

HELP IS ON THE WAY

# The boom in private giving

By Carol C. Adelman

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The big story of the cyclone that ravaged Myanmar's delta region and the earthquake that devastated China's Sichuan Province in May is not only how the Chinese government outperformed the Burmese military junta in responding to natural disaster. It is also how private citizens, companies, charities and religious organizations from many countries have emerged as a frontline force in helping victims of such tragedies, even within government-dominated states.

In the case of China, donations from American corporations alone totaled \$90 million, compared to a modest \$3.1 million in U.S. government aid. Private giving from British corporations and private citizens to help the more than 368,000 injured and 5 million homeless victims of the earthquake was almost four times larger than Britain's official aid. And Beijing estimates that aid from its own private citizens amounted to at least \$192 million - double that of the American contributions.

In Myanmar, the aid levels are lower because the country's xenophobic rulers blocked most outside help and virtually all foreign aid workers for almost three weeks after the cyclone hit. Yet, even in this shameful situation where private philanthropy was discouraged, Americans donated \$30.1 million through private charities, more than the official U.S. government aid of \$24 million.

While government aid is particularly useful in large-scale disasters like earthquakes or the Asian tsunami, it has become a minority shareholder in overall financial flows to the developing world. In the 1950s and 1960s, the majority of the West's economic engagement with developing countries was through public aid and other governmental financial activity. Today, private financial flows from all donor nations - philanthropy, investment and remittances - the funds that migrant workers send back to their home countries for their families and local projects - now account for over 75 percent of the industrialized world's economic dealings with poor countries. (Although remittances by foreign workers would normally not fall under the broad category of foreign aid, they have grown so tremendously in our age of globalization that the World Bank, the International Monetary Fund and other international institutions consider them a major tool in reducing poverty.)

Besides being bigger, this private flow is better. With its focus on local ownership, low transaction costs and accountability, these contributions are more likely to have lasting results. That is why the savviest government aid agencies are beginning to leverage official aid through public/private partnerships - programs run by businesses, foundations, charities, religious groups, universities and even migrant associations that pool workers donations to build schools, roads and businesses abroad.

As documented by the Hudson Institute, American private philanthropy to poor countries, including remittances, comes to four-and-a-half times U.S. government foreign aid. Even when excluding remittances, private philanthropy was \$34.8 billion in 2006, compared to official aid at \$23.5 billion.

This American tradition has not waned, even as the international image of the United States has suffered in recent years. America, which is the single biggest donor of foreign aid, gave \$23.5 billion for poverty relief and development assistance abroad in 2006, almost twice that of the next largest donor, Britain, which gave \$12.5 billion that year.

Even when measured as a percent of gross national income, the U.S. ranks in the top third when all forms of international giving - official aid, philanthropy and remittances - are counted. (The top two givers are Sweden and Luxembourg.)

American generosity through its religious organizations of all denominations is even higher than previously thought. In partnership with the University of Notre Dame's Center for the Study of Religion and Society, the Center of Global Prosperity at the Hudson Institute published results of the first-ever national random sample of giving by U.S. religious congregations to poor countries. The results, combined with other data, put religious giving to developing countries at a remarkable new high of \$8.8 billion.

More than half of all religious congregations in the United States give donations for international work, mostly in the form of food, medicines, and cash for small business loans, clinics, schools and roads.

But they're not alone. U.S. foundations, corporations, universities, colleges and charities also give large sums abroad. Official aid should go to foster ongoing local partnerships. "Joining Hands for El Salvador," is a partnership among El Salvador's Banco Agricola, the Pan American Development Foundation, and 39 El Salvadoran "Home Town Associations" established by migrants in the United States to help their villages back home. An estimated 28,500 students in El Salvador have benefited from schools, computer centers and science labs since the project began in 2004.

Helping people survive after massive cyclones and earthquakes is one thing. Partnerships to help them prosper is another. The British charity, Tools for Self-Reliance, for example, provides tools and training for Africans to repair farm equipment, cars and sewing machines to keep local economies functioning.

The hottest trends in development assistance - dubbed "creative capitalism" by Bill Gates - focus on this entrepreneurial spirit. The New York-based Acumen Fund brings investment banking skills to bear on development projects, while Ashoka Fellows have been instrumental in fostering microlending.

The tragic disasters in Myanmar and China have shown that the spirit of philanthropy cannot be dampened, even in countries where independent non-governmental organizations are banned.

Increased wealth and education, bloggers, open media coverage, improved transportation, and on-line giving that circumvents borders and bureaucracies are opening up China.

Even the Chinese government now recognizes the value of its private citizens to help their own earthquake victims - not because of government coercion, but out of personal compassion.

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