

# Diaspora Philanthropy: Influences, Initiatives, and Issues

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This study represents the confluence of many ideas and many contributors. However, the author assumes full responsibility for the specific perspectives, interpretations, and conclusions expressed herein, as well as for all omissions and errors.

# Diaspora Philanthropy: Influences, Initiatives and Issues

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# I. Introduction

## Background

At the dawn of the 21<sup>st</sup> Century few commentators would question the importance of private social investment as a strategy for effecting global social change. Over the past two decades, the non-profit sector and those that support it have become important partners in addressing economic and social development challenges worldwide. Within this context, diaspora populations – individuals residing outside their countries of origin who maintain strong ties to their home countries – are increasingly key players. They have the potential to significantly contribute to the advancement of social and economic wellbeing in their home communities and countries.

With economic and cultural globalization, vast increases in the migration and movement of people, and the ease of travel and communication, enduring notions of “community” are being redefined. Individuals residing outside of their countries of origin often maintain strong familial, cultural, economic and political ties to their homelands, giving rise to transnational citizens and villages (Levitt, 2001, 2002).

Following the human migration, the transfer of resources from residents of one country back to families and communities in their country of origin has rapidly escalated over the last two decades, both in absolute volume as well as relative to other sources of external resources. The World Bank estimates that in 2006 worldwide remittances reached US\$275 billion, with US\$206 billion flowing to developing countries.<sup>1</sup> The lion’s share of these monies is remitted to families for personal use and individual investment. However an unknown portion of such transfers represents social investments for the public good, such as the building and financing of schools, community centers, or health clinics, giving rise to the interest, study, and promotion of “diaspora philanthropy.”

There is growing debate among scholars and students of the field about the impact of diaspora transfers on poverty, development, and equity in home countries. There is also growing interest in the potential to increase both the quantity and impact of diaspora giving targeted at effective social change. Many countries are recognizing the potential of their diasporas to contribute to their nations’ economic and social development through a range of contributions, including financial investment, political advocacy, and philanthropic giving. Such countries have established policies to cultivate ties with their diaspora communities and to encourage both economic and social investment. Aid agencies and global financial institutions are also encouraging such investments, and a growing number of non-profit organizations are offering expertise and infrastructure to support them.

At the same time, there is growing global appreciation for the unique and potent roles of both the nonprofit sector and private giving. Around the globe, philanthropists have shown their commitment to tackle complex global challenges, bringing not just resources but new

<sup>1</sup> World Bank Remittance Data Set. <http://go.worldbank.org/QOWEWD6TA0>

strategies and ideas to bear on formidable problems. And throughout the world, widespread political reforms coupled with severe cutbacks in government services have expanded and strengthened the role of the non-profit sector. Civil society organizations are looking to develop new sources of support, and diaspora populations are viewed as an important audience and potential resource.

Together, these broad trends -- changing patterns of migration, diaspora populations' contributions to development, and the rising promise of global philanthropy -- have fuelled an interest in promoting greater and more effective diaspora giving. In response, the landscape of transnational giving has become more diversified. Traditional and time-honored giving methods are being augmented by a wide range of new structures and strategies to encourage and facilitate such transfers. Many initiatives are specifically aimed at channeling resources to advance social change and equity.

To be sure, diaspora giving is not new. Both the migration of peoples and the tradition of "giving back" to one's ancestral country are centuries old. But the recent pace and breadth of human mobility coupled with new knowledge and practices in social investment have brought with them new potential and promise. Diaspora philanthropy may represent an underappreciated but emerging opportunity to convert private wealth to philanthropic capital and to use it effectively to address some of the world's most pressing challenges.

## **Aims and Approach**

This study represents but one modest contribution to understanding the potential of diaspora giving. Despite its potential, diaspora philanthropy remains one of the least understood components of the philanthropic landscape. There is little existing research that captures the experience of organized diaspora philanthropy. Nor has there been much effort to push beyond the individual experience of specific institutions or countries to look at the phenomenon's broader potential or common challenges. Consequently, the growing number of organizations and institutions seeking to encourage and strengthen diaspora philanthropy lack the knowledge base to do so effectively. New research, discussion, and creative thinking will all be needed if diaspora philanthropy is to realize its full potential.

In this study we seek to advance the understanding of current efforts to stimulate, support, and strengthen diaspora giving from populations in the United States to their countries of origin. The paper seeks to: (1) explore the context in which the interest in and practice of diaspora philanthropy has evolved, (2) analyze a range of organizations and models that promote such giving, (3) examine some of the determinants that influence diaspora giving, and (4) identify important considerations for those who seek to strengthen the impact of diaspora philanthropy.

This study does not presume to be a comprehensive review of giving initiatives. Such a review would be at best difficult, at worst impossible. Existing research on diaspora giving is limited to a handful of countries and to a small number of giving models and vehicles. Rather, what we have attempted here is a review of promising practices and models that may

have the potential to support and strengthen giving among diaspora community members in new and different regions.

At the outset, we acknowledge the long and important history of efforts to encourage and facilitate diaspora giving -- e.g., those of the Jewish and Irish-American communities in the United States. The focus here, however, is on new diaspora giving initiatives shaped by recent global political, economic, and philanthropic, and technological trends.

The study is more descriptive and interpretive than empirical. Its scope did not allow for new data collection or direct observation. To understand the experience of various initiatives we conducted extensive interviews with leaders from many of the organizations profiled and reviewed the organizations' written materials. In addition, we reviewed relevant literature from the migration, development, and philanthropic fields. Leaders from these fields were subsequently asked to provide their thoughts, interpretations, and perspectives. We are deeply grateful for these important contributions.

## **Limitations – Definitions and Data**

The study of diaspora philanthropy is beset with obstacles and limitations, many having to do with definitions, others with data. There is little consensus on the meaning or parameters of the principal concepts on which this paper is based, including those as central as “diaspora,” “philanthropy,” or the related concept of remittances. Finding common ground on such murky concepts is especially difficult in multi-national exchanges and interdisciplinary research.

Were this simply a question of semantics we could leave the challenge to the etymologists and the wordsmiths. But in truth, differences in definition have significant implications for how such engagement is understood, practiced, measured, and promoted. While this paper does not presume to provide ironclad definitions or resolve all ambiguities, we have attempted to be clear about our working concepts and to highlight confusions and inconsistencies. We offer few answers to the underlying conundrums.

“Diaspora philanthropy” is a relatively new term with many variations, including homeland philanthropy, migrant philanthropy, and transnational giving. While diaspora giving is by no means a new phenomenon, with the accelerated scale and scope of giving, boundaries and definitions have blurred, if indeed they ever existed. As used in the pages that follow, “diaspora philanthropy” has several fundamental elements. They include: (1) charitable giving from individuals who reside outside their homeland, who (2) maintain a sense of identity with their home country, (3) give to causes or organizations in that country, and (4) give for public benefit. Not all will accept this definition -- healthy disagreement abounds.

To begin, it is difficult to define “*diaspora*” either historically or in current day usage. The term diaspora originally referred to the dispersion of Jews from Israel in the 5<sup>th</sup> Century BC, after being exiled from Babylon. For some, the term still implies a population that: (1) was driven out of their homeland, (2) has become widely scattered, and (3) has permanently

settled in other countries. While some members of some migrant populations exhibit these characteristics, the vast majority do not. Indeed, many of the populations who are actively engaged in philanthropic investments in their home countries show quite the opposite set of characteristics. They tend to (1) leave their home countries by choice, often seeking economic opportunity, (2) often settle in highly concentrated patterns within large centers of migration (such as New York or the Silicon Valley) or cluster in smaller communities with other individuals from their home community, and (3) settle in another country only temporarily, expecting to return home, and sometimes travel easily and frequently between their home country and country of residence. Each of these characteristics will shape diaspora giving priorities and patterns.

The term “diaspora” also suggests to some a fairly homogeneous and tightly knit group. Yet it is perilous to make generalizations about members of a diaspora or among diaspora groups. In fact, diaspora populations most often include members with a diverse range of economic, social, and ethnic characteristics. Personal characteristics become further differentiated through individual experiences in the United States. Such dissimilarities may require unique strategies to engage individuals, both in philanthropy and in other forms of contributive community development.

If “diaspora philanthropy” is subject to multiple meanings, it is hardly more so than the word “philanthropy” itself. As philanthropy becomes an increasingly institutionalized field in many countries the use of the term presupposes agreement about its meaning. Yet this often overlooks or masks the strong cultural constructs that frame philanthropy. Philanthropy emerges from the religious, historic, and cultural traditions of a society; it is continually being shaped by changing political currents and economic trends. In a global context, philanthropy must accommodate a wide range of voluntary, charitable giving practices, including both institutional and non-institutional forms.

For purposes of this paper, “philanthropy” is defined as the private, voluntary transfer of resources for the benefit of the public. Yet even with such a basic working definition, it is not always easy to distinguish philanthropy from other financial flows, including remittances and financial investments.

In crafting this study perhaps the most difficult challenge was to define the boundary between (or the intersection of) remittances and diaspora philanthropy. The literature abounds with distinct and often disagreeing definitions, with some studies using the terms almost synonymously and others suggesting no overlap.

In this author’s opinion, both extremes are erroneous and misleading. Remittances are monies transferred from members of immigrant communities back to families, friends, and communities in their country of origin.<sup>2</sup> While the lion’s share of remittances are transferred

<sup>2</sup> The IMF defines remittances more broadly as the sum of (1) workers’ remittances, the transfer in cash or in kind from migrants to resident households in their country of origin; (2) compensation to employees, the remuneration paid to individuals who work in a country other than where they legally reside, and (3) migrant

to families for personal use or individual investment, an unknown portion of remittance transfers represent what might be considered “philanthropic investments” for the public good, such as the building of schools, community centers, and church renovation. Community-focused “collective remittances” to Mexico and Central America have been well documented and are described in Section Three.

In addition to collective remittances, a portion of individual monetary transfers to family members also have a clearly “philanthropic” purpose or impact. Several recent studies have underscored the fact that many individuals choose to use family and close friends as conduits for charitable gifts and social investments, believing that they are the most trustworthy of intermediaries and those best able to identify local needs (Young, Yin, Najam, Levitt, Copeland-Carson). The size of such gifts can range from small monetary contributions to fairly significant investments.

While authors in many countries have noted the common preference to give to and through individuals rather than to organizations, amounts have not been quantified. One of the few studies attempting to analyze this practice suggests that a surprisingly high portion of “personal transfers” may in fact also be characterized as philanthropic contributions. A survey done for *Portrait of a Giving Community* indicated that 21% of respondents gave half or more of their giving to kin to be “passed on to worthy causes and individuals in need.” (Najam). Likewise, there are numerous examples of Chinese Americans providing the resources to build and equip schools in their hometowns through contributions paid to family members, and then passed along to the ultimate beneficiary (Young, Yin). In these cases, family members act as de facto philanthropic intermediaries and remittances become de facto philanthropic gifts.

Many other gifts both large and small are made directly to local organizations or institutions within home countries and are similarly difficult to track or measure. Nevertheless, they are likely to be substantial in the aggregate, and should not be underestimated. There are numerous examples of multimillion-dollar gifts to fund educational institutions in both China and India (Young, Sidel 2004). Similarly, “diaspora” gifts are made through a host of U.S.-based institutions where they are not distinguished or differentiated from other sources of individual giving.

In other instances, philanthropic giving may be more likely to resemble commercial investment. For example, the Chinese-American community invests heavily in China, accounting for 70% of foreign direct investment in the country. Yet in interviews with members of the Chinese American community it becomes clear that some of this commercial investment reflects a deeply rooted ethos of giving. Chinese Americans often believe the best way to “give back” to their community and country is through commercial investment that creates economic opportunity for the local population.<sup>3</sup>

transfers, the transfers of financial assets made by migrants as they move from one country to another and stay for more than one year.

<sup>3</sup> Nick Young, Global Equity Initiative Conference, Harvard University, May 2003.



Conversely, some investments that appear to be and are counted as “philanthropy” under local law may have much more to do with personal gain than with public benefit. For example, “philanthropic contributions” can be made in pursuit of commercial or political advantage with little real impact on the public good (Young).

To complicate the picture further, little data exists on the important philanthropy represented by contributions of time and talent to “home communities.” While this paper is focused primarily on monetary transfers, volunteerism and knowledge transfer may be equally or more important in some countries.

Finally, some scholars and recent studies include in their framework of diaspora philanthropy the total giving of a diaspora -- back to the homeland, to communities of residence, or elsewhere.<sup>4</sup> This may represent a far better approach in terms of understanding philanthropic motivations and practices. Moreover, it may be much more useful in providing guidance to new diaspora giving initiatives.

<sup>4</sup> See for example, the excellent study *Philanthropy by Pakistani Diaspora in the USA*, Adil Najam, Pakistan Centre for Philanthropy, 2005.

## **II. Setting the Stage**

Diaspora philanthropy has grown increasingly interesting to a range of observers in the last decade. Government leaders and policy makers have begun to value the full range of contributions that a diaspora population can make to national development. International aid agencies and financial institutions in search of new sources and kinds of development aid increasingly recognize the potential contribution of diaspora populations. Civil society leaders see the diaspora as a key source of support for their organizations and work. Perhaps most importantly, members of diaspora communities themselves are seeking ways to contribute to and maintain ties with their communities of origin.

The interest in diaspora philanthropy is arguably fuelled by three broad trends: (1) changing rates and patterns of migration, and the related growth of remittances, (2) the emerging role of diasporas in national development, and (3) the growth in the size and importance of philanthropy and civil society.

### **Changing Patterns of Migration**

From its beginnings, America has been continuously and fundamentally shaped by her immigrants. Overall flows and patterns of immigration have fluctuated with economic conditions in the U.S. and elsewhere. They have been affected by political instability and war, and by immigration policy. But immigration's general trajectory in the United States has been upward and it will almost certainly continue to be so.

In recent decades important changes in immigration policy -- along with the rapid developments in globalization, transportation, and technology -- have ushered in significant changes in the size, origin, settlement patterns, and permanency of the U.S. immigrant population. These trends raise important questions about the potential for greater diaspora giving by new and existing immigrants.

Questions about the potential of immigrant giving are plentiful. Annual rates of immigration to the United States have increased from just over 320,000 immigrants annually in the 1960s to close to a million today. In 2000, the number of foreign-born legal immigrants residing in the United States was 31 million, representing about 12% of the U.S. population. The foreign-born population is projected to rise to 48 million by 2025, and 60 million by 2050. Moreover, the impact of immigration is often considered in terms of first and second generations, and this framework appears to be relevant for analyzing philanthropic practices, where the second generation often remains active in giving. From this perspective, the immigrant population becomes even more significant; in 2000 foreign born and their children represented 21% of the U.S. population, and they are projected to represent one-third by 2025 (PRB). The opportunity for diaspora giving is clear.

Much of the increase in immigration to the United States is of course attributable to economic migration toward better employment opportunity. The result is relatively high levels of wealth in such populations compared to those who remain in their home countries.

Among well-educated and skilled populations there are increased rates of migration to the centers of the global economy. For example, in Silicon Valley, Asian Americans represent one-third of the scientific and engineering workforce and represent one-third of the region's millionaires. Less skilled and lower income populations are also migrating in search of better paying jobs. Such relative wealth creates the ability and often the perceived obligation to give back to those who remain at home.

In addition to the greater giving capacity represented by the absolute numbers of immigrants in a diaspora community, larger populations of a particular ethnic or national group may help to promote giving indirectly by helping to maintain a national or ethnic identity. Immigrants from one country (or a specific community within a country) often settle in the same communities in the United States. They may establish formal and informal associations that strengthen their identity and unity as a "diaspora" and through which they maintain ties to their homeland. Such groups can become philanthropic actors and conduits for diaspora giving (see Section Three).

Patterns of migration, too, have changed in ways that may strengthen the potential and practices of diaspora giving. Overall, migration is far less permanent than it was in previous decades. Both short-term migration (resettlement in the United States for relatively short periods by those intending to make and save money and then return home) and "circular migration" (individuals who periodically move back and forth from their home country to the United States, often for seasonal work) are increasing, particularly among immigrants from Latin America and the Caribbean. In addition, there is a growth in the number of truly "transnational citizens," those who have permanent residences and often business associations (and giving priorities) in both the United States and their countries of origin.

The trend toward less permanent migration and more temporary settlement patterns has resulted in significant numbers of individuals residing – at least temporarily – outside of their home countries who maintain strong familial, cultural, economic and political ties to their homelands. Some academics use the term "transnationalism" to describe this combination of bonds, loyalties, and activities in two countries (Levitt). A study conducted by Community Foundation Silicon Valley (CFSV) illustrates how strong the bonds to home countries can be. When adult residents of the region were asked how they defined "community" 39% of respondents identified with both "place born" and "racial/ethnic group," while only 32% identified with Silicon Valley or their own individual place of residence (CFSV).

The increased rates and patterns of new migration have fuelled an explosion of monetary transfers from countries of residence to home countries. While there is no universally accepted definition or measure of "remittances," there is widespread consensus that the amount is formidable and that their impact – positive and/or negative – is significant to the countries to which they flow.

The World Bank estimates that in 2005 global remittances totaled \$162 billion, with \$40 billion of that originating in the United States. Even conservative estimates indicate that remittances are at least equal to foreign direct investment, and twice that of official

development aid. And of course the impact of remittances varies from country to country, depending on the size and robustness of the respective economy. For example, remittances represent over 20% of GDP in countries like Jamaica, Lesotho and Lebanon, and can climb even higher, e.g., to 30% in Haiti and 45% in Tonga.<sup>5</sup>

There is little agreement on the impact of remittances on various countries. Some commentators maintain that the impact is largely positive; others the opposite. But for those who champion equitable development, the role of remittances that constitute philanthropic transfers is a matter of intense interest. While the sums that can be counted as true “diaspora philanthropy” are small compared with individual remittances or business investment, some believe that these social investments have the greatest potential to create equity. Clearly not all diaspora philanthropy benefits the most needy and increases equity. For example, migrants sending collective remittances do not necessarily come from the poorest communities, and education giving often flows to elite institutions attended by those already fairly well-off. But as a recent study by the Centre on Migration Policy and Society (COMPAS) points out “charitable donations raised through diaspora networks are often targeted at poverty alleviation or disaster relief and are intended to end up where they are most needed” (Van Hear).

## **Diaspora Communities and Community Development**

The interest in diaspora philanthropy is also part of the growing interest in the broader role of diasporas in community and national development. Monetary transfers – including philanthropy and remittances – are only one element of how diasporas can contribute to their countries of origin. For many countries, the diaspora is a major source of foreign direct investment, commercial contacts, political connections and advocacy, and technology transfer. Diaspora populations can also play important roles in conflict prevention, mitigation, and rebuilding in post-conflict societies. National governments, international organizations, and aid agencies increasingly recognize these multiple contributions and are seeking ways to engage diasporas’ wealth, talent, and goodwill in multiple ways.

Individual countries have begun to court their diasporas actively. The priorities and policies of countries vary widely and have a direct impact on the role of philanthropic giving (see Section Four). In case studies of six countries, Kathleen Newland of the Migration Policy Institute argues that some countries are more interested in engaging diasporas in ways that contribute to short-term poverty reduction, while others are more interested in longer-term economic development. She observes that China, India and Taiwan all pursue business-oriented models in seeking diaspora contributions to development, although their approaches differ significantly. Mexico, the Philippines, and Eritrea all favor policies that are intended to lead to more immediate poverty-alleviation (Newland).

Bilateral and multilateral aid agencies in search of new sources and modalities of development aid are also seeking to harness the wealth and talent of diaspora populations.

<sup>5</sup> IMF Balance of Payment Statistics, World Bank.

More broadly, there is a call to bring more resources -- both public and private -- to bear on world poverty. The G-8 called for a doubling of worldwide aid by 2010. Aid agencies are developing a number of ways to augment these resources and increase the impact of official aid. For example, the newly established International Finance Facility for Immunization seeks to raise \$4 billion by issuing bonds secured by donor governments' future aid commitments.

Another strategy is to increase public-private partnerships; engagements with diaspora groups are seen as particularly promising. Examples of official efforts to strengthen the role of diasporas in development include the following:

- In 2001, the US Agency for International Development established the Office of Global Development Alliances (GDA) to spur partnerships with private entities, including diaspora philanthropists and organizations. Through such partnerships, GDA aims to “stimulate economic growth, develop businesses and workforces, address health and environmental issues, and expand access to education and technology.” The GDA 2006 report highlights partnerships with diaspora groups.
- In 2006, the Inter-American Development Bank launched “Promoting Diaspora and Local Support for Productive Initiatives,” to support local economic development projects by facilitating partnerships between Latin American diaspora groups and high out-migration regions of Argentina, Dominican Republic, El Salvador, Guatemala, Mexico and Nicaragua.
- The United Nations Development Program established the TOKTEN program -- the Transfer of Knowledge Through Expatriate Nationals. The program helps to arrange and support short-term consultancies through which qualified professionals in a diaspora contribute their services to their home countries. TOKTEN has placed over 5,000 volunteers in assignments in 49 developing countries.

## **The New Landscape of Philanthropy and Civil Society**

The growth of diaspora philanthropy also reflects the quiet transformation of the philanthropic field and civil society, both in the United States and elsewhere. Today's social investment landscape is characterized by tremendous growth, diversification, and optimism. Philanthropic capital continues to grow at unparalleled rates. New actors are bringing new ideas and approaches to bear on a large number of social issues. An ever expanding number of new giving models, vehicles, and philanthropic service organizations seek to support donors' priorities and preferences. Global appreciation for the potential of private social investment to “make a difference” has arguably never been higher. The interest and practice of diaspora philanthropy is an important development within this expanding and promising landscape.

The growth of personal wealth worldwide is nothing short of remarkable. There are almost 700 billionaires in the world (more than half live outside the United States) and over eight million millionaires, an increase of over 15% in less than ten years (“The Economist”).

More and more individuals seek to convert a portion of their wealth to philanthropic capital and utilize it for the public good. According to *Giving USA 2006*, total giving in the United States reached \$260 billion in 2005, and the number of foundations in the United States has soared from around 22,000 in 1982 to 65,000 today (Renz). While data on philanthropic giving in other countries is limited, it appears that in the last decade there has been substantial philanthropic growth in almost all regions. The European Foundation has identified over 61,000 foundations in 15 European countries, many of which were established in the past two decades (Renz). In Germany alone, the number of foundations has increased from 4,000 to 13,000 in less than ten years (“The Economist”). Increasing numbers of entrepreneurs in Europe, India, Russia, and elsewhere are becoming generous philanthropists.

In response to the growth in philanthropic capital, the diversity of donor interest, and a better understanding of social investment strategies, the philanthropic support and service field has grown and become increasingly diversified. In the United States, “traditional” philanthropic giving options have been augmented by commercial charitable gift funds, identity-based groups such as women’s funds and faith-based giving circles, issue-based initiatives focused on women, children, the environment and concerns, private philanthropic advisory services, and numerous other actors (Bernholz). Grantmaking and social investing strategies are also on the increase. Philanthropic entities are experimenting with loans, debt-like instruments, investments in for-profit entities, and several other new strategies, many borrowed from the commercial sector. Elsewhere in the world there is also an expansion and diversification of giving models and services. There are now over 400 community foundations in 41 countries, in addition to the 700 already extant in the United States (Sacks). In addition, there are over a dozen women’s funds, an increasing number of venture philanthropy giving circles, and a growing number of intermediaries. These philanthropic vehicles join a rich and diverse range of longstanding indigenous giving mechanisms that are often overlooked.

There has also been growth and diversification in the global nonprofit sector that philanthropy supports, fuelled by forces both internal and external. While the size, scale and scope of the nonprofit world differs tremendously from country to country, growth can be found virtually everywhere. Cutbacks in government services, the liberalization of political structures and policies, the affects of globalization, and international monetary and technical aid have all fuelled the expansion and influence of the nonprofit sector.

Non-profit institutions and the individuals and institutions that support them are increasingly important actors in social change. Perhaps most visibly, civil society organizations are increasingly the providers of basic social services once viewed as the responsibility of the state. In addition, they are advocates of policy reform, catalysts for community change, conveners of diverse constituencies, and watchdogs of the government and commercial sectors. But financial support of the sector has not kept pace with the growth of civil society. Civil society organizations are looking to develop new sources of support, and diaspora populations are rightly viewed as important potential contributors.

Accompanying the rapid rise in resources and more varied infrastructure is new hope for the ability of private philanthropic investment to affect change. Acting outside of the

broader concerns of government or the narrower interests of business, philanthropy has a potentially pivotal role to play in addressing social challenges. At the same time, philanthropic organizations can often be an effective catalyst to bring together the unique resources of all three sectors in powerful partnerships. Philanthropy has recently shown a profound commitment to addressing global poverty and inequity. Prominent individuals such as Bill Gates, George Soros, and Bill Clinton have come to the fore; others are joining them in increasing numbers. Although total giving from the United States to international philanthropy represents only 2.5% of overall giving, the growth in international giving far outpaces the growth in domestic giving. Between 1998 and 2005, international giving by foundations nearly doubled, from \$1.6 billion to \$3.8 billion (Renz).

Diaspora philanthropy occupies a unique position in this shifting landscape. It is both local and international. It is informed by a first-hand understanding of the complex issues in individual countries, at the same time it is exposed to the culture and institutions of organized philanthropy in the United States. Rooted in enduring ties to countries of origin, it seems likely to have greater “staying power” than other sources of international philanthropy. With the buffer of distance, diaspora giving may be more able and willing to address more “controversial issues” than local philanthropy. Optimistically, it may hold answers that other interventions have failed to provide.

### III. Promising Strategies and New Initiatives

The growing interest in diaspora philanthropy during the 1990s invigorated established organizations and stimulated the creation of new intermediaries to facilitate giving back to countries of origin. As a consequence, the landscape of transnational giving has become much more diversified in its giving channels and methods. Traditional giving vehicles have expanded and become more organized, a new group of dedicated diaspora giving intermediaries has appeared on the stage, and a host of other new and unique models is emerging.

In this section of the paper we explore a range of diaspora giving initiatives within three broad clusters: diaspora associations, diaspora foundations and associated philanthropic intermediaries, and emerging models. At the outset we readily admit that it is difficult to suggest any widely-accepted taxonomy for diaspora giving efforts. Diaspora philanthropy initiatives do not fit neatly into established philanthropic definitions and models, especially Western models. Many of the most innovative efforts spring from traditional, culturally-specific community practices that are not universally defined as “philanthropy.” The initiatives are diverse in mission, organization, size, and impact, and could surely be clustered in several different ways. But our research suggests that an organization’s *raison d’etre* may have the greatest influence on its goals and activities, and thus we have used this as a starting point for two main clusters: (1) *diaspora associations* that engage in philanthropic giving as part of their principal mission to support their memberships, and (2) *diaspora foundations* (and philanthropic intermediaries with similar purpose) with the principal purpose of encouraging and facilitating philanthropic investments to a specific country or region from a wide range of contributors. The boundaries between these categories are not rigid; more integration and partnership among the models may represent a significant future opportunity.

In each category we have attempted to examine the range and general characteristics of diaspora giving initiatives; analyze their successes, limitations and challenges; and explore promising practices and opportunities to increase impact. In Section Four we explore several considerations relevant to all initiatives and the general efforts to promote diaspora giving.

As noted earlier, this is by no means a complete inventory of giving modalities. We have attempted to highlight a number of promising practices and models that may have broad potential to support and strengthen diaspora giving. One important omission bears mention: faith-based giving. We believe that faith-based initiatives are an extremely significant charitable conduit for many countries and populations. However, with the exception of the experience of the Jewish faith, there is almost no existing research on the scope, organization, or impact of faith-based giving. Reluctantly, it was determined that it would be wiser to do a more thorough study on faith-based diaspora giving in a future, independent study.

In addition, before reviewing the range of deliberate, organized efforts to facilitate philanthropic giving, it is important to reaffirm the significance of giving that is not organized, or organized less formally. While the data is scarce, it is likely that the greatest part of diaspora giving continues to be practiced informally and privately, through personal



ties and contacts and through direct gifts to organizations and institutions in one's home country. Moreover, these practices are likely to continue, with institutional giving co-existing alongside personal giving.

## **A. Diaspora Associations**

A broad definition of a migrant or diaspora association is “an organization consisting mainly of migrants and their descendants, irrespective of the specific activities of such organizations” (Haas). Such associations can be organized around many principles, but some of the most common associations are formed around shared geographical, ethnic, or professional characteristics. Many migrant groups in the United States are based on organizations within the home country that performed comparable support functions, such as community-based mutual aid societies in Africa, and professional mutual benefit associations in Latin America and Europe. First and foremost, migrant associations focus on the lives and needs of their membership, providing a structure for social economic, or professional support. “Philanthropy” is not generally the principal purpose of these groups, although it is an important area of activity for many.

Diaspora, or migrant, associations have long been involved in the development of their home communities through philanthropic giving and other forms of involvement. Historically, their philanthropic roles have often been limited in focus, often providing emergency aid and charitable assistance. More recently, diaspora associations are emerging as broader and potentially powerful philanthropic players. At a time when new migration patterns and technological developments are revolutionizing the relationship between migrants and their home countries, migrant associations may represent a rich, innovative, and largely untapped organizational model for philanthropic giving and impact.

Two models – hometown associations and professional associations – are particularly promising models that may have broader global potential. They are explored in detail below. Other groups such as student associations, alumni associations, ethnic associations, and political groups will be important in more limited situations; they should not be overlooked by those wishing to promote giving to a specific country.

### **Hometown Associations**

The only diaspora association model whose philanthropic contributions have been studied in any depth is the “hometown association” (HTA), particularly those in Mexico, Central America, and the Caribbean.<sup>6</sup>

Hometown associations are small voluntary associations organized by migrants from the same hometown in their country of origin who reside in close proximity to each other in the United States. Until fairly recently, most HTAs were primarily associations committed to

<sup>6</sup>Much of this section draws on the excellent and extensive work of Manuel Orozco. See references.

creating solidarity and providing support; they were focused on preserving cultural traditions and helping to meet the local economic needs of their members. More recently, some HTAs have evolved into significant philanthropic actors and organizations, often through the active participation of their home governments.

HTAs raise funds from their members and extended social networks and use such funds to undertake charitable projects in their hometowns. The focus of HTA projects vary, but are often related to education, health, and infrastructure development. They also address such interests as town beautification, recreational opportunities, and church and cemetery renovation. Some projects seek to foster economic development, e.g., through micro-enterprise investments (Orozco 2003). Projects are selected through liaisons with hometown and by the preferences of HTA members. In the hometowns, projects are often coordinated by a friend or relative of an HTA member, and local residents almost always volunteer their time on the project. (See text box for illustrations of the types of activities and accomplishments of HTAs.)

### **Hometown Associations and Community Development**

#### **COPRECA: *Community development in El Salvador***

Manuel Orozco describes the far-reaching work of this Los Angeles-based HTA for the town of Cacaopera, El Salvador: “Founded in 1992, the club initially worked on reconstruction of sections of town destroyed by war. The members have worked on the construction of a health clinic, wells, and bought an ambulance for the town. They have raised money for medical emergency donations. COPRECA has rebuilt the church, school floor and basketball courts, created a radio station and a clothing factory run by women. It has also distributed rope-making trees and vegetable seeds to help with reforestation. Their latest project was a children’s daycare center.” (Orozco, 2007).

#### **San Juan del Centro: *Upgrading and extending educational opportunity***

San Juan del Centro is a small community of 400 residents in the Mexican state of Zacatecas. Through the support of an HTA in the United States and the Mexican government’s three-for-one matching program, the town completely rehabilitated the community’s primary and secondary schools. The renovation included bringing in potable water, building bathrooms, extending electricity, replacing a roof, installing new windows and roof, creating a computer classroom with 14 computers, and building a basketball court (Orozco and Wells, 2005).

#### **Comunidad Unida de Chinameca: *Community development and emergency relief***

This Salvadoran HTA, created in 1991, has built a water tower for the Chinameca school, twelve restrooms, a laundry facility and a community recreational park. They have also helped to restore a local church. In addition, they quickly mobilized resources and labor in the wake of the 2001 earthquake in El Salvador. (Orozco 2005b)

#### **Corn Maya, Inc.: *Co-development in two communities***

Corn Maya illustrates how HTAs can serve community members in both the community of origin and the community of residence. Founded in 1991, Corn Maya serves Guatemalans of indigenous descent in Jacaltenngo, Guatemala and in Jupiter, Florida. Corn Maya provides Jupiter residents with a variety of social, employment and legal opportunities. Corn Maya also spearheaded the construction of an orphanage in Guatemala and regularly sends school supplies and other donations to the home community (Orozco, 2007).

Fundraising for HTAs is predominantly event-based. It often includes events such as galas, pageants, festival, and raffles. The amounts raised may be modest. For example, studies indicate that among Mexican HTAs, events raised an average of \$10,000 per project. Guatemalan associations raise about \$2,000 - \$8,000 annually and El Salvadoran groups raise up to \$15,000 a year (Orozco, 2007). However, such contributions can have a significant impact in a small town. In Mexico, for example, such contributions may be as much as 20% of a town's annual public work expenditure (Orozco, 2003). To increase their impact some groups have recently begun to look outside of their immediate community for funding. For example, Guatemalan associations have used media to attract a broader spectrum of donations.

A small number of HTAs are attempting to leverage their impact through promising partnerships with other institutional actors. For example, the Guatemalan HTA, Corn Maya (described above), received significant support for the construction of an orphanage from Catholic Charities and is now seeking to work with other groups, including microfinance organizations. Salvadoran HTAs from Los Angeles and Virginia have worked with the United Nations International Fund for Agricultural Development (IFAD) on infrastructure projects, with IFAD contributing substantial funding, technical assistance, and political aid. IFAD appears committed to further partnerships with HTAs (De la Garza).

There is little reliable data on the number, activity, or impact of HTAs beyond a few specific countries. Mexican HTAs have quickly become the most studied national, due to their scale (there are now over 700 in the United States) and to active Mexican policymaking designed to increase their impact. That said, there is a growing body of research on other Latin American and Caribbean countries. Data suggest that there may be over 200 Salvadoran HTAs, 160 Guatemalan migrant associations, and that immigrants from the Dominican Republic, Guatemala, and Haiti have similar associations.

Far fewer studies exist on giving from the United States to other regions, although some reports describe similar models and activities. For example, Ghana migrant groups in Canada appear to be engaged in sending both money and commodities such as clothes and school books to communities in Ghana (Higazi) and hometown associations for China seem to be highly successful in fundraising for their communities (Yin).

Similarly, there are very few estimates of the amount of funds transferred through HTAs. It is estimated that Mexican HTA transfers are around \$30 million annually (Orozco, 2003). More generally, Torres (as cited in IFAD 2004) estimates that HTA funds account for 1% of total remittances sent back to Latin America and the Caribbean (LAC), and 1% of remittances to Central America (World Bank 2006). Some researchers estimate that collective remittances to Central America could rise to 3-5% of total remittances in the next ten years if HTA "management and institutional capacity improves." (World Bank, 2006). But importantly, such regional estimates mask the vast differences and likely impact of HTA activity between countries, and between communities within countries. Indeed, even within Mexico many of the 700 HTAs serve the same or closely related communities.

Considering the scale of HTA activity from another perspective, membership in HTAs is modest. Looking at Latin America and the Caribbean, Orozco reports that while 60% of immigrants in the United States send personal remittances on a monthly basis, the percentage of remittance senders who also belong to HTAs is quite low, e.g., 2.1% in Mexico and 1.5% in El Salvador. Guyana is an exception, with 26.3% of remittance senders also belonging to an HTA. Overall, Orozco estimates that about 5% of immigrants from Latin America and the Caribbean belong to an HTA (Orozco, 2005b).

The evolution of Mexican HTAs into philanthropic organizations benefited from three distinctive factors: strong government engagement and supportive policies; the establishment of HTA federations; and the interest and support of outside funders. These inputs may provide important considerations for those seeking to strengthen the philanthropic role of HTAs elsewhere.

Before the 1990s, the number of known Mexican HTAs was relatively limited and they acted in traditional roles, primarily as social and support organizations for their members. A study conducted by Orozco in 2003 showed only 20% of Mexican HTAs had formed prior to 1990. But beginning in 1986, Mexican government policies began to provide both incentives and opportunity to Mexican HTAs (Burgess). In 1986, a governor from the state of Zacateca offered to match HTA contributions with state funding. Subsequently, similar matches were offered at the municipal and federal level, creating the “three-to-one matching program.”<sup>7</sup> The matching program was enhanced by new policies to strengthen the HTA movement in the United States. In 1990 President Carlos Salinas, seeking ways to cultivate the support of Mexicans in United States, created the Program for Mexican Communities Abroad. Through this program Mexican consulates helped to establish new HTAs and strengthen existing groups. The matching incentive and outreach efforts quickly led to the creation of hundreds of new associations, most established with an expressly philanthropic mission.

Other countries have also experimented with matching programs. The Salvadoran government has instituted an initiative set up more like a competitive grants program, through which the government evaluates proposals on their feasibility and responsiveness to community needs (De la Garza). Since 1993 there have been 14 such competitions and over 40 projects have been completed. Mali and Ghana are creating matching programs to encourage giving to advance national development goals (Copeland-Carson).

The second main influence on the growth and impact of Mexican HTAs has been the development of HTA federations. Federations unite individual HTAs from the same sending state into strong coalitions, providing at least three important advantages.

First, federations help to preserve HTA independence and autonomy. Although Mexican HTA federations were established with state support, their size and the fact that they

<sup>7</sup>More recently Western Union, which profits from remittance transfers, has contributed to this program providing a fourth contribution to HTA-raised funds in some areas of Mexico.

are “U.S.” organizations provide a buffer against state intervention (Burgess). Second, federations facilitate work with institutional partners, increasing HTA impact. At a 2006 conference on diaspora giving at Harvard University, representatives from both the World Bank and the Ford Foundation noted that while it is nearly impossible to work directly with hundreds of individual HTAs, federations make collaboration and support possible.<sup>8</sup> Third, federations can provide organizational capacity building support to individual HTAs.

A third factor in the growth of Mexican HTAs, while undocumented, is surely the interest of aid groups, financial institutions, and private foundations such as the Rockefeller Foundation. Significant resources have been invested both in studying Mexican HTAs and in strengthening them, particularly through the development of federations.

### *Considerations and Challenges*

The rapid growth of HTAs as philanthropic actors raises many questions about their organization, activities, impact, and potential to affect true social change. While many issues exist, three main concerns regard appropriate roles, realistic goals, and sustainability and replicability.

#### 1. Whose Role?

Several observers have argued that the philanthropic contributions of HTAs can “let the state off the hook.” There is growing concern that governments are abdicating their responsibility to provide basic services, relying on private funding by HTAs to shoulder government obligation. As Levitt notes, this can be particularly costly for some communities: “While communities sending large numbers of migrants may be in a better position to withstand state negligence, those sending smaller numbers have no comparable safety net and are thus double victims. They have fewer resources to bargain with the state and officials have fewer incentives to help them.” (Levitt, 2002).

Similarly, there is a disturbing tendency to confuse and conflate the resources, roles and responsibilities of U.S. foreign aid, remittances (individual and collective) and various forms of international philanthropy. In the *Index of Global Philanthropy*, the Hudson Institute writes that “In 2004, American private giving through foundations, corporations, voluntary organizations, universities, colleges, religious organizations, and immigrants sending money to families and villages back home, totaled at least \$71 billion.” Using the Index’s data, remittances account for \$47 billion or two-thirds of their total for U.S. private giving. While we have emphasized earlier in this paper that a small portion of remittances, including those sent through HTAs, have a philanthropic purpose, it is a very small fraction indeed. To describe the bulk of immigrant remittances as American and/or philanthropic seems erroneous and will mask the unique roles, responsibilities, and ultimate value of different kinds of international monetary flows.

<sup>8</sup> The Global Equity Initiative, Harvard University, May 2006.

## 2. Whose Goals?

With the increased involvement of governments in HTA projects and the broader interest in the role of HTAs in development, the goals and purpose of HTA philanthropic contributions have sometimes become confused. Partnerships between HTAs and governments have sometimes complicated agenda setting and project control. In Mexico and elsewhere, government involvement has been the key to HTA growth. But as governments become more engaged with migrant associations, they often seek to align HTA objectives with their official development priorities and to control project implementation. Through matching programs, states can influence the location, focus, timing and beneficiaries of HTA projects. Tellingly, only 60% of eligible Mexican HTAs have chosen to participate in the matching program (Orozco, 2003).

More broadly, many policymakers see remittances -- particularly collective remittances such as those sent through HTAs -- as something of a panacea for development. While HTAs are described as philanthropic organizations, they are often evaluated as development agencies. They are increasingly viewed as a way to channel resources to underserved populations, to contribute to national development, and to create a more equitable distribution of benefits (Burgess). Indeed, it has been suggested that HTAs should be provided with training on how to increase development effectiveness, and how to collaborate with governments and development agencies on broader development agendas.

Such arguments may undermine the self-defined mission and strength of HTAs. HTAs, expressly constituted to serve a defined and familiar local population, may not be looking for broader impact such as long-term development or equitable distribution of benefits within society, or even within their own hometown. For example, many HTAs traditionally have sought to support activities such as town beautification and church renovation, recreational facilities, and the building of laundry facilities, funeral parlors, or other establishments to serve the expressed priorities, thought not necessarily the long-term development of a local community. Moreover, the inclination to align HTA activity with national development plans may undermine their greatest potential. The strength of HTAs (and their fundraising success) comes in large part from their focus on the immediate and self-determined needs of their home community (Orozco, 2007).

## 3. Sustainability and Replicability

A third challenge for HTAs has to do with their sustainability over time, as well as their ability to replicate their strengths in other communities and countries.

The question of HTAs' sustainability is linked directly to immigration policy (e.g., the number of migrants arriving from the same geographical area), and to the settlement patterns described above. Among migrants who settle permanently in the United States, the hometown connection fades over time. Many researchers believe that by the second generation bonds to the hometown are greatly diminished, and often have disappeared entirely by the third. Orozco found that the average HTA organization lasts only about 10 years before disbanding (Orozco, 2003).

Other scholars suggest that while individuals may continue to maintain bonds to their country of origin, their main form of diaspora “identify” and association may change. For example, some individuals may begin to associate more around professional ties, rather than geographical ones. Others may begin to identify with national interests rather than local issues. For example, among Chinese Americans, Yin observes that donations move from funding social charities and public welfare in hometowns to benefiting broader, farther reaching programs throughout China (Yin).

The potential for HTAs and federations to be replicated or adapted to promote giving to other communities and countries is debatable. Replicability of HTAs is dependant on multiple cultural, political, economic, and historic influences. Immigration, demographics and government policy matter greatly. Another important influence appears to be the historic forms of association within countries of origin. Many Latin American countries with strong HTAs in the United States have similar community associations within their own countries. Some studies also suggest that HTAs are stronger among populations migrating from rural rather than urban settings (Aysa-Lastra). They also appear to be strongest among the less-skilled and less wealthy, those who undoubtedly benefit from the support provided by HTAs. Among immigrants with greater professional skills and greater employment opportunities there may be a more pronounced tendency to associate with members of their diaspora community along professional lines.

Furthermore, the government’s willingness to provide matching funds and the development of federations has been central to the evolution of Mexican HTAs. But few governments to date have been willing or able to commit similar resources. Moreover, there is little evidence that federations have taken hold among HTAs in other countries, possibly for lack of critical mass. Even within Mexico their strength is uneven. Fitzgerald notes that many may wish to emulate the unity of the Zacatecan federation example, but thus far no one has succeeded. In exploring the potential to strengthen the philanthropic and development roles of Filipino migrant groups, Garchitorena concludes that it would be difficult to organize Filipino associations into something more powerful, e.g., an organization that shares common goals (Garchitorena, 2007).

## **Professional Associations**

Like HTAs, the principal role of professional associations is to support and protect the interests of their members. Professional associations are often incorporated as non-profit organizations; they are most common among legal, medical, academic, and IT professionals. In diaspora communities they are often established initially to counter perceived discrimination within a professional field. The primary goal of diaspora-based professional association organizations is professional networking and advancement for the members. However, many associations have developed unique and substantial philanthropic programs, and such groups may represent an important constituency for diaspora giving over the next decade.

Although it is believed that thousands of such organizations may exist, only the largest and most powerful associations have been studied. Similar to HTAs, little is known of the majority's philanthropic scope, scale, activities, or impact. But given the size of the memberships of some such associations, and the resources and wealth that are represented through that membership, their philanthropic potential is significant. For example, the Asian American Hotel Owners Association (AAHOA) includes 6,000 members who own in excess of 18,000 hotels and represent \$30 billion in assets. The American Association of Physicians of Indian Origin (AAPIO) represents 35,000 Indian physicians. The National Arab American Medical Association (NAAMA) includes 29 chapters.

Some of the larger associations have established foundations through which they provide substantial and ongoing assistance. For example:

- AAPIO has established a separately incorporated charitable foundation to mobilize resources for the health sector in India. The foundation funds clinics, equipment and supplies, provides physician fellowships, and supports a hospital in Mumbai. The foundation is also active among the Indian American community in the United States. It is, for instance, attempting to respond to the high rate of diabetes in the U.S. Indian population (Sidel, 2004).
- NAAMA established an endowed charitable foundation in 1990. Grants are made for direct medical assistance, scholarships, emergency medical aid, and educational and training programs throughout the Arab world. In addition, hundreds of members have traveled to use their medical skills to help vulnerable groups in Arab countries. Contributions can be significant. For example, in recent years monetary and in-kind donations to Palestine have measured in the millions of dollars and provided hospital renovations, advanced equipment, ambulances and pharmaceutical supplies.

Beyond their actual monetary giving potential, professional associations provide other distinct contributions to diaspora philanthropy, principally knowledge and skills, arguably the most important aspect of diaspora philanthropy in some countries. In his overview of diaspora giving from the U.S. to China, Xiao-huang Yin observes, "In the long run...assuming China's political reforms turn out to be successful and its economy prospers, the significance of material giving from Chinese Americans will decline, while the importance of their human services and intellectual contributions will take on greater prominence."

The same is likely to be true for other countries as their economies continue to prosper. Contributions of talent and knowledge can often have a much more profound, lasting impact on a country's social or economic development than mere monetary transfers. The mission statements of some professional groups already embody this goal. For example, the Nigerian IT professionals group seeks to mobilize "Nigerian IT human resources resident in the United States for the purpose of technology transfer to Nigerian institutions." Diaspora groups in Guyana, Peru, and India are but three of many examples of associations that send dozens of doctors and nurses annually to work in clinics and train medical staff.



There have been few robust attempts to harness this potential, with the notable exception of the UNDP TOKTEN program, established in 1977. TOKTEN mobilizes professionals in diasporas to “give back” to their countries of origin through short-term consultancies. In the first 20 years of its existence, TOKTEN placed roughly 5,000 volunteers in assignments in 49 developing countries in fields including technology, agriculture, law and health. Interestingly, there is no indication that TOKTEN has created partnerships with most professional associations; the interaction is largely with individuals.

A second important characteristic of professional associations’ philanthropic efforts is that their focus is often national rather than local, and can be strategically aimed at systemic change. Professional associations can help create change at the macro level through advocacy, lobbying, and sector-wide programs. For example, NAAMA has worked to standardize the protocols for pediatric oncology treatment in Egypt and the Nigerian Physicians in the Americas Association, in addition to sending doctors to work in rural villages, is working with the Ministry of Health to improve the healthcare system nationwide.

A further example of such associations’ significant national impact is the unique role of professional diaspora associations in “rebuilding efforts” in the wake of natural disasters or political turbulence. Such efforts can also be the catalyst for relatively long-term philanthropic involvement. For example, The Indus Entrepreneurs (TiE) raised \$500,000 following the Gujarat earthquake and has subsequently continued to fund less urgent needs. A diaspora’s involvement in post-conflict countries is more complex and not well researched. One example of a coordinated effort is Afghans4Tomorrow (A4T), a non-profit organization dedicated to the reconstruction of Afghanistan by harnessing the expertise and knowledge of Afghan professionals living abroad in the areas of education, agriculture and health.

A third important though less direct contribution of professional associations is their power to help maintain a diaspora identity that is a necessary foundation for philanthropic giving to countries of origin. Professional associations appear to have more “staying power” than HTAs, absorbing newly arrived professionals over time. In addition, many associations have established programs specifically intended to strengthen a diaspora identity and maintain bonds with the country of origin. For example, NIPOC, the Network of Iranian Professionals of Orange County, funds Iranian student groups and Persian classes throughout the county to preserve and build pride in their culture. The Nigerian IT professionals group has a stated goal of maintaining and promoting the “Nigerian national image.”

Very few professional association philanthropy programs have been studied or evaluated. Most of the available literature provides descriptions but little analysis, and many organizations are reluctant to provide more detail. A program in Scotland -- Globscot -- may offer lessons to those wishing to engage diaspora professionals in philanthropic initiatives. Globscot is a government initiative launched in 2002 to “harness Scottish expertise housed in leading businesses around the globe, and mobilize that expertise as a means to economic betterment” (MacRae and Wight). Members of the Scottish diaspora offer their time, experience, contacts, knowledge and skills to Scottish-based organizations. The program has been quite successful; in its first three months, over 300 individuals signed up to participate

and within three years the roster included 800 skilled and influential professionals. Overall, 75% of invitations to join have been accepted.

MacRae and Wight's recent analysis of Globscot's start-up years indicates that the program is "developing as a powerful national resource." It goes on to identify several important learnings from the development stage. The success in engaging diaspora members is attributed to: (1) the clarity of the proposition to support the country's economic development in a time seen by many as one of genuine promise and transformation, and (2) the invitation being extended directly from Scotland's most senior politician, the First (Prime) Minister. Further research confirms that the high-level recognition of a member's ability to support Scotland's development was an important status symbol and significant factor in the positive response to invitations to join.

A second lesson was that project management and infrastructure needs are greater than anticipated. Planners originally envisioned a model in which they would support consultancies by a relatively small percentage (10-15%) of the membership, with fairly limited intermediary assistance required for each consultancy. In fact, the majority of the membership indicated an expectation to actively engage -- a success in itself, but one that required the organizers to quickly scale-up operations. Additionally, most consultancies appear to have required a higher level of engagement with program staff than anticipated.

The third learning was that while enthusiasm among the diaspora population was high, the "demand" side was more difficult to stimulate. A number of possible reasons exist. First, the very market weaknesses that the project attempts to address may manifest themselves in a reluctance among some institutions to engage with an international network. Second, the strong intermediary role played by Globscot, with access to carefully guarded membership information, may have dampened interest among potential recruits. Third, it may be that more public "marketing" of success stories was essential to develop confidence and enthusiasm. And finally, while the strong institutional presence was critical to the early success in building membership, it may also have inhibited beneficiaries who viewed the network as the property of the agency.

The challenges for Globscot going forward appear to have to do with growth and sustainability. As the study's authors wrote: "It is important to appreciate that appealing to the Scottish diaspora as a unique audience does not, in and of itself, provide the means of engagement. The challenge of supporting the development of one's home country provides a clear and compelling call to action but cannot, without robust infrastructure and an appreciation for the reciprocity required of developing relationships, assume results." (MacRae and Wight).

## **B. Diaspora Foundations and Philanthropic Intermediaries**

Within the last decade several organizations have been established for the exclusive or principal purpose of encouraging and facilitating philanthropic giving to a specific country or region. Several important organizations representing early diaspora populations -- notably the Jewish and Irish diasporas -- have a long history in the United States. But in the last 10 years other important intermediaries have emerged. Six organizations (see text box) are discussed in the following pages, including their origins and start-up, their common and distinctive characteristics, and the issues and challenges that might help to inform new efforts to promote and support diaspora giving.

The organizations profiled here connect diaspora donors in the United States with causes and organizations in their country/community of origin. Each organization acts as an intermediary, or bridge, regrating philanthropic funds to overseas NGOs. While these intermediaries play similar roles, their approaches differ widely. It would be an exaggeration to refer to this cluster of organizations as representing a single or unified “model” of diaspora philanthropy. Nevertheless, these organizations share certain common philosophies and practices. By way of illustration, they:

### **Diaspora Foundations and Philanthropic Intermediaries**

- American India Foundation
- American Ireland Fund
- Ayala Foundation USA
- The Brazil Foundation
- Give to Colombia
- Give2Asia

- have as their principal mission the raising and distribution of private funds through grants in support of charitable issues and entities. Most but not all have a more explicit mission to accelerate economic and social development.
- have been established as formal, independent organizations with non-profit status under US tax laws; e.g., most are classified as “501(c)(3)” organizations under the federal tax code. As such, these intermediaries: (a) assume responsibility for the ultimate distribution of granted funds, and (b) can provide the donor with the means to establish the deductibility of a contribution.
- seek funding from a broad range of individuals and institutions in the United States. Most have a strong but not exclusive donor base in their own diaspora communities.
- provide funding primarily to civil society organizations.

Notwithstanding some common characteristics, each of these intermediaries has developed unique practices and programs. Their approaches and activities are influenced strongly by the passions and priorities of their founders, as well as by the characteristics of their diaspora community in the United States and those in their “home country.”

## *Origins and Start-up*

With the exception of the American Ireland Fund, the six groups studied have been established in the last decade. Three important influences on the early success of such organizations are noteworthy:

*A strong connection to an existing, well-respected institution* can provide immediate recognition and credibility, both among the diaspora population in the United States and within the focus country. Such connections can also facilitate grantmaking through already established networks and can help to quickly negotiate the legal and regulatory requirements within a country. Give2Asia was incubated at the U.S.-headquartered Asia Foundation and had immediate access to staff, expertise and offices in 17 Asian countries and through them to the non-profit community in each target country. Ayala Foundation USA (AF USA) contributes much of its early success to its relationship to the Ayala Foundation, a large and highly respected private foundation in the Philippines, and its extensive in-country NGO network. Give to Colombia, while not formally connected to another organization, works in close cooperation with the established and respected Compartamos con Colombia and Conexion Colombia (Aysa-Lastra).

Similarly, early *leadership from well-respected and widely-recognized individuals* can help to establish immediate credibility, and also attract important media coverage. The American India Foundation (AIF) benefited enormously from the prominence of founding co-chairs, Rajat Gupta, Managing Director of McKinsey and Victor Menezes, Chairman of Citigroup, as well as the active participation of President Clinton. The former first lady of Brazil, Ruth Cardoso was on the founding board of the Brazil Foundation.

*A singular galvanizing event* can be the catalyst for an organization's start-up or rapid growth. Too often, a natural disaster has been the trigger; for example AIF was born of the desire of a group of Indian Americans to respond to the 2001 Gujarat earthquake, but became a catalyst for a broader mission and expanded programs. The 2004 Asian tsunami and 2005 Pakistani earthquake precipitated substantial growth in giving through Give2Asia. But planned events, too, can have a notable impact. For instance, AF USA captured the attention and support of thousands of individuals and expanded its U.S. base to three cities through a special computer education initiative, GILAS (see text box, page 30).

## *Grantmaking Programs and Other Activities*

The principal activity of each of these organizations is to raise and distribute funds, through grants, in support of charitable issues and entities in another country or region. Many of the groups are also engaged in several other activities to strengthen or complement the principal grantmaking program, including activities to: foster bonds between diaspora communities and the country of their ancestry; provide education and networking opportunities to their donors; encourage the transfer of knowledge between the diaspora community and their homeland; and build the capacity of the nonprofit sector within the country of origin. The following chart summarizes the range of activities and programs undertaken by the respective entities.

	<b>Diaspora Philanthropy Foundations and Intermediaries</b>
Grantmaking	<ul style="list-style-type: none"> <li>• <i>Pre-approved NGOs.</i> Pre-approved list of NGOs to which donors can contribute. NGOs are identified through an application and vetting process. These inventories can also facilitate collective giving, e.g., by alumni groups to a college or university.</li> <li>• <i>Donor-identified NGOs.</i> Gifts to organizations identified by donors after undertaking satisfactory due diligence.</li> <li>• <i>Donor-advised funds.</i> The establishment of individual donor-advised funds through which grants are made over time. Donors remain actively involved in identifying recipients although the sponsoring organization maintains legal control over final grant decisions. <ul style="list-style-type: none"> <li>▪ <i>Customized programs.</i> Customized services to help donors design and implement programs to meet individual objectives.</li> </ul> </li> <li>• <i>Organizational priorities and initiatives.</i> Solicitation of funds to support organizational short- or long-term program priorities. For example, Give2Asia established a special tsunami fund; AF USA raises funds for the GILAS education project.</li> <li>• <i>Proposal solicitation.</i> A more traditional foundation model: proposal solicitation process through which NGOs apply for grants.</li> </ul>
Exchanges, Consultancies, Visits	<ul style="list-style-type: none"> <li>• <i>Capacity building.</i> Short-term visits through which members of a diaspora community can volunteer technical skills and intellectual resources to help build NGO capacity.</li> <li>• <i>Youth programs.</i> To allow youth, some of whom have not spent extensive time in their ancestral country, opportunities to visit first-hand, develop personal connections, and better understand issues and needs.</li> <li>• <i>Visits.</i> Opportunities for donors to visit a country and learn more about needs and funding opportunities.</li> </ul>
Education and Networking	<ul style="list-style-type: none"> <li>• <i>Learning programs.</i> Some groups offer meetings and workshops to explore political, social, economic, or cultural issues related to the country and discuss ideas for social investment and change. At least one group, Give2Colombia, has held a substantial (2-day) conference exclusively for diaspora community members.</li> <li>• <i>Newsletters.</i> Several groups distribute newsletters covering organizational initiatives, urgent needs, donor profiles, etc.</li> <li>• <i>Fundraising events.</i> Principal forum for education and networking for most groups.</li> </ul>
NGO Capacity Building	<ul style="list-style-type: none"> <li>• Some groups work with NGOs to help improve their skills in such areas as proposal and report writing, financial accounting.</li> </ul>

Each organization's grantmaking program is unique, and appears in large part to reflect the vision of the founders. Perhaps the most noteworthy differences among the grantmaking programs are the principal motivations and models on which they were based. Do the organizations establish their own agenda and workplan? Are they directed by donor interests? Or do they respond to the priorities of NGOs through a proposal solicitation process?

Give2Asia explicitly states that they support and facilitate the charitable interests of donors. Similarly, Give to Colombia's principal activity is the development of individualized grantmaking programs for donors. The Brazil Foundation and the American Ireland Funds use a competitive grants process based on proposals. AIF's grant program is driven by the vision and priorities of its leaders; the organization establishes an annual workplan that identifies specific issues and geographical priorities; recipients, or partners, are then identified by staff.

The individual approach adopted will affect the impact of a grantmaking program. General considerations for program planners (though not based on an evaluation of these organizations, include: A donor-driven approach can stimulate important creativity and new approaches. On the other hand, it will likely limit significant impact on any one issue, and it may create new programs that are unsustainable. An NGO proposal approach may respond more directly to local needs as perceived by NGOs, but it may similarly limit impact in any one area. Defined organizational agendas are the most focused and thus may have the most potential to have impact in one area, albeit of the organization's choice, but serve to limit the range of impacts and may narrow the pool of donors.

In addition to ongoing grant programs, special funding initiatives have been important to almost all of the studied organizations. Special initiatives and campaigns can attract media attention, catalyze a community, and may lead to longer-term philanthropic contributions. Both AIF and AF USA have had great success with initiatives that combine education and computer access. Through its Digital Equalizer Program, AIF has raised funds to provide computers, Internet connections and training to over 100 schools and 23,000 students in disadvantaged areas of India. AF USA's GILAS initiative, described in the textbox below, illustrates the potential of a carefully-conceived, well-structured initiative to raise funds, strengthen organizational capacity, and most importantly, create significant impact. A key to the program's popularity may be that it is structured to allow donors to give in a very personal way (e.g., to a specific village with which they are connected) while at the same time contributing to something with measurable national impact. This ability to "give locally, act nationally" may be a powerful framework for other initiatives.

## **Gearing up Internet Literacy and Access for Students (GILAS) A Program of The Ayala Foundation USA**

In 2005, AF USA's affiliate in the Philippines, the Ayala Foundation, Inc. led the establishment of GILAS, an ambitious program supported by a multisectoral consortium to put computer labs with Internet access in all of the country's 6000 public high schools within five years. The program has resonated resoundingly with Filipino Americans, who are keenly aware of how important computer and communication technology is to individual and national development.

The initiative combines a unique "act nationally, give locally" approach. Because it is a national initiative, donors see the potential to contribute to a program with considerable and measurable impact. At the same time, donors are attracted to the program because they can choose to direct their donations to a public high school in their own hometown, thus having a more focused impact on a community to which they are connected.

In GILAS' first year, the Consortium raised more than \$474,000, with AF USA contributing \$114,000. As a result, 727 public high schools were connected to the Internet by the end of 2005, benefiting more than 350,000 Filipino youth. In 2006, support from donors of AF USA doubled, and the GILAS Consortium had connected 1,370 schools as of May 2007. AF USA expects donations to scale up significantly, in support of the goal to connect an additional 1,000 schools each year.

The program has also reaped broader benefits for AF USA. Filipino Americans have become champions/fundraisers for the program, forming volunteer groups in eight cities in the United States in 2006. These groups raise money for GILAS, but also raise awareness of AF USA and its mission, strengthening the reach and capacity of AF USA with little direct investment. In addition, local governments in the Philippines have become supportive of the program, with an increasing number of mayors and governors matching funds raised from the private sector, making the initiative even more attractive to donors whose funds are effectively doubled to support GILAS.

In addition to ongoing grantmaking programs and special initiatives, at least two groups have developed programs through which members of the diaspora community can visit and work in their ancestral country. These programs may be very effective in building long-term bonds between second- and third-generation community members and their home countries, and can also provide assistance to non-profit organizations within the countries. AF USA's *Filipino American Youth Leaders Fellowship Program* provides the opportunity for ten second- and third-generation Filipino Americans to spend eight weeks immersed in the Philippines and its NGO sector. AIF's *Service Corps Fellowship* allows approximately 20 young individuals a year to work with NGOs in India for a period of ten months.

### *Donor and Funding Base*

The "diaspora" plays a somewhat different but always important role in each of these organizations. Some groups (Brazil Foundation, Give to Colombia) were established principally to cultivate giving among a diaspora population, while other groups (Give2Asia, AIF) were established to facilitate charitable giving by a variety of constituents with interests in the country, including -- in addition to the diaspora -- American individuals, corporations, and private foundations. In reality, all of these organizations have moved towards seeking contributions from a range of individuals and groups with interest in social investing in the country.

It is difficult to estimate the level of diaspora giving facilitated by such organizations. Most organizations could/would provide only limited data on their donor base and support. The organizations do not track contributions from diaspora members separate from other individual contributions, although Give2Asia and the Brazil Foundation both estimate that 60% of their contributions probably come from individuals who would self-identify as diaspora members. Limited data notwithstanding, available information on donor base composition suggests several important factors that may influence the activity and impact of philanthropic intermediaries.

First, an increase in corporate funding may influence the kind of initiatives that are funded and the overall impact of the grantmaking programs. Most groups acknowledge actual or expected growth in corporate giving. But most often, corporations seek assistance with highly individualized investment opportunities aligned with their respective corporate missions. Such contributions may not be in direct alliance with a specific organization's agenda, or with the priorities of the NGO sector within a country.

Secondly, the specific segment of the diaspora population that is courted by the intermediary may have an impact on program priorities and impact. Each of the intermediaries studied explicitly or implicitly views diaspora populations as central to their mission and success. However, the individual organizations court different segments of the diaspora population, with some organizations focused on the relatively wealthy while others reach out to a broader socio-economic spectrum. In part, the strategies reflect the demographics of the targeted diaspora population, but, because none of the diasporas are homogeneous, it also reflects the strategies of the respective organizations. Similar to corporate support, large contributions from wealthy individuals will often be more donor-directed, while a broader donor base providing numerous smaller gifts is more likely to allow an organization to fulfill its own agenda or initiatives.

In addition to raising funds for in-country social investment, intermediary organizations must cover administrative costs. Each organization offsets operating costs through a combination of sources that can include fees, institutional support from foundations and/or a founding organization, and pro bono and in-kind contributions. Fees can be charged on contributions, individual donor services, and NGO due diligence and accreditation. Fees to donors range from 1-7% of contributions, and several groups use a sliding scale, depending on the size of the gift and the complexity of the grant activity. Most of the groups have also received institutional support to supplement the fees. To date, none of the studied groups has created an endowment, although Give2Asia is hoping to raise one in conjunction with its fifth anniversary in 2008.

The value of gifts-in-kind, volunteer work and pro bono services cannot be underestimated. Most groups receive extensive assistance in areas such as event planning, web design, and legal advice, from both corporations and individuals. For example, the Brazil Foundation has a database of over 700 volunteers and over 25 corporate sponsors. Corporate sponsorship can offset some large direct costs, for example the Brazilian airline TAM provides free airline tickets to facilitate staff and grantee travel.



## *Challenges and Considerations*

Leaders of the six intermediary organizations studied identified several common challenges, most notably around the issues of sustainability, reach, and impact. These challenges, and some possible approaches to strengthen financial health and programmatic influence are discussed below.

### 1. Sustainability

Sustainability is seen as the principal challenge by almost every organization studied. Organizational sustainability has two main components: the ability to reach and sustain the donor base to fund in-country social investments; and development of a business model to cover administrative costs.

The demographics of many diasporas make it difficult to identify and reach-out to broad segments of the diaspora population. Many diaspora populations are widely distributed across the United States, and even in areas where there are larger concentrations of immigrants from a single country there is generally no single umbrella organization to facilitate access to the great majority. Most of the intermediaries studied believe that multiple U.S. offices or chapters with paid staff or volunteers are essential to organizational growth and impact. The oldest organization, the American Ireland Fund, has 14 chapters across the U.S.; AIF has nine US chapters; and Give to Colombia and AF USA each has three.

In addition, several of the intermediaries studied speculate that much of their diaspora giving is provided by first generation immigrants; accordingly, they are trying to find ways to support and foster ties between second and third generations and their homeland. As mentioned above, AIF and AF USA have established fellowship programs to strengthen bonds between those living in the United States – in particular second and third generation immigrants – and their ancestral country. It is too early to gauge the lasting impact of these efforts. However, the experience of the Taglit-Birthright Israel program could be useful to others considering the value of such programs. Taglit-Birthright Israel offers gifts of ten-day trips to Jewish young adults who have not visited Israel. The program was created to strengthen participants' personal Jewish identity and connection to the Jewish people, to diminish the growing division between Israel and Jewish communities around the world, and to strengthen the sense of solidarity among world Jewry. The program's success has led considerable expansion of its size and funding base. Over 120,000 individuals have now participated, with support from the government of Israel, private philanthropists, and North American Jewish Federations.

Other intermediary organizations are attempting to foster connections through short-term learning opportunities within U.S. communities. In truth, the majority of these opportunities appears to be limited and generally related to fundraising, and tends to highlight organizational programs rather than national issues and needs. Theoretically, such activities can offer a great deal; they can help to keep people engaged with country issues and needs, provide information on the specific activities of the organization and the potential impact of

social investments, offer an opportunity to meet other individuals with similar interests, and even be a catalyst for collective giving. On the other hand, it can be difficult to arrange these kinds of activities when most intermediaries have only limited financial and human resources. Give2Asia has hosted a small number of breakfast and lunch gatherings, and reports that the right mix of individuals is very powerful. Give to Colombia had a highly successful two-day conference for diaspora donors to explore social needs and discuss best practices in philanthropy.

## 2. Partnerships and Linkages

Partnerships and linkages may be another way to mobilize new resources and increase impact. Most intermediaries already target a broad range of contributors, but for some organizations there may be additional groups or populations that could become significant sources of capital or partnerships. Particularly promising partners might include some of the diaspora associations described above and other institutional actors in the U.S. philanthropic sector, e.g., community foundations, giving circles, or professional financial and legal advisors.

Potential relationships or partnerships with diaspora associations, include: (1) as a source of funding for established programs, (2) helping immigrant groups develop their own giving programs and/or acting as fiscal agents for these programs, and (3) developing partnerships that capitalize on the strengths of both organizations. As an example of such partnerships, AF USA has signed an agreement with the University of the Philippines Medical Alumni Society in America to lend assistance in undertaking their charitable activities. At the same time, there are potential hurdles, which may include the lack of leadership continuity in some associations, and the unique priorities and agendas of different organizations. Success may be more predictable when initiatives are developed jointly from the outset, and when they respond to the priorities and interests of both partners.

Linkages with other parts of the U.S. philanthropic infrastructure might also be fruitful for some diaspora philanthropy initiatives. Community foundations, particularly in cities with significant immigrant populations, increasingly have clients who wish to give back to their countries of origin. But few community foundations have the knowledge or ability to assist with international grantmaking. Professional financial, legal and tax advisors can have enormous influence on how individuals and families practice charitable giving and will likely have clients with global philanthropic goals. Several giving circles, including women's funds and venture philanthropy groups, seek to support causes and projects in specific countries. Diaspora giving intermediaries may be able to partner with such groups either to assist clients with their grantmaking strategies or to act as a fiscal intermediary.

Another strategy for resource mobilization might be the development of partnerships that offer gift-matching opportunities. Some projects might be conducive to government, corporate, or foundation matching. For example, AF USA has been successful in raising local government monies to match private funds raised for the GILAS project. While there may often be good reasons to avoid government involvement in such initiatives, some

philanthropic intermediaries might wish to explore matching funds from other sources, e.g., foundations and corporations.

### 3. Beyond Grantmaking

The organizations studied here focus their philanthropic “bridging” role principally on facilitating monetary gifts. But for some diaspora philanthropy groups there may be opportunities to multiply impact by developing initiatives that also allow people to give back in terms of time, talent, or technical experience. Again, linkages with diaspora associations whose membership have valuable skills may be a win-win strategy.

AIF and AF USA offer two examples of this kind of program. AIF’s Service program is described above. AF USA is pursuing the promotion of knowledge transfer, through partnerships with Filipino American professional associations. The Foundation has begun working with the Brain Gain Network (BGN) to develop a database of Filipino American IT experts willing to be involved in knowledge transfer activities; it expects to expand the database to other professionals in professions that include medicine, education, and the environment.

## **C. Emerging Actors and New Models**

A number of new strategies to promote diaspora giving are just beginning to emerge. While experience with them is quite limited, two promising models are highlighted here to illustrate the expanding range of available approaches. They illustrate this paper’s underlying premise: efforts to promote diaspora giving must recognize the unique character of a diaspora population and the wide diversity of potential donors within it. They must employ a range of approaches that respond to the demographics, traditions, and priorities of the intended population.

### **Community Foundations**

Both by practice and design (and sometimes by express limitations in their Articles of Incorporation) community foundations have typically supported issues and organizations in a locally or regionally defined geographical area. But with an increasing number of immigrants in a growing number of U.S. communities wishing to support issues and organizations in both their community of residence and community of origin, community foundations are likely to become increasingly active in supporting diaspora giving in the years to come.<sup>9</sup>

With the accelerated rates of immigration to the U.S., diverse ethnic and racial groups are making their homes in a wide range of communities. Prior to 1990, immigrants were by and large highly concentrated geographically, with 75% of immigrants residing in five states:

<sup>9</sup> This section draws on the report *Community Foundations and International Giving: Opportunities for Global Engagement*, Paula Johnson and Stephen Johnson, The Philanthropic Initiative, Inc., 2006.

California, Florida, Illinois, New York, and Texas. Over the last 15 years, settlement patterns have changed. States including Arkansas, Colorado, Georgia, Nebraska, Nevada, North Carolina, Tennessee and Utah all saw the number of immigrants more than double in the 1990s.

There is evidence of the increasing international role of U.S. community foundations. While the dollar amount of international giving through community foundations is low, the rate of giving is increasing swiftly. A recent study by the Foundation Center reports that international giving through community foundations quadrupled between 1998 and 2002, from \$6.3 to \$29 million. During the same period the number of community foundations making international grants increased by 50%, from 29 to 43 (Renz). Rob Buchanan, director of international grantmaking at the Council of Foundations, attributes much of this growth to immigrants who become active in their U.S. communities but wish to maintain a relationship with their home countries and villages.<sup>10</sup>

In 2006, TPI (supported by the Mott Foundation) brought together 15 community foundation leaders to explore the current and future role of U.S. community foundations in global giving. Community foundation leaders predicted the swift development of a far more active role for community foundation in future international giving (Johnson, 2006). There was broad consensus that the ongoing transformations in the philanthropic field, in the affinities and interests of donors, and in the demographics of individual communities, would persuade some community foundations and compel others to respond to the global interests of their constituents.

Some initiatives are already underway. They demonstrate both the potential and a number of different models for community foundation engagement in diaspora giving, going forward.

- *Community foundation partnerships.* There are now more than 700 community foundations in the United States and 1,200 worldwide. Links can be established between individual community foundations in the United States and community foundations in countries from which the foundation's constituents immigrated. For example, the community foundation in Pittsburg and the Via Foundation in the Czech Republic have established a relationship through which local community members with ties to the Czech Republic can support programs in that country.
- *Partnerships with diaspora associations.* The synergies between partnerships and hometown associations, professional associations, and other diaspora associations have rarely been explored. Community foundations could profitably experiment with appropriate and potential roles for collaboration and partnership among such groups.

<sup>10</sup> *Index on Global Philanthropy*, reporting on phone conversation between Rob Buchanan and Catherine Cleland, February 2006.

- *Field of interest funds.* Community foundations can establish field of interest funds to allow a number of donors to pool resources around a shared international interest or priority. For example, the Research Triangle Community Foundation established a fund to pool contributions to support disaster relief in India following the 2004 tsunami.
- *Donor-advised funds.* Individual donor advised funds can be established to support a specific community or location abroad. For example, the Community Foundation Silicon Valley has established donor-advised funds for members of the Indian American community who wish to make charitable investments in India, and the Minneapolis Foundation is host to a fund to support children orphaned by AIDS in China. Often, community foundations with internationally oriented donor advised funds will channel funds through a U.S.-based group such as Give2Asia or the Charities Aid Foundation.

There are undoubtedly many other possible ways in which community foundations can support the philanthropic interests of a diaspora's members within their communities. Ongoing conversations with community members will surely help to uncover mutual and complementary interests and other means of supporting their respective diaspora giving interests.

As underscored in the TPI report, global giving through community foundations will not evolve without surmounting some hurdles. Many U.S. community foundations are restricted by their charters to giving without their locally defined geographical area. Some understandably wish to focus exclusively on a local agenda. Local nonprofits may view international giving as detracting from the resources available to address local needs. In addition, as international giving increases, foreign governments may wish to exercise more control over the objectives and the recipients of funds from abroad. But despite these and other barriers, the role of community foundations in international giving will surely grow, prompted both by self-interest and by a growing sense of global responsibility.

## **New Technologies**

Some observers have suggested that the Internet, cell phones, and other information technologies have the potential to revolutionize diaspora philanthropy and other forms of international giving. These technologies, in theory, can sustain existing relationships and create new partnerships or "communities" based on common interests and ideals rather than geographical proximity.

The most established use of new technologies in diaspora philanthropy is the development of Web-based initiatives to promote giving among the diaspora population and channel resources to a range of organizations within a country. Such sites have the advantage of reaching out to a diaspora population globally, at relatively low cost. Two notable examples are Giveindia.org and Conexion Colombia. Giveindia, created in 1999, posts a list of approximately 100 certified non-profit organizations to which donors can contribute. Through this donation platform (and other options such as payroll giving) Giveindia has

helped 30,000 donors support 150 NGOs with over US\$5 million. Conexion Colombia, created in 2003, provides current information on Colombia and its needs, accepts monetary or in-kind donations, and offers evaluation on a project's impact. Its website reports that they have received \$3 million from individuals in more than 50 countries (Aysa-Lastra).

Jacqueline Copeland-Carson, in a new study of Kenyan diaspora philanthropy (prepared in conjunction with this study), explores the mixing of centuries-old philanthropic traditions with modern technologies to produce novel practices that, “with encouragement, could have exciting potential to address social issues.” Kenyan diaspora philanthropy is characterized by the strong use of remittances to assist extended family members and to fund community projects. Many Kenyans find formal money transfer mechanisms (e.g., banks and financial institutions such as Western Union) too expensive, and informal mechanisms (e.g., couriers) unsafe. In addition, those sending remittances often seek to have more control over how the funds are ultimately used. Copeland-Carson describes how new technology-based transfer mechanisms can help to overcome these concerns, increasing confidence and directing remittances to specific beneficiaries and uses. A new mobile phone payment system being launched in Kenya will allow subscribers in the United States to deposit cash and instantly transfer it to network members throughout Kenya, even in remote places not served by banks and traditional money transfer operators. In addition, Kenyan-owned businesses in the United States are beginning to provide vouchers that can be sent to individuals in Kenya in place of cash and redeemed for a variety of products and services, including medical services (Copeland-Carson). Copeland-Carson suggests that with support and proper safeguards these and other technological innovations could expand Kenyan diaspora giving, with technology devised for extended family remittances adapted to electronic philanthropy for nonprofits. While acknowledging the obstacles to such initiatives, she concludes that “creative application of technology used for remittances is the next frontier in expanding Kenyan diaspora philanthropy” (Copeland-Carson).

## **IV. Influences and Inspirations**

Section Two of this study explored the emerging interest in and importance of diaspora philanthropy. Section Three surveyed its current contours. Going forward, there are numerous issues that will affect the inclination of diaspora members to maintain strong bonds with their home countries, and whether, how, and for what purposes they might be predisposed or persuaded to engage in diaspora philanthropy.

Any kind of philanthropic giving is, of course, influenced by numerous and complex economic, political, religious, and social influences. Here we highlight a few of those influences that seem particularly significant to the transnational giving of many diaspora population, influences that will need to be considered by those seeking to develop diaspora giving to a specific country. These include (1) government policies in countries of origin that reinforce or work against maintaining ties and making philanthropic investments, (2) policies and attitudes in the United States that affect the ability and ease of international giving, (3) the motivations for migration and the subsequent demographics of a diaspora population in the United States, and (4) philanthropic motivations and traditions, particularly as they influence the choice to give to individuals or institutions.

### **Policies and Programs in the Country of Origin**

Historically, in some nations, those who left a country to seek opportunity elsewhere were resented, often seen as abandoning the home country. Today, as described in Section Two, countries recognize the value and potential contribution of their citizens in the diaspora. Consequently, many countries are developing policies and programs to actively engage their diaspora communities in a host of social, economic, and political endeavors. State practices toward their diasporas can range from highly supportive to quite restrictive, and a country's position along this spectrum will have a strong influence on diaspora engagement and philanthropy (Sidel, 2007).<sup>11</sup> Among the key policies and practices that encourage engagement and giving are the extension of legal and political rights to diaspora members, supportive financial policies, active government outreach to a diaspora population, and monetary incentives.

Among the legal issues that will influence diaspora engagement with a home country are citizenship, voting rights, property ownership, and the right to hold office. The granting of dual citizenship and voting rights appear to be particularly important. Mexico, the Dominican Republic, Colombia, Brazil, Ecuador and Portugal are among those countries that have recently extended these political rights to their citizens overseas. But to further encourage engagement, countries may need to go a step further and make it easier for diaspora members to actually exercise these rights. For example, Filipinos in the United States

<sup>11</sup> For an excellent analysis of government policies, laws and regulations toward diaspora populations see “Focusing on the State: Government Response to Diaspora Giving and Implications for Equity,” Mark Sidel, in *Diasporas and Development* (editors: Barbara Merz, Lincoln Chen, and Peter Geithner), Global Equity Initiative, Harvard University, 2007.

have the right to vote in Philippine elections, but they must do so in person at an embassy or consulate. This trip is far too time consuming and expensive for many Filipino Americans, often resulting in the forfeit of a day's wages (Garchitorena). Some countries are developing more user-friendly programs, such as mail-in voting systems, which will likely increase participation and engagement.

National financial policies regarding banking, financial services, and taxes also have an important impact on diaspora philanthropy. Sidel describes the supportive role of simple, affordable banking and financial services on all kinds of financial transfers, including philanthropic giving (Sidel, 2007b). Recent studies on Kenya and Pakistan have similarly pointed out the barriers to transnational giving created by expensive money transfer systems (Copeland-Carson, Najam). Other fiscal policies, such as restrictions on non-profits receipt of monies from outside of the country, and taxes on international charitable contributions, can also inhibit philanthropic giving.

Some governments have gone beyond the enactment of supportive regulations in their efforts to engage diaspora members. Several countries have now established diaspora ministries or councils to actively cultivate and support relationships with their diasporas. While this practice is not new -- for example, the Government of China had a cabinet level commission for diaspora relations as early as 1927 (Yin) -- it is growing. India, Mexico, Jamaica, Haiti, Ghana, and Kenya are but some of the countries with such initiatives. China remains particularly aggressive in its efforts to encourage diaspora investment and giving. In 1998, the country established the Overseas Chinese Economic and Cultural Foundation of China to raise philanthropic contributions for the public benefit of cultural and educational programs. In three years, the foundation raised over \$60 million (only a portion of which was from the United States) (Young, 2004).

In addition, several countries including the Philippines, India, China and Kenya, have held high-level conferences and/or sent government delegations to encourage commercial and social investments in their countries. The recent Kenyan Diaspora Investment Forum encouraged both economic and philanthropic investment. The government of the Philippines, through their embassy and consulates, organizes "road shows" to present the Filipino American community with both commercial and social investment opportunities, e.g., the GILAS program described in Section Two (Garchitorena, 2006).

A limited number of countries provide monetary incentives for social investment, for example through matching programs such as those of Mexico and El Salvador, described in Section Two. China, perhaps uniquely, encourages and supports the establishment of professional and kinship organizations overseas.

### **Policies and Attitudes in the United States**

Policies and attitudes in the United States also influence diaspora philanthropy, as well as other forms of international giving. In particular, tax regulation and security concerns will have a significant impact on the prospects and practices of diaspora philanthropy.



For those seeking the benefit of a tax deduction on overseas giving, tax policy will influence the vehicles and recipients of their philanthropic gifts. U.S. tax law encourages giving through U.S. charities; individuals cannot receive a tax deduction for gifts made directly to overseas organizations. Foundations, associations, or other nonprofit organizations can make grants to non-U.S. organizations, but must adhere to demanding policies and regulations in order to establish a non-U.S. organization's eligibility to receive grants. Such grants must subsequently be monitored. Many diaspora donors will prefer to make contributions through an intermediary, such as those described in Section Two, with the expertise to facilitate overseas grants legally and efficiently.

Heightened security concerns following the September 11, 2001 terrorist attacks in the United States have also affected international giving, diaspora giving in particular. Those tragic events raised important questions and concerns about international philanthropic flows. In an effort to prevent charitable contributions that would directly or indirectly support terrorist or militant groups, the United States enacted the U.S. Patriot Act, issued anti-terrorist financing guidelines for U.S. charities, and now exerts more scrutiny on international charitable giving and money transfers. Closer monitoring and oversight has likely impacted some diaspora populations more than others. For example, Islamic communities must take special care in channeling support to Muslim societies, particularly through faith-based intermediaries.

The long-term impact of these security-motivated policies on various types of international giving is not yet known. In a recent survey of international grantmakers, almost 80% said it is more difficult to fund internationally due to a more demanding and uncertain regulatory environment, and only 50% of respondents felt that the prospects for the field of international grantmaking in the next two to three years are favorable (Renz).

## **Migration and Demographics**

Section Three addressed the issue of how broad global migration patterns have greatly increased both the interest and real potential of diaspora giving. This section examines how the distinctive migration and demographic characteristics of a particular diaspora population may further shape the ability and tendency to give.

When migration results from political or security concerns, individuals are not likely to give back to a country from which they felt compelled to leave. But most migration is motivated by economic reasons, and as noted in Section Two many individuals relocate to the United States with the firm intention of ultimately returning to their country of origin. Research points to a positive correlation between return migration and the frequency and volume of total remittances (Higazi), and the intent to return likely effects collective and other philanthropic remittances similarly. Yin describes the "sojourner mentality" of Chinese immigrants who came to the United States during the 19<sup>th</sup> Century Gold Rush and dreamed of returning home once they were able to make enough money; they maintained strong attachment and loyalty to their communities and actively gave back to their hometowns. Levitt has noted similar patterns among present day immigrants from the Dominican

Republic, and describes their philanthropic contributions to hometown institutions as investments from which they and others will benefit.

While the research is scanty and inconclusive, it is likely that the seemingly high levels of collective philanthropic remittances among Mexicans is in part due to an expectation of the return to Mexico. Mexicans, and other immigrants from Latin America, have lower rates of naturalization than other nationalities. The 2002 U.S. Census showed that of the foreign born individuals entering the United States in the 1980s, 65% of Asians became naturalized citizens, while only 33% of those from Latin American countries did so. More generally, the probability that immigrants will naturalize increases with age, education, income, and English language ability. Many Mexican immigrants tend to be younger, poorer, and less likely to speak English than many other immigrant populations (PRB).

The concentration and settlement patterns of a population also influence transnational ties and diaspora giving. Cultural identities and home country connections are easier to sustain when there is a concentration of immigrants in the United States from a particular community elsewhere. Levitt notes that immigrants from Mexico, El Salvador and the Dominican Republic all tend to settle close to one another; all are populations with well documented collective giving. On the other hand, the fragmented settlement of Colombians in the United States appears to impede community organization and collective giving (Aysa-Lastra, Levitt). Small, fragmented populations also make it more difficult and expensive for those wishing to promote diaspora philanthropy to do so.

Several experts also note that some immigrant groups face obstacles to assimilation or adaptation in the United States that will encourage their continued bond and involvement with their home countries. For example, immigrants who are people of color continue to experience discrimination and barriers to upward social and economic mobility in the United States, but may still be treated as valuable members of their sending countries.

Beyond these generalizations, it is important to bear in mind that members of a diaspora will be highly diversified in their attitudes toward a country and their financial contributions to it. Political affiliations, religious backgrounds, socioeconomic characteristics, personal interests and family values are but a handful of the many influences that will shape and reshape the impulse to give.

## **Philanthropic Motivations**

While the impulse to “give” may be universal, the form and function it assumes is influenced by intensely personal motivations and attitudes. As we have said elsewhere in this paper, there is a strong preference among many diaspora populations to give to individuals rather than institutions. For example:

- In Najam’s groundbreaking study of Pakistani-American giving, research findings clearly indicated “the single most important giving impulse is the desire to directly help individuals in need” (Najam).

- This series' study of Kenyan diaspora giving emphasizes that a strong societal ethic of sharing with individuals who have less is a primary motivator for Kenyan philanthropy (Copeland-Carson).
- A philanthropic survey conducted by the Sampradaan Indian Center for Philanthropy found that the most important reason for giving was a feeling of compassion, and that 90% of the respondents donate directly to individuals while only about half tend to support organizations.
- In a survey of giving among wealthy individuals in six Asian countries, many respondents indicated that the most important impact of their philanthropy was the visible difference it made to individual lives and well-being (APPC).

For those wishing to promote more institutionally-based diaspora philanthropy it will be important to consider the motivations behind this impulse to give directly to individuals. Existing research on diaspora giving suggests two main reasons for this preference: (1) a profound faith-based or spiritual tradition; and (2) a distrust of NGOs, as well as a broader lack of confidence in formal institutions and in government.

Philanthropic giving is deeply rooted in religious and spiritual heritage. Most or all of the world's moral traditions embrace a principle of helping those who suffer or are in need. Jewish and Christian doctrines speak of "doing unto our neighbors as we would want done unto ourselves." One of the five Pillars of Islam is *zakat*, the concept of tithing to aid the poor and those in need. Most African countries have a version of *ubuntu*, a spiritual worldview in which one's own humanity is integrally related to supporting others (Copeland-Carson). Buddhist beliefs teach restricting selfish desires. While such faith-motivated giving could be practiced through institutions, the limited research suggests that meaningful giving is created by a direct relationship between the provider and those in need.

A second reason that philanthropy is often directed to individuals rather than institutions appears to be a pervasive distrust of non-profit institutions, as well as a broader lack of confidence in government and the political/economic direction of a country. For institutional philanthropy to flourish in a society, that society must value a strong and vibrant role for civil society, respect the sector's institutions, and believe in the role of private actors in supporting it. Yet among the most oft-cited barriers to philanthropy's growth is the general public's attitude toward civil society and its institutions. In some countries, large non-profits are viewed favorably while there is suspicion of smaller grassroots organizations. Conversely, in other countries there is a greater level of trust in small local NGOs and a suspicion of the new "professional NGOs. And in still other countries the "third sector" is simply seen as a way of avoiding taxes or seeking political gain (Johnson, 2004).

Such suspicions are often fuelled by the lack of transparency, evaluation, and feedback mechanisms in many nonprofit organizations. In the six-country APPC study, in at least three of those countries there was a strong perception that the NGO sector lacks accountability, transparency, and professionalism (APPC). In the study of Pakistani Americans, survey respondents said that NGOs were "inefficient, ineffective, unethical, and inattentive to the most pressing issues." Copeland-Carson observes that a credible NGO sector review and

certification process would build trust and encourage more institutionalized diaspora giving to Kenya. (Copeland-Carson).

In some countries the lack of trust and support for non-profit institutions may reflect a lack of confidence in a country's leadership and direction, further depressing the prospects for diaspora philanthropy. In the APPC six-country study, respondents noted that a government's lack of commitment to equitable human development, and/or pervasive corruption were key obstacles to philanthropic giving. There was a sense that philanthropy could have little long-term strategic impact in this kind of environment. Again, this is likely to encourage more individual charity and less institutional giving.

Conversely, there are examples that indicate that confidence and optimism in a country's leadership and direction appear to lead to greater engagement and giving. For example, a key to the success of the Globscot program (see Section Three) is the desire of diaspora members to support the country's economic development in times of genuine promise and transformation. Likewise, Yin notes that China's rapid economic growth and relative social stability have opened up new opportunities for diaspora giving (Yin). It is possible that the success of institutionalized diaspora giving to India and Brazil reflects growing optimism in future economic growth.

Of relevance to efforts to promote diaspora giving to various countries, some experts have suggested a correlation between trust and a nation's income level. In *The White Man's Burden* William Easterly reports on a World Bank study that examined the correlation between trust in government and social and economic institutions and economic prosperity. The study concluded that low-income societies have less trust than wealthier societies, and that societies that evidence less trust also enjoy less rapid economic growth (Easterly).<sup>12</sup> The level of "trust" is described by Easterly as the extent to which an individual trusts strangers -- those beyond his/her extended family, clan or village. In a low-trust society, characterized by trust for only friends and family, giving to institutions and initiatives led by "strangers" will clearly be limited.

<sup>12</sup> Summarized by William Easterly in *The White Man's Burden*, William Easterly, The Penguin Press, 2006; originally from Knack, Stephen, "Trust Associational Life and Economic Performance," World Bank, 2000.

## **V Future Directions: Issues and Considerations**

The institution-based practice of diaspora philanthropy has emerged as a significant force over the last decade, and it seems poised to continue to expand and evolve. While its current dimensions are limited, its future potential could be very significant indeed. Those who seek to encourage and strengthen its expansion and impact may wish to consider several emerging issues.

Many of the challenges that relate to individual models and strategies for the promotion of diaspora philanthropy are discussed above. Here we attempt to identify several broad areas of inquiry that may have more general relevance to the issues at hand. These ideas recognize and build on the many excellent efforts over the past decade to map, understand, and promote diaspora giving for a variety of countries. A strong foundation has been laid. We hope that the “building blocks” identified below may help to further strengthen the field, practice, and impact of diaspora giving.

### **Building Knowledge and Understanding**

There is a growing body of knowledge on diaspora giving, but the understanding of its contours, characteristics, and consequences is still incomplete. The richness and range of its forms and functions is only beginning to emerge. While in several countries diaspora giving has been well researched, the majority of countries have not been explored at all. Constrained by limitations of data, much of the scholarship is more descriptive than analytical. Impact remains largely unknown. Most limiting is the fact that the substantial existing knowledge has been neither analyzed nor integrated.

The definition and demarcation of “diaspora philanthropy” is paradoxically, both too broad and too narrow (see Section One). Philanthropy and remittances are nowhere near synonymous, but nor do they occupy entirely separate spaces. To develop and strengthen diaspora giving, a better understanding of its various forms and functions will be essential. Diaspora giving initiatives do not fit neatly into established philanthropic definitions and models. Instead of trying to retrofit diaspora giving into Western concepts and models, the models will need to be redefined to accommodate a broader spectrum of giving practices, from extended family remittances to transnational foundations.

While philanthropic giving to a few countries has been well researched, giving to most countries remains largely unexplored. Future efforts to promote giving to individual countries will benefit from well-structured research. Such research will help to illuminate donor interests, attitudes, and aspirations; current models and practices that might be strengthened and developed; and particular barriers and obstacles that will need to be addressed. Several good study frameworks exist that could aid in designing future research initiatives.

Beyond knowledge building, there is a critical need for knowledge sharing. Organizational leaders interviewed for this study almost unanimously lamented the lack of opportunity for peer learning. There have been several academic symposia on diasporas, development, and financial flows. But, to the best of our knowledge, no forum has brought

together practitioners. A “practitioners’ workshop” would allow leaders and innovators to share knowledge, compare experience, and explore common challenges and strategic solutions. In addition, a workshop could move the discussion beyond individual experiences to collectively develop new and stronger giving strategies. Participants would logically include leaders of ongoing diaspora philanthropy initiatives, individuals and organizations currently exploring options for developing diaspora philanthropy, as well as experts on the role of philanthropy and development.

## **Building Bridges and Linkages**

Section Three of this study attempted to highlight a range of creative, inspiring, and successful initiatives to promote diaspora giving. For the most part, these initiatives and organizations work in isolation from one another. Yet there are many underlying synergies among such groups. Increased partnership and collaboration that brings together the unique strengths of individual groups may, in some cases, be a catalyst for greater impact and effectiveness.

Several illustrations of potential collaborations are discussed above, including the potential to expand partnerships among diaspora organizations, governments, and international aid agencies. Another promising area of collaboration is between diaspora organizations and U.S. community foundations that serve communities with significant immigrant populations. Other frameworks for collaboration might link diaspora giving initiatives across countries to help realize greater effectiveness and efficiencies. For example, the London-based African Foundation for Development (AFFORD) unites diaspora populations of Ghanaians, Nigerians, and other African countries to contribute to Africa’s development. Trust Africa, a new African foundation that promotes peace, economic prosperity, and social justice throughout the continent, may be another promising vehicle for engagement with several diaspora populations. We can imagine other models through which experiences could be shared and cost efficiencies realized.

## **Building Capacity and Confidence**

Diaspora philanthropy is likely to increase in coming years, both in quantity and quality. If it is to do so, efforts will be required to strengthen the capacity of related organizations and to develop confidence in the broader sector in which it works.

Section Three identified several strategies that have helped to develop and strengthen capacity in some diaspora associations and foundations. For HTAs, these include the development of federations, partnerships with governments and aid agencies, and monetary matching programs. For diaspora foundations, promising strategies include programs to help strengthen bonds between diaspora populations and their homeland, special campaign initiatives, and programs that extend philanthropic “giving” to include the contribution of skills and knowledge.

An important skill area that is relatively overlooked is the ability to develop strong, strategic philanthropic approaches and skills. Several leaders highlighted the need to better

understand how to maximize and leverage philanthropic impact and make their programs and investments more strategic. HTAs, as they become more prominent, acknowledge a need to better evaluate competing proposals and projects from home communities. Other leaders noted that one of the key challenges to having real impact was to move donors beyond charitable gifts to think about how to engage in strategic social investments. Philanthropic education, both for and within some organizations, would be a wise and productive investment.

At the same time, it is difficult to see how diaspora philanthropy will flourish without addressing the seemingly ubiquitous lack of confidence in the nonprofit sector. It is impossible to separate obstacles to organized philanthropy from challenges posed by broader civil society. Numerous studies and practitioners have confirmed that widespread mistrust in the sector is one of the biggest challenges to developing diaspora giving initiatives. Clearly, this is an impediment to institutional giving and needs to be addressed in many countries before more significant diaspora philanthropic resources are forthcoming.

Several strategies are being tested and explored. Organizations in several countries are developing NGO certification programs. The Guidestar model is increasingly popular in other countries. Several studies have suggested the need for better grant monitoring; guidelines for standard financial, management, and impact reporting; and better measurement and evaluation.

Interestingly, these efforts all address the perceived deficiencies of organizations but not the attitudes of the public. In addition to strategies to build institutional capacity and accountability, there may also be a need to educate and inform the public more, e.g., through the use of public awareness and education campaigns. Such campaigns -- which harness the power of mass media to help inform a public and change attitudes and practices -- have proven highly effective in other areas, such as public health and environmental protection, but their use has been relatively limited in the philanthropic sector.

## **Building Impact**

What is the real impact of diaspora philanthropy in any given country? Who really benefits? How much? Does such giving promote equitable development and social justice or does it exacerbate social and economic inequities? For many individuals and organizations that practice and promote diaspora giving these are the most vital questions, but the answers are few.

Most diaspora foundations have a stated mission to accelerate economic and social development. Many diaspora associations share a similar goal: effecting long-term change through philanthropic contributions. Despite such laudable objectives, evaluation remains inadequate; there is limited understanding of the extent to which diaspora philanthropy initiatives are achieving their goals. Overall, more attention has been given to groups' effectiveness at raising funds rather than the impact of the funds disbursed. Going forward, systematic formative and summative evaluation is essential.

The study, practice, and promotion of diaspora philanthropy will surely continue to grow and mature. Economic globalization, immigration, and the expansion of transnational networks are all forces that will almost certainly become stronger. Diaspora populations will increasingly contribute to their countries of origin in multiple ways, including social investment. The expansion and increased professionalism of civil society is a trend that is not likely to change course. And the rising promise of global philanthropy will, we hope, achieve the goals in which so many have invested – in their giving and in their dreams. Optimistically, diaspora philanthropy will prove itself to be a powerful engine for social change as the 21<sup>st</sup> Century unfolds. To its proponents, promoters, and practitioners we say: *carpe diem*.



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