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Barriers to International Giving by U.S.-based Private Foundations:
Perceptions of Stakeholders

A THESIS SUBMITTED

By

Rachel Humphrey

In Partial Fulfillment of the Requirements

For the Degree of

Master of

Nonprofit Administration

The University of San Francisco

May 30, 2003

Barriers to International Giving by U.S.-based Private Foundations:

Perceptions of Stakeholders

This Thesis written by

Rachel Humphrey

This Thesis written under the guidelines of the Faculty Advisory Committee and approved by all its members, has been accepted in partial fulfillment of the requirements for the degree of:

Master of Nonprofit Administration
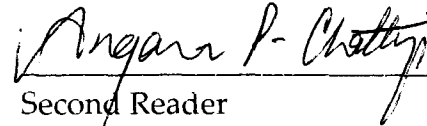
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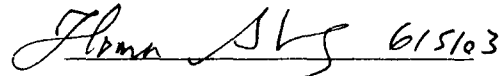Research Committee

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ABSTRACT

This study described perceptions of 26 stakeholders in the field of international philanthropy regarding barriers to international giving. It further investigated the role of private foundations in international assistance and the types of organizations promoting international philanthropy and helping foundations overcome these barriers.

The study found that there were psychosocial barriers facing foundations not engaged in international philanthropy, practical barriers that inhibit international grantmaking, and strategic and psychosocial barriers to effective international philanthropy by foundations already engaged in it. Of those, the psychosocial barriers were most significant in hampering the growth of international philanthropy. There was no significant difference in the answers provided by different types of stakeholders.

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INTRODUCTION

Statement of the Issue

There are vast inequalities in this world that create dire consequences for

significant portions of the world's population. The statistics are staggering: In 1997, the

income gap between the richest fifth of the world's population and the poorest fifth was

74 to 1. Literally billions of people live without access to basic sanitation and clean

water sources, the majority of the population subsists on 2 dollars a day, and 1.5 billion

people live in absolute poverty (Sartor, 2002). Every day, more than 30,000 children

around the world die of preventable diseases (Fukada-Parr, 2001). The problems caused

by chronic underdevelopment and extreme poverty are among the most challenging

and worrisome issues of the modern era (Johnson, 2001).

The United States undoubtedly holds the most wealth of all countries in the

world, and thus both suffers the least from these problems and has the greatest ability

to address them. In 2002, out of 497 billionaires in the world, 243 were living in the

United States (Goldman, 2002). Ninety-five percent of the world's major foundations

with assets over $10 million are in the United States (Arnove, 1980), Much of this

concentration of wealth has been fueled by the rise of multinational corporations and

the current era of globalization. Globalization means that "no facet of life in today's

world is purely local. Even our most basic, intimate details—the food we eat, the clothes

we wear—are meshed in the flow of international capital, goods, services and labor"

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(Sartor, 2002, p. 8). Nevertheless, many Americans are not cognizant of how their country is interconnected with and dependent on the rest of the world.

Since the September 11 terrorist attacks, when for the first time in decades the people of the United States felt their own safety truly threatened, understanding of the importance of a global perspective has increased. Finding themselves a target, some Americans asked for the first time about their country's role in the global landscape, and about the business practices and governmental policies that could lead to such a degree of hatred of the U.S. Other Americans sought refuge in patriotism and focused even more on issues at home. The philanthropic response to September 11 was astounding. Despite this outpouring of generosity, the responses tended to address the local effects (such as the aftermath of the tragedy) rather than global causes (such as inequity and hopelessness). This amplified the existing tendencies of the U.S.'s nonprofit sector to concentrate its giving within the national borders.

According to the American Association of Fundraising Counsel's "Giving USA 2002" report, in 2001, 2% of the $212 billion given by U.S. donors went to international causes. According to a study on international grantmaking by the Foundation Center and the Council on Foundations, the percentage of grants that supported programs abroad (through foreign-based and U.S.-based recipients) by American foundations was 11%. Given the flow of funds across borders in other sectors, this proportion seems exceedingly low. The paradox of the small percentage U.S. foundations donate to

international causes when compared with the huge presence of the United States in the world, and vice versa, was the impetus for this study.[1]

The key question to ask is: Why is it important for foundations to give abroad? Globalization makes it impossible to ignore problems beyond our borders. According to Jerry Mander of the Foundation for Deep Ecology, "Foundations are beginning to realize that whatever issues they are involved with are intricately connected to globalization policies" (Green, 2000). Other respected figures in the field agree: "The line between domestic and international grantmaking is increasingly blurred," said Ms. Susan Berresford, President of the Ford Foundation. "That is because the world is now our neighborhood and in our neighborhood" (Dundjerski, 1998). According to Stephen Greene, leaders in the field of international philanthropy feel that "the world's most crucial problems require strong international responses from philanthropic institutions." Kavita Ramdas from the Global Fund for Women states, "The events of September 11th shook this country and its sense of security and exceptionalism. We can no longer work and operate in ways that separate us from the rest of the world." The threats and challenges the world faces right now, such as poverty alleviation, population control, and environmental conservation can, and many say should, be addressed effectively by the nonprofit sector (Green, 2002).

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[1] Spending in US dollars is a less than ideal metric for comparing international and domestic grantmaking, as the marginal utility of a dollar varies depending upon where and how it is spent. However, there are no alternative metrics available and this is the standard used in the field.

It is common knowledge that the United States uses a disproportionate share of the world's resources. The richest fifth of the world's population consumes 86% of all goods and services while the poorest fifth consumes just 1.3%. The richest fifth consumes 45% of all meat and fish, 58% of all energy used and 84% of all paper, has 74% of all telephone lines, and owns 87% of all vehicles. (Sartor, 2002) Access to the world's resources has allowed the United States to grow its wealth while other nations continue to struggle. Although much of the United States's revenue is generated globally, funds are donated to philanthropic causes primarily within U.S. borders. At the same time, government aid from post-industrialized countries has gone down significantly as needs in developing countries only increase.

Adding to the case for international giving is the potential impact by relatively small donations: for example, a grant of $1,000 to most U.S. based organizations hardly makes a dent in the costs of operation. A grant of the same size to an organization in a developing country could cover the annual costs of an entire program. As most people in the world live on less than $2 a day, there is an opportunity for extremely efficient giving and high human return on philanthropic investment.

Statement of Purpose

This study addressed attitudes individuals at U.S.-based foundations had about international giving and barriers that they faced in funding international causes.[2] Why do American foundations not give more significantly to alleviate global issues? What choices and challenges do foundations face when they allocate funds? Is it that they are not concerned about what happens outside the U.S. or recognize the impact of global issues on those at home? Is it that the needs in the U.S. are so great that they feel they cannot justify giving elsewhere? Is it that they do not have a local constituency pressuring them to allocate funds internationally? That they don't know how to funnel resources outside the US? Is it that the financial costs are too high? That establishing equivalency or taking on expenditure responsibility is too daunting? Is the challenge of accountability and evaluation too difficult? Is it that the infrastructure doesn't exist yet? Is the decision to fund internationally too political? Or, are allocations simply based on arbitrary decisions by a board or funder?

Through asking these questions, this study set out to uncover a complex story of many players with often conflicting methods, ideologies, and aims. All of these players, from local governments, indigenous Nongovernmental Organizations (NGOs), U.S.-based intermediary organizations and operating nonprofits, and U.S.-based funders, need to work together to accomplish their goals. The high level of collaboration across borders and cultures that is necessary brings about many of the challenges inherent in

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[2] Unless otherwise specified, "international giving" refers to funding of both foreign-based organizations and U.S.-based organizations that address international issues.

international philanthropy. Culture-bound attitudes about poverty, charity, and philanthropy greatly affect the ability of "Northern" nonprofits and foundations to benefit the people of the Global South.[3]

Determining where foundation funds are directed is highly dependent on the individual foundation and its own decision-making process. Each individual foundation sets its priorities according to its philosophies and outlook. However, understanding why international projects are not a higher priority for many foundations despite the profound need outside the U.S. borders is instructive for both those seeking funding for such projects and for foundations interested in international work. On the micro level each foundation has its own personalized decision-making process and a very particular set of guidelines. But on the macro level, foundations have evolved out of a certain cultural background, and these larger trends can be identified. Understanding the rationale that foundations use to make their decisions and the relationship between public and foundation agenda setting is important in understanding the issue.

The ethnographic research for this study queried individuals working for foundations, intermediary organizations, funders groups, and international grantmakers' education and support organizations about the conceptual, strategic, and practical issues inherent in international philanthropy, such as issues of culture and

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[3] The term Global South is used to refer to countries in the southern hemisphere. This replaces the terms "developing countries" or "Third World," as many consider these terms inappropriate.

politics, funding approaches, and regulatory challenges. Through interviews with informants working in the field, I gained a picture of the roles of different kinds of foundation in international assistance and of intermediary organizations in overcoming the barriers.

It is important to note that beyond the scope of this study are some of the newest and most exciting developments in international philanthropy. In particular, there has a remarkable growth in "diaspora philanthropy" and donor-advised funds for international giving. Even some community foundations have expanded their definition of community and are giving across borders. Many of these developments are being driven by individual donors, and thus are not included in this study. The growing role of corporate foundations has also not been included.

I sought to discover what the significant barriers were for foundations as a first step towards developing solutions to address these barriers. Awareness of the barriers is necessary to enable potential grantees and philanthropic partners to surmount them.

CHAPTER 1:

REVIEW OF RELATED LITERATURE AND DELINEATION OF PROBLEM

Review of Literature

Most of the literature on international development and aid is focused on funding by donor governments or nongovernmental organizations, rather than by private foundations. However, given the complex, interrelated nature of the issues at play, there is inevitably some research relevant to the topic at hand.

Attitudes about the future of grantmaking by private foundations vary remarkably in the literature, depending on, among many things, the economic climate of the time. In particular, almost all of the research was completed before September 11th and the subsequent economic downturn.

Need for International Giving by U.S.-based Foundations

There is no question that there is an overwhelming need for assistance in the Global South. While cataloging this information is beyond the scope of this study, a few statistics from the United Nations Development Program's 2001 Human Development Report highlight some of the issues facing the global south:

- 4.6 billion people live in developing countries
- 2.4 billion people lack access to basic sanitation
- 2.8 billion people live on less than 2 dollars a day
- 1 billion people lack access to improved water sources

- 850 million people are illiterate

- 156 million children have no access to schooling

The Case for Increased International Assistance from the United States

Economist Jeffrey Sachs's article, "The Strategic Significance of Global Inequality," highlights issues why the U.S. should invest in foreign assistance (Sachs, 2001). According to Sachs, "The United States has become, by far, the stingiest of all rich countries in donor aid. The consequences of this miserliness are undermining the long-term vital interests of United States" (p. 197). These words were written before the tragedy of September 11th; the consequences of global inequality are much more tangible in the post 9/11 milieu. While his suggestions are primarily for U.S. government foreign policy, his outlining of the strategic significance of global inequality is quite relevant for the current study.

According to Sachs (2001), when foreign states fail to provide basic public goods for their populations, their problems spill over to the rest of the world. Failed states are "seedbeds of violence, terrorism, international criminality, mass migration and refugee movements, drug trafficking, and disease" (p. 187).

Sachs (2001) details the following four reasons the United States should be investing abroad:

- National security: "If we compare the dates of U.S. military engagement with the timing of state failures according to the State

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Failure Task Force, we find that virtually every case of U.S. military intervention abroad since 1960 has taken place in a developing country that had previously experienced a case of state failure" (p. 191).

- Economic losses: "The United States has huge economic stakes in the developing world that are jeopardized by state failure abroad" (p. 192).

- Environmental degradation: "Economic collapse and state failure are major contributors to environmental degradation of strategic concern to United States" (p. 193).

- Infectious disease: "Like international crime, the disease burden is both cause and consequence of economic and political failures" (p. 193).

The Role of Private Foundations vs. Government and For-Profits

Why is it necessary for U.S.-based foundations to be involved in philanthropy on an international level? No research has been done to answer this question directly, although researchers have touched upon challenges that arise with foreign aid by donor governments and multilaterals. Some have asked about the appropriate role of private foundations in view of the large sums of money given by donor countries. (When compared with the amount of money given by wealthy countries, giving by foundations might seem to be a negligible drop in the bucket.) Official Donor Assistance (ODA) was $44.2 billion in 1997, down from $56.4 billion in 1990 (Malhotra,

2000). In comparison, international giving by all foundations reached an estimated $1.6 billion in 1998 (Renz, Samson-Atienza, & Lawrence).

However, despite the significant difference in the amounts available for distribution, foundation giving does make a real impact. There are many nonprofit organizations that do not receive any government funding, and alternative funding sources are few and far between. There is a situation of intense competition for scarce resources among many small U.S.-based organizations working internationally that do not receive government funding (Smith, 1990). Therefore, there is a unique and important role that foundations can and should play in international giving.

The Downside of Government Aid

Although usually significant in size, funding by donor governments presents considerable challenges and limitations, especially given its highly politicized nature. Donor governments take their own national interests into account in any aid decisions, whether such interests are conceived in terms of maintaining spheres of influence, political or military alliances, or simply promoting their own export trade (Maizels & Nissanke, 1984). Going against commonsense, poverty is not foremost among the criteria wealthy nations use to choose how to disburse foreign aid. Two-thirds of the world's poor get less than one-third of the total development aid, and donor nations routinely tie assistance to military spending. Donor governments give their strategic allies not only military but also economic aid (Mukerjee, 1994). According to Sachs

(2001, p. 196-197), "During the Cold War, a considerable portion of foreign assistance was simply a transfer to U.S. allies as a kind of thank you for their continued political support that often was not forthcoming."

In addition to the political nature of government aid, the amount of aid fluctuates in different political climates. Sachs continues, "Since the early 1980's, and especially since the end of the Cold War, the levels of U.S. donor assistance have in fact plummeted. The United States now spends only 0.1 percent of GNP in foreign assistance, and only 0.02 percent of GNP in assistance for the poorest countries" (Sachs, 2001).

The U.S. is not the only country reducing its foreign aid. Official Development Assistance (ODA) from the Development Assistance Committee (DAC) member countries of the Organization for Economic Cooperation and Development (OECD) has been declining since 1992. ODA's share of total net resource flows to developing countries was 41% in 1991 and slipped to 21% by 1998. During this time, "direct investments have replaced ODA as the largest source of financial resources flowing from advanced industrialized countries to developing countries"(Renz et al., , p. 5). As a direct result of the current dominant processes of economic globalization, total private capital flows (e.g., foreign direct investment, portfolio equity) to developing countries increased more than six-fold from $41.9 billion to $256 billion between 1990 and 1997 (Malhotra, 2000).

As governments' role in overseas funding diminishes, international grantmaking by private sources gains importance. In addition, foundations' importance in the arena is heightened by their ability to make non-political, long-term grants. While government often follows public interests, and in some ways is curtailed by it, foundations can move beyond the bounds of present trends. Independent of constituencies and votes, foundations also have the opportunity to mold public opinion. "By providing developing countries with an alternative source of aid to that of the U.S. government, and by providing the U.S. government with alternative points of view concerning development programs, philanthropic foundations foster a pluralism that encourages new initiatives" (Pipkin, 1985, pp. 388-389).

Private Sector Funds in the International Arena

Cash flow from the private sector is also serving a very different purpose and reaching different people than that from foundations. More foreign capital flows to developing countries in the form of private investment than in aid: in 1992 more than $100 billion was invested, as opposed to the $60 billion donated. However this form of cash flow misses the poorest of the poor (Mukerjee, 1994).

Foundations as the Risk Takers

Foundations are unique in their ability to take risks. According to Mark Dowie (2001, p. 225),

There are no shareholders to complain. No bonds in default. No bank to foreclose... By law, foundations must give money away — at least 5 percent of their assets every year. If, say, 1 percent, or even 3 percent of that money goes to organizations that lose, squander, or otherwise waste it, who is the worse for it? The foundation still has its assets, and the program officer no doubt still has his or her job.

With such a lack of consequences and accountability (foundations are not accountable to anyone but the IRS and their trustees), foundations have a huge amount of flexibility in funding innovative, risky, and controversial projects.

The Current Status of International Giving by Private Foundations

A majority of Americans believe that the U.S. spends too much on foreign aid and that resources should be spent to resolve domestic problems first. For a number of different reasons, this pattern is reflected in Americans' giving patterns, including those of private foundations, which give a small proportion of total grantmaking to international causes (Anheier & List, 2000).

While giving by private foundations for international purposes grew strongly throughout the 1980s and 1990s, the pace of growth was slower than that of foundation giving as a whole (Anheier & List, 2000). The strong stock market caused growth in many foundation endowments, enabling funders to increase their grants to

international causes without cutting into the amount they gave domestically (Dundjerski, 1998).

In 1995/1996, more than $5.5 billion was transferred internationally either directly from U.S. donors or indirectly via U.S.-based intermediary organizations. Of that amount less than 15% went directly to agencies in foreign countries, illustrating the heavy reliance on U.S.-based intermediary organizations and operating nonprofits (often called international nongovernmental organizations or INGOs). However, in recent years there has been a shift to making grants directly to overseas organizations (Anheier & List, 2000). Regardless of region, the most common top priorities for international funding include development, health, and education (Renz et al., 2000). The Foundation Center's reports on international giving provide invaluable quantitative data on the current status and trends in international grantmaking.

<u>Understanding Trends and Future Directions</u>

<u>Motivations for Charitable Giving</u>

In the general fundraising literature, reasons donors give are described as an act of altruism, an act of self-interest, or a combination of the two, the last of which has been called a "mixed-motive model of donor motivation that assumes donors hold interests both in self and in a common good when making a gift" (Kelly, 1998). The mixed model Kelly describes also assumes that charitable organizations hold dual

interests much like donors. According to Lowenberg (as quoted in Kelly, p. 45), "reciprocity, a basic process in social interaction, is also the norm in fundraising."

Similarly, David Ribar and Mark Wilhelm (1995) describe four tiers or intensities of benevolence, and note that contributions depend on several of these motives simultaneously. The first is when donors derive direct consumption benefits from the goods and services an organization provides. The second is when donors receive no immediate consumption benefits from the organization they support, but may be motivated by possible future needs and benefits. The third is when donors are motivated by the satisfaction they derive from the act of giving and the social approval associated with gift giving. The fourth motivation is purely altruistic.

Motivations for giving internationally

According to Ribar and Wilhelm (1995), donations to international relief and development organizations provide neither consumption nor insurance benefits to donors. However, given Sachs's argument, theoretically donations to international problems do provide insurance benefits to American donors. Beyond the Wilhelm and Ribar article, there is no research available on motivations for international giving. Given the lack of research, the role of purely altruistic motivation has not been made clear; however it would seem that it is a major motivation in international giving.

Barriers to International Giving

Knowing the need for international giving and the reasons why some funders do give across borders, the next logical question is why many foundations do not. The answer ultimately lies in the fundamental attitudes of board members and in the board meetings and executive sessions of each individual foundation as these attitudes play out. That said, the literature available does illuminate some barriers and challenges inherent in international work that may serve as answers to the question.

A new imperialism? Many foundations have a legacy of imperialist attitudes influencing their work in developing countries. Since their beginnings, the large American foundations like Ford, Rockefeller, and Carnegie were concerned with extending the "benefits" of Western science, technology, and value systems abroad (Arnove, 1980). According to Jude Howell (2000, p. 20).

> There are larger political and ethical questions about the desired role of external agents in developing and strengthening civil society... for many, the notion of external agents creating, supporting and strengthening civil society rings very much of interventionism, of neo-colonialism in a seemingly woolly, friendly garb.

Donovan Storey (1998, p. 349) agrees, "It is uncertain whether intermediary NGOs are playing a positive or necessary role as catalysts for people's empowerment, or if, in fact, they are controlling and overshadowing the poor either ideologically or strategically"

One Ford Foundation representative in the '50s, for example, viewed Indian society as "tied up in tradition, static, going nowhere, but desperately needing changes" (Gordon, 1997). Resulting from this attitude, in the 1950s and '60s, the Ford Foundation stressed technical assistance, which meant that a substantial part of the grant money was spent on bringing foreign experts to show the Indians how to do things

This kind of attitude can strain collaborations significantly. In 1958, the Rockefeller Foundation had conflicts with the Indian government. The finance minister of India at the time felt that the donors had undue pride and there was a loss of self-respect on the side of the recipients. He felt that operating with Indian government aid and advice would help avoid this, and that if the donors were unwilling to extend their aid in humility and through procedures which protected all prospective recipients, India would do without their gifts (Gordon, 1997).

A culture-bound understanding of civil society. The idea of civil society comes out of a particular political and economic model. Donors wanting to manufacture civil society in other countries impose a normative vision of civil society which is deeply imbedded in the historical context of Western Europe and North America. Unfortunately, more often than not it is assumed that there is a common vision and shared set of meanings and values (Howell, 2000).

Donors have defined civil society as an arena of formal and modern associations, distinct not only from inefficient states but also from an array of informal and

primordial associations. The cost of this is actually quite high. Conceptualizations of civil society which restrict themselves to formal organizations end up excluding less formal structures of association from analyses of political and social transformation. Moreover, primordial ties and forms of association may be far more meaningful than formal organizations (Howell, 2000).

Lack of understanding of the cultural context. Not understanding the cultural context can be a barrier to effective foreign aid. For example, in Nepal fundamentalist Hindus who believe in divine authority over all things do not want foreign aid to interfere with what is determined for society. However, it would go against Nepali culture to express this directly, so many Nepali officials tend to just be uncooperative. In addition, as a part of high-caste educated behavior, people do not use the negative expression "no" to anything. "It is considered good manners to say 'yes' all the time in response to anything, even when they have absolutely no intention of fulfilling the commitment" (Bista, 1991, p. 136). Obviously, not understanding this cultural behavior and ideology could become a major obstacle in accomplishing work in Nepal.

Not incorporating local perspectives in funding decisions. When working with people from very different backgrounds, differences and conflicts in agendas, ideologies, experiences, and so on, undoubtedly arise. Illustrating a conflict where goals, values, and agendas differ between grantee and grantor, early in the Rockefeller Foundation's work in India its officers felt that Foundation funds should be used to

bring some Indians and Indian institutions to world-class rank. However the finance

minister of India at the time (1958) wanted to spread the money to more than a few

elite-of-the-elite institutions, looking at the many poor of India. In addition, foundations

were accused of "doling out aid from the top down or center outward" so that the

masses of India were not involved and were hardly assisted (Gordon, 1997, p. 106).

The conflict can even sit within the NGO itself. While staff of international NGOs

may wish to modify the agenda to more adequately reflect the recipient countries' and

local partners' viewpoints, there are limits to the extent to which this is possible without

affecting the basic financial support and voluntary time and energy resources provided

by donors and on which the NGOs are dependent (Van Der Heijden, 1987).

Another important issue is the frequent lack of local ownership of a project. If

local people are not involved in the conceptualization and implementation of a project,

it is likely that they will lack any sense of either pride in or possession of these projects

as they would towards things they had built through their own efforts. Locally initiated

projects have the greatest chance of success. The local people understand the purpose of

a given project and what it means to them, and therefore have a commitment to it.

There is also much more likelihood that there will be upkeep or even improvement of

the project by the locals (Bista, 1991).

Evaluation. One of the most important challenges donors face in international

giving is that of evaluation. Evaluation is obviously more difficult where a project with

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stakeholders on the other side of the world is concerned, especially where it suffers

from time zone differences, antiquated or incompatible technology, or language

barriers. In typical developing countries, there is very limited access to hardware, less

use of sophisticated statistics, and almost no longitudinal data sets (Bamberger, 1991).

Evaluation brings about many political issues as well as logistical ones, especially

around decisions on who funds, controls, and conducts evaluations. Most of the

evaluations in developing countries are funded and controlled by donor agencies,

whose primary concern is understandably to ensure that their aid is used properly. In a

donor-driven evaluation, there is a narrow focus on the implementation of the donors'

projects, and broader central issues are often not considered. Evaluations focus on

questions of interest to the donors and the central agencies rather than on those of direct

utility to the project management (Bamberger, 1991). This limits the true purpose of

evaluation, the improvement of the project in question. Illustrating this point, Dor

Bahadur Bista (1991, p. 142-143) writes of the example of Nepal,

> Government departments publish reams of progress reports detailing added
>
> facilities built through foreign aid, and these are used to suggest that impressive
>
> progress has been made. But the facts that figure in these reports, and are
>
> included in formal development models, are devoid of any real social or human
>
> elements. There is a snowstorm of statistical wizardry without any inkling of
>
> how these abstract figures relate to the condition of the bulk of the people...

Buildings and bridges might be built but there are questions as to whether they will be used, how they will be used and to what constructive end.

The role of locals is especially overlooked in the design, implementation, and use of evaluations, despite common statements about the importance of involving government and local agencies.

Beneficiaries are excluded from project evaluations for the same reasons they are excluded from project planning: they do not fit into the bureaucratic procedures of donors and governments, they are looked upon as a potential threat or inconvenience, or it is assumed they would not understand the technical nature of the studies. (Bamberger, 1991, p. 331)

Parenthetically, another reason that beneficiaries are not more involved is that when they have a stake in the project they have a natural bias and are not included by evaluators.

Bamberger (1991) also notes that national universities have surprisingly little involvement in evaluation. Given the concentration of professional researchers at universities, one would expect them to be at the forefront of evaluation work.

International consultants are used extensively in the evaluations by Northern agencies, and this raises a significant barrier in the way of effective evaluation. According to Bamberger, these consultants often have limited knowledge of the cultures in which they are operating and are usually in the country for such a short time

that they cannot gain an adequate understanding of the broader issues at play. There is often virtually no attempt to consult with local researchers, who are frequently contracted only to carry out the study designed by foreign consultants. There is rarely an attempt to understand local research and evaluation traditions or any philosophical point of departure. Evaluation is reliant upon standards, goals, interests, and values born from a particular cultural context, and this is rarely recognized, let alone addressed (Bamberger, 1991).

Chambers (as cited in Bamberger, p. 328) lists six biases that limit the capacity of donors to effectively design or evaluate projects:

- Spatial bias: when project staff or researchers do not stray too far from urban centers, tarmac roads, and roadside projects.
- Project bias: when agencies plan in terms of projects. They show little interest in what happens the majority of the rural poor, who are usually not affected at least directly by projects.
- Person bias: when "rural development tourists" tend to get most of their information from elites: from men only, from users and adopters of new technology, and from people who are active, well, and present.
- Dry season bias: when experts, usually avoiding visits during the rainy season, do not get to appreciate the impacts of flooding.

- Diplomatic bias: when visitors consider it discourteous to insist on meeting with people not on the itinerary prepared by their hosts.

- Professional bias: when professional visitors are drawn to the wealthier, better educated, and more progressive people because they are the ones able to discuss topics of interests to the outsiders.

The combined effect of these factors is that the true dimensions of the given problem remain unperceived by outside experts (Bamberger, 1991).

The challenges of cross sector collaboration. Interaction among actors from different institutional sectors who are unequal in power and have very diverse interests and perspectives often produces misunderstanding, conflict, and power struggles rather than effective cooperation in program design and implementation. Organizations from different sectors may have fundamentally different views of what is appropriate and what is needed. Power inequalities among organizations can undermine their ability to communicate effectively. Culture and value differences can trigger emotionally charged escalations that are difficult to discuss or resolve (Brown & Ashman, 1996).

There are particular challenges in the NGO/host government relationship. Organizations and local governments are often both working towards common development and humanitarian goals, but can find themselves as adversaries when dealing with issues like human rights, environmental concerns, and the mobilization of the poor. NGOs can be seen as competitors for foreign funds and local power or as

unwanted critics. Also, NGOs can be considered politically suspect because of their heavy reliance on foreign funds, threatening their programmatic autonomy (McCarthy, Hodgkinson, & Sumariwalla, 1992).

Corruption. Corruption can be a major barrier for foundations interested in giving across borders. Corruption involves the redistribution of assets from the relatively poor to the relatively wealthy, which exacerbates poverty. Corruption is a huge problem throughout the world, not just in the global South. That said, underdevelopment itself can be a major cause of corruption and the effects of · corruption can further impede socioeconomic transformation. The level of political and economic development and the way it interacts with the cultural tradition may determine the level of corruption. Factors such as low wages, absence of accountability, the legitimacy of institutions, the ease of market transition, the authorities' commitment to end corruption, and socio-cultural norms of behavior all play a role in the prevalence and perpetuation of corruption in Third World environments (May & Ghazanfar, 2000).

In many societies, allegiance to clan, kin, or family is of utmost importance. Such loyalties can take precedence over public duties, even for high public officials, at the expense of the common good. Hiring family members and giving preferential treatment is considered normal and sometimes even obligatory. These attitudes and traditions can intensify cultural misunderstandings between grantee and grantor (May & Ghazanfar, 2000).

Unfortunately, even international aid can exacerbate corruption, as most people never receive any contact with aid when corrupt officials are stealing it. "Corruption makes aid to the neediest countries virtually useless" (May & Ghazanfar, 2000). Again, Dor Bahadur Bista (1991, p. 147) provides an example,

> Massive foreign aid has helped mask widespread economic abuse and corruption....Through foreign aid, people are being provided with additional facilities such as schools, hospitals, roads, drinking water, and electricity....But opportunities are provided for others to become rich through the misuse of public money, and some appear to be doing it with impunity. For Nepali social observers, then, foreign aid has become particularly associated with corruption and what is seen as a new avenue for the exploitation of the people.

Political issues. There may be intersections and divergences between foundation and government funding. Although theoretically nonpolitical, foundations are not free from the effects of politics and the negative implications that stain government funding. Often people in countries receiving aid are skeptical of the aims of the U.S. government and by extension any foundation that seems to be linked to the U.S. government. Critics of philanthropy see it as a tool of the American capitalist system in which foundations give their money to foreign countries only to increase American dominance throughout the world (Pipkin, 1985). For example, during the 1950s there were articles in the Indian

press accusing the Ford Foundation of serving as a front for the U.S. government

and the Central Intelligence Agency. Indeed, there were links between the Ford

Foundation and the CIA, through an agreement that the foundation would

occasionally support institutions in which the CIA was interested. CIA

involvement with NGOs doing international work was not uncommon (Gordon,

1997).

Many of the NGOs providing alternative, nonpolitical aid in foreign countries

continue to receive a significant amount of funds from the U.S. government. By the

beginning of the 1980s, substantial or heavy dependence on government transfers

characterized at least 50% of the largest international NGOs. NGO dependency on

public funds is seen as a threat to NGO autonomy and flexibility (Van Der Heijden,

1987). This reliance on government funding by intermediary NGOs can lead to fear and

distrust by recipients. For example, in Bangladesh government representatives feared

that the funds were coming from foreign nations that did not approve of their regime

and were planning to undermine it by supporting antigovernment groups (Sanyal,

1991).

A foundation is a political actor, even just by the nature of the institution itself.

American philanthropic foundations arose out of a confluence of economic, political,

and social forces, including the amassing of great industrial fortunes by a few. These

foundations have used their "vast resources to further those groups who produced and

disseminated world views supportive of the status quo"(Arnove, 1980, p. 8). According to Mark Dowie (2001, p. xxxiv), "Much of what many foundations do and fund seems principally designed to protect and strengthen the professional and scientific classes and the institutions that produce wealth for future philanthropists." Paradoxically, then, a barrier against international giving aimed at addressing inequality is that foundations were themselves born out of inequality. Only a few are willing to attack the very structures that made their existence possible.

Sustainability and dependence on foreign donors. A common operating philosophy of foundations, and one that was held by both the Rockefeller and the Ford Foundations, is that of starting institutions or programs and leaving the government or private sources within the country to carry on the work (Gordon, 1997). This attitude has led to one of the biggest problems in international philanthropy—that of sustainability. One major reason why money given to underdeveloped countries has not been effective is that too little has been done to continue programs already begun (Pipkin, 1985).

The absence or small size of a domestic middle class, the low level of industrialization, and the extent of poverty in many countries of the Global South limit the possibilities of fundraising, creating a significant dependency on international donors. In addition, one of the characteristic features of nonprofits in the global South is limited governmental support, especially when compared to the nonprofit sectors in the

North, and outside public and private funders have been filling this role (Anheier &
Salamon). This problem has prompted some Northern foundations to investigate
domestic sources of financing, to carry out research on local cultures of philanthropy,
and to create and foster local foundations (Howell, 2000).

One example of the problems inherent in a dependency on foreign donors
occurred during the apartheid era in South Africa. Donors played an important role in
supporting and strengthening civic organizations there. In the post-apartheid nation
donors switched their support to the new democratic government, leaving not only a
crisis of direction but also one of funding for the once-vibrant civic groups (Howell,
2000).

Showing the cyclic and complex nature of the issues, this external dependence
raises questions not only about sustainability, but also about autonomy and self-
definition. In setting up local branches, Northern NGOs reproduce organizations in
their own image, creating virtual clones whose priorities, interests, and structures are
externally shaped rather than locally developed (Howell, 2000). "The continued
material poverty of grassroots organizations has meant that they remain dependent on
their intermediary NGOs and this dependence maintains and reinforces top down
structures in society" (Storey, 1998, p. 351).

To ensure local NGOs' long-term sustainability, foundations must provide long-
term funding. This gives NGOs the time to develop other sources of funds and improve

the quality of their work with a safety net. Addressing this along with two other key issues for effective grant making, Augusta Pipkin (1985, p. 400) writes, "the future of philanthropy and policymaking lies in the willingness on the part of foundations to become intimately involved with their projects and to support them over a longer period of time with fewer immediate returns."

Summary of Literature and Implications for Research

While many of the issues that face foundations wanting to fund international projects are discussed in the existing literature, they are not approached from the perspective of the foundations, nor do they take into account the current economic downturn and the post-9/11 political climate.

The literature does confirm that foundations do have a unique role to play in international aid, funding groups and projects that suffer from the diminishing pool of government aid or private investment. What is more, funding programs that address global issues are beginning to be seen as in our self-interest as well as greatly benefiting the global South.

Research on barriers against international giving is also scarce. The literature that does exist on such issues does not frame them as such, and they are brought up in relation to government aid and NGOs, not foundations. Some of the matters addressed in the literature are patterns of imperialism in philanthropy, difficulty understanding the cultural context and incorporating local perspectives, the politics of evaluation,

culture-specific models of civil society, the challenges of cross-sector collaboration,

political issues, corruption, and dependence on foreign donors. To the extent that

literature exists, information on these and other barriers in the way of international

giving is fragmented and incomplete.

Statement of Research Question

The study will address the following research question:

What barriers to international giving by U.S.-based foundations do stakeholders

perceive?

How the Research Question Will Contribute to the Field

While many of the issues are touched upon in the available literature, they have

not been framed as barriers to international giving, and there has been no attempt to

address the challenges facing foundations in their international work in any one study.

In the present investigation, internal challenges faced by foundations in international

giving (such as the way decisions were made, business processes, and insularity) and

external challenges (such as political issues both in the United States and in the recipient

country) were addressed and placed in a larger context. Understanding the foundation

perspective and experience will not only fill a gap in the literature, but will be highly

useful for both foundations as well as domestic and foreign nonprofits seeking funding.

CHAPTER 2: METHODOLOGY

Design

The method chosen was that of ethnographic research. "Ethnography involves an ongoing attempt to place specific encounters, events, and understandings into a fuller, more meaningful context" (Tedlock, 2000, p. 455). Ethnography as a method allows an up-close and personal view into a given culture through participant observation. It is a written description of a particular culture—customs, beliefs, and behavior—based on information collected through fieldwork (Genzuk).

Through ethnography, a researcher sorts out layers upon layers of meaning and complexity. A few anthropologists describe ethnographic research and perspective as follows. "The ethnographic perspective develops an interplay between making the familiar strange and the strange familiar" (Rosaldo, 1993, p.39). "It is both a premise and a conclusion of ethnographic research that existence...is a web the threads of which cannot be disentangled" (Peacock, 1986, p.19). While dividing the whole into compartments may be useful for analysis, the whole must be grasped in order to understand any part.

In this qualitative, cross-sectional ethnography of philanthropy, the researcher performed 26 in-depth interviews with stakeholders in the field of international philanthropy. The unit of analysis was the individual stakeholder. The research was based in grounded theory, "an iterative process in which the analyst becomes more and

more 'grounded' in the data and develops increasingly richer concepts and models of how the phenomenon being studied really works" (Bernard & Ryan, 2000, p. 783). Through these interviews and review of site documents, the researcher engaged in an inductive process of learning and understanding a complex cultural setting.

Significant quantitative research on the topic has been and is continuing to be done by the Foundation Center, Charities Aid Foundation, and the Council on Foundations. However, qualitative research on the attitudes and beliefs stakeholders have about international giving has not been carried out. This is the best method for gaining a deeper understanding of international giving.

Subjects/Respondents

The four populations interviewed were 1) individuals who worked for U.S.-based intermediary organizations that re-granted funds to organizations based in foreign countries; 2) individuals who worked for U.S.-based private foundations that had an international grantmaking program; 3) individuals who worked for US-based private foundations that had no international grantmaking program; and 4) individuals who worked for funders' groups or international grantmakers' education and support organizations. This was the population most knowledgeable and most involved with international giving. Through researching these subjects, the researcher was able to make observations about the perceptions of people knowledgeable about international giving by U.S.-based private foundations.

The research subjects were individuals knowledgeable and experienced in the issues of international philanthropy. Although they were classified under the categories of nonprofits, foundations, and affinity groups, many of these individuals had been involved in more than one kind. Informants who worked for foundations were in decision-making positions, such as executive director or president, and in program officer positions that had a more hands-on knowledge of the day-to-day experience of international grantmaking.

The study design also purposely included a non-profit that did not rely heavily on foundation funding, and foundations that did not do international grantmaking, in order to provide a variety of perspectives. The strategy in selecting informants balanced the criteria of interviewing individuals who worked for organizations with a global focus, a regional focus, and a local focus, as well as a thematic versus a geographic approach to international grantmaking.

Procedures

Data were gathered through in-depth interviews lasting approximately one hour with each informant. Informants were reached using referrals and personal contacts. Twenty-six informants were interviewed, mostly in person. A number of interviews were performed on the phone. Interviews were unstructured, and questions were based on probing on a list of topics (see Appendix B).

Data were gathered from approximately five individuals in each category, as well as a program officer and executive from the same foundation, for an even deeper understanding. Subjects were contacted via phone and/or e-mail and interviews were scheduled. Each in-depth interview was recorded using a digital audio recorder and a cassette recorder.

Treatment of Data

The data collected were transcribed from the recordings to computer text. The coding structure was derived inductively, based upon the answers given. It was augmented using in vivo and theoretical coding, as described by Straus and Corbin (1990). The text was coded using edge coding and the coding structure. Notes were taken during the interviews and these were coded as well. Initial coding was followed by focused coding and memoing to explain and elaborate on the coding categories. The answers of informants from different categories were compared and contrasted.

Limitations

The study was limited in that the sample was non-random, non-representative, and too small to allow any definitive conclusions. In addition, informants interviewed were primarily individuals already involved in international giving, and discussing the issues with representatives of foundations that did not make grants internationally proved to be difficult. It was also limited in that it was reliant on self reporting on the interviewees' part, and a tendency to make oneself look good may have played a part.

In addition, there was no representation of individuals who worked for internationally

based organizations. The short time in which the study was completed was also a

significant limitation.

CHAPTER 3: RESULTS

This chapter summarizes the information gathered in twenty-six interviews on international philanthropy by U.S.-based foundations. The chapter is divided into four sections. The first is a brief description of the characteristics of the population studied. The second describes informants' views on the contextual background of international philanthropy and its importance, the role of foundations in international assistance, and the different kinds of funder engaging in international philanthropy. The third section describes informants' perceptions of barriers against international giving by U.S.-based foundations. These barriers are considered under three categories: psychosocial barriers faced by foundations not already involved in international philanthropy against becoming engaged, practical barriers to grantmaking directly to foreign organizations, and psychosocial and strategic barriers faced by foundations already engaged against effective international giving. The fourth section describes the roles of intermediary organizations, funders' groups, and international grantmaker education and support organizations in removing barriers and promoting international giving.

Characteristics of Population Studied

Twenty-six informants were interviewed, including eight individual professional staff members from private foundations engaged in international giving, three from private foundations not engaged, five from funders' groups, six from intermediary

organizations, and six from international grant-maker education and support organizations.

Informants drew upon their experience in current and past positions related to international philanthropy to provide their perceptions about barriers in the way of international giving by U.S.-based foundations. Two informants were representatives of more than one category concurrently, and at least five informants had been members of other categories in the past. Thus several of the informants were able to speak from multiple levels of experience and perspective. Two informants worked at different levels within the same foundation, allowing for broader perspectives of its work. Informants were able to draw upon firsthand, in-depth experience as well as from a broad overview understanding.

Twelve of the twenty-six individuals interviewed were chief executives, seven were heads of individual programs, and seven were program officers or equivalent. They represented eighteen organizations with a global focus, four organizations with a regional focus, and four organizations with a local focus. Foundations and intermediaries represented gave between 0% and 70% of their grants to international issues, either to U.S.-based organizations addressing international issues (including intermediaries), or to foreign-based organizations, or to both. The intermediaries received between 15% and 95% of their funds from private foundations. Fourteen organizations were based in the Bay Area, nine in New York, two in other cities, and

one in a rural area. Throughout the text, informants are referred to by the letters A-Z to protect their anonymity, the assurance of which allowed them at the time to speak freely and openly on the subject at hand.

Contextual Background

Interviews elicited a description of the background in which foundations were working, including reasons why international philanthropy was important, the role of foundations in international assistance, and the different players involved in international philanthropy.

Why International Philanthropy?

Why was international philanthropy important? Informants' answers to this question included: globalization, the immense need for assistance, the high impact of grantmaking in the Global South, and our responsibility as the world's wealthiest nation.

Globalization

As globalization continued, countries were beginning to share both problems and solutions more than ever before. According to Informant V, we were living in a time in history where

> ...the challenges many places face are universal or not particular to any given
>
> community and that the answers can be drawn from outside one's own
>
> community.... America is changing rapidly and that 'they' is 'us', the world is in

our cities through immigration patterns.... even if we want to maintain a local

focus we are in fact engaging with different nationalities and ethnicities because

they are increasingly present in our own community.

Some saw international giving as fulfilling Americans' self-interest because of

our interconnectedness: "By giving in any place you are essentially giving to a U.S.

citizen, you are helping Americans" (Informant U). Informant Z explained,

> The pragmatic consideration is that the world is globalizing. There is amazing
>
> interconnectedness now because of increases in events in technology,
>
> transportation, communications, etc. If there is an inexplicable respiratory
>
> infection that is affecting Asia and it has already affected Germany and Canada
>
> and the U.S., it illustrates how clearly interconnected we are. So I do care about
>
> the health-care infrastructure of Asian countries because it affects my ability to
>
> wake-up tomorrow morning.

Moral Obligation

A number of informants felt that engaging in international philanthropy was a

moral obligation for U.S. foundations.

> The moral obligation is that at a moment in history when the U.S. exercises
>
> uncontested global hegemony, there is a responsibility for us to be engaged
>
> globally. It is a responsibility that accompanies the wealth that has been created
>
> for this country from international sources. (Informant Z)

Others, however, did not agree with this. "If it was a moral obligation we would not have just two percent going overseas.... if it were a moral obligation, we would be seeing 30 or 40 or 50 percent" (Informant X).

Greater Need

There was little question that the needs of the Global South are tremendous. Informant X continued, "If you are looking at philanthropy going to true need, we would probably be looking at Africa all the time, just on the AIDS question alone."

One reason funders want to be doing international grantmaking is that the needs are just so much greater in the Global South. The extremes are so profound. The enormous disparity in resources and consumption is something that international funders feel they are doing something to address in their international giving. (Informant Y)

High Impact of Investment

The high impact of the small targeted grant was well recognized, making international grantmaking more attractive to funders. In Africa, "$100 is a lot of money and $500 is a fabulous sum" (Informant T).

If you make smaller grants outside of the country the money multiplies its impact. In the U.S. you might be able to hire two staff people for that amount; in Russia you could hire 50. Well, which has a bigger impact? (Informant K)

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Some of the "most solvable social problems on earth" were not in the United

States. A funder could have a huge impact internationally that they might not

domestically, and thus international grantmaking could be incredibly "rewarding and

satisfying" (Informant T). As so much could be achieved with smaller amounts of

money, international philanthropy was ideal for a small foundation "really looking for

some leverage and impact" (Informant Z).

The Ideal Role of Foundations in International Assistance

If there were compelling reasons for engaging in international philanthropy, the

first issue funders must address was what specific role foundations could or should

play in this field. There were many kinds of institutions active in the arena of

international assistance, including donor governments offering Overseas Development

Assistance (ODA) and International Financial Institutions (IFIs) such as the World Bank.

There were significant differences in the amounts of money each type channeled

overseas, and in the roles of each kind of institution. Informants described the unique

role philanthropy played on the international stage.

Informants invariably felt that foundations needed to be the risk-takers and to

make the kinds of grant donor governments could not. Foundations could address

more sensitive issues and could be more experimental in their approach. Informants

saw an important role for foundations to influence donor governments' and others'

funding and often to counteract the negative effects of those funding sources.

Foundations could bring attention to issues, test approaches, and show solutions. Informant A and Informant B both spoke about the wide variety of roles private foundations filled:

> It is about taking risks, showing examples, providing public goods like research. It is a place where you can take risks, you can take a long-term perspective. Money is nimble; it's relatively flexible. We can provide general support or very targeted. We can also attract a lot of attention. When George Soros says hey, over here, guess where everybody looks. Foundations have gravitas and they have people who have a ton of experience and knowledge and can really lead fields in some instances. The role of foundations is not to do things other people are doing or can do, to encourage other people to do the stuff that they are supposed to be doing, and to show them that they can do it or how they can do it faster, better, stronger, cheaper. (Informant B)

Informant A spoke similarly, but highlighted the very important point that foundations' role was often to fund organizations involved in public education and advocacy efforts:

> There's a nimbleness with foundations so we can fund very interesting and innovative projects. We can form new models that can then be taken on. That is true internationally and nationally, but I think it is compounded internationally because these are issues that are low on the priority agenda certainly for national

governments and even for the (World) Bank and the IFI's. You are not going to

get the Bank to fund public education and advocacy efforts that are so often

needed, the Human Rights Watch (for example)....The local women's groups that

are advocating for access to family planning services, that kind of funding is

oftentimes private dollars. We have the luxury when we fund in other countries

of being removed. That is the plus side of being removed.... We are not going to

be jailed. We are not going to be harassed, we are not going to lose our contracts

because we chose to fund the human rights group in the West Bank or because

we chose to fund a group advocating for access to legalizing abortion in pick

your country (Informant A).

Risk-taking and Funding Sensitive Issues.

As foundations were not accountable to shareholders, voters, and so on, they

could take the risks nobody else could. According to Informant U, "Risk-taking is good,

failures are successes, foundations are the rainmakers. They are the gateway for where

the world is going to go."

> Philanthropy in an international context should be taking the biggest risks and
>
> trying to tackle the biggest ideas and problems, because the downside for us,
>
> versus USAID or others, it is so small.... Yes, you have to report back ultimately
>
> to a family or a Board of Trustees, but if they can't take the risk, well then who
>
> can? (Informant X)

Informant O described the role foundations can play in providing funding for more sensitive issues.

> You can work in areas where it may be too sensitive for the government to work, areas like human rights, including the rights of women in some countries, areas having to do with protecting the rights of minorities, areas having to do with environment which in some cases can still be too sensitive for corporations to want to be involved in or governments to want to be involved in. International financial institutes are a different ballgame altogether. They by definition have to be very cautious and conservative in what they do. Foundations ought to be more innovative, more experimental, more willing to work in areas that would be hard or difficult or maybe even impossible for official agencies of government to work in. (Informant O)

Foundations provide cover for groups addressing sensitive issues. Informant F discussed the value added of a foreign foundation funding reproductive rights groups in Ireland: "A funny thing that happens when people give you money, they give you permission way beyond the value of the money." Particularly in areas of politics,

> it is often very important to be able to say that there's an international spotlight on what you're doing. 'We are working with foundation X or Y in the United States and it is watching what we're doing and giving us money because it is

important.' Sometimes that makes people give a little bit more credibility to a global organization. (Informant O)

Doing the Work Others Did Not

Governments and multilateral agencies did not have the capacity to fund smaller projects. Foundations' ability to give smaller amounts of money helped reach many more kinds of organizations and could really impact the daily life of the recipients.

IMF and donor governments do not fund a water tower or a nursery school in a hospital. If we did not do the things we are doing, nobody would do them. If we did not repair those 30 instruments (in the University's music department) they would still be sitting in that room missing a string for 49 cents. How can you not do it? (Informant E)

Influencing Donor Governments and Other Sources of Funding

Larger foundations, especially, had the ability to leverage funds and to influence other sources of funding. According to Informant A, usually the multilateral and governmental funders followed behind foundations. With the Millennium Challenge Account (the U.S. Government's new initiative to increase foreign aid by 50% through a competitive process) her foundation was looking to fund in ways aimed at leveraging and shaping these new sources of foreign aid.

Bringing Attention to Issues

Foundations had a lot of influence and could help draw attention to encourage

other donors to look at a particular area or take a particular approach. Foundations

could raise questions and help raise the level of political thinking. In addition, private

philanthropy could fund some of the research and analysis.

Counteracting Negative Effects of Other Sources of Funding

A number of informants felt that private philanthropy should offset the damage

done by some less-accountable philanthropy and development efforts, those by the

World Bank in particular. According to Informant U, "macro development projects have

gotten them into more trouble and required more philanthropy to fix them than we

even want to deal with."

According to Informant P, foundations can do international work without the

red tape and without the hidden agenda of government aid and organizations like the

World Bank. "The World Bank is incredibly inefficient, and so much money is lost, and

it takes forever to get anything done." Also describing foundations' advantages over

the World Bank, Informant U said, "Philanthropy is a willingness to be patient. And in

the end I guarantee you are going to spend far less money than by throwing gigantic

checks at a problem."

A number of informants agreed that some foundations were trying to ameliorate

the U.S.'s various foreign aid and policy failures in some small way. The failure to

contain AIDS especially in Africa was a huge issue for a number of funders. They felt

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that it needed to be addressed in a much more focused way privately because

government was not addressing it.

Being a Positive Face Overseas

Some informants believed another role for foundations was to counteract what

the U.S. government had done for America's image in other countries.

Because the administration has taken such a non-inclusive approach to the rest of

the world it feels like it is even more our responsibility for those of us who do

feel committed to be engaged citizens and global citizens that we should be

doing so much more (Informant L).

Informant U agreed: "It is really important for philanthropy to be a positive face

overseas."

The "Ecology" of Private Funders in the International Context

There were a number of different kinds of foundations engaging in international

philanthropy, which Informant B described as an "ecology of funders." From the

interviews there emerged a typology of the different kinds of organizations involved

with respect to levels of funding and philanthropic strategies. In the first type, larger

foundations (either with or without field offices) tended to give larger grants to larger

organizations, often INGOs, intermediaries, or large, well-established local

intermediaries that had the ability to absorb that amount of money. In the second type,

intermediary organizations, small foundations and large foundations with field offices

gave smaller grants directly to smaller organizations and grassroots groups or local intermediaries. Informants working for foundations that did international grantmaking represented both types 1 and 2. The key difference between the two groups was the ability to give or receive large or small amounts of money.

It is important to note that intermediaries were recipients in type 1 and grantors in type 2. Intermediary organizations made it possible for large foundations to engage in micro development projects by administering numerous small grants made up from one grant by a large foundation. These organizations acted as a bridge, transferring funds as well as knowledge.

Large Foundations

Because of payout requirements, large foundations must grant a significant amount of money each year. Making smaller grants (which in the case of Informant A's foundation could mean anything less than six figures) was simply not efficient or cost-effective. According to Informant B,

We are the kind of funder who cannot make a $15,000 grant because it is just as much work as making a $3 million grant and with a small staff you just don't. So a lot of the organizations we deal with have been around for a while. The American University in Cairo, you've heard of them, you know who they are. They can handle a quarter million dollar grant just fine.

Foundations that have field offices were able to overcome many of the barriers to international giving more easily by having a presence in the country. Identifying grantees, ensuring that funds got to intended recipients, evaluation, and monitoring were all easier when there were foundation staff on the ground. Foundations that did not have regional offices often looked to intermediary organizations through which to do the work. While a percentage of the funds necessarily went to the operation of the intermediary, it was nevertheless a cost-effective solution.

Small Foundations

Small foundations did not have the staff or the resources to maintain an office overseas. Thus they relied on frequent site visits to identify grantees, monitor projects, and so on, or they gave through intermediaries. Attitudes regarding the impact a small foundation could have differed between foundations. Some felt that by joining with other funders in a larger project, they could increase their impact and decrease their risks. Many, however felt that the ability to give small micro-development and community-based grants was the best way for small foundations to have an impact.

> People are recognizing that micro development works... it means empowered communities, it means bottom-up development, it means engagement, it means that you have true partnership as opposed to donor/grantee relations, and that is so refreshing... that is really the revolution of the time. (Informant U)

Small grants had a lot of leverage, and were "not the kind of thing that large foundations are going to do," according to Informant F. There were many groups that just could not gain access to large foundations but were doing great work and making real change for their communities. Small foundations and intermediaries had the ability to reach these groups. Small grants offered a way to develop local ownership of a project, and, with local management and implementation of something that was truly needed in the community, costs were kept down and there was much less chance of corruption.

Complementarities between Large and Small Foundations

The different kinds of foundations and the ways they worked internationally could be highly complementary. Small foundations could connect with the local field offices of large foundations for assistance. According to Informant F, the large foundations were often "delighted if somebody wants to look for ways of spending five or 10 or 15 or 20 thousand dollars and they will give a whole bunch of help including writing a letter, and they will go do a site visit for you and all sorts of things."

The large foundations often had a quasi-diplomatic status, and enjoyed a very high profile in a country. It was much more difficult for them to do anything controversial than it was for a smaller foundation. Also, receiving a grant from a "brand-name foundation" often brought a lot of expectations. For example, if an organization received a small grant from the Gates Foundation, it made the front-page

news and there was a hope and expectation that they would then receive a larger grant. With a small foundation, this expectation could be avoided. According to Informant F, this could be a big advantage. Additionally, the small foundations could "scout" for the larger foundations. Oftentimes a large foundation would be interested in a group, but would be unable to "slide in gently." Other people in their foundation may not have been willing to fund a group if it did not have a track record. If a small foundation funded them first and a track record was established, it was much easier for the organization to receive a significantly larger grant from a big foundation.

Some suggested that the two types resulted in funding that was more strategic and long-term for type 1 and on the side of charity for type 2. Others did not think such a conclusion could be drawn. Informant C felt that one would find both charity and more strategic, policy-oriented philanthropy in both categories. Informant A, who worked for a large foundation of type 1, observed that the necessity to make larger grants forced the foundation to "take on a certain slice of the problem or a certain slice of solutions and our partners who are working more on the grassroots level to take on a different slice of it." She concluded, "that brings us more into the domain of institution building and operating on a policy level."

Barriers Against International Giving

What were seen as the barriers, psychosocial, strategic, and practical, that can prevent funders from both engaging and succeeding in international philanthropy?

Informants discussed barriers for foundations in the fundamental issues of decision making, practical barriers that may inhibit international grantmaking, and barriers to effective grantmaking for foundations that were already working internationally. The barriers discussed below were described by interviewees as inhibiting funders from engaging in international philanthropy either by discouraging such grantmaking altogether or by making it difficult to raise funds, build positive working relationships with partners, and navigate unfamiliar environments as they worked for the public good.

Barriers identified through the research process tended to fall into three broad categories: psychosocial barriers affecting fundamental issues of decision making and determination of funder interest, the practical obstacles inhibiting international giving especially to foreign-based organizations, and psychosocial and strategic barriers to effective international philanthropy for those foundations engaged in it.[4] The psychosocial barriers for determining funder interest affected giving directly to both foreign-based and U.S.-based organizations. The other barriers were more applicable to direct grants to foreign-based organizations.

<u>Psychosocial Barriers to Engaging in International Philanthropy</u>

What are some of the underlying assumptions and perceptions that prevented funders from considering making international grants? Are they reasons of a high level

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[4] Some barriers may seem more applicable to individuals, but this is to recognize that foundation decisions are made by individuals and thus personal barriers affect foundations as well.

of difficulty or a low level of interest? Informants discussed psychosocial barriers,

ranging from a culture of isolationism lacking a global perspective to misconceptions

about foreigners, as basic to low levels of international giving. These barriers were both

reasons why foundations were not interested in international giving and reasons why

they might find it too daunting.

America's Cultural Isolationism

Most of the informants discussed the cultural isolationism in the United States as

a major barrier to international giving. While there were all kinds of technical and legal

barriers to international giving, they said that this mindset and low level of interest in

the rest of the world by the U.S. was the most significant. According to Informant L,

other issues were dwarfed by the questions of why we should be engaged at all and

what relevance the rest of the world had to those of us in the United States. Informant Z

stated, "This is a country in which people do not speak a second language, in which a

minority of our Congress people even has passports. There is a cultural myopia that is

rampant in this society." According to Informant S and Informant N, American society

is much more insular than any other of comparable wealth or influence in the world.

Informant Q concurs,

> The American public does not have a particularly profound appreciation for the
>
> world outside our borders. Geography is not a subject most people study.
>
> Politically I think most Americans know very, very little about the world outside

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our borders and I think that's a product of our hegemony or self-importance about our place in the world, take your pick, whereas other countries have the need to know what's going on outside their borders.

Most foundations tended to be locally focused, directing their resources to their geographic area or to those issues the trustees knew best. This made it very challenging for those who did international work, creating a need to justify why they worked internationally and making it difficult to engage others in the work. Emphasizing the importance of this barrier, Informant N declared that unless a cultural shift happened, he could not imagine current levels of international giving changing much.

Out of Sight, Out of Mind

Informants felt that foundations did not encounter opportunities for international giving as they did for domestic giving. International issues were out of sight of U.S. funders: a foundation could see a school in its community, talk with people who worked there, see what was happening with the program. It was compelling. If foundations did not encounter people doing the work, there was a small likelihood that they would think of funding it. Foundations did not have as many opportunities to connect with work happening in other countries unless they sought it out.

Informant Z described part of the cause as a "marketing gap." He stated, "Word does not get out vigorously enough to potential donors about what the opportunities in

international philanthropy are, even where there are intermediary organizations... they have a weak advertising capacity."

Donors Unable to Relate to Situation in the Global South

Even when they did come across people and issues in other countries, a major conceptual barrier for funders in considering international funding was the difficulty in connecting to, conceptualizing, and understanding them.

Americans are not aware of the scope of the problems faced by the Global South because they've never seen it. They can read in print that half the world's population makes less than 2 dollars a day, but that is such a staggering statistic that it's hard for them to really get their head around it... they only see statistics. Thirty-five thousand children dying every day of starvation and hunger related disease; on the one hand it is overwhelming, on the other it is so abstract. They may get the statistics but they have never witnessed it and don't know how profoundly huge it is. (Informant Q)

It was a personal interest or connection, and being able to relate to the situation, that often sparked a funder to engage in international grantmaking. Foundations in particular had a desire to see impact directly, but global philanthropy often did not afford that. Funders were more likely to give to projects that they could easily visit and perhaps even be a part of. Especially the younger philanthropists who tended to be much more involved in projects and programs wanted the opportunity to be more

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hands-on. If people did not have a strong connection to an area or culture, or to broader goals like eradicating poverty in remote places, it could be a "very tough sell" to donors.

<u>Lack of a Global Perspective</u>

Some informants felt that a psychosocial barrier to engaging in international philanthropy was foundations' failure to consider the global context of their work. Many discussed the need for funders to think about how their grantmaking fit within an international context, whether or not a foundation was funding internationally. Without taking into account the other forces at play, a foundation may never have addressed the true causes of the problems they were trying to solve and were thus setting themselves up for failure, according to Informant Z. He added, "We are really interconnected. It is not academic." Informant Q illustrated the point:

An environmental funder might think that they can do terrific work in their own backyard. They mobilize a community to close down a polluting incinerator and call it a triumph without recognizing that the thing just doesn't go up in smoke. It just moves and it is likely to move to a weaker community in the U.S. or quite possibly the Global South where civil society is weak so there are not similar organizations to organize people and where there isn't the regulatory climate to allow for that sort of community activism. And there are certainly no financial resources as well. Pollution knows no boundaries. It knows currents. Birds

migrate. You want to save them in North America; you have to save them also in the Caribbean and the Amazon Basin. (Informant Q)

Informant Q continued to describe how many issues were inextricably linked to other countries, citing in particular the recent SARS epidemic. "So much of the world has gone global... but philanthropy remains parochial."

Informant T and Informant Z mentioned that in addition to understanding links to the problems, a global perspective could help foundations link to the solutions. Connecting with people in other countries who were working on the very same issues could be invaluable. Looking at effective models in other countries could greatly help inform a funder's work.

Ethical Considerations

There were a number of ethical issues that deterred funders from becoming involved with international grantmaking.

Informant U described an ethical issue that he saw as a gigantic barrier for international philanthropy: "Is it ethically right for me as an American citizen, getting a tax break on the backs of the American people, to give money to non-Americans? And that is a major issue because that is why we have a tax break, to be an incentive for charitable work here."

Along the same lines, a more common way many informants expressed it was as a feeling of obligation to address significant demands in the United States first.

According to Informant L, many felt that "There are so many problems in this country, how could we possibly justify spending money abroad?"

Informant S gave the perspective that keeping money in the U.S. was a way to help the Global South. Our society created and perpetuated issues of power and privilege and race and class around the world through our liberal economic policies and our control or influence over institutions like the World Bank and the IMF. Thus addressing those causes here in the U.S. was a strategic way to address problems in the Global South.

> The single greatest thing that we can do for the Global South is to transform the political structures here and our regime change here.... I am definitely not a proponent of funders who are funding really progressive social change work in the U.S. taking that money away and putting it overseas simply because of how important I think it is to those groups in the Global South ultimately to see social change happen here.

Standard Motivations for Giving Missing

One of the standard motivations for giving was the tangible benefits to donors associated with many philanthropic gifts:

> More than half of all dollars go to churches and then another quarter is going to go to education and most of that is going to be universities.... So people are looking out for their own and their philanthropy reflects that. Ultimately it needs

to reflect back to them, either because it brings them status or because in fact their people will do better because of it (Informant Q).

With the exception of diaspora philanthropy, international philanthropy did not have this self-interest motivation of consumption or insurance benefits. International philanthropy did not have many built-in constituencies that could either engage in philanthropy or sway those that did. In fact, a foundation may even have had local constituencies that were strongly against international philanthropy, feeling that the resources of the foundation should stay in the local community (Informant G).

In addition, some informants expressed the opinion that there was no status or glamour—another of the self-interested motivations—to be gained from international giving.

A lot of philanthropy is very, very status driven. There is nothing high-status about helping a grassroots Haitian women's group, nothing, unless you travel in those kinds of circles, but they are small. No glamour, no status, no plaques with their name on it. It is dirty work. (Informant Q)

Conflict of Money Source with Aims of Grants

Much like foundation critics Mark Dowie (2001) and Robert Arnove (1980), Informant S felt that the source of foundations' money created a barrier to philanthropy that addressed inequality:

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Philanthropy is made possible by a system of exploitation and accumulation. So ultimately it is going to run into the problem where if it is being asked to overthrow the system that brought it to where it is, it is going to be a hard sell.... If the goal is to bring about social equity and you are using funds that are generated from a system that is the opposite of equitable, it is problematic.

Fears about International Work

Informants described a number of fears that could serve as barriers to becoming engaged in international philanthropy. Most of those interviewed cited a "fear of the unknown" as a significant barrier. "All of us have a tendency to trust that which we know best" (Informant A).

Fear of failure was heightened for international work. This risk aversion could prevent foundations from even considering some types of work. Informant P felt that program officers at foundations were overly conservative and risk-averse, and did not bring things that were "too edgy" to the board and would probably be cut. "What is the likelihood of the program officer losing his or her job because of presenting something too risky? That just doesn't happen." Given all of the challenges, there was a fear that their funding just would not have had impact or, worse, had a negative impact.

Part of the fear of failure was the fear of creating an inappropriate program as a result of not knowing the environment in which one was trying to work. Informant U described a USAID program where a country received money for its food programs, but

only for food that could be exported and not eaten there. The idea was to privatize the economy and bring them into the world market. However the very high tariffs, the political situation, and the state of the agriculture industry combined to make it impossible for this model to work. "In effect, they created their own risk and created their own failure."

A number of informants felt that the fear was of being embarrassed by failure more than of the failure itself. According to Informant O,

For most private foundations or corporate foundations, concern has more to do with bad publicity in a very complicated environment than anything else. They may lose some money, but you can write that off as a risk of doing business. I think what most of them are worried about is giving to the wrong people or looking foolish for having some bad publicity.

Especially since September 11th, there had been a large fear of "funding the wrong people or being accused of funding the wrong people" and a concern that the government was "looking over everybody's shoulder" (Informant P). "The administration is heightening those fears by the implications—especially funding in the Muslim world—that your money is going to terrorists and that you better well document that it is not.... you just never know who is going to be called a terrorist by this administration" (Informant Y).

Practical Concerns: Conceptions and Misconceptions

There were many concerns about international grantmaking by those not involved in it that could amount to barriers. Informants who were engaged felt that most of these concerns were exaggerated and should not be barriers.

The money would not reach its location. The most common concern was that the money was not going to reach its intended location. While this could be a practical barrier, there was a misconception that there was no safe, easy way to make an international grant. Informant C described typical reactions to the thought of giving internationally: "I see videos on TV of Afghani women and I feel terrible and I want to give. To whom do I give the money? Will it really do good work? Will it be accountable? Will it actually get to these people?" These hesitations could seem insurmountable.

The problems were too overwhelming. Another common concern informants mentioned was that problems might be seen as too big for foundations to have any impact. The immensity of the problems in the rest of the world was overwhelming for many potential donors. The issues could be seen as "so huge, so immeasurable, so gargantuan, that nothing you can do could ever have any impact" (Informant L).

Small funders in particular felt that given the enormity of the problems, they could not really make a difference. Informant I, who worked for a foundation that did not do international grantmaking, had this perception,

It is very unlikely that we are going to really be able to make a difference in Zimbabwe by just a couple of little grants, and we don't have enough resources to do that in a big way. Let's keep our resources where we really might be able to make a difference, in our own backyard. If we tried to spread our resources to a lot of other places either in this country or overseas, it wouldn't have the same impact and they would just be diluted too much. To really be able to make a difference, we have focused our grantmaking on a circumscribed geographic area.

Informant Q concurred that this was a common feeling. "Smaller funds may feel like they don't have enough money to give internationally. '[They would say] we've only got $100,000 to give annually and what good would it do if 10% of our assets were international? We can make what? One grant and it's going to cost us $5000 to make a $10,000 grant? No.'"

Legal requirements are overly onerous. Almost as overwhelming as the perceptions of problems around the world needing to be addressed were perceptions of the legal requirements in making overseas grants. There was a "basic lack of information and misinformation about what they were allowed to do and how they could do it. There was widespread anxiety about it being everything from difficult to illegal" (Informant K). The legal barriers were not as onerous they seemed, but they could serve as a major deterrent for foundations. With this perceived complexity came

an assumption that significant additional costs would be incurred from having to hire a lawyer. Foundations would hear about these rules and regulations and think they would "need a lawyer for ten weeks just to figure out how to do it." In fact, in Revenue Procedure 92–94 the IRS said that a foundation needed only to make a "good-faith determination" and a "reasonable judgment." Hiring a lawyer was not mandatory and was often not necessary. According to Informant Q, a lot of foundations did not know that. Often, foundations' counsel itself did not know the laws, and gave incomplete or inaccurate information.

Negative perceptions of working with people in other cultures. More than just being unaware of other cultures, "there [was] a great deal of distrust that Americans [had] of other cultures," which formed attitudes and beliefs about international giving. Informant U said funders might think, "If I throw my money overseas it is going to go to some corrupt guy who is going to just take it and buy a chateau in France."

> People who don't have any particular connection to the outside world think it's just impossible to deal with people in another culture and with another language....They are scared off by the whole notion of dealing with people very far away in a different cultural setting. (Informant T)

Similarly, funders could make the assumption that there were not trained personnel or the same fiscal standards in organizations based in foreign countries. "We

underestimate the resources, intellectual and otherwise, in developing countries to do this kind of work" (Informant A).

The perceived lack of philanthropic traditions in other countries was another disincentive to donors in the U.S., who felt they were not partnering with local people in solving problems but were coming in from the outside. However, there was traditional giving in even the poorest of communities that could and should have been engaged in projects occurring in their communities.

Enough money goes there already. There was a perception that enough funding already went overseas, from the U.S. government as well as from the large, high-profile funders, and that there was no real need for private donors to join in. According to Informant N, "There is a sense that the U.S. government must be providing a lot of international aid and these big megafoundations are giving hundreds of millions of dollars. So there was a perception that we really didn't need to do anything."

Informant A described her frustration with this misconception:

When the Air Transportation Board made the decision not to provide the loans to bail United out, a United spokesman was quoted as saying, "we can give all this money for foreign aid, but we can't..." It's like, why can't you pick something else! Do you realize it is 1% of our budget and not even a percent of our GDP and it's not getting close? Even after The Millennium Challenge Account, if they ever show up, it's going to be .03%.

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Informant H, a foundation representative from one of the foundations that did

not engage in international work, had this sense that proportionally there was a good

deal of money going for international work. He stated, "Half of Rockefeller money goes

abroad. A third of Ford money goes abroad. George Soros... a number of the very large

grantmakers whose grantmaking really dominates the statistics do have substantial

international programs, including Hewlett and Packard." The foundations he

mentioned did give considerably to international issues: they dominated the

international field. Their high visibility gave the impression that many foundations

gave to international causes, when the reality was much different.

Was there enough money going to international assistance when compared to

other issues? Informant H continued,

> One could always complain that there's not enough money. Every interest group
>
> that has ever been argued that there's not enough money. There's not enough
>
> money for juvenile delinquency research, there's not enough money for the arts,
>
> there's not enough money for the preservation of 14th century manuscripts. And
>
> every one of them is right....The usual number, was that it didn't matter what the
>
> issue was that the number was going to be less than 5 percent and the measure of
>
> neglect. Everybody lives in the environment but less than 5 percent foundation
>
> money goes to the environment... half the people of the United States are women,

but only 5 percent of the money goes to them. I think there's nothing you can't

prove.

His comments illustrated what many believed, while most informants felt that a much

higher percentage should have been going to international causes.

Distrust of U.S. nonprofit organizations. Perceptions of the nonprofit sector in the

United States, affected by a number of high-profile scandals, had also created some

misconceptions about the sector as a whole. There was a common distrust of some of

the large U.S. international organizations, especially those that ran child sponsorship

programs. According to Informant U, when donors found out that "the kids really don't

do that well or the money doesn't do much for them, it creates a perception that money

for international causes just goes into a dark hole." That kind of marketing, while

effective in reaching large numbers of people, "can be really damaging" when it did not

deliver on its promises.

Practical Barriers to International Philanthropy

Informants mentioned many practical barriers that affected both those

foundations not granting internationally and those that were. Many were related to

some of the barriers mentioned above, but represented the real, on-the-ground,

practical challenges rather than the underlying assumptions. The practical barriers were

reasons that foundations were reluctant to fund internationally and also limited the

effectiveness of foundations that did international grantmaking.

Policy Issues

As mentioned earlier, there was a perception that the legal requirements for making grants directly overseas were an insurmountable barrier. That was not the case, but they did add another layer of administration and due diligence that could be a practical barrier for foundations.

> While making grants to a U.S. 501(c)3 organization is fairly easy and straightforward for most grantmakers, making a grant directly outside of the United States requires another level of diligence. There is a whole set of regulations and requirements for making direct grants outside the United States. (Informant T)

In order for foundations' grants to foreign-based organizations to be considered a "qualifying distribution," they had either to exercise expenditure responsibility (where the foundation took responsibility to make sure that the grant funds were used for charitable purposes) or prove that the organization was the equivalent of a 501(c)3 organization in the United States, called "equivalency determination." While there were alternative ways by which foundations could avoid this responsibility, such as giving through an intermediary organization or a donor-advised fund, these requirements for making direct grants to a foreign organization were a considerable practical barrier.

> [Foundations interested in giving internationally] quickly find that to do a grant abroad they probably have to do expenditure responsibility and get receipts

from some tiny little group and convert them from pesos and get an English

translation of Guatemalan law under which they are incorporated, which just

makes some think this is not the best use of their time and money. (Informant K)

According to Informant B, the requirements were not particularly difficult; it was

primarily a question of time and resources. "None of this is hard. It is just harder than

doing the stuff you've done before." She continued,

> We spend more energy running back and up and down stairs with grants
>
> administration and saying "Is this tax status right? Are they the right
>
> documents?" And making sure that the files are complete and that we've done
>
> the right things to be in compliance with the law (Informant B).
>
> Simply because of capacity issues, the smaller the foundation, the more

problematic they found doing the proper kind of documentation required to make

grants outside the United States. Larger foundations were very accustomed to the laws,

did not have difficulty hiring lawyers, and were much more familiar with organizations

on the ground, but very few foundations had that level of capacity.

That said, there were small foundations that were doing it. Informant E's

foundation did not seek legal counsel. After an experience with one expensive lawyer,

they decided they were able to be in compliance without hiring outside counsel. After

filling out the forms for equivalency determination,

We called our lawyers and said 'Please, would you look it over, we are going to make a grant to these people.' They looked at it, said it was fine, and we got a bill for $3000. We were making a $2500 grant.

Since that experience they had had no problems in two decades of international grantmaking without having to pay for a lawyer. And according to Informant F, if there ever were a problem, the consequences would be having to pay to correct the behavior, which was a fairly small percentage and would most likely have been less than any legal fees.

New regulations. The new requirements and voluntary guidelines that have been put in place since September 11th have been an added hurdle. According to Informant L, there was an argument that charities were the second-largest form of financing for terrorism, and there was an effort to clamp down on international grantmaking as a conduit for supporting terrorism. Executive Order 13224, the Patriot Act, and the Voluntary Guidelines from the Treasury Department had a "very direct impact on the way in which international grantmaking will have to be done to ensure that funds don't get into the hands of named terrorist organizations" (Informant O).

In the War against Terror, there were new restrictions on what could be funded overseas. There was a list of "sanctioned countries" to which foundations were not allowed to make any grants except with specific permission. Obtaining permission required a convoluted legal process that could take up six months and cost up to $5000

in legal fees. Informant L stated, "For an organization like ours that makes grants that are often smaller than $5000 it is a little strange to be paying $5000 to get a license to be able to make a grant of $3000."

Grantmakers were expected to countercheck every organization that applied for a grant and every individual who was associated with any of those organizations against a number of lists of terrorist organizations and terrorists. A serious concern was that the voluntary guidelines were simply unenforceable or impracticable. Foundations granting to smaller, grassroots organizations seemed to be more affected by the new regulations.

We have to ask our grantee groups—say a group of Mayan women in a small village in Guatemala—for full list of all the women in their group, all of the members of their board, all of their husbands and spouses, because if any money that we give to them goes to anybody who is on that list, our organization can be held criminally responsible. Individuals in our organization can be held criminally responsible. We make 400 grants each year and review about 3000 proposals. If we were to follow these guidelines as the Justice Department wants us to, we would make maybe four grants in a year.

In addition to the level of work, Informant Z mentioned the fears around complying with these regulations: "Now I feel like we need to hire private investigators to stalk every grantee we want to support and make sure that they are funneling money

into the things that the U.S. government cares about." Similarly, Informant F

commented on the challenges inherent in the regulations:

> Let me give you an example: there's a group in Cambodia that we are working
>
> with that is working on issues of deforestation. They work largely through a
>
> collection of Buddhist monks out of rural areas. These monks seem very credible
>
> and outside of corruption problems. They are by all accounts being quite
>
> effective.... We know how the money is being spent, we have seen their budget,
>
> and files that are just as complete as those for our domestic grantees. But do we
>
> know that some of that money is not going to some secret Buddhist terrorist
>
> organization? Of course not, we don't. We have not moved in with them.

An obvious result of this was that fewer foundations would be willing to risk the

consequences of noncompliance. Informant Z commented that foundations would be

"afraid that they can't guarantee that some third or fourth iteration of this money after it

has changed hands, changed hands, and changed hands, is not going to end up in the

hands of somebody that is considered suspect by the U.S. government." He continued,

"I think there's going to be a group that says I'm not willing to take this chance and I

think it is going to have a chilling effect."

According to Informant O, there was an enormous amount of effort going into

trying to understand what the requirements were and what grantmaking organizations

had to do to protect themselves in this environment.

I don't think anybody has real numbers yet, but many of us hear that it will have a chilling impact on international giving because it will frighten away particularly inexperienced grantmakers who just think that it is not worth the effort—it's too much trouble (Informant O).

It was unclear whether or not these "voluntary guidelines" would become mandatory. Most informants were concerned that would have a "chilling effect" on international philanthropy. "That will be enormous. That will further dry up an already barely trickling tap" (Informant Q).

To make the voluntary guidelines mandatory was an administrative decision; it did not go to Congress. "All it takes some dope to sign piece of paper and that's it... a couple of weeks ago news came out about a mosque in Brooklyn that had been channeling funds to Al Qaeda-related groups. Some people thought they were just giving to the mosque, but that in turn was being given to terrorist groups. A few more stories like that, it's going to freak the folks in Treasury out" (Informant Q).

Difficulty Identifying Partners

A primary challenge when wanting to fund local groups was identifying opportunities and organizations with which to work. If unfamiliar with the country, and not connected with the civil society sector there, this could be quite daunting. "You can't just go to a country on your own, not knowing anybody, and knock on the door. You don't know where the doors are" (Informant E).

A key obstacle is the lack of familiarity with organizations on the ground, and [not having] the time and the wherewithal to assess or even locate these organizations that are contributing to the well-being of the communities that we are visiting. (Informant V)

There was also an unintended consequence of meeting with potential grantees as a foundation attempted to identify partners. Meetings with potential grantees could build expectations, and if the groups were not funded, they tended to think that American funders were not trustworthy and would not follow through on promises. Informant E described meeting with a local who was exasperated by this phenomenon.

He said, "I do not have time for these meetings.... People come all the time, they take my time, they talk to me, they promise all kinds of things to us and then we never hear from them again...." It taught me a very good lesson. Never intimate or never suggest that you might be looking for things to fund. Never promise and then not do it. That is just sort of cruel.... [These places] are in such need... for people to come and be Lord or Lady Bountiful, we'd like to help you and then go away and they never hear from them again. So one has to be very careful.

Thus finding partners and building trust with the local community became even more difficult.

Finding good partners could be complicated by receiving a large volume of requests. Many foundations tried to maintain a low public profile, especially those that did not accept unsolicited proposals.

Doing "due diligence" on potential partners in foreign countries could be challenging. "How could one possibly begin to do proper due diligence.... We have a whole structure here in the United States where we certify organizations as a 501(c)3. There are tax returns we can look at. All of that is compounded on the procedural due-diligence level when you are giving to overseas organizations" (Informant A).

Foundations described the need to have a network to consult when trying to identify partners. Talking with other foundations working in the area, academics, and local people was essential.

How do you find someone in China? How do you find someone in Vietnam? How do you? Well, I've always said the best way, you pick a country you are interested in. Visit that country with a nonprofit from the U.S. that works in a country and have them introduce you to the projects that they do, the people they work with, the University. (Informant E)

Hiring a consultant who really understood the area in which the foundation wanted to work was another option. All of this took time and money, making it an even more considerable barrier.

Infrastructure Gap

Making grants to organizations in the Global South was made more challenging by a lack of infrastructure, especially in banking systems. Grassroots organizations often did not have a bank account. Foundations must set up wire transfer relationships, and needed to find a bank that had the capacity to make the transfers. Monitoring the transaction was essential, as often the bank would conveniently "lose" the money for a period. It could take a few weeks for a wire to get credited to an account. Of course, there was a fee involved in wiring funds, and exchange rates could increase the cost of the grant:

> The exchange rates that are charged the grantees are often exorbitant. We have to tack on extra money to the grant so that the grantee gets the dollar value of the amount of money we want the grantee to get.... In Africa for example, they may lose as much as 20 percent. (Informant Y)

Expense

The infrastructure barriers listed above certainly added expenses. In fact, many of the barriers did. Addressing the legal and tax issues took staff time and resources. There was considerable cost involved in traveling to the sites often or setting up and maintaining field offices. If money was lost to corruption, that was also an expense. Such added expenses could drive up administration costs:

> Foundations constantly get spanked for having the wrong ratio of administrative dollars to dollars granted and it is hard to spank somebody for doing something

that is more expensive, harder, and I would argue has more impact. (Informant B)

Foundations could avoid a lot of these costs by going through an intermediary, but creating a "middle person" was also expensive. "These kinds of organizations are expensive to run, these intermediaries are not cheap" (Informant Z).

Corruption

While Americans' views of corruption in other countries may have been exaggerated, corruption did exist and was a practical barrier for international grantmaking. Levels of corruption differed widely from country to country.

The easiest thing to guard against is fraud because you can do audits, you can monitor books, you know how funds flow within an organization or between an organization and its activities. The more difficult part is when funds have to pass through some kind of government agency before it gets to the grantee, whether the government agency collects a fee so to speak, either legitimately or otherwise. There are all sorts of issues that come up in the normal course of doing business about having to pay for permission to do things, permission to report things, permission to conduct surveys. Whatever you could imagine offers an opportunity for some form of corruption and in some countries, those are very significant and you have to watch everything every step of the way. (Informant O)

Informant E told of the story of a colleague who had experienced problems with corruption:

> She had made a $240,000 grant to provincial leaders for a project. She was waiting for the letter saying "Thank you very much; we have received the money." She didn't get the letter. So she sent them a fax. They didn't answer her fax. She called. She couldn't get through to anybody. She kept sending faxes. They wouldn't respond. She said, "I cannot get in touch with any of them and they're all driving around in new cars." Now why would they give provincial leaders $240,000?

According to Informant E, the funder did not understand the local political environment well enough to know to whom she could grant funds safely. In addition, making the grant of that size made the foundation more vulnerable to experiencing corruption.

None of the informants mentioned any personal experience with corruption, but rather listed ways in which they mitigated it. Informant E described a strong reliance on intuition in choosing partners. Informant O cited having more contact with grantees throughout the process as a key to curbing corruption. Informant L described the advantage of making small grants and the value of granting within the context of a broader network in avoiding corruption. "Often groups are the ones that recommend

other groups to us and believe me, the groups do not want to put their credibility on the line by recommending someone to you that is going to abuse your money."

Informant P mentioned that a lot of small practices that could be considered corruption happened here in the United States just as often, such as a nonprofit using grant money designated for a particular project to pay for operations and then to repay into that fund once they had raised more money.

Knowledge Gap

According to Informant J, who works for a foundation that did not do international grantmaking,

> The best funding relationships happen when the funder is a part of the community rather than an outsider. It is very difficult to add value to the grantmaking process if one does not know and understand the nuances and ongoing events in the geographic place where funding is directed. And money can do harm if it is not directed wisely.

She had identified the downside of being an outsider in the community in which a foundation was trying to work. Truly understanding the context of the work, and gaining a complex understanding of what really was needed in a foreign environment was a significant barrier for foundations granting internationally.

> If you want to do good work in any kind of community—I don't care if it is here in the U.S. or overseas—you've got to do your homework. You've got to go in

and understand how that community works, you've got to understand who the players are in the leadership around the issue that you care about. You've got to understand what the public funding happens to be around that issue... is there a viable charitable sector that plays a role in a particular village? It just takes time. And you've got to get out on the ground and see it. (Informant X)

Not understanding the context could lead to funding projects that were inappropriate or missing an opportunity to make a real difference. One example Informant L described was when one of their funders was very interested in girls' education:

They were really interested in funding reading, writing, and arithmetic. We would get requests from groups from Africa, who would say you cannot deal with a girls' education program that does not have a curriculum piece on AIDS education because men are having sex with nine-year-old girls to cure themselves of HIV AIDS. Girls need to know about what is happening. They need to be educated. They need to be protected... [The funder's response was] "Well, we are not interested in that....We are interested in funding education, and this is not really education..." That is a very good example of not getting the context. What would be the use of reading, writing and arithmetic when a 10-year-old girl is not going to be alive by the time she is 15 because she has AIDS?

Similarly, Informant F described funding that was not particularly well thought

out: a donor might run across a school they wanted to help, but they had not thought

about the fact that you could fix the school, but then you needed to arrange for a

teacher. Donors might be more interested in building something like a school to avoid

corruption if they did not trust the people, but if they did not provide the funds for

somebody to run the school, what was the point?

Once again, informants recognized the similar barriers in domestic settings:

It is the risk of working in unfamiliar environments. I think that there is just as

much of a risk of making the same types of mistakes as well as having the same

types of successes in working in communities that you are unfamiliar with

domestically as there is internationally…You have a very similar risk of making

some of the very same mistakes if you are working in communities in the U.S.

where you do not understand the culture. (Informant R)

Communication Gap

Another practical barrier to international grantmaking was communication. In

working with groups around the world, there were language barriers as well as cultural

barriers. Philanthropy was built upon relationships, and funders wondered how they

could develop a relationship and evaluate proposals with these language and cultural

barriers, as well as the physical distance between grantee and grantor. Standard means

of communication in the grantee/grantor relationship—such as speaking on the

telephone, sending e-mail and faxes, and written communications like grant proposals—could all be much more difficult across borders and cultures. Such barriers could dictate whether or not the foundation would operate in a given area. For example, according to Informant R, some foundations working in sub-Saharan Africa did not work in Francophone countries because of the language barrier.

Communication through grant proposals could also be more challenging. There may have been additional costs incurred by either the grantee or the grantor for translation. Smaller organizations may not have had the professional staff to prepare grant proposals. Foundations wanting to fund smaller grassroots groups may have needed to find other ways to evaluate grantees. Informant L stated, "The best grant is not the most beautifully written. It could be a wonderful group, but they could be illiterate and not be able to explain themselves very well."

A foundation's chosen style for interaction with grantees would determine how much of a barrier this would pose. According to Informant B, those foundations that wanted closer contact would find that distance lessened the quality of the grantee/grantor relationship:

> We can be helpful to grantees that we are in constant contact with in a way that we cannot be to groups that we don't contact that much. I think that works both ways. They do not know how to ask us for help in the same way because those relations aren't as strong. We see them once a year or less. (Informant B)

Providing a counter perspective, Informant H and Informant Y felt that, especially with the Internet, staying in close contact with grantees was much easier now and was not all that different from keeping in touch with domestic grantees.

Many foundations were lessening language and cultural barriers by hiring staff from the cultures in which they were working, both in their local offices as well as in the U.S. headquarters. Informant Z and Informant M both discussed their foundations' efforts to staff field offices with all local people. This practice helped overcome communication barriers as well as building local capacity and creating greater local ownership of the projects.

Like many of the barriers, most informants felt that these cultural barriers and language barriers were not unique to cross-border philanthropy, and while they may have been less extreme, the same challenges were present in the domestic context. In fact, they existed in any grantmaking that was occurring across groups. Informant H, who worked for a foundation that did not do international giving, commented, "Yes, there are cultural things, but there are cultural things just between working in the Bay Area and working in the Central Valley."

Evaluation and Monitoring

Of course evaluation and monitoring were considerable practical barriers in international grantmaking.

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How do you measure outcomes? How do you evaluate? How do you observe

the success and the impact of your grantmaking? And when you cannot do it at

home where you see the work and the group two or three blocks down the

street, how can you address this issue in some village in Africa? (Informant N)

A barrier in evaluation that Informant A mentioned was that there were fewer

systematic data available for other countries than for the United States. Information

such as national income surveys, basic economic data, and the like, might be useful in

evaluations.

A number of informants discussed the importance of establishing expectations

with grantees from the beginning. Developing a good relationship over a long period of

time with grantees was described as important by a number of informants.

If you establish trust with the grantee organization, and that is obviously

something that does not happen overnight.... It does take time...then you realize

that you just ask them to report on activities and you will get a report and it will

be an accurate report of what they have done with the grant. Sometimes

foundations that are just starting out internationally have not arrived at that

level trust with their grantees. (Informant O)

The barriers to effective evaluation represented by distance, communication, and

expense were also listed, as was the challenge in allocating resources for evaluation

when grantees often would prefer that those resources go to program implementation.

The informants felt that difficulty in evaluation and monitoring was a primary reason many funders listed for not doing international grantmaking, but that it should not have been such a deterrent.

It is not any different internationally. Overwhelmingly informants felt that evaluation was no different overseas than it was in the U.S.

On the international front, I think that the problems that we are taking on are complicated all over the world and that they are not easy anywhere domestically or internationally. You just add in the cultural, cross-cultural component and distance so just kind of further complicates the scenario. The domestic people are not any further out of the gate than the international people on this. We are all learning. (Informant Z)

Informant P said that the idea that it was harder to monitor grants was "true and not true the same time." He said there was a "bogus sense of security" in monitoring domestic grants. It was not that monitoring grants overseas was not difficult, but really it was not particularly easy to monitor grants here in the U.S. The failure rate at his intermediary was not any different than the failure rate for a domestic organization. "It is all based on trust and goodwill."

The Political Environment

In the field. Operating within a difficult local political environment could often pose another set of barriers for grantmakers. Oftentimes, foundations were working at

cross-purposes with local government. Obviously a foundation could not fund projects that were illegal in a given country, but, for example, in issues of human rights, rule of law, and reproductive rights, a foundation may have been working on projects with goals that were very different from those of the local government.

There are situations where you are dealing with people who are not politically favored or who are ignored... or where they are advocating for something like civil rights or human rights. There you may not be able to cooperate with the government because government is in a sense your target, is the constituency you are trying to change.... generally a foundation like ours does not believe that it is enough to protest against something. You really need to be able to talk about solutions as well and very often those solutions require government participation. We generally look for opportunities to involve government. (Informant O)

If a foundation was trying to work in an area where there was an authoritarian government or perhaps even a conflict, it became even more challenging. Foundations needed to decide whether or not they thought that working in a conflict zone was worth the safety risk, and whether they could accomplish their goals given the political environment.

Do you rule out places that have conflict? And if I am the person who is going to do the traveling for my program, am I going to go Yemen? Am I more likely to

go to Yemen or Egypt or Tunisia or Algeria? Where you put your money has to

be influenced by some of these concerns, political and otherwise. (Informant B)

Conflict often meant that the communications infrastructure was affected.

Informant P described an example involving a coup in the country where their partners

were located. This was followed by a politically unstable situation with no government

infrastructure, no phones, no fax, and it took four months to send a letter. Working with

grantees under these conditions was clearly difficult at best.

In addition to safety concerns, working within a tense political climate put

constraints on the kind of work that could be done.

We work in some very strange places, like North Korea. Our goal is not to

support that government so we are trying to offer educational opportunities and

things that we think are important. Obviously the government has to agree, but

our goal is not necessarily the same as theirs. (Informant O)

When working within an authoritarian regime, Informant M described

transparency as a key to success. "That is the most important thing with the

authorities—they know we are not doing anything other than the work... other than

fulfilling our mission, because that would create a lot of problems for our project

partners in the South."

Donors were wary of engaging in work in such environments. There was a fear that "someone will stop the project or people will not have access, or worst-case scenario is the organization would be asked to leave." (Informant M)

Informant E described that exact situation: a grantee was asked to leave the country by the controlling government when a publication seemed to express a political viewpoint against the government.

They came out with these beautiful pamphlets and brochures. One of the brochures was written in Tibetan, English, and Chinese with beautiful line drawings. At the very end there was a line saying something about stopping the destruction of Tibetan housing. The word chosen for the Chinese translation was like "destruction." The Chinese accused him of publishing stuff against the government and threw him out.

When working in a political environment, funders needed to be aware of who their partners were and their partners' political alliances. By working with somebody with certain political ties, it could be perceived that the funder supported a particular political party. According to Informant G, her foundation made contacts with the leaders of different political parties out of necessity, and did everything they could to avoid being seen as supporting one or the other. The consequences could be significant: another INGO, with ties to the government, working in the country became a target for rebel groups during a politically unstable time.

Even if a foundation was not addressing politically sensitive issues, the challenges of simply working with a local government could be difficult. According to Informant P, governments could "move unbelievably slowly and often want a piece of the money as well." For example, their organization was involved in a road-building project. They were working through the government, and nothing happened on the project for over a year. Then they discovered they did not need to go through the government at all to accomplish the project and hired an independent contractor. After that, they completed the project in two months.

According to Informant Y, there could be challenges in getting the local governments to meet their commitments. "They will promise things to bring in outside money and then it is hard to get them to hold up their end of the bargain. Because either things change, the person who made the deal with isn't there anymore, priorities of the local government have changed."

U.S. domestic pressures. The current political environment in the United States and around the world was affecting international grantmaking as much or more than politics in individual grantees' countries. September 11th altered some foundations' funding priorities. The subsequent economic downturn affected all foundations' resources. Anti-Americanism was affecting relationships between organizations across borders. The current global political environment had greatly altered and increased the challenges facing international philanthropy.

The economic downturn had affected foundations across the board. Foundations were more risk averse and were not taking on new programs. In fact, they were cutting back on existing programs.

Assets have gone down. Grantmakers have fewer resources to give out and they're having to make tough choices about supporting ongoing partners versus new initiatives. Very often they are choosing to support their ongoing partners and not taking on new initiatives. So if they are not already engaged in international grantmaking, it is kind of a tough sell at this point. I think there's interest out there but people are saying to me, "Well, this just isn't the right time, we would like to consider that when we have more funds to give at some point, but right now we're just barely able to maintain the support of our existing grantees." (Informant T)

With less money to give, foundations were seeing significantly more requests for funding. And the needs were only going to increase as government budget issues affected the nonprofit sector. "Now we've got this huge deficit and we've got this absurd tax cut on the table, and what gets cut is domestic programs" (Informant Q). Foundations would be under more pressure to step in to meet domestic needs. Exacerbating the financial bind, government funds had been diverted for the war in Iraq, and philanthropic dollars would subsequently have been diverted to humanitarian efforts in postwar Iraq.

Another new challenge was that relationships with partners in the Global South

had been strained by the political situation, especially by the U.S. war in Iraq.

According to Informant L,

> People are asking for accountability from those of us who do international work,
>
> saying, "Where do you stand? Are you going to wait and have a disaster take
>
> place and then do disaster relief funding? Or is your approach a long-term
>
> understanding and a willingness to stand and take a position on things that you
>
> believe in?"

Partners from the Global South were canceling trips to the United States for

meetings with funders, and not for safety reasons. They were staying away for political

reasons.

> And the fact that they know and like [our organization] almost doesn't matter
>
> anymore. It is the fact that we could not prevent our government from doing this
>
> that really riles them. We have gotten a lot of e-mails from people basically
>
> saying I cannot deal with you guys right now. (Informant K)

The U.S. administration's attitudes were affecting where foundation money was

spent in a number of ways. Foundations were restrained from funding in some places.

"We are being restricted from doing what we need to do.... on the list of countries that

the U.S. has as its most sanctioned countries, those are precisely the countries where

women's rights are most violated and least protected" (Informant L). Foundations now needed to fill in the gaps where organizations' public funding had been cut.

The administration's reimposition of the Global Gag Rule and new requirements on organizations working in reproductive health and rights set up a chain of consequences, one of which was that organizations' funding was uncertain, and foundations were trying to shift their priorities in response. According to Informant B,

If we want to work for example in conjunction with a USAID project whereas in the past the same organization we worked with might be able to get USAID funding, now we have to choose this very carefully. Some of the kinds of work that they want to do cannot be supported with USAID funding.

The ability to travel, an integral part of international grantmaking in many cases, had been greatly affected by the current global problems. Larger foundations had instituted a travel ban in response to unstable political situations, including the war against Iraq. Fears of terrorist attacks and now the SARS epidemic added to an existing reluctance to travel internationally. This was an obvious practical barrier to being able to work with grantees and implement programs overseas.

Since 9/11 there have been concerns. When I go to the Philippines, I see the Western pilots getting off [the airplane] and walking out to meet with guards to drive them away to their hotels or someplace. So it makes one wonder. Most

foundation people and NGO people do not travel as single people. I always go

by myself so I don't know that that is smart...

Informant G did not visit particularly risky areas during a recent site visit

because of safety concerns. However she felt it was critical that "unless they are

targeting Americans or something like that, it is so important that we be there to show

that we are not leaving." Her showing a long-term commitment and a willingness to

travel to the areas where most INGO's never went has really built up the trust of the

local people. While Informant G was able to avoid any political dangers, she contracted

SARS during the trip. She recovered completely, but it did illustrate the point far too

clearly.

<u>Barriers to Effective International Philanthropy</u>

For foundations that got beyond the barriers mentioned above and engaged in

international grantmaking, there was a host of psychosocial and strategic barriers to

doing it well, including imperialist attitudes and the challenges of engaging locals and

of incorporating local perspectives in funding decisions.

<u>Cultural Imperialism</u>

One significant conceptual barrier for foundations' success in international

grantmaking was the difficulty of doing it without neocolonialist attitudes. "With

money comes a certain kind of influence and power, and an unspoken assumption that

the person that has the money also has the answers" (Informant L). The foundations

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that started doing international work decades ago set a precedent in this power dynamic. Some of the larger, early international grantmakers "started out as very elitist institutions that really believed that elites and top-down strategies were the way to achieve change." This legacy and deep-seated attitudes of cultural imperialism had informed the way in which many foundations conducted business and prevented them from being effective partners for groups in the Global South.

Describing an experience in Bosnia, Informant X recalled giving advice to colleagues:

> Do not talk down to these people. Do not forget they are Europeans. They do not appreciate Americans coming in and thinking that they are in the developing world or that they are second-class citizens. They are of the developed world and they expect to be treated as a peer... they expect to be treated as an equal. And I saw some people that went in there from aid agencies that didn't have that attitude and failed miserably. (Informant X)

Undoubtedly it was not just the Europeans that preferred and deserved to be treated as equals. Since many people in the Global South had suffered at the hands of governments and corporations from the Global North, putting the power in the hands of the locals and treating them as equals was even more important.

The Challenge of Engaging Locals

Informant E described the importance of just listening to the grantees and what it was they wanted to do. Often, foundations did not value locals' input, were inaccessible, or arrogant. These kinds of practice could build walls between locals and foundations staff and greatly inhibit the overall effectiveness of the work.

They put their own sweat equity into [the projects we fund] and they know what to do, so there's no way that we could go and impose our ideas on them. I often think of a beautiful poster of two lovely African women I saw at the South African Council of Churches. It said, "If you have come to help me, please go away. If you have come to work with me, I welcome you." They know what they need. Whether they have a university education or only one or two or three grades...it is their life and they understand it. [Understanding that] is one of the reasons we have been successful.

Informant Z recognized the value of including the perspectives of recipients along with others as a part of a participatory decision-making model:

Poor people do have the solution to their own problems and typically what they lack are the financial and social capital to translate solution into something systemic that is going to benefit not only their family but the larger community. I think it is a matter of trying to bring as many voices to the table as possible... people in communities who experience the problem directly certainly have something to offer.

Showing how complicated (and important) it could be to really engage the locals, Informant Y stated:

> Money always talks and local people try to tell funders what they want to hear. How much of that is going on is difficult to assess, so building trust and self-determination and incorporating local strategies and goals are very important. Maybe it is just becoming clear that the other way doesn't really work.

Often foundations were simply inaccessible to local grant seekers. Informant E described a grantee's experience in trying to meet with a large foundation in their field office.

> They are so inaccessible, just so afraid that you are going to ask them for money. And they are supposed to be giving away money.... They kept him waiting for three days to see somebody and he finally had to leave because the organization could not even afford the three days that it cost him to stay at the hotel... They kept saying call us tomorrow, we will call you, and they never did.

According to Informant G, the way foundations and international nongovernmental organizations (INGOs) would come into a country in the Global South and do business could breed resentment in the local community. Local people saw the foreigners spending exorbitant amounts of money on Land Rovers and nice houses. While the employees were living according to the standards in their home country, when they transplanted it to the Global South it was seen as opulent. The

expatriates were paid on a completely different scale than that applying to the local

people. The difference in wealth did more than make the local people feel poor. In fact,

it could alter the economy. The influx of expatriates could drive up local prices, making

things more difficult for the very people they were trying to help.

Often employees of INGOs did not travel out to the field, nor did they monitor

their projects or finances tightly enough. Locals felt that this opened the door for

corruption as well as lessening the likelihood that the projects would be successful or of

high-quality. In addition, the resources lost could have been used to truly benefit the

community. This kind of mismanagement and lackadaisical attitudes about money

could widen the gulf between grantee and grantor.

Foundations granting internationally were aware of the potential stumbling

block of not engaging locals and listening to their input as equals, and some had

implemented policies to avoid it. Two informants from intermediaries described the

processes they used to ensure that grant recipients were treated as partners and that the

project was effective for them.

> Every one of our grants is negotiated. We think that is equality. We think that is
>
> treating grantees as equals, not dictating terms, and generally we reach
>
> agreements in a collaborative way. (Informant O)
>
> What we are doing now is trying to engage informal committees to review
>
> our projects (prior to approval)... who can say "Yeah, this is really important,

but did you think about this issue or that issue?" Then we share that

information with the local community and it is a very good dialogue (Informant

M).

Similarly, at Informant Z's foundation, there was a strategic framework that

defined the first step as asking what the problem was that they were trying to address,

and how that problem was defined from both a macro perspective and the

stakeholders' perspectives. Another way foundations were ensuring the local voices

were heard was by hiring people from within the countries that they funded, both in

the field office and in the U.S. office.

We have set up field offices as regional hubs, with a lot of the programming

being driven from them. We are trying to move away from a "headquarters

drives everything" model to the people in Nairobi having a much clearer sense

of what the problems and solutions are in Africa so they've got to drive it.

According to Informant V,

We are in an era of history where we have turned the corner on the notion that

the expertise that is needed flows from the North to the South. There is expertise

in the South that often can inform what is going on in the North.

Incorporating Local Perspectives in Funding Decisions

Failing to ensure that the project was needed and wanted by the locals could

greatly jeopardize a foundation's efficacy. Informant L, who worked for an

intermediary organization, described the challenge of being in discussions with funders about what kinds of projects they were interested in supporting.

> No matter how much you think they need a well, they really think they need a new school. And so even if you build a well, and they don't think they need it, they are not going to take care of the well. And in a few years the well will be dry and it won't be functioning.

One mistake that foundations made was hiring somebody to come in and implement a program. In this scenario, the local people might not really have bought into the project because there was an expatriate running it and they were not involved. If the foundation's priorities changed after a few years and the funding stopped, the project could be abandoned and literally rot. On the other hand, if grantees were involved in design and implementation, they would feel a real ownership of the program and were invested in its success. As a result, the impact of the investment would be much higher. In addition, it could decrease the project costs, as the local people would be willing to contribute labor and materials and leadership efforts necessary for its continuation.

One instance where funders' and grantees' opinions often differed was when grantors were interested in funding research projects. Informant E described a grantee's reaction to receiving funding for a study at their university in South Asia:

I heard that a foundation that I know very well had given them a large grant and I was so excited. Next time [I went to visit the grantee] I said, "I heard that you just got a big grant from the such-and-such foundation..." He said, "They came to see me and I told them what we were doing and showed them around the campus. They gave us a $50,000 grant to do a study on the delivery of education. Of course we have taken the money and we are going to do the study. But we need computers and we need equipment. We know how to deliver education." See, that is the mistake people do. Another study? For what? $50,000. God, what they could have done there!

Informant P similarly observed that oftentimes foundations would spend a lot of money to have U.S. scientists do studies before they began a project in an area. He said that this could be a big drain on resources as well as a barrier to building trust with the local people, as it communicated that the funder did not trust the local knowledge regarding what was needed. In addition, in these cases often it was the Westerners who got the lion's share of the money for the projects, and very little reached the local people and the cause in question. He said it really didn't matter that "this is one of the top 10 most endangered ecosystems. It is enough that it is endangered, and you don't need a study to tell you that. In fact, maybe saving it before it makes the top 10 list is just as valuable."

Strategic Barriers in the Way of Effective International Grantmaking

Another category of barriers arose out of the strategy funders used in their international philanthropy, from the kinds of funding they provided to their length of involvement and their approach to addressing causes or consequences.

The need for general operating support. In general, funders were reluctant to provide general operating support and were often only willing to fund a group for a few years. Informant P made a strategic decision for his intermediary to be independent of foundation funding because of this tendency towards project-specific grants and short-term funding. Most of the informants stressed the importance of providing general operating support to organizations instead of project-specific, restricted funds. Providing general support grants to foreign-based organizations addressed issues of evaluation, trust, and empowerment. Informant X, a philanthropic advisor, described educating a donor about this issue:

> "You want to have impact with this group, give them a general operating
>
> support grant." He was, like, "What!" I explained that is going to have the most
>
> power for them. The most power that you can give them is to give them money
>
> that they can use any way they want, and if you really care about this
>
> organization and what they are trying to do you should really be supporting
>
> them from a total organizational perspective. So be clear on what they want to
>
> try and get done as an organization and measure them that way rather than [ask]

did they plant X amount of trees, did they preserve X amount of acres. Let them

set those terms." And he agreed to that.

A foundation client of Informant Y held the philosophy that the organizations

and people they funded knew what they needed and knew what they were doing and

that giving them general operating funding was the best way to support their work.

"'You are doing great work and we want you to do more of it. Tell us what you did.'

That is our approach to evaluation." Informant L described the level of trust

communicated by providing general operating support,

> If we give it to them in general support, then there is no question of corruption.
>
> If they use it to pay the rent, great. If they use it to pay salaries, great. It is given
>
> with a lot of trust and for the most part that trust is repaid many times over.

Providing general support also gave organizations the flexibility to respond to changing

political environments and funding streams.

A long-term approach. In addition to providing general operating support, a

long-term commitment was especially important in international settings. Finding other

sources of funding and building organizational capacity took more time in places where

civil society was not yet well developed, and longer-term funding could make the

difference between the ultimate success or failure of an organization.

> Expectations are raised, organizations are created and then the funding dries up
>
> a few years later and they are back to square one.... Americans generally have a

short attention span with their grantmaking. Generally about three years is all they will give to anything. Others just want to seed fund and don't want to fund ongoing programs. This is dangerous in a situation like Afghanistan or Iraq post-attack because who is going to pick up the pieces after that? (Informant Q)

Informant F brought up the danger of creating unintended consequences with a short-term approach:

If you want to go and give somebody money and then go home and not give money next year you've got to be pretty careful about what kinds of problems you are creating.

Addressing causes, not consequences. Part of having a long-term approach was looking at the underlying causes of the problems the funder was addressing. Most informants described the need for a change from primarily charity-type funding towards a more strategic approach. Informant S said,

We can be spending lots of time and energy and more importantly they can be spending lots of time and energy with small development projects, but if the larger structural issues are not being addressed, then 40 years from now I assume we will be in the same place with the same kinds of problems. So getting at the structural core underlying issues just seems hugely important and not a lot of aid does that.

Along the same lines, another strategic barrier to effective international

grantmaking was the tendency to fund in response to disasters rather than to fund in a

way that would prevent them. Disaster funding was the ultimate in short-term

approaches.

Since the '60s and '70s, even mainstream foundations and foundation groups like

the Council on Foundations have been trying to point out the backwards logic of

not giving for development abroad, but holding out until there was a disaster

and giving it for relief. Many people have tried to point out, you spend a lot of

money helping people recover from disasters that could have been avoided had

they given them the money upfront. (Informant K)

Evaluation. Americans' attitudes about evaluation could also serve as a barrier to

effective international philanthropy. "Americans measure progress and change in very

different ways than other cultures do." Culturally, Americans were "results driven,"

and philanthropy in general was "almost obsessive" with metrics. Perceptions on the

value of this were split. On one hand, those interviewed felt that evaluation was

important and that the influence of venture philanthropy on thoughtful discussions

about return on investment contributed greatly to philanthropy in general. On the other

hand, too much emphasis on results could limit the problems that would be addressed.

According to Informant K, there had been

a real bias, an unhealthy bias, toward metrics and measuring things. In the for-profit world there is only one metric that counts, and that is profit. There's no equivalent when you are trying to solve social problems.... Too much time and effort is lost on trying to decide how to measure progress... and the expectations about [being able to measure change] are completely unrealistic...that you can measure meaningful social change in any less than four generations.

Informant X recognized that even for a foundation that placed a lot of value on measurement, sometimes it was just not realistic:

Sometimes you've got to just say, all right, fine. That is what this money was intended to do, [to provide] general operating support to keep a charismatic leader in place and her institutions and providing service to a needy part of the world. I think we sometimes overemphasize measurement and outcomes a little too much.

Informant L found the focus on evaluation "ridiculous...it is like trying to say the work that you are doing is happening in a vacuum, as though it has not been affected by hundreds of other factors."

Speaking strongly on the time and resources given to evaluation that he saw as unnecessary, Informant K stated, "If they still insist, we say 'OK, we will do this stupid logic model for you on behalf of the people who will benefit from the money, but we think it is a mistake, a waste of your resources and our time.'"

A number of informants mentioned the importance of building in evaluation from the beginning of grant. While there was obvious value in setting goals and objectives with grantees at the beginning, some informants also identified a danger in this approach: "The greatest danger is that if you decide that metrics are so important, you're only going to go for those easy to achieve things to say you succeeded."

This could undermine the very role informants overwhelmingly felt that philanthropy must play in international assistance:

> Where I think people fault is that they begin with evaluation. Begin with the problem and then try to figure out how we can possibly evaluate our interventions in a problem. My fear is that if we begin with evaluation which a lot of people do, then it defines the very problems we're willing to take on because it leads us to take on problems that are measurable, that lend themselves to evaluation and I would contend that the hardest problems — and that's where philanthropy needs to be, in the hardest problems — is the kind of stuff that doesn't lend itself to easy number crunching or comfortable analysis or anything like that. I think it is a good thing to want to know better about what works but not become too obsessed with it, not to the point that it squashes our sense of experimentation and risk-taking (Informant Z).

Funders needed to be aware of the power dynamic inherent in evaluation and its effect on relationships with grantees. Often grantees felt they needed to prove they had

accomplished their objectives to receive further funding. They were concerned about over-promising or under-delivering. It was up to the funder to "make it okay to fail if you learn something. 'It is okay that this did not work, but what did you learn about why it did not work?'" (Informant Y) Establishing trust with the grantee was closely tied to receiving accurate reports and being able to monitor progress.

Organizations Addressing the Barriers

Although the topic of research was barriers, discussions around solutions automatically arose. It would have been impossible to discuss barriers to international grantmaking without mentioning how intermediaries helped foundations address them. Other groups were also important in encouraging international giving by U.S.-based foundations.

The Role of Intermediaries

Intermediary organizations were a key to overcoming the barriers discussed above. When a foundation gave to an intermediary, there was no need to worry about establishing equivalency or taking on expenditure responsibility since they were giving to a 501(c)3 organization. The new regulations and voluntary guidelines were no longer the responsibility of the donor but of the intermediary. Especially with the opening of the Charities Aid Foundation in the United States, there was then "no excuse" for not giving internationally. (Informant Q) Because of the existence of intermediaries, "it is a lot harder these days to make a bad international grant" (Informant X).

There were any number of intermediary organizations that could help foundations overcome practical barriers and make international grantmaking easier. There was also significant value added by the intermediary organizations. They knew the context and had the connections. Finding partners was not difficult and they could guarantee the money would get where it was intended to go.

> If you are making a grant in the United States to someone who did not have a bank account, that would be a major barrier. But what is really interesting about this new world of the last 15 years or more is organizations that can distribute and investigate the small grant to the group that is in some remote backwater area of the Amazon Forest. That is way out there beyond what domestic philanthropy can do. (Informant U)

Intermediary organizations were able to build trust and confidence between donors and the practitioners on the ground. They provided donor education about the issues facing the Global South. They also provided significant services for grantees in the Global South, helping to build local capacity. The intermediaries provided training and information on how to fundraise to ensure these organizations' sustainability for the long-term. In addition they helped link their grantees across borders to further strengthen individual organizations' understanding of the issues and models for addressing them. Informant M stated, "at the end of the day that might be our

contribution, helping steer resources but providing people with the skills and knowledge they need to more effectively promote development in their communities."

While all of the informants recognized the value added by intermediaries, they expressed regret that they were needed and that they were a necessary steppingstone towards the goal of giving directly to overseas organizations.

What I would like to see happen is to remove the barriers for private foundations and individuals to give abroad so it removes the need for intermediaries like us. My first choice is not to have them give us the money to do it. My first choice is for them to do it directly. But then when they figure out how hard that is, because there are still some challenges, they say "Well, you know I think you can do this easier and faster and cheaper than we can," and that is probably true. (Informant K)

<u>Role of Funders' Groups and Others</u>

There were a number of groups working to assist international grantmakers and to encourage international philanthropy. Among them were funders' groups, including affinity groups organized around a particular approach to grantmaking or a geographic region. There were also other forms of international grantmakers' education and support, including philanthropic advisors and nonprofit organizations that provided information about international grantmaking. Groups within these categories ran the

gamut from simply providing information and services to advocating for a particular agenda or viewpoint.

These organizations helped funders to understand contextually what was going on in a region or in a given thematic area.

If one feels that lack of understanding, lack of knowledge, and lack of confidence are the three things that prevent anyone from moving into an area, then what we try to do is provide resources and the context so people can have a better understanding of what's happening. (Informant R)

Affinity groups offered a space for people who were already connected to issues to come together. "That in itself is important, to give a place for people to organize and be with each other and expand their knowledge" (Informant S). Developing new approaches and creative solutions were often the result.

Funders' groups and education and support groups educated foundations interested in international philanthropy but were fearful about compliance with rules and regulations. Getting one-to-one contact with foundations experienced in international grantmaking was of great benefit to funders' groups. "Nothing is quite so convincing as somebody who has already been there and done it" (Informant T).

Donor collaborations were another area in which affinity groups, funders' networks, and philanthropic advisors had fostered international philanthropy. It was a way foundations could come together to pool their resources around certain issues.

They could be an effective way to bring experienced foundations into international giving.

Travel as a Means for Promoting International Giving

Intermediary organizations, funders' groups, and international grantmakers' education and support organizations all recognized the role of travel in connecting donors to the issues and opportunities in the Global South, and many provided such opportunities for funders. Informant V summarized, "I think ultimately there is no educational substitute for first-hand experience."

Travel was fundamental, according to Informant Z.

It is the direct experience of both the need and the opportunities in developing world communities that I think shakes people into wanting to do this work. It is to confront both at the same time, the poverty and then the lack of philanthropic capital to address it or public sector capital to address it.

Informant Z took a group of donors to Mexico, which resulted in the donors establishing a funding collaborative because "they got so fired up by what they saw."

When discussing the lack of glamour or status for international philanthropy, Informant Y said a lot of new donors were rejecting the "scene" and engaging in what she called "adventure philanthropy" instead. Perhaps a donor trip with a U.S.-based organization to Peru, for example, could provide a level of self-interest and status

motivation for donors in addition to the chance to connect to the people and issues of the country.

That kind of personal engagement and going with other donors to these destinations, having a purpose in your travel, having a real focus and learning more about the areas, really opens up a whole other dynamic to international givers and that is something that they do want to do. (Informant Y)

The best way to get someone involved internationally is just to get them outside the country. Some friends of mine just went to Cambodia and Thailand... one of the friends is from Mexico and he said, "I thought I had seen poverty but I had no idea" (Informant Q).

Site visits were not only important for donors to connect with issues and projects. The locals really valued site visits as well. It could be an incredible learning experience for people on both sides and strong connections were often forged between donors and the local people.

Informant P described donor trips that his intermediary organization arranged. On these trips, they saw the work in action and went behind the scenes. "It is not the hotel sanitized version." Twenty out of his 28 board members were people who went on international trips with the organization, demonstrating just how important the personal connection to the work and seeing it with their own eyes could be.

CHAPTER 4: SUMMARY AND CONCLUSIONS

Review of the Problem

In an increasingly interconnected world, where problems in one place are caused by and create problems in another, a plausible case can be made for a significant investment of philanthropic resources in international work. Yet only a small percentage of U.S.-based foundations actually engage in international philanthropy. Less than two percent of all philanthropic dollars and eleven percent of funds donated by foundations reach beyond the U.S.'s borders. Perceptions of the reasons why more U.S.-based foundations do not give internationally, as well as what barriers stand in the way of effective international grantmaking, were at the heart of this research.

Discussion of the Findings

The process of identifying informants was revealing in itself, indicating how strongly initial perceptions shaped ultimate priority-setting in foundations. While those who were already engaged in international philanthropy clearly believed it was important and were quite willing to participate in the study, many of those who were not engaged in it felt they did not know enough about the subject to be useful informants. The researcher could not find an occasion where a foundation had seriously considered international grantmaking and decided not to proceed because the barriers were insurmountable. Similarly, there was not a foundation that had tried international grantmaking and decided it was too difficult. In many ways it seemed that either

foundations engaged in international grantmaking or they did not, and that there was little movement between these two categories.

In the course of the research, only one foundation was identified that was an example of what many international philanthropists wanted to see happen: Several board and staff members of a locally-focused foundation had heard Jim Wolfensohn speak at a Council on Foundations annual meeting. Mr. Wolfensohn had explained the need for international giving and had urged foundations to consider it. That year, the foundation did start a small international program, to which they committed considerable funds and decided to continue it at least through 2006. Advocates for international philanthropy hope that more foundations will make just such a decision. As for now, many foundations that do not do international work often have the answer, "It's just not in our guidelines."

Summary of Results

In general there were no major differences among the informants or between the kinds of answers they gave, regardless of which kind of organization they represented. Differences did arise according to how "liberal" or "conservative" informants seemed to be, but these did not correlate with whether they represented foundations engaged in international grantmaking, funders' groups, intermediaries, education and support organizations, or domestic funders. Following is a summary of the issues that most if

not all informants agreed upon, as well as the answers that were unique, presented

section by section.

Contextual Background

All of the informants recognized the increasing role of globalization in the

problems that foundations addressed. Informants invariably commented on the high

impact of international investment and the much greater need in the Global South.

However, informants' attitudes on whether or not engaging in international

philanthropy was a moral obligation were less clear-cut. Some informants felt strongly

that current world circumstances dictated that more foundations needed to be involved

in international philanthropy, while others felt this was a highly private decision by the

foundation over which outsiders had no control.

In a number of interviews, this topic led to a discussion on "Whose money is it?"

Because of the tax benefits enjoyed by foundations, and the fact that if not donated to

foundations nearly half of those resources would have been public, some informants

felt that the money was in fact public. Of course, foundations are not democratic

institutions and most donors believed that the money was theirs to steward.

Informants felt strongly that foundations needed to be the risk-takers. Many

asked, "If foundations are not willing to take the risk, who is?" Almost all informants

saw foundations as much more nimble and able to address more controversial issues

than government or multilaterals. Nearly every informant addressed the value of being

able to give small grants. Those more critical of the US government and the World Bank

cited philanthropy's role in counteracting their negative effects.

Barriers to International Giving

Psychosocial barriers to engaging in international grantmaking. Informants

agreed on the pivotal role of America's cultural isolationism as a major barrier to

engaging in international philanthropy. Again and again informants said, "It is just not

on the radar screen" for most Americans. The inability to relate to distant problems

expressed in intangible statistics was commonly seen as a significant barrier. The ethical

question of getting a tax break and giving money to non-Americans was an uncommon

response, but a feeling of obligation to address needs in the United States was a

common barrier that many informants mentioned. The need to keep funds in the United

States in order to benefit the Global South was a unique response, but an interesting

and important perspective. Nearly every informant described fears and misconceptions

as considerable barriers, especially a fear of the unknown and misconceptions that the

problems were too overwhelming and the regulatory barriers too difficult. These kinds

of barriers applied equally to grantmaking to U.S.-based organizations addressing

international issues, intermediaries, and foreign-based organizations.

Practical barriers to making grants directly overseas. Informants all mentioned

the regulatory inhibitions on grantmaking to foreign-based organizations, and thought

of them more as a conceptual barrier for those not engaged than a practical barrier for

those already involved. Informants seemed to think that fulfilling the requirements was not difficult but was a drain on staff time and resources. The new regulations however were seen as much more threatening, both in scaring potential international grantmakers away and in making grantmaking more difficult, especially for foundations and intermediaries giving small grants to grassroots groups. Many informants used the word "chilling" to describe the potential effects of these regulations. Informants often mentioned as considerable barriers the difficulty of identifying partners in foreign countries with whom to work and of truly understanding the context of culture and country. Fewer informants listed the banking infrastructure, the increased expense, or corruption as common barriers. The current economic and political climate in the U.S. was clearly one of the most important practical barriers to international giving that all the informants addressed.

Barriers for effective international grantmaking. Many informants described the challenges of communicating with grantees as a barrier to effective international philanthropy. Informants spoke about the ways they sought to ensure the relevance of their grantmaking agendas for grantees.

Nearly all of the informants who worked for grantmaking organizations said that their organizations did give general operating support and were willing to fund long-term. In discussing the range of philanthropy's goals—from charity at one extreme to social change at the other—all informants recognized the need for a breadth of attack,

but placed a higher value on a long-term, strategic approach to philanthropy that really addressed core causes of problems instead of symptoms. They hoped that there could be more of a balance and less of a focus on charity.

The discussion on evaluation was very similar to the ongoing debate in domestic philanthropy on the topic. Opinions varied widely about the preferred approach to evaluation, although many informants discussed the important role of trust and relationship-building in evaluation, especially for international foundations without a local presence.

Organizations Addressing the Barriers

All informants recognized the development of a large number of intermediary organizations as making a huge difference for international philanthropy. They noted the value added by these organizations in building local capacity and global networks. However, it seemed clear that most informants felt that the reliance upon intermediary organizations was a necessary steppingstone, and that the goal was to get resources directly from foundations to foreign-based NGOs. Funders' groups and other educational and support organizations were playing an important role in development and support of the international philanthropic sector. Informants from all subcategories discussed the critical role of travel in engaging new funders in international philanthropy and in maintaining a connection and relationship with the work on the ground.

Conclusions

This study suggests that international grantmakers' knowledge and experience can offer suggestions about opportunities for such philanthropy that may be being overlooked by many foundations. From the point of view of such grantmakers, many barriers to international philanthropy are illusory; others are easily overcome.

These findings are limited by the fact that the respondents almost exclusively represented those who were already involved in international grantmaking and therefore their views are somewhat speculative regarding the rationale for those who are not involved. Nevertheless, informants overwhelmingly felt that, more than anything else, "it is a question of will" whether or not foundations did international grantmaking, not a question of difficulty. The practical barriers were surmounted if a foundation really wanted to do it. On the other hand the new security regulations coupled with the economic downturn seemed to be the most daunting and influential developments facing international philanthropy.

While international grantmaking did present some unique challenges, informants felt that it was little more difficult than domestic grantmaking and that the reasons more foundations were not engaged were the psychosocial barriers. This could be a matter of subjective choice, for example a determination that local problems might have seemed of paramount importance to families who resided in the area where the

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money was made, or a matter of misconceptions, such as overestimating the difficulty of legal complexities or fearing that foreign nonprofits were less trustworthy.

One conclusion that could be drawn from the interviews is that a foundation, whether or not engaged in international funding, should investigate how global issues affected its work and, based on its mission, consider how international grantmaking could help it achieve its goals. The problems foundations were trying to address were more and more affected by issues beyond their borders. Connecting with others working on the same issues around the world could really add value.

A second consensus view was that foundations did have the resources to overcome the barriers. For one, building a strong relationship with grantees by listening to and trusting grantees would mitigate many of the challenges. Encouraging local direction and ownership of projects would lead to pride and possession on behalf of the locals, helping foundations address key barriers such as evaluation and sustainability issues as well as the trap of cultural imperialism.

Foundations had a remarkable resource in their formal and informal networks. The wealth of experience, knowledge, and expertise in foundations was significant, and most (if not all) were willing to share it freely. Finding ways to tap into this invaluable resource would be helpful for any foundation looking to increase their effectiveness in international grantmaking and overcome the barriers discussed.

It appeared clear to those interviewed that international giving should not only

be for the large foundations like Ford, Rockefeller and Gates. The current ecology of

funders is dominated by these large, high-profile foundations. Based on the comments

by informants, one could argue for a more diverse and balanced ecology. Not only

could small foundations engage in international philanthropy and have real impact, but

in many ways they would be able to reach those organizations that larger foundations

cannot through their small, targeted grants.

Foundations' role in international assistance was seen as vital to addressing

issues overlooked by other sources of funding and to reaching smaller groups.

Foundation support could counteract the downside of other types of funding, such as

bilateral aid that often undermined sustainable development and supported dominant

nationalistic agendas rather than the needs of disenfranchised populations. Foundations

could get money directly to the groups in question whereas bilateral aid was channeled

via state bureaucracies.

The ideal role described by informants has yet to be realized: the reality is that

many foundations are not realizing their potential to be nimble and willing to take risks.

There is an unfortunate disconnect between the overwhelming agreement that this is

the role foundations should take on and the role they actually fulfill. Foundations need

to fully assume their role as risk takers. There are no other organizations in such a

position to make lasting global social change. In their view, Augusta Pipkin's

observation from 1985 still holds true: "the future of philanthropy and policymaking lies in the willingness on the part of foundations to become intimately involved with their projects and to support them over a longer *period of time* with fewer immediate returns."(Pipkin, 1985, p. 400) Through strategic decisions, relationship building, and long-term vision foundations could greatly enhance their impact on the global stage.

Assuming the practical barriers to international grantmaking can be addressed without great difficulty, as suggested by almost all of the respondents, the most fundamental barrier remains for many who might consider venturing into the international arena: competition with other philanthropic priorities. Charts analyzing philanthropic activity in the United States often weigh international needs against education, health, social services, and environmental issues inside the United States. This is the point of view of many when looking at international philanthropy. Yet, the consensus opinion of the study respondents would suggest that foundations consider not whether international causes deserve a larger piece of the pie but rather whether the pie should be redefined before it is even sliced. This view would hold that one problem is not necessarily more important than another. Rather, it is to say that there cannot be "our" problems versus "their" problems anymore. Problems in other countries become our problems and vice versa, and "they" do not have the resources to address them because the North holds the wealth and power. Thus, a perspective from which the needs of all of those subsectors globally are compared (and the concentration of

philanthropic dollars in the United States compared to other countries is taken into account) should be considered.

Are advocates for international philanthropy suggesting that all foundations should be directing their funds to global issues? Of course not. Unfortunately, it is a zero-sum game: a dollar more spent on international philanthropy is a dollar less on local schools or homelessness or the arts, no matter how you define it. In addition, the capacity of local organizations on the ground to absorb a rapid increase in funding is limited, and a gradual increase would be much preferable.

That said, those interviewed were nearly unanimously in their view that there needs to be a greater attention paid to the significant needs around the world. Also, there needs to be a recognition of the United States' role in creating disparity, whether through aggressive capitalist practices internationally, excessive consumption of the world's resources, or through questionable philanthropic efforts such as the Green Revolution. On the positive side, the United States has the unique ability to fuel the development of civil society throughout the world through both financial resources and skills from a well-developed third sector.

The strong case for engaging in international philanthropy was summarized eloquently by Informant G:

We are all in the world together. No 2-year-old and no 80-year-old is more important because they live in one country than another and I think we just have an obligation to each other as human beings. It is the right thing to do.

Implications of the Study

Implications for the Literature

The research presented will fill a gap in the existing literature on philanthropy. While research does exist on some of the challenges discussed, this is the first time they have been addressed from a foundation perspective and in one study. An understanding that people in the field believe that the most significant, major barrier is an absence of will, not anything inherent in the difficulties of doing the work, contributes to the literature as well. The role of small grants, the widely shared observation that the challenges of international grantmaking are not necessarily any different from those of the domestic work, the ability to overcome illegal and practical hurdles without great difficulty, the possibility of the use of intermediaries, and the agreement between people from different types of organizations on these points are all new observations that have not been addressed extensively in the literature.

Practical Implications

The findings of the study have implications for the practice of international philanthropy. Most importantly, foundations considering international grantmaking can see that many of the barriers are psychosocial, and that the ultimate issue is one of

will. The reality of international grantmaking is incredibly rewarding and not especially difficult. The practical barriers that many foundations might see as overwhelmingly difficult are, according to those in the field, relatively easily overcome. Foundations that are only able to make small grants are indeed seen as having an important role to play in international philanthropy.

Foundations interested in engaging in international philanthropy can for the first time see many of the issues they would face in one document. Understanding the barriers may help foundations new to international philanthropy address them more successfully. Understanding the practical barriers to making grants directly overseas and the role of Intermediary organizations in overcoming many of those barriers can help foundations make decisions on funding directly or through intermediaries. Intermediary organizations and international grant maker education and support organizations can take the findings into account when determining their educational efforts and services provided.

Foundations already engaged in international philanthropy can consider some of the strategic and psychosocial barriers that may make their grantmaking less effective. It is hoped that the study may aid foundations in seeing the importance of a global perspective in their approach to addressing their individual goals.

Policy Implications

The study highlighted a strong consensus among those involved in international grantmaking that public policy, through increasingly onerous regulations, is having a negative impact. It is an area in which substantial barriers could be removed. If it became the aim of the US government to increase private philanthropic investment in foreign countries, it could easily have a major impact. Creating tax incentives above and beyond what is offered for domestic giving was one suggestion. However, the likelihood of this happening, in the current U.S. political climate, is very low.

Opportunities for Further Study

This study reveals just the tip of the iceberg in understanding international philanthropy. One question not addressed in the study but of central importance is regarding the role of need in foundations decision-making process. Is foundation giving driven by the competing needs of potential beneficiaries, and to what extent is it driven by the needs of the givers themselves?

In many ways, the most interesting and exciting developments and areas for growth in international philanthropy are left to be investigated. The role of family foundations and the possibility for growth into international grantmaking is an area recommended for further study. The generational wealth transfer means that there are younger philanthropists who may well have a more global perspective and may increase family foundations' role in international grantmaking.

Because of immigration to the United States over the last 20 or 30 years, few communities are unaffected by immigration, and this is changing the very definition of community and the role of community foundations. Community foundations that are beginning to recognize that their community members often want to give back to their home country or simply to give internationally are another subject calling for further research. Important related phenomena—diaspora philanthropy and remittances—are an interesting aspect of international philanthropy on which little research has been done.

Although not treated in the study, the development and support of indigenous philanthropy is another exciting, emerging development in the field. The work that many organizations are doing to promote indigenous philanthropy is highly creative and multifaceted. It is also essential to the sustainability of the growing civil society sectors throughout the global South. There may also be surprising leadership coming out of the corporate sector. Businesses that are working globally realize the necessity to invest philanthropic dollars in the countries in which they are working. The role of faith-based organizations and their international work is wholly uncharted territory on which research would be quite informative.

Philanthropy's intersections and parallels with other forms of aid should be researched to contextualize foundations in the larger international assistance arena. The connectedness of social inequities and the role of structural adjustments are important

influences on international philanthropy that should be understood more fully. It would also be interesting to investigate how international philanthropy has impacted the donor community and its domestic work.

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Appendix A: Tables

Table 3.1

Informant Categories

Informant	Private Foundation	Private Foundation (domestic only)	Intermediary	Funders Group	International Grantmakers' Education and Support Org.
A	X				
B	X				
C	X				
D	X			X	
E	X				
F	X				
G	X				
H		X			
I		X			
J		X			
K			X		
L			X		
M			X		
N			X		
O			X		
P			X		
Q				X	
R				X	
S				X	
T				X	
U					X
V					X
W					X
X					X
Y					X
Z	X				X

Table 3.2

Typology of Funders

	Type 1	Type 2
Type of Grantor	• Large Foundation	• Small Foundation • Field Office of Large Foundation • Intermediary
Type of Grant	• Larger Grants	• Smaller Grants
Type of Grantee	• US Intermediary • INGO • Large, Well-established Local Organization	• Small Organization • Grassroots Group • Community Organization • Local Intermediary

Appendix B: List of Interview Topics/Coding Structure

Contextual Background
- Percent International Giving
- Percent Foundation Support
- Percent to Foreign Organizations
- Typology of Grantmakers
- Roles of Foundations
- Regional Offices
- Small Grants Vs. Large Grants
- Funding Strategy
- Post September 11th Attitudes

Conceptual Barriers to Engaging in International Philanthropy
- American Cultural Issues
- Fears/Perceived Risks
- Misconceptions
- Donors Unable to Relate to Situation
- Ethics
- Standard Motivations for Giving Missing
- Unable or Unwilling to Change Foundation Priorities
- Conflict of Source of Money with Aims of Grant

Conceptual Barriers to Effective International Philanthropy
- Cultural Imperialism
- Different Priorities or Values
- Role of Outsider
- Funding Type
- Overemphasis on Metrics

Practical Barriers
- Legal and Tax Issues
- Post September 11th
- Difficulty Finding Partners and Opportunities
- Knowledge Gap
- Communication Gap
- Infrastructure Gap
- Expense
- Corruption
- Politics in Country

Distance
Evaluation and Monitoring
Sustainability
U.S. Politics

Why International Philanthropy?
Role of Foundations in International Assistance
Globalization
Moral Obligation
Greater Need
High Impact of Investment
Not That Much Harder Than Domestic

How to Overcome
Role of Intermediaries
Role of Affinity Groups and Others
Travel

Appendix C: Informed Consent Form

Purpose and Background

Rachel Humphrey, a graduate student in the College of Professional Studies at the University of San Francisco, is doing a study on perceived barriers to international giving by U.S.-based foundations. Funding projects outside of the United States presents unique challenges to funders. The researcher seeks to illuminate what these challenges are and what the role of foundations is in the international arena.

I am being asked to participate because I am involved in grantmaking, nongovernmental activity internationally, or an organization that aims to increase cross-border philanthropy.

Procedures

If I agree to be a participant in the study, I will participate in an interview with Rachel Humphrey, during which I will be asked about issues pertaining to cross-border philanthropy. The interview will be recorded and notes will be taken.

Risks and/or Discomforts

It is possible that some of the questions may make me feel uncomfortable, but I am free to decline to answer any questions I do not wish to answer or to stop participation at any time.

Participation in research may mean a loss of confidentiality. Study records will be kept as confidential as possible. No individual identities will be used in any reports of publications resulting from the study. Study information will be locked in files at all times. Only study personnel will have access to the files.

Benefits

There will be no direct benefit to me from participating in this study. The anticipated benefit of this study is a better understanding of the barriers to international giving by U.S.-based foundations

Payment /Reimbursement

I will not receive any payment or reimbursement for participation in the study.

Questions

I have talked to Ms. Humphrey about the study and have had my questions answered. If I have further questions about the study I may call her at 415-668-9085. If I have any questions or comments for participation in this study I should first talk with the researcher. If for some reason I do not wish to do this, I may contact the IRBPHS which is concerned with the protection of volunteers and research projects. I may reach the IRBPHS office by calling 415.422.6091 and leaving a voicemail message, by e-mailing IRBPHS@usfca.edu, or by writing to the IRBPHS, Department of Counseling Psychology, Education Building, University of San Francisco, 2130 Fulton Street, San Francisco, CA 94117 – 1080.

Consent

I have been given a copy of the research subjects' Bill of Rights and I have been given a copy of this consent form to keep. Participation in research is voluntary. I'm free to decline to be in the study, or to withdraw from it at any point. My decision as to whether or not to participate in the study will have no influence on my present or future status as a student or employee at USF.

My signature below indicates that I agree to participate in the study.

Signature of Subject _____ Date of Signature_____

Signature of Researcher _____ Date of Signature_____

Appendix D: Research Subjects' Bill of Rights

The rights below are the rights of every person who is asked to be in a research study. As a research subject, I have the following rights:

(1)To be told what the study is trying to find out;

(2)To be told what will happen to me and whether any of the procedures, drugs, or devices are different from what would be used in standard practice;

(3)To be told about the frequent and/or important risks, side effects, or discomforts of the things that will happen to me for research purposes;

(4)To be told if I can expect any benefit from participating, and, if so, what the benefit might be;

(5)To be told of the other choices I have and how they may be better or worse than being in the study;

(6)To be allowed to ask any questions concerning the study both before agreeing to be involved and during the course of the study;

(7)To be told what sort of medical or psychological treatment is available if any complications arise;

(8)To refuse to participate at all or to change my mind about participation after the study is started; if I were to make such a decision, it will not affect my right to receive the care or privileges I would receive if I were not in the study;

(9)To receive a copy of the signed and dated consent form; and

(10)To be free of pressure when considering whether I wish to agree to be in the study.

If I have other questions, I should ask the researcher or the research assistant. In addition,I may contact the Institutional Review Board for the Protection of Human Subjects(IRBPHS), which is concerned with protection of volunteers in research projects. I may reach the IRBPHS by calling (415)422-6091,by electronic mail at IRBPHS@usfca.edu, or by writing to USF IRBPHS, Department of Counseling Psychology, Education Building, 2130 Fulton Street, San Francisco, CA 94117-1080.