

Philanthropists without borders: Q&A

Cathy Langerman, author of NPC's guide for donors on supporting charities in developing countries, answers some questions about international giving.

1. **What proportion of donations from this country goes internationally?**
2. **What are some of the reasons that donors fund international projects?**
3. **Given the scale of the problems in developing countries, isn't any donation just a drop in the ocean?**
4. **Shouldn't we just leave it to the market to provide the solution?**
5. **Does government aid work?**
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8. **Should donors prioritise support to emergency projects (ie, not earthquakes, droughts and famines)?**
9. **What surprised you most when you were doing your research?**
10. **If you could wave a magic wand and change one thing, what would that be?**
11. **Why did NPC do this report?**
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1. **What proportion of donations from this country goes internationally?**

UK donors currently give over £1bn to international causes each year. This represents 13% of their total annual giving, trailing medical research and religious causes which attract 19% and 16% respectively.

2. **What are some of the reasons that donors fund international projects?**

Some of the reasons that donors fund international projects include: a moral imperative, passion, the scale and severity of the issues people face, value for money and personal affiliations. The obvious need in many developing countries and the fact that relatively small amounts of money can go a long way motivates many of the donors we interviewed for the report.

3. **Given the scale of the problems in developing countries, isn't any donation just a drop in the ocean?**

Yes, when you consider the problems of the entire developing world, any single donation can appear insignificant. In 2005 the Millennium Project estimated that \$121 billion was needed in 2006, rising to \$189 billion in 2015 just to meet the Millennium Development Goals. These are huge sums but the problems they're tackling are enormous too.

However, at the individual or community level even a relatively small donation can have an enormous impact. For example, £50—which buys only a couple of textbooks in the UK—can fund a whole year of secondary education for a child in Tanzania. And the total annual budget for a project that supports 8,846 orphans across 51 villages in rural Tanzania is approximately £200,000. This allows these children to attend primary and secondary school as well as vocational or tertiary education. It also provides access to libraries and basic healthcare in their communities—all important routes out of poverty.

4. Shouldn't we just leave it to the market to provide the solution?

Yes and no. As in the UK, there are some areas where the market doesn't provide the solution, such as healthcare for those who can't afford to pay. Whereas here these market failures are primarily addressed by the government, in the developing world governments often do not have the capacity or resources to step in. In many countries charities play a big role in providing basic services eg, more than 50% of basic health and education services in Haiti are provided by non-profit organisations.

Also, problems like human rights abuses and environmental degradation aren't being adequately addressed by markets or governments. In these areas charities advocate for action and provide research on both the problems and the possible solutions.

At the same time, functioning markets still provide the most sustainable route out of poverty. That's why a number of funders focus on improving markets by providing access to finance and support for entrepreneurs and small businesses. Others support 'social enterprises' that provide market solutions to social problems eg. the Acumen Fund supports A to Z Textile Mills in Tanzania which manufactures and sells insecticide-impregnated bednets for protection against malaria. Its nets protect over 7 million people across Tanzania.

5. Does government aid work?

It helps, but private money is needed too. Aid can and does save many lives, though as we outline in the report, it doesn't necessarily increase a country's growth rate. Also, if it were better coordinated it would have a greater impact.

Private money can fill gaps and provide solutions in ways that government aid can't. Unlike government aid, private donors are flexible and are able to support unpopular issues and unproven models. Not being driven by political cycles they can also provide longer-term funding. In many instances privately-funded charities spearhead activities that are then taken on by governments or aid agencies eg, HIV and AIDS treatment in South Africa, antiretrovirals for children, green issues and care of prostitutes and other marginalised groups.

6. What are you recommending that donors fund internationally?

Because there are so many issues and countries that need funding we recommend donors start by considering which issues and/or countries they are interested in supporting. Once the field has been narrowed down, donors need to identify charities that are effectively addressing the issues. Good results can be achieved almost anywhere when an effective organisation is funded.

More generally, our report does not prioritise one issue over another and that is simply because there is no one answer to the question of where money is most needed or most effective. No one study has scanned the world and identified the gravest funding gaps. The priority areas for funding with the widest support are the eight Millennium Development Goals which focus on basic education and health. Large amounts of government (and private, think Gates) funding are going to these areas. However, as the needs are so vast in these areas there is still plenty of room for smaller funders and the report highlights some of the options. Alternatively, smaller-scale donors may wish to focus on high risk areas where the big players are less visible eg, advocacy and human rights issues.

7. What difference can donors make when they fund internationally? Please can you give us examples?

Donors can have an enormous impact when they fund internationally. At the most fundamental level they can save lives, for example, through the provision of micronutrients or vaccines. The Bill & Melinda Gates Foundation estimates that it's funding of the Global Alliance for Vaccines and has helped prevent 1.7 million deaths.

Donors can also improve the lives of people in developing countries. They can fund schooling, care for those who are sick, housing or even small businesses. Less than £5 can fund a year of pre-school education for a deprived child in Mumbai. Around £250 can provide water for 200 people in Zimbabwe. And £1,000 pays for a new house for a family of AIDS orphans in a deprived area of South Africa.

Donors can also fund work to improve the lives of future generations through the development of civil society, protection of the environment or advocacy work aimed at changing the current national and international systems and policies. The Make Poverty History campaign, for example contributed to a commitment to increase levels of government aid.

8. Should donors prioritise support to emergency projects (ie, not earthquakes, droughts and famines)?

We're not prescriptive. It's up to donors to choose whether they fund development or emergency projects. However, it is worth bearing in mind that while emergencies make the suffering of people around the world highly visible, millions of people live without food, education or healthcare on a day-to-day basis. 230,000 people are estimated to have died in the Asian tsunami; the same number of people die every five days from poverty and disease. Emergency projects typically focus on short-term survival whereas non-emergency projects aim to build more sustainable solutions for the poor.

9. What surprised you most when you were doing your research?

I was surprised to find that there is a complete lack of consensus on what works in terms of development. I think the American economist Joseph Stiglitz summed it up well when he said, 'If there is a consensus today about what strategies are likely to help the development of the poorest countries it is this: there is no consensus'.

Aid and support seem to shift according to trends: from skills and infrastructure development, through improving the health and education of the population to enhancing institutions and governance. Other factors such as improving markets are undoubtedly crucial. But agreement on the priority of each factor and which has the biggest impact is yet to be reached.

10. If you could wave a magic wand and change one thing, what would that be?

Tough question! I think malnutrition would be high on my list. It contributes to over half of all child deaths in developing countries, and if experienced in the first two years of a child's life is irreversible. In today's world it is an outrage that millions of people still die due to a lack of clean water and food.

11. Why did NPC do this report?

We did this report as part of a broader project to consider whether NPC should expand its research to cover charities operating in developing countries. The report contains the findings from interviews and surveys of donors. It also provides a summary of our research into the role of philanthropy in development.

We hope that it provides donors, particularly those considering giving internationally for the first time, with frameworks and ideas to help them. We also hope it inspires donors to give internationally.

12. Why did NPC decide to do the pilot in India and how did you choose Copal?

Our research concluded that there is a lack of advice for donors on giving in developing countries and that this gap is a barrier to giving. Over 70% of the 122 donors we surveyed claimed to be interested in research and advice on charities in developing countries. Donors that we interviewed confirmed this finding and a scan of other service providers indicated that the need is not yet being met. We want to change this so decided to pilot a project overseas.

As a first step, we considered pilot projects in Kenya, South Africa and India. In the end, India was selected because of client demand, existing networks and the quality of potential partner organisations. It is a huge country with vast disparities, and a vibrant NGO sector addressing issues ranging from education and health to governance. It also has a growing internal market for philanthropy—with over 70% of charitable funds coming from internal sources.

A number of potential Indian organisations were considered as partners, including Copal Partners, which provides outsourced research for investment banks and consultancies. Copal has a pool of excellent analysts and has recently set up a small group to focus on charities. Working in partnership, NPC will provide its methodologies, learnings from the UK and quality control, and Copal will provide and deploy a team of local staff to carry out the research on the ground.