

The Index of Global Philanthropy and Remittances 2011



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HUDSON INSTITUTE CENTER FOR GLOBAL PROSPERITY

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 any country.

The Center'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* re-frames the discussion about the roles of 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.

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DIRECTOR'S WELCOME



Last year was an exciting one for the Center for Global Prosperity (CGP) as we celebrated the fifth anniversary of the *Index of Global Philanthropy and Remittances*. Our luncheon, *Five Years and Counting*, included over 150 friends and leaders in global giving. Philanthropists, social entrepreneurs, government officials, and the media shared their most memorable experiences of the successful overseas assistance projects featured in the *Index* over the past five years.

Last year was also a significant one because we saw our long-standing philosophy of assistance and development become more deeply adopted in government policies and projects:

- After selecting a new USAID Administrator, Rajiv Shah, the Obama Administration endorsed a new foreign aid business model that focuses on long-lasting institution building in developing countries vs. long-lasting contracts with expensive consultants.
- Multilateral and bilateral governments increasingly recognized the impact of philanthropy and remittances and the value of including civil society in aid discussions. This was evident in World Bank publications and meetings on the Paris Declaration of Aid Effectiveness. The Japanese government held a conference devoted entirely to private giving and has worked with CGP on measuring its private giving.
- The media increasingly highlighted the full measure of donors' assistance to the developing world, not just government aid. Matthew Bishop, author of *Philanthrocapitalism* and New York bureau chief of *The Economist*, suggested that the U.N. 0.7% of GNI aid target be changed to a 1.0% of GNI target that includes global philanthropy.

This rethinking of official aid comes at a critical time. With much of the Middle East in violent turmoil and the chance that new governments will support open markets and societies, the United States needs to get it right there. We no longer need to sacrifice economic and political openness for the so-called "stability" of corrupt and autocratic leaders. Our government aid should help philanthropists and social entrepreneurs both here and abroad, who, along with migrants in developed countries, are directly connecting with and strengthening civil society in poor countries. This approach will help these countries develop, become democracies, and promote U.S. national security.

How does channeling government aid through private philanthropies, impact investors, and migrant groups do this? First, strengthening civil society institutions helps create power sources outside of central governments. These groups not only put the brakes on government autocracy but are closer to the problems of society and better able to determine what works and what doesn't, who's good and who isn't. Second, institutions in civil societies, organized around common interests and causes, connect people of different faiths, ethnicities, income levels, and genders, thus increasing the pluralism so vital to democracies.

The results of this year's *Index* show that philanthropy held even and remittances continued a modest decline in 2009. This decline has reversed in 2010, and positive growth is expected for 2011. Private capital investment (\$228b) made a rebound in 2009, regaining its place as the largest financial flow from developed to developing nations. Remittances (\$174b) were the second largest flow, followed by ODA (\$120b), and global philanthropy (\$53b).

Most significant, the above numbers show that nearly 80% of the developed world's total economic engagement with the developing world is through private financial flows, including investment, philanthropy, and remittances. Additionally, the stability of philanthropy and marginal declines in remittances and their steady return to growth reinforce their importance as a lifeline to the poor in tough economic times.

As we look at trends in private programs, what is most striking is the sophistication of philanthropic partnerships, including cutting edge technology-based solutions as featured in two of our success stories this year, Question Box and Kilimo Salama. In Latin America, Lumni has developed a unique way of financing higher education through private capital. This creativity is partly due to the increase in social entrepreneurs in foreign aid, who are redefining philanthropy just as philanthropy has redefined government aid.

All of us at CGP are dedicated to giving our readers "a one-stop compendium on the best available data on global philanthropy," as *Foreign Affairs* describes our work. While we see progress in measuring private giving, there is still much to be done. Developed countries must assume full responsibility for measuring their countries' generosity. All countries need to work to reduce legal and regulatory barriers to giving that are preventing philanthropy from growing.

We thank you for your interest and support in our mission. We thank the dedicated people who work so hard to help people help themselves through philanthropy, social entrepreneurship, and remittances!

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

GLOBAL PHILANTHROPY

A doctor with the International Medical Corps examines a young boy at a mobile health clinic in Pakistan as part of efforts to respond to the devastating floods in Pakistan in 2010.



Several years into the financial slowdown that has reshaped the global economy, it is clear that private financial flows have proved their staying power in terms of international assistance. Overall, private financial flows to the developing world have

remained remarkably stable in the face of economic turmoil. Philanthropy and remittances continue to provide a lifeline to the poor around the world. U.S. Private philanthropic giving abroad rose slightly in 2009, despite the continued economic downturn, increasing by \$200 million from 2008. Remittances declined only marginally, from \$96.8 billion to \$90.7 billion in 2009, as predicted, and are expected to climb in 2010. Private capital investment flows returned to positive territory in 2009 after taking a dramatic downturn in 2008 as a result of the financial crisis.

There is increasing recognition that the attributes fostered by private giving – timeliness, transparency, grassroots involvement, and evaluation – are being embraced by the international development community. In January, USAID Administrator Rajiv Shah announced a new direction for the international development agency, saying, “This agency is no longer satisfied with writing big checks to big contractors and calling it development.”¹

He decried the top-down practices that have come to define international development: “There’s always another high-priced consultant that must take another flight to another conference or lead another training.” In the future, he said the goal of U.S.-financed international development projects will be to put themselves out of business: “We must seek to do our work in a way that allows us to be replaced over time by efficient local government, by thriving civil societies and by a vibrant private sector.”²

Vowing to accelerate funding to nongovernmental organizations and local entrepreneurs, Shah called them “change agents who have the cultural knowledge and in-country expertise to ensure assistance leads to real local institutions and lasting, durable growth.” The agency’s new focus will be on sustainable development

projects, and Shah called for changes in the system to make projects sustainable, such as working through host-country systems and local ministries and institutions. Evaluation by independent third-party evaluators will also receive increased emphasis, as will the use of controls to ensure that the impact of the program is real. Promising greater transparency, Shah vowed to release the results of all evaluations within three months “whether they tell a story of success or failure.”³

Over the last several decades, the United States Government has been partnering with innovative private development projects. The Obama Administration is continuing that promising trend. In March 2011, Secretary of State Hillary Clinton announced that the State Department would team up with Goldman Sachs to expand its 10,000 Woman program, which trains female entrepreneurs in business practices (see the *Index of Global Philanthropy and Remittances 2009*). “This new partnership with the Department of State will extend the reach of the program and provide individual women the means to build safer, stronger families, communities and nations,” said Clinton. To date, 3,500 women have participated in the program, which offers a crash course in business practices through local university business schools, and 70% of participants have increased their businesses’ revenue.⁴

Social entrepreneurship and impact investing are the trends to watch in 2011. Membership in the European Venture Philanthropy Fund is growing and social entrepreneurs are flourishing as outgrowths of businesses and universities. This year’s *Index* highlights exciting examples of this trend in its stories on microfinance, higher education financing, and the increasingly sophisticated role of technology in solving poor peoples’ problems, whatever they may be.

Haiti: The Global Humanitarian Response

The January 2010 earthquake that killed an estimated 230,000 people in Haiti demonstrated once again that global generosity knows no bounds. Significant humanitarian relief flowed from both public and private sources. Since the disaster, the United States Government has provided \$1.2 billion in aid to Haiti. In March of 2010, more than 100 countries pledged \$5 billion in short-term aid

for Haiti and \$10 billion toward long-term reconstruction. Money also poured into the Haitian relief effort from individuals and corporations around the world. Americans alone gave \$774 million within the first five weeks of the earthquake. The response was also faster than ever thanks to text messaging technology, which allowed the Red Cross to raise an unprecedented \$32

million in \$10 donations sent via text message. By mid-May of 2010, private and voluntary organizations reported an astounding \$1.1 billion in donations for Haitian relief, and the total would eventually reach \$1.4 billion.

Of that \$1.4 billion, some of the largest amounts went to traditional emergency humanitarian relief and health care organizations. The American Red

Cross raised \$444 million, Doctors Without Borders raised \$124 million and Partners in Health raised \$70 million. Some of the largest donation totals were for faith-based organizations, many of which had a long history of working in Haiti. Catholic Relief Services raised \$136 million, World Vision raised \$41 million, the United Methodist Committee on Relief raised \$14.5 million, the Adventist Development and Relief Agency raised \$7 million, and the American Jewish Joint Distribution Committee raised \$6 million.

The disaster resulted in the formation of several philanthropic efforts especially designed to address the Haiti crisis. The Clinton Bush Haiti Fund, founded by former presidents Bill Clinton and George W. Bush, raised a total of \$52 million for short- and long-term relief. The high-profile nature of many individuals involved in the relief effort helped raise money, as well as the profile of international philanthropy. The Hope for Haiti telethon, which was televised on numerous television stations in the United States and around the world, featured Hollywood celebrities and performances by Madonna and Bruce Springsteen, raising a total of \$66 million. Movie stars like Sandra Bullock and Leonardo DiCaprio donated \$1 million each to the relief effort. In England, seven-year-old Charlie Simpson used the charity web site JustGiving to attract sponsors for his five-mile charity bike ride that raised more than \$300,000 for the Haitian relief effort.

Corporations also became involved in the relief effort. As of March 2010, the most recent time for which comprehensive statistics are available, corporations had donated \$148 million to relief efforts, made numerous in-kind donations and launched employee-matching programs. Abbott Laboratories donated \$5 million to the Red Cross, Partners in Health and the Catholic Medical Mission Board. Bank of America donated \$1 million to relief efforts and waived credit

card fees on all donations to Haiti earthquake relief and organizations supporting earthquake relief. Becton, Dickinson and Company donated \$5 million in medical supplies and GlaxoSmithKline donated \$1.8 million in antibiotics. The eBay Foundation donated \$100,000 and waived all fees on PayPal donations to Save the Children. eBay set up a special site where individuals can buy, sell or donate items with proceeds going to organizations involved in Haitian relief.



Within the first five weeks of the earthquake Americans alone gave \$774 million.

Microsoft donated \$1.25 million in cash, matched employee donations up to \$12,000, and mobilized their employee response team to provide technical support to NGOs operating on the ground. T-Mobile and Verizon waived all long-distance charges for calls to Haiti.

While the outpouring of humanitarian relief for Haiti succeeded in its goal of keeping people alive in the aftermath of the disaster, the earthquake complicated an already complicated development situation. Haiti was already the poorest country in the Americas and despite a constant stream of aid money, little progress has been made against

seemingly intractable poverty. If there is any hope for Haiti, it may be in new aid approaches that seek to involve local communities in planning and implementation, helping to build both ownership and capacity, and technology-driven solutions to overcome the infrastructure limitations in Haiti.

Microfinance is particularly promising in Haiti because there is a weak banking sector and little formal employment. Fonkoze, which was founded by a Haitian priest, is the country's largest microfinance provider with 45,000 clients and 43 branches. It is pioneering innovative solutions to help its customers recover from the earthquake. Fonkoze used funding from the Red Cross, the MasterCard Foundation, and MercyCorps to write off the loans of 10,000 of its clients who lost their livelihoods and would be unable to repay their loans. It gave each client a one-time payment of \$125 to help with their recovery and will provide new loans when the clients are ready to resume their businesses. It also enlarged a special loan program that provides micro-micro loans of \$25 for short periods of time and increased literacy and health classes to provide additional support to borrowers.

In the first step toward the creation of a national mobile money system that is expected to greatly increase access to banking services, MercyCorps is using cell phones to deliver aid wirelessly to earthquake victims. Mercy Corps is also using a "cash-for-work" approach to employ some 28,000 Haitians in Port-au-Prince's tent camps and in rural communities. It has projects underway to rehabilitate market feeder roads and improve farmland to establish the infrastructure Haiti needs to develop its agricultural economy and is starting a Small and Medium Enterprise (SME) development program that will engage mentors from the Haitian diaspora and the international business community to provide support and training to 500 entrepreneurs around the country.

TRENDS IN TOTAL GOVERNMENT AID TO DEVELOPING COUNTRIES

Official Development Assistance (ODA) from all OECD Donor Assistance Committee (DAC) donor nations amounted to \$120 billion in 2009, which was an increase of less than 1% in real terms (accounting for inflation and exchange rate movements) from \$122.4 billion in 2008. To date the global economic crisis has not caused a decrease in ODA. However, with increasing fiscal pressures in the United States and abroad, ODA may be affected in the future.⁵

While overall ODA remained steady, some countries did have large drops in their government foreign assistance. For example, Italy's aid decreased from \$4.9

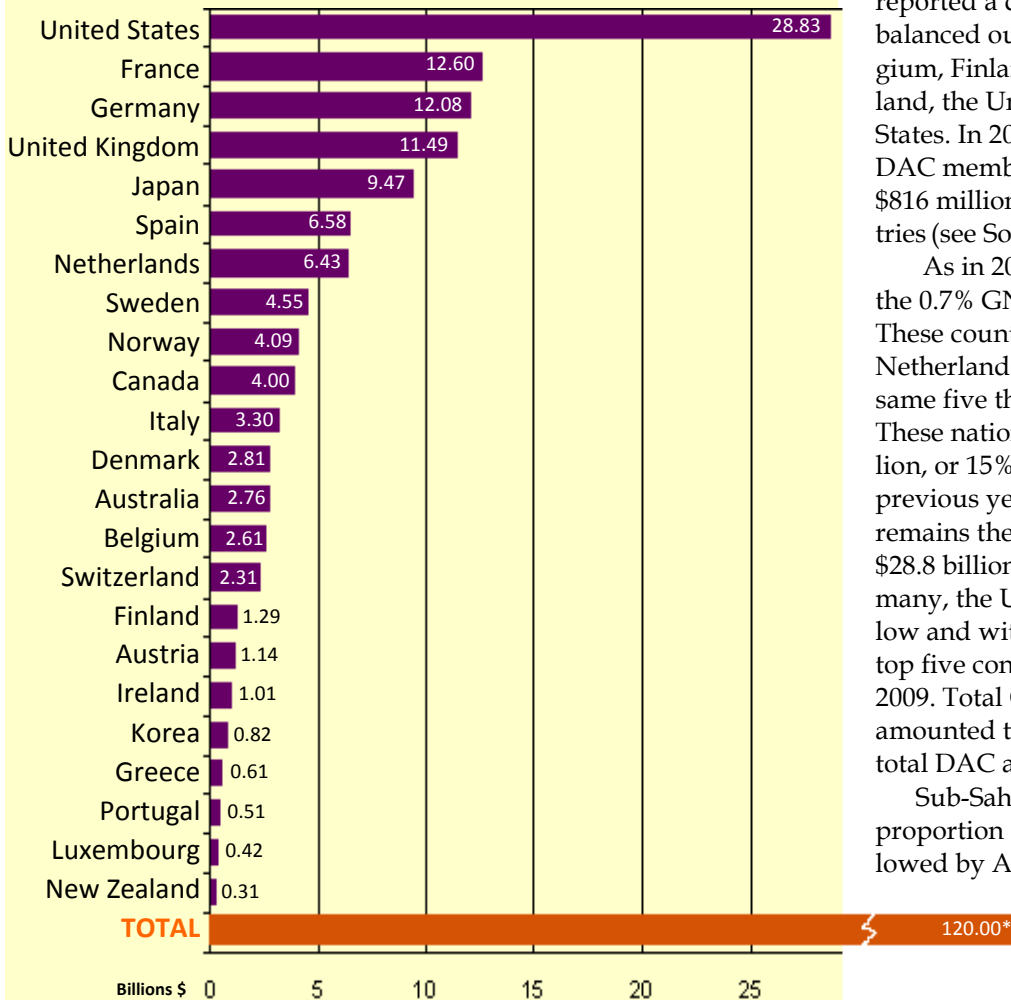
ODA from all OECD DAC donor nations amounted to \$120 billion in 2009, which was an increase of less than 1% in real terms from \$122.4 billion in 2008.

billion in 2008 to \$3.3 billion in 2009, a 31% drop in real terms. Likewise, Ireland faced significant economic turmoil and decreased its aid package from \$1.3 billion to \$1.0 billion in 2009, an 18% drop. Austria's aid saw the biggest drop, as it decreased more than 30% from \$1.7 billion in 2008 to \$1.1 billion in 2009. In addition, Australia, Canada, Germany, Greece, Japan, Netherlands, New Zealand, Portugal, and Spain all showed a decrease in ODA in real terms. Nearly half of DAC donor nations reported a decrease in ODA, while last year only two DAC donors reported a drop in ODA. These drops were balanced out by increased flows from Belgium, Finland, France, Norway, Switzerland, the United Kingdom, and the United States. In 2009, the OECD added a new DAC member, South Korea, which gave \$816 million in ODA to developing countries (see South Korea Joins the DAC, p.10).⁶

As in 2008, only five countries reached the 0.7% GNI United Nations ODA target. These countries, Denmark, Luxemburg, Netherlands, Norway, and Sweden, are the same five that reached this target last year. These nations' ODA amounted to \$18.3 billion, or 15% of total DAC assistance. As in previous years, however, the United States remains the largest donor by volume, with \$28.8 billion in ODA in 2009. France, Germany, the United Kingdom, and Japan follow and with the United States, remain the top five contributors of ODA by volume in 2009. Total ODA for these five nations amounted to \$74.5 billion in 2009, or 62% of total DAC assistance.⁷

Sub-Saharan Africa received the largest proportion of total aid at \$42.3 billion, followed by Asia with \$38.3 billion. The Middle East, excluding North Africa, received \$10.8 billion, a \$9 billion decrease from \$19.8 billion in 2008. Iraq is no longer the largest recipient of ODA, as its aid inflows dropped from \$9.9 billion in

Figure 1
Net ODA in Billions of \$, 2009

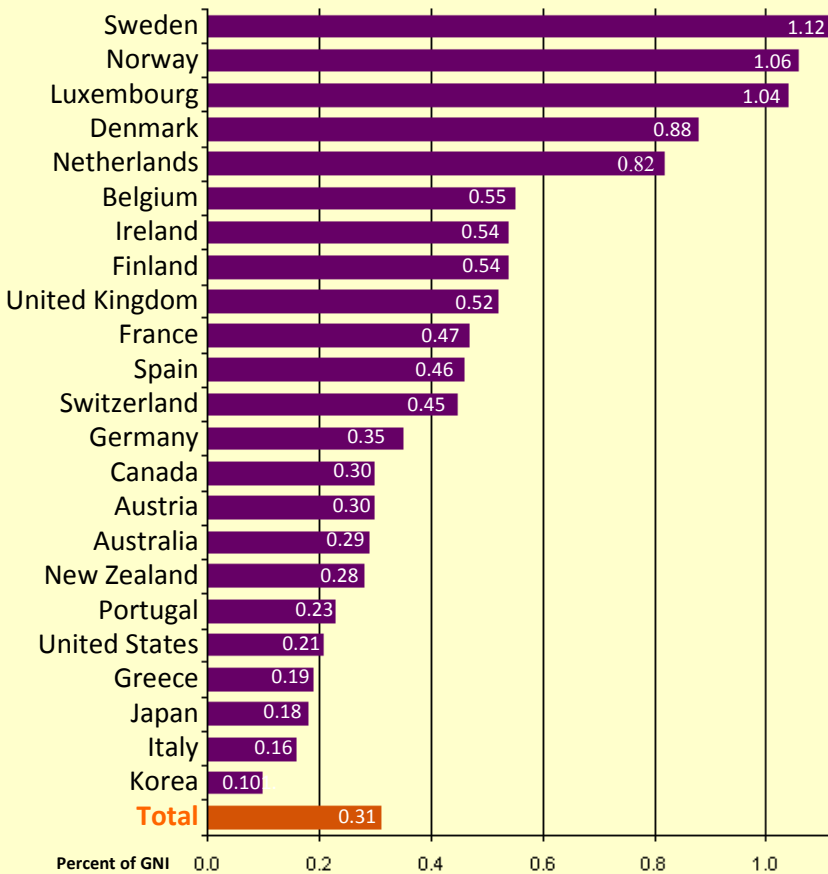


*Variation due to rounding

Source: OECD, Statistical Annex for Development Co-operation Report 2011.

Figure 2

Net ODA as a Percentage of GNI, 2009



Source: OECD, Statistical Annex for Development Co-operation Report 2011.

2008 to \$2.8 billion in 2009. In 2009 Afghanistan was the largest recipient of aid at \$6.1 billion.⁸

U.S. GOVERNMENT AID TO DEVELOPING COUNTRIES

As seen in Figure 1, total U.S. ODA was \$28.8 billion in 2009, a 6.1% increase in real terms from 2008.⁹ Unlike in previous years, the United States is no longer the last in the ranking of ODA to GNI ratio as seen in Figure 2. While there was only a slight increase in U.S. aid, the decrease in aid from economically hard hit European Union countries like Italy, and Greece improved the relative standing of the United States among DAC countries. The United States remains the highest donor of aid in absolute dollar amounts, providing more than twice the amount of the next highest donor, France.

U.S. ODA increased to all regions. Least developed countries received the largest portion, amounting to \$9.4 billion, or 33% of the total.¹⁰ Regionally, the largest percentage of U.S. aid went to sub-Saharan Africa, with 38.9%, followed by South and Central Asia with 22.8%, the Middle East and North Africa with 21%, Latin America and the Caribbean with 9%, Europe with 3%, and Oceania and other Asia with 6%.¹¹

South Korea Joins the DAC

South Korea was admitted into the OECD Development Assistance Committee (DAC) as its 23rd member country in January 2010, becoming the first former aid recipient to join the DAC. It cemented its status as an emerging market powerhouse by hosting its first G20 summit in November 2010, where world leaders looked to South Korea as a role model for other developing nations. In the 1950s, South Korea's per capita GNI was around \$67—far behind Ghana's. Today, Ghana's per capita GNI is \$1,320 and Korea's is \$27,840. "Countries like Kenya had a per capita economy larger than South Korea's when I was born," noted President Barack Obama in a speech to the Ghanaian Parliament. But, he said, South Korea pulled ahead due to a strong rule of law, good governance, transparent insti-

tutions, and a vibrant private sector. "From South Korea to Singapore, history shows that countries thrive when they invest in their people and in their infrastructure—when they promote multiple export industries, develop a skilled workforce, and create space for small and medium-sized businesses that create jobs," Obama concluded.¹

South Korea had a long road from aid recipient to aid donor. Two-thirds of South Korea's productive capacity was destroyed as a result of Japanese colonial rule (1910-1945) and the Korean War (1950-1953).² South Korea received a total of \$12.7 billion in development assistance between 1945 and the early 1990s. USAID concentrated on institutional infrastructure and long-term planning. It financed the Korea Develop-

ment Institute and the Economic Planning Board for long-term fiscal planning. It built the Korea Institute of Science and Technology and partnered it with the U.S. National Academy of Sciences, and provided the initial grant capital to the Korea Development Bank. USAID financed the Korea Health Development Institute to support demonstration projects on national health reform. In just 15 years, South Korea was able to establish a modern health care infrastructure, which was instrumental in the emergence of Korea's export industries such as automotive, electronics, and steel.³

By 1954, foreign aid constituted a third of South Korea's total budget and increased to nearly 60% in 1956. After this period, aid began to move away from grants and was replaced by loans at concessionary rates while the government increased efforts to attract foreign investment.⁴ This period also saw a diversification in bilateral donors and multilateral donors such as the Asian Development Bank and the World Bank's International Development Association (IDA), which Korea joined in 1961.⁵

From the mid-1970s onward, project-based loans were replaced by sector loans and structural adjustment loans.⁶ The World Bank continued to support Korea through the International Bank for Reconstruction and Development, which assisted Korea through low-interest loans, policy advice and technical assistance. In 2009, South Korea began its own foreign assistance program, offering \$800 million of aid. Korea's grant ratio, at 68%, is much lower than the average DAC donor ratio of 88% because Korea favors concessional loans, which it believes instill fiscal discipline.⁷

South Korea is also looking to innovate in foreign assistance. One of its pioneering aid programs is the air-ticket solidarity levy, which taxes every person leaving the country 1,000 won (approximately \$1) that is directed to foreign assistance. The levy is expected to raise \$20 million per year for a fund dedicated to disease eradication and control initiatives, including contributions to the UNITAID international drug purchase facility.⁸

U.S. TOTAL ECONOMIC ENGAGEMENT WITH DEVELOPING COUNTRIES

As the *Index of Global Philanthropy and Remittances* has shown over the years, government aid is no longer the only player in global poverty programs, and ODA is no longer the sole measurement of a country's generosity. U.S. private philanthropy, remittances from migrants living in the United States to their home countries, and private capital flows each exceed U.S. ODA. The more complete way of measuring donor involvement with the developing world is to look at a country's total economic engagement—including official aid, philanthropy, remittances and private capital flows. Table 1 provides this more complete picture of American investment and generosity to the developing world.

Last year's *Index* reported a significant decline in U.S. private capital flows to developing countries, resulting in a greater inflow of capital flows than outflows, and thus a negative value. This decline in 2008, at the beginning of the global recession, was largely a result of a drop in bilateral portfolio investments brought on by the banking crisis. Foreign direct investment, the other major component of private capital flows, held steady in 2008. In 2009, U.S. bilateral portfolio investments returned to a positive flow, reaching \$27 billion. Foreign direct investment from the United States to developing countries,

Table 1

U.S. Total Net Economic Engagement with Developing Countries, 2009

	Billions of \$	%
U.S. Official Development Assistance	\$28.8	13%
U.S. Private Philanthropy	\$37.5	17%
Foundations	\$4.6	12%
Corporations	\$8.9	24%
Private and Voluntary Organizations	\$12.0	32%
Volunteerism	\$3.0	8%
Universities and Colleges	\$1.8	5%
Religious Organizations	\$7.2	19%
U.S. Remittances	\$90.7	40%
U.S. Private Capital Flows	\$69.2	31%
U.S. Total Economic Engagement	\$226.2	100%*

*Variation due to rounding

Sources: OECD; Hudson Institute's remittances calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittance Team, 2010; Hudson Institute, 2011.

In the second year of the recession, philanthropy from the U.S. to developing countries actually increased.

however, decreased from \$54 billion in 2008 to \$28 billion in 2009. Overall U.S. private capital flows were \$69.2 billion in 2009 and made up the second largest U.S. financial flow to developing countries after remittances.

In the second year of the recession, philanthropy from the United States to developing countries actually increased slightly, totaling \$37.5 billion in 2009 compared to \$37.3 billion in 2008. This tracks with data from *Giving USA*, which reported that while overall U.S. giving declined 3.6%, international giving increased by 6.2% in 2009.

U.S. philanthropy consists of contributions from foundations, corporations, private and voluntary organizations (PVOs), individual volunteers, religious organizations, and universities and colleges. In 2009, U.S. philanthropy to developing countries exceeded U.S. official government aid by almost \$9 billion. Corporations and PVOs accounted for the largest portion of U.S. philanthropy, making up more than half the total.

Remittances from individuals, families, and hometown associations in the United States going to develop-

ing countries reached an estimated \$90.7 billion in 2009, a slight decrease from \$96.8 billion in 2008. Despite the decrease, remittances still make up the largest financial flow from the United States to developing countries. They are more than three times larger than official U.S. aid and 40% of total U.S. financial flows to the developing world.

Financial flows such as philanthropy and remittances must be accurately measured and included when assessing countries' economic engagement with the developing world. When ODA from the United States is measured as a percentage of GNI, the United States comes in fifth from the bottom in the ranking of the 23 DAC donor countries, as shown in Figure 2. If, however, private philanthropy and remittances are added to the equation, the United States ranks eighth out of the 23 donor countries. U.S. philanthropy far exceeds other donors' philanthropy to developing countries. It is also larger than other donors' ODA. In just one category of U.S. philanthropy, PVOs, American citizens through contributions of volunteer time and money gave \$15 billion—which is more to development causes abroad than any other DAC donor gave in ODA alone. Total U.S. philanthropy at \$37.5 billion represented nearly one third of all donors' ODA.

Measuring the Impact of Microfinance

BY PRIYA ABRAHAM AND PATTI MILLER

The modern microfinance movement began in 1974, when an economics professor in Bangladesh named Muhammad Yunus got the idea of making very small loans at favorable rates to people too poor to qualify for traditional loans to help them launch or build small businesses. Yunus discovered that being in a group allowed borrowers to act as guarantors for one another's loans, creating peer pressure to repay on time, and that women were often more responsible than men with their loan money, plowing it back into their small enterprises or using it for their children's health or education. Group lending and focusing on women became the hallmarks of micro-lending over the next three decades, and the movement expanded rapidly, hailed as a powerful way to wipe out

poverty. Today, microloans total \$44 billion and serve 83 million poor clients.

After three decades of expansion, however, the microfinance industry has grown up and now confronts questions about long-term sustainability and results. An estimated 12,000 microfinance institutions (MFIs) now offer loans around the world and hold more than \$60 billion assets. For the first time, the bulk of that money comes from private investors. Controversy has arisen both about how much microcredit really reduces poverty and about the lending practices of microcredit institutions, with interest rates now reaching a global average of 35 percent a year. High interest rates have been reported in India, Mexico and Nigeria, where there is a high demand for loans and little avail-

able capital.

Recent problems with microfinance in India have pointed to potential pitfalls associated with the model. In India, unscrupulous lenders loaned money to individuals who had no way to pay it back or piled high-interest loans on top of initial microfinance loans, leading many borrowers into unmanageable debt—some ended up owing upwards of \$1,000. A record number of defaults subsequently threatened the financial stability of lenders. The southern state of Andhra Pradesh, which has a large number of impoverished residents and shaky microfinance loans, stepped in with strict new regulations that some microfinance promoters say could strangle the industry. India's central bank is expected to weigh in with recommenda-



Women in Jordan who have benefitted from WWB's CareGiver Program.

tions for new regulations, including limiting the number of microcredit loans any one individual could take to two. According to Elisabeth Rhyne of Accion International, a U.S.-based organization that invests in microcredit lenders, “These crises happen when the microfinance sector gets saturated, when it grows too fast, and the mechanisms for controlling over indebtedness is not very well developed.”

In Bangladesh, the prime minister ordered an investigation of Yunus’ Grameen Bank after she became embroiled in a political battle with Yunus, who has denied any wrongdoing or impropriety. He recently wrote in the *New York Times* that the commercialization of microfinance has resulted in “mission drift” that threatens the purpose of microfinance—helping the poor. He holds that it is possible to harness microfinance investment and turn a profit by creating financially self-sustaining institutions backstopped by reasonable government regulation.

Advocates of microcredit, including the World Bank, argued that it reduces poverty, improves maternal and child health and access to primary school education. Two recent studies, however, show evidence of more limited benefits. A study tracking the well-being of micro-entrepreneurs outside Manila found that rather than reducing poverty directly, microcredit seemed to have “second-

order” effects, primarily giving households the ability to manage risks better. The second study, set in a Hyderabad slum, found that microcredit helped households expand existing businesses and increase profits, but found no effect on education, health, or women’s empowerment. The studies were the first to use randomization to examine microfinance, comparing those who received microcredit to a control group who had not, but followed applicants for only one and two years, which may be too short a period to capture the effects of microcredit. The studies suggest that microcredit can act as a cushion, helping the poor to manage their incomes better, but may not be the magic bullet of poverty reduction.

“We have come to see that the provision of credit is not a panacea and that alleviating the effects of poverty will require a broad range of solutions, addressing problems of health, education, water and sanitation, as well as economic empowerment,” said Mary Ellen Iskenderian, president and CEO of Women’s World Banking (WWB), a network of 40 microfinance institutions and banks across 28 countries. “At the same time, research increasingly indicates that MFIs, which provide some combination of credit, savings, and financial education can have a deeper impact on their clients’ lives,” she said. She notes that it typically takes about three loan cycles—

or three years—before microfinance has an impact on the standard of living of poor clients. Even then, the effects, such as keeping a daughter in school rather than sending her out to work, are difficult for researchers to measure using conventional quantitative techniques.

WWB is pioneering the “next 30 years” of microfinance by creating a portfolio of new products, including savings and insurance services. It has received an \$8.5 million grant from the Bill and Melinda Gates Foundation to develop products that promote savings in the developing world. In 2010, WWB launched a health insurance program specifically designed to help low income women better cope with the financial burdens associated with a medical emergency. Women will pay a nominal payment as part of their loan premium and will receive a payment for each night they are hospitalized due to accident, illness or pregnancy. “Women, more often than not, are the family’s primary caregiver. During a health event, there are more than just medical expenses. Lost wages, childcare, even transportation to and from the hospital all add pressure on that household during a tough time. The CareGiver Program is designed to address just that issue,” said Iskenderian, who notes the program will help make women better able to manage their loans and their lives.

2009 private philanthropy figures demonstrate how robust private philanthropic flows to the developing world have remained in difficult times.

U.S. PHILANTHROPY TO DEVELOPING COUNTRIES

In 2009, U.S. foundations, corporations, private and voluntary organizations (PVOs), individual volunteers, colleges and universities, and religious organizations contributed a total of \$37.5 billion to the developing world. This represents a \$200 million increase from the 2008 figure of \$37.3 billion, which demonstrates how robust private philanthropic flows to the developing world have remained in difficult economic times.

Independent, community, and grant making operating foundations in the United States gave a total of \$4.6 billion to developing countries in 2009, according to Foundation Center research conducted for the Center for Global Prosperity. This represents a \$300 million increase over the 2008 total of \$4.3 billion. Health and medical services accounted for 55% of grant dollars, followed by democracy and governance at 22%, economic growth and trade (including environmental grants) at 16%, education at 4%, disaster relief and refugees accounted for less than 1%, and all other areas were 3%. A total of 64% of all international grants awarded in 2009 by U.S. foundations were multi-regional grants or grants for unspecified countries. Of the remaining 36%, the single largest recipient of U.S. foundation money was sub-Saharan Africa at 18%, followed by Asia and the Pacific at 11%, Latin America and the Caribbean at 6%, Europe and Central Asia at 0.5% and North Africa and the Middle East at less than 0.5%.

U.S. corporations contributed \$8.9 billion to international relief and development causes in 2009. This is a \$1.2 billion increase over the 2008 total of \$7.7 billion. This increase is largely due to improved data collection. The majority of corporate giving is from pharmaceutical companies, which account for 90% of corporate giving to developing countries. This giving includes both cash grants and in-kind donations of pharmaceuticals and medical supplies and equipment. Thus, the majority of corporate giving measured is in the health sector or health-related donations for disaster relief. Regionally, 49% of corporate giving went to sub-Saharan Africa, 32% to Latin America and the Caribbean, 4% to North Africa and the Middle East, 13% to Asia and the Pacific, and 2% to Europe and Central Asia.

Private and voluntary organizations contributed \$12 billion in private funding to the developing world in 2009, a slight increase from \$11.8 billion total in 2008. This increase is largely due to improved data collecting methods. Of the total amount contributed by PVOs for international relief and development causes, 57% went to disaster relief and support for refugees, 21% to eco-

nomic growth and trade, 10% to education, 4% to democracy and governance, 1% to health and medical services, and 7% went to unspecified international support. Regionally, 33% went to sub-Saharan Africa, 29% to Asia and the Pacific, 29% to Latin America and the Caribbean, 5% to Europe and Central Asia, and 4% to the Middle East and North Africa.

Americans contributed an estimated \$3 billion worth of volunteer time in 2009 to relief and development assistance causes abroad and to international assistance organizations in the United States. This represents a \$600 million decrease from 2008, mainly due to a decrease in the number of hours spent volunteering for international organizations in the United States.

Americans gave a total of \$1.8 billion in support to students from the developing world in the 2009-2010 academic year, a slight increase from the 2008-2009 total of \$1.7 billion. The United States also continues to welcome students from the developing world. The number of international students at universities and colleges in the United States increased by 3% to 690,923 in the 2009-2010 year. According to data from *Open Doors*, 63% of international students in the 2009-2010 academic year came to the United States from developing countries. Of this group, 69% came from Asia and the Pacific, 15% from Latin America and the Caribbean, 7% from sub-Saharan Africa, 5% from Europe and Central Asia, and 4% from North Africa and the Middle East.

Religious giving in the United States totaled \$7.2 billion in 2009, down \$1 billion from the 2008 total of \$8.2 billion. A decline in the 2009 reported value of long-term missions to developing countries and direct giving overseas accounted for the majority of the decrease in overall religious giving. In actuality, religious giving to PVOs increased from \$6.2 billion to \$6.3 billion. This amount is not attributed to religious organizations for various reasons, including concerns of double counting and data comprehensiveness (see Methodology). Of the total amount contributed by religious organizations, an estimated 39% went to Latin America, 24% to sub-Saharan Africa, 14% to Europe and Central Asia, 10% to Asia, 7% to North Africa and the Middle East, and 6% to unspecified regions. By sector, an estimated 25% went to education, 23% to disaster relief, 19% to health, 8% to economic development, and 25% to unspecified sectors.

INTERNATIONAL PHILANTHROPY OUTSIDE THE UNITED STATES

Despite increased philanthropic activity in Europe and Asia, measuring non-U.S. private giving from developed countries continues to have its challenges. Although Development Assistance Committee (DAC) member governments report their overseas private giving to the Organisation for Economic Co-operation and Development (OECD) on an annual basis, these figures are incomplete and in some cases nonexistent. The numbers are largely based on voluntary surveys of PVOs that do not capture all PVO donations. Nor do devel-

oped country donors fully report giving by corporations, foundations, religious organizations, and volunteer contributions.

The *Index of Global Philanthropy and Remittances* is able to provide a more comprehensive picture of private philanthropy from developed countries other than the United States than what they currently are reporting. The *Index* has researched improved private giving numbers for 13 developed countries in addition to the United States: Denmark, Finland, France, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

As illustrated in Figure 3, there is a wide discrepancy between the level of private giving that many DAC donor nations report to the OECD and the more complete numbers compiled by the Center for Global Prosperity (CGP). The 13 countries for which the CGP was able to compile more complete numbers reported total private giving of \$1.7 billion to the OECD in 2009, while the *Index* identified \$10.3 billion in giving for these same 13 countries in 2008, the most recent year for which more complete CGP calculations are available. When combined with the other nine donors, CGP found that total non-U.S. private philanthropy amounted to \$15 billion.

For instance, as seen in Figure 3, total private U.K. giving to the developing world through U.K. charities working in overseas aid and famine relief amounted to \$6.3 billion in 2008 (latest available data). This assessment of U.K. private giving excludes foundations, corporations and churches, so the actual total is higher. The U.K. government, however, reported only \$329 million in overseas private giving to the OECD for 2009.

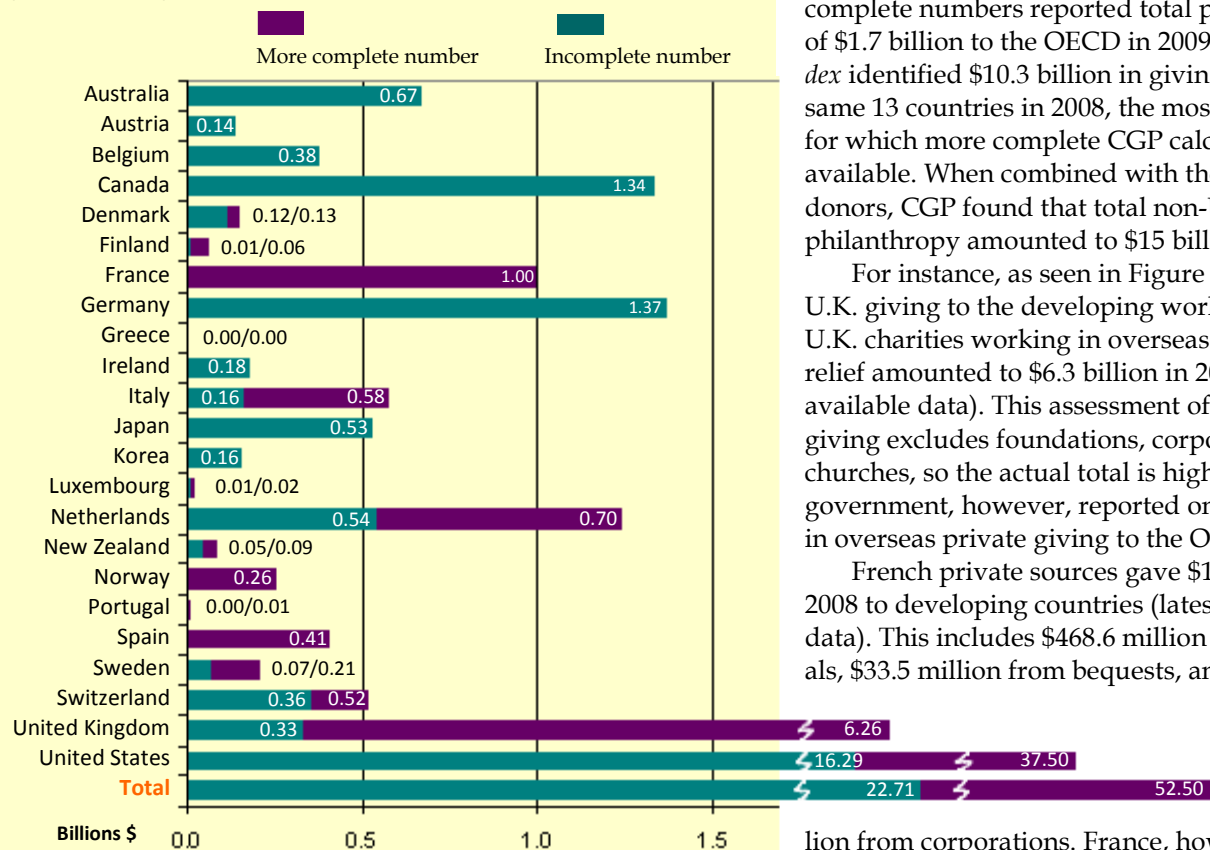
French private sources gave \$1.0 billion in 2008 to developing countries (latest available data). This includes \$468.6 million from individuals, \$33.5 million from bequests, and \$502.5 mil-

lion from corporations. France, however, does not report any private giving to OECD.

There was a total of \$583.1 million in Italian private giving to the developing world in 2008 (latest available data), substantially more than the \$162 million reported by the Italian government to the OECD in 2009. There was an estimated

Figure 3

Incomplete Private Giving Numbers Submitted to OECD and More Complete Numbers from CGP, 2008-2009 (Billions of \$)



Source: OECD, *Statistical Annex for Development Co-operation Report 2011*, 2011; Hudson Stein Brothers, AB, Scandinavia 2009-2010; Charles Sellen, France, 2008-2009 and VU University Amsterdam Department of Philanthropy, Netherlands, 2009; Instituto per la Ricerca Sociale, Italy, 2009; Le Cercle de Cooperation des OND de Developpement, Annual Report, Luxemburg, 2009; Vrije Universiteit Amsterdam, Geven in Nederland 2009, Netherlands, 2009; Council on International Development, Annual Report, New Zealand, 2009; Plataforma Portuguesa das ONGD, Annual Report, Portugal, 2009; Coordinadora ONG Para El Desarrollo Espana, Informe de La Coordinadora de ONG Para El Desarrollo-Espana Sobre El Sector De Las ONGD, Spain, 2009; GuideStar Data Services, United Kingdom, 2009; Center for Global Prosperity, United States, 2009-2010.

\$409.2 million in Spanish private giving to the developing world in 2007 (latest available data). This includes \$170.4 million in regular donations and fees; \$140.2 million in one-time donations; \$47.5 million from private enterprises; \$34.4 million from the sale of fair trade products and merchandising; and \$16.7 million from other private funds. Spain, like France, does not report any private giving to the OECD.

Portuguese PVOs received \$9.0 million in private contributions in 2007 (latest available data). The figure is conservative due to the lack of reporting by the majority of PVOs and foundations in Portugal and the lack of sources for corporate and religious giving. It is still significantly higher, however, than the \$4 million in private overseas giving reported by the Portuguese government to the OECD in 2009.

There was an estimated \$19.6 million in private giving to the developing world from Luxembourg. Luxembourg reported \$13 million in private giving in 2009 to the OECD.

Dutch private giving to the developing world totaled \$696.9 million in 2008 (latest available data) and is comprised of \$399.4 million in cash and in-kind donations; \$54.9 million from bequests; \$22.8 million from foundations; \$93.8 million from corporate gifts and sponsorships; and \$126.0 million came from lotteries. The Dutch government reported \$542 million in private giving for 2009 to the OECD.

Danish private sources gave \$133.7 million to the developing world in 2008 (latest available data): \$120.4 million from PVOs and \$13.3 million from one Danish multinational. The Danish government reported \$116 million in private giving to the OECD in 2009.

Finnish PVOs contributed \$51.3 million to the developing world in 2008, while corporate philanthropies contributed \$12.2 million, for a total of \$63.5 million in Finnish private giving to the developing world. Finland reported a total of only \$17 million in private giving to

the OECD.

There was an estimated \$261.6 million in private giving from Norwegian PVOs to the developing world in 2008. Norwegian corporations are assumed to be included in that figure because they give through PVOs. Norway, however, did not report any private giving to the OECD in 2009.

To obtain private giving estimates for Sweden, the researcher collected data on Swedish international giving in three areas: giving by international development PVOs, foundations, and corporate giving. Swedish PVOs and foundations gave \$177.2 million to the developing world in 2008 and Swedish companies gave \$36.4 million for a total of \$213.6 million in Swedish private giving to the developing world. The Swedish government reported only \$74 million in private giving to the OECD in 2009.

In researching Switzerland private giving numbers, Swiss PVOs and foundations gave \$438.0 million and Swiss companies gave \$83.2 million to the developing world in 2008, for a total of \$521.2 million in Swiss private giving to the developing world. The Swiss government reported \$357 million in private giving to the OECD in 2009.

International development PVOs in New Zealand received \$85.0 million in private donations and \$7.9 million from contract work, foundation grants, grants from parent organizations, and the sale of goods for a total of \$92.9 million in private donations. The New Zealand government reported \$46 million in private giving, half of what they could have reported to the OECD in 2009.

While CGP does not have improved philanthropy figures for Korea, it is interesting to note that Korea did report private giving to the OECD, amounting to \$156 million in 2009.

Also worthy of note is Australia, which reported over \$600 million in private contributions to the OECD in 2008, but did not report any private giving for 2009. For this reason, CGP is using the 2008 number as the most recent data available from Australia.

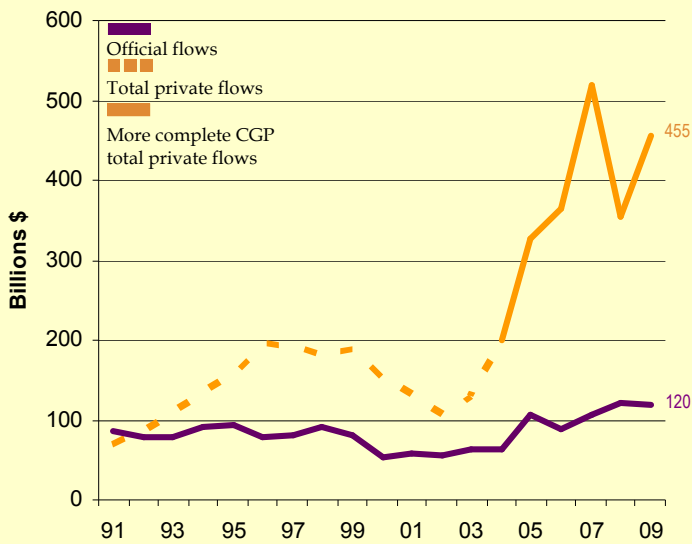
ALL DONORS' TOTAL ASSISTANCE TO DEVELOPING COUNTRIES

In *Index 2010* we reported the large drop in private capital flows, due to the financial crisis starting in 2008. In 2009, these private capital flows improved and almost doubled in size to \$228 billion, once again making up the largest financial flow from all developed to developing countries. Combined with philanthropy and remit-

The Index of Global Philanthropy and Remittances is able to provide a more comprehensive picture of private philanthropy from developed countries other than the United States than what other developed countries currently report.

Figure 4

Total Official and Total Private Flows – Philanthropy, Remittances, Investment— from OECD Donor Countries to Developing Countries, 1991-2009 (Billions of \$)



Source: OECD; Hudson Institute's remittance calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittances Team, 2010; Hudson Institute, 2005-2011.

tances, all private flows were almost four times larger than official flows. As seen in Figure 4, remittances, philanthropy, and private capital investment from all donor countries amounted to \$455 billion in 2009, far exceeding the \$120 billion in official flows. Nearly 80% of all DAC donors' total economic engagement with the developing world is through private financial flows.

The 2008 drop in private capital flows was due to the decrease in bilateral portfolio investments, which were especially hard hit by the banking crisis. In 2009, bilateral portfolio investment returned to positive territory, while foreign direct investment decreased from an updated \$187 billion in 2008 to \$159 billion in 2009. Despite the volatility of private capital flows, remittances and philanthropy remained stable, and when combined, greatly outnumbered official flows. Figure 5 provides a breakdown of the different forms of private flows, comparing them to public flows over the last 19 years.

The OECD and the international community at large focus on official flows only when making cross-country comparisons. Figure 1 shows net ODA from each DAC donor nation, and Figure 2 shows ODA as a percentage of

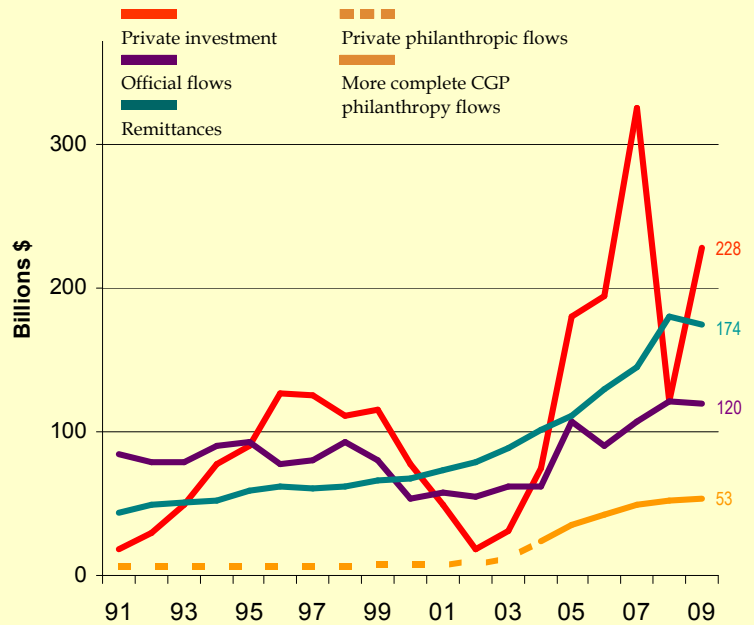
In 2009, private capital flows improved and almost doubled in size to \$228 billion, once again making up the largest financial flow from all developed to developing countries.

GNI. Most nations fail to reach the 0.7% target set by the international community. 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 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 6 does, puts the United States in first place with \$157 billion or 45% of total 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

Figure 5

Official, Private Investment, Philanthropic, and Remittance Flows from OECD Donor Countries to Developing Countries, 1991-2009 (Billions of \$)



Source: OECD; Hudson Institute's remittances calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittances Team, 2010; Hudson Institute, 2005-2011.

smaller in the future as research into other donors' private philanthropy continues to improve. Furthermore, the United States has more immigrants and migrant workers and thus total remittances from the United States vastly outnumber remittances from other nations. After the United States, the next largest contributors of total assistance to the developing world in 2009 were the United Kingdom, Germany, France, Canada, Japan and Spain, an order that has not changed since 2007.

Figure 7 shows ODA, private philanthropy and remittance flows of the DAC countries as a percentage of GNI. If ODA is the only flow considered when measuring a nation's contributions relative to its GNI, then only five nations succeed in reaching the target of 0.7%, as shown in Figure 2. When private philanthropy and remittances are included, however, 16 of the 23

What is clear from these numbers is that developed countries provide far more to the developing world through private actors than through government aid.

DAC donors pass the mark. Several countries, including Canada, the United Kingdom, and the United States, rank better relative to other donors once all three flows are calculated. Canada and the United States make the largest leaps when all flows are considered. Canada jumps from fourteenth to fourth place, mainly as a result of the large remittance outflows from Canada to developing countries, which alone make up 0.92% of Canada's GNI. The United Kingdom jumps from ninth

to second place due to its high remittance and philanthropic flows. When all flows are included, the United States jumps from fifth place to eighth, a result of including remittances and philanthropy in the calculation.

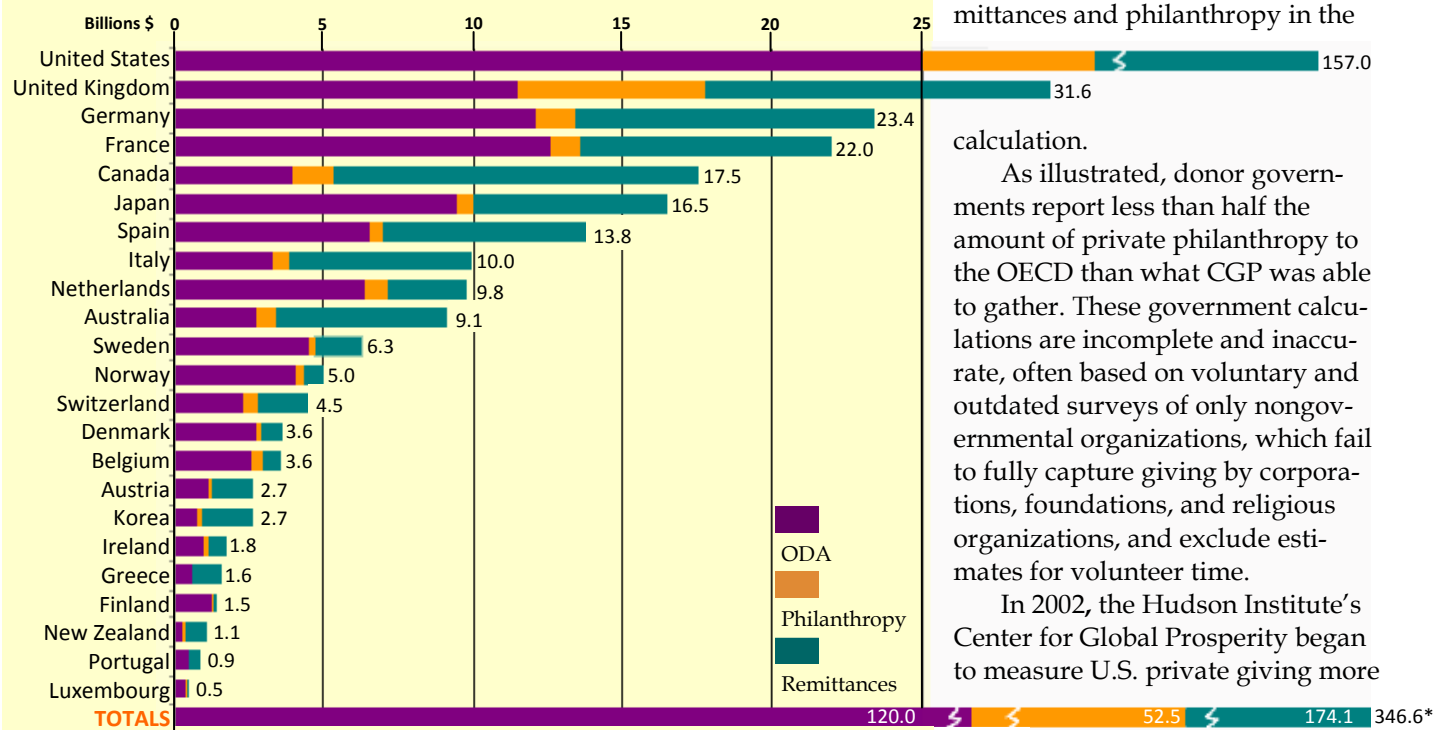
As illustrated, donor governments report less than half the amount of private philanthropy to the OECD than what CGP was able to gather. These government calculations are incomplete and inaccurate, often based on voluntary and outdated surveys of only nongovernmental organizations, which fail to fully capture giving by corporations, foundations, and religious organizations, and exclude estimates for volunteer time.

In 2002, the Hudson Institute's Center for Global Prosperity began to measure U.S. private giving more

comprehensively. Our work, conducted with leading philanthropic research institutions, such as the Urban Institute Center on Nonprofits and Philanthropy, the Foundation Center, the International Insti-

Figure 6

Total Assistance from OECD Donor Countries to Developing Countries: ODA, Philanthropy and Remittances, 2009 (Billions of \$)



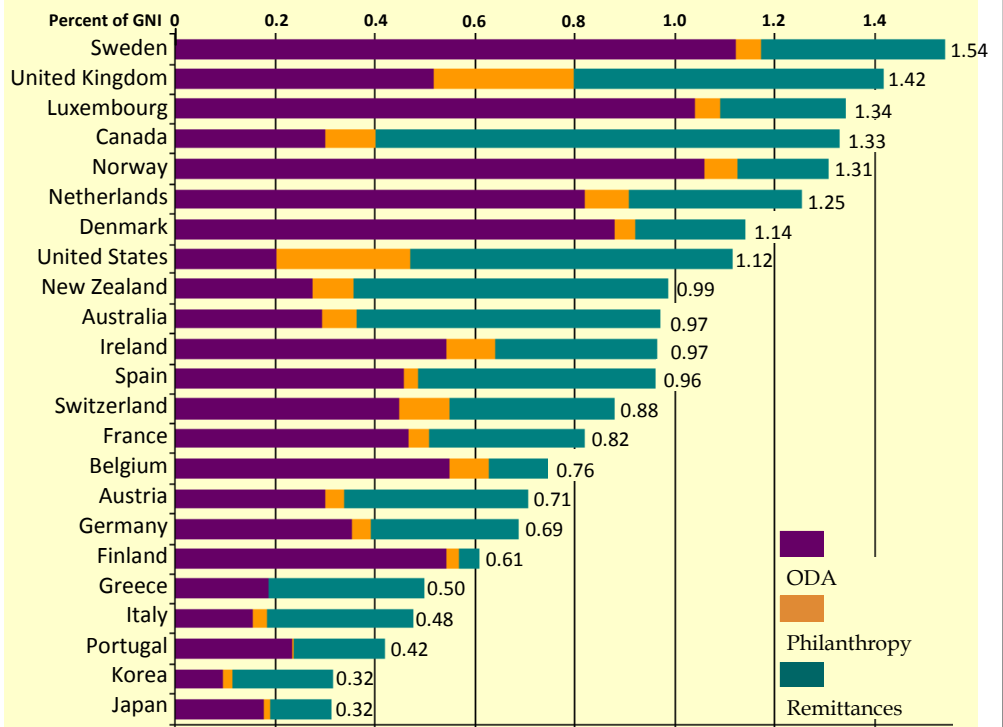
*Variation due to rounding

Source: OECD, *Statistical Annex for Development Co-operation Report 2011*, 2011; Hudson Institute's remittance calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittance Team 2010; Stein Brothers, AB, Scandinavia 2009-2010; Charles Sellen, France, 2008-2009 and VU University Amsterdam Department of Philanthropy, Netherlands, 2009; Instituto per la Ricerca Sociale, Italy, 2009; Le Cercle de Cooperation des OND de Developpement, Annual Report, Luxembourg, 2009; Vrije Universiteit Amsterdam, Geven in Nederland 2009, Netherlands, 2009; Council on International Development, Annual Report, New Zealand, 2009; Plataforma Portuguesa das ONGD, Annual Report, Portugal, 2009; Coordinadora ONG Para El Desarrollo Espana, Informe de La Coordinadora de ONG Para El Desarrollo-Espana Sobre El Sector De Las ONGD, Spain, 2009; GuideStar Data Services, United Kingdom, 2009; Center for Global Prosperity, United States, 2009-2010.

tute of Education, Committee Encouraging Corporate Philanthropy, Baylor University Institute for Studies of Religion, and the Partnership for Quality Medical Donations, found a much higher number than what the U.S. government reports to the OECD. The U.S. Government is aware of the inadequacies of the private giving number it reports and has acknowledged in publications and official presentations the improved giving number developed through the Hudson Institute's research network. In the absence of a decision on using improved numbers, the government continues to submit incomplete numbers.

What is clear from these numbers is that developed countries provide far more to the developing world through private actors than through government aid. Figures 4 through 7 show that private sector interactions – whether it be investment, remittances, and private philanthropy or just remittances and private philanthropy – far exceed official development assistance. This reflects the diverse, new world of international development where for-

Figure 7
Total Assistance from OECD Donor Countries to Developing Countries: ODA, Philanthropy and Remittances as a Percentage of GNI, 2009



Source: OECD, *Statistical Annex for Development Co-operation Report 2011*, 2011; Hudson Institute's remittance calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittance Team 2010; Stein Brothers, AB, Scandinavia 2009-2010; Charles Sellen, France, 2008-2009 and VU University Amsterdam Department of Philanthropy, Netherlands, 2009; Istituto per la Ricerca Sociale, Italy, 2009; Le Cercle de Cooperation des OND de Developpement, Annual Report, Luxenberg, 2009; Vrije Universiteit Amsterdam, Geven in Nederland 2009, Netherlands, 2009; Council on International Development, Annual Report, New Zealand, 2009; Plataforma Portuguesa das ONGD, Annual Report, Portugal, 2009; Coordinadora ONG Para El Desarrollo Espana, Informe de La Coordinadora de ONG Para El Desarrollo-Espana Sobre El Sector De Las ONGD, Spain, 2009; GuideStar Data Services, United Kingdom, 2009; Center for Global Prosperity, United States, 2009-2010.

profits, nonprofits, churches, universities, families and individuals can and are contributing to international relief and development in the developing world.

- 1 "The modern development enterprise," Rajiv Shah, speech at the Center for Global Development, January 19, 2011.
- 2 Ibid.
- 3 Ibid.
- 4 Jia Lynn Yang, "Goldman Sachs, State Dept. partner to help women," *Washington Post*, March 8, 2011.
- 5 Organisation for Economic Co-Operation and Development (OECD). *Statistical Annex of the 2011 Development Co-operation Report*, Table 01e.
- 6 Organisation for Economic Co-Operation and Development (OECD). *Statistical Annex of the 2011 Development Co-operation Report*, Table 13 and Table 01e.

- 7 Organisation for Economic Co-Operation and Development (OECD). *Statistical Annex of the 2011 Development Co-operation Report*, Table 13.
- 8 Organisation for Economic Co-Operation and Development (OECD). *Statistical Annex of the 2011 Development Co-operation Report*, Table 25e.
- 9 Organisation for Economic Co-Operation and Development (OECD). *Statistical Annex of the 2011 Development Co-operation Report*, Table 13 and Table 01e.
- 10 Organisation for Economic Co-Operation and Development (OECD). *Statistical Annex of the 2011 Development Co-operation Report*, Table 13 and Table 31e.
- 11 Organisation for Economic Co-Operation and Development (OECD). *Statistical Annex of the 2011 Development Co-operation Report*, Table 13 and Table 28e.

SIDEBAR, PAGE 8 AND 9

- 1 President Obama's addresses the Ghanaian Parliament, July 11, 2009, <http://www.america.gov/st/texttrans-english/2009/July/20090711110050abretnuh0.1079783.html#ixzz114FFOKeT> (accessed October 16, 2010).
- 2 David Lumsdaine and James C. Schopf, "Changing Values and the Recent Rise in Korean Development Assistance," *The Pacific Review* 20, no.2 (2007): 221-225.
- 3 Andrea Matles Savada and William Shaw, *South Korea: A Country Study*. Washington, DC: US Government Printing Office, 1997, p. 41.
- 4 Kytack Hong, "Foreign Capital and Economic Growth in Korea: 1970-1990," *Journal of Economic Development* 22, no. 1 (June 1997): 79-89.

- 5 Country Brief, "The World Bank and the Republic of Korea," World Bank, <http://go.worldbank.org/FR813B6050>. (accessed October 1, 2010).
- 6 ODA Korea, "History," <http://www.odakorea.go.kr/eng/introduction/history.php> (accessed October 10, 2010).
- 7 OECD, *Development Co-operation of the Republic of Korea: DAC Special Review*. Paris: OECD, 2008.
- 8 Korea International Cooperation Agency, "Volume," <http://www.koica.go.kr/english/koica/oda/volume/index.html> (accessed October 15, 2010).

As technology facilitates the flow of remittances, cell phones in Africa are outnumbering landlines.

GLOBAL REMITTANCES



Remittances remained resilient in 2009 despite the worldwide recession. As predicted in last year's *Index*, remittances to developing countries declined only by a small margin, 5.5%, remaining the second largest financial flow to developing countries after private capital flows.

REMITTANCES FROM ALL COUNTRIES TO DEVELOPING COUNTRIES

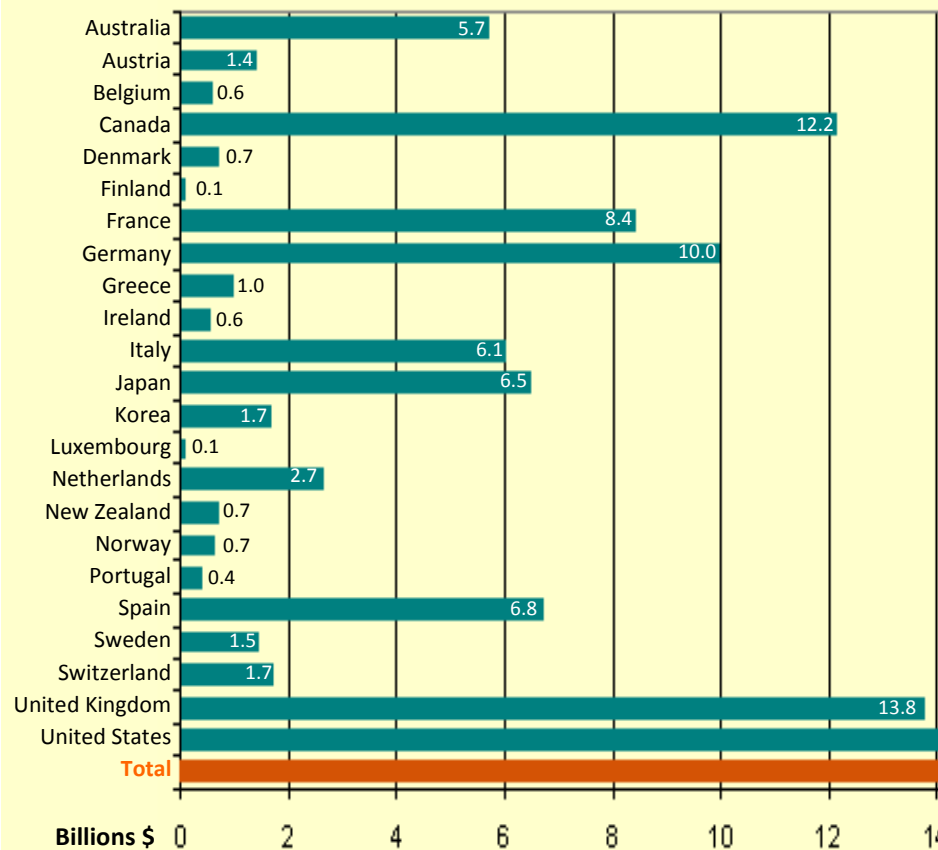
In 2009, remittances from all nations to the developing world amounted to \$307 billion, a small decline from \$338 billion in 2008. More importantly, remittance flows are predicted to regain their upward momentum and increase by 6% in 2011 and 8% in 2012. While the inflow of migrants to some regions decreased significantly, the existing population of migrants did not decrease, indicating that many migrants did not return home and likely will send increased levels of remittances as the economy recovers. Additionally, while North America and Europe were hard hit by the economic crisis, Gulf countries did not experience the same financial turmoil. Thus, remittances to regions such as South Asia, which send a large number of migrants to the Gulf region, remained stable or even increased. Remittances to Latin

Remittance flows are predicted to regain their upward momentum and increase by 6% in 2011 and 8% in 2012.

America, which declined by 12% in 2009 as a result of the financial crisis in the United States, which receives the largest number of migrants from Latin America, grew by 2% in 2010. Remittances to Europe and Central Asia, which saw the largest decline in 2009 of 23%, saw a 3.7% increase in 2010. Remittances to sub-Saharan Africa and the Middle East remained relatively stable during 2009 and were on the rise in 2010.¹

REMITTANCES FROM DONOR COUNTRIES TO DEVELOPING COUNTRIES

Figure 8
Remittances from OECD Donor Countries to Developing Countries, 2009
(Billions of \$)



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

As can be seen in Figure 8, total remittances from the developed to the developing world were \$174.1 billion in 2009. This is a small decrease from the 2008 figure of \$180.7 billion. The total amount of remittances from DAC countries in 2009 was 45% more than the total ODA of \$120 billion for the same year. Of all remittances sent to developing countries, Asia received the greatest portion, with 46%, Latin America followed with 28%, the Middle East and North Africa received 11%, sub-Saharan Africa received 8%, and Europe and Central Asia received 7%.

U.S. remittances accounted for more than half, or \$90.7 billion, of the total remittances sent to developing countries from the DAC donor countries. This is a slight decrease from the 2008 figure of \$96.8 billion. Poor economic conditions and the decrease in the inflow of new migrants from Latin America likely contributed to the decline.

According to the Pew Hispanic Center, the annual inflow of undocumented immigrants into the United States between 2007 and 2009 was

almost two thirds less than during the period of 2000 to 2005.² Not surprisingly, U.S. remittances to Latin America saw the largest decrease, from \$46.8 billion in 2008 to \$41.1 billion in 2009. Nevertheless, flows to this region dominate U.S. remittances and already seem to be on the rise for 2010.³

Table 2

Remittances from the United States to Developing Countries by Region, 2009
(Billions of \$)

Region	Remittances Received
Latin America and the Caribbean	41.1
Mexico	20.4
East Asia, South Asia and the Pacific	39.4
Philippines	11.1
India	10.1
China	9.8
Sub-Saharan Africa	4.6
Middle East and North Africa	3.8
Europe and Central Asia	1.7
Total	90.7*

*Variation due to Rounding
Source: World Bank, Migration and Remittance Team.

USAID Diaspora Networks Alliance

In 2010 USAID announced the Diaspora Networks Alliance (DNA), a public-private initiative designed to increase the flow of diaspora resources to stimulate economic growth in migrants' home countries. Through this initiative, USAID has formed the African Diaspora Marketplace, which provides competitive matching grants for U.S.-based entrepreneurs from the African diaspora community to start businesses in their home countries. In 2010, 58 entrepreneurs received grants of up to \$100,000 to support businesses ranging from agriculture to pharmaceuticals.

The single largest recipient of U.S. remittances was Mexico, which received an estimated \$20.4 billion in 2009. Although this is a decrease from the \$24.2 billion received in 2008, Mexico still accounts for more than 20% of U.S. remittance outflows. Mexico is followed by the Philippines, India and China, with \$11.1 billion, \$10.1 billion, and \$9.8 billion, respectively. While remittances to Mexico decreased from 2008 to 2009, remittances to India and the Philippines are estimated to have increased by a small margin from the previous year.

Remittances from Europe amounted to \$56.3 billion in 2009, a slight decrease from \$58.5 billion in 2008. The United Kingdom was the largest source of remittances from Europe, at \$13.8 billion, a figure that remained stable from 2008. Germany followed with \$10 billion. The remaining DAC donor countries—Canada, Japan, Australia, Korea, and New Zealand—accounted for \$26.8 billion.

Diaspora Populations: Philanthropy and Development

BY PRIYA ABRAHAM AND PATTI MILLER

Diaspora populations are increasingly important development players in their countries of origin. Globalization has scattered immigrant populations far from their homes, but strong ties to ethnic, religious and political communities, modern communications, and a desire to help families and communities prosper have kept these immigrants connected to their homelands. Diaspora engagement takes a variety of forms, including remittances, philanthropy, foreign direct investment, and civic engagement.

The four largest diaspora communities in the world are those from China, India, the Philippines and Mexico. The depth, breadth and features of diaspora engagement in these countries depend on a number of factors, including cultural practices, grassroots needs and government policies. The differing environments and characteristics of the diasporas in

China, India, the Philippines and Mexico are an indication that there are a number of ways such communities can be leveraged to help in national development.

There are 20 million people in India's diaspora community. Long-standing bureaucratic barriers and stiff import tariffs have made Indians abroad reluctant to engage in investment at home. Economic reforms in 1991 have eased restrictions, encouraging more FDI, but remittances to India remain the main form of diaspora engagement. India is the top remittance-receiving country in the world; it received \$52 billion in remittances from its countrymen abroad in 2008. Intangible engagement in the form of the transfer of IT skills to India from engineers and IT workers who work or study abroad and return home to start companies or invest in Indian start-ups is also important in producing positive economic growth.



Share and Care Foundation helps to alleviate water shortages in Indian villages, allowing women to avoid spending hours walking long distances for water.

Besides remittances and the transfer of technological know-how, diaspora Indians engage in philanthropy through five main channels: informal family and personal networks; faith-based organizations; international nongovernmental organizations; U.S.-based diaspora NGOs; and Indian NGOs. Indians have also been able to leverage their American networks in areas such as emergency relief. For example, the Share and Care Foundation, which was begun by five Indian New Jersey couples in 1982, raised \$5 million in supplies and cash when the 2001 Gujarat earthquake hit in India.

In China, reforms in 1978 created and strengthened government agencies that encourage diaspora involvement; these policies have helped attract large amount of FDI to the country, half of which comes from Chinese diaspora in Hong Kong, Macao, and Taiwan. Remittances are also important, totaling \$49 billion in 2008.

Chinese philanthropy focuses on personal giving to families and hometowns, as having a connection to the recipient is important culturally. Community giving circles, in which members of a profession or extended family create a pot of money to be loaned out, are a long Chinese tradition. Educational institutions are also traditionally a popular recipient of philanthropy for Chinese living abroad, especially for scholarships. The University of Science and Technology in China Alumni Foundation, which is registered in Delaware, is one example of a U.S.-based Chinese alumni organization. Since its founding in 1995, it has raised \$1.8 million from 3,000 alumni for scholarships and research fellowships at the University of Science and Technology in Beijing.

The Philippines orients its overseas migrant policy toward maximizing remittances and creating and maintaining jobs

and good labor conditions for its temporary migrant workers. An estimated 2.5 million Filipinos have settled abroad permanently. About 1 million Filipino migrant workers left the Philippines for jobs in 190 countries in 2007. The Philippines received \$17 billion in remittances that year. The government removed hindrances to remittances, such as an overvalued exchange rate and remittance quotas. The government further created tax breaks and incentives for investment, and made it easier for diaspora members to transfer funds home. For instance, the Overseas Workers Welfare Administration issues an identification card to all official immigrant workers that is also a Visa® card. This card can be linked to savings accounts that allow remittances to be sent at a low cost per transaction.

The Philippines, however, is more focused on income flows than in tapping permanent Filipino communities abroad, who could create the investment at home that might help alleviate poverty in the long run.

The Mexican diaspora is largely concentrated in one country: the United States. Some 35 million Mexicans live in the United States, earning \$400 billion—about the size of Mexico’s GDP. Remittances to Mexico totaled \$22 billion in 2009, with \$20 billion of that coming from the United States.

Apart from individual remittances, Mexico also attracts collective remittances in which organized groups gather donations from members to finance community investments or events in their hometowns. There are 3,000 such “hometown associations,” mainly based in the United States, which fund infrastructure, educational and other development endeavors. Since the early 1990s, the Mexican government has instituted policies encouraging the formation and activity of HTAs. For example, the Mexican Education Ministry recently began matching funds for HTAs that provide scholarships to secondary and post-secondary students in their home communities. Local Mexican governments have also encouraged the inflow of remittances to their communities. The state of Guanajuato founded the *Mi Comunidad*, or My Community program, which seeks to attract migrants’ savings to finance development of local factories. Migrants have invested \$2.2 million in 21 textile factories as a result of the program, creating 500 jobs.

The size and impact of remittances make them an important tool in reducing poverty. Both private and government aid donors should be exploring ways to leverage these direct transfers for development purposes.

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Success Stories

NYUMBANI

An Investment Like No Other

In 1992, Father Angelo D'Agostino, a Jesuit priest, urologist and psychiatrist who served on the board of a large orphanage in Nairobi, suggested to the board that the facility be opened to HIV-positive children. The board declined because of the cost involved. Father D'Agostino, however, was unwilling to accept that there was no one to care for these terminally ill children and founded the Nyumbani Children's Home to care for them.

In Swahili, Nyumbani means "at home," and for the past 18 years this is exactly what this nonprofit has provided for more than 250 orphaned and abandoned HIV-positive children in Nairobi and other parts of Kenya. Nyumbani currently houses some 100 children in a family-like setting that is the first home many of these children have ever known. Thanks to Father D'Agostino's success in securing access to anti-retroviral drugs, the children are living healthy lives today and range in age from newborns to young adults in their early 20s.

In 1998, Nyumbani launched its Lea Toto Outreach Program to provide care for the increasing number of children infected with the HIV/AIDS virus living in Nairobi's slums. The program allows children to receive medical care in their own homes and provides social services, nutritional support for the family, counseling, education support, HIV prevention education, and programs for sustainable community development, including business development training and microcredit services.

According to Sister Mary Owens, who has been with Nyumbani since its founding and took over as Executive Director in 2006 after Father D'Agostino's death, the results of the Lea Toto program are far-reaching. "Because the child is being cared for in-family," she says, "you have to care for the family. If the family cannot feed the child, you have to provide nutrition. So we don't just feed children, we feed families." To date, Lea Toto has assisted more than 6,000 children and families and has had an extraordinary impact on mitigating the effects of HIV/AIDS in the community at large.

Nyumbani was founded entirely through private donations raised by Father D'Agostino from individuals, foundations, and corporations in the United States, the United Kingdom, Italy, Spain, Ireland, Japan, Kenya, the Netherlands, and Canada. Today it has an annual budget of just over \$3.5 million, with approximately 40 percent of funding coming from private sources and 60 percent from

the United States Agency for International Development (USAID), which first became interested in Nyumbani as a result of Lea Toto's innovative, community-based approach to AIDS treatment and prevention. USAID now funds approximately 75 percent of Lea Toto's \$2 million annual budget. The President's Emergency Plan for AIDS Relief (PEPFAR) supplies anti-retroviral treatment to all of the HIV-positive children supported by Nyumbani's three programs.

Further funding from USAID allowed Nyumbani to launch the most ambitious of Father D'Agostino's dreams—the Nyumbani Village, an intergenerational community established in 2006, which is now home to 70 elders and almost 750 orphans, who would otherwise be among the multitude of street children populating Kenya as a result of the epidemic. Both orphans and their senior guardians are counted among the victims of AIDS because they were left without support when their families' breadwinners died of AIDS. They

live in small homes throughout the village, which was built on 1,000 semi-arid acres donated by the Kenyan government in the Kitui district 80 miles east of Nairobi. It is a thriving community with dozens of homes, a primary school, a secondary school, a polytechnic school, a community center, a health center, a guesthouse, parks, game fields, barns, storage areas, and roads. It also provides dormitories for long-term volunteers, making Nyumbani Village a popular destination for people from around the world who want to use their skills to help build this community.

Just over one-third of the village's funding comes from USAID and the rest from private donors. The community is designed to be economically self-sufficient in the long run. It was constructed almost entirely from local materials and by local laborers and some facilities are topped with solar panels. Other solar panel systems power water pumps that

pump water to elevated tanks for a gravity-based irrigation system that waters the gardens where families can grow their own fruits and vegetables. In addition, scarce rainwater is harnessed through gutter systems into on-site storage tanks. There are also thriving bee colonies that can be harvested for organic honey and 50 acres of hardwood trees are planted annually to be harvested and used to make furniture. The village has vocational training programs in carpentry, tailoring, and masonry. The village is expected to be financially self-sustaining by 2018, with the exception of ongoing PEPFAR funding for those in the village who require AIDS medications.

For now, though, donors can be content with the knowledge that, as one past volunteer in the village put it, "The return we'll see from this particular venture is unlike any other. It's an investment in human spirit, dignity, and life."

—Patrick Browne



Father Angelo D'Agostino, founder of Nyumbani.

LUMNI

Financing Human Potential

The percentage of students who obtain a college education is one of the most important development indicators for countries. However, getting loans for higher education can be difficult for students in developing countries that offer little in the way of educational loans and grants. Lumni, an innovative human capital financing firm, aims to relieve this burden and replace it with opportunity.

Lumni uses private capital to fund higher education for promising students. It is the brainchild of Colombian natives Felipe Vergara and Miguel Palacios, who wanted to change the reality that higher education was out of reach for many promising Colombian students. They founded Lumni in 2003. Under the unique model, Lumni raises capital from individual investors, corporations, foundations and institutions for social investment funds. It loans educational financing to carefully selected students from these funds. The students agree to pay a fixed portion of their future salary back to the fund for a stated period of time—the loans do not accrue interest. If the payback is higher than the loan amount, the fund profits. The funds have an average return of seven percent.

To date the organization has raised more than \$12 million and funded 1,200 students. Lumni operates in Chile, Colombia, Mexico and in select low-income communities in the United States. In 2007 the Inter-American Development Bank granted the organization \$837,000 to strengthen its work in Colombia and Chile, where it started, and expand into Mexico.

Students are selected based on their drive and potential to succeed and therefore pay back the loan. Lumni focuses on students pursuing fields such as business, engineering, medicine and economics for which there is high demand. The maximum loan amount is \$5,000. Students pay back a fixed percentage of their income, never more than 15%, over 120 working months. Lumni's contract makes room for the possibility of unemployment or positions that do not immediately offer large salaries.

The model has been especially beneficial to disadvantaged students. Nearly 70% of Lumni Colombia's students, for example, come from low-income families or troubled backgrounds, including those displaced by drug and guerrilla organization violence in Colombia. Colombia has higher education attrition rates as high as 50%, but through Lumni's Student Support System, which provides counseling and non-financial support for students, the firm has lowered the attrition rates of its Colombian students to 12%.

Leidy Lorena Suarez Gaspar is one of the students who has seen her dreams of higher education become a reality thanks to Lumni. She had completed college in her native Colombia and aspired to become a doctor, but couldn't continue her education because she lacked the collateral to obtain a private loan and was turned down by the government's loan program. A doctor referred her to Lumni, which decided to finance her medical education. "Lumni has helped me tremendously be-

"Lumni has helped me tremendously because they gave me the opportunity to study by paying for my education. It is excellent because it supports the dreams of kids who want to make progress forward. With the assistance of Lumni, I know that I am going to achieve."

cause they gave me the opportunity to study by paying for my education. It is excellent because it supports the dreams of kids who want to make progress forward. With the assistance of Lumni, I know that I am going to achieve," she said.

Lumni's graduates are encouraged to use their education to make a positive impact in their country of origin. "All of our students are encouraged to work for their communities. Social work is something we look for when they are being selected and is something we try to build up," said Edna Salcedo, head of Lumni's Colombia operations.

In recognition of Lumni's pioneering model for financing higher education, Vergara was named a Global Fellow by Ashoka, a nonprofit that supports social entrepreneurship, in 2006. *BusinessWeek* named him one of America's most promising social entrepreneurs, proving that a head for business and helping students finance their dreams can go hand in hand.

-Quentin Cantu

CARGILL

Creating a Virtuous Cycle

Charles Yao Yao, a young cocoa farmer in Côte d'Ivoire, was typical of the cocoa farmers in his area. He struggled with low production due to a lack of modern farming methods and barely managed to scratch out a living. Then three years ago he began attending one of Cargill's farmer training schools, which are free to participants. Along with other farmers, he was taught about good farming techniques such as proper field maintenance and the use of pesticides and fertilizers. He put what he learned to work on his crop and increased his yield by more than 50% per hectare.

Cargill's innovative program to improve the livelihoods of cocoa farmers and their families has trained thousands of farmers in better agricultural practices in Côte d'Ivoire, Brazil, Ghana, Indonesia, and Vietnam. The U.S. Chamber of Commerce's Business Civic Leadership Center (BCLC) recently awarded Cargill the International Community Service Award for the program. "Cargill's support for cocoa farmers illustrates how it does well

“Farmers come to a class and if they learn something useable, they take it home and deploy it. If it works, they come to the next class and so on. As they get better at what they do, generally it leads to lower costs, which leads to a better value for consumers.”

by doing good. That’s why we’re proud to honor Cargill with the 2010 International Community Service Award,” said BCLC Executive Director Stephen Jordan.

Cargill is one of the world’s largest cocoa processors, so improving its supply chain, as well as the lives of the farmers growing the cocoa, was a major concern. Côte d’Ivoire is the world’s largest producer of cocoa beans, accounting for 40% of annual global production. Cocoa production is a cornerstone of the country’s economy, employing some 600,000 farmers. Many of these farmers, however, live in poverty, with no knowledge of modern farming methods and no access to education or health care for their families.

Cargill coordinates 300 Farmer Field Schools in Côte d’Ivoire. More than 25,000 farmers participated in various Cargill-supported training programs in 2010 and the effort will be expanded to support tens of thousands of more farmers over the next three years as part of a \$5 million commitment to support-

ing sustainable cocoa production in Côte d’Ivoire and Ghana. “Farmers come to a class and if they learn something useable, they take it home and deploy it. If it works, they come to the next class and so on. As they get better at what they do, generally it leads to lower costs, which leads to a better value for consumers,” says Greg Page, chairman and CEO of Cargill. “In some cases this value is delivered through price, cleanliness or some other product attribute, which works its way back through a virtuous cycle.”

Cargill also partners with CARE to improve living conditions for cocoa farming families. In the San Pedro and Daloa regions of Côte d’Ivoire a two-year, \$500,000 program is improving the health of the communities by increasing access to five local primary health care centers and constructing six wells and distributing 576,600 water purification kits to give residents access to clean drinking water. The program will also combat child labor, which has been a problem in cocoa-growing regions, by building new schools, renovating existing schools and improving instruction and extracurricular activities. Finally, the program will establish 30 village savings and loans program to give 1,050 women access to savings and credit to start microbusinesses.

Cargill has also worked with the nongovernmental organizations Solidaridad, Oxfam Novib and the World Wildlife Federation to create the UTZ Certified cocoa program to ensure that cocoa is grown sustainably. Last year 10,000 farmers in Côte d’Ivoire participated in Cargill’s 10-month training program to qualify cocoa-growing cooperatives to receive certification. Yao Konan, general secretary of the Fiédifoué Cooperative, said, “Since we have been in the certification process we see real change when we visit the cocoa farms. Trees are healthier and

farms cleaner. The farmers not certified can see the benefits of better farming practices and increased productivity and now they too want to be enrolled.”

Cargill also hosts similar programs in other cocoa-producing countries, including Indonesia, Vietnam and Brazil. In Indonesia, Cargill has been growing cocoa seeds since 2008 at its Cocoa Education Center and will give away 1 million trees to local farmers by 2018 to improve the quality of the cocoa crop and the prices that farmers can command. In Brazil, a Cargill program is improving farmers’ small business management skills and cocoa-production techniques. Cargill also created a community bank in the Serra Grande district to help cocoa farmers access credit.

Cargill provides an excellent example of how the private sec-



One of the 300 farmer training schools that Cargill oversees in Côte d’Ivoire.

tor, through partnerships with local communities and PVOs, can have an enormous impact in creating sustainable solutions in developing countries. Its people-to-people approach allows recipients to create value in their own communities and for their business partners.

-Pavan Chima

CONTINUOUS IMPROVEMENT IN THE CENTRAL AMERICAN WORKPLACE

Better Products Through Better Workplaces

In 2004, several Central American nations were seeing their textile industries unravel, an unsettling prospect as the industry is critical to the economic wellbeing of this region—400,000 mostly poor women rely on it for employment. The region faced the impending sunset of the Multi-Fiber Arrangement (MFA), a global trade agreement that set quotas for the export of textiles from poor nations to wealthier ones and guaranteed access to the U.S. market for Central American manufacturers.

Central American textile producers also faced another snag: since the Nike sweatshop scandals of the 1990s, consumers and clothing producers were demanding better workplace conditions for textile workers. Factories in Central America had a history of poor working conditions, forced labor, discrimination and adversarial relationships between labor unions and manufacturers. Multinational retailers had been frustrated in their attempts to improve conditions. They tried auditing the factories that supplied their products, but found the factories only hid problems until the audit was complete.

Further complicating matters, in 2004 the United States signed a new free trade agreement with five Central American countries and the Dominican Republic that required enforcement of national labor laws for countries to participate.

The United States Agency for International Development (USAID) spearheaded a four-year, \$4.2 million alliance with multinational retailers Wal-Mart, Limited Brands and Gap, Inc., Timberland, local PVOs and unions to create major, sustained improvement of workplace conditions in the region to improve the industry's competitiveness. The program was part of the Global Development Alliance, which creates public-private partnerships to solve development problems. With financial support from USAID and the multinational retailers, the Continuous Improvement in the Central American Workplace (CIMCAW) program improved workplace conditions in Central American factories to increase their attractiveness to domestic and international consumers. "Joining CIMCAW is an important step that will help us make a meaningful difference in the lives of workers in Central America, a region where we already have a strong and growing

According to one factory worker, workers now receive training on their rights and obligations, and more protection in using factory equipment. Now interaction between workers and managers is so robust, the factory finds little need for its suggestion box.

presence—over 430 stores and 26,000 employees," said Marie David, director of social responsibility for Wal-Mart Global Procurement.

The centerpiece of the program was a large-scale effort to educate workers and managers about their rights and obligations and to foster collaboration between factories, employees and unions. Because audits were not ensuring better working conditions, factories "needed training for employees and managers to understand what compliance involved," said Samira Salem, who served as a technical advisor to the program.

As part of the program, five joint worker-manager training programs were developed and 800 workers and managers from 47 factories were trained. As a result, working conditions were improved for 56,000 workers through the implementation of new safety and anti-discrimination programs. The program trained 614 labor inspectors in El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic to help them better detect workplace abuses such as child labor and discrimination. In Nicaragua, Honduras and the Dominican Republic, standing consultative committees were formed that included local industry, unions, PVOs and the government to help develop a culture of cooperation.

The fruits of the collaboration are now evident at a jeans factory in Managua, Nicaragua. The manager, Jose Duarte Diaz, knew his workers' productivity was suffering from a sense of disconnectedness from factory management. A CIMCAW partner developed a communications plan for the factory, which included improvements such as a suggestion box and ways to allow its 1,800 workers to communicate directly with each other, rather than via supervisors. According to one factory worker, Petrona del Socorro Sanchez, workers now receive training on their rights and obligations, and more protection in using factory equipment. Now interaction between workers and managers is so robust, the factory finds little need for its suggestion box.

Though CIMCAW officially ended in 2008, the framework it established continues to provide an important platform for non-profits, unions, factory employers and multinationals to cooperate, Salem said.

- Priya Abraham

On the Cutting Edge: Technology-Based Development Solutions

Around the world, technology is spurring innovative PVOs to do more with less, work closer to the ground and create entirely new development paradigms. From cell phones to solar power to satellite technology, technology innovation is allowing people in developing nations to access the modern world faster and cheaper.

Question Box is a cutting edge initiative designed to get much needed information to poor individuals in the developing world to help lift them out of poverty. It is a project of Open Mind, a nonprofit organization headquartered in Santa Monica, California, founded in 2007 by Rose Shuman to use technology to connect poor rural populations with the fast-changing world.

In India, where the service was launched, the Question Box is a physical call box mounted to a wall in a public area, such as a neighborhood store. The simple telephone intercom requires no literacy or computer skills—users place a free call by pushing a green button and are connected to an operator sitting in front of a computer. Questions range from agricultural concerns like how to get rid of certain pests and the market price of crops to sports scores and homework questions. The operator goes online and finds the answer to the caller's question. Question Box's software logs all call data and indexes operators' previous queries and answers, allowing the service to get "smarter" over time.

In Uganda, the idea behind Question Box is the same but the technology is different. With unreliable internet connections but widespread mobile phone networks, Question Box Uganda employs 40 Community Knowledge Workers with mobile phones. Any individual in the Mbale and Bushenyi regions can approach one of the workers with a question. The knowledge workers call a local Question Box call center, where operators search a specially built database for answers.

According to Shuman, Question Box is unique because it "brings technology to those parts of developing countries that have no other tools for communicating. People can obtain information in real time in their own language. This technology is extremely easy to use and adapts to them

as more people use it." Ultimately, she sees Question Box as a tool for development powered by knowledge.

Dr. Nikhil Argarwal, who co-founded Question Box in India, predicts that access to information will have long-term benefits for poverty reduction. "It is not possible to remove poverty in one go, but it is possible to reduce it," he notes, with widespread access to the knowledge that westerners take for granted.

This was the case in Uganda, where a farmer who had invested all his earnings in piglets was being advised by his neighbors to kill the animals to halt the spread of swine flu. Not knowing what to do, the farmer asked a Question Box Knowledge Worker. The worker called into Question Box and learned that the swine flu was not spread through pigs and that the disease had not been detected in Uganda. The farmer was relieved and continued rearing his pigs. If not for Question Box, this man's only hope for a profitable future would have been slaughtered.

Question Box is funded by a mix of PVO and government grants as well as individual donations. It costs about \$3,500 to underwrite the cost of running one Question Box for a year, including set-up costs. In Uganda, the Grameen Foundation is co-piloting Question Box with Open Mind by sponsoring the Community Knowledge Workers. This initiative is being underwritten by the Bill & Melinda Gates Foundation.

In Kenya, Kilimo Salama, which means "safe agriculture," is using technology to take some of the risk out of farming and to build a sustainable agricultural base for the country. Under the innovative micro-insurance program, which was created by the Switzerland-based Syngenta Foundation for Sustainable Agriculture, small maize and wheat farmers can insure their crops against drought or excessive rain,

giving them a safety net that traditionally was only accessible to large-scale commercial farmers. Instead of buying an insurance policy, farmers insure the inputs of farming, such as a bag of seed or fertilizer, by paying an extra five percent when they purchase the item. The program is administered by local agriculture outreach agents, who use special scanners that scan a barcode on the item and within seconds send a policy number to the farmer's phone. Premiums are sent via MPesa, Safaricom's mobile phone payment system,



In India, a woman uses a Question Box to access information she typically would not have access to.

to the insurance company. Payouts are calculated using data from solar-powered weather stations in the farmers' districts. The insurance company issues automatic payments via mobile phone when drought or flooding causes crop failure. This technology-based process drastically reduces the cost of traditional insurance by eliminating paperwork and the need for on-site monitoring of losses at farms.

The Syngenta Foundation launched Kilimo Salama with Kenya's UAP Insurance under the Agricultural Index Insurance Initiative partnership. Other partners include Safaricom, one of Kenya's largest cell phone providers, the Kenya Meteorological Department and the PVO CNFA-AGMARK, which works to harness the power of the private sector in developing countries.

To measure the success of the program, the Syngenta Foundation will examine whether farmers are insuring more

over time and getting higher crop yields and incomes, explained Rose Goslinga, Agricultural Index Insurance Initiative coordinator. “What insurance does is help them after a tough year to sustain their income levels - not to go backwards,” she said, allowing farmers to continue to buy high quality seed and fertilizer and increase their yields rather than planting poor-quality seed in unfertilized land in a

desperate attempt to recoup their losses from drought.

“I had not heard of maize insurance before and I have known insurance to refuse to pay claims so I was 50-50 about the product, but I still joined because there was a promise of compensation,” said Jane Simon, a maize farmer in the Laikipia district. “When they actually paid out I was the only one in my village with certified

seed and I shared some of the compensation with my neighbors to convince them to join the program next season.”

In the long run, if an innovative, technology-based product such as Kilimo Salama raises farmers’ incomes, the development impact will multiply throughout the families and villages, and eventually, the entire country.

-Patti Miller and Priya Abraham

KEMPINSKI HOTELS

Hospitality with a Heart

Few would expect a luxury hotel company to place itself in the service of a campaign to stop the spread of tuberculosis (TB), but Kempinski Hotels, a Munich-based hotel group, is doing just that. Since 2008, Kempinski has partnered with the Luis Figo Stop TB Campaign to spread TB treatment and prevention education information. The Luis Figo Stop TB Campaign is a public education initiative lead by Portuguese soccer star Luis Figo. It is part of the World Health Organization’s global Stop TB Partnership, an international effort to combat TB through treatment, prevention and education. The campaign also receives support from the Eli Lilly MDR-TB Partnership, a public private partnership consisting of more than 24 global organizations working to eradicate multi-drug resistant TB.

Kempinski Hotels is Europe’s oldest luxury hotel group with some 40 properties in Europe, Africa, the Middle East and Asia. Kempinski Hotels distributes Stop TB Campaign materials through its hotels in TB hotspots in areas such as Africa, Asia and Eastern Europe, and educates and trains employees in TB prevention as part of its corporate social responsibility effort to have a positive effect on the communities surrounding its hotel properties. Kempinski prioritizes education and training for its employees, who take their training home to better their local communities, according to Anne Marie Bettex-Baars, director of research and organizational planning.

As of August 2010, Kempinski has trained 19,000 employees in TB prevention and has provided information cards for 3.3 million guests staying in 13,044 hotel rooms. TB-prevention activities at hotels have included “TB Quiz Days” for the staff, their families, and local communities; distribution to children of an educational comic book produced by the Luis Figo Stop TB Campaign with support from the Lilly Partnership; creating and displaying campaign posters around the hotels; and raising local awareness during World TB Day in both 2009 and 2010.

An example of the program’s success is the Siam Kempinski Hotel in Bangkok, Thailand, where Tanittha Yingwatana, a training manager at the hotel, has taken the campaign’s mission to heart. All 39 members of the pre-opening staff participated in a TB prevention educational program and Yingwatana intends to repeat this training for every new employee. Now that the hotel has opened for business, she and her team plan to expand the scope of the campaign to include both guests and the local community. According to Yingwatana, the campaign has already had a positive effect in the workplace: “The change in attitude among the employees is apparent. We feel like we are not just employees in a corporation—we are part of a strong community—one we can help strengthen.”

Aside from direct educational efforts, Kempinski’s program aids the Stop TB Campaign indirectly on several levels. First, as a luxury hotel group, Kempinski caters to wealthy guests who are potential donors to the campaign. Kempinski educates them about the detrimental effects of TB and encourages them to contribute to the campaign. Second, since hotel guests are internationally mobile, Kempinski encourages them to pass along their materials and knowledge during their travels, believing that the stop TB message is an important one to share with guests around the world.

-Steven Chartan



Kempinski hotels educate and train workers in TB prevention.

METHODOLOGY AND ACKNOWLEDGEMENTS

U.S. International Philanthropy

Foundations

The Foundation Center's estimates of 2009 international giving by U.S. foundations and of the share of this support benefiting developing countries are based on an analysis of the center's grants sample database and on giving by the nation's over 75,600 grantmaking private and community foundations.

The center's 2009 grants sample database includes all of the grants of \$10,000 or more authorized or paid by 1,384 of the nation's largest foundations, including 193 corporate foundations. These 154,664 grants totaled \$22.1 billion and represented over half of total grant dollars awarded to organizations by all U.S. independent, corporate, community, and grantmaking operating foundations in 2009. 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.

Estimates of international foundation giving include all grants awarded to recipients based outside of the United States and its territories and grants to U.S.-based international programs. Grants for developing countries include the subset of awards targeting recipients based in developing countries, U.S.-based and overseas international programs benefiting developing countries, and global health programs. Countries were classified as "developing" based on the 2009 Official Development Assistance Recipient List of the Organization for Economic Cooperation and Development (OECD).

The Foundation Center determined that overall giving by U.S. private and community foundations for international causes was \$7,019,864,000: \$6,574,581,000 by independent, community, and operating foundations and \$445,283,000 from 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 69.8%. Applied to the figure of \$6,574,581,000 in overall international giving by non-corporate foundations, the center derived the figure of approximately \$4.6 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) partnered with the Committee Encouraging Corporate Philanthropy (CECP), the Foundation Center, the Urban Institute's Center on Nonprofits and Philanthropy (CNP) and the Partnership for Quality Medical Donations (PQMD) for data on corporate giving for 2009. The CECP is the only international forum focused exclusively on corporate philanthropy and counts 171 business CEOs and chairpersons as members. The PQMD comprises 29 member organizations (PVOs 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 171 companies, including 61 of the Fortune 100, participated in CECP's Corporate Giving Standard (CGS) survey on 2009 contributions. 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 2010 survey on 2009 giving, CECP once again included ques-

tions on corporate giving to the developing world specifically for the *Index*. CECP received a total of 38 responses from U.S. companies to these questions, with 33 corporations reporting donations to the developing world. Of the 33 companies that reported giving, 5 were pharmaceutical companies that reported direct cash giving (\$7,879,821) and foundation cash (\$42,018,833). The remaining 28 non-pharmaceutical companies reported \$68,565,445 in direct cash giving, \$58,961,812 in giving through corporate foundations, and \$22,596,210 in in-kind giving. Because foundation giving is included in the survey by the Foundation Center, only direct cash and in-kind giving from non-pharmaceutical companies is included from the CECP survey. Adding \$7,879,821 in direct cash from the pharmaceutical companies, \$68,565,445 in direct cash from non-pharmaceutical companies, and \$22,596,210 in in-kind from non-pharmaceutical companies amounted to \$99,041,476 in giving from CECP members to developing countries.

The Foundation Center through its survey of corporate foundations found that corporate foundations gave \$445,283 internationally. Based on the Foundation Center's calculations, an estimated 56.5% or \$251,481 of this went to developing countries specifically.

Private and voluntary organizations with a tax year ending 12/2009 filed the "new" IRS Form 990 which allowed the CNP to base estimates on the amount of "In-Kind Drugs and Medical Supplies" reported in Schedule M, Line 20 to be \$5,680,790,940 donated to them by corporations. Schedule F also is used to identify assistance given to developing nations and regions (excluding assistance to domestic and developed nations). Most PVO's report "Wholesale Value," "Market Value," "Comparable Sales," "Red Book," or other published sources for valuation method in Line 20 of Schedule M.

Added to the in-kind donations of pharmaceuticals and medical supplies for international relief and development are the overhead costs incurred mostly by corporations donating these in-kind contributions. Based on their members' consensus, PQMD estimates that transport, insurance and handling costs add 10%, or \$568,079,094, to donors' costs. Duties, taxes and tariffs accounted for 18% or \$1,022,542,369. Storage, distribution and in-country transport cost an additional 15% or \$852,118,641. When the aforementioned overhead costs are applied to the \$5,680,790,940, total donations by corporations for 2009 amount to \$8,123,531,044.

Finally, CGP staff conducted an extensive review of Fortune 500 companies not reporting through CECP. CGP reviewed annual reports, conducted Internet searches, and contacted some companies by phone, tallying a total of \$407,360,674 in cash and in-kind giving from the companies for which figures were available. To prevent double-counting with the medical donations figure and the PVO number, this figure does not include giving by companies to U.S.-based PVOs.

Together, \$99,041,746 from CECP research, \$251,481,000 from the Foundation Center, \$8,123,531,044 from in kind corporate donation data to PVOs, and \$407,360,674 from CGP's own research amounted to a total of \$8.9 billion in U.S. corporate giving to the developing world.

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 4,800 IRS Form 990 and 990-EZ information returns that PVOs filed with the Internal Revenue Service for fiscal year 2009. The CNP also used annual reports and information from the *USAID U.S. PVO Registry (also known as the USAID U.S. Voluntary Agencies list or VolAg)* list for organizations that did not file Form 990s (fiscal year 2008 data as of February 2011 are available at <http://www.pvo.net/usaaid/index.html>). These were primarily religious organizations not required to file Form 990s and newly registered PVOs with international development activities.

The data set of 87,400 public charities newly registered with the IRS in 2009 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 in the search, while environmental, human service, health-care, and other types of 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. A final

set of 1,830 new organizations showing possible international development activity was then manually reviewed, yielding 1,407 new organizations having international development program activity in 2009.

To differentiate international and domestic program activities, expenses and contributions, the CNP reviewed organizations' Form 990s, web sites, and annual reports, and the *VolAg* registry to determine the international to domestic ratio for the 4,800 largest organizations. Total program expenditures were identified by type of international development activity and region(s) served when available from the 1,080 PVOs filing the new Schedule F (Statement of Activities Outside the United States) of the revised Form 990; and expenditures and activities per region were estimated from program service descriptions and from annual reports for 3,720 others. The organizations reviewed by CNP accounted for approximately 88% of the total private contributions.

For the remaining smaller organizations, the CNP estimated that contributions for international activities represented 95-98% 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 250 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 \$541 million, was subtracted from the estimate of private contributions for development and relief calculated from the 2009 PVO database total, approximately \$18.2 billion, resulting in a subtotal of almost \$17.6 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 work or that had major health-related activities. PVOs filing the revised Form 990 with Schedule M (Noncash Contributions) were examined for reporting large in-kind contributions of drugs and medical supplies (Line 20). These organizations reported a total of nearly \$5.7 billion in in-kind contributions of pharmaceuticals or other medical supplies. This amount was deducted from the private contribution subtotal of almost \$17.6 billion, resulting in \$12.0 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 causes in 2009 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. As with the estimate of the value of U.S. international volunteer time for 2008, CGP based the 2009 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) when volunteering for an international organization. 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, CGP staff excluded the individuals who volunteered for an international organization and who also volunteered abroad. 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 2009 estimated hourly value of volunteer time by the estimate of total volunteer hours abroad as calculated from the 2009 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. The percentages were assigned to the average amount of time spent volunteering by the individuals who went abroad. Based on Bureau of Labor statistics figures, Independent Sector estimated the dollar value of a volunteer's time to be \$20.85 per hour in 2009. CGP found over 820,000 volunteers who went abroad spending 114.7 million hours volunteering. Multiplying the 114.7 million U.S. volunteer hours contributed overseas by the hourly wage of \$20.85 brings the dollar value of U.S. volunteer hours contributed overseas to \$2.39 billion.

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 over 390,572 people in this category volunteering an average of 67.9 hours in 2009. These figures multiplied together yielded a total of 26.5 million hours. Multiplying 26.5 by the hourly wage of \$20.85 brings the dollar value of U.S. volunteer hours contributed on U.S. soil for international development causes to \$553 million.

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 2009 to be \$2.95 billion. The estimate for 2009 volunteer time is lower than the 2008 figure mainly due to a decrease in the number of hours spent volunteering for an international organization in the U.S.

Universities and Colleges

The CGP once again used data from the Institute for International Education's annual *Open Doors* survey and data from NAFSA (National Association of Foreign Student Advisers): Association of International Educators, the world's largest nonprofit professional association on international education, which gathers information on international students in the United States and on U.S. students abroad. *Open Doors* covers the 690,923 international students who studied in the United States in the 2009-2010 academic year and includes cost breakdowns of their tuition and fees, living expenses, and their sources of support.

Open Doors compiles information on all international students coming to the United States from all regions of the world. For the 2011 *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 United States from the few developed countries within the region. CGP determined that 61% 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 2009-2010 of \$25.6 billion. 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 NAFSA, the proportion of this \$25.6 billion total that came from U.S. sources was \$7,223,000,000. According to *Open Doors*, the U.S. government was the primary source of funding for 0.7% of international students, which yields a contribution of \$50,561,000. Subtracting \$50,561,000 in U.S. government support from \$7,223,000,000 yields \$7,172,439,000 in support from U.S. sources other than the U.S. government. Multiplying this figure by the 63% that represents the portion of students from the developing world yields a total of \$4,509,828,435 or \$4.5 billion for contributions to students from the developing world. While we removed the number of students whose primary source of funding is the U.S. government, the remaining students'

funds came from U.S. private sponsors and host university or college funds. The IIE does not provide information on what portion of the U.S. university/college funding source category originates from the U.S. government. However, the IIE speculates that a large portion of the doctorate students receive funding from U.S. government sources such as the National Science Foundation or the National Institute of Health. To be conservative, CGP found the ratio of all international students in the U.S. who are in non-doctoral programs, which in 2009 amounted to 39.5%, and applied this ratio to the \$4.5 billion total for non-governmental U.S. funding to students from developing nations. This yielded a final estimate of \$1.8 billion. Thus the final estimate only includes U.S. private funding for non-doctoral students studying in the U.S. from developing countries.

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 survey pool consists of 2,866 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 2009-2010 was 63% or 1,674 institutions.

Religious Organizations

The Center for Global Prosperity (CGP) has continued its groundbreaking work on U.S. giving for international relief and development by U.S. congregations with a survey for *Index* 2011 measuring giving in 2009. This year, CGP partnered with the Baylor University Institute for Studies of Religion, which supported the survey. As in the 2010 *Index*, the Urban Institute's National Center on Charitable Statistics (NCCS) teamed up with the Social and Economic Sciences Research Center (SESRC) at Washington State University to conduct a national survey on the scope and magnitude of congregational support for international relief and development.

The Congregational Survey consisted of all religious congregations in the United States. Urban Institute used the American Church List to select a stratified random sample to ensure congregations of different sizes, denominations, and geographic areas were included in the study. Churches with larger memberships were given a higher probability of selection. Each sampled congregation was asked about their overseas donations for relief and development in 2009. The final questionnaire was designed to be administered either by mail, by web, or by phone and consisted of four sections: 1) U.S.-Based Organizations; 2) Overseas-Based Organizations; Ministries, & Long-Term Missions; 3) Short-Term Missions; and 4) Organization Background.

The sample size of the congregation survey was 885. The response rate was 44%, which was calculated by including all completed and partially completed questionnaires and followed the guidelines from AAPOR (American Association of Public Opinion Research) on how to treat ineligible organizations, such as congregations with disconnected phone numbers. Since we are able to use the 2009 survey information for congregations that participated in 2009, but did not participate in 2010, the effective 2010 response rate is 71%. That is we are using information collected from 71% of the congregations sampled in 2010.

A hot deck imputation procedure was used for partially completed questionnaires and surveys that had missing information on total dollar amounts. In a hot deck imputation, the value reported by a respondent for a particular question is given or donated to a "similar" organization whose respondent failed to respond to that question. The hot deck approach replaces missing data with plausible values, which is why it is the most common method used to assign values for missing responses in organizational surveys.

Results were weighted to adjust for nonresponse, disproportionate sampling by size, and the estimated 328,000 congregations in the United States, a number recognized by scholars in the field to be in the middle range of estimates. The survey focused exclusively on international relief and development. Support for evangelism, church planting, discipleship, and street evangelism was explicitly removed from the totals for overseas-based organizations and missions.

The survey determined that: 1) an estimated 222,564 congregations

gave a total of approximately \$6.3 billion to U.S.-based development and relief organizations; 2) an estimated 86,510 congregations contributed a total of \$3.6 billion directly to programs in foreign countries including congregations that supported longer term mission trips for relief and development; and 3) an estimated 110,389 congregations financially supported short-term mission trips to foreign countries by providing \$1.2 billion in support including participant contributions. The \$6.3 billion given to U.S.-based development and relief organizations was excluded from our estimate of religious giving since we included giving to these organizations in our numbers for PVOs.

The congregation survey data comprises all U.S. religious denominations. Combined with data from the Church of Jesus Christ of Latter-Day Saints and the Billy Graham Center at Wheaton College on giving by Protestant mission agencies (denominational boards, nondenominational societies and other organizations involved in overseas development assistance), the *Index* continues to provide a unique look at overall religious giving by U.S. religious institutions.

The Church of Jesus Christ of Latter Day Saints (LDS) shared with the CGP its data on humanitarian assistance for 2009. Church congregations gave a total of \$61.3 million dollars, which included both cash and in-kind contributions. Since no LDS congregations were included in the Urban Institute congregation survey results, the LDS total was added separately.

The Billy Graham Center at Wheaton College's most recently published *Mission Handbook* is a study of giving to 700 U.S. mission agencies (Protestant religious organizations engaged in missions overseas) and was based on data from 2008. The Billy Graham Center reported a total of \$5.7 billion in revenue for mission agencies from grants, individual giving, bequests, and other sources. The figure includes contributions by a number of largely nondenominational nonprofit organizations also represented in the *Index*'s PVO number, determined by NCCS. To account for the overlap, NCCS matched its database with the Graham Center's 2009-2011 *Mission Handbook*'s list of organizations to determine that the overlapping organizations accounted for \$3.41 billion of the mission organizations' revenues. Subtracting this amount from the Graham Center's total of \$5.7 billion provides a total of \$2.29 billion in unique giving by religious organizations included in the Graham Center study.

Due to data limitations, it is not possible to completely disaggregate evangelism activities from relief and development activities in the Billy Graham Center data. For this reason, the \$2.29 billion might represent an overestimation; however, the Urban Institute's Congregational Survey and data from the LDS, which make up the majority of our religious giving number, includes only funds spent strictly on relief and development. The private giving from the Urban Institute's congregation survey (\$4.8 billion), the Billy Graham Center (\$2.29 billion) and LDS (\$61.3 million) figures result in a total of \$7.15 billion in religious giving.

International Philanthropy Outside the United States

Denmark

To obtain private giving estimates for Denmark, 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 2008 in two areas: giving by international development PVOs and corporate giving.

The estimate for PVO private giving is based on data from Projekttrådgivningen, 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 ten Danish PVOs that account for more than 70% of all private philanthropy to the developing world that is channeled through PVOs in Denmark. The remaining 25-28% is distributed between some 50 organizations. By analyzing each annual report from the ten PVOs and through follow-up contact, it was established that they gave 598 million DKK or \$120.4 million to the developing world.

Acquiring an estimate of what Danish corporations gave to the developing world in 2008 was difficult because Denmark has few large multinational corporations. The corporate giving figure for 2008 is based on what one Danish multinational gave to the developing world. This amounted to 66.1 million DKK or \$13.3 million.

Together these categories total 664 million DKK. Using the conversion rate of 4.967 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 \$133.7 million in Danish private giving to the developing world. The increase in private giving from 2007 to 2008 is largely due to an increase in contributions from Danish PVOs.

Finland

To obtain private giving estimates for Finland, 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 2008 in two areas: giving by international development PVOs and corporate giving.

Approximately 80% 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 2008. Each organization's annual report was also analyzed and follow-up contact was made. Private income for these PVOs amounted to €28.3 million or \$40.1 million in 2008. Additionally, Stein Brothers AB contacted the Service Centre for Development Cooperation (KEPA, www.kepa.fi), a service base for Finnish PVOs interested in development work and global issues, to obtain additional information on 2008 PVO self-financing for projects done in cooperation with the Ministry of Foreign Affairs of Finland. According to KEPA, the total amount of money that Finnish PVOs contributed on their own was €7.9 or \$11.2 million in 2008.

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 2008. The relevant corporate philanthropic contributions were €8.6 million or \$12.2 million.

Together these categories total €44.8 million. Using the conversion rate of 0.706 published by the Financial Management Service of the United States Department of the Treasury to convert Euro to U.S. dollars provided an estimate \$63.5 million in Finnish private giving to the developing world.

France

To obtain our private giving estimate for France, CGP was able to obtain an update on French individual giving to developing countries. Because 2008 data on French corporate giving and bequests was not available, CGP used data from 2007. Thus French giving to international development consisted of three sources: corporate giving, bequests, and individual giving.

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% of total French corporate giving was internationally orientated. Using a 2007 conversion rate of 0.7463 published by the Financial Management Service of the United States Department of the Treasury to convert Euros to U.S. dollars, this amounted to €375 million or \$502.5 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. Using the above 2007 conversion rate this amounted to \$33.5 million.

To estimate individual giving, CGP used data commissioned by Charistar, an Amsterdam-based advisory agency with a focus on nonprofit organizations. Dr. Wiepking from the Vrije Universiteit Amsterdam Department of Philanthropy designed the questionnaire and supervised the fieldwork, a household survey of French giving, which was conducted by TNS (tnsglobal.com), an international global data collection agency. One of the questions on the survey asked, "What is the total amount that your household donated in 2008 to charitable organizations active in the field of international assistance?" Survey results and data analysis found that 18.9% of French households gave to international assistance with an average donation of €114.0 or \$161.4, using a 2008 conversion rate of 0.706 published by the Financial Management Service of the United States Department of the Treasury to convert Euros to U.S. dollars. In total, French individual giving to international assistance organizations amounted to

€330.8 million or \$468.6 in 2008.

Together these three categories total \$1.0 billion in French private giving to the developing world. This figure contains the most recent 2007 data on corporations and bequests, and the most recent 2008 data on individual giving in France.

Italy

To obtain our private giving estimate for Italy, CGP partnered with Istituto per la Ricerca Sociale (IRS), an independent, non-profit research organization based in Italy. IRS has been involved in research on a variety of social issues for over 30 years. To estimate the value of private contributions to international development, IRS collected giving data from certified PVOs and banking foundations.

According to Italian law, certified Italian PVOs can obtain approval for the management of International Aid by the Ministry of Foreign Affairs. In order to obtain this certification the institution has to have a mission aimed at "international cooperation for developing countries" and is responsible for assigning all collected funds to international activities. IRS identified these PVOs from the "Report on social economy" produced by Istituto Nazionale di Statistica and Consiglio Nazionale dell'Economia e del Lavoro. IRS identified 241 PVOs that work in international aid in 2008. The total funding to these PVOs amounted to €1,056,077,000 or \$1,495,860,000, of which €647.8 million or \$918 million came from the public sector, while funding from private sources amounted to 39%. In total, the IRS estimates that private contributions to these PVOs amounted to €409.0 million or \$579.3 million.

Italian banking foundations stem from a long tradition of Italian savings banks playing an active role in socially responsible activities. To obtain the value that banking foundations contributed to international development in 2008, IRS contacted the Banking Foundations Association (ACRI) and analyzed its annual reports. IRS found that in 2008 these foundations contributed a total of €1,277.0 million or \$1,809.0 million in donations to all sectors. Based on IRS assessment, an estimated €2.7 million or \$3.8 million of these donations were transferred to developing countries directly. These funds do not include money transferred to Italian PVOs.

Together these categories total €411.7 million. Using the conversion rate of 0.706 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 \$583.1 million in Italian private giving to the developing world.

Luxembourg

The private giving estimate for Luxembourg is based on research performed by CGP staff. We researched 62 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 16 of the organizations.

Their private income for 2008 totaled €13,808,327. Using the conversion rate of 0.706 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 \$19.6 million in private giving to the developing world from Luxembourg.

The Netherlands

The private giving estimate for the Netherlands is based on the 2009 edition of the biannual report *Geven in Nederland* produced by the Vrije Universiteit Amsterdam, which provides data for 2007. 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 €298 million, or \$399.4 million, to international aid causes in cash and in-kind donations; €41 million, or \$54.9 million, came from bequests; €17 million, or \$22.8 million, came from foundations; €70 million, or \$93.8 million, came from corporate gifts and sponsorship; and €94 million, or \$126 million, came from lotteries.

Together these categories total €520 million. Using a 2007 conversion rate of 0.7462 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 \$696.9 million in Dutch private giving to the developing world.

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. According to CID's 2009 annual report, in 2008 private income for its members came to NZ\$123.6 million, or \$92.9 million using the 2008 conversion rate of 1.33. NZ\$113.1 million or \$85.0 million of this was from donations from the public and NZ\$10.5 million or \$7.9 million came from contracted work, foundation grants, grants from parent organizations, and the sale of goods.

Norway

To obtain private giving estimates for Norway, CGP partnered with Stein Brothers AB, a Swedish research and consulting firm. Peter Stein, CEO of Stein Brothers AB, collected data on Norwegian international giving in 2008 by measuring giving by international development PVOs.

To estimate giving by PVOs, Stein contacted the Norwegian Agency for Development Cooperation (NORAD) to identify the top 10 largest Norwegian PVOs. Stein reviewed the annual reports of each PVO and when necessary contacted the organization directly. By analyzing data, he estimated that Norwegian PVOs gave 1,386.7 million NOK. Using the conversion rate of 5.3 published by the Financial Management Service of the United States Department of the Treasury to convert NOK to U.S. dollars provided an estimate of \$261.6 million in private giving from Norwegian PVOs to the developing world.

While Norwegian corporations also give to philanthropic activities in the developing world, they do so solely by giving to international PVOs. Thus in order to avoid double counting, it can be assumed that any Norwegian corporate contribution is included in the PVO figure. Therefore, total Norwegian giving amounted to \$261.6 million.

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 groups, as a resource, CGP researched 55 of the largest international development PVOs and foundations. 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 12 of the organizations. Their private income for 2008 totaled €6,387,186. Using the conversion rate of 0.706 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 \$9.0 million in Portuguese private giving to the developing world.

Spain

The private giving estimate for Spain is based on a report by Coordinadora de ONG Para El Desarrollo España, a Spanish association of 100 international development organizations. Coordinadora de ONG Para El Desarrollo España gathered its information by surveying all its member organizations. The CGO estimate represents the private income for these organizations in 2007, the latest year for which data are available. Private income for these organizations came from five main sources: €127.2 million or \$170.4 million in regular donations and fees; €104.6 million or \$140.2 million in one-time donations; €35.4 million or \$47.5 million from private enterprises; €25.7 million or \$34.4 million from the sale of fair trade products and merchandising; and €12.5 million or \$16.7 million from other private funds.

Together these categories total €305.4 million. Using a 2007 conversion rate of 0.7463 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 \$409.2 million in Spanish private giving to the developing world.

Sweden

To obtain private giving estimates for Sweden, 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 2008 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 this source and by using individual PVO and foundation annual reports, he estimated that Swedish PVOs and foundations gave 1,105.6 million SEK or \$177.2 million. This number has increased from the number reported in 2007 due to an increase in contributions from PVOs reported in Index 2009 and due to the inclusion of additional Swedish NGOs for which data was unavailable for last year's *Index*.

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% of Swedish exports. The questionnaire outlined the purpose of the study and asked how much the corporation gave to the developing world in 2008. The companies that replied collectively gave 227.2 million SEK or \$36.4 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 1,332.8 million SEK. Using the conversion rate of 6.24 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 \$213.6 million in Swedish private giving to the developing world.

Switzerland

To obtain private giving estimates for Switzerland, CGP partnered with Stein Brothers AB, a Swedish research and consulting firm. Peter Stein, CEO of Stein Brothers AB, collected data on Swiss international giving in 2008 in two areas: giving by international development PVOs and corporate giving.

There are over 300 registered PVOs in Switzerland. To estimate private giving by PVOs Stein used data from the Swiss Federal Department of Foreign Affairs, which conducts an annual report survey of 339 Swiss PVOs. Stein Brothers AB also analyzed the annual reports of additional PVOs not included in the survey. By analyzing data from both these sources and by using individual PVO and foundation annual reports, he estimated that Swiss PVOs and foundations gave 473.5 million CHF or \$438.0 million.

Corporate giving data was collected by contacting and analyzing data from the top 20 Swiss corporations. Companies that replied collectively gave 89.9 million CHF or \$83.2 million to the developing world. None of this money was channeled through Swiss PVOs. This figure does not count in-kind giving, technical assistance and volunteering.

Together these categories total 563.4 million CHF. Using the 2008 conversion rate of 1.081 published by the Financial Management Service of the United States Department of the Treasury to convert Swiss Francs to U.S. dollars provided an estimate of \$521.2 million in Swiss private giving to the developing world.

United Kingdom

To obtain our private giving estimate for the United Kingdom, CGP again partnered with 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 UK 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 UK 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, Bulgaria, Latvia, Lithuania, Estonia, Slovakia, Slovenia, and Cyprus. The following countries were excluded because of lack of charity data: Suriname and Myanmar.

For the remaining charities identified as working in overseas aid/ famine relief in developing countries, GDS provided CGP with information on the total number of such organizations, the total income of these organizations, 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 UK charities working in overseas aid/famine relief amounted to £3,457,909,034 in 2008 raised by 7,615 charities. Using a conversion rate of 0.5525 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 \$6.3 billion in UK 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 2009. Dilip Ratha and William Shaw of the World Bank created the bilateral matrix version 4 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.") were used to estimate remittance intensities (the share of remittance inflows from a specific donor country), which were then projected onto 2009 remittance inflow data of receiving countries to calculate the total remittance inflow of the recipient country (this method assumes that migrant stocks will remain unchanged between 2006 and 2009).

The following formula was used to calculate remittances received by the receiving country (country "i") from the sending country (country "j"):

$Remittance(i,j,2009) = [Remittances(i,j,2006)/Remittances(i,2009)] * Remittances(j,2009)$
where i is the remittance receiving country and j is the remittance sending country.

$Remittances(i,j,2006)$ is the remittance received by country i from country j in 2006.

$Remittances(i,2006)$ is the total remittances received by country i in 2006.

$Remittances(j,2009)$ is the total remittances received by country j in 2009.

Total 2009 remittance inflow data by country were calculated by the World Bank based on the International Monetary Fund's *Balance of Payments Statistics Yearbook 2009* and data released from central banks, national statistical agencies, and World Bank country desks.

Our estimate is likely to be conservative due to limitations in data. Bilateral matrix data were not available for a number of 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 thousands 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 Steve Lawrence for his diligence in providing timely and comprehensive data, for his collegial cooperation with the Urban Institute, and for his ongoing guidance on foundation giving.

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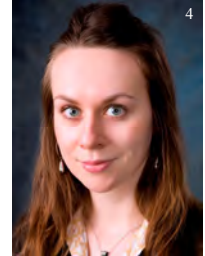
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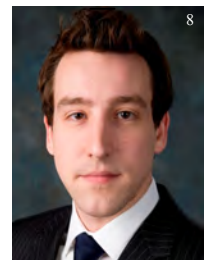
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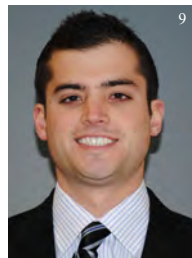
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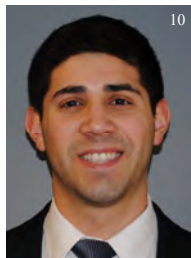
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