

Benefacts: an Irish case study in documenting and addressing the information needs of the Third Sector

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Summary

In Ireland as in many developed countries, Government engages with civil society organisations at various levels – as policy-maker, regulator, funder. Until recently - notwithstanding the scale of public spending (approximately 8% of all current expenditure by the Irish Exchequer) - there was no means for anyone to access reliable population information about a sector that relies annually on government for half of its annual revenues. Benefacts - a nonprofit company established in 2014 - has changed this by building a data infrastructure for the Irish nonprofit sector and its stakeholders. Using regulatory data filed with public authorities, Benefacts has created a database of more than 20,000 nonprofits, updated daily and requiring no additional reporting effort on the part of listed organisations.

Since 2015, Benefacts has been drawing on a variety of public open data sources to create and maintain live a dataset of unprecedented currency, granularity and reach in the Irish context. The Database of Irish Nonprofits is derived from all of the files placed in the public domain by those entities that are defined by statisticians as Non-Profit Institutions Serving Households or "NPISH"¹. Fundamentally, Benefacts goal is to make the work of all of these organisations more accessible and more transparent, thereby helping to tackle the deep asymmetries of information that have constrained the nonprofit sector in its relationship with government and with the public for generations.

Improved transparency – while important in its own right – is only one benefit of the database. As in most other places, Irish nonprofits are routinely required to make extensive materials available in recurring reports to multiple funders and regulators, and 'once-only' filing is just one

¹ See [https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Non-profit_institutions_serving_households_\(NPISH\)](https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Non-profit_institutions_serving_households_(NPISH)), consulted 30/10/2018

efficiency outcome of the Benefacts data infrastructure. There are many others, which Benefacts is now exploring with its own stakeholders in the Public, Private and Third Sectors.

This paper highlights some of the challenges involved in the development of such a database, and draws on early uses of the data to illustrate the kinds of public goods it provides. More generally, putting more policy intelligence and more access to information in the hands of more actors – including the public, in whose name so much of this activity is undertaken – is seen as central to the balanced development of a more open and transparent environment for the operation of the Third Sector in Ireland.

The background to data collection in the Irish nonprofit sector

The first modern attempt at comprehensively mapping the Third Sector in Ireland was undertaken in the 1990s at the Centre for Nonprofit Management at Trinity College Dublin², under the auspices of the international Comparative Nonprofit Sector Project (CNP)³ led by the Johns Hopkins Center for Civil Society Studies. Freda Donoghue's 1998 paper⁴ used the framework provided by the CNP to document and describe the "community and voluntary sector" in Ireland. Work done by Dr Donoghue and her colleagues over subsequent years resulted in the publication of an important report⁵ in 2006 into the size, profile and other features of a sector that had, until then, been hidden in plain view.

Noting the absence at that time of any nationally-available or comprehensive database of Irish nonprofits, the authors created a sampling frame, sought assistance from various public and nonprofit agencies, gathered and cleaned available lists, then issued a postal survey to nearly 25,000 organisations (involving three mail-outs) in the form of a self-administered questionnaire. The resulting report was based on their analysis of returns from nearly 21% of the survey population, generated between Q1 and Q4 2005⁶.

² Since January, renamed the Centre for Social Innovation, part of the Business School at Trinity College Dublin - see <https://www.tcd.ie/business/news-events/centre-for-social-innovation.php>, accessed on 1st July 2018

³ <http://ccss.jhu.edu/research-projects/comparative-nonprofit-sector-project/> accessed on 1st July 2018.

⁴ Donoghue, Freda. "Defining The Nonprofit Sector: Ireland." Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project, no. 28 edited by Lester M. Salamon and Helmut K. Anheier. Baltimore: The Johns Hopkins Institute for Policy Studies, 1998, see http://ccss.jhu.edu/wp-content/uploads/downloads/2011/09/Ireland_CNP_WP28_Ireland_1998.pdf, accessed on 1st July 2018

⁵ Donoghue, Freda; Prizeman, Geraldine; O'Regan, Andrew and Noël, Virginie "The Hidden Landscape: First Forays into Mapping Nonprofit Organisations in Ireland". Dublin: Centre for Nonprofit Management School of Business, Trinity College Dublin, 2006. See <https://www.tcd.ie/business/assets/pdf/centre-social-engagement/HiddenLandscape.pdf>

⁶ Donoghue, F *et al.* For a detailed description of the methodology see Chapter 2 of the report.

The report significantly enhanced the knowledge base then available to help decision-makers, analysts and researchers to understand the profile of Ireland's Third Sector and – thanks to the CNP – place it in an international context. Besides its intrinsic value, the report made an important contribution to the capacity of people inside and outside the sector to understand, think and write about it, based on the five-part 'structural-operational' definition devised by the CNP, which is worth repeating here:

Nonprofit organisations, therefore, are:

- **organised**; organisations must have some kind of formality and institutional reality;
- **private**; organisations must be institutionally separate from government;
- **nonprofit distributing**; organisations must not return any profits generated to their owners or directors;
- **self-governing**; organisations must be in a position to control their own activities and have their own internal procedures for governance; and
- **voluntary**; organisations must involve some meaningful degree of voluntary participation.⁷

Despite its undisputed value (and the high cost of undertaking it⁸), the work involved in producing the report left no enduring data legacy in the form of a database of the entities surveyed – the returns were collected and analysed under conditions of confidentiality – nor was the survey ever repeated. However ten years later, a further gift from the Atlantic Philanthropies, this time in a co-funding arrangement with the Irish Government and the Ireland Funds, supported the creation of a Benefacts – a new nonprofit organisation dedicated to correcting these deficiencies.

A new approach

Benefacts⁹ is an independent non-governmental organisation based in Dublin, whose work relies on the provisions of European Open Data (or Public Sector Information¹⁰) regulations, the

⁷ Donohue, F *et al* p.18

⁸ The Centre for Nonprofit Management at Trinity College Dublin received grants totalling €1.5 from the Atlantic Philanthropies between 2003 and 2008, according to Atlantic's funding database – see <https://www.atlanticphilanthropies.org/grants/centre-for-nonprofit-organisation-and-management>, consulted on 1st July 2018.

⁹ <https://en.benefacts.ie/about>, accessed on 1st July 2018

¹⁰ <https://ec.europa.eu/digital-single-market/en/open-data>

purpose of which is to ensure that the maximum quantum and range of data held by public bodies is readily available and easily accessible (by people and machines) online for reuse and redistribution. Benefacts stands on the shoulders of two successful international nonprofit data infrastructure projects that originated in the USA: the mapping and classification work of the Comparative Nonprofit Sector Project; and the data aggregation, re-presentation and analysis work of Guidestar¹¹ (for charities) and the Foundation Center¹² (for philanthropies).

Having defined the nonprofits in scope (essentially, organisations that are not part of the Government or part of the Private Sector) Benefacts identified all of the principal sources of regulatory data and set out to harvest, processes and deploy it in various ways. The principal sources of open data on Irish nonprofits are the Irish Companies Registration Office, the Revenue Commissioners (Ireland's taxation authority), the Charities Regulatory Authority (established under the Charities Act, 2009 but whose work only commenced in 2014), the Department of Education (for the register of schools and colleges) and – since a recent Local Government legislation¹³ now requires local authorities to register nonprofits in their jurisdiction – all 31 city or county councils in the Republic of Ireland. Smaller datasets are harvested for example from the Registrar of Friendly, Industrial and Provident Societies (non-commercial cooperatives, trade unions, group water schemes,) and the Standards in Public Office Commission (political parties).

Data beggars can't be data choosers

The data from all of these sources comes in various forms including non-standard analogue documents such as financial statements and organisation constitutions; relatively little is filed or shared electronically in standardised fields. As a result, Benefacts needs to perform a number of functions on the data before storing it in our Database of Irish Nonprofits.

1. We **clean** and **normalise** it: merging multiple trading names, registration numbers, and regulatory features of each nonprofit, and aggregating the data from all sources
2. We **digitise** it, extracting financial, narrative and governance data from analogue documents (a process that requires professional financial accounting expertise)

¹¹ See <https://www.guidestar.org/Home.aspx>, accessed on 1st July 2018

¹² See <https://foundationcenter.org/>, accessed on 1st July 2018

¹³ The Local Government Reform Act, 2014 Section 46
<http://www.irishstatutebook.ie/eli/2014/act/1/section/46/enacted/en/html>

3. We **augment** it with address data where we can find it – the postcode and website address (URL) of each entity
4. We **hash** personal data (signatures, birth dates, personal addresses of company directors or charity trustees), to avoid GDPR risk
5. We **classify** it – applying a 12-part classification and 54-part sub-classification standard using Eurostat-recognised categories for Nonprofit Institutions Serving Households (NPISH¹⁴)
6. We assign a **unique identifier** – a number against which all of its other identifiers (registration numbers assigned by multiple other sources) is mapped

The process is different in five ways from the survey methodology adopted by the 2006 Trinity study:

1. it harvests all available regulatory data from the entire population, not a sample
2. it imposes no additional reporting burden on nonprofits
3. it shares extracts of the database widely
4. it is more comprehensive and consistent and less susceptible to error and omission
5. it is persistent – once started, Benefacts continuously updates the records of more than 20,000 nonprofits as new filings become available

Broadening the database

Ireland is a small country, with 4.6m people. In Q2 2018 Benefacts has captured data on all of Ireland's nonprofit companies and voluntary organisations incorporated by statute, all of its schools, non-commercial cooperatives, friendly societies trade unions and political parties – a total of about 20,000 nonprofit organisations. But the Database of Irish Nonprofits is still growing. Benefacts itself operates as a civil society organisation: it has neither the powers nor the responsibilities of a regulatory authority or public registrar, and data beggars can't be data choosers. At the time of writing and based on evidence of Public Participation Network registrations to date, we think that at ~20,000, the database is less than half-full. This is a conservative estimate based on some pilot work to examine emergent sources of public data, in particular from local authorities.

We know from a pilot study which Benefacts has undertaken with one Irish local authority (Fingal County Council) that once the recently-established process of registering local clubs,

¹⁴ See [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Non-profit_institutions_serving_households_\(NPISH\)](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Non-profit_institutions_serving_households_(NPISH))

societies and associations to Public Participation Networks¹⁵ is completed, there will be an influx to the Benefacts database of these smaller community-based organisations and for the first time, the full scale of associational life in Ireland will be revealed. About 10,000 local nonprofits, not already on the register of a national regulators, will be brought into the purview of the Database of Irish Nonprofits once we have a process for harvesting existing Public Participation Network data with the other 30 local authorities: as of July 2018, some of these are still at an early stage in the process of registering local nonprofits.

In a presentation to a seminar in Dublin coinciding with the launch of the 2018 report, Professor Oonagh Breen commented on the profile of organisations listed on these local registers, and expressed the hope that once the Benefacts database was up to full strength we would, for the first time, have the wherewithal to compare Ireland's third sector to that of other countries¹⁶. This is because even though charity regulation was introduced to Ireland in late 2014, it is usually the national governing body rather than its hundreds or even thousands of local member societies that is registered as a charity; in our local government case study, for example, we found that only 17% of these small community-based and locally-registered nonprofits were registered as charities.

Deepening the database

As well as enlarging the scope of the database, Benefacts has set out in the public interest to encourage civil society actors, their regulators and funders to improve the quality and range of data made available as Open Data files. Benefacts acts as an impartial re-publisher but we advocate for higher standards of transparency, and a better quality of disclosures on the part of both nonprofit organisations, and the regulators who hold their compliance filings.

By re-purposing public data from diverse sources and socialising it – for example by publishing extensive information about individual nonprofits, and producing an annual Third Sector report on our free website, we are demonstrating the value of the information contained in these documents. They may have been created and published as a matter of regulatory compliance, but have not necessarily been seen before now as a source of useful information or policy

¹⁵ For an illustration, go to the website of Fingal PPN here <http://fingalppn.ie/>.

¹⁶ Presentation by Dr. Oonagh Breen to a seminar in Dublin on 17th April 2018, see <https://en.benefacts.ie/2018/05/21/nonprofit-not-charity/> accessed on 1st July 2018

intelligence on the work of nonprofits, both individually and collectively in sub-sectors like health and social care where, in Ireland at least, they have a significant impact.

In the main (excluding for the time being ~1,000 unincorporated charities – mainly faith bodies and philanthropies), financial data is available for the largest nonprofits (in terms of the scale of their turnover and the numbers of paid employees). Having started to accumulate data derived from the regulatory filings of Irish nonprofits since 2013, in 2018 Benefacts database includes five years' worth of financial and governance records for most of the economically significant nonprofit organisations in Ireland.

Socialising the data

Our first project after establishing the Database of Irish Nonprofits in 2015 was to publish extracts from it in a user-friendly way. www.benefacts.ie is a free searchable website launched in 2016 that allows users to search for individual nonprofits or explore the sector using search facets - location, purposes, scale, regulatory status etc. Benefacts also provides a summary open data file to the Irish Government's open data portal¹⁷ – the only Irish non-governmental organisation to do so – and has provided a free API enabling users with the skills to do so to download extracts from the database directly.

In 2017 Benefacts published its first sector analysis report, and this is updated annually in the first quarter of the year, providing the general public as well as sector specialists and policy-makers with an insight into the profile, scale and reach of a sector which, in Ireland, accounts for 7.8% of all employment and more than 8% of current government expenditure¹⁸.

Users of the free website include people working or serving on the Boards of nonprofits, professional service providers serving the sector, donors and philanthropists as well as public representatives and government officials of all kinds – grant-makers, policy-makers, regulators, researchers, journalists. An enhanced version of benefacts.ie was launched in July 2018 to respond to users feedback, and future releases will offer some self-service reports that reflect the kind of analysis work that we have been asked to do by nonprofits, philanthropies and academics.

¹⁷ See <https://data.gov.ie/organization/benefacts>

¹⁸ For Benefacts 2018 Nonprofit Sector Analysis see <https://analysis2018.benefacts.ie/report/introduction>

Putting the data to work

Even after two years, the database has already generated variety of public goods, not the least of which is a better-informed public, with access to information that will assist in promoting greater knowledge about the kind of society we live in, and more trust in its civil society institutions.

Benefacts has been asked for datasets of various kinds and for various purposes, in particular by public bodies, reflecting the fact that at >€5.5bn per annum, Government is the biggest source of revenue (most of it in the form of service fees) for the nonprofit sector in Ireland. As well as providing a comprehensive dataset quarterly to Ireland's Central Statistics Office for inclusion in Ireland's national statistical reports and its returns to Eurostat, Benefacts has provided data and information reports of various kinds, to assist public bodies in the exercise of their functions. Besides Government Departments, these have included the Revenue Commissioners, the Office of the Comptroller and Auditor General, the Housing Regulatory Agency, the Charities Regulator, the national office responsible for liaising with the inspectorate of the Financial Action Task Force on money laundering (FATF), and the Irish Government's Economic and Evaluation Service. Besides our own annual report on the sector, we have also prepared various bespoke reports analysing sectoral segments, at the request of decision-makers and analysts in the Public, Private and Third Sectors.

What's next

Now that the concept is proven and the database established, albeit still expanding in breadth and depth, we have moved into a second phase that involves exploring with partners how the features of the database can be used to create webservices that deliver trend and comparative information, business intelligence and other data resources for nonprofits and their stakeholders. Besides supporting sector actors and improving policy coherence, data as a service has a significant potential value in reducing the administrative overheads at the interface between nonprofits and their Government funders and regulators.

At least 2,500 nonprofits active in the arts, education, health and social care, local development and related policy fields receive public funding in Ireland, more than half of them from more than one government source, including multiple funding programme operated by the same government agency. Each agency – and sometimes each programme – has established its own

processes for soliciting and assessing applications, awarding funds, registering grantees, making payments, monitoring performance, evaluating the impact of its expenditures and reporting on these. Many of these processes do not lend themselves to the use of shared regulatory data, because by its nature each programme is *sui generis*; performance is in the eye of the beholder and data provided by the nonprofit in support of – say – impact evaluation is likely to include sensitive content of relevance only to that grant programme.

Trialling a new analytic service

On the other hand, there are aspects of government's relationship with nonprofits that can be facilitated by access to trend and comparative data, and automated data analysis.

To explore the potential for this, during 2018/19 Benefacts is working with a group of government agencies to trial an infrastructural solution to some of the information and analysis needs they share in common. We have developed a web-based service for registered users, providing structured access to a unique body of compliance, governance and financial data on incorporated nonprofits derived from their current and prior regulatory disclosures. Any nonprofit organisation can request access to their own records (as they show up in this analysis), but access to the trial service is limited for now to funding decision-makers.

There are many ways in which shared access to a structured dataset can facilitate the agencies doing business with nonprofits. It can provide them with a context that allows them to understand all of the nonprofits active in the policy space or in a particular locality. It gives them up to date business intelligence on these organisations – the activities they are engaged in, how and by whom they're governed, the size and remuneration profile of their workforce, other sources of revenues, assets and liabilities – and trends in these and other details. Above all, to quote one test user, it allows them to distinguish the wood from the trees, by giving them digital access to a body of data which is otherwise presented to them in multiple documents and formats, where trend and comparative analysis before this has only been available to seasoned experts consulting their gut, or to policy-makers who can afford to commission one-off surveys.

It is too early to say how and whether this approach to accessing data on nonprofits will change the behaviours of government funders and policy-makers. A big win for them, and surely also for the sector, would be a transition to an environment where cross-agency data-sharing was the norm rather than the exception, of a kind that would permit "once-only" filing and reduce the administrative overheads associated with the current compliance regimes – which must surely

be the greatest single source of avoidable cost for nonprofits. The technologies are available and have been for years: it is the assumptions and habits that will need to change if nonprofits – and the public – are to reap the efficiency benefits of this infrastructure.

But efficiency is not the only goal. Ireland is surely not alone in having added layer upon layer of accountability and compliance reporting to the obligations imposed on nonprofits in return for the funds and the trust vested in them. Given the siloed nature of most government agencies, the materials provided in fulfilment of these accountabilities do not work as hard as they might. Transparency is not necessarily a consequence of accountability but where public goods are concerned it is an important value in its own right.