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***Diaspora Philanthropy:
Private Giving and Public Policy***

By Kathleen Newland
Aaron Terrazas
Roberto Munster

DIASPORAS & DEVELOPMENT POLICY PROJECT

Diaspora Philanthropy: Private Giving and Public Policy

Kathleen Newland, Aaron Terrazas, and Roberto Munster
Migration Policy Institute

September 2010



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Acknowledgments

The authors thank Yvon Resplandy and Borany Penh of the US Agency for International Development (USAID), Renee Gifford of The QED Group, LLC, Thomas Debass of the Overseas Private Investment Corporation, and Paula Johnson of The Philanthropic Initiative for insightful comments on earlier drafts of this paper, as well as the participants of a USAID/ Migration Policy Institute (MPI) roundtable on diaspora philanthropy held on April 1, 2010. The authors also thank Lisa Dixon, April Siruno, and Michelle Mittelstadt of MPI. MPI's work on diasporas, including this paper, is supported by the John D. and Catherine T. MacArthur Foundation.

This report was made possible by the generous support of the American people through the United States Agency for International Development (USAID) under The QED Group, LLC for the Knowledge-Driven Microenterprise Development project. The contents are the responsibility of MPI and do not necessarily reflect the views of USAID or the United States government.

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Cover Design and Typesetting: April Siruno, MPI

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Suggested citation: Newland, Kathleen, Aaron Terrazas, and Roberto Munster. 2010. *Diaspora Philanthropy: Private Giving and Public Policy*. Washington, DC: Migration Policy Institute



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Executive Summary

Diaspora philanthropy — the private donations of diasporas to a wide range of causes in their countries of origin — is not a new phenomenon. Immigrants and their descendants have long maintained substantial ties to their communities of origin, including through voluntary giving. But there are several reasons to believe that diaspora philanthropy is evolving.

- ***The emergence of new development actors.*** There is a growing recognition of the importance of an array of nongovernmental actors — including the private sector, philanthropies, and migrants — in development policy, and of the unique strengths offered by each.
- ***New trends in global philanthropy.*** Philanthropy has a long history in the United States. But more philanthropists are focusing on strategic giving aimed at bringing about social change and influencing policy. In addition, online platforms now make it easier for small donors to pool their funds or to give directly to specific initiatives abroad.
- ***New directions in diaspora engagement.*** The global mobility of talent has resulted in a growing community of highly successful diaspora members. Simultaneously, developing countries are increasing their efforts to maintain ties with their diasporas, and the Internet is making it possible for dispersed populations to organize, collaborate, and nurture ties across borders.

Diaspora philanthropy is characterized by a wide variety of actors with different motivations, objectives, capacities, and impacts. Some individual diaspora donors have the connections and the drive to select their causes and give independently. These individual donors include middle-income and relatively poor migrants — who often give to their hometowns or villages — as well as celebrities, sports stars, entrepreneurs, and industrial magnates. Other diaspora donors choose to donate via intermediaries, either for convenience or to achieve greater impact. Intermediaries are diverse, ranging from hometown- and community-based associations, to faith-based groups and professional networks, to formal diaspora foundations and, more recently, Internet-based philanthropic platforms.

Philanthropy is part of the cultural fabric of many communities, and is driven by complex individual and social dynamics. But it is also affected by public policy in both donor and developing countries. Such policy can either encourage or discourage philanthropic giving — most notably via tax policy, but also through more targeted initiatives such as matching grant programs, the certification and monitoring of charities and nonprofit groups, and the promotion of Internet-based platforms. Policy can also build capacity among philanthropic groups, help them to monitor the developmental impact of their donations, and invite them to participate in development initiatives. On balance, the role of public policy in relation to diaspora philanthropy is a delicate one: to support and encourage diaspora efforts with a light hand so that philanthropy belongs to the philanthropists and their partners in social investment.



I. Introduction

One of the most familiar, if least understood, aspects of diasporas' engagement with their countries of origin is philanthropy: private resources donated out of an altruistic interest to advance human welfare. Diaspora philanthropy is not a new phenomenon, but as this report describes, there are reasons to believe that it is changing. Substantial existing research documents the philanthropic projects of diasporas in their communities of origin, but it often neglects the broader context of diaspora giving in relation to global trends in philanthropy and, critically, understanding of philanthropy's role in development. This report aims to bridge some of these knowledge gaps.

Philanthropic contributions are not directed exclusively to the donor's own family and friends, are not intended to generate direct commercial gain for the donor, and are not primarily for the purpose of achieving political power. Many fine lines are drawn when stating whether a resource transfer is or is not philanthropic in nature. For example, in societies organized by clan or tribe, the distinction between one's own family and the larger community may be much less clear-cut than in Westernized settings. Similarly, support for democratization efforts in one's country of origin may bring political benefit to a donor or his/her associates — but if that is the major purpose, it would be inappropriate to characterize such support as philanthropy.

Individual remittances, by far the most prevalent form of diaspora giving, remain within the private sphere.¹ Collective donations (often called collective remittances) — through which migrants combine resources to achieve an impact beyond the reach of an individual acting alone — transcend the private sphere to create the significant new channel of “nonelite” philanthropy in which stakeholders are the major decisionmakers. This is a marked shift from the traditional philanthropy practiced by wealthy individuals, corporations, foundations, and religious or other social institutions.

Philanthropy implies an element of unselfishness or altruism — although the psychic, spiritual, and societal benefits of philanthropic endeavor are an age-old, and by no means disreputable, motivation for giving. In Buddhist teaching, for example, charitable giving is a way for the giver to accumulate merit in the cycle of life, death, and rebirth. Alms-giving is a fundamental obligation of a devout Muslim, and the Christian tradition of tithing, or giving away a tenth of one's income, supports a vast array of faith-based charities. Many societies quite rightly give philanthropists respect and status.

These (and many other) traditions combine with (a) the growth of transnational communities interacting across borders, and (b) the increasingly large sums of money that flow from migrant communities to countries of migrant origin, to generate considerable interest in the nature and potential of what is most commonly called “diaspora philanthropy.”

Philanthropic resources flow from diaspora communities in a vast and somewhat bewildering variety of forms. Resources may be monetary or in kind. Among in-kind contributions, human resources are particularly important and include professional experience, technical expertise, contacts, and direct services. Many members of diasporas visit their countries of origin on a regular basis to teach or apply their skills.²

Financial contributions may be small, individual charitable donations or large family fortunes organized into foundations. They may be channeled through small organizations formed for the

- 1 For a different view of individual remittances, which places them within the philanthropic sphere, see Kathleen Dunn, *Diaspora Giving and the Future of Philanthropy*, White Paper, The Philanthropic Initiative, May 2004, www.tpi.org/downloads/pdfs/whitepaper-diaspora_giving.pdf.
- 2 See Aaron Terrazas, *Connected through Service: Diaspora Volunteers and Global Development* (Washington, DC: US Agency for International Development [USAID] and the Migration Policy Institute [MPI], 2010). <http://www.migrationpolicy.org/pubs/diasporas-volunteers.pdf>.



specific purpose of directing resources to a particular locality in the country of origin (to build a school or a clinic, for example), or through sophisticated and established nonprofit associations working at the national or regional level. In recent years, a number of intermediary organizations have also been created to match donors with projects, to ease communication, and to oversee the use of philanthropic resources.

Box 1. A Note on Terminology

Philanthropy is a somewhat controversial term. It has largely replaced the word *charity* in the realm of organized giving as charity has acquired, perhaps unfairly, a connotation of patronage and conservatism. *Charity* and *philanthropy* share similar roots: charity derives from *caritas*, or loving care for one's fellow beings; "love of man" is the literal meaning of *philanthropy*. In current usage, however, philanthropy is perceived as more systematic and continuous than charity, with at least the potential to be transformative.

Charitable giving may contribute to the relief of immediate suffering, but in this critical view it does not address the causes of suffering. It not only fails to challenge the status quo that produces suffering, but may indeed reinforce it by applying band-aids to gaping societal wounds.

Some in the donor community are moving toward the use of the term *social investment* in place of *philanthropy* to emphasize not only the transformative potential but the transformative intent of their giving. A paper by The Philanthropic Initiative (TPI) defines *social investment* as the "strategic and systematic investment of private philanthropic resources to address complex, inter-connected manifestations of chronic underdevelopment."³ In this characterization, social investment is targeted toward issues of poverty, health, the environment, human security, basic education, and so forth — but not necessarily arts and culture, which are both focuses of traditional philanthropy. In the context of diaspora giving, however, arts and culture are often critical to the preservation of identity, and so this study continues to use the term *philanthropy* for disinterested giving, reserving *social investment* for the slightly narrower category of giving that aims to effect significant change in the status quo.

3 Paula Johnson, *Global Social Investing: A Preliminary Overview* (Boston, MA: The Philanthropic Initiative, May 2001), 4. www.tpi.org/downloads/pdfs/research-global_social_inv.pdf.

II. The New Context of Philanthropy and Development

Philanthropists donate to a wide array of causes, and their impact on international development is not immediately evident. Olga Sulla of the World Bank estimates that about 10 percent of all grants from philanthropic foundations worldwide are targeted toward international development — totaling about \$800 million in 2005.⁴ Meanwhile, international development experts and policymakers are recognizing the importance of a diverse set of private actors, including philanthropists, to sustainable development efforts. At the same time, global philanthropy is evolving: Large donors are becoming more strategic in their giving, while the Internet and social media are making it easier for small donors to group together and to find projects of specific interest.

4 Olga Sulla, "Philanthropic Foundations and their Role in International Development Assistance," *World Bank International Finance Briefing Note*, No. 3, February 27, 2007, [http://siteresources.worldbank.org/INTRAD/Resources/BackgrounderFoundations\).pdf](http://siteresources.worldbank.org/INTRAD/Resources/BackgrounderFoundations).pdf).



Diasporas are evolving as well: As skilled migration increases, greater numbers of migrants are finding professional and financial success abroad. These migrants are also becoming more self-aware, thanks to the same social media that allow small-scale philanthropists to organize, as well as to greater efforts by countries of origin to engage diasporas.

A. The Emergence of New Development Actors

Over the past decade, an increasingly diverse array of actors — including corporations, grassroots charities, philanthropists, celebrities, faith-based groups, and migrants — have become involved in providing assistance to developing countries. The recent emergence of Internet-based philanthropic aggregators further enlarges this panorama of actors. According to the Hudson Institute’s Center for Global Prosperity, of the \$64.1 billion that Americans gave to developing countries in 2008, over half (\$37.3 billion) was channeled through private philanthropic organizations, and the remainder (\$26.8 billion) went through public channels as official development assistance (see Table 1).⁵ The data are admittedly imperfect: substantial US public assistance to developing countries — with meaningful development impacts — occurs outside the framework of ODA, and a small share of contributions classified as remittances are ultimately directed to private philanthropic or voluntary organizations in the recipient countries.⁶ Nonetheless, the data provide a compelling portrait of the dynamics shaping Americans’ engagement with the developing world.

Table 1. US Economic Engagement with Developing Countries, 2008

	Total Engagement (\$ billion)
US official development assistance	26.8
US private philanthropy	37.3
<i>Foundations</i>	4.3
<i>Corporations</i>	7.7
<i>Private and voluntary organizations</i>	11.8
<i>Volunteerism</i>	3.6
<i>Universities and colleges</i>	1.7
<i>Religious organizations</i>	8.2

Source: Hudson Institute, Center for Global Prosperity, *Index of Global Philanthropy and Remittances 2010*.

There is growing recognition that each type of actor — the public sector, the private sector, nongovernmental organizations (NGOs), diasporas — brings unique strengths to the development process, and that coordination yields tangible benefits.⁷ Official development agencies have access to unrivaled expertise and the resources needed for meaningful impact. But they are often encumbered by bureaucracy and subject to political whims, and — in a period of fiscal austerity throughout the developed world — vulnerable to lasting cuts. The private sector, and private enterprise in particular, leverages unparalleled resources via markets, and thus is the most effective driver of long-term

⁵ Hudson Institute, Center for Global Prosperity, *Index of Global Philanthropy and Remittances 2010* (Washington, DC: Hudson Institute, 2010).

⁶ Some debate whether migrant remittances should be counted as ODA or private philanthropy; the consensus is that, as intrahousehold transfers, remittances are distinct from both.

⁷ The arguments in this paragraph are based on the insights in Lael Brainard and Vinca LaFleur, “Making Poverty History? How Activists, Philanthropists, and the Public Are Changing Global Development,” and Mark R. Kramer, “Philanthropy, Aid and Investment: Alignment for Impact,” in *Global Development 2.0: Can Philanthropists, the Public and the Poor Make Poverty History?* ed. Lael Brainard and Derek Chollet (Washington, DC: Brookings Institution Press, 2008).



development.⁸ However, the fact that its primary responsibility is to shareholders or investors can obstruct the farsighted vision necessary for positive developmental impact. Similarly, private voluntary organizations have the capacity to aggregate resources from many individuals and are not subject to the imperative to make profits or to follow a predetermined public policy line, but face substantial barriers to coordination and collective action. Private philanthropists are often nimble and can make quick or risky decisions aimed at long-term impact. But, except for the very largest, their resource constraints mean that few move beyond a vital role as catalysts and innovators.

From the perspective of official international development agencies, coordination with private donors and migrants is particularly appealing. The development of a strong for-profit sector makes aid agencies' interventions productive and sustainable in the long term. However, in the short to medium term, private philanthropic institutions often undertake high-risk policy innovation and demonstration projects that are not attractive to business and not feasible for government agencies. Diasporas support many of the efforts of both private-sector investors and private philanthropists.

B. The Emergence of New Philanthropists

Philanthropy has a long history in the United States.⁹ Touring the United States in the 1830s, the French aristocrat Alexis de Tocqueville observed Americans' ethos of giving and community service in his classic study *Democracy in America*. During the first industrial revolution, highly successful industrialists such as John D. Rockefeller, Henry Ford, and Andrew Carnegie contributed lavishly to social causes, and eventually established large private foundations that remain pillars of US philanthropy today. Some early philanthropists such as Carnegie and Ford envisioned their donations as a means to induce desirable change in communities and government policies. Starting in the 1950s, publicly held corporations began to engage in philanthropy as well. During the information revolution of the 1980s and 1990s, a new generation of philanthropists emerged from the booming finance and information technology industries. In the first decade of the twenty-first century, strong economic growth in emerging economies (particularly in South and East Asia) led to the emergence of new philanthropists with direct ties to the developing world.

A new, more globally aware generation of industrial (and postindustrial) giants have quickly taken up the mantle of socially engaged giving, focusing on core policy issues such as democracy, press freedom, access to education, and economic competitiveness as well as traditional philanthropic concerns such as health, education, and poverty reduction. Their entrepreneurial success has often led them to question the status quo, and many are inclined to donate their wealth to charitable causes. Billionaire philanthropists Bill Gates and Warren Buffet recently recruited 40 wealthy American individuals and families to commit to donating half of their wealth to charitable causes.¹⁰ The list of participants in the Gates-Buffet Giving Pledge includes at least four immigrants to the United States — from South Africa, Sweden, Canada, and France — and at least three second-generation immigrants whose parents were born in Germany, Russia, and Greece.¹¹

8 Commission on Growth and Development, *The Growth Report: Strategies for Sustained Growth and Inclusive Development* (Washington, DC: World Bank, 2008).

9 This history of philanthropy in the United States draws on Charles T. Clotfelter and Thomas Ehrlich, eds., *Philanthropy and the Nonprofit Sector in a Changing America* (Bloomington, IN: Indiana Univ. Press, 1999); Gabriel Kasper, *A Legacy of Innovation* (Cambridge, MA: The Monitor Group, 2005), www.futureofphilanthropy.org/files/usPhil_4LegacyofInnovation.pdf; National Philanthropic Trust, *A Chronological History of Philanthropy in the United States* (Jenkinstown, PA: National Philanthropic Trust, 2005); and Lawrence J. Friedman and Mark D. McGarvie, *Charity, Philanthropy, and Civility in American History* (New York: Cambridge Univ. Press, 2002).

10 Robert Frank, "More Billionaires Sign the Gates-Buffet Giving Pledge," *Wall Street Journal*, August 4, 2010.

11 Based on MPI analysis of the list available at <http://givingpledge.org/#enter>. Patrick Soon-Shiong was born in South Africa to Chinese immigrant parents, Pierre Omidyar was born in France of Iranian heritage, Barbro Sachs-Osher was born in



Philanthropy is not limited to the wealthy. Many middle-income and even relatively poor individuals make meaningful donations to charitable causes as well. For instance, small donations to churches, mosques, temples, and other religious organizations have historically funded substantial relief for the poor and homeless. Immigrant groups in the United States have a long history of donating to organizations that assist compatriots to settle and adapt to life in a new country.¹² Over time this practice has spread to other associations, including those organized around identity (e.g., race, ethnicity, profession) or a particular issue (e.g., environment, education). Indeed, recent research highlighted in *The Economist* suggests that the poor are more likely to make charitable donations than the wealthy; the study also finds that individuals born into poverty but who have achieved financial success are more likely to donate.¹³

Box 2. Andrew Carnegie: An Early Leader in Diaspora Philanthropy

Andrew Carnegie was born into poverty in a weaver's family in Scotland in 1835. He immigrated with his family to the United States at the age of 13, where he found his first job as a bobbin boy in a cotton mill in Pennsylvania. He rose to become a titan of the US industrial age and was widely believed to be the world's richest man. He was also a leading diaspora philanthropist. Carnegie retired at the height of his career as an industrialist to devote himself to philanthropy. Before his retirement, however, he had made one of his first donations, to build a large public swimming pool in his hometown of Dumferline, Scotland. The first of the more than 2,500 free libraries that he built was also built in Dumferline, and he bought a large private estate that he turned into a public park for the people of his hometown. In 1901 he gave \$10 million to establish a fund for education at Scottish universities, the Carnegie Trust for the Universities of Scotland. He also endowed the Carnegie United Kingdom Trust, a grant-making foundation, with a grant of \$10 million in 1913, and helped to establish the University of Birmingham in the industrial midlands. By the time of his death in 1919, Carnegie had given away more than \$350 million — the equivalent of more than \$4.4 billion in 2010 dollars — in support of world peace, education, music, science, and the betterment of the life of the working class. Most of his giving was in his adopted country, but he remained a generous contributor to causes in his country of origin as well. The grant-making foundation established by his estate, the Carnegie Corporation of New York, continues as a force in global philanthropy today.

Sources: Carnegie Trust for the Universities of Scotland, www.carnegie-trust.org/our_history.htm; Carnegie United Kingdom Trust, www.carnegieuktrust.org.uk; and the Carnegie Corporation of New York, <http://carnegie.org/about-us/mission-and-vision>.

Sweden, and Jeff Skoll immigrated to the United States from Canada; George Kaiser's parents fled Nazi Germany, Peter Peterson's parents were Greek immigrants, and Bernie Marcus' parents immigrated to the United States from Russia.

12 See Will Somerville, Jamie Durana, and Aaron Terrazas, *Hometown Associations: An Untapped Resource for Immigrant Integration* (Washington, DC: Migration Policy Institute, July 2008), www.migrationpolicy.org/pubs/Insight-HTAs-July08.pdf.

13 Paul K. Piff, Michael W. Kraus, Stéphane Côté, Bonnie Hayden Cheng, and Dacher Keltner, "Having Less, Giving More: The Influence of Social Class on Prosocial Behavior," *Journal of Personality and Social Psychology* 99, no. 2 (August 2010) cited in *The Economist*, "The Rich are Different from You and Me," July 29, 2010.



Philanthropists have become increasingly engaged with social investment, and many now fund advocacy for policy reforms. Social and economic change — which many socially aware philanthropists support — is inherently political. Meanwhile, new modes of giving have emerged through venture philanthropy initiatives and Internet-based philanthropic aggregators.¹⁴ Venture philanthropists seek to apply the rigorous methods of business investment to philanthropic ventures. They not only put money into their philanthropic “investments,” but also take a hands-on approach to training, financial accounting, evaluation, and outcomes; in some cases, they expect the “growth capital” they invest to be paid back into a venture philanthropy fund that can then be used for other social investments. The Indian NGO Dasra — founded by a young Indian American who left Wall Street to return to his country of ancestry to work in philanthropy — operates in this manner, while also advising corporate philanthropies on how best to spend their money in India.¹⁵ These developments may blur the conventional understanding of what constitutes philanthropy, but the donors assert that philanthropy should address the causes as well as the symptoms of poverty and inequality.

C. The New Context of Diaspora Giving

There is little new in the observation that many migrants and their descendents retain meaningful personal and professional ties with their ancestral countries, and that these ties often translate into contributions of time and more tangible resources.¹⁶ Substantial existing research (notably by the Harvard University Global Equity Initiative, The Philanthropic Initiative, and the Inter-American Dialogue, among others) maps the financial and in-kind contributions that diasporas make to their countries of origin — particularly in Asia and Latin America.¹⁷

Has this philanthropic impulse among diaspora communities changed over time? There are two reasons to believe that today’s diaspora philanthropists may be substantially different from their predecessors:

- **Increasing mobility of talent.** The regulation of human mobility is a controversial issue, but one trend observable across most countries is the extraordinary effort made to attract and ease the admission of talented migrants.¹⁸ Despite widespread limitations on the movement of less-proficient workers, the movement off highly skilled experts, entrepreneurs, artists, athletes, and entertainers is becoming increasingly liberalized. As a result of the growing

14 On venture philanthropy, see Christine W. Letts, William Ryan, and Allen Grossman, “Virtuous Capital: What Foundations Can Learn from Venture Capitalists,” *Harvard Business Review* (March–April 1997); on Internet-based philanthropic aggregators, see Raj M. Desai and Homi Kharas, “Do Philanthropic Citizens Behave Like Governments? Internet-based Platforms and the Diffusion of International Private Aid,” Wolfensohn Center for Development, Working Paper 12, Brookings Institution, October 2009, www.brookings.edu/~media/Files/rc/papers/2009/10_kiva_global_giving_kharas/10_kiva_global_giving_kharas.pdf.

15 See www.dasra.org.

16 See generally Kathleen Newland and Erin Patrick, *Beyond Remittances: The Role of Diaspora in Poverty Reduction in their Countries of Origin* (Washington, DC and London: MPI and the UK Department for International Development [DFID], 2004), www.migrationpolicy.org/pubs/Beyond_Remittances_0704.pdf. On donations of time through volunteering, see Terrazas, *Connected through Service*.

17 See, for instance, Paula Johnson, *Diaspora Philanthropy: Influences, Initiatives and Issues* (Boston, MA: The Philanthropic Initiative and the Global Equity Initiative, 2007); Peter Geithner, Lincoln Chen, and Paula Johnson, *Diaspora Philanthropy and Equitable Development in China and India* (Cambridge, MA: Harvard Univ. Press, 2004); Barbara Merz and Lincoln Chen, eds., *New Patterns for Mexico: Observations on Remittances, Philanthropic Giving and Equitable Development* (Cambridge, MA: Harvard Univ. Press, 2005); Adil Najam, *Portrait of a Giving Community: Philanthropy by the Pakistani American Diaspora* (Cambridge, MA: Harvard Univ. Press, 2006); Mark Sidel, “A Decade of Research and Practice of Diaspora Philanthropy in the Asia Pacific Region: The State of the Field,” Working Paper, Univ. of Iowa, May 2008; Manuel Orozco and Eugenia Garcia-Zanello, “Hometown Associations: Transnationalism, Philanthropy and Development,” *Brown Journal of World Affairs* XV, no. 2 (Spring/Summer 2009): 1–17.

18 Transatlantic Council on Migration, *Talent, Competitiveness and Migration* (Gütersloh, Germany: MPI and Bertelsmann Stiftung, 2009).



international migration of accomplished (and often extremely successful) individuals, the number of wealthy and well-connected members of diasporas is on the rise.

- **The organizational revolution.** Communications technologies have revolutionized the way people organize and interact, facilitating philanthropic donations across borders. The Internet, e-mail, and mobile telephony have also made community organizing easier. In the past, middle-income and relatively poor migrants faced enormous barriers to maintaining contact with their communities of origin and their children; second and higher generations often lost contact with their communities of origin entirely. It is now much easier to retain personal relationships across borders and over time.

As a result of these changes, diasporas are increasingly able to contribute toward and actively monitor philanthropic activities in their countries of origin. But important questions remain unanswered. What do diaspora philanthropists aim to achieve and how effective are they in realizing their aims? Are they interested in having a long-term impact, or are they more interested in immediate poverty relief? Do they use high-profile donations to raise their public profile or for political ends? Do their interests align with the development priorities of their countries of origin and of international donors, or do diaspora philanthropists have a different set of priorities? In documenting a wide range of diaspora philanthropic undertakings, the following sections aim to respond to these critical questions.

III. Experiences of Diaspora Philanthropy

Diaspora philanthropy is characterized by a wide variety of actors with different motivations, objectives, capacities, and impacts. While some donors give directly to beneficiaries or set up their own philanthropic vehicles, others donate through intermediaries such as private foundations, hometown associations, ethnic organizations, professional associations, faith-based groups, and NGOs, among others. These philanthropic intermediaries identify priorities for giving, administer funds (sometimes including due diligence and evaluation), and often aggregate funds from other sources, such as nondiaspora donors. Internet-based philanthropic aggregators such as Kiva and GlobalGiving help smaller-scale donors identify their giving priorities directly by making it easy for them to select the projects or individuals to whom they wish to give.¹⁹

Figure 1 categorizes diaspora philanthropists along two critical dimensions: (a) by whether their donation is channeled directly to the beneficiary or via an intermediary (on the horizontal), and (b) by the size of their donation (on the vertical). (Indeed, this categorization is relevant to philanthropic donations not originating from diasporas as well.)

- **Donor aggregation (horizontal).** Whether donors give individually or as a group has profound implications for the impact of their gifts. Individual donors obviously have more flexibility in setting priorities and rapidly identifying emerging issues or opportunities, whereas group priorities typically must be negotiated or specified in advance. Both individual and group donors usually give to causes that have personal resonance — relating, for instance, to challenges they have overcome, experiences that have shaped their life trajectories, or assistance to underprivileged individuals from a similar background. As a result, identity-based organizations are particularly effective at fundraising from groups.

¹⁹ Strictly speaking, Kiva is a platform for microloans. However, as discussed earlier, many microloans — in particular those with below-market interest rates — reflect some degree of philanthropic impulse. For a thought-provoking analysis of these Internet-based philanthropic aggregators, see Desai and Kharas, *Do Philanthropic Citizens Behave Like Governments?*



- **Donation size (vertical).** Small donations, whether made by a group or an individual, typically focus on small communities. If well targeted, these donations can have a catalytic impact but are inevitably limited by their small size. Larger donations can achieve greater impact by undertaking more ambitious projects or by reaching larger numbers of beneficiaries (although this potential is not always realized). They can also be encumbered by the challenges of administering large programs with diffuse objectives.

The matrix given in Figure 1 is far from perfect. In many respects the dimensions might be better represented as gradations rather than clear dichotomies. However, it is a useful schematic for thinking about the wide variety of diaspora philanthropists.

Figure 1. Diaspora Philanthropy Matrix

		Donor Aggregation	
		Individual Donor	Multiple Donors
Donation Size	Small	Some remittances, individual donations	Hometown associations, online platforms, small foundations
	Large	Direct donations from magnates, celebrities, sports stars; large foundations established by such individuals	Professional associations, family foundations, venture philanthropy funds

Source: Authors' elaboration.

The following subsections provide some examples of the range of diaspora philanthropists.

A. Individual Donors

Individual diaspora philanthropists range from small donors who give to specific causes in their communities of origin to migrants who achieve broader success abroad and who are able to donate larger sums. Presumably a small portion of family remittances are ultimately channeled to charitable causes by remittance recipients, but since these donations are allocated from household budgets to which remittances contribute, it is difficult to disaggregate them from domestic giving. That said, the stories of migrants who live humble lives abroad but who save their incomes religiously to donate to community causes in their countries of origin are many. For instance, an article in *The New York Times* in 2000 featured the story of an Indian immigrant to New York City, Om Dutta Sharma, who migrated to the United States in 1974.²⁰ Working as a taxi driver, Sharma and his wife lived modestly and saved assiduously; over the course of two decades, they donated about \$2,000 per year to fund a small rural school in Sharma's home village in northern India. It is clear from the article that the donations implied substantial self-sacrifice by Sharma and his family.

Sometimes, small-scale donors are able to mobilize family and friends to donate as well. One example is Binh Nguyen, a Vietnamese American from Colorado who, after visiting Vietnam in 1994, contributed over \$7,000 to support an orphanage run by Vietnamese nuns. Nguyen then went on to raise \$14,000 from family and friends in the United States for the orphanage and later raised funds to open a free clinic and support a private high school as well.²¹ Similarly, Dr. Rafael Espada — a Guatemala-born cardiothoracic surgeon who lived for three decades in Houston, Texas, and who was elected

20 Celia W. Dugger, "In New York, Just a Cabby. In India, a School's Hero," *New York Times*. January 23, 2000, www.nytimes.com/2000/01/23/world/in-new-york-just-a-cabby-in-india-a-school-s-hero.html?pagewanted=1.

21 Mark Sidel, *Vietnamese-American Diaspora Philanthropy to Vietnam* (Boston, MA: The Philanthropic Initiative and the Global Equity Initiative, 2007).



Guatemala's vice president in 2007 — donated and raised funds to establish a charity hospital for the indigent in his home country.²² Espada also volunteered his time to perform surgeries at the hospital.

Many members of diasporas will also make one-time donations in the face of extraordinary needs, such as in the aftermath of a natural disaster. Typhoon Linda in Vietnam in 1997, and floods in 1999, spurred large numbers of donations to relief efforts from Vietnamese communities in the United States — communities that until then had been deeply opposed to any effort that required working with the Vietnamese government.²³ A 1993 earthquake that leveled the ancient Iranian city of Bam drew contributions from Iranian expatriates who had fled after the fall of the shah in 1979 and who remained strongly opposed to the Islamic Republic of Iran.

Meanwhile, the donations of the many migrants who achieve extraordinary professional (and financial) success abroad are numerous and well documented. Celebrities, sports stars, business owners, and magnates have used their fame and influence to promote causes and encourage greater philanthropy to their ancestral countries — and often gained more fame through their philanthropic giving. These individual diaspora donors have a wide variety of interests and objectives. Some aim to effect lasting political or socioeconomic change in their countries (and regions). For instance, George Soros, a Hungarian-born US financier, established the Open Society Institute (OSI) to promote democracy across the developing world and particularly in the former Soviet sphere of influence. More recently, the Sudanese-born British telecommunications magnate Mo Ibrahim established the Mo Ibrahim Foundation, which sponsors an annual \$5 million prize to promote good governance throughout Africa.²⁴

Other diaspora philanthropists — such as Armenian American businessman Mark Kerkorian and Chinese-born Singaporean actor Jet Li — concentrate on humanitarian and community relief efforts in their countries of origin.²⁵ Recently, an association of Haitian American professional football players received media attention for their work with the National Football League to raise funds for relief and recovery efforts in the wake of January 2010's devastating earthquake in Haiti.²⁶ Similar to smaller-scale donors, some high-profile diaspora philanthropists both donate their own resources and raise funds for their causes. For instance, Wyclef Jean — a Haitian American rap musician — helped establish the Yélé Haiti Foundation, which raised approximately \$9.1 million for Haitian earthquake relief efforts in the first half of 2010.²⁷ (Jean resigned from the Foundation in August 2010 after announcing that he would be a candidate for Haiti's presidency; the Foundation has also recently been the subject of scrutiny for alleged questionable accounting practices.)

Still other diaspora philanthropists focus on community development initiatives. Colombian-born international pop star Shakira Isabel Mabararak Ripoll (popularly known by her first name) established the US-based Barefoot Foundation (Fundación Pies Descalzos) to promote expanded access to

22 Gobierno de Guatemala, "Dr. Rafael Espada, Vicepresidente,"

www.vicepresidencia.gob.gt/v2/content/dr-rafael-espada-vicepresidente.

23 Mark Sidel, "Vietnamese-American Diaspora Philanthropy to Vietnam," Paper prepared for The Philanthropic Initiative, Inc, and The Global Equity Initiative, Harvard Univ., May 2007.

24 The Mo Ibrahim Prize is awarded each year to democratically elected former heads of state or government who "served their term in office within the limits set by the country's constitution and left office during the prior three years." It consists of \$5 million over ten years and \$200,000 annually for life thereafter. In addition, the Mo Ibrahim Foundation grants \$200,000 per year for ten years toward "public interest activities and good causes espoused by the winner." See www.moibrahimfoundation.org.

25 See The Lincy Foundation, <http://lincyinstitute.unlv.edu/lincy.html>.

26 National Football League, "NFL Pledges 2.5M to Aid Haiti Earthquake Relief Efforts," Press Release, January 2010, www.nfl.com/news/story?id=09000d5d815bff52&template=with-video-with-comments&confirm=true.

27 Deborah Sontag, "Wyclef Jean Confirms Plans to Run for Haitian Presidency," *The New York Times*, August 4, 2010, www.nytimes.com/2010/08/05/world/americas/05haiti.html?hpw.



childhood education in her native Colombia.²⁸ A group of Nigerian-origin National Football League (NFL) athletes in the United States came together under the umbrella of the nonprofit group Athletes in Diaspora Community Interventions (ADCI) to promote the establishment of an athletics-based youth development program in Nigeria.²⁹ Similarly, Dikembe Mutombo — a well-known US professional basketball player who was born in Zaire, now the Democratic Republic of the Congo (DRC) — established a US-based foundation dedicated to improving the “health, education, and quality of life” of people in the DRC.³⁰ Brazilian-born international soccer star Ronaldo de Assis Moreira (better known as Ronaldinho) established the Ronaldinho Institute in his hometown of Porto Alegre, Brazil, as a youth development organization.³¹

B. Donations via Intermediaries

While some migrants donate independently with specific projects in mind, many middle-income and relatively poor migrants and members of diasporas cannot directly pursue philanthropic activities in their countries of origin, owing to a lack of resources, time, or expertise. Yet they still retain strong personal and community bonds with their countries of origin and may desire to contribute to charitable activities. Philanthropic intermediaries channel donations from these diaspora members toward initiatives and projects in their countries of origin. Such intermediaries are extremely diverse. They include hometown associations, online-giving platforms, faith-based organizations, professional associations, and diaspora foundations. In general, they provide accessible avenues for individuals to channel donations to their communities of origin. Several types are described in more detail below.

I. Hometown Associations

Hometown associations (HTAs) are among the most familiar (and most studied) migrant organizations. They provide a forum for migrants from the same town, village, state, or region to gather, exchange experiences, and cooperate on issues of common interest. They have been documented among migrants from Mexico, El Salvador, Guatemala, Honduras, Nicaragua, Ecuador, the Dominican Republic, Jamaica, Guyana, Mali, Senegal, Ghana, Nigeria, Cameroon, Burkina Faso, Tanzania, Pakistan, China, the Philippines, and Turkey and probably exist among other groups as well. Occasionally, these associations make collective donations to specific projects — for example, improvements to local infrastructure or the renovation of public spaces and buildings such as churches, schools, and health centers. In fewer instances, these associations have funded educational scholarships for youth in their communities of origin. Mexico has innovated public policies designed to promote these donations through matching grant programs whereby various Mexican government agencies at the federal, state, and local levels match the donations of migrant associations. More recently the so-called Three-for-One program has expanded to include limited donations from the Western Union, a private corporation, and has launched a module to fund educational scholarships for marginalized youth through a similarly designed matching grant program. Governments of diaspora settlement countries such as France and Norway have also contributed to matching grant programs for migrants’ philanthropic contributions.

28 See the Barefoot Foundation, www.barefootfoundation.com.

29 National Sports Commission of Nigeria, “Athletes in Diaspora to Build Academy of Learning and Sports in Nigeria,” http://sportscommission.gov.ng/portal/index.php?option=com_content&task=view&id=61&Itemid=1; John Branch, “Four Players Who Came Out of Africa Return to Help,” *New York Times*, May 8, 2008, www.nytimes.com/2008/05/08/sports/football/08nigeria.html.

30 See the Dikembe Mutombo Foundation, www.dmf.org.

31 See the Instituto Ronaldinho Gaúcho, www.irg.org.br.



2. Internet-Based Philanthropic Platforms

A variety of Web sites have emerged in recent years allowing individuals to pool resources and give as a group via an online platform. Two of the largest organizations, US-based Kiva and GlobalGiving, have taken different approaches.³² Kiva allows individuals to lend money for microloans through microfinance institutions in a developing country. The money “invested” in a loan is repaid without interest — in effect, individuals donate the foregone interest. GlobalGiving, on the other hand, allows people to donate directly to a specific project and aggregates their contributions. Both portals are relatively new and their impact is still largely unproven.³³ Online portals such as Kiva and GlobalGiving were not created specifically for diasporas, yet they have the potential to attract diaspora donors. Similar platforms in the United Kingdom (UK) — JustGiving and MyCharityPage — are social networking sites that allow participants to create online pages for fundraising devoted to a particular charity.³⁴ Since 2000, JustGiving has raised over \$712 million for 6,300 charities from 6.5 million donors.³⁵ (GlobalGiving has also established a UK site.) A smaller platform with a more specific target, Wokai, provides microloans to rural Chinese borrowers. The more specific focus of this platform could allow Wokai to better target the Chinese diaspora, although there is no hard evidence of its success in doing so.³⁶

3. Faith-Based Groups

Donations made through religious or faith-affiliated organizations have characteristics that distinguish them from other groups. Diaspora congregations in the United States support activities in their countries of origin — and in other countries as well. Faith-based schools and hospitals throughout the developing world draw support from diaspora as well as nondiaspora congregations. One example is a 1,000-member, Telugu-language Seventh Day Adventist church in Silver Spring, Maryland, that collects funds from its congregation to support schools, colleges, and medical facilities in Andhra Pradesh, India. The church’s members support philanthropic activities in other countries, too, such as earthquake relief in Haiti. The Fund for Armenian Relief (FAR), based in New York City, was founded by the Diocese of the Armenian Church of America after the 1988 earthquake. By 1993 it had reorganized and gained tax-exempt status. In 2008 FAR totaled approximately \$1 million in contributions and pledges.³⁷ FAR fundraises for a variety of causes in Armenia, focusing on five key areas: economic development, child protection, health care, education, and humanitarian aid.³⁸

For some communities, religious identity supersedes regional identity. Religious groups are often seen as relatively nonpolitical, and are thus able to operate more easily under the closed regimes of nations such as Laos and Burma.³⁹ In these countries, religious institutions have well-established networks that have official approval or can circumvent the countries’ often restrictive laws on social mobilization. Islamic charitable foundations — many receiving support from diaspora members as well as from the traditional alms-giving of local Muslims — are a major source of welfare spending among the poor in Muslim countries. (After the terrorist attacks of September 11, 2001, US policies significantly restricted donations to religious organizations, especially Islamic ones, as a few were found to be

32 See Kiva, www.kiva.org, and GlobalGiving, www.globalgiving.org.

33 Desai and Kharas, *Do Philanthropic Citizens Behave Like Governments?*

34 See JustGiving, www.justgiving.com and My Charity Page, www.mycharitypage.com.

35 Hudson Institute, *The Index of Global Philanthropy and Remittances 2010*.

36 See Wokai, www.wokai.org.

37 Fund for Armenian Relief, “2008 Annual Report,” <http://farusa.org/documents/FAR2008.pdf>.

38 See Fund for Armenian Relief, www.farusa.org.

39 Zubair Bhatti, “Pakistan,” Paper presented at the Asia Pacific Philanthropy Consortium Conference on Diaspora Giving: An Agent of Change in Asia Pacific Communities? Hanoi, Vietnam, May 21–23, 2008, www.asiapacificphilanthropy.org/conference.



conduits for funding to al-Qaeda.⁴⁰) In many countries, religious groups combine philanthropic work with proselytizing, either directly or simply by setting a good example. Some also have strong political agendas. The Muslim Brotherhood and affiliated charities, for example, have strengthened their political position across the Arab world from Egypt to Morocco by providing welfare services to poor people who get virtually no services from the state.

4. Professional Associations

Some professional associations couple donations of time and resources. In particular, they may donate professional equipment to peers in their countries of origin. For instance, the American Association of Physicians of Indian Origin (AAPI) brings together 50,000 physicians and medical students of Indian origin. Philanthropy is not a principal objective of the association, but the group undertakes charitable work both in the United States and in India. AAPI mobilized donations of significant resources, notably medical supplies, following a major earthquake in the Indian state of Gujarat in 2006.⁴¹ AAPI members also donate time and resources to support greater access to health care in rural India.⁴²

5. Diaspora Foundations

Some diasporas have established foundations to promote philanthropy in their countries of origin. As US-registered nonprofit groups, these foundations are able to raise funds from the diaspora which are tax-deductible from US income. Examples include the American India Foundation, the Ayala Foundation, the Rafik Hariri Foundation, and the Ireland Funds.

- **The American India Foundation (AIF)** is a nonprofit organization that raises funds for philanthropic causes in India. Like many other philanthropic organizations, AIF was founded after a natural disaster (a major earthquake in Gujarat in 2001) and it primarily targets donors from the Indian diaspora in the United States.⁴³ AIF engages in strategic philanthropy: it actively searches for and selects grant-receiving organizations and is involved in building their capacity, similar to venture philanthropy firms.
- **Established in 2000, the Ayala Foundation USA (AF USA)** is one of the most recognized Filipino diaspora organizations. Its goal is to strengthen and encourage the philanthropy of Filipino Americans and to connect them to well-run nonprofit organizations in the Philippines that work on strategic solutions to poverty. Utilizing tax-deductible donations, AF USA channels in-kind resources and funds to the Philippines via a series of initiatives that include young leader fellowships and capacity- and knowledge-building programs.⁴⁴ One such program, Gearing up Internet Literacy and Access for Students (GILAS), was started in 2005 to provide computer access to all public high schools. Within its first three years it raised \$3.75 million, helping 1,670 public high schools.⁴⁵ A large portion of funds donated

40 John Roth, Douglas Greenburg, and Serena Wille, "Monograph on Terrorist Financing," Staff Report to the 9/11 Commission, 2008, http://counterterrorismblog.org/upload/2008/09/911_TerrFin_Monograph.pdf.

41 Shyamala Shiveshwarkar, *Diaspora Giving: An Agent of Change in Asia Pacific Communities? India* (Asia Pacific Philanthropy Consortium, 2008) and the American Association of Physicians of Indian Origin, <http://aapiusa.org/>.

42 IndiaInteracts, "The Art of Philanthropy and the Indian Diaspora," <http://indiainteracts.in/columnist/2008/01/08/The-art-of-philanthropy-and-the-Indian-diaspora/>.

43 See the American India Foundation, www.aifoundation.org; and Johnson, *Diaspora Philanthropy: Influences, Initiatives and Issues*.

44 Victoria Garchitorea, *Diaspora Philanthropy: The Philippine Experience* (Boston, MA: The Philanthropic Initiative and the Harvard Global Equity Initiative, 2007). Migration Policy Institute interview with Victoria Garchitorea, Washington, DC, February 18, 2010.

45 Estrella Añonuevo and Augustus Añonuevo, "Philippines," Paper presented at the Asia Pacific Philanthropy Consortium Conference on Diaspora Giving: An Agent of Change in Asia Pacific Communities? Hanoi, Vietnam, May 21–23, 2008, www.asiapacificphilanthropy.org/conference.



to AF USA go to education.⁴⁶ Between 2003 and 2006, three-quarters of AF USA's donations were in amounts less than \$500 — but the much smaller number of larger donations (those averaging \$10,000) accounted for almost the same proportion of the total sum of money raised.

- Rafik Hariri — a prominent Lebanese businessman, politician, and philanthropist who twice served as his country's prime minister — established the **Rafik Hariri Foundation** in 1984. (A predecessor group was established in 1979). The Foundation's mission is to provide educational opportunities for Lebanese youth. It supports interest-free educational loans for Lebanese students studying abroad. In 1985 the Hariri Foundation established a US-based branch to coordinate efforts with the Lebanese diaspora. The Foundation now maintains offices in Paris and London as well.⁴⁷
- **Conexión Colombia** is an innovative hybrid diaspora foundation and online philanthropic platform.⁴⁸ It targets the global Colombian diaspora and maintains offices in the United States, Mexico, and Spain. Conexión Colombia also has an extensive online presence. Donors select the project their donation will fund, and can make in-kind donations or volunteer their time and skills. The minimum donation is small — 25,000 Colombian pesos (about \$13).

IV. Challenges and Lessons Learned

The experiences described in the preceding section confirm that diasporas undertake substantial philanthropic efforts in their countries of origin. In particular, diaspora philanthropists have proven adept at *rapidly mobilizing humanitarian relief* in the wake of natural disasters or man-made crises, *acting as social innovators and change agents with a long-term interest* in improving living standards in the developing world, *serving as powerful aggregators of issue-based or identity-based giving among diaspora communities*, and *advocating for country-of-origin causes among mainstream donors*.

But diaspora philanthropists also face a number of challenges — some shared with all philanthropists and some unique. Lael Brainard and Derek Chollet point out that all development actors face common challenges, including accountability, the effective deployment of resources, agenda setting, and achieving scale and sustainability; in many developing countries, a lack of basic infrastructure, chronic underinvestment in human capital, and corruption present additional hurdles.⁴⁹ Among individual philanthropists, the challenge of achieving scale and sustainability — and convincing institutional actors such as governments of the merit of philanthropic innovation — is particularly challenging. Small-scale philanthropists who donate through aggregators face particularly difficult challenges in agenda setting. Diaspora philanthropists are, in many respects, no different.

But diaspora philanthropists also face several unique and closely interrelated challenges and ambiguities — particularly if donations are to be measured against their impact on development.

46 See Ayala Foundation USA, www.af-usa.org.

47 See Hariri Foundation, www.hariri-foundation.org.lb and Hariri Foundation USA, www.haririfoundationusa.org.

48 See www.conexioncolombia.com. Maria Aysa-Lastra, *Diaspora Philanthropy: The Colombia Experience* (The Philanthropic Initiative and The Global Equity Initiative, Harvard Univ., May 2007) and Migration Policy Institute interview with Angela Escallón, executive director, Conexión Colombia, via telephone, April 2010.

49 Brainard and Chollet, *Global Development 2.0*.



Box 3. The Ireland Funds: Beyond Philanthropy, Beyond the Homeland

The Ireland Funds are a network of diaspora organizations in 12 countries, the first of which was founded in the United States in 1976 to generate support for the island of Ireland (north and south) and its people — at that time among Western Europe’s poorest, and mired in a savage conflict in Northern Ireland. In 1987 the American Ireland Fund merged with the American Ireland Foundation to form the largest private body funding constructive change in Ireland. Since 1976, the Ireland Funds have raised over \$300 million and have made grants to more than 1,200 organizations in Ireland. The Ireland Funds’ three programmatic themes are peace and reconciliation, arts and culture, and education and community development.

The Ireland Funds have also done much to promote the practice of philanthropy in Ireland and the Irish diaspora communities. But the goal is not only to promote philanthropy as a vehicle for political, social, and economic progress but also as a portal for broader diaspora engagement. In the words of the former president and CEO of the Worldwide Ireland Funds, Kingsley Aikins, “Philanthropy can be an effective ‘entry point’ to engage with Ireland and can lead to more extensive commitments.”

With Ireland’s rapid growth in the 1990s and early 2000s, the Ireland Funds increasingly supported activities outside of Ireland, drawing upon experience in Ireland. For example, a 1997 grant funded politicians from Northern Ireland, Britain, and the Irish Republic to travel to South Africa to learn from leaders there (including Nelson Mandela) about the conflict resolution process that led to the end of apartheid and the establishment of majority rule to South Africa. The experience, orchestrated by Professor Pádraig O’Malley of the University of Massachusetts, led to a communications breakthrough among the Irish participants that contributed to the negotiation of the Good Friday Agreement one year later. Professor O’Malley, with support from the Ireland Funds, has since applied his model of conflict resolution to the conflicts in Iraq, Kosovo, and Cyprus — and succeeded in engaging antagonists who previously refused to speak or even be in the same room together. Although the Funds still conduct most of their philanthropic endeavors in Ireland, they also fund social projects in Britain, the United States, other countries of Irish settlement, and in several developing countries.

Source: Kingsley Aikens, Anita Sands, and Nicola White, *The Global Irish Making a Difference Together: A Comparative Review of International Diaspora Strategies* (Dublin: The Ireland Funds, 2009)

A. *Agenda Setting and Identifying Priorities*

In the case of individual diaspora philanthropists (including individual donors who give directly through Internet-based philanthropic platforms or market-based aggregators), agenda setting is fairly straightforward. But in the case of issue- and identity-based organizations, identifying priorities is more contentious, particularly if the government of the country of origin regards the diaspora with suspicion or even hostility. In some cases, the priorities of diaspora donors do not match those of the intended beneficiaries in the country of origin, which can undermine the effectiveness of projects and jeopardize mutual commitment to cooperation.



B. Ambiguous Objectives, Ambiguous Outcomes

As private foundations have professionalized over time, they have increasingly focused on identifying the impact of their donations. This is true for foundations focused on socioeconomic and political change as well as foundations focused on humanitarian relief. Similarly, issue-based NGOs that solicit philanthropic donations from the public are often eager to illustrate concrete impacts to their donors (although the mechanisms for accountability may be less robust). While diaspora donors may benefit from greater insight into needs and how to make limited interventions effective, they may also lack the perspective (and credibility) of an objective outsider. Moreover, diaspora philanthropy is motivated by a much wider range of concerns that may include donors' prestige in the benefited community, for example. Not all diaspora philanthropists aspire to have an impact on development or long-term welfare in their countries of origin; many donors limit themselves to short-term humanitarian actions. As Victoria Garchitorena, president of the Ayala Foundation, observes, "Many donors are still content with 'band-aid' programs which may be emotionally satisfying for them but do not result in permanent or systematic improvement."⁵⁰

C. Lack of Trust in the Voluntary and Nonprofit Sector

Among diasporas from poorly governed developing (and developed) countries, a general lack of trust in institutions and a lack of confidence in the nonprofit sector encourages direct giving to individuals — particularly family and friends — and communities, as these provide built-in social accountability mechanisms.⁵¹ As a result, diasporas are more likely to donate to individuals or organizations with whom they are personally familiar, although these recipients may not necessarily reflect the most pressing needs or strategic social investments.

D. Structural Limits on the Impact of Private Philanthropy

Even the most capable diaspora philanthropists and philanthropic institutions are subject to the structural and macroeconomic constraints of the broader economy and society — factors such as low productivity, poor infrastructure, agricultural subsidies that limit markets for produce from developing countries, and entrenched corruption in both public and private enterprises.

E. Representation

Just as scale is an issue, so is representation. Engaging migrant groups in discussions with multilateral and bilateral donors is tremendously challenging and exceedingly important. The challenges are familiar: which groups are selected to speak on behalf of the diaspora, and do they have broad legitimacy? What kind of influence and power do they have within donor-driven agencies? How do large government agencies ensure a voice for diaspora communities in government-to-government agreements? This last issue becomes especially complex if the diaspora community is the result of a past or percolating conflict; in such cases, diaspora engagement with the home-country government may not be realistic or even safe.

50 Victoria P. Garchitorena, "Diaspora Philanthropy: The Philippine Experience," Paper prepared for The Philanthropic Initiative, Inc. and The Global Equity Initiative, Harvard Univ., May 2007.

51 Johnson, *Diaspora Philanthropy*. Also, Adil Najam in Barbara J. Merz, Lincoln C. Chen, and Peter F. Geithner, eds., *Diasporas and Development* (Cambridge, MA: Harvard Univ. Press).



V. Public Policy Issues

Philanthropy is part of the cultural fabric of many communities and is driven by complex individual and social dynamics. But it is also shaped by public policy. The policy issues surrounding philanthropy are complex and, at times, politically sensitive. Indeed, independence from (and at times competition with) government priorities is a trademark of private philanthropy and an integral part of what makes it a powerful and effective force for change. Yet philanthropy is also inextricably linked to public policy, in particular when philanthropists are strategic in their giving and aim to influence the decisions and actions of policymakers.

Increasingly, philanthropists and governments are joining forces on issues of common concern such as education and international development: For instance, 12 major private foundations have partnered with the US Department of Education to promote innovation in education under the Department's Investing in Innovation (i3) Fund.⁵² Partnerships between private philanthropists and governments are also increasingly commonplace in the field of international development. The Global Alliance for Vaccines and Immunization (GAVI), which aims to expand access to immunization in developing countries, is a collaborative among the governments of Australia, Canada, Denmark, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, the Russian Federation, South Africa, Spain, Sweden, the United Kingdom, the United States, and the European Commission. But the largest single donor to the Alliance has been the Bill and Melinda Gates Foundation. The Alliance has also received support from the Spanish foundation La Caixa as well as other private donors.⁵³ (Experience working with smaller donors or donor aggregators is less extensive and is likely more complicated.)

USAID has also been a leader in partnering with private donors. Since 2001 USAID has collaborated with private donors under the aegis of its Global Development Alliance (GDA). GDA was envisioned as a means for USAID to embrace growing US private-sector engagement with the developing world in a partnership to promote sustainable growth and poverty reduction. Collaboration can range from co-funding to in-kind contribution or as little as a "stamp of approval" from USAID. By fiscal year 2007, USAID had partnered with 1,800 entities, including 100 universities and 20 of the top 50 *Fortune 500* companies.⁵⁴ A recent internal USAID evaluation of GDA found widespread enthusiasm on the part of current and potential private-sector partners as well as significant administrative hurdles.⁵⁵ Several high-profile partnerships with philanthropies such as the Gates Foundation highlight the potential benefits of collaboration with private philanthropists.⁵⁶

On balance, the policy issues around philanthropy fall into two categories:

- Policies to encourage (or, indeed, discourage) philanthropy in general and, more specifically, diaspora philanthropy
- Policies to promote strategic philanthropy by diaspora donors and to help these donors be more effective in their giving.

52 US Department of Education, Investing in Innovation Fund (i3), www2.ed.gov/programs/innovation/index.html.

53 GAVI Alliance, www.gavialliance.org.

54 USAID, "History of the Global Development Alliance," www.usaid.gov/our_work/global_partnerships/gda/history.html; USAID, Office of the Inspector General, *Audit of USAID's Reporting on Global Development Alliances*, Audit Report No. 9-000-09-007-P, June 4, 2009, http://pdf.usaid.gov/pdf_docs/PDAC0272.pdf.

55 Tom Dewar, Christine Davachi, Katie Swinerton, Chad Bolick, and Karen Kaplan, *Evaluating Global Development Alliances: An Analysis of USAID's Public-Private Partnerships for Development* (Washington, DC: USAID, 2009), www.usaid.gov/our_work/global_partnerships/gda/evaluation.html.

56 For greater detail on USAID's collaboration with the Bill and Melinda Gates Foundation, see www.gatesfoundation.org/livingproofproject/Pages/usaid.aspx.



Of course, there is substantial overlap between the two sets of policies, but both are broadly relevant to governments in donor as well as in developing countries.

A. Policies to Promote (or Discourage) Philanthropic Giving

Most governments view philanthropic giving favorably, at least in principle; few actively discourage philanthropic giving (although some may do so indirectly via high taxation or bureaucratic hurdles). A number of policy areas influence the level of philanthropic giving in any country, but the most obvious — if also among the most delicate — is tax policy.⁵⁷

According to a 2006 study by David Roodman and Scott Standley of the Center for Global Development, among the 21 member countries of the Organization for Economic Cooperation and Development's (OECD's) Development Assistance Committee (DAC), 12 countries allow individuals to deduct charitable contributions from taxable income, six allow partial income tax credits for charitable contributions, and three provide no incentive for charitable giving.⁵⁸ Among countries that allow full or partial deductions, three countries have a low ceiling on deductible contributions, 12 have a high ceiling, and three have no ceiling.

In the United States, individual contributions to certain charitable and nonprofit organizations have been exempt from US federal income taxes since income taxes were first implemented in 1917 (corporate charitable contributions first became tax deductible in 1935).⁵⁹ Research suggests that the impact of tax policy on charitable contributions varies by the size of the donation: large-scale individual philanthropy is driven by a relatively low tax burden for high earners as well as the dynamism of the US economy, while small-scale philanthropic donations appear less dependent on the tax structure. Economists generally agree that tax benefits for charitable giving do not significantly increase donations from small- and medium-scale donors.⁶⁰ However, certain types of philanthropy appear more responsive to tax incentives than others (e.g., donations to elementary education versus medical and health-related causes).⁶¹

The US Congress's Joint Committee on Taxation estimates that tax-deductible contributions amounted to about \$36 billion in 2009 — down from around \$45 billion in recent years, undoubtedly as a result of the economic recession.⁶² In 2008 religious organizations received 35 percent of all donations compared with 9 percent for organizations focusing on human services, 8 percent for public benefit

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- 57 There is an extensive literature on the impact of income taxes on charitable contributions. See, for example, Alice M. Rivlin, director, Congressional Budget Office, Testimony before the Senate Committee on Finance, September 28, 1982, www.cbo.gov/ftpdocs/109xx/doc10917/82-CBO-010.pdf; Congressional Budget Office, *The Estate Tax and Charitable Giving* (Washington, DC: CBO, July 2004), www.cbo.gov/ftpdocs/56xx/doc5650/07-15-CharitableGiving.pdf.
- 58 David Roodman and Scott Standley, "Tax Policies to Promote Private Charitable Giving in DAC Countries," Center for Global Development Working Paper No. 82, January 2006, <http://cdi.mecon.gov.ar/biblio/doc/cgdev/wp82.pdf>.
- 59 William C. Randolph, "Charitable Deductions," in Joseph J. Cordes, Robert D. Ebel, and Jane G. Gravelle, ed. *The Encyclopedia of Taxation and Tax Policy* (Washington, DC: The Urban Institute, 1999).
- 60 Thomas L. Hungerford, "Tax Expenditures: Good, Bad, or Ugly?" *Tax Notes*, October 23, 2006; Jane G. Gravelle and Donald J. Marples, *Charitable Contributions: The Itemized Deduction Cap and Other FY2010 Budget Options*, Congressional Research Service Report to Congress R-40518, March 2010.
- 61 Schiff, *Charitable Giving and Government Policy: An Economic Analysis* (New York: Greenwood Press, 1990).
- 62 Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2008–2012*, Staff Report to the House Committee on Ways and Means and the Senate Committee on Finance, October 31, 2008, www.jct.gov/s-2-08.pdf; and Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2009–2013*, Staff Report to the House Committee on Ways and Means and the Senate Committee on Finance, January 11, 2010, www.jct.gov/publications.html?func=startdown&id=3642. Tax revenues lost due to charitable exemptions are estimated to total around \$50 billion per year. See Jane G. Gravelle, *Tax Issues Relating to Charitable Contributions and Organizations*, Congressional Research Service Report to Congress RL-34608, August 5, 2008, http://assets.opencrs.com/rpts/RL34608_20080805.pdf.



organizations, and 4 percent for organizations focusing on international issues.⁶³ Between 1995 and 2005, private contributions (including diaspora donations) to US-based charitable organizations that focus on international issues grew faster than any of the other clusters of charitable groups analyzed by the Congressional Research Service.⁶⁴

Generally, foreign charitable organizations must establish a legal presence in the United States in order to solicit tax-deductible contributions from US residents. There are three exceptions to this general rule: Tax treaties allow some charitable contributions to organizations in Mexico, Canada, and Israel to be considered exempt from US income taxes.⁶⁵ According to Robert Paine, a leading legal expert in the tax treatment of international philanthropy, the bilateral tax treaties between the United States and Mexico, Canada, and Israel provide for “reciprocal deductions of cross-border charitable contributions.”⁶⁶ However, deductions are only allowed against income earned in the country where the deduction is made. For instance, a Mexican immigrant in the United States who donates funds to a charity registered in Mexico cannot deduct the donation against income earned in the United States, only against income earned in Mexico; according to Paine, “if the taxpayer earns no income in Mexico, then a deduction against his US income is not allowed.” As a result, the utility of existing tax treaties for diaspora philanthropy is limited.

However, contributions to US-registered charities that then transfer donations overseas are allowed if the US organization retains control over the use of the funds. The trend of recent years, however, has been toward increasing restrictions on charitable contributions abroad due to concerns about terrorist financing.⁶⁷ Accordingly, some diaspora philanthropies such as the Ayala and Hariri Foundations have established branches in the United States. A search of the Internal Revenue Service’s Cumulative List of Organizations described in Section 170(c) of the Internal Revenue Code of 1986 (commonly known as “Publication 78”) — the federal government’s database of tax-exempt charitable organizations — for groups with the word diaspora in their title yielded 51 results, compared with 249 results for groups with the word migrant in their title.⁶⁸ This is an admittedly crude measure of the size of the formal diaspora-based charitable sector in the United States, but still suggests that it is small compared with other sectors.

Governments typically allow favorable tax treatment of charitable contributions where contributions are considered to ease the burden on government-provided services — for instance, in providing for the indigent or impoverished. According to Robert Paine, the US House of Representatives’ Ways and Means Committee concluded in 1938 that contributions to foreign charities do not relieve a government burden and accordingly should not qualify for tax-exempt status.⁶⁹ As Paine argues, this is an antiquated view of the US government’s obligations — particularly if such contributions were to be sanctioned or promoted by USAID.

Indeed, recent tragedies established a strong legislative precedent for using US tax policy on charitable contributions to promote private donations to foreign relief and development causes. Notably, following the South Asian tsunami in 2004 and the devastating earthquakes in Haiti in January 2010

63 Molly F. Sherlock and Jane G. Gravelle, *An Overview of the Nonprofit and Charitable Sector*, Congressional Research Service Report to Congress R-40919, November 17, 2009, www.fas.org/sgp/crs/misc/R40919.pdf.

64 Other clusters included arts, culture, and humanities; education; environment and animals; health care; human services; other operating public charities; and supporting public charities. Sherlock and Gravelle, *An Overview of the Nonprofit and Charitable Sector*, 21.

65 Internal Revenue Service, *Publication 54 (2009), Tax Guide for US Citizens and Resident Aliens Abroad* (Washington, DC: IRS, 2009): Ch. 5 “Exemptions, Deductions, and Credits,” www.irs.gov/publications/p54/.

66 Robert Paine, “The Tax Treatment of International Philanthropy and Public Policy,” *Akron Law Review* 19 (2004): 1–24.

67 Roth, Greenburg, and Wille, “Monograph on Terrorist Financing.”

68 Internal Revenue Service, *Cumulative List of Organizations described in Section 170(c) of the Internal Revenue Code of 1986* (version updated February 5, 2010), www.irs.gov/charities/article/0,,id=96136,00.html.

69 Paine, “The Tax Treatment of International Philanthropy and Public Policy.”



and Chile in March 2010, the US Congress approved legislation promoting charitable contributions to disaster victims.⁷⁰ (Similar legislation was passed following the Hurricane Katrina disaster in Louisiana in 2005.) The Haiti Assistance Income Tax Incentive (HAITI) Act (H.R. 4462), approved on January 20, 2010, allowed charitable contributions to Haitian earthquake victims to count for deductions on 2009 income taxes and allowed deductions for certain contributions to nonprofit relief organizations not registered in the United States.⁷¹ According to the Congressional Research Service (CRS), accelerating deductions can have a quantifiable benefit for donors, although there is substantial debate whether these accelerated deductions influence donations since most charitable contributions in the wake of natural disasters are emotionally charged and are often made before legislation is enacted to allow the deduction.⁷²

Although less studied, tax policies in developing countries can also influence trends in diaspora philanthropy. (Of course, tax systems in most developing countries are generally less sophisticated than in developed countries, and developing country governments typically rely less on income and wealth tax revenues.) During the 1970s, the Communist government of Vietnam established a 5 percent tax on all diaspora funds sent back to Vietnam through the banking system, including charitable contributions. The tax was reduced (and eventually removed) in the 1990s as a way of encouraging all kinds of financial flows from Vietnamese abroad — remittances, investment, and philanthropy — and indeed the “Viet Kieu” (overseas Vietnamese) economy in Vietnam grew rapidly after removal of the tax.⁷³ Similarly, the government of the Philippines, through its embassy and consulates in the United States, familiarizes Filipino Americans with social investment opportunities in the Philippines. One of these is the government-sponsored “Adopt-a-School” program, which encourages diaspora members to support public schools throughout the country. Donations to this particular program are tax deductible by up to 150 percent of their value for income taxes in the Philippines.

Of course, reforms on tax policies are beyond the authority of international development agencies, have a wide range of domestic implications, and are typically subject to extensive deliberations. The tax status of donations to foreign charities raises a number of tricky policy questions, in particular having to do with monitoring and accountability — for instance, around questions of terrorist financing. But beyond tax policies there are a number of more modest ways for donor and developing country governments to promote diaspora philanthropy, including through matching grant programs for philanthropic contributions, the certification and monitoring of nonprofit organizations, and the establishment of Internet-based philanthropic platforms.

As described above, several countries have instituted matching grant programs for diaspora donations to public works projects, and in at least one instance, social welfare initiatives (i.e., Mexico’s Three-for-One basic and secondary education scholarships). Matching programs for public works projects have been extensively studied and have been replicated to some degree in El Salvador, West Africa (with French support), and Pakistan (with Norwegian support). But the experience with matching grants for

70 Joint Committee on Taxation, “Technical Explanation of H.R. 4783: A Bill to Accelerate the Income Tax Benefits for Charitable Contributions for the Relief of Victims of the Earthquake in Chile, and to Extend the Period from Which Such Contributions for the Relief of Victims of the Earthquake in Haiti May Be Accelerated,” Staff Technical Paper, March 10, 2010, www.jct.gov/publications.html?func=startdown&id=3661.

71 Molly F. Sherlock, *Charitable Contributions for Haiti’s Earthquake Victims*, Congressional Research Service Report R41036, January 22, 2010.

72 CRS analyst Molly Sherlock (2010: 4) provides the following example of the financial benefits of accelerating deductions of charitable contributions: “Assuming a marginal tax rate of 35 percent, a taxpayer who made a \$1,000 contribution in January 2005 to a charity providing aid to tsunami victims, has a tax deduction for the gift worth \$350 if claimed on the 2004 tax return. If the donor waits and claims the tax deduction on their 2005 return, assuming an interest rate of 5 percent, the present value of the future tax deduction is \$333. Hence, the taxpayer saved \$17 by claiming the charitable contribution on their 2004 tax return.”

73 Sidel, “Vietnamese-American Diaspora Philanthropy to Vietnam.”



diaspora contributions to educational scholarships is more recent and, accordingly, less well known. Through Mexico's program, migrant associations and federal and state governments contribute to small educational scholarships for underprivileged Mexican youth. This ties in closely with the country's successful conditional cash-transfer program, known as "Oportunidades," which encourages school completion and health care for underprivileged children.

Another way that donor and developing country governments can work to encourage diaspora philanthropy is by accrediting nonprofit groups or philanthropic initiatives and thus rewarding transparency, effective monitoring, and good accounting practices. Diasporas often hold deep-seated mistrust in the nonprofit sector of their countries of origin due to perceptions of corruption or inefficiency. In his seminal study of philanthropy among Pakistani Americans, Adil Najam cites mistrust as one of the most important barriers limiting donations to philanthropic causes in Pakistan.⁷⁴ In the Philippines, NGOs have attempted to overcome perceptions of corruption and inefficiency by participating in a government-sanctioned agency that accredits nonprofit organizations, the Philippine Council for NGO Certification (PCNC).⁷⁵ The PCNC aims to provide a "seal of good housekeeping" for NGOs, although to date there is little evidence that such efforts are succeeding. USAID has explored the operations and impacts of NGO accreditation and certification bodies; work in this field could have spillover effects well beyond diaspora philanthropy.⁷⁶ Support for impact evaluation meant to convince potential diaspora donors of the merits of specific projects could achieve similar objectives.

Finally, Internet-based philanthropic platforms are a relatively new channel of global philanthropy, so it would be premature to draw definitive conclusions regarding their impact. However, early studies suggest both promise — particularly in linking diaspora communities with philanthropic opportunities in their communities of origin — and challenges.⁷⁷ It is not clear that diasporas with immediate ties to their countries of origin prefer Internet-based philanthropy to donations via personal contacts; however, the Internet may be an effective tool to promote philanthropy among diasporas with more distant roots in the country of origin.

B. Policies to Build Capacity for Responsible and Strategic Giving

This report has argued that diaspora philanthropy is a reality that reflects donors' deep personal ties with their communities of origin, and will take place whether or not governments act to promote it. However, the question of how diaspora philanthropy can contribute to sustainable development efforts is less clear. Of course, not all philanthropy aims to promote development, but available evidence suggests that many philanthropic endeavors by diasporas are well intentioned but amateur, and are often disconnected from broader development strategies. While the decentralized and independent nature of diaspora philanthropy is an advantage in many respects, much good would come from greater mutual awareness (and possible coordination) among diaspora philanthropists, international donors, and country-of-origin governments. Accordingly, a second set of policy interventions revolve around the promotion of responsible and strategic philanthropy — that is, philanthropic giving that meets high financial accounting and transparency standards and aims to have a positive, lasting social and economic impact.

Policies to promote responsible and strategic giving by diasporas fall into two categories: (a) capacity building, and (b) information and knowledge management.

74 Najam, *Portrait of a Giving Community*.

75 See www.pcnc.com.ph.

76 Catherine Shea and Sandra Sitar, *NGO Accreditation and Certification: The Way Forward? An Evaluation of the Development Community's Experience*, Report and recommendations to USAID from the International Center for Not-for-Profit Law, 2005, http://pdf.usaid.gov/pdf_docs/PNADB766.pdf.

77 See Desai and Kharas, *Do Philanthropic Citizens Behave Like Governments?*



As described above, many high-profile diaspora donors establish foundations or trusts to more systematically pursue their philanthropic objectives, although the institutionalization of giving raises an additional set of challenges. Evidence of the impact of these philanthropic undertakings is limited — many of the initiatives are too new to draw definitive conclusions — and there are some reasons to question their long-term impacts. There is little doubt, however, that the celebrity of their founders and promoters raises general awareness about vital concerns to be found throughout the developing world, and that many individual lives have been changed by their activities. The challenge for many of these efforts is to capitalize on the celebrity of the founders to institutionalize informed and effective giving.

It is clear that many of the foundations established by diaspora celebrities could benefit from trustworthy professional advice and capacity building in areas such as financial management and strategic giving. Of course, smaller diaspora organizations such as HTAs could also benefit from capacity building in these same areas. Some organizations focus on the capacity building of diaspora associations, for instance, the National Alliance of Latin American and Caribbean Communities (NALACC), Oxfam-Novib, and the Florida Association for Volunteer Action in the Caribbean and the Americas (FAVACA).⁷⁸ More general efforts to identify good practices in diaspora philanthropy would represent a similar, if more modest, objective for USAID.

In the field of information and knowledge management, there is greater scope for disseminating information about USAID's work and its expertise in country-specific development challenges. However, USAID should be wary of attempts to “sell” projects to diaspora philanthropists. Diaspora donors typically have their own objectives. Rather, donors should engage in dialogue to seek diaspora input on priorities as well as to identify potential areas of mutual interest and collaboration. Of course, such collaborative efforts require diplomacy and political savvy as well as a healthy dose of realism on behalf of both USAID and diaspora groups.

VI. Policy Options and Conclusions

The role of public policy in relation to diaspora philanthropy is a delicate one: to support and encourage diaspora efforts with a light hand so that philanthropy belongs to the philanthropists and their partners in social investment. The danger is that government interventions may co-opt, discredit, or seize the initiative from private donors. Instead, public policy should enable and encourage diaspora giving without seeking to control it.

Below, we provide several ideas on how US policymakers might begin to engage diaspora philanthropists. The ideas presented here require deeper, systematic consideration before moving forward toward implementation. However, they represent an initial step toward meaningful collaboration between the private philanthropic flows generated by diasporas and public authorities in the countries where they reside and from which they originate.

A. Tax Incentives to Promote Diaspora Philanthropy

Extending tax deductions for certain philanthropic contributions to international causes is the most obvious and potentially powerful policy response to promote and enable diaspora philanthropy. However, it is also among the most complex and challenging from a political and administrative

⁷⁸ See www.favaca.org and www.enlacesamerica.org/leadership/hometown.html. For a review of Oxfam-Novib's efforts, see Tom De Bruyn, *Evaluation of Oxfam Novib's Capacity Building Programme for Diaspora Organisations* (The Hague: Oxfam Novib, 2008), www.diaspora-centre.org/DOCS/Oxfam_Novib_diaspo.pdf.



perspective. Tax deductions for charitable contributions have long been utilized to subsidize the private provision of public goods (e.g., providing assistance to the homeless and indigent or building research capacity at institutions of higher education).⁷⁹ Presumably, there is no reason to limit this to domestic policy; the same rationale would also apply to foreign policy objectives. Moreover, economists Raj Desai and Homi Kharas of the Brookings Institution have argued that private aid flows better reflect the foreign aid priorities of US taxpayers; diasporas could be considered an extension of this argument.⁸⁰

Providing tax incentives to diaspora philanthropists is beyond the mandate of development agencies alone, and overlaps with the responsibility (or is entirely the province) of other government institutions such as, in the United States, the Departments of State and the Treasury (particularly the Internal Revenue Service) as well as Congress. In an era of tightening public finances, any proposal to extend tax deductions would obviously require careful consideration and analysis. The argument that it would be possible to align these contributions with US foreign policy objectives appears tenuous given the independence and autonomy of many diaspora donors. One approach to addressing some of these issues might be, for example, to extend tax exceptions for charities registered in a limited subset of developing countries that have large diasporas in the United States, countries that have met a set of predetermined governance indicators (e.g., countries qualifying for Millennium Challenge Account grants), or countries that are of particular priority for USAID (e.g., Haiti).

B. Technical Support for Charity Registration in the United States

There are a number of policy options to facilitate diaspora philanthropy short of extending tax benefits for donations to foreign charities and which may be more practical policy options for development agencies. For instance, USAID could provide technical assistance for nonprofit registration in the United States to charities and nonprofit groups whose missions align with USAID objectives. Alternatively, it could assist these groups establish relationships with diaspora groups in the United States. However, experience suggests that establishing relationships between diaspora donors and groups or causes in the country of origin is a relatively long-term proposition that requires sustained investments of time and energies. Reaching out to potential diaspora donors sporadically, without thoughtful planning and evidence of impact can, indeed, be counterproductive and generate mistrust or suspicion.

C. Incentive Funds to Promote Social Innovation

Competitive innovation funds are an increasingly popular (if still novel and largely unproven) public policy approach that allow governments to seek new solutions to longstanding and often entrenched challenges. The Obama administration has established innovation funds in a variety of policy fields, including elementary and secondary education (the Education Department's Investing in Innovation Fund) and civic participation and community engagement (the Corporation for National Service's [CNS's] Social Innovation Fund).⁸¹ Similarly, the Group of 20 (G-20) joined forces with the Rockefeller Foundation to launch the G-20 Small and Medium-Size Enterprise Financing Challenge to seek new ideas about financing small and medium-sized businesses in the developing world.⁸²

USAID (in partnership with the Western Union Corporation) has experimented with a similar competitive grant program through its African Diaspora Marketplace to promote diaspora

79 Randolph, "Charitable Deductions."

80 See Desai and Kharas, *Do Philanthropic Citizens Behave Like Governments?*

81 The Investing in Innovation (i3) fund for elementary and secondary education was established by the American Recovery and Reinvestment Act of 2009; see www2.ed.gov/programs/innovation/index.html. The Social Innovation Fund was funded by the 2009 Edward M. Kennedy Serve America Act. Corporation for National and Community Service, "Social Innovation Fund," www.nationalservice.gov/about/serveamerica/innovation.asp.

82 See www.changemakers.com/SME-Finance.



entrepreneurship in Africa.⁸³ The initiative is still being evaluated so it would be premature to draw definitive conclusions. While there is little doubt that the Marketplace could be improved, it is clear that the approach is novel. CNS's Social Innovation Fund could be another model that merits consideration and potential application in the diaspora context.

D. Capacity Building and Advice for Diaspora Donors

As described above, many diaspora philanthropists — both individuals and groups — are amateur philanthropists and often depend on volunteers. Few have professional staff with deep understanding of the technical issues involved in transnational giving or the intricacies of effective development projects. (Admittedly, many manage to do so without expert advice.) However, the experiences of other bilateral aid agencies, such as Spain's International Development Agency, that have worked with migrant associations suggest that diaspora projects are often plagued by an underuse of professional advice.⁸⁴

Some international donors and nonprofit groups have experimented with providing technical assistance on these issues to diaspora groups. The Ford Foundation, for example, supported the formation and first meetings of the Vietnamese NGO network VANGO. Training and capacity building in diaspora organizations can also benefit from donor support, which would probably be most effective if provided through umbrella organizations such as federations of Mexican and other HTAs, AFFORD in the United Kingdom, or the Center for Diaspora and Development in the Netherlands. Identifying the specific needs of diaspora groups and the specific challenges of working in their country of origin are critical to making such training workshops productive. USAID missions in diasporas' countries of origin could play an instrumental role in providing insight into the challenges of undertaking development projects in specific countries.

E. Responsible Giving Forums for High-Profile Diaspora Donors

High-profile diaspora donors — including celebrities, sports stars, magnates, and professionals — have unique advantages, but also face unique challenges. Similar to smaller-scale donors, many are fiercely independent and have clear ideas regarding their giving priorities and expected impacts. Others are less focused and can encounter challenges in the administration of individual foundations or trusts. USAID could consider establishing a forum for these high-profile diaspora donors to become acquainted with the development challenges in their countries of origin (from the perspective of policymakers), learn about giving strategies and the administration of development projects, and to network among themselves as well as with policymakers from donor and perhaps origin countries. Of course, attracting input and active participation from such high-profile members of diasporas would require USAID (or other US government partners) to identify policymakers with sufficient gravitas and name recognition — for instance, the USAID administrator or a senior official from the State Department — and to invest in establishing and maintaining these relationships.

F. Information, Outreach, and Knowledge Management

On a more basic level, USAID could make a greater effort to inform diasporas in the United States of its work in their countries of origin and to consult diasporas on needs and priorities for USAID. Reaching out to diaspora associations, professional groups, and consular officials from diasporas' countries of origin who often maintain extensive ties with diasporas could represent initial steps to this end.

⁸³ See www.diasporamarketplace.org/.

⁸⁴ Maribel Rodríguez, ed., *Cooperación para el desarrollo, migraciones y economías locales* (Madrid: Fundación Carolina CeALCI, March 2010), www.fundacioncarolina.es/es-ES/publicaciones/documentostrabajo/Documents/DT40.pdf.



Diaspora philanthropy is not a new phenomenon, but there is an increasing awareness of the unique roles that diasporas and philanthropists play in improving the lives of people throughout the developing world. As governments at origin and at destination begin to explore where the interests of diaspora philanthropists and governments overlap, and where their respective capacities may prove complementary, new opportunities for collaboration will emerge. Inevitably, new forms of collaboration will require openness to new ways of thinking and a readiness to work through challenges as they emerge.



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About the Authors



Kathleen Newland is cofounder of the Migration Policy Institute and directs MPI's programs on Migrants, Migration, and Development and Refugee Protection. Her work focuses on the relationship between migration and development, on the governance of international migration, and on refugee protection. Previously, at the Carnegie Endowment for International Peace, she was a senior associate and then codirector of the International Migration Policy Program (1994–2001). She sits on the Board of the International Rescue Committee and is a chair *emerita* of the Women's Commission for Refugee Women and Children. She is also on the Board of the Foundation for the Hague Process on Migrants and Refugees.

Prior to joining the Migration Program at the Carnegie Endowment in 1994, Ms. Newland worked as an independent consultant for such clients as the UN High Commissioner for Refugees (UNHCR), the World Bank, and the office of the Secretary-General of the United Nations. From 1988 to 1992, Ms. Newland was on the faculty of the London School of Economics. During that time, she also cofounded (with Lord David Owen) and directed Humanitas, an educational trust dedicated to increasing awareness of international humanitarian issues. From 1982 to 1988, she worked at the United Nations University in Tokyo, Japan. She began her career at Worldwatch Institute in 1974.

Ms. Newland is the author or editor of six books, including the first *State of the World's Refugees* for UNHCR in 1993, and *No Refuge: The Challenge of Internal Displacement* for the United Nations in 2003. She has also written 11 shorter monographs as well as numerous articles and book chapters.

Ms. Newland is a graduate of Harvard University and the Woodrow Wilson School at Princeton University. She did additional graduate work at the London School of Economics.



Aaron Terrazas is a policy analyst at the Migration Policy Institute, where he focuses on the linkages between migration and development in migrants' countries of origin, on the role of immigrants in the workforce, and more recently, on how immigrants have fared during the economic crisis.

Mr. Terrazas studied international affairs at the Edmund Walsh School of Foreign Service at Georgetown University and at the Institut d'Etudes Politiques in Paris. Most recently he authored *Diaspora Investment in Developing and Emerging Country Capital Markets: Patterns and Prospects*, and *Connected through Service: Diaspora Volunteers and Global Development*. He has also coauthored *Recovering from the Recession: Immigrants in the Transatlantic Economy, Immigrants and the Current Economic Crisis:*

Research Evidence, Policy Challenges, and Implications, and *Learning by Doing: Experiences of Circular Migration*. He is a frequent contributor to the *Migration Information Source*.



Roberto Munster is a consultant at the World Bank, where he works in private sector development for the Latin America and Caribbean region. Mr. Munster has master's of Public Policy and bachelor's degrees in Finance and Economics from the University of Maryland.

The Migration Policy Institute is a nonprofit, nonpartisan think tank dedicated to the study of the movement of people worldwide. MPI provides analysis, development, and evaluation of migration and refugee policies at the local, national, and international levels. It aims to meet the rising demand for pragmatic and thoughtful responses to the challenges and opportunities that large-scale migration, whether voluntary or forced, presents to communities and institutions in an increasingly integrated world.

www.migrationpolicy.org

1400 16th Street NW
Suite 300
Washington, DC 20036

Tel: 001 202-266-1940
Fax: 001 202-266-1900