to be the sole fundraiser in their organisation, they are more likely to specialise in particular fundraising methods.

Fundraisers in a range of organisations expressed a desire for training in fundraising methodologies and for the opportunity to network with others in similar roles. In fact, the discussions at the Focus Groups frequently provided an opportunity for people to hear about practice in other organisations and to gather information that they considered useful to bring back to their own organisation.

*I had a look for fundraising courses – for any kind of fundraising training really, and what's available in Ireland is very limited. I work on my own and it would be good to have that support*

*National Organisation, Sligo*

*The lack of professional development opportunity is something I've noticed as well, amongst my age group of people who are working as fundraisers find that there aren't many courses they can do*

*International Organisation, Dublin*

Apart from not having an opportunity to network and share best practice, the challenge of meeting the dual requirements of service delivery and of fundraising is not well served especially when people are carrying onerous workloads in a number of areas. People in charities feel their responsibilities keenly and are constantly aware that there is always more they could do if the resources were available.

*The big issue for me is that my job is exceptionally busy without fundraising. A lot of my fundraising is done in the evening time because we don't have time to do it in the day – I have a Centre to run, a training service to run, a respite service to run... So time is a big issue for me and recording everything as it should be*

*Regional Organisation, Kilkenny*

#### 4.4.5 Fundraising Coordination

Local and regional charities were very anxious for an effective coordination mechanism to help militate against over exploiting fundraising opportunities consequently turning the public off when they experience too many competing requests. They see that local equilibrium being undermined by national/international organisations that are legitimately fundraising in local areas, where there is no requirement for permits and no coordination requirement.

*I really have a problem with national organisations coming in where people in this area have gone to great trouble to organise an event for their area, to support their area, and ... they can just wander in and do what they want on the day, which completely destroys our efforts*

*Regional Organisation, Sligo*

This is less of an issue for national and international charities whose fundraising practices are less personally organised. There is a coordination system between those charities that fundraise through direct recruitment or face-to-face fundraising, which serves to mediate the number of charities carrying out that direct recruitment at any time in all locations.<sup>32</sup> This is done by mutual agreement between the charities concerned so as to ensure that the public is not excessively importuned.

#### 4.4.6 Funding for 'Core' Services

A number of charities, especially in the health and social services sectors, believe that they should not have to fundraise for core operational costs. While they are often the recipients of statutory funding, this is usually on a short-term basis and therefore every year sees significant organisational efforts going into funding applications and reporting requirements for ongoing work programmes.

On the other hand, organisations are constantly under pressure to increase their services and are very

conscious of not wanting to let people down by not providing services due to of lack of funds. Charities try and address this dilemma by fundraising to meet those core costs. However, they hold a strong belief that they should not have to fundraise for what they consider to be core operational costs.

*When people get better off in a country they don't seem to think the charities need money so much because they seem to think that everything is well off. So we have to work even harder*

*Regional Organisation, Sligo*

*I believe that this is a wealthy country now and we shouldn't need to be fundraising*

*Regional Organisation, Kilkenny*

*What we would like to see is the HSE actually take over funding so we wouldn't have to fundraise*

*Regional Organisation, Sligo*

*Why is there a need for so much voluntary fundraising efforts when the efforts could be used better - instead you could be putting the money raised to add to what you already do - you could have money for different things that are needed that we haven't got*

*Regional Organisation, Sligo*

*We've proven to them (statutory funders) over the years that our services, when given at the right time .... cuts down on the revolving door of the Health Service.... and yet the Health Service will not improve funding and have not improved funding in years*

*Regional Organisation, Dundalk*

### 4.5 Future Directions in Fundraising Practice

This section looks at some of the key trends in fundraising practice, and identifies some resulting implications for fundraising charities.

#### 4.5.1 More Focus on Committed Giving

One of the most significant trends underway in fundraising, mainly in relation to national and

<sup>32</sup> Direct recruitment or face-to-face fundraising solicits donors to commit to regular donations, via direct debit, standing order or credit card. As a result, charities can plan their ongoing programme work over a number of years based on projected income levels. See [www.iffdr.org](http://www.iffdr.org) for further information.

international charities, is a concentrated drive towards achieving more regular or committed donors rather than once off or sporadic support. This is manifest in the increasing investment in face-to-face or direct recruitment fundraising in public places, which solicits committed or regular donors. Similarly, some organisations are seeking major gifts from high wealth individuals or major donors.

*I have heard the view that face-to-face fundraising will have a limited life span; however, I'm not convinced. Equally others are saying this is another form of fundraising, and it could have as long a life as street collections which are still ongoing. I think the question is not about whether face-to-face will decline, it's about how well it's managed and how well it's implemented, I think the future will be about managing those relationships with integrity*

*International Organisation, Dublin*

Because building those closer, more committed relationships (with major donors, corporate partnerships, and committed givers) requires a considerable investment of time and money, local and regional charities are less likely to pursue this type of regular support.

#### **4.5.2 Evolving Corporate Relationships**

Another trend is that corporate support is less often through sponsorship or donations; now companies are seeking to deliver value for their company through their charitable association, whether through linking their brands to the charity (Cause Related Marketing) or through staff involvement in community projects. More businesses are adopting Corporate Social Responsibility (CSR) strategies, where companies are moving beyond a legal compliance base to integrating socially responsible behaviour into their core values, in recognition of the sound business benefits in doing so. These strategies have caused businesses to turn to the nonprofit sector to form links to achieve these ends.

Such closer relationships with donors bring their own challenges; the closer donors are to the charity the greater influence they may wish to exert. The test in the relationship will be in working together to meet the dual

interests of the charity and of the donor.

*For major and corporate donors I think one of the factors is that just as the charities need to be careful about being too dependent on government funding and effectively becoming service providers where government can call the tune, I think the same argument applies to corporates and major donors - if you get too close to these people they may feel they can influence what you do. I think that's something that has to be borne in mind, how to work with them without being compromised in your mission and your vision*

*International Organisation, Dublin*

#### **4.5.3 Increasing Professionalism in Fundraising**

Many local and regional charities see the 'professionalism' of their fundraising activities as essential in order to succeed in the future. They believe that it will not be practical for fundraising to be added on to other responsibilities but instead it will be a defined role in its own right, staffed by people with specific knowledge and experience of fundraising.

National and international organisations, who are already more professional in their approach to fundraising, generally see themselves expanding their fundraising efforts, and see increasing professionalism and investment in fundraising as the route to achieving more sustainable income streams. Most of the organisations mentioned the importance of seeking longer-term support as a priority, although some conceded that they have not yet given this area the attention it merits.

*I think we have been through a period of change over the last few years in the sense of getting more professional, greater direct marketing, and on street fundraising, door-to-door*

*National Organisation, Dublin*

An augmented investment in fundraising will mean increased fundraising costs, and probably a reduced reliance on volunteer led fundraising.

*I think the days of people giving their time for nothing is fast coming to an end. And if that happens then you're going to have to employ people to do professional fundraising for your organisations and if that happens you are going to need more money and if that happens the government are going to have to fund you more*

*Regional Organisation, Sligo*

**4.5.4** Whilst it is likely that there be an increased demand for professional fundraisers in the future, there are considerable barriers to building a cadre of fundraising professionals to meet that expected demand. Charities currently employing professional fundraising staff already report a genuine challenge in recruiting staff with the required level of competency and experience.

*We have certainly faced the recruitment challenge over the last three or four years. To give a specific example, when we were recruiting a Direct Marketing Manager recently we advertised nationally and we had only two responses that actually met the minimum criteria which were five years experience and a relevant degree*

*International Organisation, Dublin*

**4.5.5** Despite the fact that there is a good supply of training and development courses available, there are limited opportunities for professional fundraisers to develop their competencies through accredited educational courses. There are also limited opportunities for fundraisers to network and share best practice.

There is a wider view that fundraising as a profession is generally not understood, and that by and large professional fundraising is held in low esteem as an occupation, particularly compared with volunteer led fundraising. There are few structures in place to promote a general understanding of fundraising as a practice and as a profession.

*It was never something that was offered on career day, and some of my friends still think I'll get a proper job some day*

*National Organisation, Dublin*

*I have one friend ... she was working in fundraising for a few years and she's not coming back to it because she's done a post grad in Communications and PR, she's done management courses and she can't find any other courses to do, so she's saying, well if this is how I feel when I'm 25, getting frustrated with the lack of places I can go, what does the future hold?*

*International Organisation, Dublin*

Considering the scarcity of educational development opportunities for fundraisers, the increasing demand for qualified people to work in the field of professional fundraising, combined with what are at least ambivalent attitudes towards fundraising as a profession, the indications are that there is the potential for a future crisis in the supply of qualified staff and a high level of competition to recruit those people who can lead and implement fundraising strategies in the future.

#### **4.5.6 Transparency and Accountability**

Charities report that their supporters are seeking higher and higher quality information and superior feedback about how their donations are utilised. This applies to individual, corporate, major donor, or community fundraising. Very often people are seeking special projects that they can sponsor – essentially ring fencing their support to very specific uses. The implication for charities is clear – supporters want to be more involved, and at the same time they are more demanding of the organisation in terms of accountability.

*Generally speaking, it's a more mature market, as it is in the commercial world. I think people's expectations and demands for environmentally friendly goods and ethically sourced goods, and for quality are increasing, there are a whole lot of factors that indicates that the donor is more discerning, more discriminating*

*International Organisation, Dublin*

*Groups like to know they have sponsored something. Initially I began to wonder did they not trust where the money was going, but I think that it's a pride that they have, like this particular company, the staff fundraised and*

*they put in the telephone system and we put up a plaque for them. And every time I meet them they ask me how are the phones going? And I think they have a sense of pride more than anything else*

*Regional Organisation, Dundalk*

This trend has significant ramifications for charities; firstly in reducing the amount of unrestricted funds that are available, and secondly, it requires charities to devote more resources to supply a more substantial and personalised response to the donor.

**4.5.7** Charities recognise that public trust and confidence is paramount to their existence and to their future success. The challenge is to maintain those current levels of trust and to continue to develop ways to be appropriately accountable to donors. It is difficult to achieve a common understanding of what constitutes appropriate levels of transparency and accountability. Achieving a balance is also important - even if definitions are in place, each charity is unique and contingency factors will suggest what is appropriate and what is not.

Regulation can potentially assist charities to develop systems that can meet the enhanced transparency and accountability demands. However, charities are wary that forthcoming regulation will hinder rather than add value to their efforts in that it may add another layer of bureaucracy without bringing them any value. Charities are likely to be on a steep learning curve in the next period as they respond to regulation and engage with the Regulator around devising and implementing Codes of Practice.

*I think the sector has to respond to regulation by being as transparent as possible but also by educating the public more and more about the realities of fundraising in Ireland, that there are real costs attached to that, the days of highlighting two per cent admin costs are fast going to disappear, I think the change will be being honest about the cost of fundraising*

*International Organisation, Dublin*

The media also drive the demand for accountability and act as proxies for the public in their scrutiny of charities and their fundraising efforts.

The probability is that they will continue to challenge the charity sector more and more.

#### **4.5.8 Structural Changes in the Sector**

Given their greater personnel and financial resources available for commitment to fundraising the larger charities are relatively well placed to continue to be successful in their fundraising strategies. In order to survive, smaller charities may have to carve out a niche and build networks. A trend that may emerge is actual mergers of complementary charities, or likeminded charities forming alliances to jointly advocate or to fundraise.

Alliances for fundraising purposes exist in other countries (for example, the Disasters Emergency Committee in the UK), where international disasters response organisations have an agreement to launch joint fundraising appeals at the time of disaster or emergency, and during the period of the appeal the charity does not publicly fundraise in their own right.<sup>33</sup> In Ireland there is a recent formation of ‘Legacy Promotion Ireland’ initiative, which is a joint project between thirty charities to promote charitable legacy giving in Ireland.<sup>34</sup>

International organisations are forming alliances or ‘families’ of like-minded organisations, to allow them share best practice, achieve greater geographical spread, and to approach international donors and institutions (such as the UN or the EU) on a combined basis.<sup>35</sup> This gives them the opportunity to act both locally (or nationally) and globally, thereby meeting local requirements as well as gaining advantage through shared resources and economies of scale.

There is potential for similar alliances in other sectors with transnational dimensions, such as global health or advocacy, as recently exemplified by the Make Poverty History campaign.<sup>36</sup> This same model can apply at national or regional level, where a national umbrella organisation acts at the national level while branches act locally.

33 For information on the UK Disasters Emergency Committee see [www.dec.org.uk](http://www.dec.org.uk)

34 For information on Legacy Promotion Ireland see [www.legacypromotion.ie](http://www.legacypromotion.ie)

35 For an example see [www.alliance2015.org](http://www.alliance2015.org)

36 For information on the Make Poverty History campaign see [www.makepovertyhistory.ie](http://www.makepovertyhistory.ie)

## 4.6 The Proposal for Voluntary Codes of Practice

As the detail of Codes of Practice and regulation was as yet unknown, it was difficult for Focus Group participants to give comprehensive responses to their possible implications. However, some key issues did emerge about the likely impact of Codes.<sup>37</sup>

**4.6.1** Local and regional charities are concerned that their particular perspectives are adequately taken into account when devising Codes and regulation in general. This stems from an anxiety that due to their greater capacity to engage and influence, national and international organisations might dominate the debate to the detriment of local and regional organisations.

*We'd be worried ... that these national groups are the ones that have the say in this more so and they are not doing the groundwork like we do all of the country and all of a sudden these national ones would be the ones having the say*

*Regional Organisation, Sligo*

There is a general concern that the Codes and regulation should not add another bureaucratic layer to those already in place, but rather that it should take account of existing systems and not duplicate them.

**4.6.2** There is a broad desire that the process of ensuring compliance (where the focus is on ticking the right boxes) does not become more important than accountability to the public.

*So really they need to tread very carefully on how they are going to lay down the Codes of Practice on how small organisations in particular are going to be able to survive. Big organisations will always survive because they have plenty of money to employ people, professional people to do it, but little companies.....*

*Regional Organisation, Sligo*

*I think the government are right in the sense to make this a legal document but at the same time I think they would want to be very careful on*

<sup>37</sup> While this research project was initiated in relation to the development of Codes of Practice for Fundraising, it is difficult to separate Codes from the overall regulatory context within which Codes will be placed.

*how they go about doing it for the simple reason that if you put too much pressure on an organisation it can fall asunder because it doesn't have the resources that would require to have all this admin done. I think they need to balance that*

*Regional Organisation, Sligo*

**4.6.3** There is a concern, particularly among local and regional charities, that the Codes and regulation do not impact on the spirit of volunteerism by introducing requirements so onerous they are off-putting to those who volunteer. This concern applied in particular to those volunteers on Boards or Management Committees who are ultimately responsible for compliance. The approach to regulation should ensure that the volunteering ethos which is central to many organisations is not undermined.

**4.6.4** Focus Group participants stated a desire for practitioner involvement in the development of Codes, as well as a need for ongoing dialogue between practitioners and the Regulator to create useful and dynamic Codes. However, there is also caution among the smaller organisations as to whether organisations have the resource capacity to be actively involved in such a process.

*One of the problems is that we're all very busy doing our day jobs to get involved with this and that could cause problems in the beginning in the sense of who is going to invest a lot of time and effort into contributing to this and how are they going to be able to do it along with everything else*

*National Organisation, Dublin*

Insofar as regulation and accountability are linked, for national and international charities, regulation and a seal of approval would be valuable as it could serve as an independent 'stamp of approval' for the efficacy of the charity's work, and could be used in their communications with supporters.

*Regulation could be very useful when applying for corporate funding and seeking grants, just to be able to say that we comply with these standards, it should make it a lot easier*

*National Organisation, Dublin*

**4.6.5** Notwithstanding that charities are willing to be accountable and transparent; there is an overwhelming concern that the forthcoming regulation takes into account the multiplicity of reporting requirements that already exists, and that it does not add yet another layer of bureaucracy in its own right. Their hope is that regulation and Codes of Practice should aim to streamline rather than add further administrative burdens.

*Regulation is something that fundraisers have been looking for for a long time and I welcome it wholeheartedly. Yes, it could potentially cause problems but it is up to us as adults to ensure that that doesn't happen*

*National Organisation, Dublin*

## SECTION 5 REFLECTION AND ANALYSIS

### 5.0 SUMMARY

This section offers an interpretation of the findings and outlines potential implications for the fundraising sector. Analysis suggests that the fundraising field is populated by a large number of local and regional charities, whose fundraising efforts typically are part time, and a relatively small group of national and international charities which typically have full-time fundraising teams. Private giving is generally entrenched at the level of once-off donations and there has only been moderate development in regular committed giving to national and international charities.

Furthermore, there has not been any notable expansion in the extent of large gifts and legacies. Longer-term organisational security and growth would benefit greatly from the development of committed giving, large gifts and legacies but fundraisers in Ireland lack educational and training opportunities to learn new skills in order to develop these areas of fundraising. This situation contrasts with the experience of UK and US, where fundraisers are assisted by an educational and training infrastructure, which provides expertise, educational opportunities and support through professional fundraising associations.

Given the competitive dynamics of the fundraising environment, it is possible that in the future there will be:

- increasing disparity between small local/regional and large national/international charities in terms of skills, capacity and growth
- increasing pressure on medium-sized organisations to enhance the investment and the scale of their fundraising efforts or reduce their organisational goals
- increasing likelihood of collaboration between medium and smaller organisations to develop efficacy in fundraising.

The introduction of regulatory procedures and Codes of Practice in a fundraising environment characterised by resource disparities should take into consideration the fact that regulation may impose a considerable bureaucratic burden on smaller organisations without offering any particular advantage to them. This cautionary note is made in the context of the personal nature of their relationships with their donor public where regulation may be regarded as a constraint on these relationships. Larger organisations, on the

other hand, are better equipped to absorb another bureaucratic demand and regulation may offer a public relations advantage among a donor public with which they have relatively formal relationships. Reporting requirements and regulation obligations, therefore, might be more effective if linked to organisational capacity, measured in terms of overall income. In this scenario, a threshold system, which acknowledges the reality that 60 per cent of organisations have incomes of less than €21,000 from public fundraising would be appropriate.

#### 5.1 Introduction

The following section attempts to thread a particular story through the information provided in the previous four sections. As such, this section departs from the articulation of findings and moves to the presentation of an interpretation. As with any such interpretation, it involves selectivity of information and simplification of complexity. This, of course, is done with a purpose. In this instance it is to support a consideration of voluntary Codes of Fundraising Practice for the population of Irish fundraising organisations.

#### 5.2 Imaging the Field of Fundraising Organisations

The information detailed in Section 3 of this report enables the construction of a basic image of the field of fundraising organisations in Ireland in terms of size, geographical remit and distribution and broad area of activities. What emerges from a consideration of Section 3 is a picture of a field of organisations with considerable variation in size in terms of fundraising capacity. While the average amount raised from private sources (individual and corporate) was €210,267, the majority of organisations (80%) fundraised an average of €71,000 or less per annum. Indeed some 50 per

cent raised an average of €13,000 or less per annum (see Table 3.13). In terms of geographical remit 66.4 per cent of fundraising organisations describe a local or regional remit, while the other 33.6 per cent have a national or international remit (see Section 3.2.4 above). Organisations with a local/regional remit report an average of €78,321 raised through fundraising, a figure substantially smaller than €210,267 which was the average amount raised by the organisational population as a whole (see Section 3.5, Figure 3.4 above).

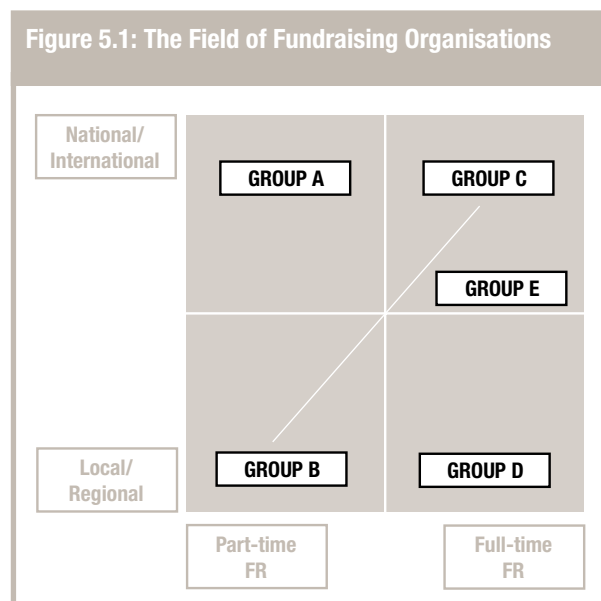
**5.2.1** Findings from the Focus Group discussions suggested the larger fundraising organisations tended to employ fulltime ‘professional’ fundraising employees. On the other hand, in the smaller fundraising organisations the task of fundraising was more likely to fall to a multi-tasking manager supported by voluntary effort. While we do not have figures for the employment of fulltime fundraisers, we suggest that it is reasonable to posit that organisations raising less than €201,273 per annum are unlikely to be in a position to employ fulltime fundraisers. Only 10 per cent of fundraising organisations reported income of €201,273 or more per annum (Table 3.13).

**5.2.2** If we consider the field of fundraising organisations in terms of these two dimensions of (a) geographical remit and of (b) private funds raised per annum we may outline five distinct organisational groups as outlined in Table 5.1.

**Table 5.1: Five Organisational Groups**

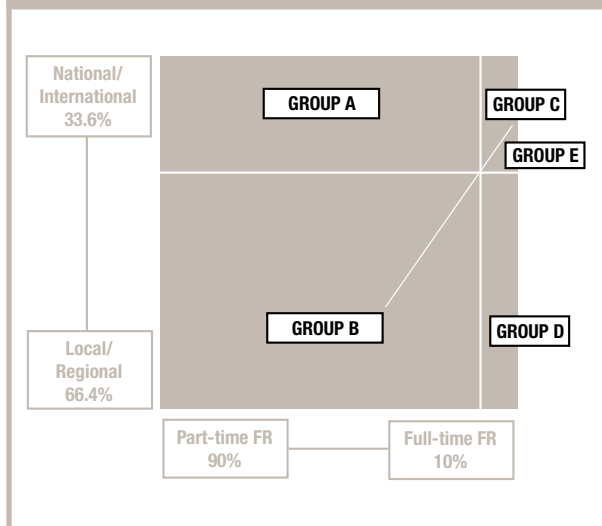
Group A	Has a national/international remit and a part-time fundraising effort
Group B	Has a local/regional remit and a part-time fundraising effort
Group C	Has a national/international remit and a full-time fundraising effort
Group D	Has a local/regional remit and a full-time fundraising effort
Group E	Operates to a national remit but organises its fundraising on a local/regional basis, supported by a central campaign management from the national office. Organisations pursuing this approach may be understood as integrating the approach of Group C and Group B

This breakdown can be represented as follows:



**5.2.3** While we do not have the information to identify the exact numbers of organisations occupying each of these fields because it has not been possible to profile a nationally representative sample of fundraising personnel, we do know the relative division in each of the two dimensions. From Section 3.2.4 we note that 33.6 per cent of organisations have a national/international remit while 66.4 per cent have a local/regional remit. While we do not know the division between part-time and full-time fundraisers, we posit that only those fundraising organisations raising more than €210,273 per annum are likely to employ a full-time approach to fundraising (see Section 5.2.1). This group amounts to 10 per cent of fundraising organisations (see Table 3.13). When these two dimensions of remit and income are figuratively overlaid one on the other we get the following proportions.

**Figure 5.2: Estimation of the Relative Size of the Number of Organisations in each Field**



### 5.3 Life in the Field

The organisational and fundraising experiences related in the Focus Groups and individual interviews offer a snapshot of life in these five fields. Quite distinct experiences were recounted depending on the nature of the geographical remit and the scale of the fundraising effort. Although these two dimensions have unique characteristics they are inter-linked insofar as the approach to fundraising appears to be impacted similarly by both dimensions.

**5.3.1** Where the organisation’s remit is local/ regional this is an important factor in the nature of the fundraising ‘ask’. The fundraising ‘ask’ is partly based on ties of community. Donor trust and approach to organisational accountability is personally and experientially based. The corollary of the personal nature of the gift relationship is reflected in reluctance on the part of fundraisers to ‘over-ask’. Similarly where the scale of fundraising is small and/or part-time the tendency is to utilise routine events or methods directed towards a particular donor population. Again, personal relationships play an important role. Hence small organisations with a national or international remit may also utilise an approach to fundraising based on routine or annual methods or events promoted and support via personal relationships. While such organisations have a large geographical remit they may be appealing to a relatively small and specific community of interest.

**5.3.2** Where the organisation’s remit is national/ international the relative importance of the ties of local community are reduced. Donor trust and approach to organisational accountability is information and reputation based. The nature of the cause and the tactic of the ask increase in importance as a component of the gift relationship. Similarly, where the scale of the fundraising effort is increased and where this is reflected in an increase in the number of donors, the personal nature of the gift relationship is decreased. In this scenario, full-time fundraising efforts tend to the utilisation of a variety of fundraising methods across a range of donor populations.

**5.3.3** It may be suggested then that these dimensions interplay in such a way as to create relatively distinct fundraising experiences. One is small in scale, local and personalised, operated as one aspect of a work brief, supported by voluntary effort, based on community (geographical or community of interest) networking. Accountability is via personal trust and in-sight evidence. Investment in and development of fundraising practice is low or non-existent. Annual routines and reacting to opportunities predominate. Fundraising is viewed as a “necessary evil”.

The other fundraising experience is of a larger scale, depersonalised, professionalised task of fulltime fundraisers, based on articulated case statements, distinct strategies and method utilisation. Accountability is information based via annual reports and other publicised information. Investment in and development of fundraising practice is high and on-going. Fundraising planning is linked to the overall organisational development plan. Fundraising is seen as important driver of organisational performance.

### 5.3.4 Growth within and between sub-fields

It is evident from the findings identified in Section 3.5 above that the organisational experience within these sub-fields has been different in the three years prior to the Mapping Survey. Those in the top 10 per cent of fundraising organisations are more likely to have reported an increase in income, employee and volunteer numbers than that reported for the fundraising population as a whole. This may point to an ongoing process of concentration of fundraised income within a relatively small number of large scale professionalised fundraising organisations.

**5.3.5** It needs to be recognised that organisational growth is not a necessary or desirable goal of all or any fundraising organisation. Small-scale, part-time fundraising efforts may be perfectly appropriate to a given organisation. However in an environment with an increasing expectation of the provision of quality services, income growth may become a necessary requirement. While the organisational aim to provide these and the beneficiary demand for such quality services may be felt across the whole field, it may be particularly onerous for Group A organisations, that is those with a national/international remit and small-scale, part-time fundraising effort. The challenge for organisations in Groups A and B who wish to move to Groups C and D respectively is substantial in that it requires bringing the organisation to a quite distinct fundraising position. Hence, it is not simply a task of developing the fundraising capacity but of fundamentally reorienting the organisation. Such a transition demands substantial organisational leadership capacity.

#### 5.4 Issues and Challenges

As outlined in Section 2 of this report, individual giving in Ireland does not seem to have grown in line with increasing economic prosperity of the country. Propensity for giving in any context is likely to be a function of multiple contextual (economic, legislative, fiscal, values, culture etc.) and personal (income, past practice, linkage to cause, person asking, method of giving, etc.) variables. The Irish information available in this regard is very limited and dated. Nonetheless, it may be appropriate to consider the degree to which the fundraising environment and the practice of fundraising serve to advance or to hinder the growth of personal giving in Ireland.

##### 5.4.1 Investment in the Development of Fundraising Practice

The Fundraising Pyramid in Figure 5.3 outlines the various levels of commitment to an organisation that can be expressed through financial support. A sustainable fundraising strategy will usually take care to include activities to attract new supporters, as well as to maintain and develop existing donors.

The most successful strategy will attempt to move people from Level 1 to Level 5 of the Pyramid; that is to develop the donor's level of commitment to the organisation. This requires a concerted investment on the part of the charity to develop

those key relationships with donors and to ensure that the supporter becomes committed to the organisation based on a real understanding of what the organisation is achieving. Such an investment may not be possible, especially in smaller, local organisations, due to limited resources.

Figure 5.3: The Fundraising Pyramid



**5.4.2** The indication is that the majority of fundraising activity in local and regional organisations is focused on many one off events and direct appeals repeated on an ongoing basis. This would place their activity at pre-Level 1, Level 1 and Level 2 of the Fundraising Pyramid. Due to their local profile and association they may also receive Legacy income (Level 5). These organisations rarely have a predictable fundraising income pattern and are constantly under pressure to survive. A reluctance to invest in the development of fundraising practice was reported in the Focus Groups. Such a position was sometimes justified in terms of an appeal to a State responsibility for the funding of service provision.

National and international charities will also have activity at Levels 1 and 2; however more of them are focusing on attracting committed givers in order to create a more predictable income flow. Those organisations are also more likely to pursue major gifts and multi-annual corporate partnerships as

sources of substantial regular income. This would place some of their activity at Level 3 and Level 4 of the Fundraising Pyramid. Due to their national profile they may also receive Legacy income (Level 5).

Notwithstanding the efforts of some organisations to attract committed givers, for the most part, very little activity is taking place at the three higher levels of the Pyramid. This means that much fundraising practice is not generating longer-term support, while it is utilising a high level of resources.

### 5.4.3 Infrastructure for the Development of Fundraising Practice

Fundraisers frequently reported that the support they most valued is networking with other fundraisers – many are working as sole fundraisers in their organisation and do not have peer support. The other resource valued by fundraisers is the opportunity to learn new skills and share best practice, whether by means of training or education. These views reflect similar findings reported by The Ireland Funds report.<sup>38</sup> While there are a number of training opportunities for fundraisers in Ireland, the opportunity to avail of accredited education courses in Ireland remains limited.<sup>39</sup> The Fundraising Institute of Ireland, which ceased operations in 2000, was valued both for the opportunity for fundraisers to network and to share experiences, and also because it promoted the sense of a professional and coherent sector. Since its demise, no organisation fulfils a comparable networking and information-sharing role.

5.4.4 With regard to supporting infrastructure, the operating environments for fundraising professionals in the UK and elsewhere are notably different to that which currently pertains in the Republic of Ireland.

In the UK in May 2006 a new ministry, the Office of the Third Sector was instituted, and a Minister appointed. This was stated to be in recognition of the importance of the sector to both UK society and the economy.<sup>40</sup> Also in the UK, there are a number of organisations that offer support, information and networking opportunities for fundraisers and charities. In addition there are a number of

organisations dedicated to supporting the donor public, making them aware of the best questions to ask of charities, and of how to be an effective donor.

5.4.5 The Institute of Fundraising (IoF) is the UK's professional body for fundraisers and works to develop and promote excellence in fundraising practice.<sup>41</sup> The IoF works to promote the profession of fundraising generally and to support and develop the knowledge and standards of all those who undertake fundraising. Fundraising professionals can gain accreditation through completion of the IoF's Certificate in Fundraising Management. This is a post-graduate professional qualification that offers clear and established standards which are acknowledged throughout the sector, and which is often a minimum requirement when recruiting fundraising staff.

5.4.6 For donors and charities alike, the Charities Aid Foundation (CAF), itself a charity, works to promote effective giving as a recognised part of everyday life. CAF works to raise the profile of giving, lobby for tax breaks and provides services to charities and their supporters. They assist individuals to find charities and donate to them tax efficiently; they help companies set up donation, volunteering and community investment schemes; and for charities, they offer low-cost banking, financial and training services. They also lobby the government in support of these aims.

5.4.7 Located in the US, and with an international remit, the Association of Fundraising Professionals (AFP) is a professional association of individuals responsible for generating philanthropic support for a wide variety of nonprofit and charitable organisations.<sup>42</sup> The AFP advances philanthropy through members in 172 chapters around the world by supporting and enabling people and organisations to practice ethical and effective fundraising. The core activities through which AFP fulfils this mission include education, training, mentoring, research, credentialing and advocacy.

5.4.8 Direct comparisons with other jurisdictions of a substantially greater scale may be unsatisfactory. Nonetheless, it is evident that fundraisers in Ireland lack the basic professional support infrastructure to enable them to improve standards, share learning,

38 *Fostering Fundraising in Ireland (2002)*. The Ireland Funds, Dublin

39 Both nonprofit and for profit organisations offer training, some nonprofit examples include The Wheel, see [www.wheel.ie](http://www.wheel.ie), and The Carmichael Centre for Voluntary Groups, see [www.carmichaelcentre.ie/](http://www.carmichaelcentre.ie/)

40 For further information see [www.cabinetoffice.gov.uk/the\\_third\\_sector](http://www.cabinetoffice.gov.uk/the_third_sector)

41 [www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk)

42 [www.afpnet.org](http://www.afpnet.org)

promote fundraising as a profession, and most importantly, carry out their work more effectively.

**5.4.9** Given these various dynamics it seems possible that in the future:

1. The skill, capacity and scale gap between the large fundraising organisations and the others will widen considerably;
2. As this gap widens large national and international organisations may acquire an increasingly larger share of the private donation pie;
3. As a result of this concentration in the market the population of fundraising organisations may become characterised by a small group of very large organisations and a large group of small organisations;
4. In such a context there will be increasing pressure on small to medium sized organisations to size up or to reduce their organisational goals;
5. The dynamics of competition may give rise to increasing collaborations between organisations in relation to fundraising initiatives.

## **5.5 The Function of Voluntary Codes of Fundraising Practice**

Starting from the premise that form follows function we consider the relationship between the shape of the domain of fundraising organisations outlined above and the possible functions of a voluntary Code of Practice.

The proposal for the development of voluntary Codes of Fundraising Practice emanate from the State's intention to regulate the Charities Sector in Ireland. As such, a core function of a Code is to support the regulation of the sector. This function may be taken as a given.

Insofar as the Charities Sector is being presented with a context and opportunity to develop a set of voluntary Codes it is appropriate to consider other possible functions of such a Code. The three relevant concerns that dominated discussion in both the Focus Groups and the Irish Charities Tax Research Limited consultation seminars were as follows:

- (a) Codes of Practice for organisational and personal protection;
- (b) Codes of Practice for donor information and protection;
- (c) Codes of Practice for the development of fundraising practice within the organisation.

**5.5.1** There is a case to be considered for the development of Codes relative to the pursuit of these valuable functions. However, the addition of these functions to a design brief is likely to result in a more complex Code and concomitant support and management requirement. Indeed, it may be held that the first two of these functions, (a) organisational and personal protection, and (b) donor information and protection may be appropriately encompassed with the design of the regulatory function. This leaves function (c) the development of fundraising practice. While the regulatory and protection functions (organisational and donor) provide interalia for the development of practice, they do so within a limited context.

**5.5.2** In proposing a fit between Codes and the domain of fundraising organisations described above the following may be considered:

1. the nature of the personal relationship in the local fundraising domain;
2. the need to match the administrative requirement in operating a Code with the scale and capacity of the participating organisation;
3. that the small scale and personal fundraising approach of many organisations is fully appropriate to their functions and goals;
4. that the country lacks aspects of the necessary infrastructure for the ongoing development of fundraising and fund-giving practice at sector level.

It may be interesting to consider UK experience which has highlighted the need for substantial collaboration between the Regulator and the regulated to establish a satisfactory system (see Appendix Four for a brief synopsis).

### **5.5.3 Illustrative Regulatory Thresholds**

Designing a reporting system that is appropriate to organisations' size and experience implies creating a linkage between organisational capacities and

reporting requirements. Table 3.13 provides a breakdown of the amounts received in private donations by Irish fundraising organisations.

This information offers one possible basis for the construction of income thresholds relative to regulatory and voluntary fundraising practice and reporting requirements. By way of example possible thresholds might be as presented below:

**5.5.4** In the development and implementation of regulation such groupings may be utilised to assist in gradation of reporting requirements to the context of the Groups and the desired functionality of the system. Table 5.3 below aligns the Groupings from Table 5.2 with the functions of organisation protection, donor protection and fundraising practice development.

**5.5.4** In relation to regulation it may be noted that:

- Insofar as the characterisation of two different fundraising experiences outlined above have any validity, then the impact of regulation may be quite different among these two populations
- For small, part-time, localised fundraising efforts, the task of reporting to a Regulator may involve a wholly new type of ‘bureaucratized’ aspect to their organisational life. A fear of this as a burden or impediment was regularly expressed within the Focus Groups
- Additionally, where fundraising is carried out in a personalised and localised manner, validation by a Regulator is least likely to have a positive impact on the success of the fundraising ‘ask’ as the element of trust is relational rather than information based

**Table 5.2: Illustrative Reporting Thresholds for a Regulatory System**

Threshold Group	Private funds raised per annum in €	Percentage of fundraising organisations	Number of fundraising organisations
Group 1	1 – 20,241	60%	576
Group 2	20,242 – 201,273	30%	288
Group 3	201,274 and greater	10%	96
or			
Group 1	1 – 12,999	50%	480
Group 2	13,000 – 71,046	30%	288
Group 3	71,047 and greater	20%	192

**Table 5.3: Alignment of Threshold Groupings with Regulation Function**

FRO <sup>43</sup> Subfield	Regulation Thresholds	Organisation protection	Donor protection	Practice Development
A National/international and part-time	1 & 2	Outline procedures and records	Information provision	Optional development support
B Local/regional and part-time	1 & 2	Outline procedures and records	Experientially based (1) Information provision (2)	Optional development support
C National/international and full-time	3	Detailed procedures and records	Information provision	Self-developing
D Local/regional and full-time	3	Detailed procedures and records	Information provision	Self-developing
E National and local/regional	1 & 2 & 3	Detailed procedures and records	Information provision	Self-developing

<sup>43</sup> These sub-fields are elaborated on in Table 5.1.

- In contrast, for larger, full-time, national/ international fundraising efforts, the task of reporting to a Regulator will be another standardised aspect of the organisation's reporting system. Further, validation by a Regulator is most likely to have a positive impact on the success of the fundraising ask as the element of trust is information based.
- Recognising that some 60 per cent of Irish fundraising organisations reported raising €20,241 or less in private donations per annum, the practice of regulation of these organisations needs to be designed so as to be consistent with their scale. Much of the value of such organisations lies in their role as builders of community at a local level rather than the economic value of their activities. While the fundraised private income may be small it is important for their basic functioning. The practice of Regulation needs to be appropriate to this context.

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## APPENDICES

### Appendix One

#### Participating Organisations

- Actionaid Ireland
- Alzheimer's Society of Ireland (Longford branch)
- Association of Parents and Friends of the Mentally Handicapped (Carrickmacross)
- Bailieborough Development Association
- Barnardos
- Clonleesh Services, Lifford, Co Donegal
- Cork Counselling Services
- Cork Simon Community
- Council for the West
- Debra Ireland
- Disabled Drivers Association
- Dublin Samaritans
- Dundalk Counselling Centre
- Focus Ireland
- Free Legal Advice Centres
- Galway Simon Community
- Galway Youth Information Centre
- Gary Kelly Cancer Support Centre, Drogheda, Co Louth
- Irish Hospice Foundation
- Irish Society for Autism
- ISPCA
- ISPCC
- Kerry Samaritans
- Macnas
- Missionaries of the Sacred Heart
- Monaghan Access Centre
- Multiple Sclerosis North West Therapy Centre
- Niamh Sheeran & Associates, Fundraising Consultants
- North West Hospice, Sligo
- Outreach Moldova
- Oxfam Ireland
- Rehab Group
- Ruhama
- Self Help Development International
- Sightsavers International
- Sligo Social Services
- Southwest Counselling Services
- Strokestown Parish, Co Roscommon
- St. Joseph's Foundation
- The Aislinn Centre
- The Carers Association
- Unicef Ireland
- Viatores Christi

## Appendix Two

### Focus Group and Interview Schedule

#### Focus Group schedule

- 16 October 2006 Dublin
- 17 October 2006 Dundalk
- 18 October 2006 Sligo
- 19 October 2006 Galway
- 24 October 2006 Kilkenny
- 25 October 2006 Cork
- 7 November 2006 Dublin
- 10 November 2006 Dublin

#### Individual Interviews

- 10 November 2006
- 28 November 2006
- 13 December 2006

## Appendix Three

### Focus Group Participants' Handout

#### Background

Irish Charities Tax Research Ltd (ICTRL) is currently conducting a consultation in relation to forthcoming regulation of charities by Codes of Practice. They have commissioned the Centre for Nonprofit Management to conduct a research study to establish 'a best estimate of the prevailing scale and practice of charitable fundraising in Ireland'.

This information will be used to inform the development of regulation through Codes of Practice. The Codes are intended to protect/build public confidence, set standards and enable organisations build their capacity.

The report will be completed by the end of 2006.

#### Today's discussion

- 1 The Organisation of Fundraising  
How is the task of fundraising designed, managed, operated in your organisation?
- 2 The Practice of Fundraising  
What types of fundraising do you do, and which of those types are particularly important to your organisation, and why?
- 3 Future directions in Fundraising practice  
How has fundraising practice developed in your organisation over time? How do you anticipate it will develop in the future?
- 4 Fundraising Relationships  
Is the question of public confidence in fundraising an issue? Either for your organisation itself or generically?
- 5 The Proposal for voluntary Codes of Practice  
What is your view/expectation in regard to the proposal for Codes of Practice?  
  
What do you imagine the impact of voluntary Codes of Practice might have on your fundraising practice or outcomes?

## Appendix Four

### Experiences from the UK

Drawing on voluntary organisations' experience of regulation in the UK, in 2004 a National Council for Voluntary Organisations (NCVO) report considered what changes to the regulatory environment would contribute to a model of good regulation for the sector.<sup>44</sup> It suggested that:

- Regulatory systems need time to become established and develop their role
- Practitioners should be involved in developing these systems and there should be an on-going dialogue between regulators and regulated organisations
- Inspectors need to have an understanding of both the service and the sector they are regulating
- Regulators should work with providers to ensure that practitioners are involved in the regulatory process (and not in a tokenistic way)
- Regulators should support self-assessment and take account of internal processes developed by organisations to monitor and review their activities
- Regulators need to talk to each other and to develop more joined-up regulation, for example by establishing a lead regulator approach
- There needs to be greater clarity about regulatory objectives, for example, how to balance approaches that are designed to achieve overall consistency with those that seek to promote flexibility to meet local needs

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<sup>44</sup> National Council for Voluntary Organisations (2004). *The Impact of Regulation on Voluntary Organisations* available at [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

