

DIASPORA PHILANTHROPY

A potential to be realized

Dan Nielsen

In recent years, diaspora philanthropy – largely motivated by feelings of cultural or religious identity, a sense of community, and often an acute appreciation of conditions within the home country – has increasingly come to be seen as a promising means of transferring resources from rich countries to support social development in poor countries. Its impact to date has been significant – from providing fast relief following natural disasters to investing in long-term social development projects, particularly education. And its potential will grow as diaspora communities become better organized and as NGOs in developing countries improve accountability and the effectiveness of their programmes.



Dan Nielsen is Executive Director of the Global Philanthropy Partnership. He can be contacted at dan.nielsen@global-philanthropy.org

Some individual donors, such as George Soros, who has pumped millions of dollars into his native Hungary over the past two decades, including establishing a campus of his Central European University in Budapest, are now household names. Numerous smaller émigré donors have set up their own foundations for the purpose of supporting projects in their home country, while diaspora community groups have recently begun to work on improving the quantity and quality of diaspora giving.

Quantifying the amount of diaspora giving that is occurring is very difficult. None the less, anecdotal evidence points to an increasing trend. Unfortunately, information about non-US-based diaspora giving is particularly sparse.

Indians in the US

The Indian diaspora community is one of the most effective and best organized. In the US alone, there are over 1,000 Indian community associations organized along village, state, ethnic, religious and professional lines. A number of organizations serve as vehicles for giving to India. One such is The Indus Entrepreneurs (TiE), which consists of business leaders from the Indus region, including India, Pakistan, Bangladesh, Nepal and Sri Lanka. It includes dozens of millionaires and a few billionaires, many of whom benefited from the high-tech boom. While their purpose is to build business relationships, the group has extended its goals to include philanthropy. Prompted by the Gujarat earthquake, it raised millions of dollars to support relief work. Another is the American

Association of Physicians of Indian Origin, formed in 1984, which has a constituency of over 35,000 and a foundation that establishes and supports rural medical clinics and facilitates donations of medical equipment and supplies to India. The India Institute of Technology Foundation hopes to raise \$200 million from alumni to benefit the IIT in Kharagpur.

Many of the fragmented efforts of India diaspora organizations have come together with the formation of the American India Foundation (AIF). In response to the massive earthquake that struck Gujarat in January 2001, several Indian businessmen in the US formed AIF, initially as a means to direct money, volunteers and supplies to earthquake victims. Since then, AIF has focused its grantmaking on development, including education, particularly primary education, and livelihood projects such as microfinance and improving access to natural resources. AIF has also instituted a service corps that sends talented young Americans to India for nine months to work with leading NGOs, thus facilitating a transfer of resources to India while giving young Americans a deeper understanding of India. AIF has offices in New York, Silicon Valley and New Delhi.

From remittances to philanthropy – the case of Mexico

Sending remittances to family members and friends remains a very common means of transferring money to home countries. In countries where the non-profit sector is less developed and corruption is rampant, wire transfers and hand-delivering cash are the only means of effectively helping people in a home country.

A report published by the Federal Reserve Bank of Dallas estimates global remittances in 2003 at over \$80 billion. By comparison, total overseas development assistance (ODA) in 2002 from the 22 members of the Organization for Economic Cooperation and Development (OECD) was only \$58 billion, and US foundation grants for international work amounted to only \$2 billion. The largest source of global remittances is the US, accounting for approximately 30 per cent, followed by Saudi Arabia with 21 per cent. Germany, Malaysia and France round out the top five, each with less than 4 per cent of the world total.

Traditionally, remittances have not been included under the rubric of philanthropy. This has started to change, however, as some remittances are being pooled and used more strategically to transform

whole communities through building schools, paving roads and digging wells.

In 2003, Mexico received 42 million remittances totalling more than \$13 billion, or 2 per cent of GDP. Much of this was channelled through one of the 600 hometown associations that thrive in cities such as Chicago and Los Angeles, where there are large Mexican populations. In fact, Mexican Federal and state governments (and some local governments), recognizing the importance of these flows, have agreed to match funds that go towards infrastructure projects. In 2003, the state of Michoacán received almost \$1.7 billion in remittances, representing close to 17 per cent of its gross state product and equivalent to \$425 per capita. A recent documentary film, *The Sixth Section*, describes how 300 Mexican immigrants from Boqueron in Veracruz settled in upstate New York and began collecting funds for projects in their home town. The workers were able to bring electricity to the town, build a school cafeteria, provide the town with an ambulance, and build a 2,000-seat baseball stadium.

Diaspora giving to other countries

While the largest flows of diaspora giving from the US are to India and Mexico, modest foundations have been set up to target diaspora communities from other countries. The Brazil Foundation was started in 2000, with offices in New York and Rio de Janeiro. The Colombia American Community Foundation is in the process of being established.

In 2000, the Asia Foundation launched Give2Asia as a means of increasing the quantity and quality of philanthropic giving to Asia, with a focus on Asians living in the US. Give2Asia allows donors to select the geographic and topical focuses of their giving, while providing due diligence and in-country staff¹ to ensure accountability and impact. Since its inception, Give2Asia has facilitated over \$12 million in gifts and pledges to almost 100 NGOs throughout Asia.

Some local foundations have also made efforts to tap into the resources of diaspora communities by establishing offices in northern countries. With the help of the Ford Foundation, the Philippine-based Ayala Foundation opened an office in the US in 2000 to provide Filipinos there with an easy means for giving to development initiatives in their home country. In 2003, Ayala Foundation USA raised over half a million dollars. Give Foundation India has established an office in the US and another in the UK to promote

tax-effective giving from the Indian diaspora communities there. The African Foundation for Development (AFFORD), a London-based organization 'supporting African diaspora's contribution to Africa's development', has compiled a list of charitable organizations based in Africa that promote social development.

Other organizations have reached out to diaspora communities around the world. Asha, which focuses on basic education in India, has 66 chapters across the globe including Singapore, Melbourne, London, Munich, Zurich, and Eindhoven in the Netherlands, as well as 14 in India. Pratham, which also addresses education in India, has outreach offices in Houston and London.

Removing barriers

For anyone studying diaspora philanthropy there are several questions that have to be asked. Why have some immigrant communities become known for their diaspora giving, such as Mexicans and Indians in the US? What are the barriers to diaspora giving? Research is needed on both questions, but we do know that perceptions of corruption and the lack of transparency and accountability are important. Priya Viswanath, CEO of Charities Aid Foundation (CAF) India, has noted that if such issues are not addressed, diaspora members will give only to organizations within their resident countries that, in their view, use their money effectively.

To address issues of credibility and good governance while facilitating giving from an increasingly computer-literate diaspora, two intermediary websites have been set up to pre-screen organizations in India and allow donors to search by issue and/or geographic region. The Give Foundation has established www.giveworld.org for its US-based donors and www.giveindia.org for donors in other countries.

Initiatives have been launched to promote NGO self-regulation in a number of countries. While these efforts are not directed solely at improving diaspora giving, they can only help in that they seek to dispel impressions of corruption and lack of transparency among donors. Certification programmes have been initiated by the Philippine Council for NGO Certification, the Credibility Alliance in India (see p35) and the Pakistan Centre for Philanthropy.

A lack of information

This overview is by no means exhaustive. A lot of data that would improve our understanding of diaspora

¹ Through the Asia Foundation's offices throughout Asia.

philanthropy around the world is lacking. In relatively few instances is diaspora giving formalized (either through foundations or intermediary organizations). Onyekachi Wambu, Information Officer at AFFORD, for instance, has found through his conversations with members of the African diaspora that most giving is through informal networks and stems from personal relationships, while younger people often prefer to give directly to NGOs in Africa. At other times giving is ad hoc and in response to crises such as the conflicts in Sierra Leone and Uganda.

Some research on diaspora philanthropy has been undertaken, or is currently under way. In May 2003, the Global Equity Initiative (GEI) at Harvard University hosted a conference that discussed Indian and Chinese diaspora philanthropy. GEI is now completing a comprehensive study of Mexican diaspora philanthropy. Earlier this year, CAF India, with support from the Rockefeller Foundation, published

2 CAF India has produced two other books on the subject: R Gopa Kumar (2003), *Indian Diaspora & Giving Patterns of Indian Americans in USA* and Priya Viswanath (2003) *Diaspora Indians – On The Philanthropy Fast Track* Centre for Advancement of Philanthropy, Mumbai. See www.diaspora.org

3 APPC has recently published a special issue of *APPC Post* on diaspora philanthropy. To read *Promoting Diaspora Philanthropy: Lessons to be learned*, visit www.asianphilanthropy.org/staging/appc/APPCPOSTIssue18.pdf

APPC is scheduled to launch a Philippine Diaspora Philanthropy Portal in February 2005.

Mapping for Diaspora Investment in the Social Development Sector in India, which includes case studies and lists of organizations working in the fields of primary education, primary healthcare, microfinance, information and communication technology, and faith-based giving and social development.²

Despite these efforts, overall research on diaspora philanthropy is meagre.³ What hard data exists usually relates to giving from the US. Little work has been done on how diaspora communities define themselves, what motivates them to give, and how personal giving and remittances can be transformed into strategic, leveraged philanthropy.

One thing seems sure: as more communities work to encourage giving from their members to support societal change in their countries of origin, diaspora philanthropy will surely play an increasingly important role in global giving. @

GIVING CIRCLES – PHILANTHROPIC EQUIVALENT OF ‘BOOK CLUBS’? MARC MANASHIL

The Clarence Foundation aims to promote engaged international philanthropy by catalysing global giving circles. These are, roughly, the philanthropic equivalent of book clubs. Groups of 5–15 people pool their resources, meet on a regular basis to explore an issue, then decide how to grant those resources. Meetings are informal and typically held at participants’ homes. The life of the giving circle is usually six to nine months, with meetings once a month.

It all began in early 2001. Following a trip I made to the Democratic Republic of Congo (DRC), a small group came together informally to discuss relevant issues and raise funds for projects in DRC. The lessons learned from that work and the excitement created by donor engagement inspired us to create a more structured giving circle programme with a formal time and monetary commitment.¹ Our programmes now feature guest presentations from leaders in the international philanthropy field, so participants can combine learning with a hands-on group grantmaking experience.²

We believe global giving circles have tremendous promise because they can help participants overcome some of the key psychological barriers to global giving that have been outlined in this edition of *Alliance*. It is not surprising that many prospective donors feel overwhelmed by the magnitude of global problems today and are unsure of how or where to begin. Others remain sceptical as to whether contributions overseas will reach their intended recipients owing to perceptions about corruption and waste.

Giving circles can directly counter such barriers by providing a supportive structure for global giving. Donors can leverage their contribution with a group of others who tackle grantmaking challenges together and break down overwhelming global problems into bite-sized pieces. Giving circles enable participants to communicate directly via email with change agents overseas. This builds trust and allows donors to personally experience how comparatively small investments can have a real impact.

Other important benefits include helping project a positive image of Americans or Westerners in the world; inspiring donors to make their first site visit overseas, which almost inevitably leads to a lifelong commitment to international giving; getting new people involved as participants tell their family, friends and colleagues about it; and, perhaps most importantly, enabling participants to explore the values that underlie their giving preferences.

The Clarence Foundation has completed two giving circles to date. This year, we are starting new groups on child trafficking and microfinance. We will also work with individual donors, international organizations and community foundations to help them organize giving circles of their own. We believe the model has great potential. Who knows? Some day, global giving circles may be as common as book clubs.

¹ The commitment last year was \$3,500 and this year it's \$5,000.

² Our curriculum has been developed in association with Grantmakers Without Borders and End Poverty Foundation.

Marc Ross Manashil is Executive Director and Co-Founder of the Clarence Foundation. He may be reached at marc@theclarencefoundation.org

See www.theclarencefoundation.org