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Philanthropy at research-intensive universities¹

Introduction

Since the economic crisis of 2008 the wider economic and social environment in which European research universities operate has changed profoundly. Demands on higher education in terms of quantity and quality are escalating, yet public funding in many countries is being rolled back. Universities face radical cuts to the direct income they previously received from the state. Funding specifically for academic research is under threat. This situation is unlikely to change in the longer term, and universities will have to identify different sources of funding if they are to continue to fulfil their core mission to pursue excellence in teaching and research, and remain competitive with other universities worldwide. With greater weight and reliance being placed upon the individual and the private sector, it is no surprise that the role and importance of philanthropy is being drawn into ever sharper focus. Philanthropy cannot substitute for public funding, but it can help universities to be ambitious about what they want to achieve and provide the means to actually realise these ambitions.

The European university philanthropy landscape is very diverse. In some countries, in particular in the UK, universities have actively engaged with philanthropy for many years, in some cases even decades. In other countries, however, philanthropy has only recently been put on universities' agendas or is not considered to be important at all. LERU wishes this note to be a stimulus for universities to invest in fundraising from philanthropy where that is not yet the case.

¹ This note was written by Nicola Pulman, Head of Development - Trusts and Foundations at the University of Oxford Development Office, with the support of Catherine Blishen (University of Oxford), Jordi Garcia i Serra (Universitat de Barelona), Laura Keustermans (LERU Office), Pascal Praplan (Université de Genève) and Isabel Penne (KU Leuven). The note is based on discussions in the LERU charitable funding working group.

It aims equally to convince incoming university leadership, at institutions with a well-established development function, of the importance of these activities and the need to actively engage in them.

With this note LERU wants to make a case for fundraising from philanthropy because philanthropic donations matter and they matter a lot. Some recommendations to policy makers are also made.

The importance of the research-intensive university

Since their foundation, European research universities have played a critical role in the world's economic, social and cultural development. They do this on many levels, from the provision of an outstanding education to exceptional academic research and innovation.

Academics at Europe's universities are at the forefront of research into many of today's global challenges including ageing, life-threatening diseases, climate change and global governance. These issues are highly complex, and require complex responses. Research-intensive universities act as crucibles for the kind of interdisciplinary programmes that can have a truly global impact. Many students and academics go on to further research, some returning to their countries to build local research efforts and capacity.

Research universities also drive economic growth. *"To put Europe back on a path of sustainable growth and*

*employment requires increased investment in education, research and innovation"*². In knowledge-based societies, research is increasingly becoming the basic determinant of growth and prosperity and Europe today seriously under-invests in research. Figures for 2011 show that EU investment in research and development as roughly 2.00 % of GDP compared to 2.67% for the US and 3.25% for Japan in 2010 (figures not available for 2011)³.

There is no simple solution to the current funding landscape for higher education. Universities need support and partnership from international peers, government, commerce, civil society and funding partners, both traditional and non-traditional.

What is philanthropy?

It is tempting to see philanthropy as only about money. However, the Oxford English Dictionary tells us that philanthropy is the 'love of mankind; the disposition of active effort to promote the happiness and well-being of others'. The 'active effort' phrase is especially significant: it is not what you have but what you are prepared to do with what you have that really counts.

CASE (the Council for Advancement and Support of Education) defines philanthropy as 'a voluntary exchange in which values and aspirations of donors are matched with the values and aspirations of those they benefit'⁴.

2 European Round Table of Industrialists and European Research Council 30.1.2013 https://www.euroscience.org/tl_files/Euroscience/Activities/Science%20and%20Innovation%20Policy/Statements/Joint%20ERC%20and%20ERT%20Support%20Statement.pdf

3 Source: Eurostat (t2020_20), OECD

4 CASE 2005 Principles of Practice for Fundraising Professionals at Educational Institutions http://www.case.org/samples_research_and_tools/principles_of_practice/principles_of_practice_for_fundraising_professionals_at_educational_institutions.html

Donations can come from very different sources: individuals, businesses and trusts and foundations. This note focusses primarily on private donors because many European universities are relatively inexperienced at fundraising from individuals.

Donors can give in many ways: with money, with time, with expertise, commitment or with practical offers of mentoring or internships.

However, just as intriguing as what people give is why they give. At the heart of this question are rooted values on which we cannot readily put a price - things like trust, admiration, loyalty, gratitude and kinship.

Why are universities attractive to philanthropists?

Europe has a diverse history of philanthropic giving to universities and it is interesting to note that a number of remarkable gifts to higher education have come from benefactors who are not alumni. Universities attract support because, when people look at the challenges the world faces, they see that leading universities are places with a proven capacity to make a real and varied contribution to solving them. Donors support universities because they believe that their gifts can and do make a difference. They are one of the most effective channels for effecting social and economic change and as such are an attractive partner to philanthropists⁵. Each donation focuses on a particular area of the academic landscape and in doing so each opens up exciting new vistas. That is the great strength and attraction of research universities.

There is a natural fit between the aims of the philan-

thropist, and the ultimate impact of a research university. Both can have a role to play as partners to effect change on a local, national and global level.

Why do research universities need philanthropy?

To remain at the forefront of research, education and innovation, universities need a variety of funding sources to finance a variety of activities. As stated above, philanthropy cannot substitute for core funding. It is very important that governments continue to invest in universities to support the institutions' principal activities of teaching, research and service to society.

Philanthropy can allow a university to do things differently, to be ambitious and to do more than minimal funding allows. It can help to attract the best academic talent. Students, especially postgraduate students, are the engine of enquiry and experimentation, and the health of Europe's research base depends critically on a continued supply of talented graduates. The significance of philanthropy in funding groundbreaking research is hard to overestimate. Donations can also support the maintenance of historic buildings and collections, the construction of new buildings or the purchase of research infrastructure. So, too, can they be added to a university's endowment in order to strengthen the institution's longer term financial sustainability. Sometimes smaller, carefully tailored and targeted support can be extremely effective. Respondents to the 2011 survey of universities in Europe cited in *Giving in Evidence*⁶ noted the positive impact of receiving philanthropic funding. 80% reported that philanthropic funding helped their institution to attract

5 Higher Education Funding Council for England (HEFCE) 2012 report

6 Breeze, B., Wilkinson, I., Gouwenberg, B., Schuyt, T. [Giving in Evidence Fundraising from philanthropy in European universities. European Commission 2011](#)

new researchers and allowed existing staff to develop their research careers, while 78% claimed it resulted in the opportunity to do more or better quality research. Almost three-quarters (73%) believed that the receipt of philanthropic funds enhanced the image and standing of their university. Philanthropy has the potential to transform a university in the long term.

Sometimes philanthropic funding can be used to leverage more funding from government and from other sources. Such match funding schemes encourage donors to contribute new funding to support academic posts, scholarships and bursaries, or help to develop innovative research projects or provide capital infrastructure which a single gift could rarely achieve.

It is important for governments to encourage philanthropic funding through the provision of favourable fiscal frameworks. Although many European countries have specific tax regimes in place to facilitate private giving, there is still much room for improvement. Tax incentives do not necessarily trigger philanthropy but, in some cases, they can inspire donors to make larger gifts.

Imaginative and generous philanthropy is about more than money. Scholarship holders can participate in tailor-made internship programmes which foster career opportunities, from where they go on to act as ambassadors and mentors, encouraging the next generation of able students (and donors). Philanthropic relationships are about more than financial support alone. With philanthropy also comes the intellectual and emotional engagement of the donor. Philanthropists are attracted by innovation, excellence and energy; their gifts also drive these qualities. Philanthropists can bring their expertise and business knowledge

with their donations⁷. By developing strong relationships with individual philanthropists and philanthropic organisations, universities can build networks of influential individuals who, in turn, will encourage new relationships and innovation.

Philanthropy will undoubtedly become increasingly important in the uncertain world of European higher education funding. It is no coincidence that, in the wake of successful campaigns in North America and the UK, ambitious fundraising goals are now being set, and large gifts are being received by leading universities elsewhere.

The scale and methods will vary enormously, but it will be an unusual university indeed that is not putting more and more effort into its philanthropic activity. A review of philanthropy in higher education in the UK led by Professor Shirley Pearce, predicted (in 2012) that charitable donations to universities could treble to £2 billion a year within a decade. It is a lot of money but it represents the essential down-payment on the future aspirations and achievements of higher education.

Philanthropic funding: are there risks?

Academic integrity and academic freedom are at the core of higher education. Whatever the source of potential funding, it must serve and not compromise these core values or risk reputational harm. This is equally the case whether the funding comes from public or private sources. Universities can maintain their independence by ensuring from the outset that they are clear on their principles in this matter through the

7 The 2012 More Partnership report to the UK Higher Education Funding Council [Review of Philanthropy in UK Higher Education 2012 status report and challenges for the next decade](#)

adoption of processes such as a donor charter to ensure this is made explicit to all benefactors.

What does philanthropy support?

Philanthropists are attracted by a university's reputation, innovation and drive. They will expect to see inward investment in a project to show institutional commitment and a realistic balance of funding. They are also interested in seeing the impact of their gift. Many donors wish to support students as they are seen as the future. Philanthropists will give to a range of causes within a university. The key point is to ensure that the institution understands what motivates a funder and aligns their interest with a project or programme that is of strategic importance for the university.

Successful fundraising needs high level institutional support

There is no quick and easy way to achieve fundraising goals overnight. Universities which are successful at fundraising recognise the importance of institutional development plans, including fundraising, alumni relations and communications. Establishing a dedicated development (fundraising) office will require a clear commitment by university leadership to its long term financial security. Involvement at the highest level is vital to engaging and maintaining the interest and trust of donors. The more mature the fundraising operation, the more evident return on investment will be. However, in order to succeed, internal fundraising competencies and capacity must be adequately invested in by the university.

The role of a university development office is to work with donors and prospective donors, to foster long-lasting relationships for the university. Successful fun-

draising is nearly always the result of collaboration, with academics working with fundraisers who bring an expert knowledge to the identification of prospects, their interests and their motivations. Development professionals are skilled in the four fundamentals of fundraising: identification and research (who will you ask and what will you ask for?); cultivation (building relationships, engaging the prospect and preparing to make 'the ask'); solicitation (making 'the ask') and stewardship (recognising and continuing to engage donors).

One of the main reasons behind the difference between amounts of philanthropic income raised in North America and in Europe is that there is a strong culture of asking in the US, and this has led to a strong habit of giving.

To ensure that a university gets both the fundraising fundamentals and the environment right for fundraising from philanthropy, development professionals need to work closely with the university leadership and academic staff to articulate a clear, compelling and unique case for support.

It is also very important for donors to feel a part of the community to which they contribute, no matter their level of giving. The support of university leadership throughout the lifetime of a gift is key to successful fundraising. A willingness to engage with donors will contribute significantly to the success of his or her institution's fundraising activities and members of the development office should aim to facilitate, support and enable their effective and efficient participation, wherever possible.

Fundraising will be more successful and more effective if it is guided by the academic priorities of the university, and is part of the overall institutional strategy. Equally important is the capacity to deliver on goals

and aspirations. Whether it is an alumnus of modest means making a donation to his or her university, or a billionaire supporting hugely ambitious research or building projects, the funding partnership should be based on trust, not tied down to deliverables or a strict programme of activity. This is why it is so important to build and maintain relationships with donors.

It has been established that many major donors to European universities are not alumni; however, the clear link between alumni relations and development should not be ignored. The role of the alumni office is to establish and enhance a continuing relationship between the university and its alumni. This includes information about the institution's current priorities and strategic vision, and ways to help. Alumni who are better informed about how donations can be used will understand why financial support is critical, and will be more inclined to donate themselves.

Donors who choose to support universities have decided to invest in academic research. They understand the security that long-term funding brings to successful research activities – so that the researcher can work to the best of his or her ability with the freedom to move a programme where research takes it.

The question as to what research universities need to do to fundraise effectively from philanthropic sources and steward them in the long term has been addressed at some length by a number of European Commission funded reports, notably the 2008 report [Engaging Philanthropy for university research, fundraising by universities from philanthropic resources: developing partnerships between universities and private donors](#) and the 2011 report [Giving in Evidence: fundraising from philanthropy in European universities](#). The 2012 More Partnership report to the UK Higher Education Funding Council [Review of Philanthropy in UK Higher Education 2012 status report and challenges for the next decade](#) also adds some useful recommendations.

Recommendations: the way forward

LERU calls upon policy makers and politicians to consider how they could better support philanthropic giving to universities. Methods will differ between countries, but possible incentives might include the establishment of favourable fiscal frameworks, the removal of barriers to universities being able to accept donations directly or the creation of match funding schemes. Many universities would be encouraged to invest more in fundraising if incentives such as these were to be available.

LERU realises that the culture and history of philanthropy and fundraising is very different across Europe. In particular, the culture of asking is often absent. Despite these differences, LERU strongly recommends that its members and other ambitious research-intensive universities in Europe should invest in fundraising from philanthropic sources. Successful fundraising requires financial investment, institutional development plans, the active involvement of university leadership - and patience. However, it can help a university to realise ambitious research goals, support more students, construct new buildings or engage differently with business and society at large. Donations can enable a university to do things differently, but philanthropy is not, and should never be, a substitute for public funding. It could however be the crucial key to unlocking every last drop of potential from our research-intensive universities.

Philanthropy is becoming increasingly important to the higher education sector, because of the support it offers for innovation, excellence and competitiveness. In recognition of this fact, LERU has undertaken to develop a number of the key points outlined in this note into a larger, advice paper for its members.

About LERU

LERU was founded in 2002 as an association of research-intensive universities sharing the values of high-quality teaching in an environment of internationally competitive research.

The League is committed to: education through an awareness of the frontiers of human understanding; the creation of new knowledge through basic research, which is the ultimate source of innovation in society; the promotion of research across a broad front, which creates a unique capacity to reconfigure activities in response to new opportunities and problems.

The purpose of the League is to advocate these values, to influence policy in Europe and to develop best practice through mutual exchange of experience.

LERU Facts and Figures

- Together LERU member universities account for more than 450,000 students and more than 50,000 PhD students.
- Each year about 50,000 master degrees and 11,000 doctorates are awarded at LERU universities.
- The total research budget of LERU's members exceeds € 5 billion.
- About € 1 billion is granted by research councils, while approximately € 1.25 billion comes from contract research.
- The total sum of research grants from EU projects to LERU universities is approximately € 260 million.
- Approximately 20% of ERC grants have been awarded to researchers at LERU universities.
- More than 225 Nobel Prize and Field Medal winners have studied or worked at LERU universities.
- 50,000 academic staff and 52,000 non-academic staff work at the member institutions (hospital-only staff not included).

LERU publishes its views on research and higher education in several types of publications, including position papers, advice papers, briefing papers and notes.

LERU notes are short, timely statements providing concise analysis and specific advice in response to a pressing issue related to European research and higher education policies. They are often a product of LERU's standing engagement with certain issues and a result of intensive consultation among experts from the LERU universities.

All LERU publications are freely available at www.leru.org.

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