

Remarks at the launch of Benefacts 2nd Annual Nonprofit Sector Analysis Report

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The first time I met Patricia she was interested to know more about the thinking behind [Glasspockets](#). Maybe I can tell you a little bit about where that came from, and the kind of work my organisation gets involved in. The Foundation Centre is a nonprofit organisation whose members are almost all philanthropic foundations. It was actually created during the era of McCarthyism in the United States. There were two sets of congressional hearings in 1952 and 1955 on the activities of foundations in the nonprofit sector - they were accused of supporting un-American activities.

So the foundation centre was actually born as a public information service for the sector by visionary people who said the best defence of the philanthropy sector would be to show it had nothing to hide. The word “glasspockets” comes from a man named Russel Leffingwell who was a banker and the chairman of the board of the Carnegie Foundation. He told his congressional inquisitors that we believe anyone should be able to look into our pockets and see what’s inside.

10 years ago, I revived this concept at the Foundation Centre, because we really believed that for the sector, transparency has intrinsic value for tax advantaged organisations. It leads to better effectiveness. And regardless of how we feel about transparency in today’s world it’s increasingly inevitable.

5 things I’ve learned about collecting nonprofit data

What I want to share with you this morning is 5 things that I have learned about collecting data on this sector. The first is that the public good is no longer the soul province of the public sector. This is because of resource constraints, because of the growing complexity of the societies in which we live and the challenges we face. The third sector in all its diversity is playing an ever-more important role in promoting the public good worldwide. The fact is, we have good data on government and on the private sector. We need to have data that is equally as good for the third sector.

The second thing I have learned is that the very diversity of the third sector makes collecting data on it very challenging. Different parts of the sector are regulated by different national and local government bodies and that’s true everywhere. Parts of the sector can be informal as we have heard today, and largely unregulated, whereas other parts are highly regulated. And organisational forms are evolving. We can see different types of social good cooperations and new institutional forms

taking shape, being created around the world for the purpose of contributing to the public good.

Third, when it comes to compiling data on the third sector one thing I have learned is that data beggars can not be choosers. When you are capturing data you have to deal with it in whatever form it comes to you, and it is seldom pristine. We cannot let the perfect be the enemy of the good and hang back because we do not have data on the entire sector, or we don't have data that is equally comprehensive on the whole sector. In our nonprofit data business, we collect as much good data as we can. The market and political pressures which drive data quality and data standardisation in the private sector and in the public sectors are only now beginning to emerge in the social sector, in the third sector. My own organisation - the New York Foundation Centre - has been happy to partner with Benefacts here in Ireland to help you find ways to accelerate the pace, rigor and precision at which data can be collected, cleaned and coded. This greatly enhances the comparability of data across borders which is increasingly important, because we live in a world where it's very difficult to draw borders around social or environmental challenges.

Fourth, taken in its global context, this Benefacts report and the comprehensive view it gives us of Ireland's third sector, actually stands out as something that few countries have been able to achieve. This combination of public reporting requirements and the strong independent data and research organisation is really something that marks the two essential ingredients you need. Publicly available data tends to be a characteristic of anglophone countries around the world and not necessarily of other countries. But there is one fascinating exception I want to share with you and that is in China. Their state and provincial reporting requirements for the nonprofit and philanthropic sector is supplemented by a strong independent organisation which essentially cloned the Foundation Centre with our permission, called the China Foundation Centre. They are collecting and publishing data and transparency indexes and producing a range of research on a very fast developing third sector in China, which is composed of public foundations, private foundations and nonprofit organisations.

The fifth and last thing I wanted to share with you about collecting data is, the importance of this kind of data for understanding impact and effectiveness. Civil society is where the values of compassion, empathy and solidarity that hold our societies together are practiced on a daily basis. Nonprofits work on complex issues that concern the public, things like human rights, social justice, climate change. These are essential to our well being, and only by understanding the entire sector, how it works, what it does and the financial flows that hold it together, can we learn what succeeds, what doesn't and how to leverage each others efforts and work at scale.

Thank you.