

The Index of Global Philanthropy and Remittances

2009





The CENTER for
GLOBAL
PROSPERITY

The Index of Global Philanthropy and Remittances 2009

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The Center for Global Prosperity (CGP) provides a platform—through conferences, discussions, publications, and media appearances—to create awareness among U.S. and international opinion leaders, as well as the general public, about the central role of the private sector, both for-profit and not-for-profit, in the creation of economic growth and prosperity in the developing world.

The CGP's core product is the annual *Index of Global Philanthropy and Remittances*, which details the sources and magnitude of private giving to the developing world. The *Index* reframes the discussion about the roles of the public and private sectors in foreign aid by showing that the full scale of a country's generosity is measured not just by government aid but by private giving as well.

The CGP supports free societies, including capital markets, the rule of law, government transparency, free trade and press, human rights, and private property—prerequisites for economic health and well-being.

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DIRECTOR'S WELCOME



In the ever-changing world of international development, the Center for Global Prosperity (CGP) has made its own changes, among them a new name for its premier publication. It has become the *Index of Global Philanthropy and Remittances* to highlight the critical role remittances play in alleviating poverty abroad. Total remittances from industrial countries to the developing world were \$145 billion dollars in 2007—nearly one and one-half times larger than all governments' Official Development Assistance at \$103.5 billion and three times larger than private philanthropy at \$49.1 billion.

Remittances are important in these tough economic times. They generally are more recession-resilient than other financial flows. And technological advances are allowing them to be delivered in new and efficient ways, such as by cell phones. Local officials, aid agencies and philanthropists are leveraging remittances to maximize their development impact by funding community-based projects. Nonetheless, the bulk of remittances go to migrants' families back home to support basic needs, thereby alleviating poverty.

A second big change at CGP was the addition of new talent, as Heidi Metcalf joins us as deputy director. Heidi brings incredibly broad and rich experience in global giving, strategic planning, and hands-on nonprofit charitable work to the CGP team. Likewise, our new editor, Patricia Miller, brings excellence to our research and presentation of complex numbers and inspiring work by private groups.

What remains the same this year is the strength of our numbers. The *Index* is now the gold standard of data on private giving abroad. Our prestigious research partners continue to excel in the collection and analysis of data and trends on the private flows that help millions of people around the world. This year's *Index* includes breakouts of private giving by region and type of activity for the first time.

We are also breaking new ground in this year's *Index* with our gathering of private giving numbers for 11 developed countries besides the United States. We have identified \$49.1 billion in private philanthropy from developed to developing

nations for 2007, which is significantly higher than the year before, and we expect that amount to keep growing. Corporations, foundations, charities, individuals, universities, and religious organizations also continue to give their time and money in unprecedented amounts.

Among the highlights in this, our fourth annual *Index*, are:

- Global philanthropy, remittances, and private capital investment continued to grow in 2007, latest year for which data are available, accounting for 83 percent of the developed world's economic dealings with developing countries;
- Government aid continued to decline as a percent of total financial flows to the developing world and is now down to 17 percent;
- Private flows accounted for 91 percent of America's total economic engagement with developing countries; government aid accounted for only 9 percent, down from 12 percent in 2006; and,
- Remittances grew in 2008, although at a slower rate than in 2007; they are expected to decline in 2009 (between 5 and 8 percent) but less drastically than other economic flows to the developing world.

Despite the economic downturn, we do not expect the recession's effects on international philanthropy to be as dire as some predict, as discussed in the *Index*. We continue to examine foreign aid effectiveness and we look closely at events following the disasters in Myanmar and China to highlight the outpouring of private assistance. We also look at how technology continues to change international private giving in stunning ways. The *Index* features intriguing stories of new Internet-based giving ventures and text-messaging fundraising.

Interestingly, the help that Americans give overseas parallels the help that millions of Americans gave Barack Obama's campaign. Obama's reinvention of campaign financing and voter outreach is similar to the revolution in private giving. Both are characterized by small donations from large numbers of people, low-cost giving via Web 2.0 channels, and personal interaction between donors and recipients.

As with each edition of the *Index*, the best aspects of global giving are found in the incredible stories of people and organizations so generous with their time, money, and creativity. They give from the heart, think it through in the head, and work hand-in-hand with gifted partners in poor countries. Helping people help themselves inspires us and will inspire you as you read the wonderful stories and best practices in this, our latest and best *Index of Global Philanthropy and Remittances*.

DR. CAROL C. ADELMAN
Director, Center for Global Prosperity
Hudson Institute





Chinese action star Jet Li, here with fashion designer Donatella Versace, has raised more than \$13 million for victims of the Sichuan earthquake.

GLOBAL PHILANTHROPY AND REMITTANCES

Helping Weather the Economic Storm

Global philanthropy and remittances will play the most important roles in helping developing countries weather the financial crisis that began in 2008. Official Development Assistance (ODA), though important for the less than 25 percent of countries whose official aid exceeds 10 percent of their gross national income (GNI), represents only 17 percent of total financial flows from developed to developing countries. Taking a closer look at the forecast for international philanthropy and remittances in 2009, we find that the prospects may be less dismal than expected.

The global recession undoubtedly will have an effect on international giving—just as it is having an effect on economies large and small around the world—but there isn't a consensus on what that will be and the effects may vary by different types of donors.

Foundation giving is not expected to experience an immediate sharp downturn despite an average 30 percent loss of assets because foundations are required to give away annually about five percent of their assets averaged over the preceding three years to five years.¹ This stabilizes giving during stock market downturns

that impact endowments. In addition, most foundations have already made commitments for 2009; many of the nation's largest foundations have indicated that they plan to honor these commitments. A survey by the *Chronicle of Philanthropy* of 72 foundations, including the nation's largest, found that 34 expect their giving to stay the same or increase in 2009, while 39 predict a decrease in grant making.

Foundations that are major players in international philanthropy, such as the Bill and Melinda Gates Foundation and the Ford Foundation, have large endowments that help them weather tough financial times. Both Gates and Ford have announced plans to increase their payout rate above the required five percent. Likewise, the William and Flora Hewlett Foundation expects to honor its grant commitments for 2008 and increase the percentage of its endowment it pays out.²

In fact, Bill Gates has urged world leaders, corporations, PVOs and individuals to maintain a strong commitment to foreign aid and investment during the recession. "Our work together to help the world's poor is more important in the face of this global financial crisis," Gates said at the World Economic Forum in Davos, Switzerland. "If we lose sight of our long-term priority to expand opportunity for the world's poor and abandon our commitments and partnerships to reduce inequity, we run the risk of emerging from the current economic downturn in a world with even greater disparities in health and education and fewer opportunities for people to improve their lives."³

Individual giving may take a greater hit in the short-term as both the wealthy and middle class find they have less money to give to charity. Scottish entrepreneur Sir Tom Hunter, who became a leader in British philanthropy with his pledge to give away \$1 billion pounds, says his personal foundation will be "scaling back" this year due to losses in the stock market.⁴ According to the Center on Philanthropy at Indiana University, individual giving dropped an average of 3.9 percent—after adjusting for inflation—during years with at least eight months of recession. However, some types of giving, such as donations to religious and educational organizations, appear to be more stable in tough economic times, while giving to arts organizations, community organizations and civil rights groups declines.⁵

Corporate giving fell an average of 1.6 percent during recessions, according to the Center on Philanthropy.⁶ A

survey by the Committee Encouraging Corporate Philanthropy found that one-third of companies cut giving in 2007 because of the slowing economy. The finance, health care and utilities sectors saw the largest cuts.⁷ In the past year, hard-hit companies such as Ford Motor Company and Citigroup have cut their corporate philanthropy programs—Ford by 40 percent. However, a survey by the Boston College Center for Corporate Citizenship found that half of companies said that corporate citizenship programs would be more critical to their success during the recession. Among the companies that have recently launched new corporate citizenship initiatives overseas are Intel, which is providing \$300,000 for education and development in Afghanistan, Cambodia, Haiti and Uganda in partnership with Kiva.org and Save the Children, and General Electric, which has expanded its program to provide healthcare training and equipment in Honduras and Kenya.⁸ Starbucks, which has instituted cuts across the board, recently launched a Product RED card that will benefit HIV and AIDS programs in Africa. "You can't save your way out of recession—you have to invest your way out," says Intel Chair Craig Barrett. "We look at our CSR activities in pretty much the same way: you can't just do them in good times and then just forget about them in bad

Bill Gates has urged world leaders, corporations, PVOs and individuals to maintain a strong commitment to foreign aid and investment during the recession. "Our work together to help the poor is more important in the face of this global financial crisis."

Changing the World One Tweet at a Time

Social networking sites such as Facebook.com have been remaking the face of philanthropy for several years. These online communities allow users to communicate with one another about their charitable and philanthropic interests, raising money and awareness, and creating virtual communities of interest around specific charitable pursuits. The hands-on, small-scale nature of social networking philanthropy is credited with creating a new excitement about charitable giving among younger donors and encouraging many small and first-time donors to become involved in philanthropy. In a twist, users of the popular Twitter social messaging utility decided to take their community offline for a day to raise money for a charity bringing

clean water to the developing world.

On February 12, 2009, 202 cities around the world from Amsterdam to Bangkok and Shanghai to Wichita held “Twestivals”—fundraising festivals organized by volunteer, grassroots users of Twitter. 100% of the money raised by the Twestivals went to charity:water, a non-profit that funds and builds small-scale clean water projects such as wells and rainwater catchments in 14 developing nations. The festivals included in-person gatherings of Tweeters, as well as online opportunities to fundraise through the purchase of music and t-shirts, and live streaming videos of special events. The February Twestival raised \$250,000 for 55 water projects in Ethiopia, Uganda and India that will provide clean water for some 17,000 people.

“One of the amazing things about Twestival is how truly global it became. Organizers in developing countries like Bangladesh, Colombia and Zambia knew that raising money for charity:water was an unlikely feat, but they wanted to be a part of this online movement. India was one of the most enthusiastic countries with a handful of cities wanting to host—so it is particularly satisfying to know that Twestival will be able to fund sustainable projects there,” blogged Amanda Rose, one of the co-organizers of the festival, which was launched in London in 2008 when local members of the Twitter community decided to create an event where they could meet offline. She predicts that the Twestival is just the beginning of larger online/offline philanthropic pursuits.

times and hope to get any results.” A number of other big companies, include Wachovia Bank and Cisco Systems, say they are planning to maintain their current level of giving.⁹

According to Samuel Worthington, head of InterAction, a coalition that represents international PVOs, international charities and development organizations could face a \$1 billion decrease in contributions annually as a result of the recession and cutbacks in foundation, individual, and corporate giving. He predicts that private contributions to international charities will decline 5–15 percent annually. Many international NGOs, however, have multi-year commitments from foundations and governments, which should provide some financial stability. Their overall situation, many predict, will depend on the length of the recession.¹⁰ Charities such as World Vision and Catholic Charities say they are waiting to see the full impact of the slow-down; World Vision has cut back on hiring.¹¹ CARE says the downturn has not yet affected the organization.¹² Most international charities say they are waiting to see what the future will hold and hoping that greater awareness of the interconnectedness of the world will bode well for the future of international giving. Private giving to religious organizations is even more stable. In a survey conducted by

the Evangelical Council for Financial Accountability, which represents 1,360 churches and other Christian groups, 72 percent met or exceeded their fundraising goals for the final quarter of 2008.¹³ And, prospects may be even brighter for web-based giving: online charitable giving rose 23 percent in December 2008.¹⁴

The secret weapon in this global recession, however, may well be the remittances sent from migrants living in developed countries back to their families and home towns in developing countries. The Global Remittances chapter provides an in-depth look at these massive flows, which exceed total ODA and are 45 percent of private capital flows to poor nations. Despite the economic downturn in 2008, remittances to the developing world still grew nine percent.¹⁵ Only in the beginning of 2009 did remittances begin to decline, the first decline since tracking began at the beginning of the decade. But the World Bank projects remittance flows to developing countries to fall by only 5–8 percent in 2009. Thus, as private capital flows decline as expected in 2009, the more resilient remittance flows, along with philanthropic donations, will continue to be critical lifelines to help developing countries weather the economic storm.

The Obama Administration: What's Ahead for Foreign Aid?

President Barack Obama has made investing in international development a cornerstone of his efforts to renew American leadership around the world and a moral imperative for the nation. "To the people of poor nations, we pledge to work alongside you to make your farms flourish and let clean waters flow; to nourish starved bodies and feed hungry minds," he said in his inaugural address.

What remains to be seen is how innovative and sustainable these efforts can be and if they will draw on the explosion of market-based philanthropy and remittances as well as the skilled labor force and local initiatives in developing countries that have led to a reinvention of foreign assistance over the past decade. Also to be seen is how the Obama administration's efforts will incorporate transparency and accountability, goals the president has supported.

On the first score, Obama recognizes the changed landscape of foreign aid and the importance of self reliance. He spoke in his campaign platform of American leadership "that leverages engagement and resources from our traditional allies in the G-8 as well as new actors, including emerging economies (e.g. India, China, Brazil and South Africa), the private sector, and global philanthropy. Yet, while America and our friends and allies can help develop-

ing countries build more secure and prosperous societies, we must never forget that only the citizens of these nations can sustain them" ("Strengthening our common security by investing in our common humanity," www.barackobama.com).

This important point—that only the citizens of developing countries can build and sustain successful societies—can be at odds with donor aid policies. The Center for Global Development shows that nearly half of 52 low-income countries have more than 50 percent of their government expenditures funded by donors, and more than one-fifth are above the 75 percent level. This over-reliance on external resources is why Africans are speaking out about "aid dependency." BBC Panorama reporter and West African native Sorious Samura says that Africa has to take responsibility for its failures and that foreign aid has too often propped up corrupt regimes. "When half the budget comes from aid, African leaders find themselves less inclined to tax their citizens," laments Samura. "Large inflows of foreign currency push up the value of the Ugandan shilling, making its agricultural and manufactured goods less price competitive. This results in fewer exports and less home-grown, sustainable earnings for the country" ("The Pitfalls of Africa's Aid Addiction,"

BBC News, Nov. 24, 2008).

Andrew Mwendu, winner of the International Press Freedom Award by the U.S. nonprofit the Committee to Protect Journalists, has been outspoken on how he believes foreign aid can undermine democracies by keeping dictatorial regimes in power ("They can kill me but they can't kill my ideas," *Parade Magazine*, Feb. 1, 2009).

Zambian born Dambisa Moyo is the most recent African critic of foreign aid. With advanced degrees from Harvard and Oxford and eight years of working as an economist at Goldman Sachs, her new book, *Dead Aid*, was born out of her frustrations at how little Africans are consulted on the future of their continent. Attending a party to raise money for Africa at the World Economic Forum in Davos in 2008, Moyo realized she was the only African in the room. She believes that foreign aid fosters corruption and dependency, snuffing out entrepreneurship. "You also disenfranchise African citizens," Moyo told the *New York Times Magazine*, "because the government is beholden to foreign donors and not accountable to its people" ("The Anti-Bono," Feb. 22, 2009).

These and other African critics of foreign aid want more private investment and philanthropy, like Kiva.org, that helps people get and keep jobs. They want developed countries to lower government

GIVING AROUND THE WORLD

Global giving from all countries around the world is on the rise and is fully recognized as a significant force that has changed the decades-old government aid architecture. In Doha, Qatar, in late November and early December of 2008, donors met to assess the implementation of the 2002 Monterrey Consensus, which had convened donor nations to agree on foreign aid targets. The resulting DOHA Declaration on Financing for Development explicitly recognized

the new environment of foreign aid: "New aid providers and novel partnership approaches, which utilize new modalities of cooperation, have contributed to increasing the flow of resources. Further, the interplay of development assistance with private investment, trade, and new development actors provides new opportunities for aid to leverage private resource flows."¹⁶ Former President Bill Clinton, speaking in New York at the U.N. ECOSOC Special Event on Philanthropy and the Global Public Health Agenda in

subsidies on agricultural goods so that African producers can be competitive in global markets. But it's not just Africans that are calling on Obama for changes in foreign aid. Iqbal Qadir, founder and director of MIT's Legatum Center for Development and Entrepreneurship and of Grameenphone, the largest cell phone company in Bangladesh, has called for President Obama to develop a new aid approach that removes trade barriers, helps entrepreneurs, and uses U.S. government aid funds to match grassroots development efforts. Two heads of state, Tanzanian President Jakaya Kikwete and Danish Prime Minister Anders Fogh Rasmussen, have created the Africa Commission to reform foreign aid. They are calling for a complete change of mind-set on foreign aid. "Aid in itself," the two leaders write, "will not ensure sustainable development. Improving Africa's competitiveness will" ("More than aid money, Africa needs enterprise," *The Christian Science Monitor*, Feb. 9, 2009).

While President Obama pledged to double U.S. foreign assistance to \$50 billion by 2012 during the presidential campaign, Vice President Biden speculated that the administration might have to scale back on this promise. Specific plans outlined in Obama's platform included canceling 100 percent of the international debt owed by Heavily-Indebted Poor Countries, committing an additional \$50 billion over five years to strengthen and expand the President's Emergency Plan for AIDS Relief, and establishing a \$2 billion Global Education Fund to expand access to primary

education in the world's poorest countries. He also affirmed his commitment to meeting the United Nations' Millennium Development Goals to cut global extreme poverty in half by 2015.

Several noteworthy initiatives outlined in Obama's foreign aid platform focused on helping developing nations generate long-term prosperity in partnership with the private sector and philanthropic institutions. The Add Value to Agriculture Initiative would spur "research and innovation aimed at bringing about a Green Revolution for Africa, by partnering with land grant institutions, private philanthropies and business to support agricultural processing through increased investment in research and development for improved seeds, irrigation methods, and affordable and safe fertilizers." The Fund for Small and Medium Enterprises would use micro-finance to "build the capacity of communities and countries in the developing world to generate wealth on their own." The U.S. government would provide seed money to the fund with the expectation that it would be matched by a larger portion from the private sector.

In his platform, President Obama took a strong stand on tackling corruption in foreign aid at home and abroad: "We must lead by example by making our own contracting decisions merit-based and transparent. And we must couple our assistance abroad with an insistent call for reform, transparency and accountability. ...We must commit ourselves to spearheading an international initiative to root out corruption."

How many of these initiatives will

be achieved in the face of the global recession remains to be seen. Proposals to increase transparency and accountability may help to stretch American aid dollars. During his tenure in the Senate, Obama was an advocate of government spending accountability. He co-sponsored the Federal Funding Accountability and Transparency Act of 2006, which led to the creation of USAspending.org, a free, public tracker of federal government spending and projects.

What Obama can do best to help poor countries is what he did in his own presidential campaign. Through savvy web-based technology, Obama supporters gave small—but many—donations, resulting in a record \$750 million raised. The campaign also reached out to backers through blogs, videos, and interactive web sites. This same interactive, people-to-people, results-driven approach mirrors America's economic engagement with the developing world today—90 percent is through philanthropy, remittances, and private investment. Government foreign aid, as the minority shareholder, needs a new business model to work with new aid actors in a new developing world.

USAID has already pioneered a successful model through its Global Development Alliance, but the agency needs to do much more to respond to ideas coming directly from people and organizations in poor countries who are putting time and resources into their own initiatives. In this way, U.S. government dollars can go further with demand-driven projects that have the buy-in of local people and built-in sustainability for growth and prosperity.

February 2009, put it simply: "We can make public monies go further with philanthropy."

The Gallup World Poll, which is conducted in more than 140 countries and includes questions on private giving, further supports the growth in worldwide philanthropy and volunteerism. Australia and England scored highest on the number of people donating to an organization in the previous month. The United States and Canada were close behind at 66 percent. In China and Russia, the figures were eight

percent and five percent, respectively.¹⁷

Measuring the sources and amounts of these private resource flows, along with best practices and success stories, are the key objectives of the *Index of Global Philanthropy*. Our long-term goal is for individual countries and the Organisation for Economic Cooperation and Development (OECD), the Paris-based organization of donor countries that measures financial flows to developing countries, to improve the measurement of private giving and report these data, both

Measuring the Effectiveness of Aid

The quality of foreign aid is as important as the quantity of foreign aid. Donors and recipients need to know if aid is being used as effectively as possible so they can make necessary adjustments to programs and priorities to produce better result and outcomes. Since the early part of this decade, there has been an accelerating movement to better measure the effectiveness of aid in reaching development goals. Legislators and the public were demanding it, especially with increased Official Development Assistance (ODA) to developing countries, particularly to Africa.

In 2003, ODA to sub-Saharan Africa was the equivalent of 11.7 percent of the continent's gross national income (GNI) (excluding Nigeria and South Africa). In comparison, the Marshall Plan's funding to Europe never exceeded three percent of GNI of any receiving country. This historically unprecedented flow of aid led more than 100 donor and developing countries to endorse the Paris Declaration on Aid Effectiveness in 2005. The declaration was designed as a roadmap to improve the quality of aid and its impact on development organized around five key principles of effective

aid: ownership by countries; alignment with countries' strategies, systems and procedures; harmonization of donors' actions; managing for results; and mutual accountability. The report set specific benchmarks in these areas to be met by 2010.

A 2006 report by the Organization for Economic Development and Co-operation, however, found limited progress on the ownership and managing for results goals. Following this, two groups were formed to conduct a series of evaluations on achievement of the Paris Declaration goals. Their report found that while the goal of ownership of development projects by recipient countries has gained greater prominence, even in the countries with the most experience in creating strong national ownership of projects, ownership "remains heavily weighted in favor of central government players rather than provincial and local authorities." On managing for results, the report found little progress toward the Paris Declaration goals, noting that "the evaluations are virtually unanimous that progress is slow toward meeting the monitoring survey's benchmark for

what partner countries need to do." It also found that many countries lacked the technical capacity to do thorough evaluations (Wood et al., "Evaluation of the Implementation of the Paris Declaration," 2008).

At a follow-up conference held in Accra, Ghana, in September 2008, a report was released summarizing surveys of 54 developing countries—accounting for about half of all aid receipts—on progress toward the Paris goals. It found that less than one-quarter of the countries had "actionable development strategies" and "less than 10 percent have sound frameworks to monitor results" (Kharas and Linn, "Better Aid: Resolving Gaps in Effectiveness," 2008).

Based on these results, the Brookings Institution concluded, "while the Paris Declaration has many good ideas, in practice they are being implemented too slowly to make a material difference for achievement of the Millennium Development Goals." More importantly, according to Brookings, "the Paris Declaration excludes more than half of all aid that actually reaches countries—the private foundations, PVOs and humanitarian groups who give almost \$60 billion

philanthropy and remittances, in the annual Development Co-Operation Report published by the OECD. In this way, the incomplete private giving numbers now submitted by donor countries to the OECD can be improved.

The Center for Global Prosperity (CGP) has developed new research partners in Europe and Asia who are working to improve the collection of these numbers and thus better report on philanthropic giving in their countries. This network is in its early stages, with minimal support, but CGP is dedicating its time and resources to promoting the collection of these data on private giving.

As a result, CGP has now generated improved numbers for more than half of all 22 of the OECD's Development

Assistance Committee (DAC) donor countries. The chapter on International Philanthropy Outside the United States reports on this new research, which identifies \$49 billion of private giving, \$31 billion more than DAC donor countries report to the OECD. Increased giving numbers are just part of the international giving story. The *Index* highlights new developments in European countries, including the growth in philanthro-capitalism, Internet giving, and the large and increasing involvement of religious organizations in reaching out to needy people in poor countries abroad. Membership in the European Venture Philanthropy Association, for example, has doubled in just one year. These creative new organizations, discussed in the International Philanthropy

to the poorest countries and non-DAC official donors like China, India and some of the oil-rich countries. As a result, knowledge about and coordination with and among private donors is even more of a problem than for official donors.”

A recent study on the effectiveness of a major international immunization program highlights the ongoing problems and challenges in measuring aid effectiveness.

The Global Alliance for Vaccines and Immunization (GAVI) is an international public-private partnership designed to increase access to immunizations in developing countries. It was started with a seed grant from the Bill and Melinda Gates Foundation, which has contributed \$1.5 billion to the program. One of the innovative features of the GAVI is a “pay for performance” feature that reimburses countries for each child that is immunized.

A recent study in *The Lancet* (Dec. 13, 2008), however, found that many developing nations routinely exaggerated the number of children who had been immunized. The study found that while some 14 million children were reported to have received the three-dose diphtheria, tetanus and whooping cough vaccine since 1986, in reality only about 7 million had, meaning the program had paid out twice as much in performance awards as it should have. The study highlighted the problems in getting

accurate statistics on large-scale health programs, a mainstay of development efforts and one of the largest recipients of development funding. The researchers compared three sources of data on immunization levels: government reports, World Health Organization/UNICEF estimates, and scientifically sampled surveys of local populations. They found that government reports and the WHO/UNICEF estimates either inflated the number of vaccine recipients or deflated the immunization baseline.

Although the GAVI does perform data quality audits, the authors of the report found that they were insufficient. They concluded: “Measurement of immunization coverage must be through more periodic gold-standard surveys that are integrated with improved administrative data if progress towards goals such as universal childhood immunization is to be better measured and understood” (Lim et al., “Tracking Progress Toward Universal Childhood Immunization,” *The Lancet*, Dec. 18, 2008).

Besides the difficulties of a lack of capacity at the country level, the failure to include private aid, and the challenges of collecting large-scale, country-wide outcome measurements, aid efficiency is also hard to measure because, as William Easterly points out in his ranking of government aid agencies, the data are “inexcusably poor.” Aid agencies often are not

transparent about operating costs and how they spend their money, according to Easterly. Many also work through “ineffective aid channels” such as tied aid, food aid, and expensive technical assistance (“Where Does the Money Go?,” *Journal of Economic Perspectives*, Spring 2008).

In 2008 a U.S. Government process was launched that will allow the public to see how much of foreign aid funds are actually reaching poor people through all the foreign aid channels. The Federal Funding Accountability and Transparency Act, co-sponsored by President Obama when he was a senator, requires full public disclosure of all federal financial assistance and expenditures, including the amount of the award, what it is used for, and who receives it. The information, which is posted on the USA Spending.gov web site, is one step toward better accountability. Achieving the Paris goals of local ownership and results will require much more: a new business model for foreign aid that takes into account the increased private monies and local capacity to implement aid projects. Until government aid dollars are working with and leveraging these private sources to do what local players and institutions want to do, ownership and results may continue to be a well-intentioned but elusive goal.

— JEREMIAH NORRIS

Outside the United States chapter, are helping to build businesses and change lives throughout the world.

But Europe is not the only growing source of aid to developing nations. New donor countries giving official aid to the developing world include Brazil, Russia, Turkey, Hungary, Kuwait, and even China and India. Brookings Institution scholar Homi Kharas has produced excellent work on these new players in development aid.¹⁸ Private philanthropists in developing countries are growing in tandem with these emerging economies’ government aid programs. As discussed in the International Philanthropy Outside the United States chapter, wealthy individuals like Dubai’s ruler Sheik Mohammed bin Rashid Al Maktoum,

who gave \$10 billion to create an educational foundation for the Middle East, Azim Premji of India, Li Ka-shing of Hong Kong, and Syed Mokhtar Al-Bukhary of Malaysia have given billions to charitable causes.

U.S. and U.K. celebrity philanthropy is being copied in Asia as well. The Chinese action star Jet Li raised more than \$13 million after the devastating Chinese earthquake in May 2008. While China has a history of private giving through its ancient religions, charitable giving in China is much lower than other countries—only some .35 percent of gross domestic product versus 2.2 percent in the United States.¹⁹ Li’s business model for his philanthropic endeavor mirrors President Barack Obama’s campaign business

model, which transformed campaign fundraising in the United States. The Chinese actor/philanthropist is soliciting small donations from many people—1.3 billion to be exact—asking every person in China to donate one yuan (about 15 cents) a month. He is partnering with China's private enterprises as well, cutting deals with China Merchants Bank for an automatic charitable deduction from credit card accounts, getting a large Sichuan restaurant chain, South Beauty, to donate one yuan per meal, and getting a film production company to encourage customers to donate a percent of their movie tickets to help the needy.

TECHNOLOGY TAKES THE LEAD

New models of philanthropic giving, championed in the United States, are being taken to new heights by companies and PVOs throughout the developed and developing world. Social entrepreneurs and venture philanthropists are helping millions of people in the developing world start their own companies and create jobs for others. Europe and other regions are also using new web-based platforms to deliver private aid, a trend that is discussed further in the International Philanthropy Outside the United States chapter. For instance, the French companies Babyloan and Veccus provide Internet giving services, as does the Danish company MyC4. The Brit-

New models of philanthropic giving, championed in the United States, are being taken to new heights by companies and PVOs throughout the world. Social entrepreneurs are helping millions of people in the developing world start their own companies.

ish companies, JustGiving.com and GlobalGiving.co.uk, have raised money for thousands of charities.

Text messaging is more than just a new teenage pastime as old-line charities team up with PayPal, the web-based payment system, to make donations to the British Red Cross via cell phones. After the Asian tsunami, some 650,000 text messages brought in \$1.86 million for a U.K. umbrella organization of PVOs. A Turkish PVO, Educational Volunteers Foundation of Turkey, launched an annual cell phone-based fundraising campaign in 2002. In 2007 alone, nearly 78,500 text messages raised more than \$575,000 for the campaign.

This reinvention of international assistance mirrors the campaign of President Obama in which he used the Internet and new technologies to reinvent campaign finance and voter outreach. The campaign raised an unprecedented \$750 million, of which \$300 million was in contributions of \$200 or less.²⁰ In addition to attracting many and small donors, the Obama campaign interacted with voters in new and transparent ways. Campaign workers and supporters texted, blogged and YouTubed their way through the campaign season. Policies were posted on the web for review by supporters and interactive dialogues on issues and events were rampant on blogs throughout the country. President Obama raised the technology and the transparency bar in politics, just as he did when he co-sponsored the law that requires all government contract information to be posted on a government site, www.USAspending.org. Last year's 2008 *Index of Global Philanthropy* reported on this much-needed legislation and sees such accountability measures as vital to both government and philanthropic spending.

"Changing the World One Tweet at a Time" on page 7 provides a window into "Twestival," a growing new trend in fundraising that brings online communities into the real world to raise money for their favorite charities. Required reading for all those interested in international assistance and new fundraising models is award-winning blogger Beth Kanter's advice on web 2.0 fundraising.²¹ Some of Kanter's important lessons for online fundraising include the use of videos, blogs, Twitter, online payments, instant "thank you," and viral marketing; building social capital and networks before going for the "ask;" showing your fundraising results in real time online; and "little gifts—and lots of them." These techniques enabled Beth to raise \$2,500 in

Natural Disasters Put Private-Sector Relief on the Map

In the summer of 2008, Americans watched the news in horror as they saw the devastation and suffering caused by two natural disasters. On May 2, 2008, Cyclone Nargis hit the coast of Myanmar (Burma). Because of Myanmar's authoritarian government, the extent of the disaster is not clear, but Myanmar's government estimates that more than 84,000 people died. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA), that number could be as high as 101,000 people. Ten days later on May 12, disaster hit again when a 7.9 magnitude earthquake shook Sichuan Province in China. Images of collapsed schools and devastated villages filled the news. More than 69,000 people died as a result of the earthquake. As of August 2008, China's government reported spending more than \$9.4 billion on disaster relief and reconstruction.

The American press focused mainly on what governments were and were not doing to address the crises. The bigger story from the disasters, however, was the outpouring of private-sector support, in terms of monetary and in-kind donations, from corporations and individual citizens that sometimes outpaced governmental giving. The private sector also used its business contacts and existing infrastructure

in these countries to get the aid to the people—often more quickly than governments could. This was a significant factor in Myanmar, where the government initially did not allow assistance into the country from the United Nations or governments. The organization Better Burmese Health Care, which is almost entirely Burmese run, supports four clinics and six full-time doctors in Myanmar, so when the cyclone hit, they were able to start helping immediately. According to Robert Berg of Better Burmese Health Care, this allowed the organization to “fly under the radar as such and reach those who otherwise are passed over.” Within the first four weeks of the disaster, the organization's volunteers had seen and treated 3,689 patients.

While it is almost impossible to know whether the approximately \$35 million in private donations from the United States to the Myanmar disaster was more effective in reaching the neediest people than the \$74 million in government donations, anecdotally it is clear that the private sector made a significant impact on the disaster relief effort.

The amount of private giving for the Sichuan earthquake was truly astounding. In the United States, the private sector gave more than 20 times the amount of money than the govern-

ment did. Large and small corporations, through monetary, in-kind, and employee contributions, donated more than \$102 million, while the US government contributed just under \$5 million. In fact, many individual companies donated more than the US government did. Cisco has committed \$45 million to the long-term redevelopment of the earthquake-ravaged area. The Intel Foundation donated \$6.4 million; Johnson & Johnson donated \$5 million in cash, product donations and employee contributions; Oracle pledged to match employee contributions up to \$5 million; and Proctor & Gamble pledged \$7.6 million in cash and donated products. Over 25 companies donated more than \$1 million each to the disaster.

The United States was not the only country where private giving to China far exceeded that of the public sector. In the United Kingdom, private giving of \$8 million was double that of the UK government's donation of \$4 million.

If these trends continue, governments facing reconstruction after a natural disaster would do well to appeal not only to the United Nations and foreign governments, but also to the citizens of the world. The impact of the collective efforts of private citizens and corporations cannot be underestimated.

— MEGAN HATCH

90 minutes on Twitter, the rapidly growing social networking site of young and old. She reports on an Indian heart surgeon, Dr. Mani, who launched The Heart Kids Tweet-A-Thon in September 2008 and raised more than \$5,000 for his charity. The potential power of small donations done on a large-scale through new Internet platforms, with transparent reporting and information sharing, is the trend to watch in global philanthropy.

Giles Turnbull discusses some of the interesting implica-

tions of online giving and how governments can participate in the online giving revolution in creative ways.²² For example, JustGiving.com, featured in “Technology Innovation in International Philanthropy” on page 59, gets its credit card fees, administrative fees and even a top-up to the donations received paid for by the British government's Gift Aid charity tax relief program. These sites level the playing field for smaller charities, since hassle-free payment systems are just as easy for them to manage as large chari-

The projected declines in global philanthropy and remittances over 2009 should not take as sharp a downturn as feared by many. This is all the more reason for developing countries to create favorable investment climates so that local businesses can thrive.

ties. Expensive fundraising consultants can be replaced by lower cost Internet-savvy workers, avoiding the purchase of expensive databases and the costs associated with face-to-face fundraising.

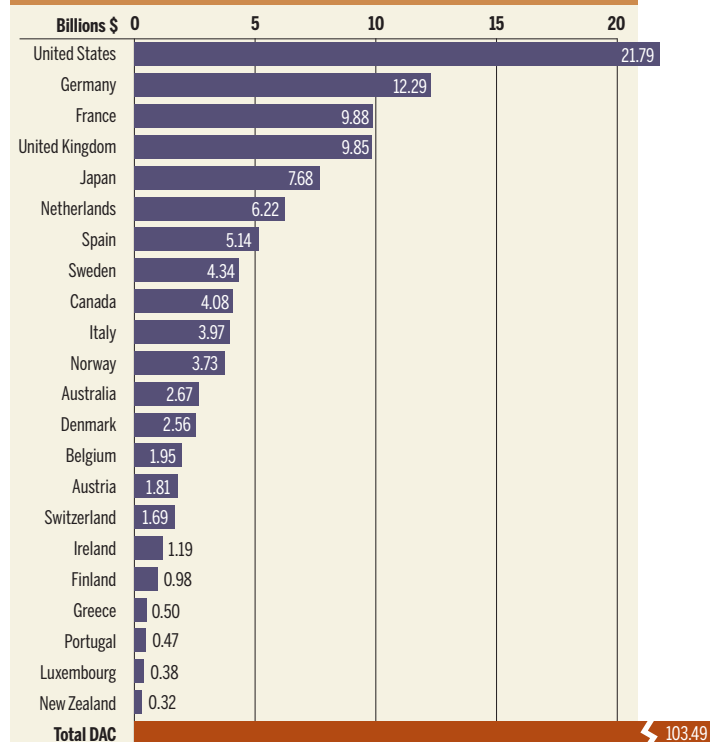
For some charities, all donors have to do is give their “attention.” For every viewer who goes to The Hunger Site (www.hungersite.com) and looks at the pop-up ads, the charity can bill the advertisers per click. The payment is then converted into a charitable donation. In 2007, The Hunger Site financed almost 50 million cups of food this way.

As philanthropy and remittances reshape the landscape of international assistance, technology is dramatically altering how it is delivered, as explored in “Phoning Money Home,” on page 72. No matter how they receive it, poor people will be helped by these flows during the economic downturn. If the past is prologue, the projected declines in global philanthropy and remittances over 2009 should not take as sharp a downturn as feared by many. This is all the more reason for developing countries to create favorable investment climates so that local businesses can thrive and scarce private capital can be attracted. As the many social entrepreneurs and philanthro-capitalists featured in this year’s and past editions of the *Index* prime the pump for local businesses to prosper, successful social entrepreneur Kim Tan, head of Springhill Management, explained their role in creating lasting economic growth through jobs and capital investment. Tan’s private equity company has created more than 7,000 jobs around the world, which he believes is the first step in lifting people out of poverty. The next step is helping them acquire capital and equity stakes in their businesses. While microcredit helps people be less

poor, he explained at an American Enterprise Institute seminar on aid reform in January 2009 that it is not the final answer. The important social venture capital projects that blur the lines between business and philanthropy are the transition to venture capital. Their business is to “cash flow the poor” so they can grow to receive venture capital for sustained economic growth and prosperity.

Celebrating examples of successful small- and medium-size entrepreneurs who are employing people and eradicating poverty in emerging markets is just what the John Templeton Foundation and Legatum do through the Pioneers of Prosperity awards. Firms with annual revenues between \$5 million and \$25 million are eligible; competitions are currently held in Africa, the Caribbean, and Central America. In 2008, the six finalists of the African contest, chosen from 1,400 applicants, received a total

FIGURE 1
Net ODA in Billions of \$, 2007



Source: Organisation for Economic Development and Co-operation, *Development Co-operation Report 2009*.

of \$350,000 in prize money. The criteria for the awards represent the game plan for successful and responsible businesses in Africa or anywhere: 1) identifying and serving the right customers; 2) generating above-average returns for the owners; 3) providing jobs, training, and growth opportunities for their workers; and 4) paying taxes, investing in the local community, and respecting the environment by not polluting. Legatum Managing Director and panel judge Alan McCormick commented of the 2008 winners: “Each of the finalists represents a dynamic new wave of African entrepreneurs shaping the continent’s future. Each of them demonstrated the level of excellence, leadership and vision required to grow their businesses regionally and internationally. They are an inspiration to anyone in Africa who may be wondering if they can succeed in business. The answer is: yes, you can.”²³

TRENDS IN TOTAL GOVERNMENT AID TO DEVELOPING COUNTRIES

Almost four years since the G8 summit in Gleneagles, Scotland in 2005, where many of the world’s leading economies made pledges to increase ODA that amounted to an additional \$50 billion by 2010, donors are now struggling to meet these pledges. According to the OECD, the current growth of aid budgets is too slow to meet the 2010 goals and the current financial crisis will only place pressure on governments to cut aid. Accounting for aid that is planned or has been delivered, donors are currently \$34 billion shy of realizing their targets.²⁴

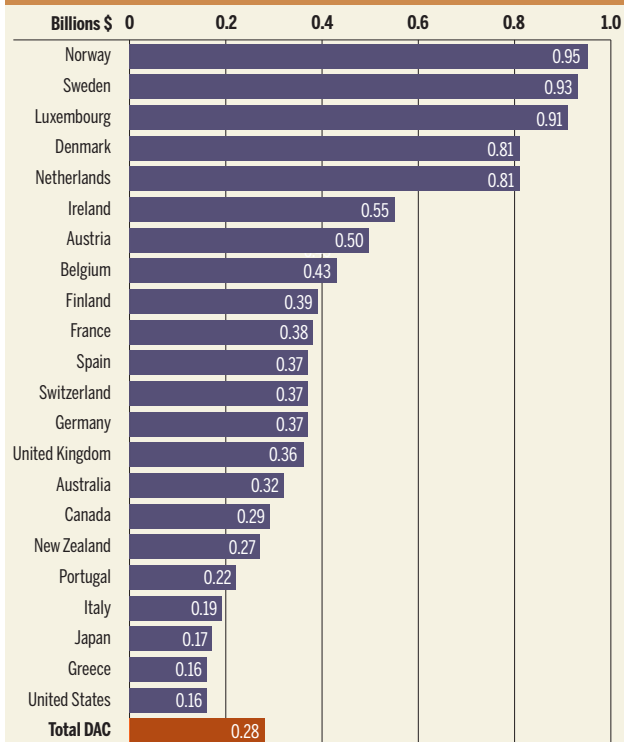
Africa, in particular, is likely to see unfulfilled aid commitments. Donors at Gleneagles committed to increasing ODA to Africa by \$25 billion per year at 2004 prices and exchange rates. To reach this goal, aid to the continent needs to increase by 17 percent annually between 2007 and 2010. In 2007, ODA to Africa amounted to \$38.7 billion—37 percent of all ODA—but declined 18 percent, mainly due to exceptional debt relief, especially for Nigeria, in 2006.²⁵

Total net ODA from DAC donors was \$103.5 billion in 2007 (Figure 1), which represents an 8.5 percent decline

in real terms over the 2006 total of \$104.4 billion. This decrease can largely be attributed to diminishing debt forgiveness by DAC countries; debt relief fell from \$18 billion in 2006 to \$9 billion in 2007 as a result of the winding up of the Paris Club debt relief operations. Excluding debt relief, ODA from DAC members rose by two percent in 2007.²⁶

As Figure 2 shows, total ODA from DAC members as a percentage of combined GNI fell from 0.31 percent in 2006 to 0.28 percent in 2007. As in 2006, only five countries—Norway, Sweden, Denmark, Luxembourg and the Netherlands—exceeded the Monterrey target of allocating 0.7 percent of GNI to aid budgets. Belgium, the sixth country to commit to this 2010 target, is now further away from reaching this goal; its ODA dropped from 0.5 percent of GNI in 2006 to 0.43 percent in 2007.²⁷ The difficulty of most countries in reaching the 0.7 percent of GNI target

FIGURE 2
Net ODA as a Percentage of GNI, 2007



Source: Organisation for Economic Development and Co-operation, *Development Co-operation Report 2009*.

underlines the problem of setting unrealistic aid targets such as this one called for at the U.N. conference in Monterrey, Mexico in 2002.

There are signs that the global recession is only going to make it harder for donors to meet their aid targets. Ireland became the first casualty of the financial crisis in 2009, cutting its aid budget for 2009 from 0.56 to 0.53 of national income, a cut of more than 10 percent.²⁸ Although OECD Secretary General Angel Gurría and DAC Chair Eckhard Deutscher have called on the world's most developed countries to stick to their aid pledges, history suggests that aid budgets might fall victim to the recession. The recession of the early 1990s caused ODA from DAC countries to fall from 0.33 percent to 0.22 percent of GNI between 1992 and 1997, representing a decrease in volume of 20 percent in real terms.²⁹

The largest ODA donor by volume in 2007 was the United States, followed by Germany, France, the United Kingdom and Japan. While these donors were also the largest contributors in 2006, there has been a noticeable change in their order. In 2007, the United Kingdom was the fourth largest donor, while it was the second largest in 2006. Japan, which was the third largest donor in 2006, fell to fifth. While this change can largely be explained by these countries' substantial debt relief operations tapering off, both countries' ODA excluding debt relief also fell. The United States and France both experienced more moderate declines, with ODA, excluding debt relief by the former, dropping slightly. ODA by Germany, on the other hand, rose by 6.1 percent, due to increases in bilateral aid and contributions to international institutions. These five donors—the United States, Germany, France, the United Kingdom and Japan—accounted for 59.4 percent of total ODA in 2007, 5.8 percent less than their 2006 share. Apart from the United States, the United Kingdom and Japan, all DAC countries saw their ODA excluding debt relief rise in 2007.³⁰

DAC members from the European Union continue to contribute a large portion of ODA; in 2007 they represented nearly 60 percent of all DAC assistance. The 6.6 percent drop in their ODA flows is again mainly a result of falling debt relief. Without this, their ODA rose by 7.7 percent.

In 2007, the largest recipient of ODA was Iraq, which accounted for 8.7 percent of the total. Just over half of this \$9 billion was debt forgiveness. Other major recipients

TABLE 1

Total U.S. Economic Engagement with Developing Countries, 2007

	Billions of \$	%
U.S. Official Development Assistance	\$21.8	9%
U.S. Private Philanthropy	\$36.9	16%
Foundations	\$3.3	9%
Corporations	\$6.8	18%
Private and Voluntary Organizations	\$10.8	29%
Volunteerism	\$3.5	9%
Universities and Colleges	\$3.9	11%
Religious Organizations	\$8.6	23%
U.S. Remittances	\$79.0	34%
U.S. Private Capital Flows	\$97.5	41%
U.S. Total Economic Engagement	\$235.2	100%

Sources: Organisation for Economic Development and Co-operation, Development Co-operation Report 2009; Hudson Institute's remittance calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittances Team, 2008; Hudson Institute, 2009.

were Afghanistan, Tanzania, Cameroon, and Sudan. The poorest countries in the world are increasingly receiving more aid. According to the OECD, ODA to the least developed countries of the world has nearly doubled in real terms over the last decade and currently accounts for a third of total aid.³¹

U.S. GOVERNMENT AID TO DEVELOPING COUNTRIES

The United States tied Greece for last place among DAC donor countries in 2007 in terms of total ODA as a percentage of GNI at 0.16 percent, compared to 0.18 percent in 2006 and 0.23 percent in 2005³² (see Figure 2 on page 15). U.S. ODA disbursements, as seen in Figure 1 on page 14, were \$21.8 billion in 2007, a 9.8 percent drop in real terms from 2006. Despite this decrease, largely due to falling debt forgiveness and a decrease in ODA to Iraq, the United States remains the largest donor of ODA by far, accounting for 21 percent of all DAC ODA.³³ In fact, the United States' 2007 ODA was the third largest annual disbursement historically by any donor country, following U.S. ODA in 2005 and 2006.³⁴ U.S. government aid in 2007 was almost twice as high as that from the next highest donor, Germany. This gap widens even more when debt relief grants are excluded.

U.S. TOTAL ECONOMIC ENGAGEMENT WITH DEVELOPING COUNTRIES

The problem with judging America's generosity and development impact by the measure of government aid alone is that the figure excludes the vast amounts of private giving from American foundations, corporations, private and voluntary organizations, universities and colleges, religious organizations and individuals sending money back to their home countries. A more complete way of measuring donor impact on the developing world is to look at a country's total economic engagement—including official flows, philanthropy, remittances, and private capital flows—with developing countries. Table 1 provides this more complete picture of American investment and generosity in the developing world.

In 2007, U.S. private philanthropy (Table 1, second category) totaled \$36.9 billion, over one and one-half times government aid for the same period. When remittances are

Almost four years since the G8 summit in Gleneagles, Scotland in 2005, where many of the world's leading economies made pledges to increase ODA that amounted to an additional \$50 billion by 2010, donors are now struggling to meet these pledges.

added to private philanthropy, the combined total—\$115.9 billion—is over five times the total U.S. ODA of \$21.8 billion. To underscore the role of private financial flows to poor countries, Table 1 shows that official flows of \$21.8 billion accounted for only 9 percent of U.S. total economic engagement of \$235.2 billion with the developing world.

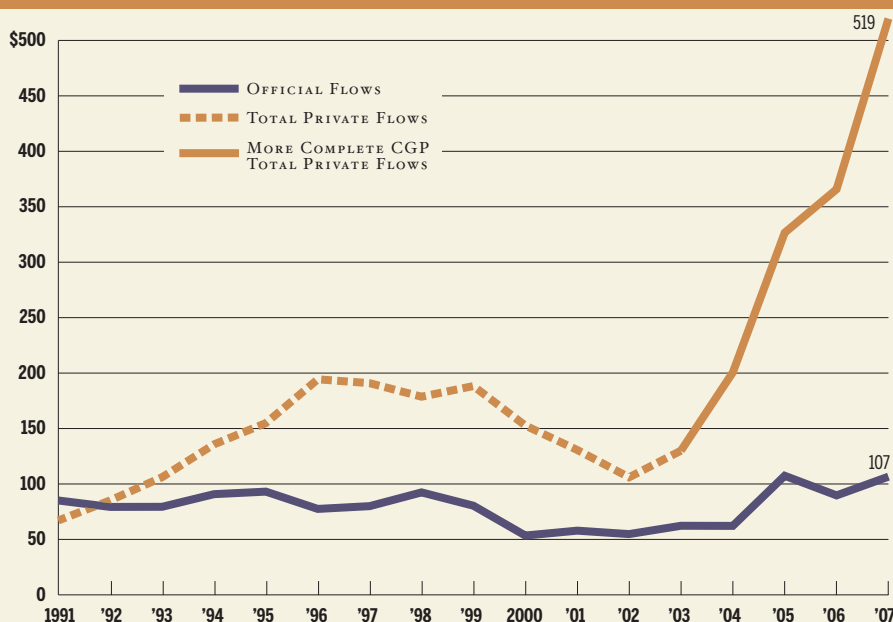
To get a better understanding of the magnitude of U.S.

private aid, it is useful to put it in the context of public foreign aid in the United States and abroad. For instance, U.S. corporations gave \$6.8 billion to developing world causes in 2007, just under a third of the entire U.S. government's foreign aid budget. Private and voluntary organizations (PVOs), the largest single vehicle of U.S. private philanthropy to the developing world, gave the equivalent of 50 percent of ODA by the United States. Together, religious organizations and PVOs, including volunteerism, gave more in aid to developing countries than the U.S. government did in 2007.

With private philanthropic and remittance flows as large as they are, it is time to fully measure assistance flows—both public and private—to the

FIGURE 3

Total Official and Total Private Flows—Philanthropy, Remittances, Investment—from OECD Donor Countries to Developing Countries, 1991–2007 (Billions of \$)



Sources: Organisation for Economic Development and Co-operation; Hudson Institute's remittance calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittances Team, 2008; Hudson Institute, 2005–2009.

developing world. When 2007 ODA from the United States is measured as a percentage of GNI, it shares last place with Greece at 0.16 percent. If, however, private philanthropy and remittances are added to the equation, the United States ranks seventh out of the 22 donor countries as seen in Figure 6 on page 20. U.S. private assistance alone compares favorably with other DAC donor's ODA. For example, U.S. PVOs gave more to the developing world in 2007 than France, the third largest ODA donor, gave in government aid. Total U.S. private philanthropy at \$36.9 billion represented one third of all ODA.

Remittances from individuals, families and hometown associations in the United States to the developing world reached \$79 billion in 2007. This was more than three and a half times larger than U.S. government aid and one-third of the total U.S. financial engagement with developing countries. After private capital flows, remittances were the largest U.S. financial flow to the developing world in 2007. The financial crisis is highlighting their importance to developing countries, as they are expected to remain resilient relative to private capital and official flows over the next year.³⁵ U.S. remittances alone were 76 percent of total DAC donors' ODA in 2007, up from 69 percent in 2006.

Private capital flows represented the largest U.S. economic

engagement with the developing world in 2007 at \$97.5 billion, a 56 percent increase from 2006.³⁶ This investment and lending on market terms includes direct investment, private export credits, securities, bank credits and other private transactions with developing countries. Representing 30 percent of all donor countries' private capital flows to the developing world, U.S. sources provided more private capital than any other DAC country. It is this capital that creates jobs, raises productivity, transfers skills and technology, and boosts export industries in developing countries—factors that economists see as critical in creating growth and prosperity.

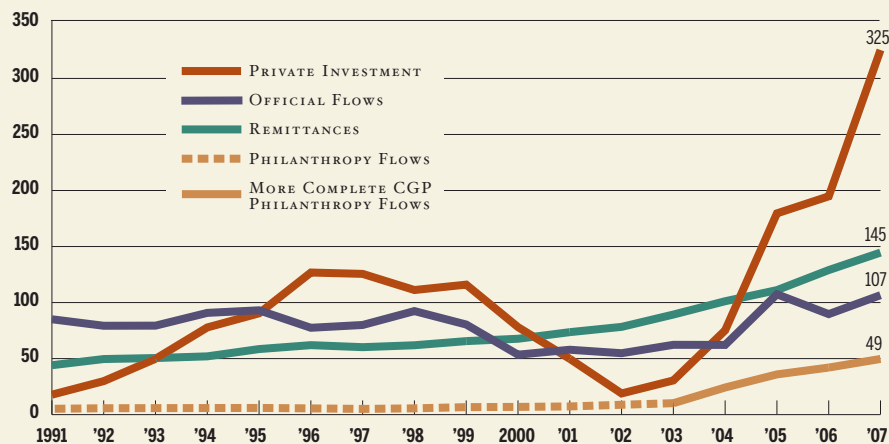
ALL DONORS' ASSISTANCE TO DEVELOPING COUNTRIES

In addition to contributing \$49 billion in philanthropy and \$145 billion in remittances to developing countries in 2007, the DAC donor countries invested \$325 billion in private capital in developing countries. This investment and lending on market terms includes direct investment, private export credits, securities, bank credits and other private transac-

tions. Together these private financial flows—philanthropy, remittances, and private investment—from all donor countries totaled \$519 billion in 2007, almost five times larger than public flows consisting of ODA and other government aid to poor countries. Figure 3 on page 17 shows the magnitude of the gap between private and public flows to the developing world over the last 15 years. A total of 83 percent of all DAC donors' total economic engagement with the developing world is through private financial flows. Only 17 percent is through official flows. According to World Bank and OECD data, remittances, the

FIGURE 4

Official, Private Investment, Philanthropic, and Remittance Flows from OECD Donor Countries to Developing Countries, 1991–2007 (Billions of \$)



Sources: Organisation for Economic Development and Co-operation; Hudson Institute's remittance calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittances Team, 2008; Hudson Institute, 2005–2009

most resilient flow to the developing world, have consistently been larger than ODA for much of the last decade. Figure 4 provides a breakdown of the different forms of private flows, comparing them to public flows over the last 15 years.

Since ODA is an incomplete measure of what a country gives to the developing world, it is more helpful to compare donors on the basis of all financial aid—ODA, philanthropy, and remittances. Figures 5, 6 and 7 provide measures of the full generosity of DAC donor countries by combining their ODA, private philanthropy, and remittance outflows to the developing world.

Measuring absolute volumes of ODA, private philanthropy, and remittances, as Figure 5 does, puts the United States in first place with \$137.7 billion, or 46 percent, of total

Together these private financial flows—philanthropy, remittances, and private investment—from all donor countries totaled \$519 billion in 2007, five times larger than public flows consisting of ODA and other government aid to poor countries.

assistance by all DAC donors. While the United States is undoubtedly the biggest contributor of total assistance, the gap between the United States and other nations will most likely get smaller in the future as research into other donors' private philanthropy continues to improve. After the United States, the next largest contributors of total assistance to the

developing world in 2007

were the United Kingdom, Germany, France,

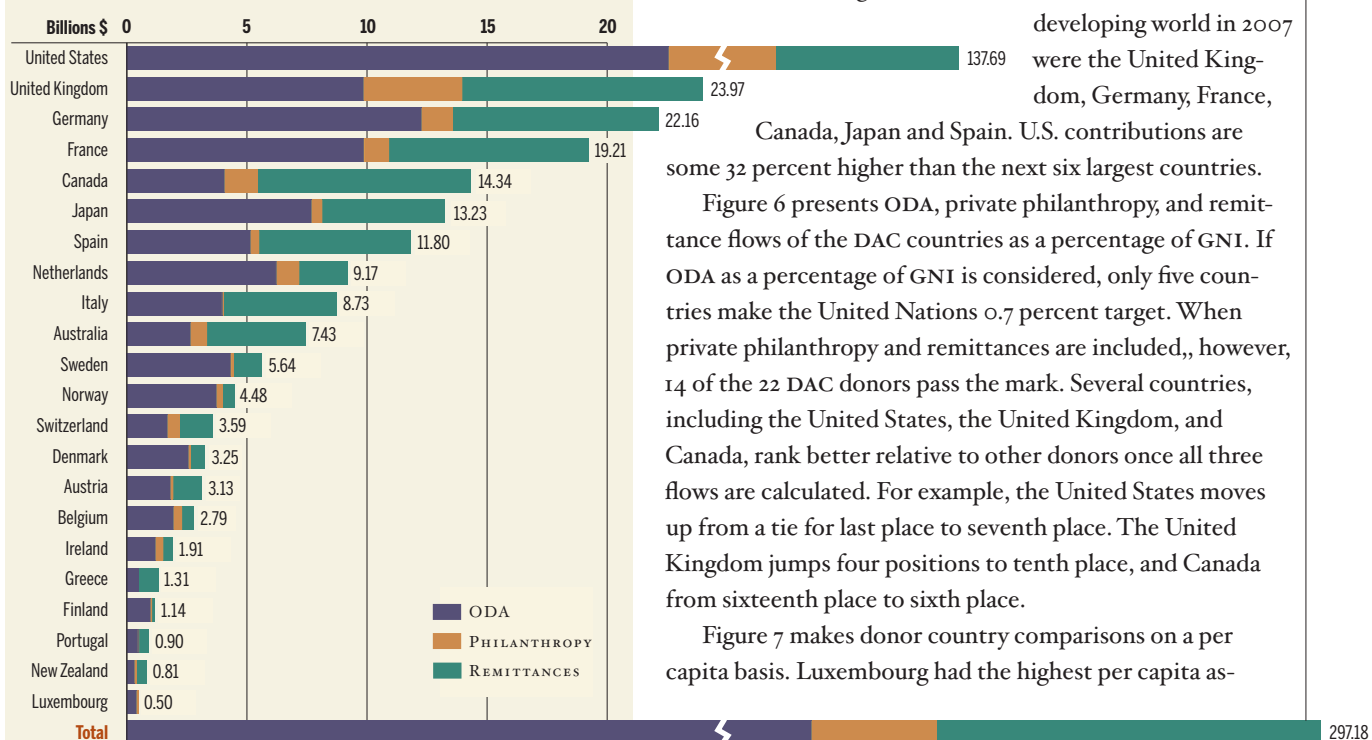
Canada, Japan and Spain. U.S. contributions are some 32 percent higher than the next six largest countries.

Figure 6 presents ODA, private philanthropy, and remittance flows of the DAC countries as a percentage of GNI. If ODA as a percentage of GNI is considered, only five countries make the United Nations 0.7 percent target. When private philanthropy and remittances are included, however, 14 of the 22 DAC donors pass the mark. Several countries, including the United States, the United Kingdom, and Canada, rank better relative to other donors once all three flows are calculated. For example, the United States moves up from a tie for last place to seventh place. The United Kingdom jumps four positions to tenth place, and Canada from sixteenth place to sixth place.

Figure 7 makes donor country comparisons on a per capita basis. Luxembourg had the highest per capita as-

FIGURE 5

Total Assistance from OECD Donor Countries to Developing Countries: ODA, Philanthropy and Remittances in Billions of \$

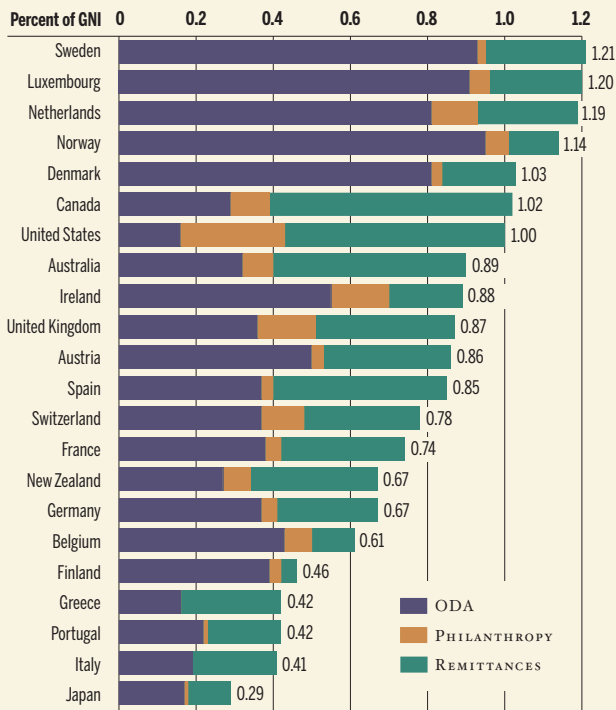


Sources: OECD, *Development Co-operation Report*, 2009, 2009; Hudson Institute's remittance calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittances Team, 2008; GuideStar Data Services, 2008; Charles Sellen, 2008–2009; Stein Brothers, AB, 2008–2009; Council on International Development *Annual Report 2008*, 2008; New Zealand Red Cross, 2008; Coordinadora Ong Para El Desarrollo Espana, Informe de la Coordinadora de Ong de Para el Desarrollo-Espana Sobre el Sector de las Ongd, 2008; Vrije Universiteit Amsterdam, *Geven in Nederland 2007*, 2008; Hudson Institute 2008–2009.

sistance level at \$1,072. Scandinavian countries took three of the top four places. Norway provided the second highest per capita assistance at \$957, with Sweden coming in third

FIGURE 6

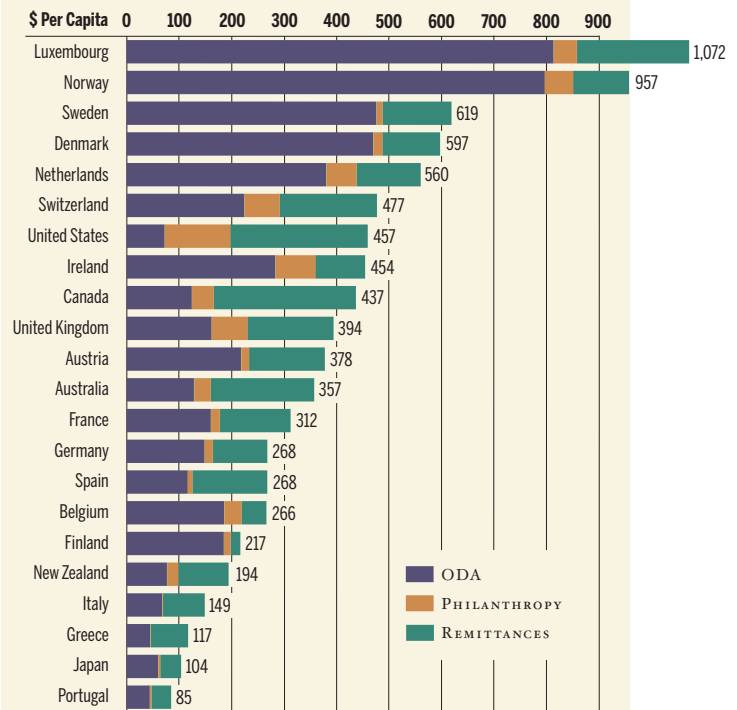
Total Assistance from OECD Donor Countries to Developing Countries: ODA, Philanthropy and Remittances as Percentage of GNI, 2007



Sources: OECD, *Development Co-operation Report, 2009*, 2009; Hudson Institute's remittance calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittances Team, 2008; GuideStar Data Services, 2008; Charles Sellen, 2008-2009; Stein Brothers, AB, 2008-2009; Council on International Development *Annual Report 2008*, 2008; New Zealand Red Cross, 2008; Coordinadora Ong Para El Desarrollo Espana, Informe de la Coordinadora de Ong de Para el Desarrollo-Espana Sobre el Sector de las Ongd, 2008; Vrije Universiteit Amsterdam, *Geven in Nederland 2007*, 2008; Hudson Institute 2008-2009.

FIGURE 7

Total Assistance from OECD Donor Countries to Developing Countries: ODA, Philanthropy, and Remittances per Capita, 2007



Sources: OECD, *Development Co-operation Report, 2009*, 2009; Hudson Institute's remittance calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittances Team, 2008; GuideStar Data Services, 2008; Charles Sellen, 2008-2009; Stein Brothers, AB, 2008-2009; Council on International Development *Annual Report 2008*, 2008; New Zealand Red Cross, 2008; Coordinadora Ong Para El Desarrollo Espana, Informe de la Coordinadora de Ong de Para el Desarrollo-Espana Sobre el Sector de las Ongd, 2008; Vrije Universiteit Amsterdam, *Geven in Nederland 2007*, 2008; Hudson Institute 2008-2009.

at \$619 and Denmark in fourth with \$597. The United States, Switzerland, and the Netherlands also had high per capita total assistance levels. For the most part, countries that had high levels of total assistance as measured as a percentage of GNI also had high levels of per capita assistance.

Just under half of the private giving figures in these graphs are ones that donor governments report to the OECD each year. These calculations, though, are incomplete and inaccurate, often based on voluntary and outdated surveys of nongovernmental organizations only. This fails to fully capture giving by corporations, foundations and religious organizations, as well as estimates for volunteer time. To remedy some of these deficiencies and to better understand the true volume of private giving, the Hudson Institute began in 2000 to measure U.S. private giving more comprehensively. The U.S. government has acknowledged the inadequacies of the private giving number it provides to the OECD and has acknowledged in publications and official presentations the improved giving numbers developed by the research institutions in collaboration with the Hudson Institute.³⁷ In the absence of a decision on using improved numbers, the government continues to submit incomplete numbers.

In an effort to better measure private giving in other donor countries, the Hudson Institute's Center for Global Prosperity (CGP) has started international partnerships with organizations across the developed world. In 2008, the CGP was able to provide larger and more accurate private giving numbers for three additional countries. This year, through our own research and that of our partners, the *Index* provides improved data and trends for 11 countries: the United Kingdom, France, the Netherlands, Spain, Norway, Sweden, Denmark, Finland, Portugal, Luxembourg, and New Zealand. As well as continuing our partnership with Charities Aid Foundation in the United Kingdom, CGP has formed new partnerships and collaborations with several organizations and researchers. These include GuideStar Data Services, Stein Brothers consultancy in Sweden, and independent researcher Charles Sellen in France. CGP will continue to work with these new partners to meet our goal of providing complete private giving numbers for all donor countries to the developed world. The International Philanthropy Outside of the United States chapter on page 54 discusses private giving data and trends in other donor countries at greater length.

The figures for remittances are based entirely on World Bank data. Using the World Bank's 2005 bilateral matrix, a compilation of weighted formulas used for estimating remittances between countries, we extrapolated to estimate remittance outflows from donor countries to the developing world in 2007. While we believe the World Bank figures are some of the best estimates available, it is important to keep in mind that all data on remittances are estimates, using a variety of assumptions. Our discussion of remittances is in the Global Remittances chapter, beginning on page 68. Additional information on remittances and other

private giving methodologies can be found in the Methodology section on page 78.

What is clear from these numbers is that developed countries provide far more to the developing world through private channels than through government aid. Figures 3–7 show that private sector financial flows—in the form of philanthropy, remittances, and investments—far exceed official development assistance. This reflects the diverse, new world of global development where corporations, foundations, charities, universities, churches, and individuals can and are contributing to relief and development throughout the world. ■

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One of the women participating in the 10,000 Women program sponsored by Goldman Sachs to help build female entrepreneurship in the developing world at her fashion design business in Lagos, Nigeria.

U.S. INTERNATIONAL PHILANTHROPY

Private Aid at Work

U.S. philanthropic organizations continue to reinvent international development assistance. From the innovative use of business techniques in the philanthropic model, to the growing involvement of individuals, corporations and religious congregations in development projects, to an increased emphasis on sustainability and accountability, private giving continues to evolve at an astounding pace. The following pages measure the giving by key segments of private donors — foundations, corporations, private and voluntary organizations, colleges and universities, and religious congregations. They also contain stories that illustrate innovative philanthropy projects around the world that are successfully challenging the paradigm of poverty.

FUNDING INNOVATION

Foundations: \$3.3 Billion

Independent, community, and grant-making operating foundations in the United States gave a total of \$3.3 billion to developing countries in 2007, according to Foundation Center research conducted for the Center for Global Prosperity. This represents a three percent increase over a revised 2006 total of \$3.2 billion



(original Foundation Center 2006 estimates of foundation giving were overstated due to a reporting error).

The Foundation Center estimate for 2007 was based on an analysis of grants of \$10,000 or more awarded by a sample of 1,339 of the largest U.S. foundations and on total actual giving (including grants of any amount) by the more than 75,000 grant-making private and community foundations in the United States.

Health and medical services accounted for 50 percent of all international grants from U.S. foundations, followed by economic growth and trade (which includes environmental grants) at 25 percent. Disaster relief and refugees accounted

for nine percent of grants. Just over seven percent of international grants were for democracy and governance. Education received four percent of grants and five percent were for all other areas.

A total of 68 percent of all international grants awarded in 2007 by U.S. foundations were multi-regional grants or grants for unspecified countries. Of the remaining 32 percent, the single largest regional recipient of U.S. foundation money was sub-Saharan Africa at 16 percent of grants, followed by Asia and the Pacific at nine percent of grants, and Latin America and the Caribbean at five percent of grants.

International giving captured a larger share of U.S. foundation dollars in 2007, as it reached a record 23 percent



of total grant dollars awarded, according to the Foundation Center. The Bill and Melinda Gates Foundation continued to set the pace in international development and health funding. In 2007, eight of the 10 largest foundation grants were made by the Gates Foundation.

Foundations are continuing to focus on making their giving more effective and sustainable. As part of that effort, several major foundations are providing funding to develop indigenous research capacity in developing countries so that public policies can be informed by the research of local scholars. For example, the Mellon Foundation's South Africa program has been a leader in developing research capacity through support of local universities, technological innovation and national research networks. Mellon is working on the formation of mentoring programs between African professors and members of the African diaspora around the globe to augment local research through collaboration.

The Duke Foundation's African Health Initiative is strengthening health systems in nine African countries by supporting partnerships that design, implement and evaluate large-scale models of care that link implementation research and workforce training directly to the delivery of primary healthcare. These partnerships disseminate the results of evidence-based research to enhance healthcare planning decisions. Duke is also working with the Wits Health Consortium at the University of Witwatersrand in Johannesburg to build a collaborative platform for grantees to share their research on healthcare.

The Hewlett Foundation's Think-tank Initiative is a ten-year, \$100 million program to bolster the capabilities of independent research institutions in East and West Africa, South Asia, and Latin America so that local institutions and scholars can flourish. The goal is to support high-quality research that developing countries can use to formulate national policies.

INTERNATIONAL COMMUNITY FOUNDATION

A Helping Hand Across the Border

In 1990, a group of civic leaders in San Diego and the San Diego Foundation were looking for a way to donate to deserving philanthropic causes in Mexico and Central America but couldn't find an appropriate vehicle. Realizing a need to link U.S. donors with community-based nonprofits with



ICF supports community-based organizations throughout Mexico and Central America that aid indigenous populations.

a track record of success and good management, they founded the International Community Foundation (ICF). The foundation assists U.S. donors in identifying and supporting community-based organizations in Mexico and Central America working on social, health and environmental issues, with an emphasis on the Baja California peninsula and the Gulf of California region.

Donors to ICF can contribute through 110 endowed, non-endowed and special project funds managed by the foundation. The foundation also provides fiscal sponsorship for Mexican PVOs seeking to receive donations directly from U.S. donors. In 2007, ICF received \$7.2 million in donations and distributed more than \$3.5 million in grants to 66 PVOs. The ICF spends only 16 percent of its income on administration and fundraising, which is below recommended benchmarks. In 2007, 73 percent of the funding distributed supported charitable organizations in Mexico and an additional 16 percent benefited nonprofits in Central America and the Caribbean.

One of the ICF's programs that illustrates its approach to giving is the Oaxaca Fund Initiative. Research conducted by the ICF at the Center for Mexican Studies at the University of California-Los Angeles found that a majority of Latino migrants to the United States, especially Southern California, are from the state of Oaxaca, Mexico, the poorest state in the country. Three-quarters of the population of Oaxaca live in destitute conditions without access to basics such as food, education and healthcare, fueling a tide of out-migration. In 2006, the aftermath of a teachers' strike that snowballed into civil unrest led to further emigration from Oaxaca. As a result, some 25 percent of the area's population is living in the United States.

The ICF decided to tackle this human capital drain by lifting

With the SWASH+ program, the Gates Foundation saw an opportunity to jump-start learning on what kinds of school-based water, sanitation and hygiene initiatives are effective in expanding access to clean water and sanitation facilities.

up communities in Oaxaca so that people did not have to migrate out of necessity. In 2002, the ICF joined forces with the Oaxaca Community Foundation and the Ford Foundation to create the Oaxaca Fund Initiative to encourage and support the development of community foundations in Oaxaca. The initiative is a bi-national fundraising effort between ICF and Oaxaca Community Foundation that the Ford Foundation is matching one-for-one up to \$300,000. The initiative addresses the root causes of Oaxaca's ongoing crisis by attending to social inequalities and improving the quality of life for its marginalized citizens.

As of August 2008, the initiative has achieved 80 percent of its goal, having raised \$240,000. The funds finance the initiative's 38 projects, which operate in three of the most indigent cities in Oaxaca: Sierra Sur, Costa and Valles Centrales. The initiative focuses on three areas: community development, education and nutrition and health. The community development program has assisted some 4,000 rural entrepreneurs with basic business skills, sales and marketing, production expansion and the purchase of materials. The education program has provided seminars to 80 men and women, most with little formal schooling, to help them to improve job performance and build businesses. The nutrition and health program has benefited 900 residents suffering from severe malnutrition with food supplies and education on better farming techniques and crop management.

The long-term goal of the initiative is to build capacity among community foundations in Oaxaca so they in turn can foster an environment where the residents can become self-sufficient income generators and where returning migrants can reinvest the capital they have accumulated in the United States. "Our goal is to increase our presence in the state of Oaxaca and partner with other nonprofit organizations also doing quality work in the state and use this as a platform to increase their presence," said Julieta Mendez of the Oaxaca Fund Initiative.

One project helped by the initiative is a group of fine paper artisans based in San Agustin Chayuco, Mexico. The artisans create beautiful jewelry, prints and books from the paper they make but did not have a viable business because it cost so much to manufacture the products. The initiative provided funding for the group to set up its own workshop, which cut production costs by 50 percent and created a sustainable business. Now the artisans earn enough income to support their families.

The ICF is planning to increase its support of other nonprofit organizations in Oaxaca and is helping the Oaxaca Community Foundation to attract donors from the United

States. ICF has been working with other community foundations in California to inspire cross-border philanthropy. "We hope that these community foundations will help us open the doors to other donors in their communities that have linkages or an interest in Oaxaca," said Mendez. —STEPHANIE MAK

THE BILL AND MELINDA GATES
FOUNDATION/SWASH+

Waters of Hope

Imagine walking more than a mile on cracked bare feet along a snaking footpath with five gallons—more than 40 pounds—of water balanced on your head, at least twice a day. This was Roselyn Akelo's life. But thanks to a groundbreaking project to bring clean water to rural Kenya, Roselyn's life has changed dramatically. Where once she shared a dirty water source with the local animals, Roselyn now has fresh, uncontaminated water from a well drilled at the village's primary school. She no longer needs painkillers for the constant ache in her neck nor does she spend hours a day fetching water. Access to water has also helped her become more self-sufficient. She is planning to use the water to irrigate her crops, which will increase production and allow her to sell the excess produce. The whole village has benefited from the well, as diarrhea, typhoid, and cholera are no longer major problems.

Access to clean water is a major stumbling block to development around the world and a continued public health challenge. Some 900 million people in developing countries rely on unimproved sources for drinking water. In Kenya, only



The SWASH+ program is bringing clean water sources to rural villages throughout Kenya.

61 percent of the population has access to safe water sources, and nearly 90 percent of rural primary schools do not have access to clean water or rudimentary hand-washing facilities.

Water for Schools, a pilot program initiated and funded by Coca-Cola East and Central Africa Ltd, improved access to clean water in rural areas of Kenya by using schools as points of delivery for clean water, improved sanitation and hygiene education. In 2006, the Bill & Melinda Gates Foundation awarded a learning grant of \$9.5 million for a five-year expansion of the pilot to 300 schools in the Nyanza province of Kenya under a new program called SWASH+ (Sustaining and Scaling School Water, Sanitation, and Hygiene Plus Community Program). SWASH+ will identify, develop and test innovative approaches to school-based water, sanitation and hygiene interventions. SWASH+ is a consortium comprised of the Global Water Challenge, which is itself a large consortium of PVOs, corporations, and foundations dedicated to universal access to safe drinking water; CARE; Water Partners International, a U.S.-based nonprofit that provides innovative financing for sanitation projects in the developing world; SANA International; the Millennium Water Alliance; the Center for Global Safe Water at Emory University; and the Kenyan Government.

In the first three years of the program, 300 schools will receive water and sanitation improvements and hygiene education. Teachers will learn how to treat their school's water supply with chlorine and establish health clubs to teach appropriate hygiene techniques, and hand-washing stations will be installed. SANA International, the local partner, will build or improve latrines in 180 schools. New water points, such as wells or rainwater collection facilities, will be developed in 60 communities where there is no water supply. In the third year of the project, the consortium will work with the Kenyan government to expand the program to some 1,500 schools in the Nyanza province. The techniques proven most effective at the provincial level will then be expanded nationwide in a government-led effort.

With the SWASH+ program, the Gates Foundation saw an opportunity to jumpstart learning on what kinds of school-based water, sanitation and hygiene initiatives are effective in expanding access to clean water and sanitation facilities and to explore ways to engage key players at the national level, such as governments, whose support is necessary to scale-up and sustain these projects.

In the first year of the project, 200 schools received containers for the storage of safe water and instructions in the use of water purification solution, hand-washing stations, and teacher training in hygiene techniques. Some 80 schools had latrines built or improved, 17 received rainwater harvesting systems, and work was begun on wells in several communities.

The program has already had dramatic results in the community of Mbeme. According to head school teacher Caroline Amonde Jobita, the clean water supply has not only helped reduce water-borne diseases but educated the entire community about the importance of hygiene and has had the added benefit of increasing attendance at school—a payoff for today and tomorrow.

—JACOB GRAY

THE WILLIAM AND FLORA
HEWLETT FOUNDATION

Feed the World

Agriculture is the backbone of most African economies; farming and animal husbandry account for a third of the gross domestic product in Africa. Some 80 percent of the population in sub-Saharan Africa lives in rural areas and 70 percent of this population is dependent on agricultural production for their livelihood. Yet, agricultural productivity in sub-Saharan Africa lags: per capita agricultural production fell by an estimated five percent over the last 20 years, while increasing by 40 percent in other developing countries. Reasons for the low productivity of agriculture in Africa include poor farming practices and limited access to markets. The William and Flora Hewlett Foundation has undertaken a major initiative to help African agricultural markets work better in recognition that one of the best ways to reduce poverty in Africa is to accelerate the growth and profitability of agriculture.

The William and Flora Hewlett Foundation, which was founded in 1967 by Hewlett-Packard co-founder William

Patrick Byrne: Relentless Philanthropist

Patrick Byrne, president and CEO of Overstock.com, has a penchant for helping others. He founded Worldstock.com, the socially responsible subsidiary of Overstock.com—his wildly successful web-based business that sells excess retail inventory—to create viable businesses for artisans in the developing world. But that was not enough. Since 2005, Byrne has personally given more than \$1.4 million to Solace International to help the nongovernmental organization create educational and economic opportunities worldwide. His funding supports 17 programs, ranging from schools to health clinics, in developing countries.

Nathaniel York founded Solace International in 2002 after witnessing firsthand the lack of educational and economic opportunity for women in Afghanistan. Since then, York has been dedicated to making a difference in communities throughout the developing world, pursuing sustainable initiatives focused on building or renovating schools and creating vocational programs and income-generating ventures. Solace International creates sustainability by insisting on local ownership of and investment in projects, hiring local project managers with proven track records, implementing least-cost strategies, and ensuring the protection of natural resources.

York first heard of Byrne because of Worldstock's efforts to create business opportunities for artisans in developing countries. York wanted to include business initiatives in his projects to ensure sustainability, and Byrne, in turn, was intrigued by Solace International's development model of fostering self-sustaining economic growth.

Providing educational opportunity

for low-income children in the developing world is a particular passion for Byrne, who believes that "education is the foundation of a healthy society." With the help of Byrne's funding, Solace International has built more than 20 schools in Afghanistan, Indonesia, Kenya, Liberia, Malawi, Nepal, the Philippines, and Sudan. All the schools are named the Dorothy Byrne School after Patrick Byrne's mother. To date, Byrne, along with other funders, has helped Solace International educate more than 12,000 children around the world.

One school helping to make a difference for disadvantaged children is the Dorothy Byrne School in one of the worst slums of Kisumu in western Kenya, which was built in conjunction with the Young Generation Center. Orphans who live in the Young Generation Center, as well as neighborhood children, receive access to a school staffed with full-time, paid teachers (a rarity in many parts of Kenya) and state-of-the-art computer technology, as well as modern sanitation facilities, nutritious meals, and a safe haven from the rough environment of the neighborhood. Another branch of



Overstock.com founder Patrick Byrne has helped educate more than 12,000 children in the developing world.

the school in neighboring Mbita provides vocational training in trades such as carpentry and masonry, equipping local youth with valuable skills that will help them break the cycle of poverty.

Benjamin Midigo Odera, the team leader at the Young Generation Center in Mbita, notes the impact the center has had on local at-risk youth: "At a time when most of the youths from this area are dropping out of school in order to engage in activities like fishing, despite risking their lives in dangerous waters in search of money just to provide themselves and their families with food, we at Young Generation Center are at a loss of words, for we are completely humbled and touched by Solace International's generous gesture."

In addition to funding this Dorothy Byrne School, Byrne has helped to support small businesses that allow the school to generate income, following a micro-enterprise model that Solace International developed to create sustainability for its projects. An Internet café staffed by some of the older students generates profits that help provide food and other necessities for the children.

Solace International's reach has been extended beyond education thanks to Byrne's generosity. The organization built an HIV/AIDS clinic in Ghana that serves about 10,000 patients and provides a home to AIDS orphans. York describes Byrne as "key to the survival of Solace International as an organization and to tens of thousands of people who would not have jobs or the opportunity to be educated without his support." Byrne's relentless philanthropy has truly reached across the globe.

—STEPHANIE CHAN

Hewlett, has \$9 billion in assets, which it directs to solving social and environmental problems domestically and around the world. From October 2007 through September 2008, the Hewlett Foundation made more than \$95 million in grants to organizations involved with global development, with the objective of reducing extreme poverty in the developing world.

The initiative focused on improving the efficiency of agricultural markets in Africa has four components: improving market incentives, increasing access to information about markets, improving access to the raw materials needed to farm, and ensuring that construction projects benefit farmers. Grantees received some \$10 million under these projects in 2006.

To improve market incentives, grantees promote global trade negotiations and domestic policy reforms to reduce tariffs and price supports that put farmers in the developing world at a disadvantage. Foundation grantees are helping drive reform of the European Union's Common Agricultural Policy. In 2007, one such grantee, EU Transparency, published data on subsidy payments to more than a dozen member states. The ensuing publicity helped persuade the European Commission to agree to publish farm subsidy data on its web site.

Projects to increase access to information about agricultural markets use tools such as the Internet, text messaging and radio to expand public market information systems and foster the development of commodity exchange systems. This allows farmers to get the best prices for their commodities and fosters competition. In 2008, the Hewlett Foundation granted \$550,000 to the Manobi Development Foundation to distribute 20,000 Vulnerable and Subsistence Farmer Packs. These packs have mobile phones with software applications that provide rural farmers with updated market prices of the commodities they harvest and allow them to record their business transactions. According to Daniel Annerose of the Manobi Development Foundation, "This initiative empowers farmers to be active participants in their own agricultural value chains," and ultimately "can be the agency of transformational change for extremely poor farmers in Africa."

Hewlett also funds programs to ensure that farmers have access to the raw materials they need to farm efficiently, particularly seeds and fertilizer. Because markets for these critical materials have been slow to develop in Africa, partially due to dependence on government and philanthropic support, grantees are creating self-sustaining markets for agricultural inputs. And to ensure that once grown commodities can get to market, grantees work with a broad range of entities, from the

U.S. corporations are engaging in international philanthropy beyond providing cash and in-kind donations. A poll of 43 CEOs found that 53 percent said employee volunteerism is the corporate resource that has the greatest potential to help address social issues.

African Union to the African Development Bank, to make sure that the development of infrastructure such as roads and ports considers the needs of rural farmers. Hewlett's agriculture program looks toward a future when a "green revolution" will dramatically boost development across the African continent.

—STEPHANIE CHAN

BUILDING PARTNERSHIPS

Corporations: \$6.8 Billion

U.S. corporations contributed \$6.8 billion to international development assistance causes in 2007. This is a 24 percent increase over the 2006 figure of \$5.5 billion and reflects the corporate community's increased attention to the developing world. The Center for Global Prosperity once again worked with its corporate partners, the Committee Encouraging Corporate Philanthropy (CECP) and the Partnership for Quality Medical Donations (PQMD) for figures on 2007 corporate giving to the developing world. In addition, we conducted our own research to determine a portion of the giving by Fortune 500 corporations not captured by these organizations.

The 2007 total for corporate giving includes \$145 million in cash and in-kind contributions from corporations surveyed by CECP and \$6.1 billion from PQMD member organizations in in-kind pharmaceutical and medical supply donations (including transport, duties, storage and in-country transport), and \$591 million in corporate giving by corporations not included in CECP and PQMD surveys and gathered by Center for Global Prosperity researchers.

PQMD will be doing a survey and additional research on costs of getting donations into countries in the coming year, focusing on elements such as duties and taxes, and we anticipate even more refined figures on this topic in the future.

The vast majority of corporate giving is delivered through health and medical programs by PQMD members. Therefore, based on CGP calculations, health is the predominant sector, accounting for 90 percent of corporate philanthropy. PQMD has launched a Google map application that allows users to pinpoint the amount of medical donations in number of shipments and dollars to various locations around the world. According to the map, in 2007, sub-Saharan Africa received 61 percent of the value of medical goods provided to the developing world, followed by Latin America and the Caribbean at 26 percent, Asia and the Pacific at five percent, Europe and Central Asia at four percent, and North Africa and the Middle East also at four percent. This map can be found at <http://www.pqmd.org/zf/pqmdmap/map>.

International giving is a growing priority for U.S. corporations. According to the CECF survey, grants serving international recipients increased from 10 percent of all grants in 2005 to 12 percent in 2007. And U.S. corporations are engaging in international philanthropy beyond providing cash and in-kind donations. Increasingly, they are contributing one of their most valuable assets: their employees. A CECF poll of 43 CEOs found that 53 percent said employee volunteerism is the corporate resource that has the greatest potential to help address social issues. Not surprisingly, 42 percent of respondents to the CECF survey said they have at least one International Corporate Volunteering (ICV) program. ICV is the practice of engaging employees in service projects in countries outside of the company's headquarters country—most often in the developing world. Companies that have ICV programs include Goldman Sachs, IBM, Pfizer, General Electric, Starbucks, Cisco and Timberland. The Corporate Services Corps program run by IBM sent 12 teams of employees last year to Turkey, Vietnam, the Philippines, Ghana, and Tanzania to work on projects that intersect economic development and information technology. Pfizer's Global Health Fellows program, profiled in the following pages, dispatches

highly skilled employees for three to six month assignments to transfer knowledge and skills to partner organizations in developing countries. Timberland partners with the NGO Green Network in China and Mongolia to mobilize employees in reforestation programs.

A study of ICV programs commissioned by Pfizer and The Brookings Institution found that corporations are seeking to maximize the efficiency and impact that their employees have in foreign communities. While impact traditionally was measured in how many volunteers were sent overseas or how many hours were volunteered, there is a new emphasis on skills-based service. The study also found, however, that outcome measurements remain elusive, as only a few corporations have conducted structured evaluations to understand the impact of ICV program investments. The study determined that ICV programs work best if companies leverage employees' workplace skills and knowledge and align with companies' ongoing philanthropic or corporate social responsibility work.

T O M S

Walking in His Shoes

On the finale of the reality television series *The Amazing Race*, Blake Mycoskie and his sister lost first place by a mere four minutes. Afterward, he vowed to travel back to all the countries he had visited while on the show. On a trek to a village in Argentina, Mycoskie was dismayed to



TOMS shoes founder Blake Mycoskie has given away an estimated 85,000 pairs of shoes, including to these children in the village of Los Pilotones, Argentina.

discover that many of the children he met were too poor to afford shoes and as a result their feet often suffered bruises and infections. Mycoskie—a self-described “serial entrepreneur” who had already started five businesses—immediately had an idea for a new company. What if he could start a business that provided shoes for children lacking proper footwear? With the help of friend and polo teacher Alejo Nitti, the Shoes for Tomorrow Project, or TOMS Shoes for short, was born.

Lots of companies sell shoes, but the novelty behind TOMS is its business model. The company introduced a new shoe into the U.S. retail market inspired by the inexpensive, rope-soled Argentine “alpargata.” It operates under a simple principle: for every pair of shoes purchased, another pair will be donated to a child in need. The shoes are eco-friendly, with 33 percent made from post-recycled plastic, and Mycoskie regularly visits factories to ensure they have fair labor practices.

TOMS began in May 2006 with an investment of \$2,000 for 200 pairs of shoes that were sold door-to-door. Within a few months, TOMS had sold 10,000 pairs of shoes. In 2008, the company sold and donated 200,000 pairs of shoes. With no indications of a slow-down in growth, Santa Monica, CA-based TOMS currently sells its products in eight countries and has factories in Argentina, Ethiopia, Asia and Brazil. Blake has successfully created a for-profit, self-sustaining business paradigm rooted in philanthropy.

The simplicity in TOMS’ one-for-one model of philanthropy provides transparency to the process of corporate giving and helps the company thrive. “I truly believe that our one-for-one model is the driving force of our success. It empowers our customer to be able to provide for a child in need and prove to other companies that it’s not always about making the most profit,” said Mycoskie.

The hallmark of TOMS’ giving efforts are organized “shoe drops” in which volunteers hand place each donated pair of shoes onto the foot of a child. The first shoe drop occurred in October 2006 in Buenos Aires, where 10,000 pairs of shoes were given away in the province of Misiones. In November 2007, TOMS gave away another 50,000 pairs of shoes in South Africa. To date, the company has given away 85,000 pairs of shoes.

With an estimated 300 million individuals worldwide without shoes, the demand for footwear is high. The physical and social ramifications of not having something as basic as shoes include contracting preventable foot diseases such as

eBay Giving Works uses eBay’s large network of buyers and sellers to let nonprofits raise money without high fundraising costs. Participating eBay sellers donate between 10 and 100 percent of an item’s final sale price to any nonprofit certified by MissionFish.

hookworm, which can be fatal, as well as cuts that can become infected. In addition, many children cannot attend school without shoes, so providing them with shoes helps them to access education.

For Mycoskie, who imagined spending the second half of his life donating the fortune he amassed during the first half, TOMS is the perfect fusion of business and philanthropy.

—STEPHANIE MAK

E B A Y G I V I N G W O R K S

Buying for a Cause

Elizabeth Bennett has always been passionate about Africa. For the past 12 years, she has co-owned Africa Direct, an online store that features art, jewelry, textiles, and other artifacts from all over the continent. So when Bennett, already an eBay seller, heard about the launch of the eBay Giving Works program, signing up was an obvious move. Now every time Bennett makes a sale on eBay, she donates a percentage of the proceeds to one of her chosen charities: Aidchild, Heifer International, or the Red Cross. “It lets me do work that I enjoy and is interesting but is also connected to what gives great meaning to me. I am able to contribute more than I can by my own charitable giving,” she said.

Bennett is just one of thousands of eBay sellers who collectively have raised more than \$150 million for nonprofit organizations all across the world. In the United States, eBay Giving Works is a collaboration between eBay and MissionFish, a nonprofit pioneer in the creative use of the Internet for fundrais-

ing. eBay and MissionFish launched eBay Giving Works in 2003. It uses eBay's large network of buyers and sellers to let nonprofits raise money without high fundraising costs. "We've tried to take all the work off the shoulders of the nonprofits," said MissionFish co-founder Clam Lorenz. "There's not a lengthy legal contract negotiation, they don't have to chase down the funds—we've built the infrastructure to do all those things for them."

eBay sellers participating in eBay Giving Works donate between 10 and 100 percent of an item's final sale price to any nonprofit certified by MissionFish for the program. There are already more than 13,500 charities registered in the United States, some 1,160 of which use funds for international work. If their favorite charity is not listed, a seller can nominate it to MissionFish, which will register the organization once it is vetted. Once a seller pledges a donation to their chosen nonprofit, a blue and yellow ribbon icon appears next to the item's listing so buyers can easily identify purchases that support charity. Bennett, like other sellers, feels that buyers are more likely to bid on items when part of the profit is promised to a worthwhile cause. "We all like to feel that little decisions we're making each day can have the 'many drops of water' effect on improving the world," she said. In fact, final sale prices for eBay Giving Works items average 40 percent higher than normal listings.

Aidchild, an organization that provides homes, medical care, education, and other support to African orphans living with AIDS, has been registered with eBay Giving Works since 2007. Founder and Director Nathaniel Dunigan participates because the program meshes with Aidchild's commitment to self-sustainability: "It matches our overall philosophy of seeking investors and clients instead of merely having our hand out." He believes that donors are excited to see charities looking beyond traditional means of fundraising and said that Aidchild's donations have increased since they joined the eBay Giving Works program.

Fundraising through eBay has risen exponentially: total giving reached \$100 million between eBay Giving Works' founding in 2003 and June 2007, and nonprofits worldwide received an additional \$50 million between June 2007 and July 2008.

Lorenz sees eBay Giving Works as an opportunity to raise awareness of different causes and make charity part of people's daily lives. "People are inclined to want to help, and the barriers are time and focus—we're making it possible for them to do what they want to do anyway," he said. "It's cause marketing democratized."

—MEG DALLETT

CHEVRON

Developing Livelihoods and People

Like most people in Bangladesh, the inhabitants of the Sylhet region in the northeast of the country survive on an average monthly wage of \$36— a little over a dollar a day. There has been little opportunity to climb the economic ladder out of poverty in the communities surrounding Chevron's Bibiyana gas field in the region. Chevron's Alternative Livelihood Program, created in 2006, is changing that by providing financial assistance and business and vocational education to families to create sustainable livelihoods and contribute to local economic growth.

In July 2006, Chevron commissioned a Bangladeshi nongovernmental organization, Friends in Village Development Bangladesh (FIVDB), to conduct an appraisal of villages in the Bibiyana area. FIVDB identified the specific economic and social challenges that each community faced, the skill and resource endowments that were available, and the economic ambitions of individuals and households. As a result of the study, Chevron's program is able to offer tailor-made solutions to the participating communities.

The Alternative Livelihood Program, which is administered by FIVDB, provides training and financial support to expand existing small businesses and farms, as well as to diversify the region's economic activity to ensure long-term economic stability. A fish farm was created out of 22 local ponds, creating a livelihood for many people, and the project has plans to train local participants



Chevron's Alternative Livelihood Program has allowed residents of the Bibiyana area of Bangladesh to start businesses such as poultry farms.

in rice farming, duck raising and diesel pump supervision.

The program is centered on the concept of community-driven development, which gives the local community direct control over the development process and works to empower the marginalized. Village Development Organizations, which are comprised of seven to ten members of underprivileged families from the village, select all program participants, manage the program funding and monitor the local enterprises.

Zakaria, a 22-year-old from Pirijpur village, was unemployed before he enrolled in a local agribusiness training program run as part of the project. Now he runs his own chicken-raising business, thanks to what he learned about poultry farming and marketing. The business is self-sufficient and Zakaria's monthly income is around \$146, four times the average in Bangladesh.

"People do not want charity, what they want is help to begin their own ventures to generate income," said Steve Wilson, president of Chevron Bangladesh. In addition to creating sustainable livelihoods, the program works to empower women, most of whom are illiterate and have low social standing in the conservative region. Women are included in the Village Development Organizations, which is often the first leadership role that women have held in the village. In addition to business and vocational training, courses are offered to teach women basic literacy and numeracy skills. The project reports that women who have completed the literacy course have experienced a significant improvement in their status within their families, giving them greater opportunities to share their views.

Fateha Begum, a 35-year-old mother of six, is one woman who benefited from the program. Like most women in the region, she relied on her husband's meager wage and never dreamed of starting her own business. But after taking a Chevron-sponsored course in commercial vegetable gardening, she now grows and sells tomatoes, cabbages and cauliflower and makes \$58 a month.

To date, the Alternative Livelihood Program has assisted more than 1,300 families in 12 villages in Bibiyana, providing job training, start-up capital and technical support. Chevron has invested \$170,000 in the program since it was established. Of this, more than \$100,000 was given in 2007. Chevron's Alternative Livelihood Program is offering people like Zakaria and Fateha the opportunity to take control of their economic futures and improve their standard of living, as well as to become agents of change in their communities.

—DAVID JOHN BAKER

PFIZER GLOBAL HEALTH FELLOWS

Moving Beyond the Cubicle

Pharmaceutical companies have been working to extend corporate social responsibility beyond product donations by including education, research and training in their programs. Pfizer Inc is an example of the industry's "full asset model of philanthropy," which ranges from product donations to fostering best practices in international corporate volunteering (ICV) to research and training on infectious diseases. For example, Pfizer built and equipped Uganda's first Infectious Diseases Institute (IDI), a national and regional center of excellence for building the capacity of health systems to deliver sustainable, high-quality care and preventive services for HIV/



Pfizer Global Health Fellow Ponni Subbiah with medical students at Mulago Hospital in Kampala, Uganda.

AIDS and related infections through training, research and advanced clinical services. The IDI is now owned by Makerere University, one of the leading universities in sub-Saharan Africa. In addition to training physicians, it has provided training on HIV/AIDS and malaria and pharmacy and lab management to more than 3,000 healthcare workers from around Africa.

Pfizer has made a significant investment in its ICV program, which sends employee volunteers to developing countries to leverage their experience in high-impact projects. As part of this initiative, the Global Health Fellows program loans Pfizer employees to nongovernmental and multi-lateral organizations providing healthcare services to underserved populations around the world. Fellows transfer technical skills and help build local capacity, primarily in developing countries' health institutions, and train staff in local nonprofit organizations. The fellows include physicians, nurses, lab technicians, marketing managers, supply chain

Pfizer has made a significant investment in its international corporate volunteering program, which sends employee volunteers to developing countries to leverage their experience in high-impact projects. Nearly 200 Global Health Fellows have been selected.

managers, financial administrators, and health educators. The assignments, which range from three to six months in length, run from helping hospitals improve data collection and information technology to providing clinical training for health care workers to supporting the expansion of services in local clinics.

Since 2003, nearly 200 Global Health Fellows have been selected to work in 38 countries to deliver healthcare and health system support. Pfizer's partners in the program have included the African Medical and Research Foundation, Africare, the American Cancer Society, Family Health International, Health Volunteers Overseas, the Accordia Foundation/Infectious Diseases Institute, the International AIDS Vaccine Initiative, Project HOPE, and the United States Agency for International Development (USAID).

Alison Hager, who worked as a manager in the Financial Controls Team at Pfizer, was stationed in Rwanda for six months. She worked with the Access Project at Columbia University's Earth Institute and the Rwandan Ministry of Health to build capacity by implementing management systems for health care. Alison was able to use her change management skills, as well as her experience in research, analysis and consensus building. "On the bad days, when the frustrations seem too many and the challenges too hard, you remember the malnourished child who just wanted to hold your hand, or the woman who had to wait for 36 hours to have desperately needed surgery...and they make it all worth it," she wrote about her time in Rwanda. "The struggle and the frustration and the slow progress recede into the background to become just part of the process. And as tormentingly slow as change is in coming, it is coming. And when it does, it is these people who will benefit in the most basic, but most profound, ways," she reflected.

Since both Pfizer and USAID were interested in using the

program as a model for global health public-private partnerships, they turned to Boston University's Center for International Health and Development to evaluate the first three years of the program. The evaluation found that 100 percent of partner respondents said that the Pfizer Fellow had helped to speed up change. About a third of fellowships produced operational improvements that expanded service delivery in the nonprofit partner organization. Two-thirds of partner respondents thought that the outcomes that had been achieved would not have happened if the fellow had not come to work with the organization. Measured against nine individual impact measures, 60 to 70 percent of fellows had high or very high impact in terms of strengthening the capacity of recipient organizations to deliver efficient, high-quality services.

With results like these, Pfizer has emerged as a leader in the field of skills-based ICV—both for its customized, locally driven, needs-based assignments that maximize the value of its employees' skills and for working to develop effective tools to quantify the value of their partners' programs and the people they serve. As a result, Pfizer employees will continue to move beyond their offices to create new partnerships that are improving people's lives through better health care.

—JEREMIAH NORRIS

GOLDMAN SACHS: 10,000 WOMEN

Holding Up Half the Sky

The Chinese proverb "Women hold up half the sky" has often been used to illustrate the importance of empowering women for global economic development. Women's education in developing countries is correlated with higher wages, better health for families, and higher rates of entrepreneurship, according to a recent report by Goldman Sachs. However, business education opportunities for women in emerging economies have been few and far between. Currently, there are only 2,600 women enrolled in Africa's 50 major business schools. In an attempt to help make this proverb a reality in the business world, Goldman Sachs is using its extensive business and financial expertise and partnering with universities and nongovernmental organizations worldwide to train women entrepreneurs in leadership, management, and business skills as part of its 10,000 Women initiative.

Dave Schweidenback: Pedals for Progress

Imagine having a teaching certificate, a classroom full of students waiting for you, and a burning desire to work, but no way to get to the schoolhouse eight miles from your home except a three-hour slog on foot through the Nicaraguan countryside. This was the plight of a 19-year-old teacher in Rivas, a small coastal town in Nicaragua, until she discovered Pedals for Progress, a U.S.-based nonprofit that recycles donated bicycles for use in the develop-

ous. "People in developing countries are quite willing to work, just sometimes they can't get there," said Schweidenback, who witnessed first-hand the crippling effects of the shortage of reliable transportation as a Peace Corps volunteer in Ecuador.

The organization collects donated bikes in the United States and ships them to qualified nonprofit agencies in developing countries such as Nicaragua, Ghana, and Sierra Leone. The bikes are

repaired in-country and sold by the nonprofits at a modest price—around \$15. "We are a Robin Hood routine. We take things from rich people who don't need them and send them to poor people, who do need them," said Schweidenback.

Pedals for Progress holds about 140 used bike drives every year.

In its 18 years of operation, it has shipped more than 115,000 used bicycles and \$10.8 million in new spare parts to partner charities in 32 developing countries. The organization takes credit for putting four percent of the population in Barbados on bikes and helps lift some 8,000 people out of poverty every year.

Schweidenback believes in creating ownership, commitment and sustainability at every point in the process, which is why the bikes are sold at a modest price, not given away. "When you give things away, you create dependency. We sell them for pennies to a dollar, but we sell them," Schweidenback said.

Pedals for Progress also promotes the development of bicycle shop businesses in the developing world. The organization will partner with a community-owned nonprofit bike store that will get the first shipment of about 450 bikes for free. The shop has to earn enough money selling the repaired bikes to pay for the shipping costs of the next batch of donated bikes. Since shipping costs for the bikes are substantial, Pedals for Progress asks for a minimum \$10 contribution along with each donated bike to help cover shipping. The first shipment of bikes to a country usually requires additional fundraising. For instance, Pedals for Progress received a contribution from The Clif Bar and Company, the energy bar manufacturer, for its first shipment of bikes to Sierra Leone.

Requiring the receiving bike shops to pay the uncovered portion of the shipping cost is what makes the program sustainable. "The donations of my program are the contents of the container, not the shipment. That's why 18 years later, I'm still in business," explained Schweidenback.

In addition to bikes, Pedals for Progress has started sending used sewing machines to developing countries. "While a bicycle will get you to a job, a sewing machine is a job," reflected Schweidenback.

Pedals for Progress continues to grow. Once a program becomes sustainable in one city, another program is started in a different location where there is need and want. In the end, said Schweidenback, he just "wants to help people help themselves."

—YULYA SPANTCHAK



Pedals for Progress has sent 115,000 bikes to the developing world.

ing world. At a local bike shop in Rivas, the teacher was able to take out a microcredit loan for \$13 and purchase a refurbished bike that cut her commute to one half hour and her teaching career was begun.

Dave Schweidenback founded Pedals for Progress in 1991 to help ease the transportation crunch that exists in many parts of the developing world, where people often cannot get to a job or school because they lack transportation. To him, the prospect of someone like the Nicaraguan teacher not being able to reach her full potential because of a lack of transportation is preposter-

The initiative is bringing academic institutions in the United States and Europe together with those in emerging market countries to build business and management certificate programs for women. The initiative will fund the programs for 10,000 women around the world over five years. Partnerships include Wharton and the American University in Cairo; Oxford University's Saïd Business School and Zhejiang University in China; and the William Davidson Institute at the University of Michigan and the School of Finance and Banking in Rwanda.

Participants will learn essential business skills like accounting, marketing, creating a business plan, accessing capital, and public speaking. The certificate programs are short-term, flexible and, unlike MBA programs, in many cases do not require a high school or college degree for enrollment, which opens the door to thousands of high-potential small businesswomen. So far, universities in more than a dozen developing countries, including Afghanistan, Nigeria, Egypt, India, Brazil, Liberia and Rwanda, have enrolled their first class of students in newly created business certificate programs.

10,000 Women will offer mentoring and networking opportunities for female entrepreneurs to help them overcome the hurdles that women often face in accessing business networks and finding support after graduation. Goldman Sachs employees play a key role in this effort, supporting the program as online mentors, guest lecturers or members of selection committees. The initiative will also improve the capacity of the emerging market business schools through faculty training, the development of locally relevant case studies, specialized curriculum, and interactive knowledge sharing platforms.

Goldman Sachs believes that investing in business education for women has long-term advantages for developing economies. The growth of an entrepreneurial class that includes women will help reduce inequality and better distribute the benefits of globalization. Furthermore, post-conflict areas tend to have large numbers of widows. Education and participation in the labor force can prevent them and their families from becoming permanently dependent on their fragile societies to survive and can make them part of the rebuilding process.

10,000 Women has met with great enthusiasm from women in participating countries—there were 600 applications for 60 program openings in Rwanda. The first two classes enrolled in a Certificate in Entrepreneurial Management Program at the Pan-African University in Lagos, Nigeria, included 50 women whose fledgling enterprises range from agriculture and



Fayo Williams, a 10,000 Women scholarship recipient, describes the impact of the program at a reception for the first program participants.

healthcare to manufacturing and communications.

One of these women, Olusola Abayomi-Adegbesan, founded the Adonai Community Empowerment Society two years ago to provide enterprise development services to small businesses. "My vision as a female enterprise owner," she wrote, "is to run and build an enterprise that would outlive me, provide jobs for thousands of jobless individuals, promote indigenous technology, encourage locally produced goods and create wealth for operators of micro, small, and medium enterprises in Nigeria, thereby contributing my quota to reducing unemployment and being part of nation building."

—MEG DALLETT

DOLE FOOD COMPANY

Green Bananas

Most people would snub their nose at a "green" banana, but not the Dole Food Company. In cooperation with the Costa Rican Government, Dole is working to make its operations in Costa Rica "green" by going 100 percent carbon neutral. This initiative shows that corporations with key industrial and financial investments in developing nations can grow sustainably and be socially and environmentally responsible.

Dole's operating subsidiary, Standard Fruit de Costa Rica, signed an agreement with the Ministry of the Environment and Energy and the National Strategy for Climate Change of Costa Rica to build a carbon-neutral supply chain for bananas and pineapples. Costa Rica is seeking to become carbon neutral by 2021. "Dole is determined to take the lead in environmentally friendly production and distribution methods," said David A. DeLorenzo, president and CEO of Dole Food Company, Inc. "We are committed to helping the Government of Costa Rica achieve their sustainability ambitions."

Former Costa Rican Environment and Energy Minister Ro-

berto Dobles noted, "With this agreement, Dole demonstrates its enormous capacity to innovate and develop processes that will be reflected in benefits to the environment. I hope that this initiative will be followed by others in the private sector, so that we may unite efforts in favor of the environment."

Dole is working to neutralize the company's carbon footprint resulting from the growing, harvesting, packaging and distribution of bananas and pineapples. Projects to reduce emissions include expanding the railroad transportation network to minimize less-efficient road transportation, reducing the use of fertilizers that release greenhouse gasses, such as nitrous oxide, by using controlled release fertilizers, and increasing the percentage of more efficient refrigerated containers in Dole's container fleet.

To neutralize what remains of their carbon footprint, Dole will undertake new forestry projects, include its existing forest areas within the government's registry, and purchase offsets from Costa Rica's National Forestry Financing Fund.

By becoming a leader in the carbon-neutral movement, Dole is demonstrating how corporations involved in industrial food production can play a key role in sustainable development. They are also setting a model for how corporations can establish public-private partnerships to create social change and have an effect at an industry-wide level. "Dole's achievements in this area will come from working relationships with our employees, independent producers, labor representatives, government, academia, NGOs, customers, and suppliers," said Sylvain Cuperlier, director of worldwide corporate social responsibility for Dole.

In recognition of its efforts as an outstanding innovator, in



Dole is working to neutralize its carbon footprint at its operations in Costa Rica.

2007 Dole's Costa Rican division was awarded the prestigious Overall Excellence Award by the Costa Rican Industry Association and the Grand Winner Award for outstanding corporate social responsibility achievement by the American Chamber of Commerce in Costa Rica.

—JACOB GRAY

GRASSROOTS ACTION

PVOs: \$10.8 Billion

Private and voluntary organizations (PVOs) contributed \$10.8 billion in private funding to the developing world in 2007. The Center for Global Prosperity once again collaborated with the Urban Institute's Center on Nonprofits and Philanthropy (CNP) to determine the dollar value of international development assistance projects run by PVOs that work in developing countries to foster economic development, address social needs, provide disaster relief, assist refugees, promote human rights, and implement environmental programs. Building on its earlier research on international PVOs, the CNP examined approximately 4,500 "990" forms that PVOs filed with the Internal Revenue Service, primarily for fiscal year 2007. The CNP also used information from the 2008 *USAID Report on Voluntary Agencies* list for organizations that did not file 990s. Of this \$10.8 billion, 45 percent went to disaster relief and refugees, 36 percent went to economic growth and trade, 7 percent went to other international support, 6 percent went to health and medical services, 5 percent went to democracy and governance, and 2 percent went to education. Regionally, 32 percent of contributions went to sub-Saharan Africa, 30 percent went to Latin America and the Caribbean, 23 percent went to Asia, 8 percent went to Europe and Central Asia, and 6 percent went to the Middle East and North Africa (total may not add to 100 due to rounding).

From the largest PVOs such as World Vision and Catholic Relief Services that tackle poverty across the globe, to smaller PVOs that concentrate on one geographic area or issue, PVOs remain invaluable partners in international development. PVOs still conduct much of the day-to-day work that comprises international development activity. But like charitable institutions across the world, they are remaking themselves to be more nimble, more focused on sustainability and more creative. The organizations profiled

“Visiting the schools and child activity centers we have built and continue to support in Darfur brings a bounce back to my step and reminds me that we’re here to offer not only emergency services but also the prospect of a better future.”

on the following pages illustrate this evolution, as well as the breadth of services and models that comprise today’s PVOs. From Smile Train, which is not only repairing cleft palates but building medical capacity with its low-cost model, to Endeavor, a leader in transforming the economies of emerging-market countries by identifying and supporting “high-impact” entrepreneurs, these PVOs are dynamic, results-oriented, forwarding-looking organizations that work closely with the grassroots.

PVOs are also developing new alliances to further their development work. Last year saw the founding of the Women, Faith, and Development Alliance, a major new effort bringing together internationally focused faith, development, and women’s organizations to mobilize around the moral imperative of ending global poverty and empowering women and girls. The effort has attracted some 300 PVO partners.

At the kick-off conference for the Alliance, former Secretary of State Madeline Albright told the assembled PVOs that significant progress had been made in reducing poverty and that they held the key to further progress: “In South Asia since 1990, the number of people without access to clean water has been cut in half. Globally, the percentage of people who must live on a dollar a day or less has been reduced by more than two-fifths. Literacy rates are up. Basic technologies such as malaria nets and oral vaccines have saved millions of lives. Microenterprise has put money in the hands of entrepreneurs from impoverished communities who work hard, save and create jobs for their neighbors. The best corporations are lining up to join the anti-poverty cause along with members of the faith community from all parts of the political spectrum and every corner of the globe.

The generous commitments to action made at this summit will add to the momentum and help ensure that, as further progress is made, women and girls are not left behind.”

Volunteer Time: \$3.5 Billion

Based on an analysis of data from the U.S. Current Population Survey’s (CPS) annual volunteering supplement and Independent Sector’s annual calculation of the dollar value of volunteer time, the Center for Global Prosperity determined that Americans contributed an estimated \$3.5 billion worth of volunteer time in 2007 for relief and development assistance causes abroad and for international assistance organizations in the United States. According to the CPS, more than one million Americans travelled abroad in 2007 to volunteer. An additional 341,000 volunteers contributed to international assistance causes in the United States. Individuals and organizations are increasingly finding diverse and innovative ways to volunteer their time, using their skills and passions to benefit those less fortunate.

According to the Building Bridges Coalition (BBC), a consortium of leading international volunteer organizations, universities and colleges, corporations, and government agencies that promote and advocate for increased international volunteerism, the most popular destinations for its volunteers in 2007 were Latin America and Africa. A BBC 2007 member survey, tracking over 30,000 U.S. volunteers, listed Peru and Mexico as the top two destinations for placing volunteers. Other countries close behind were Kenya, India, Brazil, Ecuador and Honduras. Nearly three quarters of these volunteers stayed up to a month in the host country, while just over a fifth volunteered for one to three months; only three percent stayed for six months to a year. Most spent their time working in primary or secondary education, in public and community healthcare, or in housing and environment-related projects.

Some of these volunteers participate in “voluntourism” or “volunteer vacations.” The number of travel organizations that offer voluntourism trips has doubled in the past three years, according to Sally Brown, head of the Indianapolis not-for-profit group Ambassadors for Children. More than half of the participants in a survey sponsored by msnbc.com and *Condé Nast Traveler* said they were very interested in taking a volunteer vacation and 95 percent of those who had

taken one in the past said they would take one again.

Volunteer vacations are attracting families who want to volunteer together. Several PVOs, including Habitat for Humanity, offer family volunteering packages. According to Global Citizens Network, an organization that matches people with volunteering opportunities, over half their volunteers participated in some kind of family volunteer project in 2007. Projects range from building a health clinic to planting trees or installing playground equipment. In a similar vein, some newlyweds are using their honeymoon to volunteer. Dubbed “honeysteering,” it is a chance for couples to give something back as part of their wedding. One such couple, Teresa Novacek and Andrew Allen of Minneapolis, spent their month-long honeymoon volunteering in the Tanzanian city of Pommern through the nonprofit Global Volunteers. Their work included building a library and teaching basic computer skills to local students.

Thanks to the growth of the internet, people can volunteer internationally from their own homes. UN Volunteers has created an online volunteer marketplace, where individuals can match their particular skill-sets to an international development need and organizations can seek volunteers with the abilities they need. Activities range from translating documents to web site design to developing market strategies for a PVO.

THE SMILE TRAIN

One Smile at a Time

The Smile Train may be the world’s only charity that hopes to one day work itself out of business. The goal of the organization, which provides free cleft surgery for poor children around the world, is nothing short of the complete eradication of the problem of untreated cleft lips and palate. It has developed a unique business model focused on the empowerment of local doctors that may allow it to do just that.

Every year, 1 in 700 children is born with a cleft lip or palate. These congenital defects are routinely corrected in infancy or childhood in developed countries. But in the developing world, where the cost of surgery is out of reach of many families, children go without surgical procedures to correct the cleft. As a result, many cannot eat or speak properly; some are aban-



Thanks to The Smile Train, six-year-old Mornng Taing Pilot faces a bright future.

doned or face a life of isolation and ridicule, kept home from school and destined for menial labor. Babies born in Uganda with a cleft are given the name Ajok, which literally means “cursed by God.”

Brian Mullaney, who co-founded The Smile Train with Charles Wang, was involved in philanthropic efforts to bring American doctors to developing countries on medical missions to perform cleft surgeries. But he was frustrated by the many children left behind at the end of each two-week trip. He came up with the idea for an in-country presence that could help children every day of the year: train and equip local doctors to perform the surgeries. “I figured if we gave them a helping hand, they could help far more kids than we could,” he said.

Mullaney designed the nonprofit to run like a for-profit business—leveraging every dollar raised to help the maximum number of children. By training doctors in developing countries to perform the surgeries themselves, instead of funding expensive trips for American doctors to go abroad, more resources go directly to medical care. To date, The Smile Train has trained more than 26,000 medical professionals using innovative virtual surgery software. It utilizes quality-control techniques to maintain a high level of excellence with surgical outcomes. Not only does using local doctors cut down on overhead costs—the average surgery costs \$250—but it creates sustainable practices so that children can be treated on a rolling basis, not just during planned trips.

All donations to The Smile Train go directly to programs. Administrative costs and fundraising expenses are paid for by a start-up fund created by the founding supporters. And a staff of just 38 people manages thousands of partners and programs in 75 of the world’s poorest countries. This makes for a highly cost-effective organization. In the 2007 fiscal year, The Smile Train’s U.K. and U.S. program budget was \$56.8 million, while its fundraising costs were \$14.9 million and its adminis-

trative costs were \$579,000. The majority of donations to The Smile Train come from the United States, although The Smile Train United Kingdom also raises money. Approximately 99 percent of donations are from individuals, with the remainder from various U.S. foundations.

The number of cleft operations that The Smile Train funds has been increasing steadily since 2000. To date, more than 335,000 operations have been performed, including more than 90,000 in 2007.

The true measure of The Smile Train's success is the effect it has on the lives of the children. Six-year-old Mornng in Cambodia faced a life of ostracism. He was called a "Cheb" in his village, which means "freak" or "mistake." It took Mornng and his father two days to walk 26 miles to a Smile Train partner hospital after hearing about it on the radio. It took Smile Train partner Dr. Long Vanna and a team of Cambodian doctors a little more than an hour to perform the surgery that gave Mornng back his smile. "It seems like magic that a local doctor can make the child as if he never had cleft lip before. He is no longer a Cheb," said a neighbor.

Thanks to The Smile Train, children who faced little chance of receiving an education or becoming productive members of their communities are reintegrated into the social and economic mainstream—giving everyone something to smile about.

—MEGAN HATCH

ENDEAVOR

Leveraging Opportunity Around the World

Transitioning emerging market countries from international aid to international investment can be a long—and at times slow—process. But what if a point of leverage could be found to speed that transition? Leverage is what Endeavor is all about. Endeavor is a nonprofit organization that transforms the economies of emerging-market countries by identifying and supporting "high-impact" entrepreneurs. According to Endeavor co-founder Peter Kellner, it always has been a "select group of high-impact entrepreneurs from Toyota to Fed Ex to Google that have broken the status quo, fueled new growth, transformed the world around them, and improved lives." It is these people, says Kellner, that have

the potential to create "massive jobs, massive industry, and massive inspiration." And it is these people that Endeavor sets out to find in emerging economies around the world.

Endeavor, which was founded in 1997, locates these high-impact entrepreneurs, helps them break-down barriers to success, and offers them access to world-class strategic advice and capital. Endeavor has a targeted, streamlined program to make this possible: it sets up offices and a board of directors in targeted countries, typically emerging markets with a recent history of strong economic growth; initiates a search of local companies with high-growth potential; selects a few of the most promising entrepreneurs through an intensive interview process with both local and global boards of directors; and provides these entrepreneurs with an elite team of mentors from leading businesses and academic institutions and access to business networks and investor contacts.

Rolando Carmona, founder of Drillco, a design and manufacturing company for high-quality tools for heavy industry in Chile, and Endeavor entrepreneur, says that the mentorship



Chilean-based businessman Rolando Carmona has seen profits for his company nearly double since he was selected as an Endeavor entrepreneur.

and networking he received through Endeavor were critical to his business's development. "Prior to Endeavor, I was not aware of the impact of good networking and didn't do it," he said. "Through the multiple contacts I have made through networking via Endeavor, I have been able to gain insights and get help from people in many capacities. I am creative and global thinking by nature, but Endeavor has allowed me to take this to a higher level."

Working with Endeavor raised his profit margin as well:

from \$6 million pre-Endeavor in 2003 to \$11 million today. Rolando Carmona's story is just one of many. Since its founding, 333 entrepreneurs and their businesses have been aided by Endeavor; 86,000 jobs paying on average 10 times above the minimum wage have been created; \$2.4 billion in revenue has been generated; and \$908 million in equity financing has been raised by Endeavor entrepreneurs post selection. In addition, more than 421 new companies have been started with an Endeavor entrepreneur as an investor, board member, or mentor.

Endeavor is a nonprofit organization. In 2007, it received \$3.3 million in contributions from individuals, corporations and foundations, including Citibank and Microsoft, investment banking firms, the Inter-American Development Bank, and the Michael & Susan Dell Foundation. Eighty percent of its annual expenditures go directly to program expenses. Entrepreneurs can also give back to Endeavor programs in specific countries by contributing an equity share of their growing business to the program. For instance, in Brazil, 100 percent of the entrepreneurs are participating in a give-back program in which they agreed to donate two percent equity in the event of liquidity to Endeavor Brazil and \$300 in monthly service fees. These entrepreneurs donated \$278,000 to Endeavor Brazil in 2007. Combined with a fundraising gala, Endeavor Brazil will be fully sustainable by 2010, just 10 years after its launch.

This sustainability is key to Endeavor's future success. Kellner sees Endeavor as a model for "social entrepreneurship, not just business entrepreneurship." Endeavor's vision of helping emerging market countries transition from international aid to international investment through entrepreneurship continues to grow. Endeavor plans to open offices in 25 countries by 2015, creating more opportunity and inspiration around the world.

—JACOB GRAY

SAVE THE CHILDREN

Rewriting the Future

Currently some 72 million children around the world do not attend school. More than half of these children—an estimated 37 million—reside in war zones and other conflict-ridden regions. Each year, an additional 750,000 children encounter disruptions to their school year as a result of conflicts and forced migration. In addition to missing out on

the opportunities provided by education, these children are at increased risk of becoming child soldiers or sex slaves. In an effort to help internally displaced children regain educational opportunity at a critical point in their lives, Save The Children, the world's largest independent childrens' advocacy organization, initiated Rewrite the Future two years ago.

With a presence in 20 different countries, Save The Children is committed to providing eight million children living in conflict-affected areas with quality education by 2010. This includes ensuring that three million children who currently live in conflicted-affected areas enter school, improving the quality of education for five million additional children, and making schools safe — a key tool in protecting children affected by armed conflict. Rewrite the Future is also working with national governments and international institutions to prioritize quality education for conflict-affected children.

Since its inception, Rewrite the Future has improved the quality of education for 5.7 million children and introduced 815,000 children into the school system. Last year, the campaign provided resources to train 25,000 teachers. Ultimately, the program hopes to help achieve the Millennium Development Goal of universal primary education by 2015.

In particular, Save The Children has devoted a significant amount of resources to West Darfur, Sudan, which has been wracked by conflict following the eruption of internal violence in 2003. Save The Children is the largest private humanitarian agency working in West Darfur, currently supplying 500,000 displaced children and family members with food relief, water and sanitation facilities, and vocational training. In 2006, Save The Children built its first school in Geneina, West Darfur. Since then, Rewrite the Future has helped set up and support



Save the Children is enabling 23,000 children in Darfur to attend school.

The secret to Opportunity International and FINCA's success is two-fold: both organizations believe in the philosophy of "giving a hand up, not a handout" and in the role of communities in sustainable development.

nearly 50 schools in West Darfur and has enrolled 23,000 children. In addition, Save the Children provides educational training programs for parent-teacher associations on topics ranging from primary school management and leadership to the importance of education.

"Visiting the schools and child activity centers we have built and continue to support brings the bounce back to my step and reminds me that we're here to offer not only emergency services but also the prospect of a better future," said Jerry Farrell, Darfur director for Save the Children. Farrell notes the incredible enthusiasm with which communities embrace the construction of a new school, which is viewed both as a place to learn and a place of protection. "Whenever we open a new school, the number of kids who show up for class is nearly triple the capacity of the school," he said. "Our goal, of course, is to get every eligible child enrolled in a school, to have enough trained teachers and classrooms for them, and to help our partners at the Ministry of Education ensure the quality of the curriculum."

However, with statistics indicating 650,000 children—half of all children in Darfur—still do not receive education, Farrell said he knows he has his work cut out for him.

Rewrite the Future recently received a major boost with support from Dubai Cares, the world's largest foundation dedicated to improving primary education in the developing world. The foundation was launched in September 2007 by His Highness Sheikh Mohammed Bin Rashid Al Maktoum of Dubai, who believes that educating children, especially girls, is a key component of breaking the global cycle of poverty. In April 2008, Dubai Cares provided the Rewrite the Future campaign in Sudan with a \$16.6 million grant under a five-year program to support 115,000 children, 200 schools and 50 child development centers.

In addition, Save the Children will train 500 teachers to introduce basic literacy skills to children at an early age.

"Direct aid for basic education in Sudan has been severely underfunded. Dubai Cares' total commitment to the children of Sudan— which is more than three times all international direct aid for basic education to Sudan in 2005— will help educate a generation of children who might have otherwise missed out on school," said Charles F. MacCormack, president and CEO of Save the Children.

With this new funding, Farrell hopes to double the number of schools in West Darfur next year and further expand hope in a region that desperately needs it. "Schools are investments to get people back on their feet," he said. "When we open a school, the entire community treats it like the beginning of a new life."

—STEPHANIE MAK

FINCA AND OPPORTUNITY INTERNATIONAL Opportunity Knocks

As a widowed mother of five, Nasima knew that she needed to do something to support her family in post-Taliban Afghanistan, so she opened a beauty salon. But her small business struggled, with only a few neighborhood women as customers. In 2004, she joined a FINCA Village Banking Group and secured a loan of \$120 to expand her business. Today, women come to her shop from all over and she is able to earn a good living. "I have been able to live a better life with FINCA loans. Even after my husband passed away, I can support my family and send my children to school. I have been able to rent a large shop," she said.

Such grassroots development is what American John Hatch had in mind when he started the Foundation for International Community Assistance (FINCA) in Bolivia in 1985 with the lofty goal of making sure that "our grandchildren only know about poverty by visiting a poverty museum." FINCA's mission is to provide financial services to the world's lowest-income entrepreneurs so they can create jobs, build assets, and improve their standard of living. It now has branches in 20 developing countries. In 2007, FINCA loaned some \$666 million to 682,820 clients.

Another one of the largest microfinance organizations is Opportunity International, which was founded in 1971. Opportunity International offers a variety of services, including loans,



Opportunity International loan client Jemmalyn Alcantara of Manila, Philippines, used her loan to expand her basket-weaving business and hopes to send her siblings to college.

insurance, and savings plans. Opportunity International works in 28 developing countries. In 2007, it made 1,772,139 loans worth more than \$702 million.

Both organizations receive funding from private donors, governments, corporations and foundations. FINCA receives funding from commercial capital sources and interest income from its programs. Third-party investments (equity and debt raised for its microfinance programs) made up 54 percent of Opportunity International's 2007 funding. For example, Opportunity International's Banking on Africa campaign seeks to raise \$123 million in donations that will then leverage an additional \$40 million in debt and \$221 million in client deposits, for a total of \$384 million mobilized to build banks for the poor.

The secret to Opportunity International and FINCA's success is two-fold: both organizations believe in the philosophy of "giving a hand up, not a handout" and in the role of communities in sustainable development. Both created similar models of community responsibility for loans. Because of their community-based approach, both organizations' global on-time repayment rate is more than 97 percent.

FINCA pioneered the concept of the Village Banking Group, and there are now nearly 70,000 worldwide. A Village Banking Group is a democratically run support group of 10 to 50 members, usually women, who meet weekly or biweekly to provide small self-employment loans, an incentive and means to save, and a mutual support system that encourages personal empowerment. After Nasima, the Afghani hairdresser, found success through her Village Banking Group, she vowed to help other women: "I have decided that, as long as my business keeps developing...I want to train about 20 female students to help them start businesses and become productive women in Afghan society."

Opportunity International calls their community organizations "Trust Groups." Some 15 to 40 entrepreneurs form a Trust

Group and attend weekly meetings. Besides guaranteeing loans, the Trust Groups provide business training. According to Opportunity International, the central goal of the Trust Group is nothing less than the transformation of poor entrepreneurs, their families, and communities.

Colombian Yanill Espinosa can attest to the success of Opportunity International's Trust Group model. Yanill, who uses a wheelchair, wanted to start a business but was turned down for traditional loans. "They took one look at me, saw I was in a wheelchair and said, 'We don't lend money to people like you,'" she recalled. Yanill joined a Trust Group. Four loans later, she has a shoemaking business and hopes to open her own shoe shop where she can employ disabled people from her community.

FINCA and Opportunity International recognize the potential that loaning capital to women has for improving a whole community. A total of 72 percent of FINCA's clients and 84 percent of Opportunity International's clients are women. According to FINCA founder John Hatch, "Our focus on women was the result of a growing conviction that the fastest way to affect the welfare of children was by empowering their mothers." This has proven to be true: in 2006, more than a million children in the developing world attended school when they normally would not have because their mothers were able to afford their tuition and school fees from money generated by loans provided by FINCA.

Opportunity International's CEO Chris Crane concurs with the multiplier effect of microfinance: "With the increased income from their small businesses, our clients can provide better quality food for their families, buy books and uniforms to send their children to school, and even adopt orphans in their villages."

—MEGAN HATCH

BRIDGES OF UNDERSTANDING

Building a Bridge to a Better Future

The growing cultural gap between the American and the Arab world is of concern for a number of reasons, not the least of which is the danger that the chasm, if left unaddressed, will continue to grow and contribute to more violence in the world. Bridges of Understanding is a non-political, nonprofit organization devoted to supporting

projects and efforts that foster better understanding between the American people and people of the Arab world by building cultural and educational links between individuals. Bridges of Understanding was founded in 2007 by two dozen prominent Americans working hand-in-hand with leading Jordanians who share their concerns.

Bridges of Understanding supports projects that focus on youth and are particularly innovative in their approach to uniting the two cultures. One of its major partners is Global Nomads Group, an international nongovernmental organization that creates interactive educational programs for students about global issues. Global Nomads uses videoconferencing as one of the tools to achieve its goal, linking high schools in the United States with schools in other nations via video, allowing groups of teenagers to communicate across oceans and continents. In its 10-year history, New York-based Global Nomads has conducted programs in more than 40 countries and reached more than one million young people.

With financing from Bridges of Understanding, in October of 2008 Global Nomads connected students from Park Tudor School in Indianapolis, Indiana, with the Jubilee School in Amman, Jordan. As in past conferences, topics ranged from religion and foreign policy to favorite foods. Bridges of Understanding supported seven additional videoconferences in 2008, including one linking St. Mary's School in Memphis, Tennessee, and the Ahliyya School for Girls in Amman, Jordan. Interactions that highlight similarities, instead of dwelling on the differences, are key in to engraining a level of understanding between the two groups, according to Dr. Muro Phillips, director of programs at Global Nomads. "This program links students in real time and brings the world together, one conversation at a time," she said.

The Youth Initiative for Progress in Iraq, another program that focuses on youth communication and understanding, is also supported by Bridges of Understanding. The initiative was founded by Michael Schoenleber and Astrid Stuth, two sophomores at Princeton University who wanted to make a tangible contribution to building lasting understanding between the United States and Iraq. The pair organized a three-day conference in Amman, Jordan, in July 2008 to unite 16 students from Iraq and 16 students from United States ranging in age from 16 to 19. The conference included an array of activities ranging from trust building exercises and cultural exchange to discussing how the Iraq War was perceived by Iraqis and Americans.

At the conclusion of the conference, the students created a declaration of intent toward making progress between the two countries.

Remarkably, the young founders fundraised for the conference and handled the logistics of bringing the 32 participants with 11 moderators together for the meeting. This was no small feat, especially if "you are asking for \$80,000 dollars when you have no credentials to back you up," reflected Stuth. With the help of their college professor, former Senator Bill Frist, Bridges of Understanding, and a few other donors, the students raised the money for the conference and to cover flight costs and housing for all the participating students.

To further promote international understanding through education, Bridges of Understanding, with the support of Marlene and Frederick V. Malek, also sponsors a full, four-year scholarship for a Jordanian student to attend Marymount University in Arlington, Virginia. Farah Traih, an aspiring doctor and the second youngest from a family of eight from Jordan, received this year's award. She always dreamed of studying in the United States, but unfortunately such an expensive education was out of reach—until Bridges of Understanding made her dream possible.

—YULYA SPANTCHAK

MAKING A BETTER FUTURE

Universities and Colleges: \$3.9 Billion

Americans continue to be generous in their support for international students. The Center for Global Prosperity used data from the Institute for International Education's annual *Open Doors* survey to determine that Americans gave a total of \$3.9 billion in support to students from the developing world in the 2007–2008 academic year, a five percent increase over the 2006–2007 level of \$3.7 billion. Among the sources of funds are U.S. colleges and universities and private sponsors such as foundations, businesses and religious organizations. More than a quarter of all foreign students studying in the United States report that the primary source of funding for their education is their U.S. college or university, a private sponsor, or an international organization.

The number of international students at colleges and

universities in the United States increased by 7 percent to a record high of 623,805 in the 2007–08 academic year. According to Allan E. Goodman, president and CEO of the Institute of International Education, “The steady increase in the number of international students in the United States reflects actions taken by the U.S. government and many individual colleges and universities to ensure that international students know they are welcome here, and that we appreciate how they contribute to the intellectual and cultural environment on campus and in the wider community. Furthering academic exchange – in both directions – is one of the best investments that we can make to strengthen U.S. higher education and research activities and foster cross-border collaboration on shared global problems such as fighting disease, protecting the environment, and counter-terroring terrorism.”

The United States continues to welcome students from the developing world. According to calculations by *Open Doors*, 61 percent of international students in the 2007–2008 academic year came to the United States from the developing world. Of this group of students, 64 percent came from Asia and the Pacific, 16 percent from Latin America and the Caribbean, 9 percent from North Africa and the Middle East, 8 percent from sub-Saharan Africa, and 2 percent from Europe and Central Asia.

According to *Open Doors*, China remains the number one country of origin for international students studying in the United States, accounting for 22 percent of these students. The number of Chinese students studying in the United States in the 2007–2008 academic year was up 18 percent over the previous year. India and South Korea are tied as the second leading country of origin for U.S. international students, each accounting for nine percent of students. Other developing countries in the top 20 countries of origin for U.S. international students are Taiwan, Brazil, Russia, Turkey, Mexico, Poland and Argentina.

Following a trend which began in the 2001–2002 academic year, international student enrollment in U.S. graduate programs continues to surpass international enrollment at the undergraduate level. In 2007–2008, 44 percent of international students enrolled at U.S. colleges and universities were enrolled at the graduate level. With 68,069 students enrolled in U.S. graduate programs, India accounted for nearly one-quarter of all international graduate students in

The global, service-oriented generation of American students coming of age is also showing an interest in the developing world. Courses in global health, public health and epidemiology are increasingly popular at colleges and universities in the United States.

the United States, followed by China, with 53,047 students enrolled in U.S. graduate programs.

The global, service-oriented generation of American students coming of age is also showing interest in the developing world. According to an article in the *Washington Post*, courses in global health, public health and epidemiology are increasingly popular at colleges and universities in the United States. Student interest has been fueled by increased globalization and the publicity from high-profile efforts to fight AIDS such as the President’s Emergency Plan for AIDS Relief and the groundbreaking philanthropy of the Bill and Melinda Gates Foundation. Johns Hopkins University has seen interest in its public health program double in ten years. Richard Riegelman, an epidemiologist with the Educated Citizen and Public Health Initiative, which was founded to promote undergraduate public health education, says there is exponential growth in interest in public and global health among students. And increasingly, students are translating that interest into public health service projects abroad, as demonstrated by the Vassar Uganda Project profiled in the following pages.

Interest among U.S. students in global health and development is so keen that last year JP Morgan held a Good Venture Competition, which pitted 10 teams of students against one another to win \$25,000 in funding for an international development project of their own design. The winning project, Gardens for Health, was created by students from Brown and Yale Universities to help HIV-positive Rwandans diversify their starch-heavy diet in hopes of making their antiretroviral medications work more effectively with better nutrition.

THE VASSAR UGANDA PROJECT

Healthcare that Heals Communities

For as long as she can remember, pre-med student Jacqueline Law felt called to serve a medical mission in Central Africa. After learning about the horrors of Uganda's civil war in her African politics class at Vassar College, she decided it was time to answer that call. "The stories of formerly abducted children were the most horrific I had ever heard, and they touched me in a way that studying no other country had," she recalled.

Law, a certified emergency medical technician (EMT), decided that the expertise of Vassar's EMTs could make a difference in Uganda, whose healthcare system is woefully insufficient because of war and severe underdevelopment. Rampant malaria, HIV/AIDS, malnutrition, and tuberculosis have left the country in a dire health situation. Law founded the Vassar Uganda Project with several other students to improve healthcare in several Ugandan villages by working with local organizations on sustainable, long-term projects.

In March 2008, Law and nine other volunteers inaugurated the project when they traveled to Kaberamaido, Uganda, to bring medical care and health education to the town in partnership with the Asayo's Wish Foundation, a U.S.-based charity founded by a Ugandan émigré to aid Ugandan children. The group provided almost 1,500 pounds of medical supplies and treated about 450 patients at the local orphanage and clinic alongside Ugandan healthcare workers. They also passed on their EMT training, teaching 300 villagers about disease prevention, first aid, and hygiene. Trainees practiced taking pulses and giving CPR on mannequins donated by fire departments in Austin, Texas.

The Vassar Uganda Project is based on the belief that Ugandans know best how to solve their problems and focuses on community empowerment. "Each country has its own set of unique events, histories, people and problems, so it is by working with the people who live with these problems daily that one can truly make a lasting impact," said Law.

The volunteers learned this firsthand when they offered a group of widows a microcredit loan to start a farm. Instead, the women requested a loan for a bicycle. "This way, they were able to bike to and from the lake or river every day, catch fish, feed their families, and sell the excess fish at market. They said a farm wouldn't work for them because they didn't have the land



Jacqueline Law, co-founder of the Vassar Uganda Project, with a young patient.

or money for upkeep," explained Law.

Because the student EMTs only will be able to travel to Africa a few times a year for one to three weeks, their projects must be sustainable after they leave. They are emphasizing education and medical training and work with local organizations to make sure the programs keep running. "There must be a certain level of providing the basics," said Law, "but this will only be helpful so long as it is coupled with long-term projects."

The Vassar Uganda Project has gotten off to a swift start; in less than a year, the group raised \$7,000 from the college administration, student organizations, and members of the community. Everyone in the group is a volunteer and they pay travel expenses and fundraising costs themselves or through donations specifically for those purposes, which means that every dollar donated for healthcare goes to the programs. Medical suppliers, hospitals, and emergency medical service centers around the country have contributed supplies, and the group's web site allows donors to sponsor individual EMTs or purchase bed nets or animals for Ugandan families.

In August 2008, the group traveled to Iganga, a rural district in eastern Uganda, to provide emergency medical training. "We asked the health professionals in Iganga to provide information as to what training would be most useful. They reported that trauma, tropical disease, and maternal/neonatal conditions were the most likely causes of emergencies, so our training program reflects that," Law noted. During the trip, 370 people were educated in first aid, CPR, emergency response system creation, disease prevention, and blood-borne pathogens. In addition, 150 pounds of supplies were provided to Iganga Hospital. Law plans to return to Iganga to partner with local organizations to create a EMS system for the area, including expanded EMS education, an ambulance service and a communications/dispatch system. Law is confident that the program will empower Ugandans as well as improve the healthcare system. "It will be Iganga's project, Iganga's success," she said. —MEG DALLET

BANAA: THE SUDAN EDUCATION
EMPOWERMENT NETWORK

The Promise of Peace

George Washington University International Affairs major Makwei Mabiour Deng may look like an average student at the Washington, DC, campus, but the 22-year-old is far from average—and far from home. Deng was forced from his home in Sudan at the age of six by troops associated with the National Islamic Front. He spent 16 years in a refugee camp in Kenya dreaming of a peaceful future for his country. Through the efforts of Banaa: the Sudan Education Empowerment Network, which created the scholarship that allows Deng to attend George Washington University, he may one day be able to act on his desire to help quell the turmoil in Sudan. “I want to replace the battlefield with the courtroom, guns and bullets with legal representation, and open confrontation with negotiation around the table,” he said.

Banaa, which is Arabic for “create,” emerged from a student group formed to promote protection and relief for the people of Darfur. In 2006, a group of students successfully lobbied George Washington University to endow the scholarship program. Banaa’s founders want to use the power of education to bring lasting change to Darfur by equipping native Sudanese with the skills necessary for leadership roles in nongovernmental organizations (NGOs) and civil society. The scholarship will provide Deng with a full college education, mentors to guide him through the academic process, networking opportunities with international NGOs, and career resources. In return, Deng will return to Sudan to work toward peace and sustainable development. “Banaa is what Sudan needs to solve its problems once and for all. It trains indigenous Sudanese by equipping them with relevant skills and knowledge to solve Sudan’s problems,” Deng said.

Deng was selected from 177 applicants for the scholarship. Along with fluent English and outstanding grades, he has a strong commitment to ending the violence in Sudan. The selection committee also was impressed with Deng’s dream of becoming a lawyer and his interest in building strong legal institutions in Sudan.

The inaugural scholarship at George Washington University is being funded by the university. Students solicited donations from various individuals and organizations to pay incidental fees such as transportation and visas. In 2008, Banaa was awarded a grant by the Clinton Global Initiative for



George Washington University Banaa Scholar Makwei Mabiour Deng plans to return to Sudan to help build civil society.

logistical expenses. Banaa’s founders hope that the program ultimately will become a nationwide campus initiative. To date, 35 Banaa programs have begun at universities around the country, among them Tufts, Notre Dame, Emory, Swarthmore, Boston University, the University of Florida, the New College of Florida, and the University of South Carolina. Students at these universities are lobbying school administrators to endow scholarships. Mills College in California has agreed to fund a Banaa Scholar starting in 2009. The founders are hoping to have 20 more Banaa scholars at various campuses within the next two years.

Evan Faber, one of the founders of Banaa, said the program is a “solid investment for any university to make” because the program will have a lasting effect by providing indigenous leaders within Sudan. For his part, Deng envisions himself “returning to Sudan with the relevant skills and resources to promote reconciliation, sustainable development and a long-lasting peace in the Sudan.” Banaa hopes to help Deng, and others like him, make this dream come true. —STEPHANIE CHAN

CUNY CENTER ON PHILANTHROPY
AND CIVIL SOCIETY

Creating Tomorrow’s Nonprofit Leaders

A belief that philanthropy matters and can be integral to building and strengthening civil society is the guiding force behind the Center on Philanthropy and Civil Society (CPCS) at The Graduate Center of the City University of New York. CPCS focuses on giving, volunteerism, and nonprofit entrepreneurship by individual donors, foundations, and corporations in the United States and around the world. Since its inception in 1986, CPCS has worked to highlight the philanthropic activities of different institutions and groups and serves as a laboratory for developing programs to promote research, education, and public discourse about philanthropy. One of the center’s key initiatives is the Senior International Fellows Program, which will celebrate its 20th anniversary

The John P. McNulty Prize: Translating Thought into Action

For 23 years, John P. McNulty injected his intensity and drive into the world of investment banking, leading Goldman Sachs to unprecedented levels of growth and sharing his passion for life, business and mentoring. Throughout his thriving career and while serving on the Board of the Aspen Institute after his retirement, John McNulty was a strong supporter of young leaders, encouraging them to “translate thought into action.”

After he died suddenly in 2005, his wife Anne Welsh McNulty created the John P. McNulty Prize in memory of her charismatic husband to celebrate his spirit and foster “high-impact” leadership in young adults. “John was a person overflowing with vitality, a person with vision, a person with drive to do things better, faster, stronger, and with the energy and ability to make it happen,” said Anne Welsh McNulty.

The prize consists of \$100,000 to be distributed over two years to a fellow of the Aspen Global Leadership Network to further his or her community leadership project.

The Aspen Global Leadership Network is a worldwide community of entrepreneurial business, government and civil society leaders committed to values-based leadership.

There are currently 800 fellows between the ages of 25 and 50 from 38 countries. Each fellow is involved with a leadership project within his or her community. Fellows who apply for the McNulty Prize must have an exceptional community leadership project that has been in the works for at least two years. The John P. McNulty Prize, which “aims to galvanize efforts to address the foremost social, economic and political

challenges of our time,” is contingent on continued progress of the project.

An international panel of distinguished figures, including entrepreneurs, academics, and other leaders, selects the winner from shortlist of five finalists. Previous judges include Sir Richard Branson, chairman of the Virgin Group, and Mary Robinson, former president of Ireland and former United Nations High Commissioner for Human Rights. Anne Welsh McNulty also takes part in the selection process.

Judges use three main criteria to make their selection: creativity, impact, and lasting contribution. The project must be innovative in its approach to solving problems. It must have a positive effect on the community in which it is implemented. And ultimately, the project must have sustainable outcomes, with the prospect of expansion or replication in other communities.

The winner of the 2008 Prize was VisionSpring, which delivers affordable reading glasses to the poor in India, Mexico, Central America, and Africa. Optometrist Jordan Kassalow started VisionSpring in 2001 after noting that some 40 percent of his patients in the developing world lost their jobs because of deteriorating vision, which made it hard to do everything from working a loom to sorting seeds for next year’s crop. The loss of income due to vision loss was devastating to poor communities. Yet the inexpensive, ready-made reading glasses available in every U.S. drugstore were unheard of in the developing world.

Kassalow developed a “business in a bag” model for VisionSpring in which local “vision entrepreneurs” are provided

with a sales kit containing all the products and materials they need to market and sell reading glasses. They then repay the cost of the glasses after they have sold them. VisionSpring provides much-needed reading glasses in low-income communities in the developing world and creates jobs for those selling the glasses. VisionSpring estimates its economic impact to date at more than \$70 million in increased earnings in the world’s poorest communities. A pair of VisionSpring reading glasses can yield a more than 17-fold return on investment in increased productivity for the wearer per year. Further, VisionSpring’s 850 entrepreneurs, most of who work on a part-time basis, earn more than \$400 in additional income annually.

“The simple elegance of Jordan’s solution to a basic human need—a franchise model to deliver eyeglasses which can extend the productive work life of the poor in remote rural areas—is unique and inspiring,” said Anne Welsh McNulty. “I think my husband John would have been very excited by the creative and sustainable business model of VisionSpring... and by Jordan’s energy and persistence in dramatically expanding this project to multiple countries across three continents.”

Miriam Stone, VisionSpring’s business development director, says that the award will help VisionSpring achieve growth in the coming years. VisionSpring’s ultimate goal is to prove to large optical and healthcare companies that poor communities represent viable markets, prompting the global business community to serve the rural poor with affordable, life-improving products and services.

—STEPHANIE CHAN

this year. The program provides leadership and professional development training to young scholar-practitioners in the nonprofit sector to help build capacity in their home countries. The fellows participate in an intensive three-month seminar in New York City, working closely with nonprofit experts and leaders as both instructors and mentors to produce a 25-page research paper on a research topic relevant to the nonprofit sector. Fellows receive full tuition, a living stipend, dormitory accommodations, and round trip air travel to and from New York City. To date, some 125 fellows from 45 countries have taken part in the program, helping to build an international network of nonprofit decision makers working on philanthropy and civil society.

In recent years, as interest has grown in private philanthropic resources for local communities, the fellows program has focused on community foundations and diaspora philanthropy. The 2008 fellows were chosen for their interest in developing new ideas about the global applicability and adaptability of community foundations.

Meryem Senay Ataselim was a Senior International Fellow in 2005. She is now the chief officer of the Turkish Philanthropic Fund, the first Turkish-American diaspora community foundation in the United States. It was during her fellowship at CPCS that Ataselim began work on the idea of creating a Turkish diaspora organization structured around the community foundation model pioneered in the United States. She completed her research paper on philanthropic giving to Turkey by the Turkish diaspora community in the United States. She found that Turkish donors living in the United States did not donate to Turkey because there was no simple, reliable way for potential donors to locate professional, accountable nonprofits in Turkey and monitor their performance. She became part of a group discussing a Turkish diaspora community foundation to encourage Turkish diaspora philanthropy; 18 months later, the Turkish Philanthropic Fund became a reality.

The Turkish Philanthropic Fund is active in both the United States and Turkey, focusing on projects that empower individuals, strengthen communities and create lasting impact. It has raised \$2.5 million and has awarded grants totaling \$900,000. It also provided the initial funding to establish the first community foundation in Turkey, the Bolu Community Foundation. "Community foundations provide a sustainable, longer term approach to meeting community needs," said Ataselim. "They develop sustainable resources that will con-

tinue to provide support for local initiatives long after outside funders have departed."

Ataselim's experience with the fellowship was crucial to the development of the Turkish Philanthropic Fund. "I was able to talk directly to the leaders of other community foundations and diaspora organizations through my connections via the International Fellows Program. This really gave me in-depth knowledge," she said. The program also challenged her to stretch for more ambitious life and professional choices, Ataselim said. "In my view, the International Fellows Program is an active pursuit, one that endures beyond the year in which you do it. Its promise is one of transformation. And it certainly delivered for me."

—JACOB GRAY

DOING GOOD IN THE WORLD

Religious Organizations: \$8.6 Billion

The Center for Global Prosperity (CGP) has extended its groundbreaking work on giving for international relief and development by U.S. congregations with a new survey measuring giving in 2007. This year, CGP again partnered with the University of Notre Dame's Center for the Study and Religion and Society to conduct an independent study of U.S. congregational giving. The Notre Dame survey comprised all U.S. religious denominations. Combined with data from the Billy Graham Center on giving by Protestant mission agencies and with data from the Church of Jesus Christ of Latter-Day Saints, the *Index* continues to provide a unique look at overall international relief and development giving by U.S. religious institutions. Research by the CGP's partners shows that religious giving totaled \$8.6 billion in 2007, a two percent decrease from 2006. This may be accounted for by year-to-year fluctuations in direct giving by congregations.

The Notre Dame survey confirmed that U.S. religious congregations continue to be extraordinarily generous to the developing world. The survey found that about 244,000 U.S. congregations gave a total of approximately \$2.9 billion to U.S.-based international relief and development organizations (this amount is excluded from the religious giving total because it is accounted for in the revenue for PVOs or in the Graham Center estimate). The number of congregations that reported financial donations to a U.S.-based organiza-

Religious giving plays a large part in American assistance to the developing world. Across the country, religious congregations are increasing their familiarity with the challenges of the developing world and stepping up to the plate to make a difference.

tion increased from 57 percent in 2006 to 74 percent in 2007. Of those congregations that made a donation in 2007, the average donation was \$11,960, up slightly from the average 2006 donation of \$10,700.

About 89,000 congregations, or 27 percent of those polled, contributed a total of \$3.3 billion directly to programs in foreign countries. A total of \$79 million was in the form of donated goods; the remainder was financial contributions.

About 34 percent of the congregations polled, or a total of 82,150, reported that people from their congregation went to foreign countries on short-term mission or service trips in 2007. Of these congregations, about 73 percent provided some financial support for these trips for a total of \$759 million in support.

About 30 percent of congregations, 99,300 congregations in total, supported longer term mission trips for relief and development by providing \$1.4 billion in donations. Of these donations, \$11 million was in goods and the remainder in financial contributions

The Billy Graham Center at Wheaton College's study of giving by approximately 700 U.S. mission agencies (Protestant religious organizations engaged in assistance) found they received \$3 billion for overseas assistance activities. Finally, congregations of the Church of Jesus Christ of Latter Day Saints gave a total of \$68.1 million—\$33 million in cash and \$35.1 million in in-kind donations—to the developing world in 2007. (See the Methodology section for an explanation of how double counting among the various sources was accounted for.)

Overall, for the totality of religious giving, 36 percent of contributions went to Latin America and the Caribbean, 29 percent went to Asia and the Pacific, 21 percent to sub-Saha-

ran Africa, 9 percent went to Europe and Central Asia, and 5 percent went to North Africa and the Middle East. A total of 34 percent of contributions were for education, 26 percent were for health and medical projects, 22 percent were for disaster relief, 17 percent were for economic development, and half a percent were for democracy and governance.

Clearly religious giving plays a large part in American assistance to the developing world. Across the country, religious congregations are increasing their familiarity with the challenges of the developing world and stepping up to the plate to make a difference. The following pages include a story on Saddleback Church, one of the pioneers in this area, which is alone responsible for sending nearly 8,000 volunteers on missions in 70 countries, contributing an estimated 2.5 million hours of volunteer time and raising an estimated \$9 million through its P.E.A.C.E. plan. And Saddleback is not alone. In May of 2008, more than 1,700 pastors, business and Christian leaders from 39 countries and 50 U.S. formed the P.E.A.C.E. Coalition to mobilize one billion Christians to help fight poverty, encompassing churches from Granger Community Church in South Bend, Indiana, to Community Christian Church in West Chicago, Illinois, to The Journey Church in New York, New York.

SADDEBACK CHURCH

P.E.A.C.E. to the World

Three years ago, Dr. Rick Warren, pastor of the 16,000-plus member Saddleback Church, based in Lake Forest, California, had an epiphany. As he recalled to 2006 Purpose Driven Church Conference, he was visiting a tent church in South Africa where 50 adults were caring for 25 AIDS orphans when he realized that "this church is doing more to help the hurting than my mega-church. It punctured my heart."

Warren wondered how he could have missed the AIDS crisis and began questioning what other big problems he had been missing. His soul-searching lead him to undertake an effort to mobilize one million Christian to tackle what he calls the "Five Giants"—huge problems that affect billions of people that no government or organization can solve alone: spiritual emptiness, self-serving leadership, extreme poverty, pandemic diseases, and rampant illiteracy. Warren calls his effort the

P.E.A.C.E. Plan, which stands for Promote reconciliation, Equip leaders, Assist the poor, Care for the sick, and Educate the next generation.

The goal of the P.E.A.C.E. Plan is to mobilize small groups of church members to connect with churches in the developing world that are hardest hit by these global problems. Warren implemented P.E.A.C.E. at Saddleback in 2005. Since then, more than 7,900 P.E.A.C.E. volunteers have participated in missions in 70 countries, contributing an estimated 2.5 million hours of volunteer time to missions and mission prep. As of October 2008, an estimated \$9 million has been raised through Saddleback for the P.E.A.C.E. projects. Projects range from outfitting two preschools in Sri Lanka to an adult literacy program in Rwanda to a mobile medical clinic for impoverished communities in the Dominican Republic.

P.E.A.C.E. volunteers work closely with local congregations to carry out the projects. By working through existing churches, P.E.A.C.E. builds upon local ties and infrastructure, increasing effectiveness and ensuring that the projects will not end when they leave. Warren believes that the P.E.A.C.E. Plan will be effective because of its emphasis on sustainability. While traditional church missions consist of missionaries going to a developing country to teach the locals about their faith and engage in small-scale projects like building wells, P.E.A.C.E. projects are developed and implemented by locals. P.E.A.C.E. volunteers demonstrate to the local church what they can do for themselves and others and then leave so the indigenous community can continue the work independently.

P.E.A.C.E. has been especially active in Rwanda, which Warren has taken on as Saddleback's first "purpose-driven nation." An estimated 1,750 P.E.A.C.E. volunteers have contributed their time to some 15 church-based projects in Rwanda as the country continues to recover from the effects of the 1994 genocide. Recognizing the need for milk-bearing cows in the Remera Rukoma area, a team of Saddleback volunteers raised \$14,000 to buy 18 start-up cows for local families. To make the program self-sustaining, each recipient must "pay off" the loan of a cow by giving the cow's first calf to another member of the community. As of September 2008, 18 families had received cows and several families had received calves as the result of the project.

Saddleback volunteers also built a water purification system in Remera Rukoma working with local church workers. The project



Dr. Rick Warren greets residents in Kibuye, Rwanda, at a stadium where more than 8,000 were murdered during the 1994 genocide. The stadium is the site for a new hospital that will be built as part of the P.E.A.C.E. initiative.

cost \$2,000, with half of the expenses raised by the Saddleback team and the other half by the local church members. Other projects in Rwanda include a church-based sewing and tailoring businesses in Kigali; a school dormitory building in Gitarama; sales and marketing of widows' handicrafts through Kigali churches; and a bakery and community center project in Ruhuha.

Funds for the P.E.A.C.E. projects and traveling expenses are raised through a variety of sources, including team volunteers, church members, and local churches in the areas where P.E.A.C.E. operates. The P.E.A.C.E. program also incorporates a professional component in which legal, educational, and law enforcement professionals from Saddleback Church interact and share their expertise with the Rwandan government and the country's private sector.

Building on the success of Saddleback's P.E.A.C.E. missions, Warren extended the plan to other churches in May 2008 when he launched the P.E.A.C.E. Coalition. Warren acknowledges that it may take more than one lifetime to solve the five "global giants," but he believes that when people volunteer their time and love, the global Christian Church can make a difference over the long run.

—MEGAN HATCH

FORGOTTEN VOICES

Giving Voice to the Vulnerable

In 2004, 24-year-old Ryan Keith visited Zimbabwe with a team of volunteers from West Shore Evangelical Free Church in Mechanicsburg, Pennsylvania, to learn first-hand about the AIDS crisis. There he met a 4-year-old girl dying alone from AIDS and her 9-year-old brother, Peterson, struggling to run a village left barren of adults by the AIDS crisis.

He decided he needed to do something to help these children who were at risk of being forgotten by a busy, preoccupied world. So he started a charity to help AIDS orphans in southern Africa—Forgotten Voices—by supporting community-based efforts to care for them. He said of orphans like Peterson, “If we don’t help the local community surround him with an education, skill development, and a better support system... his voice will not only be forgotten, but exploited.”

Forgotten Voices focuses on locally developed, locally run orphan care, training and supporting pastors and existing caregivers to develop and run their own AIDS programs. “I have discovered that Africa isn’t a black hole of problems. It is full of leaders willing to empower orphans in their community,” Keith said, “But they need help learning how to do that and then the resources to help begin that process.”

Since 2006, when Forgotten Voices was incorporated as a nonprofit organization, it has partnered with more than 140 churches throughout Zimbabwe and Zambia to reach some of the more than 1.5 million AIDS orphans there. Working with local pastors and churches, Forgotten Voices develops local action plans to identify how the church and community can care for AIDS orphans with the resources at their disposal and how they can make the programs sustainable. “We’re helping these pastors think through a process and make a plan for their community, for what to do with these AIDS orphans...In some cases, we’re sending kids to school, in other cases we’re building farms, in other cases were helping teach children how to sew,” said Keith.



GoGo, a grandmother caring for her 24 orphaned grandchildren, was able to send them to school thanks to Forgotten Voices

In addition to project management and orphan care training for pastors and local AIDS workers, Forgotten Voices also provides financial support. By working with the local churches, Forgotten Voices has sent more than 3,000 orphans to school in the last two years and started more than 700 farms that it estimates have fed some 7,000 people. In 2007 alone, according to Forgotten Voices, it trained 125 local pastors in orphan care, distributed close to 400 home-based AIDS care kits, and facilitated nearly 4,500 home-based care visits.

GoGo, a 76-year-old grandmother in south central Zimbabwe who was left to care for 24 grandchildren after her six children died of AIDS-related diseases, is one of the many people whose lives—and community— have been changed by Forgotten Voices. Given her overwhelming responsibilities, GoGo was unable to continue to pay for her grandchildren to attend school. Working with the local church-run AIDS clinic, Forgotten Voices provided the required \$200 for the children to finish the school year. Six months later, the money hadn’t just sent the children to school but also helped change the village. With the money GoGo saved in school fees, she paid a local laborer to cultivate her farm, giving him a job and allowing him to send his own daughter to school. With the crops from the farm, GoGo not only managed to feed her family, but also made a profit by selling the extra produce.

Like Keith, many of the organization’s donors are in their mid-to-late 20s. The average gift is \$240 and the majority of donors know Keith personally. These small gifts amounted to \$140,000 in 2007 and close to \$250,000 in 2008. Keith, who is now president of Forgotten Voices, is the only full-time paid employee and he fundraises separately for his salary. The seven other volunteer leadership team members donate 10 to 15 hours a week of their time to run the organization. They are part of a network of 45 U.S.-based volunteers and 52 worldwide volunteers who regularly contribute their time. The largest single group of volunteers, however, is African. In 2007, 1,200 Zimbabweans and Zambians volunteered with Forgotten Voices through their partner churches. Thanks to these volunteers and good stewardship of donated funds, 93 cents of every dollar donated to the organization goes to sending AIDS orphans to school and supporting the communities they live in. By working with local leaders and tapping a network of dedicated volunteers, Forgotten Voices is helping to change the lives of vulnerable children in Africa and the communities that nurture them.

—DAVID JOHN BAKER

The Darfur Project

Although the image of Wall Street typically connotes high-powered executives and cut-throat competition, the tragic humanitarian crisis in Darfur led three committed individuals to shatter those perceptions. They united key players in the financial community in an unprecedented effort to get help to those most affected by the crisis. The mission of the Darfur Project is simple: to provide effective, direct and immediate relief to the people affected by the conflict in Sudan through the support and funding of the financial community.

Fueled by a desire to have a more

airlifts to Darfur to get medical supplies into the hands of practitioners in the field aiding impoverished, displaced persons. In the past two years, the project has sponsored four airlifts, each costing about \$225,000–\$250,000. Supplies include multivitamins, antibiotics and antimalarial agents, disposable syringes and needles, IV bags, oral rehydration therapy, and therapeutic milk for malnourished children and adults. To date the supplies have been used to treat 24,000 parasite and worm infections, provide 16,000 courses of amoxicillin and 24,300 treatments for

tion. All contributions to the project go directly to the airlifts; the sponsors pick up the administrative costs.

BlueMountain's Lisa Ruiz witnessed firsthand the efficiency with which supplies reach recipients in Darfur when she accompanied the fourth airlift in July 2008. "From the moment the airplane landed, no time was wasted," she said, noting that the team went straight to the warehouse for an inventory check. "The team proceeded to open every box, count every bottle and initial every manifest to correlate what was in the warehouse with what was needed in the field," she said.

Ruiz travelled the following day to spend time with refugees at a nearby refugee camp. "In the hospital and in the camp, it was impressive to note the strict schedules for examinations as well as the tight supply chains that ensure nothing goes to waste or goes unaccounted for," she said.

After the first airlift, Goldman Sachs and Merrill Lynch committed to sponsoring additional flights. In late May 2008, some 15 major Wall Street firms, law firms, and in-kind corporate donors joined together in an event to raise money for the project. The event raised \$325,000—enough to fully fund the next airlift and part of a future flight. "All we initially hoped for was to rattle some cages and get individual participation in the event. We were stunned by the response. The cause speaks for itself," said Kushner.

Kushner says that the project is moving forward despite the recession and more airlifts are planned in the near future—because the people of Darfur cannot wait.—STEPHANIE MAK



The Darfur Project has sponsored four airlifts to bring medical supplies directly to healthcare practitioners serving refugees in Darfur.

personal impact than traditional aid channels, the Darfur Project was founded by Christine Ward, a development consultant, Bill Demchack, vice chairman of PNC Bank, and Andrew Feldstein, founder and CEO of BlueMountain Capital. "We liked the fact that it was completely not in anyone's self-interest to do this. We really wanted to do something that was going to help people with a dire need," said Jeff Kushner, managing director at BlueMountain.

The project, which is part of the Clinton Global Initiative, sponsors

various infections, and combat severe, often deadly, diarrhea with 54,600 treatments of oral rehydration therapy.

The Darfur Project is designed to be highly efficient and to ensure that the aid gets to those who most need it. The logistics of the airlifts are managed by the Bridge Foundation, a humanitarian relief organization that was already active in providing emergency aid in Sudan. The medical supplies are handed directly to practitioners, without entangling government or quasi-government entities in their distribu-

ENGINEERING MINISTRIES INTERNATIONAL

Designing a World of Hope

In 1981, a volunteer on an evangelical mission to typhoon-ravaged Saipan, an island in the western Pacific Ocean, realized that with his engineering skills he was equipped to respond to development challenges as well as his religious calling. He began collecting other design professionals to volunteer with him on infrastructure projects in the developing world, and in 1982 the group was incorporated as Engineering Ministries International (EMI). EMI is a Christian development group that uses volunteer designers, engineers, and architects to create a wide variety of infrastructure projects around the world, recognizing that without clean water sources, medical facilities, bridges, and other engineering projects, the world's poor cannot contribute to the labor force and work to develop their societies.

Since its founding, EMI has worked on nearly 700 projects in 80 different countries. Completed projects range from orphanages in Kenya to a wastewater treatment plant in Papua New Guinea to hospitals in Russia to schools for the deaf in Honduras. The organization has a full-time staff of more than 70, including designers, administrative staff, and interns, in six offices around the world. The vast majority of contributors, however, are designers, engineers, and architects who volunteer on short-term trips. The group's focus on spreading a message of hope as well as the value of development projects is a powerful force that attracts many volunteers every year.

Because of the volunteer nature of its workforce, EMI's development capability is much higher than its budget would suggest. Chief Operating Officer Craig Hoffman believes that the experience benefits the volunteers as well: "It's a fantastic way for them to use their experience and talents to help the poor and to get to interact with them. Both the design professionals and the poor that they serve are transformed in the process."

EMI's staff members recruit and coordinate the volunteer teams and provide coaching on appropriate design techniques for the developing world. On the ground, EMI partners with local churches, Christian organizations such as the Amigos Charity, a British and Ugandan nonprofit working to help destitute children in Uganda, and local nonprofits. For two weeks, volunteers survey land and assess resources and then deliver a

Without clean water sources, medical facilities, bridges, and other engineering projects, the world's poor cannot contribute to the labor force and work to develop their societies. EMI has worked on nearly 700 projects in 80 countries.

design plan for the local groups to construct. As a result, EMI's expertise makes the project possible but the recipients have a hand in its creation and ownership is truly local. Organizations receiving design help provide the EMI volunteers with food, housing, and transportation. In keeping with the spirit of giving, EMI only partners with organizations that do not discriminate based on race or religion.

At the Kira Farm Training Center in Uganda, EMI provided master planning and design services for a 20-acre site that will provide one-year residential programs for underprivileged orphans. The program will offer education, life skills and agricultural training so that the children can return to their villages and be self-reliant. Thanks to EMI, the site now has properly graded roads, flood control, electricity and clean water, and a complex featuring accommodations for students and teachers, buildings to house vocational workshops and farm implements, fish ponds, and six large poultry houses.

EMI's capacity is expanding faster every year thanks to ever-increasing donations. In 2007, its total support in money and contributed services was just over \$6 million, an increase of more than 82 percent since 2004. In 2007, administrative and fundraising costs were less than eight percent of total expenditures.

EMI's effects reach beyond individual projects. Curt Berg's internship with EMI inspired him to study architecture for the developing world, and he hopes to join volunteer missions in the future. "Seeing the need of Uganda's poor gave purpose and meaning to me for returning to serve long-term overseas," he said.

In partnership with EMI and its volunteers, people all over the world gain the tools to change their own futures and take steps toward a better life.

—MEG DALLETT

Displaced people rest at a school in El Charco village in southwestern Colombia. Fundación Pies Descalzos is helping to educate displaced children and rebuild communities in Colombia.

INTERNATIONAL PHILANTHROPY OUTSIDE OF THE UNITED STATES

A World of Generosity

Around the world, international private giving continues to grow and evolve as nations and regions with a less robust history of private giving than the United States become more oriented toward philanthropy. As in the United States, new models of philanthropy that rely on business techniques and grassroots involvement from recipients are catching on.

European foundations are demonstrating a growing interest in global philanthropy, according to the

European Foundation Centre. The center's first-ever survey of its 200 members' international development efforts found that one quarter funded international development programs and that total grant making in this area was \$607 million in 2005.¹

In Latin America, Fundación Bradesco, Brazil's largest corporate foundation with \$94 billion in assets, has built 40 schools that have provided a free, high-quality education to more than 700,000 poor children from rural areas. The foundation has become a model for private investment that benefits the whole country and inspired the development of a wave of corporate foundations in Brazil. The number of corporate

foundations in the country grew by 157 percent between 1996 and 2002.² In Argentina, Fundación Cisneros, founded by billionaire Gustavo Cisneros, funds a teacher training program in support of the Millennium Development Goal of providing universal primary education. It has provided professional development opportunities to 6,000 teachers in Argentina, Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Panama, Peru, Dominican Republic and Venezuela.³

Philanthropy is also increasing in emerging market economies across Asia, as corporate titans-turned-philanthropists emulate Bill Gates, pouring millions into schools, charities and other development efforts. Azim Premji,





chairman of India's Wipro company and one of the richest men in India, used a portion of his \$12.7 billion fortune to create the Azim Premji Foundation, which is developing and testing innovative programs to improve education in India's primary schools.⁴ Hong Kong billionaire Li Ka-shing has given away more than \$1 billion through his foundation, which supports education and health care in Hong Kong and China. Malaysian entrepreneur Syed Mokhtar Al-Bukhary has given millions to his Al-Bukhary Foundation to build schools, hospitals and mosques.⁵

Sheikh Mohammed bin Rashid Al Maktoum, the ruler of Dubai, put Middle Eastern philanthropy on the map last

year with his announcement of a \$10 billion pledge—one of the largest charitable donations in history—to create an educational foundation that will focus on creating a knowledge-based society in the Middle East, with a particular focus on education for women.

This edition of the *Index of Global Philanthropy* is able to provide a more comprehensive picture of private philanthropy from developed countries other than the United States to the developing world than previously available. With the addition of eight new countries since the last edition, the *Index* now reports improved private giving numbers for 11 developed countries other than the United States: the United

Kingdom, France, Spain, the Netherlands, Sweden, Norway, Denmark, Finland, Portugal, New Zealand and Luxembourg. This edition of the *Index* includes a groundbreaking look at what Scandinavian countries gave to the developing world in 2007.

Total private giving from all of OECD's Development Assistance Committee (DAC) donor countries, excluding the United States, to the developing world amounted to \$12.2 billion in 2007. This represents a 67 percent increase from 2006. The majority of the increase comes from the better measurement of overseas private giving for the United Kingdom and France and the inclusion of comprehensive data for the Netherlands.

Measuring non-U.S. private giving from the developed world continues to have its challenges. Although member governments report their overseas private giving to OECD on an annual basis, these figures are incomplete and in some cases non-existent. The numbers are largely based on voluntary surveys of private and voluntary organizations (PVOs) that do not capture all PVO donations. Nor do developed country donors fully report giving by corporations, foundations, religious organizations and volunteer contributions. Three countries—France, Spain and Norway—did not report any overseas private giving for 2007.

Even with these limitations, however, international private giving rose in the 10 countries for which the Center for Global Prosperity was not able to compile more complete numbers. Aggregate giving in these countries (Australia, Austria, Belgium, Canada, Germany, Greece, Ireland, Italy, Japan, and Switzerland) increased nine percent between 2006 and 2007 from \$4.7 billion to \$5.1 billion. The countries that drove this growth were Australia, Belgium, Canada, Japan and Switzerland. The only countries to experience a significant fall in private philanthropy were Germany and Italy, which reported \$1.27 billion and \$63 million in giving in 2007, respectively, compared to \$1.35 billion and \$123 million in 2006.⁶

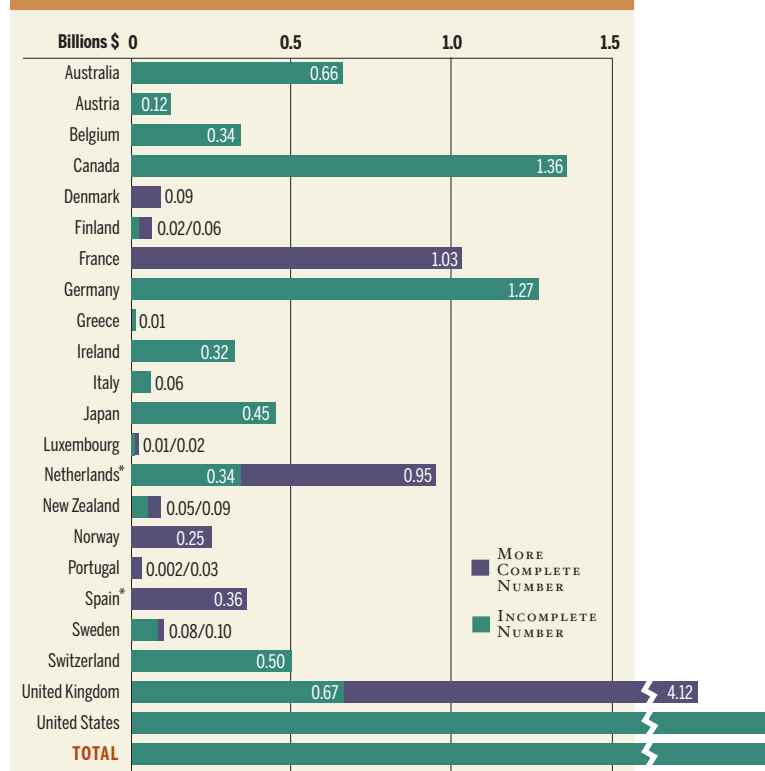
In contrast to the United States, European private giving is lower given the historic tendency of Western Europe to give abroad as it does domestically—through its governments. Thus, even with the increase in private giving by non-U.S. DAC countries, their combined \$81.7 billion in ODA in 2007 was nearly seven times as large as their \$12.2 billion in private giving to the developing world.⁷ As noted, however, this number is still underreported because data are limited and piecemeal.

The Center for Global Prosperity is pleased to be increasing its work with an expanding number of individuals, research institutions, and other nonprofit organizations in Europe and Asia to better measure private giving to the developing world.

One of these new partners, GuideStar Data Services, has enabled the Center for Global Prosperity to provide a more complete and larger number for private giving in the United Kingdom. We also received valuable assistance from Charities Aid Foundation. In 2007, U.K. overseas aid and famine relief PVOs that work solely in the developing world received \$4.1 billion in private donations.⁸ This is just under half of the \$9.8 billion in ODA provided by the U.K. government.⁹ This assessment of U.K. private giving excludes

FIGURE 1

Incomplete Private Giving Numbers Submitted to OECD and More Complete Numbers from CGP, 2007 (Billions of \$)



*Data from last available year: Netherlands, 2005; Spain, 2006.

Source: GuideStar Data Services, 2008; Charles Sellen, France, 2008-2009; Stein Brothers, AB, Scandinavia, 2008-2009; Council on International Development, Annual Report, New Zealand, 2008; New Zealand Red Cross, 2008; Coordinadora Ong Para El Desarrollo Espana, Informe de la Coordinadora de Ong de Para el Desarrollo-Espana Sobre el Sector de las Ongd, Spain, 2008; Vrije Universiteit Amsterdam, Geven in Nederland 2007, 2007; Center for Global Prosperity, United States, 2008-2009.

Scandinavian Private Giving

Data and research on Scandinavian private giving to the developing world has been virtually non-existent. With large tax-financed public sectors, high tax-to-GNI ratios and very few tax breaks for private philanthropy, it is easy to conclude that Scandinavian countries—Norway, Sweden, Denmark and Finland—give very little to the developing world. Not so. Research conducted by the Center for Global Prosperity (CGP) and one of its partners, Stein Brothers AB, a Swedish research and consulting firm, reveals that Scandinavian private giving to the developing world was \$512 million in 2007. While this is small compared to the nearly \$12 billion these countries gave in Official Development Assistance (ODA) that year, it dispels the myth that Scandinavian countries give to the developing world solely through their governments.

Partnering with Stein Brothers AB, and through its own research, the Center for Global Prosperity calculated that Norwegians gave \$250 million in private contributions to the developing world in 2007, \$227 million from PVOs and \$23 million from church-related

development organizations. Sweden gave \$104 million in private donations; \$87 million of this came from PVOs and foundations, while the remaining \$17 million was from Swedish multinational corporations. Danish private sources gave \$93 million to international development causes, with PVOs and corporations giving \$82 million and \$11 million, respectively. Finland gave \$64 million in 2007; \$56 million from PVOs and \$8 million from corporations.

This corporate giving figure excludes in-kind donations and volunteer time, which undoubtedly would increase the number substantially. For instance, many Swedish corporations are more likely to provide in-kind donations, rather than providing cash contributions, and to allow their employees to volunteer. ABB, a Swedish multinational technology firm, with offices in 34 developing countries, is one such case. In 2007, their employees contributed more than 2,000 days of volunteer time to community development projects in the developing world.

Scandinavian religious organizations play a substantial role in each country's private philanthropic efforts. Many of the largest international devel-

opment PVOs are either faith-based or have religious connections. Norwegian Church Aid, the second biggest international development PVO in Norway, gave \$28.4 million to the developing world in 2007. The Center for Global Prosperity estimates that Norwegian faith-based PVOs and churches gave \$52.1 million to the developing world in 2007 for the express purpose of development. In Finland, six of the ten largest international development PVOs, which account for some 80 percent of all Finnish private giving to the developing world, are faith-based PVOs. Of the nine largest Danish international development NGOs, three are faith-based. DanChurchAid, a PVO with connections to the Danish National Evangelical Lutheran Church, was the largest Danish international development PVO in 2007, giving \$25.4 million to the developing world. Similar participation levels are true of Sweden. The Swedish Lutheran State Church gave \$26.9 million to developing world causes in 2007, 25.8 percent of total Swedish private giving.

—DAVID JOHN BAKER
AND DANIEL BELL

foundations, corporations, churches and other private organizations, so the actual total is certainly higher. It is also far higher than the \$667 million of overseas private giving that the U.K. government reported to the OECD for 2007.¹⁰

The Center for Global Prosperity partnered with Charles Sellen, an independent researcher, who pulled together data

from the following sources: Recherches et Solidarités and Centre d'Études et de Recherche sur la Philanthropie, two French think-tanks; L'Association pour le Développement du Mécénat Industriel et Commercial, a French corporate sponsorship organization; and Fondation de France, France's largest private grantmaking foundation. French private sources gave just over \$1 billion in 2007 to developing countries.¹¹ This includes \$442.2 million from individuals, \$33.5 million from bequests, \$502.5 million from corporations and \$49.6 million from foundations.¹²

Coordinadora Ong Para El Desarrollo Espana, the largest Spanish association of international development organizations, reported that Spain gave \$363 million to the developing world in 2006, the latest year for which data are available.¹³ This includes \$141.5 million in one-time donations, \$117.6 million from regular donations and fees, \$55 million from corporations, and \$30.1 million from the sale

12.16

36.90

18.51

49.09

from the following sources: Recherches et Solidarités and Centre d'Études et de Recherche sur la Philanthropie, two French think-tanks; L'Association pour le Développement du Mécénat Industriel et Commercial, a French corporate spon-

of fair trade products and merchandising. Private giving to international development NGOs in Spain fell four percent between 2005 and 2006, most likely a result of a spike in international giving in 2005 following the Asian Tsunami. Foundation and corporate grants and donations were up four percent, as was planned giving. Spain does not report any private giving to the OECD.

The Dutch gave \$947.6 million in private contributions to the developing world in 2005, the latest year for which data are available.¹⁴ According to *Giving in the Netherlands* 2007, produced by the Vrije Amsterdam Universiteit, a total of \$560.7 million came from households, \$214.6 million from corporations, \$112.4 million from lotteries, \$44.7 million from bequests, and \$15.3 million from foundations. There was a 44.5 percent rise in international giving in 2005 in the Netherlands compared to the average of the previous six years, again likely due to the Asian Tsunami.¹⁵ The Dutch government's 2007

submission to the OECD of \$343 million is almost certainly underestimating Dutch overseas private giving, as it is less than what the Vrije Universiteit has reported since 1995 for Dutch private giving to developing countries.¹⁶

Partnering with Stein Brothers, AB a Swedish research and consulting firm, and through its own research, the Center for Global Prosperity is pleased to be able to provide a comprehensive look at what Scandinavian countries gave in overseas private contributions in 2007. In total, Scandinavian countries gave \$512 million in private donations to the developing world in 2007.¹⁷ See the box "Scandinavian Private Giving" for full details on these large new estimates of Scandinavian giving. The amount of overseas private giving that the Scandinavian countries reported to the OECD in 2007 was only \$192 million—\$320 million less than what the Center for Global Prosperity and its partner estimated. Norway did not submit any private giving numbers to the OECD and it is likely

Measuring Generosity the World Over

Dr. Lester Salamon, Director of the Institute for Policy Studies at Johns Hopkins University, is doing groundbreaking work in measuring the value of philanthropic contributions—both in terms of money and volunteer hours—across countries to put the civil society sector more squarely on the policy map. He has developed a methodology and surveys to compare generosity across countries based on total giving and volunteering. He is currently working on an updated version of his seminal book *Global Civil Society*, one of the most ambitious attempts to date to measure the size of charity.

Salamon has put together a study measuring total volunteering and private giving that encompasses a

broad cross-section of countries, including the majority of the DAC donors (Salamon, "Private Philanthropy Across the World," Johns Hopkins Comparative Nonprofit Sector Project). Salamon ranked countries' generosity according to volunteering, private giving, and volunteering and private giving combined as a percentage of GDP. The United States is ranked number one in private giving, at 1.85 percent of GDP; Canada was second at 1.17 percent. The Netherlands ranked first in volunteering, at 4.70 percent of GDP, while Sweden was second at 4.03 percent. In terms of total philanthropy (volunteering and private giving), Norway was first (4.95 percent of GDP), Sweden was second (4.41 percent of GDP), and the United

States was third (3.94 percent of GDP).

To improve the visibility of charitable contributions and their importance to overcoming poverty, ill-health and environmental degradation, Salomon is developing a methodology to measure the value of volunteering time around the world. This methodology will be used by the International Labour Organization in periodic surveys of the labor force and volunteer time. The result of this work will be an internationally sanctioned approach for gathering systematic data on the amount and value of volunteer work. This would go a long way towards Salamon's ultimate goal of full engagement of the civil service sector by better understanding its true nature and potential.

Technology Innovation in International Philanthropy

Nonprofit organizations around the world are becoming more creative with the use of technology in their fundraising efforts, taking a cue from the popularity of Kiva.org, the popular microfinance site, and similar sites. Donors now have access to a variety of technology-based charitable giving options, bringing a new immediacy to charitable giving and new visibility to charitable organizations.

Justgiving.com is a U.K.-based web portal that allows supporters of a charity to create an online fundraising page, which they can email to friends asking for support. Since its founding in 2000, the site has raised more than \$712 million from 6.5 million people for 6,300 charities. A survey of donors to the site in 2006 found that one-third of them were new donors who did not ordinarily contribute to charity. Another U.K.-based site, My Charity Page, is a social networking site that allows donors and charities to network regarding shared interests. Charities or individuals can create a fundraising page and visitors to the site can donate to anything from animal welfare organizations to

healthcare to overseas aid. GlobalGiving.com, the U.S.-based pioneer in online giving, has launched a site in the United Kingdom.

An increasing number of charities are raising money via text messages. In 2008, the British Red Cross teamed up with PayPal, the online payment system, to allow people to text donations to the charity. In 2004, the Disaster Emergency Committee, a U.K. umbrella organization of 13 humanitarian PVOs, raised \$1.9 million for Asian tsunami relief from 650,000 text messages worth \$2.79 each. Similar fundraising appeals were launched in France, Greece, Italy and Australia.

The Educational Volunteers Foundation of Turkey, a Turkish nonprofit that provides educational and social support to Turkish school children, became the first organization in Turkey to launch a cell phone-based fundraising drive in 2002. It now holds an annual cell phone fundraising campaign on April 23, the children's holiday in Turkey, and has been joined by organizations such as UNICEF. In 2007, the foundation received 78,457 text messages worth

\$575,000. Ozgur Unluhisarcikli, development manager of the foundation, said cell phone-based fundraising is useful because it "allows people to give when and where they want...You could be at the seaside or the top of a mountain" ("Fundraising success in Turkey," Share Ideas.org, Jan. 21, 2009).

Cell phone-based philanthropy is not limited to raising money. Cell phone giants Nokia and Vodafone have launched www.shareideas.org, an online community for sharing ideas about how mobile communications can benefit development. In addition to forums on technology use, the site features case studies of successful uses of mobile technology from around the developing world. The idea for the site came from Ndidi Nwuneli, founder and CEO of LEAP Africa, a Nigerian NGO that nurtures future African leaders and entrepreneurs. She said, "Groups like ours would really benefit from a resource that shows us how to use mobile technology to carry out our work more effectively" (www.ShareIdeas.org, About, accessed Jan. 21, 2009).

—DAVID JOHN BAKER

that the other three countries reported only those private contributions that flowed through PVOs that work with their respective official development agencies.

A survey of large Portuguese PVOs conducted by the Center for Global Prosperity determined that they received \$27.1 million in private contributions in 2007. This figure is likely to be extremely conservative because of the lack of reporting by the majority of PVOs and foundations and lack of sources for corporate and religious giving. Nevertheless, the new survey for Portugal still found significantly higher private giving than the \$2 million reported by the government to the OECD for 2007.

Center for Global Prosperity staff researched 29 members of Le Cercle de Coopération des ONG de Développement,

the only international PVO umbrella group in Luxembourg, and found that eight of the largest international NGOs received \$17.1 million in private donations in 2007. Again, this is likely to be a conservative estimate. New government actions aimed at encouraging a "culture of giving" in Luxembourg may jump-start private philanthropy in the coming years. As of January 2009, tax incentives have been increased to encourage charitable giving. The Luxembourg government and a leading charity set up a foundation to provide information for philanthropists in this wealthy country.^{18,19}

In New Zealand, where comprehensive private giving data exist only for PVOs, international development charities that work solely in the developing world received \$86.4 million in private donations in 2007, according to

data from the Council for International Development and the New Zealand Red Cross.²⁰ The majority of this funding went to organizations that are members of the Council for International Development, which serves as a voice for New Zealand's major international development charities.

ENTREPRENEURIAL PHILANTHROPY COMES OF AGE AROUND THE WORLD

As in the United States, the landscape of global relief and development efforts is changing rapidly around the world as social entrepreneurs redefine how aid is delivered. The philanthropic revolution has truly gone global as corporations, charities and foundations apply business principles to development challenges, seeking a return on investment measured not only in dollars, but in long-term, sustainable economic and social growth.

Although, the number of organizations and the amount of money involved are still relatively low, Dr. Rob John, a visiting fellow at Oxford University's Saïd Business School, suggests the venture capital sector, with its investment in core capacities and growth, has the potential to develop a more responsive and diverse capital market for social change-oriented organizations.²¹

Venture philanthropy is growing rapidly in Europe. The European Venture Philanthropy Association saw its membership nearly double to more than 100 members in 19 countries between 2007 and 2008. Some 20 of its members are actively funding projects throughout the developing world, including HIV/AIDS prevention and care, renewable energy investment and microfinance organizations.²² A 2007 survey of European-based venture philanthropy funds by the Saïd Business School found that 20 percent supported international development.²³

One member of the European Venture Philanthropy Association, the d.o.b Foundation, a \$4 million Dutch fund, invests in social entrepreneurs in Africa and the Netherlands who identify commercial opportunities for social issues. The d.o.b. Foundation offers a tailor-made package of share capital, loans and donations, as well as non-financial support, to the organizations it supports. One such organization is Universal Spectacles, which provides inexpensive, self-adjustable eyeglasses to help alleviate the problem of widespread uncorrected vision in the developing world. In addition to allowing people with poor vision to work or at-

As in the United States, the landscape of global relief and development efforts is changing rapidly around the world as social entrepreneurs redefine how aid is delivered. The philanthropic revolution has truly gone global.

tend school, the eyeglasses are manufactured locally and sold by local entrepreneurs financed through microcredit loans, helping to stimulate local economies.²⁴

Development-oriented financial services are also offering the world's poor the chance to lift themselves out of poverty, become financially independent and participate in the financial sector. Développement International Desjardins (DID), a Canadian corporation, specializes in providing technical services and financing for the creation of local financial institutions that serve communities in the developing world.²⁵ In 2007, DID supported more than 1,700 financial cooperatives that provided much-needed services in developing countries, including loans, savings plans and insurance. Between them, these cooperatives serve more than four million families and entrepreneurs and employ nearly 5,500 individuals.²⁶ A Belgian cooperative, Alterfin, is developing financial networks in the developing South by providing capital and financial and organizational management assistance to microfinance institutions and fair-trade producer associations. They provide loans ranging from \$30,000–\$600,000 to developing world entrepreneurs and farmers, seeking financial and social returns from each investment.²⁷ PlaNet Finance, a Japanese NGO specializing in microfinance advocacy and development, provides financing and technical assistance to microfinance institutions in 60 countries. In 2007, it provided advisory services to 220 microfinance institutions, financing close to 9 million clients.²⁸

Microfinance services are following the lead of U.S. online platforms such as Kiva.org and GlobalGiving.com. Babyloan and Veccus, two French peer-to-peer web sites, allow users to lend small amounts of credit to microentrepreneurs across the developing world.²⁹ MyC4, a Danish

company, takes this concept one step further, allowing lenders to bid for investments in African businesses. The more investors willing to invest in a business, the more favorable the interest rate the business receives.³⁰

The coming decade will see how these innovative programs will continue to remake the face of philanthropy and traditional government aid programs.

INTERNATIONAL FOUNDATION

Rebuilding Shattered Communities

FUNDACIÓN PIES DESCALZOS

One largely unrecognized outcome of the drug- and rebel-fueled violence that has wracked Colombia for decades is the widespread displacement of millions of people fleeing the violence in their villages. According to the U.N. High Commissioner for Refugees (UNHCR), “the humanitarian crisis in Colombia is the worst in the Western Hemisphere,” and the country has one of the largest populations of internally displaced persons in the world. There are approximately three million internally displaced persons in the country and more join the ranks each year—some 200,000 were displaced in 2007 alone, according to the UNHCR. Displaced persons often conjugate in makeshift communities marked by poverty, low education achievement and hopelessness; 36 percent of the displaced in Colombia are children under the age of 18. Fundación Pies Descalzos (Bare Feet Foundation) is a



Thanks to Fundación Pies Descalzos, thousands of displaced children in Colombia have received an education and a chance at a better life.

Colombian foundation that helps this vulnerable population of children by increasing their opportunities to receive an education and build a future for themselves and their communities.

Fundación Pies Descalzos was founded in the mid-1990s by 31-year-old Colombian-born pop star Shakira, who, with more than 50 million albums sold worldwide, is the best-selling Colombian recording artist of all time. She founded the organization with the mission of improving the quality of life for underprivileged, displaced children with a focus on nutrition and education. Under the leadership of former Minister of Education Maria Emma Mejía, who took over as executive president in 2003, Fundación Pies Descalzos has built two schools and supports three others. Through its schools and vocational centers, Fundación Pies Descalzos assisted over 4,000 children on a budget of \$2.7 million in 2007.

The foundation adheres to an “open doors” philosophy in its schools, which allow community members entrance to the institutions for extracurricular educational activities, recreational and cultural events, training programs, literacy training, and other programs designed to suit the community’s needs. All of the schools also have an associated vocational center. At the youth development center in Quibdó, 240 youths and 120 heads of household learn dressmaking, ecotourism, and arts and crafts. The open doors strategy is an instrument for reconstructing the community and integrating displaced persons such as Ana Bolaños and her family, who were displaced to Soacha four years ago. Her children go to a Fundación Pies Descalzos school, where they receive free education, food, and after-school services. Ana attends seminars for parents. Ana says, “Pies Descalzos has taught us to love the community, to grow together and to support each other.”

In addition to education, the foundation focuses on nutrition. One of the foundation’s principal programs is “If I eat well, I can learn more,” which provides students with a nutritional breakfast and lunch during the school year. The purpose of this program is two-fold. First, the foundation believes that children need good nutrition in order to be successful at school. Kelly Zamora, a 10th grade student, explains that thanks to Fundación Pies Descalzos, she receives food at her school in Barranquilla. “Now I can go to school with a full stomach...and now I have better grades in all my subjects.” The second objective of this program is to address the dual problems of child labor and school desertion, which are high in the impoverished, internally displaced population. The inducement of a free meal is often enough to convince parents to allow their children to go to school

instead of forcing them to work to contribute to the family's meager income. According to Camilo Guerrero González, the organization's subdirector of projects, the foundation's nutrition programs have resulted in child labor being eliminated in some areas, while in other areas they have helped reduce the number of hours children work. As of 2007, Fundación Pies Descalzos' nutrition program has benefited 3,785 children and 86 mothers.

Shakira continues to be a driving force behind the organization. Her fundraising and contributions represent almost 40 percent of the foundation's funding. Further funding comes from government entities, private companies, nonprofit organizations, and individual donors. The individual donors contribute through the foundation's "Godparent" program where a sponsor, or "godparent," supports a child's education and nutrition through monthly donations. The 173 children who are part of this program have godparents in Colombia, the United States, and Europe.

In a country full of strife, Fundación Pies Descalzos works to improve the lives of the most vulnerable population: displaced children. As Fundación Pies Descalzos founder Shakira explains, "I know that each child has a name, a heart, a dream; I know that their lives are just as valuable as yours or mine." —MEGAN HATCH

INTERNATIONAL CORPORATION

Phoning Home After an Emergency

VODAFONE FOUNDATION

The U.K. mobile telecommunications giant Vodafone, is the largest cell phone operator on the planet. But the company has a softer side. Since 2002, when it launched the Vodafone Foundation, its social investments have benefited some of the world's most disadvantaged people and their communities. Vodafone partners with PVOs large and small with an eye to developing "the world's most successful and innovative corporate foundation."

Over the last six years, Vodafone provided the foundation with nearly \$260 million to invest in its social programs around the world, both in developing and developed countries. In its 2008 financial year, the Vodafone Foundation distributed \$72.5 million to its partner charities and the firm's network of 23 local foundations, seven of which are in the developing world. As part of its efforts to foster partnerships that develop long-term disaster response and preparedness, the Vodafone Foundation



Under a partnership supported by the Vodafone Foundation and the U.N. Foundation, Télécom Sans Frontières deploys in the aftermath of natural disasters to aid U.N. agencies and the displaced.

has committed \$22 million to its collaborations with Oxfam, the United Nations Foundation (U.N. Foundation) and MapAction, a charity that provides regularly updated maps to help relief workers reach disaster areas quickly.

The biggest of these is the Vodafone Foundation–U.N. Foundation Partnership, which was created in 2005 with a Vodafone Foundation contribution of \$20 million matched by \$10 million from the U.N. Foundation. The goal of the partnership is to support activities and manage initiatives that use technology to help the U.N. address the world's toughest challenges more effectively and efficiently.

The Vodafone Foundation brings to the table its expertise in mobile technology and its global infrastructure and reach, while the U.N. Foundation offers access to the U.N. system and its mission of supporting the U.N. programs and causes worldwide. The partnership focuses on three core commitments: to develop rapid response telecommunications teams to aid disaster relief; to develop mobile-enabled health data systems to combat disease; and to promote research and innovative initiatives using technology as an agent and tool for international development.

As part of the commitment to develop disaster response teams, the partnership supports Télécom Sans Frontières (TSF), a France-based humanitarian organization that specializes in emergency telecommunications. At the request of U.N. agencies, including UNICEF and the U.N. Office for the Coordination of Humanitarian Assistance, TSF deploys in the aftermath of a disaster to set up communication systems for the aid teams working to deliver vital supplies. TSF also provides "humanitarian calling operations" for families affected by the disaster. Since its founding in 1998, TSF has assisted in 55 emergencies on every continent.

In August 2007, when a magnitude 8.0 earthquake struck off the coast of Peru, killing hundreds of people, injuring thousands and displacing tens of thousands, TSF was among the first aid agencies on the ground with specialist communication equipment, arriving in Lima less than 24 hours after the quake. Aid workers coordinated the relief effort, including the delivery

of medical and food supplies, using the TSF emergency communication centers. In total, more than 17 agencies and 1,400 families used TSF services during their deployment in Peru.

More recently in February 2008, TSF was called in to set-up emergency communication centers in Mozambique after heavy flooding displaced 100,000 people to refugee camps. "Thanks to the Vodafone Foundation and U.N. Foundation funding, we are able to offer people here a three minute call to give news on the situation, to sometimes request money, clothes, or just to say, I'm alive," said Oisin Walton, TSF information and communications coordinator, who was on-site in one of the camps.

TSF staff and volunteers responded to these and 15 other emergency situations in 2006 and 2007 alone. This was to a large extent made possible by the partnership's \$2 million in funding, which represents about 40 percent of the TSF budget.

While TSF and its funders help save lives and reassure loved ones in the immediate aftermath of a disaster, there is also a long-term developmental impact. Connecting individuals helps affected communities get back on their feet and begin rebuilding their lives. Facilitating a fast relief effort minimizes the spread of diseases that hamper rebuilding efforts. In addition, TSF is exploring ways to improve communities' preparedness for emergencies. In Nicaragua, for example, following its deployment after Hurricane Felix in September 2007, TSF installed an emergency communications network in a remote region of the country. In the event of a future disaster, an improved relief response can be launched.

By forging strategic partnerships with those on the frontlines of disaster, Vodafone is not only making a positive difference, but also setting a new standard for using communications to effect humanitarian change.

—DAVID JOHN BAKER

INTERNATIONAL PVO

Africans for Africa

AFFORD (AFRICAN FOUNDATION FOR DEVELOPMENT)

Development efforts in Africa are often characterized by outside organizations seeking to set an agenda for the continent. Concern that Africans were being marginalized from mainstream development activity in Africa led two individuals, Nicholas Atampugre and Chukwu-Emeka Chikezie, to found AFFORD (African Foundation for Development) in 1994.

The London-based charity works with the African diaspora to invest their time, money, and know-how to unlock Africa's entrepreneurial spirit. "Ten million Africans now constitute an individual nation that resides outside of Africa. Although it is invisible, it is a nation as populous as Angola, Malawi, Zambia or Zimbabwe. If it were to be a nation with distinct borders, it would have an income roughly equivalent to Africa's gross domestic product," United States-based Nigerian computer expert Philip Emeagwali told an AFFORD conference in 2004.

AFFORD works to enhance and expand the capacity of Africans in the diaspora to contribute to Africa's development through the creation and support of sustainable enterprises. Its flagship program is SEEDA (Supporting Entrepreneurs and Enterprise Development in Africa), which offers essential business training to small-to-medium-sized businesses in Sierra Leone and Ghana. The training is provided by volunteers from the African diaspora community. So far, 74 volunteers have traveled from the United Kingdom to Sierra Leone and Ghana to run the training workshops and offer one-to-one business advice to local entrepreneurs. A total of 9,216 hours have been invested by the volunteers, who have also donated \$73,000 to the program. Since 2006, more than 800 grassroots entrepreneurs have participated in the program.

Executive Director Chukwu-Emeka Chikezie explains that the AFFORD volunteers are interested in being part of the solution to Africa's problems: "They may have family and friends in the countries in question. They may want to introduce their own children to stable, prosperous, and promising societies. They may wish to return home permanently."

One such volunteer is Zainab Lewally, who works in London at Deutsche Bank. To date, she has made two trips with SEEDA to the towns of Koidu and Bo in Sierra Leone. Originally from Sierra Leone, Zainab understands the local business climate and uses her professional experience to help local entrepreneurs. She advises clients in business planning, strategy and accounting and demonstrated the practical value of networking—she brought together rice producers in Koidu to use their collective bargaining power to secure lower transport rates for their product. "I like the AFFORD program. I see it as a symbol of hope—it is a refreshing solution to the problem of the lack economic progress in the vast majority of sub-Saharan Africa. It is organic because it brings together African diasporans, who naturally have an affiliation with the continent, with African entrepreneurs on the ground," she said.

Alimatu Alakah Mansaray, a trader in Freetown, Sierra Leone,



An AFFORD volunteer delivers training in business strategy and marketing to a class in Freetown, Sierra Leone as part of a program to jumpstart sustainable enterprises in Africa.

benefited first-hand from the business counseling provided by AFFORD. She had supported her family by selling bags of rice and sodas on a small scale. Now, two years after working with one of the SEEDA volunteers, and thanks to a bank loan, she owns two general stores in Freetown and is a selling agent for a local soft drink manufacturer. She also has four full-time employees, fulfilling a key AFFORD goal of creating local employment.

The majority of AFFORD's funding comes from private sources in the United Kingdom, Sierra Leone and Ghana. Of the approximate \$620,000 it received in the 2006–2007 fiscal year, about 30 percent came from the U.K. charity Voluntary Service Overseas. Comic Relief, another U.K. charity that donates to AFFORD, has funded two new business development centers in Freetown and Bo. Equally important are the institutional partners on the ground. One of the prominent partnerships is with the University of Sierra Leone's Institute for Public Administration and Management (IPAM). Together, AFFORD and IPAM have developed a business coaching course to provide support for local entrepreneurs. So far, 30 coaches have been trained, some of whom now work with AFFORD.

Although the challenge of job creation in Africa will be around for some time, AFFORD's unique approach is helping to return Africans as part of the solution. —DAVID JOHN BAKER

INTERNATIONAL PVO

Seeing a Better Future

LAYTON RAHMATULLA BENEVOLENT TRUST

When five-year-old Uzma began feeling pain in her right eye and started slowly losing her vision, her parents feared that blindness would destroy her chance for a bright future. With seven other children to provide for at their home in rural Pakistan, her father's monthly salary

of \$96 was not nearly enough to cover the \$320 that the necessary surgery would cost. Uzma, always a smart and eager student, could no longer see well enough to follow along in school and was forced to drop out.

Uzma's father went to friends for advice and learned about the free eye care at the Layton Rahmatulla Benevolent Trust (LRBT) hospitals. He rushed her to the hospital at Sibi, where the doctors confirmed that Uzma had cataracts and sent her to the pediatric surgery facilities at Quetta. LRBT doctors performed the cataracts surgery at no cost to the family, and Uzma happily returned to first grade.

Uzma is lucky. In Pakistan, some 1.7 million people are blind and 170,000 more people are afflicted with blindness each year. About 80 percent of cases are treatable; however, medical attention is often out of reach financially because two-thirds of Pakistanis live in poverty. This problem inspired two retired businessmen—the late Graham Layton, a naturalized Pakistani citizen who founded a successful construction company in the country, and the late Zaka Rahmatulla, a Pakistani businessman—to found LRBT to help low-income Pakistanis access the care that could save their sight. LRBT started in 1984 with a small, mobile eye hospital that saw 12,000 patients. Today, it runs 15 hospitals and 36 primary eye-care centers across Pakistan and has served more than 14 million patients free of charge. A third of all eye patients visiting out-patient departments in Pakistan are treated by LRBT, making it the largest eye-care provider in the country. In 2008 alone it served 1.6 million patients and its patient volume continues to grow.

Dr. Haroon Awan of Sight Savers International, a United Kingdom-based international charity that fights blindness in the developing world and one of LRBT's biggest donors, calls the organization "the one national safety net the underprivileged have to access equitable and quality eye care in Pakistan."

LRBT operates on the principle that "no man, woman or child should become blind just because he or she cannot afford the treatment." Its hospitals work to promote compassion and uphold human dignity for all patients regardless of religion, caste, ethnicity, gender, language, or sect. Karachi resident Mariam came to LRBT after her eye surgery at a private hospital failed, and found that "everyone at this hospital is treated with dignity and respect, there is no class differentiation, and the poor and the rich are treated alike."

LRBT is continuing to build new hospitals, expand current

ones and upgrade medical equipment to keep up with demand for its services. Private and corporate donors finance top-quality equipment from medically advanced countries, since LRBT believes that charity does not mean second-rate services. LRBT relies almost entirely on donations from individuals and organizations. It receives 64 percent of its funds from donors within Pakistan, 28 percent from the United States, the United Kingdom, and other countries, and the rest from an endowment. It is a highly efficient organization—in 2008, overhead expenses accounted for only 5.1 percent of total spending and fundraising only two percent.

Honorary CEO Najmus Hameed attributes LRBT's success to its commitment to good service and accountability: "We have managed not only to sustain ourselves but to grow. This has only been possible by the faith donors have in our efficiency, effectiveness and transparency."

LRBT's efforts have had a demonstrable effect in Pakistan: blindness in the country has fallen nearly in half since 1989, a drop that is largely attributable to the increase in free services to the poor. This dramatic reduction in blindness has allowed countless individuals to remain in school or the workforce rather than being sidelined—an all-too-common fate of blind individuals in developing countries. Hameed points out that this has a significant effect on Pakistan's development: "Through prevention of avoidable blindness children can continue their education and adults can remain productive, enabling them to support their dependents, rather than being reduced to begging to survive. We contribute to the building of human capital."

— MEG DALLETT

INTERNATIONAL COLLEGE AND UNIVERSITY

Future Focused

SABANCI UNIVERSITY

Selim Onal has a bright academic future thanks to the Sabanci Foundation, a local Turkish foundation. With a scholarship provided by the foundation, he graduated from Sabanci University in Turkey in 2008 with a BSc in Computer Sciences and Engineering and is now enrolled in a computer science PhD program at Brown University in the United States. But it's not just the scholarship that Selim is grateful for—it's the university itself. The Sabanci Foundation

established the university in 1997 with the dual goal of developing leaders for the future and creating a global reference point for education innovation. Selim credits Sabanci University's unique interdisciplinary approach to education for his success: "They have pioneered a new idea in Turkey, not only providing exceptionally successful education...but also triggering a shift in the perception of education in many other universities."

The Sabanci Foundation was established in 1974 with monies from the Sabanci family, which founded the Sabanci Group, Turkey's leading industrial and financial conglomerate, to promote the social and cultural development of Turkey. The



At Sabanci University, students from all over Turkey have an opportunity to contribute to the development of science and technology in the country.

foundation has long focused on education, building some 120 schools, dormitories, and cultural centers across the country and providing scholarships to more than 32,000 students. In 1995, the foundation turned its attention to creating a state-of-the-art private institution of higher education in Turkey to help the country meet the challenges of the future. The university began its first academic year in 1999. Its goal is to develop competent and confident individuals with a strong sense of social responsibility and tolerance who can contribute to the development of science and technology and disseminate knowledge beneficial to the community.

As part of the university's program to foster a sense of social awareness and responsibility in its students, all students must complete a Civic Involvement Project (CIP) prior to graduation. Students involved in the program work in teams of five to ten students to design and implement a project at the local or national level in fields such as environmental issues, child education, the elderly, women's issues, basic human

rights, and health. Since the CIP program began, more than 2,450 students have completed 500 CIP projects.

The university strives to provide students with an in-depth and innovative perspective of the world, preparing them for leadership roles in Turkey and beyond. English is the primary language of the university, and a strong focus is placed on research. A full 85 percent of full-time faculty members received their PhD degrees overseas from the United States, Canada, Russia, Australia, and across Europe. Many professors previously worked outside of Turkey in the fields of higher education and research as well as in the private and public sectors. It is the first university in Turkey accepted for membership in the European Foundation for Quality Management.

Between 1997 and 2007, total investment and operational expenses of Sabanci University were more than \$600 million. Tuition accounts for only 57 percent of operating expenses. The rest of the funding comes from the Sabanci Foundation and the Sabanci Holding companies.

A total of 3,530 students were enrolled in the 2007–2008 school year, of which 2,942 were undergraduates and 588 were graduate students. About one-third of students receive scholarships.

After graduation, many students go on to pursue graduate degrees and research agendas at some of the world's most prestigious universities. Other students form their own companies. Sabanci University owns most of Inovent, an intellectual property company that was founded to manage the processes that will enable technologies and business ideas developed in Turkey to realize their business potential. Sabanci University is constantly encouraging inside-out growth and development in Turkey with an eye toward the future. —MEGAN HATCH

INTERNATIONAL RELIGIOUS ORGANIZATION

Justice for the Fatherless

COPTIC ORPHANS

In Egypt, a father's death can destroy a child's future. Fatherless children are more likely to suffer malnutrition, live in inadequate housing, and leave school, which pushes them into a permanent cycle of poverty. In 1988, Egyptian émigré Nermien Riad was working in Egypt as an engineer for the U.S. government when she began volunteering at a small

Coptic orphanage for girls and learning about the plight of orphans in Egypt—particularly Coptic Christians, a religious minority that faces discrimination.

When she returned home, she recruited friends from the American Coptic diaspora to help sponsor the orphanage. Learning that girls without fathers who remain in their homes are often more disadvantaged than those in orphanages because of the cultural stigma of widowhood in Egypt, she began to focus her efforts on helping fatherless children in their own homes. "In Egypt," Communications Director Nathan Hollenbeck explains, "widowhood is culturally permanent. Most become dependent upon church handouts or extended family for the most basic levels of subsistence."

In 1992, the informal support organization Riad had founded out of her home in Virginia was incorporated as a nonprofit, the Coptic Orphans Support Association. The organization continued to grow in funding and established a network of volunteers in Egypt who distributed funds to local families. Realizing the inadequacies of a charity model and how it creates dependence and inequality and fails to address the root causes of poverty, Coptic Orphans moved toward a development model designed to empower families. While the organization is motivated by its "Christian identity and affection for the ancient Christian homeland of Egypt," Coptic Orphans helps needy children regardless of faith.

The flagship program, "Not Alone," assigns adult mentors to children who have lost their fathers. The program puts a strong focus on literacy as the bedrock of preparing children to enter society as productive members. The program is holistic and individually tailored for each child. Mentors assess each child's needs, help with homework and work to build self-esteem.

The mentoring program affects the entire family, helping to change the culture of dependency that Egyptian society expects of widows. "When mothers see their children suddenly become literate in our program, they also ask to become literate. They also start small businesses and begin to value their children's education, whereas traditionally they might pull their children out of school," says Hollenbeck. Even the larger community is affected by the program. One local priest said: "You have completely changed our view of the widow and orphan."

In another program, the Valuable Girl Project, high school and college-aged women mentor younger girls, tutoring and encouraging them to stay in school. Since education is

considered unimportant for many Egyptian girls, having a role model is invaluable to girls who are often ignored by teachers and risk dropping out of school. “Big sisters” and “little sisters” meet twice a week to do homework and discuss concerns. The project has been a catalyst for social change. After discussing a young girl’s death from genital mutilation, several VGP girls from a rural village vowed not to endure the procedure and went to the city to march against it with thousands of others. “The girls went to talk to a mother back in their village who was planning to put her daughter through the procedure. The mother was so touched by their story, she cancelled the appointment the following day,” reports Hollenbeck.

Coptic Orphans’ capacity increases yearly: in 2007, it raised \$2.6 million, up from \$2.1 million in 2006. About 84 percent comes from the United States, with the rest of the fundraising

done by offices in Egypt, Canada and Australia. This year they are investing in new facilities to increase the number of children they can reach; usually, their overhead costs are under ten percent. Because of Coptic Orphans’ dedication, success rate, and effective management, they have received numerous awards and commendations, including the Community Human Rights Award from the United Nations Association of the National Capital Area and the *Washington Post* Award’s Honorable Mention for Excellence in Nonprofit Management.

Coptic Orphans plans on organizing a conference of other diaspora-based Coptic charities and development organizations to share knowledge and expertise and to coordinate efforts in Egypt, as well as to gather private sector and government players who are connected to the Coptic diaspora.

—MEG DALLETT

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GLOBAL REMITTANCES

A Lifeline for the Poor and Beyond



Around the world, remittances provide a lifeline for poor communities, paying for necessities such as food and healthcare and allowing many children to attend school.



As recently as ten years ago, funds sent home by immigrants living abroad were an afterthought among global capital flows and all but ignored in development circles. Poor data and limited analysis allowed development experts to overlook the role that remittances and global migration play in favor of the more fully documented funds sent as Official Development Assistance (ODA) or Foreign Direct Investment. Steady increases in migration and resulting remittance flows, along with improvements in data collection, however, have made clear that remittances play a significant role in global capital flows, particularly to the developing world.

Between 2002 and 2007, the volume of officially recorded remittances sent home by migrants working abroad to all countries around the globe surged from \$170 billion to \$371 billion. In 2007, developing countries received \$281 billion in remittances from all countries—almost two and one-half times the amount received in 2002.¹ This is nearly three times the total ODA sent by OECD donor countries to the developing world in 2007 and 86 percent of all private capital flows.²

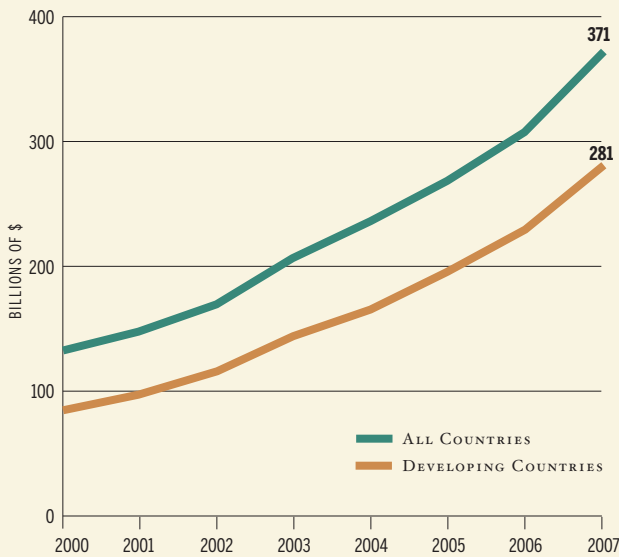
While official remittance numbers represent a huge volume of funds, they do not capture the true flow of global remittances because they do not include money that moves through informal, undocumented channels such as hand delivery or the *hawala* system of informal currency transfer agents common throughout South Asia. Likewise uncounted are funds sent through financial “hubs,” such as London or Dubai, as a way of avoiding restrictions on funds transfers levied by certain countries. For instance, India restricts funds transfers to Bangladesh—one of the top ten migration corridors in the world—which has made hub transfers and the *hawala* system common in this region. This likely results in significant undercounting of remittance flows from India.³ Due to limitations in capturing informal flows, many experts, including Dilip Ratha of the World Bank, believe that the total amount of informal remittances could equal at least 50 percent, and perhaps more, of total official remittances.⁴

Understanding remittance flows is critical because they are a significant source of income for many people in the developing world, paying for food, household essentials, education and healthcare. “In many developing countries, remittances provide a lifeline for the poor,” notes Ratha, who is head of the World Bank’s Migration and Remittances Team. “They are often an essential source of foreign exchange and a stabilizing force for the economy in turbulent times.”⁵

There is increasing interest in the potential of remittances to not only ameliorate poverty but to contribute to the long-term economic development of poor countries, as development experts seek ways to harness the development potential of remittances.

FIGURE 1

Remittances Received by All Countries and by Developing Countries, 2000–2007 (Billions of \$)



Source: World Bank, Migration and Remittances Team.

REMITTANCE FLOWS AND TRENDS

As noted, remittance flows from all countries to developing countries amounted to \$281 billion in 2007. This is a 23 percent increase from a revised 2006 total of \$229 billion.⁶ The trend of remittance growth, however, is not expected to continue due to the global recession. Remittances to developing countries began to slow in the third quarter of 2008. Overall, remittances to developing countries are estimated to reach \$305 billion in 2008, which translates to a 9 percent increase compared to the 23 percent increase in 2007 and a 17 percent increase in 2006.⁷ For 2009, remittances from all countries to the developing world are predicted to decline by 5–8 percent (or more if the economy worsens significantly), which would be the first decline since the tracking of remittance flows began by Ratha at the World Bank in 2000. However, remittances are expected to be more resilient than other sources of capital flows to developing countries.⁸ This is because remittances tend to be counter-cyclical relative to developing countries' economic cycles for several reasons, including the fact the many migrants will remain in their host countries despite the recession and continue to send money home, those who return home may do so with accumulated savings, and stimulus packages in high-income OECD countries may increase demand for migrant workers.⁹

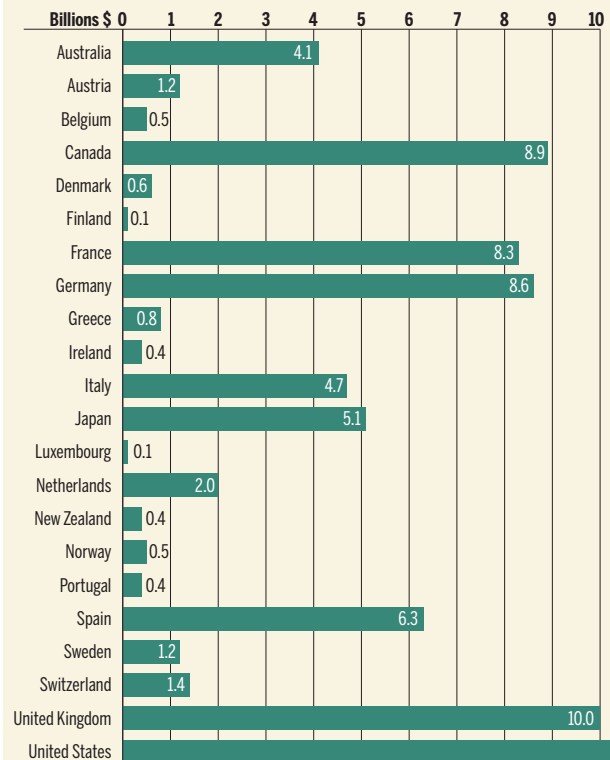
As in previous years, India was the top recipient of remittances from all countries in 2007, with \$27 billion, followed closely by China, which received \$25.7 billion. Mexico was third with \$25 billion, and the Philippines was fourth with \$17.2 billion. These four countries, with their large migrant

populations, accounted for 28 percent of the total official remittances received from all countries worldwide and 34 percent of the funds received by developing countries.

Regionally, the global financial slow-down was apparent. The Latin America and Caribbean region remained the largest receiver of remittances from all countries, with a total of nearly \$60 billion in in-flows in 2007, but remittance growth slowed to six percent, the lowest growth recorded to date. Mexico, with its heavy reliance on the U.S. economy for remittances, experienced the most talked-about decline in remittance growth, with growth falling effectively to zero compared with 12.8 percent in 2006. Brazil saw remittance growth shrink from 20 percent in 2006 to three percent in 2007, while Honduras, a country in which remittances account for nearly 25 percent of GDP, saw single-digit growth levels, down from around 30 percent growth in 2006.¹⁰

FIGURE 2

Remittances from OECD Donor Countries to Developing Countries, 2007 (Billions of \$)



Source: Center for Global Prosperity calculations using World Bank data; see Methodology.

Latin America was not alone in seeing a significant contraction in remittance growth. Growth rates in South Asia reached only half of 2006 rates. For sub-Saharan Africa, growth dropped from 11 percent in 2006 to seven percent in 2007, brought down by flat numbers for Nigeria, the region's largest recipient of remittances, and a contraction from 40 to 15 percent for second-ranked Kenya. The Europe and Central Asia region was the least affected, with growth declining by only one percent year-over-year. Several individual countries, including the Philippines, Pakistan and Bangladesh, maintained robust remittance growth in 2007 due to the large number of migrants who work in the oil-rich Gulf states. However, with declining oil prices, the outlook for continued growth is uncertain.¹¹

REMITTANCES FROM DONOR COUNTRIES TO THE DEVELOPING WORLD

In 2007, remittances from the OECD's 22 Development Assistance Committee (DAC) members to the developing world totaled \$145 billion.¹² This is an increase of 12 percent over a revised 2006 figure of \$129 billion. The total amount of remittances from DAC countries of \$145 billion in 2007 was 40 percent more than total ODA of \$103.5 billion contributed by these countries to developing countries in the same year.

U.S. remittances accounted for more than half of the total remittances sent to developing countries in 2007. Regionally, the main recipients of U.S. remittances were Latin America and the Caribbean, which received \$43.5 billion, or 55 percent, of U.S. remittances, followed by Asia and the Pacific, which received \$27.1 billion, or 34 percent. Africa and the Middle East each received just over \$3 billion in U.S. remittances, or four percent each, while Europe and Central Asia received \$1.7 billion, or two percent. The single largest country recipient of U.S. remittances was Mexico, which received \$23.2 billion in remittances from the United States, followed by the Philippines with \$9.1 billion, and India with \$6.1 billion.

Europe was the second-largest source of remittances to the developing world, with \$47 billion sent from the European donor countries. The United Kingdom was the single largest source of remittances, at \$10 billion, followed by Germany at \$8.6 billion and France at \$8.3 billion. The re-

TABLE 1

Remittances from the United States to Developing Countries by Region, 2007 (Billions of \$)

Region	Remittances Received
Latin America and the Caribbean	43.5
Mexico	23.2
East Asia, South Asia and the Pacific	27.1
Philippines	9.1
India	6.1
China	5.7
Africa	3.2
Middle East	3.4
Europe and Central Asia	1.7
Total	78.9

Source: World Bank, Migration and Remittances Team.

maining DAC donor countries—Canada, Japan, Australia and New Zealand—accounted for \$18.5 billion of remittances to the developing world, an increase of 12 percent over a revised 2006 total of \$16.6 billion. Canada accounted for the largest share of the remaining remittance flows, at \$8.9 billion, followed by Japan at \$5.1 billion.

In terms of geographic trends in remittance flows from DAC donor countries, France was the largest source of remittances to the Middle East and North Africa, with \$6.3 billion in flows to this region, largely as a result of high flows to Morocco, Tunisia and Algeria. Germany is the largest source of remittances to Eastern Europe and Central Asia, contributing \$4.3 billion, which amounts to 39 percent of flows to this region. Sub-Saharan Africa received 64 percent of its remittance flows from the United Kingdom and United States, with \$3.2 billion from each. The United States was the dominant remitter to Asia.

REMITTANCES, POVERTY REDUCTION AND DEVELOPMENT

Only recently have development experts and economists begun to look closely at remittances, how they are spent, and the impact they have on poverty and development. The vast majority of remittance funds are used for current consumption by recipients. Between 80 and 90 percent of remittances are spent on food, clothing, shelter, household goods, debt payment, healthcare and education. Many of these expenses, such as education and healthcare, have a high social return. Several studies have found that children in families that receive remittances are less likely to drop out of school or suffer from a low birth weight—important

Phoning Money Home

Technology entrepreneurs are predicting that the cell phone is the future of the global communications revolution. The portability and low cost of cell phones has allowed them to penetrate developing countries much more quickly than land-line phones and computers. There are currently some 3.3 billion mobile phone subscribers in the world and 68 percent of them are in the developing world. With 300 million cell phone subscribers in Africa and an additional 300 million in India, there are now more cell phone users in Africa or India than in North America. There were 78 million cell phone subscribers in Mexico at the end of 2008, up 10 million users since 2007. Cell phones are being used to make it faster and easier for migrants to send money, and even goods, home and to link poor people to formal banking networks—which should increase the positive development impact of remittances.

Two cell phone-based remittance services in the Philippines, the G-Cash service offered by Globe Telecom and a similar service offered by Smart Communications, have proven so

popular that they now have more than 10 million registered users. With the G-Cash service, the sender goes to a G-Cash agent in any country where G-Cash operates (this includes the United States, Australia, Bahrain, Canada, Hong Kong, Israel, Italy, Malaysia, New Zealand, Saudi Arabia, Singapore, Spain, Taiwan and the United Kingdom) and registers for the service. Agents are usually funds transfer firms or banks. When the G-Cash customer wants to send money to the Philippines, he gives cash or a credit card to the agent, who credits the value to his mobile “wallet.” Once the funds are loaded, the G-Cash customer then “sends” the money via text message to the recipient. The recipient receives a message telling him he has received a funds transfer and picks up the money from a local agent. G-Cash transfers cost 20 cents for the first \$20 and one percent of the transaction thereafter.

Mukuru.com is an online remittance portal that allows Africans living abroad to send money and goods to their relatives in Zimbabwe and South Africa. One of the founders came

up with the idea when working with mobile phone technology in Cambridge, England, after he realized that the technology that allows a cell phone subscriber to send a text message anywhere in Africa within seconds could allow for the rapid transfer of goods and currency.

Mukuru works on a voucher system. A customer chooses a product from the Mukuru.com storefront, which includes food, fuel and cell phone time, and pays for it via PayPal, credit card or wire transfer. Once the payment clears, a 10-digit voucher code is texted to the recipient's phone; both the buyer and the receiver receive an email confirmation of the purchase. The recipient then redeems the voucher for the product at a designated location.

For Louise James, a Zimbabwean living in New Zealand, one of the 25,000 customers Mukuru.com has served in two years, Mukuru.com saved his mother from traveling long distances by foot to obtain fuel. “I bought fuel for my mom who is still in ‘Zim’ and she had got the notification and vouchers just like clockwork. I can’t thank you enough and

markers for long-term success.¹³

Remittances clearly contribute to a decrease in poverty. The World Bank found that a 10 percent growth in per capita remittance income corresponds with a 3.5 percent decline in household poverty rates in developing countries.¹⁴ Household surveys in Uganda, Bangladesh, and Ghana found that remittances reduced poverty by 11 points, 6 points and 5 points, respectively.¹⁵ In addition, studies show that the severity of poverty experienced by remittance recipients is significantly less than that experienced by those who don’t receive remittances.¹⁶

Efforts are also underway to channel the 10 to 20 percent of remittance funds that are not used for basic needs into

businesses, infrastructure and other engines of long-term economic growth. In Mexico, the government’s 3×1 program matches every \$1 in funds raised by hometown associations in United States with \$3 in public funds. The hometown associations are organizations created by migrants in the United States to aid their hometowns by channeling remittances into development-oriented projects. The money raised by the 3×1 program goes to infrastructure projects such as schools, roads, and health clinics. As of 2007, the program has raised \$300 million and gone from a handful of projects to more than 1,000.¹⁷

Banks and financial institutions also have a role to play in harnessing the development potential of remittances by

neither can she—if her tears were anything to go by—she now doesn't have to walk 2.5 hours to church or town."

Mukuru.com also allows for the transfer of currency—the U.S. dollar and South African rand, which are the de facto currency in Zimbabwe—which is its most popular service. The International Organization for Migration estimates that three-quarters of the four million Zimbabweans living abroad—mostly in South Africa and the UK—send money home. Mukuru.com is planning to expand its services to Malawi, Ghana, Kenya, and Zambia, other countries with robust remittances markets.

In Kenya, Vodafone-owned Safaricom offers a similar service called M-Pesa for in-country funds transfers. The cost of an M-Pesa transaction is around \$1 and most transactions are for less than \$50. The \$1 fee is significantly less than what Kenyans pay to transfer money with the Postal Corporation, the leading sender of in-country remittances. The service has proven extraordinarily popular, with more than five million registered users who have used it to send 60 billion Kenyan shillings since 2007.

Recognizing the potential of cell phones to extend banking services to the estimated one billion people in the developing world who have a cell phone

but don't have access to formal financial services, the Bill & Melinda Gates Foundation and the GSM Association, which represents the mobile communications industry, have launched the Mobile Money for the Unbanked program with a \$12.5 million grant from the Gates Foundation. The program will work with mobile phone operators, banks, microfinance institutions, government and development organizations to encourage the expansion of reliable, affordable mobile financial services to the unbanked. The program includes \$5 million to catalyze a new wave of "mobile money" innovation, encouraging mobile network operators to create new services for previously unbanked people in emerging markets, with the goal of extending formal financial services to 20 million people by 2012. "Traditional financial services are often too costly and inconvenient for people who earn less than \$2 a day to obtain, and too expensive for banks to provide," according to Bob Christen, director of the financial services for the poor initiative at the Gates Foundation. "Technology like mobile phones is making it possible to bring low-cost, high-quality financial services to millions of people in the developing world so they can manage life's risks and build financial security."

—YULYA SPANTCHAK & PATTI MILLER

Financial institutions are creating savings account products that encourage saving by taking a fixed amount from each remittance transaction and placing it in a savings account. Banks are also offering fee-based funds-transfer services to non-account holders that serve to introduce remittance customers to the formal banking sector. Bank of America found that one-third of its United States-to-Mexico remittance customers opened a bank account.²¹ Banks also have launched initiatives to make it easier for migrants to open accounts. In the United States, Bank of America and Wells Fargo accept the Mexican *matrícula consular* document as valid identification to open bank accounts. Banks also have developed remittance account products, a no-fee, no-minimum-balance account targeted specifically to migrants. Wells Fargo offers this service in partnership with ICICI Bank of India targeted to Indian migrants in the United States who want to send funds to family members at home.

Efforts to increase migrant access to formal financial services have resulted in greater transparency in funds transfer costs and a significant

helping migrants enter the formal financial sector and build long-term capital resources. Many migrants come from communities where few people have bank accounts or access to reliable savings mechanisms. In Mexico, 75 percent of the population has no checking or savings account.¹⁸ In Kenya, the number is closer to 90 percent, due to the lack of formal banking services.¹⁹ Studies show that remittance senders who have bank accounts send larger amounts of money and remittance recipients who get their funds through a bank are less likely to spend money on nonessentials, leaving more for savings.²⁰ Inflows through official banking channels also contribute to financial system liquidity and job creation in the recipient country.

decrease in transfer costs in some remittance corridors. In the United States–Mexico corridor, the cost to transfer \$300 declined from \$26 to \$12 between 1996 and 2001 and has since declined to just over \$10.²² Though less dramatic, other North–South corridors, such as London–Nairobi, have seen a significant decrease in costs. Such decreases have not been evident, however, in South–South corridors. This is important because nearly half of all migrants from developing countries go to other developing countries to work and an estimated 18 percent of remittances to developing countries travel along southern routes.²³ With fewer bank branches or wire transfer services in remote areas, remittance transfers along South–South corridors are largely dependent on

informal networks and single-provider environments, where transparency and competition cannot drive down prices. As a result, it costs two or three times as much to send money from Karachi to Kabul as it does to send money from Tucson to Mexico City.

Other evolving initiatives address the desire of many remittance senders to have more oversight over how the money they send is spent—particularly any surplus left after necessities are purchased. An initiative created by the Microfinance International Corporation allows migrants living in the United States to obtain a transnational loan to buy property, invest in a business or pay educational expenses in their home country. The loan is approved and serviced in the United States and the funds are paid out to the migrant's family in their home country. The Inter-American Development Bank's Multi-Lateral Investment Fund sponsors a program with Banco Agrícola for Salvadoran migrants to purchase property in El Salvador and pay for it in the United States. The CAREmittance service offered by Honda allows Filipino migrants in the United States to buy a Honda for use by family members at home.

Beyond financial inclusion, the relationship between remittance income and development impact is often dependent on a country's policy environment. If the environment is conducive to economic growth and investment, remittances can be a stronger force for poverty reduction. In poor policy environments, where investment and growth are difficult because macroeconomic conditions are unstable, property rights are tenuous, governance policies are not sound, and the entrepreneurial climate is poor, remittances, like other forms of aid, have difficulty playing a positive long-term role.

The case of Brazil supports the idea that a pro-growth environment can encourage a pro-development role for remittances. For the past decade, Brazil has had double-digit remittance growth rates and has been the second largest recipient of remittances in the Latin American region after Mexico. The Brazilian economy also experienced significant growth over the same time period, facilitated by improved governance policies in the areas of trade, immigration, and financial access. The result was job growth and a ten percent reduction in the percentage of the population living in poverty.²⁴ In 2007, the country experienced a slow-down in remittance growth—remittances decreased by four percent

after years of steady increase—which development experts attributed to increased job creation and a stronger currency in Brazil.²⁵ This suggests that a well-structured economy can successfully transition from a temporary reliance on remittance income to one that generates its own jobs and income.

Just as good governance can harness the development potential of remittances, remittances can have a neutral or even detrimental effect on development when bad governance prevails. Countries in which remittance income accounts for a large percentage of the GDP absent a thriving business and investment community can experience a form of “Dutch Disease,” in which the inflow of capital causes an increase in a demand for goods, putting pressure on prices and wages, which causes the value of currency to increase. This makes exports more expensive, discouraging the kind of export-led growth that can increase national incomes.²⁶ This is particularly problematic in countries such as Honduras and Moldova, where remittance income represents 25 percent or more of GDP.

Similarly, in places where high remittance income co-exists with corrupt or incompetent government regimes, there is also the possibility that remittance income will prop up these governments. Tajikistan and Zimbabwe, which are home to two of the most corrupt governments in the world according to Transparency International's Corruption Perception Index, are classic examples of countries where citizens use remittance income for survival, possibly taking pressure off of governments to reform.

Clearly there are many leverage points for governments, financial service institutions, civil society organizations and NGOs to multiply the positive effects of remittances. Continuing efforts are required to lower barriers to remittance transfers, bring formal financial services to the poor, create innovative ways to encourage remittances use for investment, and promote pro-development environments in recipient countries. The positive development effects of remittances can be harnessed by lowering taxes, fees and exchange regulations for remittances; using matching funds to encourage the use of remittances for investment purposes; and creating an overall pro-investment policy environment. In the coming year, the global recession will offer a test of the relative stability of remittance flows versus official development assistance and provide new insights into the long-term pro-development benefits of remittances.

WESTERN UNION

Reaching out to the World

There are an estimated 200 million international migrants today—three percent of the world’s population. Each year, these migrants send money home to their families for necessities such as food, housing, and health care. Western Union, one of the world’s leaders in money transfer services, has developed an innovative program to leverage these remittances as a force for socioeconomic development. The Our World, Our Family® program is providing migrant families with the opportunity to use the money they receive from remittances in productive and sustainable environments.

Western Union and the Western Union Foundation implemented the five-year, \$50 million global initiative in 2007 to address the root causes of poverty by empowering poor migrants with education, increased financial literacy and economic opportunity. The program consists of four pillars. Our World Gives allows community members, Western Union employees and agents to pool their funds to support social issues they care about. Western Union matches agent and employee donations \$1 for every \$1 donated, raising an estimated \$100,000 per year. Western Union also has a Community Investment Fund to benefit comparatively marginalized communities in the developing world.

Our World Learns provides family scholarships to address the educational needs of multiple generations, allowing at least two family members to attend basic, trade or higher education and provides education in language skills and basic financial literacy.

Our World Strives features a volunteer mentor corps that provides entrepreneurial and personal finance support at community centers and some Western Union locations. There is also a web site that provides small business support and allows customers to track their remittances and money management and savings goals. Finally, Our World Speaks engages global leaders in a dialogue about issues that affect migrant communities.

“The Western Union Foundation strives to foster hope among our global migrant communities by creating pathways to economic opportunity and supporting cultural inclusion,” said Luella Chavez D’Angelo, president of Western Union Foundation. “By focusing our giving under the Our World, Our Family® program, we move closer toward our goal of long-term global impact.”

Western Union launched the program in 2007 in the United Arab Emirates and the Philippines and Guatemala and the United States—two of the world’s largest immigration corridors. In 2008, it expanded the program to Mexico with the funding of 21 “4+1” projects in the states of Zacatecas, Veracruz, Guanajuato, Michoacan, and Guerrero. The program is an extension of the 3x1 Program established by the Mexican government in partnership with Mexican hometown associations in the United States that matches every \$1 raised for local development projects with \$3. The Western Union funding of an additional dollar per dollar raised has gone toward sustainable development projects, including agribusiness equipment, greenhouses, farms and animal husbandry operations and ecotourism. “The 4+1 program is producing concrete results,” said Christina Gold, president and CEO of Western Union. “In Zacatecas alone, the program has helped create more



Through the Our World, Our Family® program, migrant families in developing countries and the United States are given the opportunity to advance their education through scholarships for basic, trade or higher education.

than 4,000 temporary jobs—boosting economic development throughout the region.”

Western Union joined forces with MercyCorps, a global NGO with a successful track record of implementing economic development programs, in 2007. Together, they have combined strengths to advance the socioeconomic condition of hundreds of thousands of migrant families. “Western Union plays a central role in the lives of people around the world, and its reach creates an opportunity to enhance economic opportunity on a massive scale,” noted MercyCorps CEO Neal Keny-Guyer. “For every dollar spent to increase economic equality, it

is estimated that seven dollars are saved by avoiding the terrible consequences of poverty.”

As part of the program, the Western Union Foundation donated \$25,000 in 2008 to Fundacion Alimentando Esperanzas, a nonprofit organization in San Jose, Costa Rica, that provides education and family support services to children and their families. “We want to change the face of our community. Through Western Union’s Foundation grant, Alimentando Esperanzas will now be able to expand programs focused on basic education and family services that better serve the community,” said Ana Nunez, president of Fundacion Alimentando Esperanzas.

In 2008, Western Union donated \$9.1 million to 19 countries through the Agent Giving Circle component of the program. Western Union agents from around the world teamed with the Western Union Foundation to create 35 Agent Giving Circle grants. The India Giving Circle raised \$92,000 from business groups, agents, the Western Union Foundation and Western Union employees for four PVOs in India. More than \$2.6 million has been raised through the Agent Giving Circle program, resulting in 40 NGOs in 42 countries receiving \$5.2 million dollars when matched by the foundation.

In addition, the Our World, Our Family® program has distributed 110,000 learning packs that contain resources to boost language skills and financial literacy and helped launch 300 small businesses.

Through the Our World, Our Family® program, Western Union is using its unique reach to create economic opportunity and break the cycle of poverty in communities around the world.

— EMMA BRITZ

ATIKHA

An Investment in Families

Migration is a long-standing fact of life in the Philippines, with some 10 percent of the country’s population working and living abroad. In 2007, the Philippines was the world’s fourth largest recipient of remittances, totaling more than \$17 billion. Remittances contribute nearly



Atikha holds workshops to teach financial and life skills to the children of Filipinos working overseas.

20 percent of the GNP of the Philippines and have helped build a middle class in the country. But migration can have a social cost. More Filipino women than men migrate to fill a strong demand around the world for healthcare professionals, service workers and domestic help. In an effort to build a better life for their families, many leave their children behind. Helping the children of migrants navigate life—as well as harnessing the development potential of remittances—is the mission of the Atikha Overseas Workers and Communities Initiative.

Mai Añonuevo, a Filipino who spent eight years studying the social costs of migration at the Frankfurt Institute for Women’s Research in Germany, help found Atikha. Europe, along with the United States, has long been a top migration destination for Filipinos, although in recent years it has been supplanted by Asia and the Middle East. Añonuevo found that migration can cause stress in families, particularly among children separated from their parents, due to a lack of communication and poor financial skills.

Atikha works in two areas of the Philippines that have heavy migration overseas: San Pablo City and the municipality of Mabini in the Batangas province. In 2008, Atikha held more than 150 workshops for children. The workshops, which are led by Atikha staff, focus on communication skills, value formation, effective problem solving, savings consciousness, and explaining the realities of migration to children. This is especially important, says Añonuevo, because misperceptions about migration affect not only the child–parent relationship but the financial skills of Filipino children. “Oftentimes the children think their parents are living a life of luxury because the parents only communicate the positive aspects of migration,” explains Añonuevo, which makes children less likely to save some of the money their parents send home and more likely to spend it on luxuries like new cell phones. “But if they have a realistic view of

migration, and how hard their parents work to make a better life, they become more responsible with money," she says.

Atikha started the Batang Atikha Savers' Club in 2003 to teach children the value of saving. The club, which is open to youth younger than 21, requires small weekly savings deposits that grow at an annual rate of 2 percent. Today, the savings program has seven chapters and 270 members.

Atikha also has programs for adults. It teaches financial literacy skills to the spouses of migrants to help them make better use of remittances and provides enterprise development assistance to create an environment where returning migrants invest their money and skills. Livelihood training seminars led by Atikha staff in partnership with local government teach skills such as soap production, food processing, catering, and cosmetology.

The success of the savings club for children led Atikha to

start a savings and loan cooperative for adults. "Most people go abroad for economic reasons," explains Añonuevo. "When they return home, they want to start an enterprise, but they have no capital." Members of the Koop Bulikayani cooperative have a savings account and are able to obtain loans from the cooperative's deposits to start businesses or borrow for education. To date, it has provided loans to more than 170 returning migrants and migrant families.

In collaboration with several Filipino government agencies, churches, schools and local Chambers of Commerce, Atikha has created a Coordination Council on Overseas Filipino Affairs in San Pablo City and Mabini to create investment opportunities, such as ecotourism businesses, for overseas Filipinos. According to Añonuevo, providing ways for migrant families to invest in themselves and their community is the key to creating opportunity in the Philippines.

—YULYA SPANTCHAK

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METHODOLOGY AND ACKNOWLEDGEMENTS

U.S. International Philanthropy

Foundations

The Foundation Center provided the data on U.S. foundation giving to the developing world. The center is the leading U.S. authority on foundation philanthropy and maintains a comprehensive database on U.S. foundation grants. The Foundation Center's estimates of international giving by foundations take into account grants awarded by U.S. foundations to recipients outside the United States and its territories and to U.S.-based international programs. The figure for foundation giving for developing countries includes: 1) grants that go directly to developing country recipients for projects in economic growth and trade (including environmental and animal projects), democracy and governance, health and medical services, education, and disaster relief and refugees; 2) grants to U.S.-based and overseas international programs benefiting developing countries; 3) and grants for global health programs. Countries are classified as "developing" based on the OECD's Official Development Assistance Recipient List.

The Foundation Center's estimates of 2007 international giving by U.S. foundations and the share of this support benefiting developing countries are based on an analysis of the center's grants sample database and of giving by the nation's more than 75,000 grantmaking private and community foundations. The center's 2007 grants sample database includes all of the grants of \$10,000 or more authorized or paid by 1,339 of the nation's largest foundations, including 186 corporate foundations. These 150,392 grants totaled \$21.6 billion and represented roughly half of total grant dollars awarded to organizations by all U.S. independent, corporate, community, and grantmaking operating foundations in 2007. International giving by foundations in the sample accounted for the vast majority of total estimated international giving by all U.S. private and community foundations.

The Foundation Center determined that overall giving by U.S. private and community foundations for international causes was \$5.4 billion: \$4.9 billion by independent, community, and grantmaking operating foundations and \$488 million by corporate foundations. The Foundation Center estimated the proportion that targeted the developing world based on a detailed analysis of its grants dataset over several years, closely examining the geographic focus of giving by all foundations included in its sample. Foundation giving for developing countries as a share of international giving for non-corporate foundations was estimated to be 66 percent. Applied to the figure of \$4.9 billion in overall international giving by non-corporate foundations, the center derived the figure of approximately \$3.3 billion for giving by non-corporate foundations for developing countries. International giving for developing countries by corporate foundations was also estimated, but this figure is included in the corporate giving section of the *Index*.

Corporations

The Center for Global Prosperity (CGP) once again partnered with the Committee Encouraging Corporate Philanthropy (CECP) and the Partnership for Quality Medical Donations (PQMD) for data on corporate giving for 2007. The CECP is the only international forum focused exclusively on corporate philanthropy and counts 175 business CEOs and chairpersons as members. The PQMD comprises 28 member organizations (nongovernmental organizations and pharmaceutical and medical supply manufacturers) that share a common commitment to advancing effective drug and medical supply donation practices. In addition to information from CECP and PQMD, CGP systematically reviewed giving information for Fortune 500 companies not reporting through either organization.

A total of 155 companies, including 69 of the Fortune 100, participated in CECP's 2007 Corporate Philanthropy Survey. The survey was conducted under CECP's Corporate Giving Standard (CGS) philanthropy measurement initiative that enables giving professionals to report on their corporate giving. The CGS is a unique industry tool that provides immediate, on-demand reporting and benchmarking while preserving essential anonymity for individual company data. For the 2008 survey on 2007 giving, CECP for the first time included questions on corporate giving to the developing world specifically for the *Index* (in previous years, results were carefully interpolated based on a follow-up survey). CECP received a total of 62 responses to these questions, with 32 corporations reporting donations to the developing world. Of the 32 companies that reported giving, 8 were pharmaceutical companies whose giving is reported in the PQMD data (see below). The remaining 24 non-pharmaceutical companies reported \$32,608,577 in direct cash giving, \$90,662,556 in giving through corporate foundations, and \$21,197,913 in in-kind giving at fair market value for a total of \$144,469,046.

PQMD's member survey of 2007 donations determined that in-kind donations for international development causes totaled \$4,244,213,919.00, a 27 percent increase over 2006. Transport, insurance and handling costs add 10 percent to donors' costs, accounting for an additional \$424,421,392. Duties, taxes and tariffs accounted for 18 percent, resulting in an additional \$763,958,505. Storage, distribution and in-country transport cost an additional 15 percent, accounting for \$636,632,088. Total donations by PQMD members for 2007 were thus \$6,069,225,904.

Finally, CGP staff conducted an extensive review of approximately 350 Fortune 500 companies not reporting through CECP and PQMD. They reviewed annual reports, conducted Internet searches, and contacted some companies by phone, tallying a total of \$591,231,991 in cash and in-kind giving from the companies for which figures were available.

Private and Voluntary Organizations

The CGP once again collaborated with the Urban Institute's Center on Nonprofits and Philanthropy (CNP) to determine the dollar value of international development assistance projects run by private and voluntary organizations (PVOs). Building on its earlier research on international PVOs, the CNP examined approximately 4,500 IRS Form 990 information returns that PVOs filed with the Internal Revenue Service, primarily for Fiscal Year 2007. (2006 Form 990s were used when 2007 990s were not available.)

The CNP also used information from the 2008 *USAID Report on Voluntary Agencies (VolAg)* list for organizations that did not file 990s (the most recent *VolAg* report provides data for 2006). These were primarily newly registered PVOs with international development activities. The data set of 45,000 nonprofit organizations newly registered with the IRS in 2007 was processed using an automated classification program to identify organizations with possible international development activities. Domestic organizations, such as community theaters and neighborhood associations, were excluded. Environmental, human service, or healthcare organizations that could have both domestic and international activities

were retained. To align the CNP data set with CGP specifications, the CNP removed all organizations that primarily supported activities in the United States or other developed countries. The programs of organizations showing possible international development activity were then reviewed manually.

To differentiate international and domestic program activities, expenses and contributions for these organizations, the CNP reviewed the organizations' Form 990s, web sites, and annual reports, and the 2008 *VolAg.* to determine the international to domestic ratio for the 2,500 largest organizations. These accounted for approximately 95 percent of the total contributions.

For the remaining smaller organizations, the CNP estimated that contributions for international activities represented 95 to 98 percent of total contributions (the precise percentage varied depending on the size of the organization). The CNP then applied these percentages to the total private contributions, including cash and in-kind contributions, of these smaller organizations to determine the total amount of PVO contributions for international activities.

To eliminate double-counting that would occur if foundation grants to PVOs were included in the private contributions reported by the PVOs in their 990s or the *VolAg.*, the CNP prepared a list of the 200 largest PVOs and the Foundation Center matched this list with the grants received by the organizations and determined whether the grants were intended for developing countries. Then the total amount of international foundation grants to U.S.-based organizations for development purposes—approximately \$718 million—was subtracted from the estimate of private contributions for development and relief calculated from the 2007 PVO database total—approximately \$15.5 billion—resulting in a subtotal of \$14.7 billion.

To eliminate double-counting of corporate contributions of pharmaceuticals and other medical supplies or equipment that are accounted for in the Corporations section of the *Index*, CNP reviewed the *VolAg* data, IRS Form 990s, web sites and annual reports for all organizations reporting significant in-kind contributions of goods and that were active in “health development and assistance” or that had major health-related activities. These organizations reported a total of nearly \$4 billion in in-kind contributions of pharmaceuticals or other medical supplies. This amount was deducted from the private contribution subtotal of \$14.7 billion, resulting in \$10.8 billion in private contributions received by U.S. PVOs and spent for international development and relief.

Volunteer Time

The *Index* estimate of the value of U.S. volunteer time for developing countries in 2007 is based on data taken from the Current Population Survey (CPS) and Independent Sector's estimated dollar value of volunteer time. The CPS is a monthly survey of about 50,000 households conducted by the Bureau of the Census for the Bureau of Labor Statistics. The Census Bureau recently added a volunteer supplement to the survey. Recent studies on American domestic and international volunteerism from Washington University in St. Louis and the U.S. Corporation for National and Community Service also base their calculations and analyses on these data. As with the estimate of the value of U.S. international volunteer time for 2006, CGP based the 2007 estimate on two categories of respondents to the volunteer supplement: those who volunteered outside of the United States and those who volunteered in the United States for organizations that support international development assistance.

The CPS tallies individual volunteer time spent abroad and, separately, the type of organization for which individuals volunteer. Thus, CGP was able to determine how many people volunteered abroad and how much time they spent doing so and how many people volunteered for U.S.-based international organizations and how much time they spent doing so. For the second category, the CPS does not provide a breakdown of where the

volunteering time was spent—abroad or in the United States. Because of this, survey respondents who volunteered for a U.S.-based international organization and said they volunteered abroad might be double counted. To avoid this, individuals who volunteered for an international organization and who also volunteered abroad were excluded. This resulted in two distinct groups of volunteers: those who volunteered abroad and those who volunteered in the United States in support of international development causes.

CGP staff calculated the value of U.S. volunteers' time spent abroad by multiplying the 2007 estimated hourly value volunteer time by the estimate of total volunteer hours abroad as calculated from the 2007 volunteer supplement data, which asked respondents: “Considering all of the volunteer work you have done since September 1st of last year, about how much of it was done abroad: all or almost all; more than half; about half; less than half; or very little?” CGP staff assigned percentage values (95%, 75%, 50%, 25%, and 5%, respectively) to each of these categories to calculate the numbers of hours served overseas. Based on Bureau of Labor statistics figures, Independent Sector estimated the dollar value of a volunteer's time to be \$19.51 per hour in 2007. Multiplying the 140,614,029 U.S. volunteer hours contributed overseas by the hourly wage of \$19.51 brings the dollar value of U.S. volunteer hours contributed overseas to \$2,743,379,709.

To calculate the value of time volunteered in support of international development assistance causes in the United States, CGP staff identified CPS respondents who served with one or more international organizations and totaled the hours they served across all international organizations, removing those who had volunteered overseas. There were 341,362 volunteers in this category in 2007. This figure multiplied by the 117.6 average hours volunteered by this group in 2007 yields a total of 40,144,171 hours. Multiplying 40,144,171 by the hourly wage of \$19.51 brings the dollar value of U.S. volunteer hours contributed on U.S. soil for international development causes to \$783,212,780.

By adding the economic value of U.S. volunteers' time dedicated to international causes at home to the economic value of those who volunteered abroad, CGP estimates the total value of U.S. volunteer time for international causes in 2007 to be \$3,526,592,489. The estimate for 2007 volunteer time is higher than the 2006 figure for several reasons. First, the number of volunteers who travelled abroad rose by nearly 200,000. Second, the value of an hour of volunteer time increased from \$18.77 in 2006 to \$19.51 in 2007. Finally, the survey question that captures the amount of time the volunteers spent working abroad was changed for 2007, which allowed CGP to more accurately estimate how much time people volunteered abroad.

Universities and Colleges

The CGP once again used data from the Institute for International Education's annual *Open Doors* survey, which gathers information on international students in the United States and on U.S. students abroad. *Open Doors* covers the 623,805 international students who studied in the United States in the 2007–2008 academic year and includes cost breakdowns of their tuition and fees, living expenses, and their sources of support.

Open Doors comprises information on all international students coming to the U.S. from all regions of the world. For the 2009 *Index*, CGP again refined the regional analysis to deduct from the total number of students from each predominantly developing world region the number of students who came to the U.S. from the few developed countries within the region. For example, students from Japan, South Korea, Taiwan, Singapore and Brunei were deducted from Asia because they are developed countries. The CGP determined that 61 percent of international students came to the United States from the developing world by calculating the proportion of students from developing world countries relative to the worldwide total.

The analysis for *Open Doors* accounted for various cost categories of

international students in the United States to produce a total for all expenses for all international students in the United States in 2007–2008 of \$22,030,700,000. Among the sources of these funds were personal and family contributions, home governments, foreign private sponsors, international organizations, U.S. sources, and employment. According to *Open Doors*, the proportion of this \$22 billion total that came from U.S. sources was \$6,487,500,000. Also, according to *Open Doors*, the U.S. government was the primary source of funding for 0.5 percent of international students, which yields a contribution of \$110,153,500. Subtracting \$110,153,500 in U.S. government support from \$6,487,500,000 yields \$6,377,346,500 in support from U.S. sources other than the U.S. government. Multiplying this figure by the 61 percent that represents the portion of students from the developing world yields a total of \$3,890,181,365 or \$3.9 billion for students from the developing world.

The Institute for International Education's methodology for the survey includes a country classification system that organizes places of origin into regional groupings based on the U.S. Department of State's definition of world regions and states. The survey defines an international student as "an individual who is enrolled for courses at a higher education institution in the United States on a temporary visa." The respondent pool of 2,652 regionally accredited U.S. institutions is updated and refreshed regularly using the Integrated Postsecondary Education Data System (IPEDS) (produced by the U.S. Department of Education) and the U.S. Department of Homeland Security's SEVIS (Student and Exchange Visitor Information System). The overall institutional response rate for 2007–08 was 64.5 percent; nearly 96 percent of responding institutions reported enrollment of international students.

Religious Organizations

For *Index 2009*, David Sikkink, Associate Professor of Sociology at the University of Notre Dame and a Fellow in its Center for the Study of Religion and Society, and his staff again conducted an independent survey of U.S. congregational giving. For *Index 2008*, Notre Dame asked specific questions on CGP's behalf that were added to a broader inquiry into patterns of U.S. congregational life funded by the Metanexus Institute and the John Templeton Foundation. The survey for *Index 2009* was conducted by Notre Dame exclusively for the CGP on the question of congregational giving to the developing world. The Notre Dame data comprise all U.S. religious denominations. Combined with data from the Billy Graham Center on giving by Protestant mission agencies (denominational boards, nondenominational societies and other organizations involved in overseas development assistance) and with data from the Church of Jesus Christ of Latter-Day Saints, the *Index* provides a unique look at overall giving by U.S. religious institutions.

The Notre Dame congregational survey is based on a random sample of U.S. congregations in all denominations responding to questions about their overseas donations for relief and development in 2007. Congregations were originally selected for the 2006 survey by a random sample of Americans. Thus, larger congregations, those with a greater number of members, had a higher probability of selection. Notre Dame conducted the new survey of 2007 giving with the 518 respondents to the 2006 survey. Of these, 214 responded with 2007 data. The researchers weighted the data to account for congregational size to create estimates that comprise the total amount of giving. Information was collected on: 1) congregational giving to U.S.-based organizations that assist in overseas relief and development; 2) total direct giving to programs in foreign countries; 3) support for relief and development through short-term trips; 4) and, support for relief and development through longer term missionary trips. In all cases, support for direct religious or evangelical activities was discounted. Results were extrapolated based on the estimate that there are about 331,000 congregations in the United States, a number recognized by scholars in the field to be in the middle range of estimates.

The survey determined: 1) about 244,000 congregations gave a total

of approximately \$2.92 billion to U.S.-based relief and development organizations; 2) about 89,000 congregations contributed a total of \$3.34 billion directly to programs in foreign countries; 3) about 82,154 congregations financially supported short-term mission trips to foreign countries by providing \$759 million; 4) and, about 99,300 congregations reported support for longer term mission trips for relief and development totaling \$1.36 billion.

The contributions of organizations in the first category (U.S.-based organizations that assist in overseas relief and development) are included in the Billy Graham Center's Mission Handbook and/or the Urban Institute's Center for Nonprofits and Philanthropy's survey on giving by PVOs (see PVO section). Thus, there was a need to account for double counting and potential triple counting among the three data sets. A manual review determined that all sources comprising Notre Dame's first category were captured in the Graham Center Mission Handbook and/or the CNP study and are thus not included in the *Index* figure for Notre Dame representing congregational giving. The total for the three remaining categories in the Notre Dame study—direct giving (\$3.34 billion), short-term trips (\$759 million) and longer term trips (\$1.36 billion)—rounds to \$5.45 billion.

The Billy Graham Center at Wheaton College's most recent study of giving by approximately 700 U.S. mission agencies (Protestant religious organizations engaged in assistance) comprises giving data for 2005. The center reports a total of \$5.24 billion in revenue for mission agencies from grants, individual giving, bequests, and other sources. The Graham Center confirms that the funds went to traditional assistance activities. The figure includes contributions by a number of largely nondenominational nonprofit organizations also represented in the *Index*'s PVO number, determined by the CNP. To account for this overlap, the CNP matched its database with the Graham Center's 2007–2009 Mission Handbook list of organizations to determine that overlapping organizations accounted for \$2.33 billion of the mission organizations' revenues. Subtracting this amount from the Graham Center's total of \$5.24 billion provides a total of \$2.9 billion in unique giving by religious organizations included in the Graham Center study. Assuming no change in revenue between 2005 and 2006 and 4.7 percent growth in 2007 (the same rate as for PVOs) CNP estimates total revenue of \$3.05 billion for the mission organizations not already included in the PVO analysis.

Finally, the Church of Jesus Christ of Latter Day Saints (Mormons) shared with the CGP its data on assistance for 2007. Church congregations gave a total of \$68.1 million (\$33 million in cash and \$35.1 in in-kind donations) in funds not captured in the Notre Dame or CNP studies.

The Notre Dame (\$5.45 billion), Graham Center (\$3.05 billion) and Mormon Church (\$68.1 million) figures result in a total of \$8.57 billion in religious giving, rounded to \$8.6 billion.

International Philanthropy Outside the United States

United Kingdom

To obtain the private giving estimate for the United Kingdom, the CGP again partnered with Charities Aid Foundation (CAF) and with a new partner, GuideStar Data Services (GDS). GuideStar holds data on all charities registered in England and Wales, including activities, area of benefit, income and income from private sources.

GDS identified all those U.K. charities that work in the area of "overseas aid/ famine relief," one of 13 categories by which charities define their activities when they register with the U.K. Charity Commission. This subset was further narrowed by removing charities that are not working in countries classified by the OECD as developing countries or working in regions of the world known to include a high proportion of developed countries. Charities excluded were those known to be working in the following countries or regions: Russia, Israel, Romania, Bul-

garia, Latvia, Lithuania, Estonia, Slovakia, Slovenia, Cyprus, Europe, and the Middle East.

For the remaining charities identified as working in overseas aid/famine relief in developing countries, GDS provided CGP with information on the total number, the total income, and the total private income of these organizations.

Because charities are not required to file their income and expenditure figures for up to ten months after the end of their first year of operation, there is no financial information available for some new charities. Charities with an annual income of less than £10,000 (\$19,773) are not required to submit detailed accounts and therefore no information is available from these charities about the proportion of income that comes from private sources. However, the total income of these charities is less than half a percent of the population of charities analyzed so their exclusion has little effect on the overall private giving number.

Total private income for U.K. charities working in overseas aid/famine relief amounted to £2,553,585,451 in 2007. Subtracting private income that went to charities working in the excluded developed countries or regions left £2,083,024,235 raised by 7,270 charities. Using a conversion rate of 0.50575 published by the Financial Management Service of the United States Department of the Treasury to convert British pounds to U.S. dollars provided an estimate of \$4.12 billion in U.K. private giving to the developing world.

France

To obtain the private giving estimate for France, the CGP partnered with Charles Sellen, a Paris-based independent researcher. Charles Sellen collected data on French international giving in 2007 in four areas: corporate giving, giving by individuals, giving by foundations and giving from bequests. Although data was available for French international development PVOS, it was excluded to avoid double counting.

Corporate giving data were taken from a corporate giving survey by L'Association pour le Développement du Mécénat Industriel et Commercial, a French corporate sponsorship organization, and the market research firm CSA. The data were based on a sample of 750 French corporations of 20 or more employees. An estimated 15 percent of total French corporate giving was internationally orientated. This amounted to €375 million or \$502.2 million.

To estimate individual giving, Sellen used data collected by Recherches et Solidarités, a French think tank. The relevant categories they report on are: 1) international solidarity for development and relief; and 2) international solidarity specifically orientated towards the care of children. The total amount fundraised from individuals for these two causes in 2007 was €330 million or \$442.2 million.

Sellen used data from Fondation de France, France's largest grantmaking foundation, to estimate what French foundations gave internationally in 2007. According to a survey by Fondation de France of 989 French foundations, one percent of total foundation spending was specifically dedicated to "international relations, development assistance and humanitarian action" in 2007. This amounts to €37 million or \$49.6 million.

Studies by the Centre d'Etudes et de Recherches sur la Philanthropie, a Paris based think tank that conducts research on French philanthropy, show that bequests from individuals rose to €500 million in 2007. Five percent, or €25 million, of this went to international charities.

Together these categories total €767 million. Using a conversion rate of 0.74625 published by the Financial Management Service of the United States Department of the Treasury to convert Euros to U.S. dollars provided an estimate of \$1.027 billion in French private giving to the developing world.

Spain

The private giving estimate for Spain is based on a report by Coordinadora Ong Para El Desarrollo Espana, a Spanish association of 100 inter-

national development organizations. The CGP estimate represents the private income for these organizations in 2006, the latest year for which data are available. Private income for these organizations came from five main sources: €114.92 million or \$141.5 million in one-time donations; €95.49 million or \$117.6 million in regular donations and fees; €44.66 million or \$55 million from corporations; €24.44 million or \$30.1 million from the sale of fair trade products and merchandising; and €15.24 million or \$18.8 million other private funds.

Together these categories total €294.74 million. Using a conversion rate of 0.812 published by the Financial Management Service of the United States Department of the Treasury to convert Euros to U.S. dollars provided an estimate of \$363 million in Spanish private giving to the developing world.

The Netherlands

The private giving estimate for the Netherlands is based on the 2007 edition of the biannual report *Geven in Nederland* produced by the Vrije Universiteit Amsterdam, which provides data for 2005, the latest year for which data are available. The report includes giving in the category of "international aid" from five sources: households, bequests, foundations, corporations and lotteries. According to the report, households gave €439 million, or \$560.7 million, to international aid causes in cash and in-kind donations; €35 million, or \$44.7 million, came from bequests; €12 million, or \$15.3 million, came from foundations; €168 million, or \$214.6 million, came from corporate gifts and sponsorship; and €88 million, or \$112.4 million, came from lotteries.

Together these categories total €742 million. Using a conversion rate of 0.783 published by the Financial Management Service of the United States Department of the Treasury to convert Euros to U.S. dollars provided an estimate of \$947.6 million in Dutch private giving to the developing world.

Norway

For the private giving estimate for Norway, CGP staff obtained a list of the largest Norwegian international development PVOS from the Norwegian Agency for Development Cooperation. CGP staff researched the top 32 organizations to find out what their private income was for 2007. Through direct contact with the PVOS and through studying their annual reports, CGP was able to estimate the private income for 23 of the 32 organizations, amounting to 1,374,199,641 kroner or \$227.1 million.

The second part of the estimate is based on data from the Norwegian Council for Mission and Evangelisation, an umbrella organization for 32 Norwegian religious groups. In consultation with their members, CGP was able to establish that on average 45 percent of their private income went to international development causes. This amounted to 137,250,000 kroner in 2007 or \$22.7 million.

Together these categories total 1,511,449,641 kroner. Using a conversion rate of 6.052 published by the Financial Management Service of the United States Department of the Treasury to convert Norwegian Kroner to U.S. dollars provided an estimate of \$249.7 million in Norwegian private giving to the developing world.

Sweden

To obtain private giving estimates for the Sweden, the CGP partnered with Stein Brothers AB, a Swedish research and consulting firm. Peter Stein, CEO of Stein Brothers AB, collected data on Swedish international giving in 2007 in two areas: giving by international development PVOS and foundations and corporate giving.

To estimate giving by PVOS and foundations, Stein used data from the Swedish International Development Cooperation Agency and from the Swedish Committee on Fundraising Organizations, which holds comprehensive data on all PVOS and foundations based in Sweden. By analyzing data from both these sources and by using individual PVO and founda-

dation annual reports, he estimated that Swedish PVOs and foundations gave 597.2 million SEK or \$86.4 million.

Corporate giving data was collected by sending out an e-mail survey to the 20 largest Swedish exporters. This group includes most of the largest Swedish multinational corporations that together account for more than 56 percent of Swedish exports. The questionnaire outlined the purpose of the study and asked how much the corporation gave to the developing world in 2007. The companies that replied collectively gave 120 million SEK or \$17.4 million to the developing world. None of this money was channeled through Swedish PVOs or foundations. This figure does not count in-kind giving, technical assistance and volunteering.

Together these categories total 717.7 million SEK. Using the conversion rate of 6.9105 published by the Financial Management Service of the United States Department of the Treasury to convert Swedish Krona to U.S. dollars provided an estimate of \$103.8 million in Swedish private giving to the developing world.

Denmark

To obtain private giving estimates for Denmark, the CGP partnered with Stein Brothers AB, a Swedish research and consulting firm. Peter Stein, CEO of Stein Brothers AB, collected data on Danish international giving in 2007 in two areas: giving by international development PVOs and corporate giving.

The estimate for PVO private giving is based on data from Projekt-rådgivningen, an umbrella body for Danish international development PVOs, and data from the Danish Ministry of Foreign Affairs. Using both these sources, it was possible to identify nine Danish PVOs that account for more than 70 percent of all private philanthropy to the developing world that is channeled through PVOs in Denmark. The remaining 25–28 percent is distributed between some 50 organizations. By analyzing each annual report from the nine PVOs and through follow-up contact, it was established that they gave 454 million DKK or \$81.7 million to the developing world.

Acquiring an estimate of what Danish corporations gave to the developing world in 2007 was difficult because Denmark has fewer large multinational corporations than its Scandinavian neighbors. The corporate giving figure for 2007 is based on what one Danish multinational gave to the developing world. This amounted to 65 million DKK or \$11.7 million.

Together these categories total 519 million DKK. Using the conversion rate of 5.55975 published by the Financial Management Service of the United States Department of the Treasury to convert Danish Krone to U.S. dollars provided an estimate of \$93.3 million in Danish private giving to the developing world.

Finland

To obtain private giving estimates for the Finland, the CGP partnered with Stein Brothers AB, a Swedish research and consulting firm. Peter Stein, CEO of Stein Brothers AB, collected data on Finnish international giving in 2007 in two areas: giving by international development PVOs and corporate giving.

Approximately 80 percent of private philanthropy to the developing world channeled through Finnish PVOs is accounted for by the 10 largest PVOs. Having identified these organizations through the Finnish Ministry of Foreign Affairs, Stein Brothers AB sent out a questionnaire to each of them asking how much their private income was for the year 2007. Each organization's annual report was also analyzed and follow-up contact was made. Private income for these PVOs amounted to €42 million or \$56.3 million in 2007.

Corporate giving data was collected by sending out an e-mail survey to the five largest Finnish multinational corporations. The questionnaire outlined the purpose of the study and asked how much the corporation gave to the developing world in 2007. The company that replied esti-

mated that their relevant philanthropic contributions were €6.2 million or \$8.2 million.

Together these categories total €48.1 million. Using the conversion rate of 0.74625 published by the Financial Management Service of the United States Department of the Treasury to convert Euro to U.S. dollars provided an estimate of \$64.5 million in Finnish private giving to the developing world.

Portugal

The private giving estimate for Portugal is based on research performed by CGP staff. Using Plataforma Portuguesa das ONGD, the largest Portuguese international development organization umbrella group, as a resource, CGP researched 25 of the largest international development PVOs and foundations in Portugal. By analyzing their annual reports and through direct contact with the organizations, CGP was able to establish private giving numbers to the developing world for 11 of the organizations. Their private income for 2007 totaled €20.2 million. Using the conversion rate of 0.74625 published by the Financial Management Service of the United States Department of the Treasury to convert Euros to U.S. dollars provided an estimate of \$27.1 million in Portuguese private giving to the developing world.

Luxembourg

The private giving estimate for Luxembourg is based on research performed by the Center for Global Prosperity staff. We researched 29 of the largest members of Le Cercle de Coopération des ONG de Développement, the only international development PVO umbrella group in Luxembourg. By analyzing their annual reports and through direct contact with them, we were able to establish private giving numbers for nine of the organizations.

Their private income for 2007 totaled €12.76 million. Using the conversion rate of 0.74625, published by the Financial Management Service of the United States Department of the Treasury, to convert Euros to U.S. dollars provided an estimate of \$17.1 million in private giving to the developing world from Luxembourg.

New Zealand

The private giving number for New Zealand is based on data from the Council for International Development (CID), an umbrella body for New Zealand's major international development PVOs, and data from New Zealand Red Cross.

According to CID's 2008 annual report, private income for its members came to NZ\$108.04 million, or \$77.3 million, in 2007. NZ\$94.43 million or \$67.5 million of this was from donations from the public and NZ\$13.61 million or \$9.7 million came from contracted work, foundation grants, grants from parent organizations, and the sale of goods.

The second part of the estimate comes from the New Zealand Red Cross, which is not a CID member. According to its annual report, private income for 2007 was NZ\$12.71 million or \$9.1 million.

Together these categories total NZ\$120.75 million. Using the conversion rate of 1.398 published by the Financial Management Service of the United States Department of the Treasury to convert N.Z. dollars to U.S. dollars provided an estimate of \$86.4 million in New Zealand private giving to the developing world.

Global Remittances

The World Bank's 2006 bilateral matrix, which is the only comprehensive and comparable source of all bilateral remittance flows, was used to calculate remittance transfers from OECD donor countries to DAC recipient countries in 2007. Dilip Ratha and William Shaw of the World Bank created the bilateral matrix by allocating remittances received by each developing country among the countries of destination of its migrant

nationals (for a complete discussion of how the matrix was compiled, including the formulas used to calculate remittances, see Dilip Ratha and William Shaw, *South-South Migration and Remittances*, World Bank Working Paper No. 102, 2007, Appendix A and Appendix B).

The 2006 matrix data (“Bilateral remittance estimates using migrant stocks, destination country incomes, and source country incomes,” available at: http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934110310515165/T4RemittanceEstimatesMS_HC_SC_Incomes.xls) were used to estimate remittance intensities (the share of remittance inflows from a specific donor country), which were then projected onto 2007 remittance inflow data of receiving countries to calculate the total remittance inflow to the recipient country (this method assumes that migrant stocks will remain unchanged between 2005 and 2007).

The following formula was used to calculate remittances received by the developing country (country “i”) from the OECD donor country (country “j”):

$$\text{Remittance}(i,j,2007) = [\text{Remittances}(i,j,2005)/\text{Remittances}(i,2005)] * \text{Remittances}(i,2007)$$

where *i* is the remittance receiving country and *j* is the remittance sending country.

Remittances(i,j,2005) is the remittance received by country *i* from country *j* in 2005 using data from the bilateral matrix.

Remittances(i,2005) is the total remittances received by country *i* in 2005 using World Bank calculation based on the International Monetary Fund’s *Balance of Payments*.

Remittances(i,2007) is the total remittances received by country *i* in 2007 using World Bank calculation based on the International Monetary Fund’s *Balance of Payments*.

Total 2007 remittance inflow data by country were calculated by the World Bank based on the International Monetary Fund’s *Balance of Payments Statistics Yearbook 2008* (“Workers’ remittances, compensation of employees, and migrant transfers, credit,” November 2008). Previous editions of the *Index* used World Bank data and InterAmerican Development Bank data for remittance inflows to Latin America from Spain and the United States. The InterAmerican Development Bank data were not available for 2007; World Bank data were used exclusively in this year’s *Index*. For consistency purposes, only World Bank data will be used going forward.

Our estimate is likely to be conservative due to limitations in data. Bilateral matrix data were not available for the following DAC recipient countries: Afghanistan, Angola, Barbados, Bhutan, Burundi, Central African Republic, Chad, DRC, Cuba, Djibouti, Equatorial Guinea, Eritrea, Iraq, Liberia, Marshall Islands, Mayotte, Micronesia, Myanmar, Oman, Palau, Somalia, Timor-Leste, Turkmenistan, Uzbekistan, Vanuatu, Zimbabwe.

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The Foundation Center was again our partner on foundation giving. The Foundation Center conducts research on foundation trends, and operates education and training programs that help nonprofit organizations obtain resources, maintains a robust web site, and provides thou-

sands of people annually with access to free resources in its five library/learning centers, as well as in its 400 funding information centers. The center worked collaboratively with the Urban Institute to ensure accurate information about PVO contributions. We are grateful to Josie Atienza, assistant director of research, for her diligence in providing timely and comprehensive data, for her collegial cooperation with the Urban Institute, and for her ongoing guidance on foundation giving.

We are grateful for the generous assistance of the Committee Encouraging Corporate Philanthropy (CECP), the only international forum with a mission focused exclusively on corporate philanthropy, one of our partners in the corporations section. CECP’s director, Margaret Coady, designed and administered a special supplemental survey on CECP member organization giving to the developing world. We are also again grateful for CECP Executive Director Charles Moore’s support of the partnership. Lori Warrens, executive director of the Partnership for Quality Medical Donations (PQMD), another partner in the corporations section, provided data and invaluable information on the scope and reach of in-kind medical donations of pharmaceuticals and medical supplies.

Our partner on giving by PVOs was once again the Urban Institute’s Center for Nonprofits and Philanthropy (CNP). We are grateful for the rigor and depth of research conducted by Tom Pollak and Jon Durnford with assistance from Katie Uttke and Erwin DeLeon. Tom and his colleagues have been unstintingly generous with their time and advice. In addition to providing PVO data, they provided essential support in accounting for overlap in giving among the foundation, PVO and religious organization sectors. We are also grateful to CNP Director Elizabeth Boris for her support and counsel.

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David Sikkink of the University of Notre Dame once again spearheaded the unique research on congregational giving. David designed an independent survey specifically for the *Index* on religious congregations’ giving to the developing world. In our second year of partnership, David refined methodologies and again addressed analytical challenges professionally and patiently. We are again grateful for the advice and assistance of Scott Moreau at the Billy Graham Center and Eric Wunderlich of The Church of Jesus Christ of Latter-day Saints for additional information on religious giving.

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We would like to thank our international research partners for their help in researching data and trends on private giving and remittances outside the United States. With the help of Peter Stein, we were able to publish the first private giving estimates of philanthropy to the developing world from Scandinavia. We are also grateful to Ingrid Bjerke for her generous help in researching Norwegian private giving. We would also like to thank Charles Sellen for his expertise, which allowed us to obtain a more comprehensive French private giving number. For our U.K. private giving research, we would like to thank Liz Goodey, head of research at Charities Aid Foundation in the U.K., and Sally Bagwell, account manager, at GuideStar Data Services in the U.K., for their hard work and dedication to U.K. philanthropy. For our remittances data, we are indebted to Dilip Ratha and Sanket Mohapatra at the World Bank for their excellent work and time spent with us in our data analysis. And finally, to our generous financial supporters we extend our gratitude for their interest and contributions to our work.

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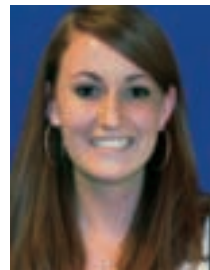
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Global giving from all countries around the world is on the rise and is fully recognized as a major force in changing the decades-old government aid architecture. Measuring the sources and amounts of these private resource flows, along with best practices and success stories, are the key objectives of *The Index of Global Philanthropy and Remittances*. For the first time, the *Index* includes breakouts of private giving by region and by type of activity—helping us to better understand the nature of this aid.

Our fourth annual *Index* breaks new ground by gathering improved private giving numbers for 11 donor countries besides the United States, resulting in significantly higher private giving numbers than previously. New private giving models—venture philanthropy, online giving, cause-related marketing, and text-messaging fundraising—are at work, not just in America, but throughout Europe and the developing world, changing the landscape of foreign aid forever.

Global philanthropy and remittances are already playing important roles in helping developing countries weather the financial crisis that began in 2008. It is clear from the numbers that developed countries provide far more to the developing world through private channels—in the form of philanthropy, remittances, and investments—than through government aid. This reflects a new developing world with local talent, funding, and institutions ready to work as partners with their peers from the developed world. It also reflects the diverse, new world of global development where corporations, foundations, charities, universities, religious organizations, and individuals are helping millions of people in the developing world help themselves to lead better lives.

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