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Private Donations for International Development

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Abstract

Charitable donations by private individuals and firms can help fund the Millennium Development Goals. What are the prospects for increasing donations for international development, whether from small-scale donors, the super-rich (as in the recent gifts by Bill Gates and Ted Turner), or the corporate sector? The paper starts by reviewing how large are the sums currently given in OECD countries (including gifts of time) and the problems development has in competing with domestic causes. It then looks at possibilities for the future, including tax deductions, the new 'global funds', corporate social responsibility and 'cause-related marketing', the use of the Internet, and long-term donor education.

Keywords: charities, philanthropy, volunteering, development finance

JEL classification: D64, F35, L31, O19

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> How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it.
>
> Adam Smith (1759), *The Theory of Moral Sentiments*, chapter 1.

1 Introduction

Charitable giving is common, reflecting various 'principles' in human nature alluded to by Adam Smith, as well as others that he did not identify. For example, 70 per cent of American households give money to charity, with their donations summing to almost US$150 billion in 1999—more than one and a half per cent of US national income.[1] The US heads the giving league in per capita terms as well as total amounts but there is a lot of giving in other OECD countries as well. Two-thirds of UK adults report making charitable donations in 2001, with an annual total of nearly US$10 billion. Recent changes to the UK tax system have tried to encourage private philanthropy, and the evidence suggests that much of the donor response could still be to come. Donations by private individuals in Germany totalled about US$4 billion in 2000 and a similar amount was given in the Netherlands in 1999.[2] Econometric estimates of income and price elasticities imply that rising real income over the next 15-20 years should result in substantial additions to total donations and that tax incentives, where not currently in place, could lever further sums.[3]

Philanthropy can come in kind as well as cash. Gifts of time—'volunteering'—are the most important form to consider. Like charitable gifts in monetary form, voluntary work is widespread in industrialized countries. In the 12 OECD countries covered by Salamon *et al.* (1999), volunteer work was estimated to total over 16 million full-time equivalent jobs, and to average nearly 7 per cent of all full-time non-agricultural employment. This too could rise as a result, for example, of the ageing of OECD countries' populations and any trend towards early retirement.

But to what extent does *development* benefit from all this philanthropic effort? This is the subject of section 2. The answer is mixed. A great deal of philanthropy in rich industrialized countries is aimed at domestic concerns, although the evidence we have been able to assemble suggests that the picture is not the same in every country. We

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1 See www.access.mpr.org/civic_j/giving/resources/factoids.shtml. More recent figures for 2001 come from www.independentsector.org/PDFs/GV01keyfind.pdf and show an even higher involvement in philanthropy. See also the summary statistics in Andreoni (2001) who provides a concise review of the economic theory of philanthropy, empirical literature from the US and policy issues surrounding the tax treatment of donations.

2 Figures for the UK and Germany taken from NCVO (2002) and Bundesarbeitsgemeinschaft Sozialmarketing (2002). Figure for the Netherlands from Helmich (2003: 161). US dollar values obtained with annual average exchange rates from the Bank of England website. The definition of donations may not be the same in each country.

3 For example, a regression of log gifts on log personal income for the US using annual data for 1974-95 given in Clotfelter (1997: Table 2) yields an estimated elasticity of 1.12 (standard error 0.03). The fact that the estimated elasticity is greater than one means that gifts can be expected to rise more than proportionately with income.

discuss how donations for development may vary with household income, of particular interest given a trend towards greater income inequality in some industrialized countries. The super-rich are treated as a special case. Their ranks have recently produced several prominent examples of philanthropy aimed at international development, notably the large sums given by Bill Gates and Ted Turner.

The next question is *why* development may command only a small share of charitable donations. Until we know this, the way forward for the future remains unclear. This is dealt with in section 3. The economic literature on philanthropy provides only limited help and we therefore draw on literature on donor behaviour from other disciplines, notably marketing.

Section 4 considers the special case of private donations to the UN agencies, one group of major players in financing and promoting development. We consider the particular problems faced by the UN and then focus on the Children's Fund, UNICEF. This is by far and away the most successful UN agency at collecting money from private individuals, raising more than US$350 million each year (although we highlight the large variation in the per capita amounts among OECD members). Could UNICEF's success be emulated by other agencies? And does the relationship between UNICEF donations and official overseas development assistance suggest there is a problem of crowding-out?

Future prospects are discussed in section 5. We include measures designed to promote charitable donations in general but focus on their particular relevance for development. We cover the old issue of tax deductions, the new 'global funds' (intended partly to attract money from the super-rich), corporate social responsibility and 'cause-related marketing', the use of the Internet, and long-term donor education. Section 6 concludes.

Three caveats on the scope of the paper: first, we include under 'development' those donations that go for emergency relief, for example, the alleviation of famine or the consequences of floods. The long-term impact of donations for emergencies is clearly different from those for several other causes, for example education or vaccine research. Second, we focus much more on giving by households than by firms. Direct corporate donations to charities are far smaller in aggregate than those by private individuals and there is no particular reason to believe that they will expand sharply.[4] However, section 5 provides some balance with our discussion of corporate social responsibility and cause-related marketing. Third, for reasons of space we concentrate on private donations in rich industrialized countries, ignoring important traditions of domestic charity in developing countries, including volunteering.[5]

4 Corporate donations in the US to all causes totalled US$9 billion in 1998, far below the US$135 billion of households (Andreoni 2001). Similarly, donations by firms in the UK in 2000/1 are estimated to have been only £286 million compared to some £6 billion from households (Charities Aid Foundation Briefing Paper March 2003).

5 For example, the giving of alms to the needy in one's own society, the practice of *zakat*, is one of the five main tenets of Islam. (*Zakat* should normally be paid at the rate of 2.5 per cent of annual income.) On volunteering, the Comparative Nonprofit Sector Project at Johns Hopkins University has produced several papers on developing countries that include this form of giving. (The border-line between 'volunteering' and inter-household transfers of time is a hazy one—helping family and neighbours is clearly very common in all cultures.)

2 Development's share of philanthropy

Oxfam, an international development charity, raised more voluntary income in 1996 than any other registered UK charity. But if one takes the top 30 fundraising UK charities in that year, development's share of their total voluntary income was less than a quarter.[6] Development's share of private donations in the Netherlands is rather lower, about 15 per cent (Helmich 2003: 161). The massive philanthropic effort in the US seems, on the face of it, to be even more domestically orientated. Less than 2 per cent of total household contributions went to 'international' charities in 1999.[7] This contrasts with the 60 per cent that went to religious organizations although, as we illustrate below, a slice of this may in fact be furthering international causes, including development. On the other hand, Germany seems to be a country where a large share of charitable donations go to fund overseas development, but we do not know whether the situation there is more representative of other OECD countries than that in the UK or the Netherlands. Almost three-quarters of total donations to the 16 German charities with the highest volume of gifts in 2000 were to what can be classified broadly as development charities.[8, 9]

Tastes for international development may therefore vary from country to country as far as cash giving is concerned. Turning to volunteering however, the picture right across the industrialized countries is one in which the great bulk of the labour involved does not benefit international development charities.[10] This comes as little surprise given that voluntary labour must typically be used domestically.[11]

The situation where development's share is low might, paradoxically, seem encouraging for the future. The argument would run as follows. The evidence shows there to be a great deal of philanthropy. Some of this could be shifted towards development and away from the causes to which it is currently directed. Private donations for development

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6 Pharoah and Tanner (1997) list the top 30 fund-raising charities in 1996 by name of which we have classified as 'development' the following: Oxfam, Red Cross, Save the Children, Actionaid, Christian Aid, The Tear Fund and WWWF. These seven charities' voluntary income amounted to 23 per cent of the total.

7 Sourced from www.independentsector.org/GandV/s_hous2.htm.

8 Eleven of the 16 can be classified as development charities and their donations sum to 72 per cent of the total. We are grateful to Sylke Schnepf for this estimate. (Source as in footnote 3, although this source also cites an earlier estimate by the Deutschen Spendeninstitus Krefeld that 75 per cent of donations go to 'national projects'.)

9 Anheier and List (2000) attempt to bring together data for the mid-1990s on cross-border philanthropy for the US, the UK, Germany and Japan. Definitions vary substantially but broadly speaking, their results suggest that private sector giving for development as the final cause was at the level of about US$1-2 billion per year in the US, US$1.5 billion in Germany, about US$1 billion in the UK, and well less than these levels in Japan.

10 We base this conclusion on the data in Salamon *et al.* (1999) and Salamon and Sokolowski (2001). The categories the authors use for 'development' and 'international' are probably too broad and narrow respectively for our purposes.

11 Schemes also exist to transfer gifts in kind in physical form to developing countries, e.g. old sewing machines and other tools (e.g. see www.findit.co.uk/charities/519568.htm). However, there are obvious limits to this form of philanthropy. Transport costs may be excessive, many goods would be inappropriate for the local setting and there is the risk of undermining local production. This could be an useful form for some corporate donations however, e.g. medical supplies.

could therefore rise very substantially without households having to give any more time or money in total. Imagine that households adopt a two-stage budgeting process, first deciding on total allocations of time and money to charity and then deciding how to divide those allocations between different causes. The job, it would seem, is to influence the second-stage allocation. To date, economists have tended to look only at the results of the first-stage allocation—at total donations. Theoretical models of philanthropic behaviour do not identify motives for gifts to particular causes, and empirical models of giving are estimated on data that measure just total gifts. But richer data could be collected and insight gained into how donations could be shifted away from domestic causes and towards development assistance.

But there is little reason to believe that households do allocate their time and money to charity in this way. Gifts to one cause may not represent resources that can be competed away by another. We have no direct evidence to cite on this issue, but simple reflection on why people may donate to some specific named charities provides food for thought. Table 1 shows the total annual income from all sources of several UK development charities, both large and small, together with examples of charities serving other causes that have similar income levels.

Non-development charities cover many causes of which the table illustrates just some of the main ones. The examples in the table include cases where it is possible to imagine development charities being able to compete away part of the funding (although whether that would be desirable for human welfare overall requires a value judgement that we do not make here). Charities working for children in the developing world such as Save the Children and UNICEF might view Barnado's income as money that could in principle come their way. Sightsavers International might consider the resources of Guide Dogs for the Blind in the same light. But money given to the National Trust for

Table 1
Examples of UK charities

Development charity	Income (£s, m)	Other charity	Cause	Income (£s, m)
Oxfam	187	The National Trust	Architecture & landscape	188
Red Cross	138	Barnado's	Children	125
Save the Children	116	Imperial Cancer	Health	122
Action Aid	62	Royal Society for the Prevention of Cruelty to Animals	Animal welfare	65
Catholic Agency for International Development	40	Guide Dogs for the Blind	Blind people	38
UNICEF	28	Shelter	The homeless	27
Sightsavers International	14	NACRO	Former criminal offenders	13

Note: Income is for 2000 and from all sources, including government grants, contributions from other charities, donations from firms, investment income and the proceeds of trading, as well as gifts and legacies from private individuals.

Source: Charity Commission on-line register.

the preservation of Britain's architectural heritage and landscape does not seem an obvious target for a development charity. Similarly, the large sums of money given for animal welfare in the UK may be hard to shift to the cause of human welfare in developing countries.[12]

The table also illustrates the difficulties in classifying charities and hence in measuring how much philanthropy is directed towards overseas development. We have labelled both the Red Cross and Save the Children as development charities, but both have programmes in the UK, with the Red Cross being particularly active.[13] The Catholic Agency for International Development (the English and Welsh arm of Caritas Internationalis) is clearly a religious charity in one sense and we suspect that in some classifications it would be labelled as such, despite its activity being firmly in the field of development. Similarly, Save the Children and UNICEF could obviously be labelled as children's charities.[14]

Another implication of recognizing that people give to a wide variety of types of charity is that the estimates of income and price elasticities of total gifts to all charities from the empirical literature on the economics of philanthropy may not be very useful in providing guidance into how donations for development will respond to future changes in real income or tax treatment. Estimates vary considerably but a figure of 0.8 to 1.0 for the income elasticity of total donations is perhaps broadly representative (Clotfelter 1997; see also footnote 4). However, if charity indeed 'begins at home', and then extends elsewhere, perhaps donations to fund development are a luxury in economic terms, implying a strong response to rising incomes in the future. The economic literature alas seems silent on this issue. It should also be noted that the great bulk of empirical studies are from the US and behavioural response to income may be different in other countries. (We discuss price elasticities in section 5.) The notion of donations for development as a luxury would be consistent with the rise of international development charities as a largely post-WWII phenomenon, something underlined by Mullin (2002) in the case of the UK.[15]

The picture for total gifts, at least from US and UK data, seems to be that the rich and the poor give higher proportions of their income than those on middle incomes. This means that richer households provide the lion's share of charitable donations. For example, the 1 in 7 American households with incomes of US$75,000 or more in 1996 provided about half of total contributions (Clotfelter 1997: Table 3). In the UK, persons

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12 We suspect that animal welfare charities may do particularly well in the UK compared with those in other countries. Among charities with incomes in excess of £10 million in 2000, total income of obvious animal charities came to about £250 million (including £17 million for the Cats' Protection League, £13 million for the Donkey Sanctuary and £10 million for Battersea Dogs' Home). (Our analysis of information from the Charity Commission register.)

13 The Red Cross spent £47 million in 2001 on 'UK services' and £70 million abroad. Save the Children spent about £7.5 million on UK programmes from its total programme expenditure of £90 million. Oxfam also has a small UK programme, spending less than £1 million in 2001. (Information taken from annual reports available at www.redcross.org.uk, www.scfuk.org.uk and www.oxfam.org.uk.)

14 The UK survey drawn in footnote 3 shows 13 per cent of donations going to 'children and young people' with 'overseas relief' and 'disaster relief' receiving just 12 per cent. We do not know how Save the Children and UNICEF were treated in this classification.

15 A different explanation in the case of the UK is that the rise coincided with the end of the empire and tapped into some of the same motives that led people to work in colonial administration.

giving more than £50 per month—'elite donors' in UK charity parlance—represent just 1 in 12 of all persons who give but their donations make up nearly 60 per cent of the total; elite donors are concentrated in higher social classes (NCVO 2002). Any greater propensity of the rich to donate means that there is a silver lining to the cloud of sharply higher income inequality in recent years in the US and the UK (trends in other countries are less clear). The share of the top one per cent in the US rose from about nine to 15 per cent of gross personal income between the mid-1980s and late 1990s and from about six to 10 per cent in the UK (Piketty and Saez 2003; Atkinson 2002).

The case of the super-rich deserves special attention. Many large charitable foundations in existence today are the result of a gift by a very rich individual in the past. While the activities of a foundation are constrained by the original donor's wishes, boards of trustees may be able to interpret their trust deeds in ways that give them a wide scope. This form of philanthropy typically has a firmly domestic concern in the US. For example, only US$1 billion of the US$11 billion total given by US foundations in 1994 was devoted to 'international activities', including those that do not fund development in poorer countries (Anheier and List 2000: 108). However, large foundations such as Ford and Rockefeller clearly do have development concerns. With Rockefeller they has always been there, the trustees being charged to further 'the well-being of mankind throughout the world'. Ford, on the other hand, acted as a local philanthropy in Michigan from its founding in 1936 until 1950. The foundation now has 13 offices outside the US, in Latin America, Africa, Asia and Russia. The Soros Foundation, a recent creation, have been prominent in the former Soviet bloc countries in the 1990s.

Two prominent examples come from the US in recent years of foundations that have been established to finance aspects of international development. The UN Foundation was set up in 1997 by Ted Turner with a promised endowment of US$1 billion, about equivalent to the annual budget at that time of the UN Children's Fund, UNICEF. The Foundation works exclusively through UN agencies and provides funds in four areas: (i) children's health, (ii) the environment, (iii) peace, security and human rights, and (iv) women and population. The Bill and Melina Gates Foundation, established in 2000, has a much weaker relationship with the UN as we will explain later in the paper—and a much larger budget following an endowment of about US$24 billion. (To give a point of reference, the Ford Foundation's assets are currently about US$10 billion and the Rockefeller's US$2.6 billion.) This is clearly an absolutely vast sum of money for one individual to give to good causes, although in fact it represents less than a fifth of what all US households give to charity every year. Global health is one of the foundations' four areas of activity and as of June 2003 this had accounted for just over £3 billion in grants, or about half the total of all grants to that date.[16] The expenditure on health is focused on the prevention of transmission of HIV in developing countries and the search for vaccines to combat AIDS, malaria and tuberculosis.

3 Why do people give—or not give—to development?

The economic literature on philanthropy has not typically sought to explain donations to different causes, as we have already noted. Nor has it focused much on the demand side

16 The Gates Foundation's other concerns are domestic US causes relating to education, libraries and the US Pacific North-West. See www.gatesfoundation.org.

of the market—it has been the behaviour of donors rather than the actions of different charities that has been the subject of attention.[17] The behaviour of charitable organizations in trying to attract funds to their particular causes is important to understand and, obviously, this behaviour is revealing about how the demand side of the market actually perceives donor motives in relation to different aims.

The motives for giving identified in the economic literature include (i) altruism, (ii) the 'warm glow' obtained from the act of giving, (iii) the receipt of material benefit in return for the gift and (iv) simple morality.[18] To some extent, these are useful in helping understand development's share of charitable donations. Material benefit is a clear motive for donation to some domestic charities. For example, giving to the National Trust in the UK in the form of a subscription to membership gives free access to a large number of stately homes and landscaped gardens. It is not easy for a development charity to match such an offer. On the other hand, higher-order morality may generate more funds for development than for dogs' homes. Altruism could lead donations to be skewed towards places where living standards are lowest in order to get more 'bang for the buck' (development charities are quick to emphasize the very low cost in Western terms of many of their interventions). Charities try to generate 'warm glow' through such measures as sponsoring a child.

The marketing literature, as applied to charitable giving, provides more insight on both motives for donors and the behaviour of charities. We draw on the review in Sargeant (1999) who considers the insights from clinical psychology, social psychology, anthropology and sociology as well as economics. In trying to apply these insights to the case of development we do not tailor our comments to particular countries, but the apparent variation in development's share of total donations discussed in section 2 suggests that no common explanation exists across the OECD area. Giving for international development must in part have specific national determinants.

The marketing literature provides a quick answer to why 'development' charities exist at all, rather than general purpose charities that aim to help the poor wherever they may be. A positive response from individuals to charities' efforts to solicit contributions is helped by branding and by a clear projection by a charity of its brand identity. Potential contributors want a firm picture of the cause they are being asked to give in aid of. And the brands they will be attracted to are those that are well-known and trusted.

Individuals' reaction to the 'ask' (which may come in a variety of forms) depends on various factors, including the portrayal of the individuals in need, the fit of the charity with a donor's self image, and the degree of perceptual noise (whether competition from other charities so confuses the donor that a lower level of total contributions results).

The stimulus to the individual to donate is believed to be stronger the more urgent the need can be demonstrated to be and the greater the degree of personal link that the donor feels with the (eventual) recipient. The cause of long-term development does not score well on either factor. A criterion of urgency obviously works in favour of appeals for disaster relief in developing countries following, for example, a flood or a famine.

17 Andreoni (1998) is a rare exception.

18 This listing follows the summary in Clotfelter (1997). The first three motives are consistent with utility-maximization. Vickery (1962) and Boulding (1962) mention most of the motives that economists have subsequently considered.

But by definition the achievement by 2015 of the Millennium Development Goals hardly seems an urgent task. Similarly, long-term development suffers in the competition for funds due to many donors' desire to support short-term need for a fairly narrow section of the community, factors that encourage donors to feel that their relatively small contribution can make a real and immediate difference. In many areas of development, however, need is typically persistent and very widespread.

One question here is how attitudes to urgency and duration of need vary across the income distribution and by level of education. Higher socio-economic status appears to be associated with a greater willingness to give for longer-term causes. The Gates and UN (i.e. Turner) Foundations would certainly seem to reflect this. But a longer-term view may not necessarily help international causes. US data for 1973 show high-income philanthropists (those with incomes of over US$0.7 million in 2003 terms) giving a quarter of their donations to education, compared to only one per cent for those under US$80,000 in current-day prices (Clotfelter 1997: Table 5). But the vast majority of this was almost certainly to benefit domestic causes, e.g. alumni donations to the alma mater. More research is needed on how giving for development varies by income level.

Another factor found to favour donations is the existence of a sense of personal contact with the beneficiary. This must have been in Adam Smith's mind when he wrote the words in the quotation at the start of the paper: giving alms to the local poor in the past would typically have meant that one saw the impact on welfare achieved by the gift.[19] Some donations of cash may continue to reflect personal contact in the modern age. This is most obvious in the case of donations to local causes—again development misses out—but it can be found in other situations too.[20] For example, the huge funds raised for cancer research and for the relief of those with cancer presumably reflect the importance of cancer as a cause of death in rich industrialized countries. Cancer sufferers and relatives of sufferers are obvious potential donors, as indeed is the population as a whole—everyone is a potential sufferer with a non-negligible probability, such is the sheer prevalence of different forms of this disease in OECD countries.[21] But fighting HIV, malaria, and tuberculosis—diseases so prevalent in the south—seems much more remote.

Development charities sometimes find ways of introducing personal contact between the donor and the needy. Charities that enable the donor to sponsor a child's education are one example. (We have already noted the 'warm glow' that this may generate.) This also scores highly on the criterion of meeting long-term need and may appeal especially to educated higher-income donors. However, such schemes are not without their critics. They risk creating inequalities within families and within local communities and they may perpetuate a patriarchal relationship between north and south.

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19 Conniff (2003: 102) writes of the Duchess of Marlborough visiting the homes of poor families near Blenheim Palace to distribute leftover food.

20 The network of about 1,400 United Way organizations in the US expressly raise money for local purposes (to the tune of about US$4 billion per year).

21 The website of Cancer Research UK notes prominently that 'more than one in three of us will develop cancer at some point. Few of us go through life without coming into contact with the disease in some way—either through personal experience or through that of a friend or family member'.

What about motives for giving in kind? A lot of volunteering provides personal contact with the recipient, but typically this will only be the case when the gift of time benefits a local cause. An exception is when a person volunteers to go and work in a developing country, organized for example by the US Peace Corps, the UK charity Voluntary Service Overseas or UN Volunteers. However, the opportunities for doing this are obviously limited and the commitment of time is huge compared to that involved with most local volunteering.

The final motive to consider, identified in both the economic and marketing literatures on philanthropy, is the notion of obtaining visibility or standing in one's social group or in society at large. This may be particularly important for super-rich donors. (Think of all the foundations named after their benefactors.) As we have emphasized earlier, the motives and donor behaviour of the extreme upper tail of the income distribution need special treatment, and the very rich have indeed been the subject of considerable attention. Lundberg, in his 1960s investigation of *The Rich and the Super-Rich*, argued that 'the founding of foundations has the effect of altering opinion in an unsophisticated population, turning the supposed bad guy into a supposed good guy' (1968: 467-8). Conniff, in the *Natural History of the Rich*, argues for a more direct motive, reporting Ted Turner as saying 'the more good I do, the more the money has come in' (2003: 104). On this view, improving one's standing in society by a spectacularly large gift can have very positive effects for the donor.

The different motives and behaviour of the super-rich have clear potential for generating additional resources for development. Compared to the small-scale donor, who may favour a local or national cause with which they can easily identify, the super-rich may be more likely to seek a global cause with a global stage as a return for their generosity—the chance to be seen worldwide as a benefactor of mankind. (This can be thought of as a material benefit that cannot be bought by smaller-scale donations.) Of course, this is unlikely to be their only motive. Notions of civic responsibility figure highly in the behaviour of some of the super-rich (the 'simple morality' listed at the start of this section) as may the idea that their money could really help overcome the immense challenges posed by human development in poor countries. (In this the super-rich donor may simply be mirroring at a large scale the desire of the low-income donor to make a difference, which we argue above works against giving for long-term development.) This is not to argue that the super-rich will always favour international development in their philanthropic behaviour (and the evidence is clearly to the contrary) but it does mean that there may be significantly greater potential for international development to benefit from the behaviour of the super-rich than from the average donor.

However, there are also many aspects of development activity and the working systems of development agencies that discourage the wealthy potential donor. The super-rich will demand a high degree of accountability and feedback on how their money is used. They may also seek a high degree of involvement with the causes selected for support—they are rarely passive donors. Large intergovernmental bodies and international NGOs have great difficulty delivering on both these requirements. Complex and decentralized systems of programme delivery make the right kind of specific and individualized feedback almost impossible. Governance structures may not permit the level of involvement that is sought. In section 5 we describe the 'global funds' that have been set up by the G8 governments with the express purpose of brokering funds for development from the super-rich and other large donors. This has been done in a way that is intended to surmount problems of a lack of donor confidence.

To summarize: a range of motives affect philanthropic behaviour and a consideration of the factors at play in donor decision-making helps one understand why the cause of development struggles at times to compete. Factors like scale and persistence of need, empathy and relationship to recipient do not work in favour of development. However, the possible motives of the super-rich provide some encouragement although there are practical constraints here that need to be overcome.

4 Giving to the UN

Why does the UN need money from private individuals at all—surely it receives its money from government contributions according to formulae that are laid down in international treaties? This is a misconception of the UN's organization and finances. The development activities of the UN take place through its autonomous agencies—the Children's Fund (UNICEF), the Development Programme (UNDP), the World Food Programme (WFP), the Food and Agriculture Organization (FAO), the World Health Organization (WHO), the Population Fund (UNFPA) and so on.[22] These agencies are not 'formula-funded' and each relies on voluntary contributions. The contributions come mainly from governments, but private individuals are another potential source.

What attractions do the UN agencies present to private donors? On the one hand they may be seen as able to work with and maybe influence governments in ways that charities cannot. Their status as 'international organizations' and their senior staff's status as diplomats helps in this respect. For the same reason they may be able to convey more status on the large-scale donor. These are presumably the factors that led Ted Turner to give US$1 billion to the UN rather than to a large international charity.[23] However, the money was not given directly to the UN's development agencies but was used to set-up the UN Foundation, which then makes grants to UN agencies for specific projects within the Foundation's areas of interest. The Foundation's website notes that Turner chose the president of the board of directors and that he is also a member of the board himself.

The perceived power of the UN may encourage small-scale donors as well. However, as with large donors, perceptions of waste and bloated bureaucracy need to be overcome. Unlike Turner, the small donor cannot set up his or her own foundation and appoint its board to control where the money goes, although anyone in fact is free to contribute to the UN Foundation (via the Internet) and benefit from its independence from the agencies' control.[24] And 'brand' is likely to be more important for the small donor who

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22 Technically the UN has agencies, funds and programmes, each of which has slightly different status. We term all of them here as 'agencies'.

23 The UN Foundation's website argues that 'Mr. Turner chose the United Nations as the vehicle for his global gift because the UN alone provides the machinery to help find solutions to international challenges, and to deal with pressing concerns facing people everywhere' (www.unfoundation.org/about/about_overview.htm).

24 See www.unfoundation.org/donate/donate.htm.

may have difficulty in perceiving what the UN and its aims are, even at the level of the individual agency.

The problems of the UN in raising money from the household sector are underlined by considering the essentials of the process of private fundraising: selling 'conceptual goods' and interpreting a donor country's local culture in a way that helps sales. This requires the fundraiser to be closely in touch with the local market. But the UN and other international agencies exist outside of national structures, in the world of international civil service and intergovernmental relationships. Inevitably, this makes them out of touch with national societies from which they might raise money.

The implication is that if UN agencies are to raise funds from households (and firms) at the national level, then they must have a national presence at the country level to do the job. The only agency with this in place is the Children's Fund, UNICEF, which has a system of 'national committees' in 37 countries. These committees are *not* local branches of the UN agency. Rather they are fully autonomous national charities that are in effect franchised by UNICEF to use the name and logo of the agency in order to raise money on its behalf. The national committees are able to pitch their fundraising in line with local custom. (For example, children help the US committee to raise money through 'trick or treat' at Halloween.) As national charities, donations to the committees qualify for income tax deductions in countries where there is tax deductibility of charitable gifts, overcoming one of the problems that is present in cross-border philanthropy. UNICEF is indeed the only part of the UN to raise substantial sums of money from private individuals (leaving aside the money donated by Ted Turner). The national committees raised some US$380 million in 2001, net of administration costs, or about one-third of UNICEF's annual budget.[25]

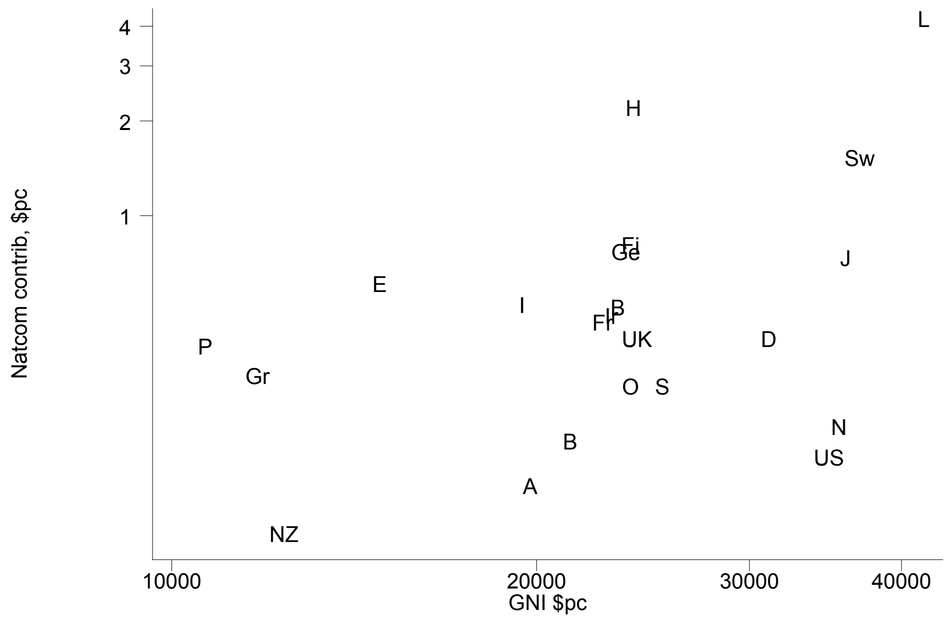
The varying degree of success with which the national committees ('natcoms' in UNICEF parlance) raise money is illustrated in Figures 1 and 2. The analysis is restricted to the 22 committees in countries that are members of the OECD Development Assistance Committee (DAC).[26] Figure 1 plots the natcom contribution to UNICEF's funds in 2001 against national income, while Figure 2 shows how this contribution varies with each country's level of official overseas development assistance (ODA), as measured by the DAC. All amounts are shown in US dollars per capita. The natcom contributions include resources raised from all sources except governments and hence include profits from trading (e.g. greeting card sales) and corporate (cash) contributions, but private donations should dominate the totals.

The range of natcom contributions is huge—from nine cents per capita in New Zealand to nearly four dollars in Luxembourg. These extremes and the Netherlands and Switzerland aside, other countries raised between 15 and 75 cents per capita. On average people in richer countries do give more to UNICEF than people in poorer countries. The elasticity estimated from the data implies that a 10 per cent increase in

25 By this we mean that the national committees transferred about US$380 million to UNICEF headquarters after taking into account all local expenditures on fundraising and administration (UNICEF Annual Report 2001). The amounts shown in Figures 1 and 2 refer to the same definition.

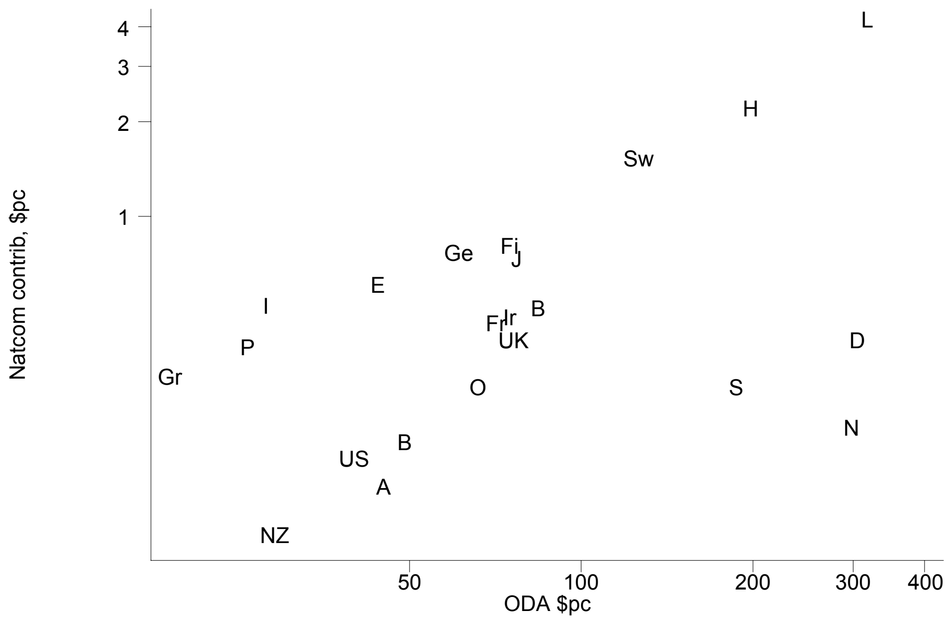
26 These 22 committees account for over 95 per cent of funds raised. The committees not included in Figures 1 and 2 are those in Central and Eastern European countries, Hong Kong, South Korea, Andorra and San Marino.

Figure 1
UNICEF national committee contribution and national income
(US$ per capita, 2001)



Sources: UNICEF *Annual Report 2002* and World Bank *World Development Indicators* website (www.devdata.worldbank.org/data-query, accessed 31 March 2003). The figure for New Zealand natcom contribution is for 2002 and was kindly provided by the natcom itself (the UNICEF *Annual Reports* for 2002 and 2003 do not include the full amounts for this country).

Figure 2
UNICEF national committee contribution and official ODA
(US$ per capita, 2001)



Sources: UNICEF *Annual Report 2002* and OECD Development Assistance Committee website (www.oecd.org/xls/M00037000/M00037875.xls, accessed 10 April 2003). See sources for Figure 1 on the New Zealand natcom contribution.

national income leads to a 10 per cent increase in giving, but the relationship is not well determined.[27] The natcoms' success in raising funds must depend in addition on various other factors, including national tastes for donating for development, competition from other child and development charities, and the size and professionalism of the natcoms' staff. For example, contributions to UNICEF and to Save the Children may be viewed by donors as close substitutes in countries where the latter organization is present.

One possibility is that private donations to natcoms are crowded-out by government contributions to UNICEF, households withholding their contributions in the face of government donations derived from their taxes. This would imply a degree of sophistication that we do not believe is present in the typical UNICEF donor (the vast majority of whom must be ignorant of the level of their government's contribution). But a negative association between government and private contributions could also be observed as a result of natcom behaviour, with some natcoms focusing on soliciting government funds on behalf of UNICEF (these do not enter the natcom figures in the graphs) rather than going all-out for private donations. In fact the correlation between natcom contributions and government contributions to UNICEF turns out to be zero.

Figure 2 looks at what is probably a more interesting relationship—the association between the natcom contributions and total government ODA. Private individuals should be more aware of their government's overall stance on overseas assistance than they are of government contributions to just UNICEF. There seems no obvious picture of crowding-out, and if anything the opposite. Natcom contributions are higher where ODA is higher.[28] The three Scandinavian countries are exceptions to the rule, with much lower Natcom contributions than one would expect given their levels of ODA. But these are all countries in which Save the Children is very active, raising much more money than UNICEF.

Could other UN agencies emulate UNICEF and develop networks of national committees to collect funds? We do not see this as very feasible (although UNHCR is making moves in this direction). UNICEF's natcoms have three advantages: (i) children are a natural selling point; (ii) UNICEF is perceived as an agency that 'does' things (and the great majority of its staff do indeed work in developing countries rather than in New York or regional headquarters); and (iii) its history as a post-WWII emergency relief organization in Western Europe.[29] Some of these are shared by other agencies but the combination is probably unique.

5 Some possible ways forward

Ways forward for increasing private donations for international development need to neutralize the limiting factors we have identified in earlier sections and to exploit what few advantages development may have in attracting funds. We do not attempt to list all

[27] A regression of log natcom contribution on log GNI yields a slope coefficient of 0.97 with a standard error of 0.49 and a r-squared of 0.17.

[28] The correlation between log natcom contribution and log ODA is 0.47. (A regression of the former on the latter yields a slope parameter of 0.51 with standard error 0.21.)

[29] The Italian UNICEF natcom website notes the number of Italian women and children helped by UNICEF in the late 1940s.

possible ways for raising more donations of money or time. Rather our purpose is to cover several areas that seem worthy of more thought or where prospects may be particularly encouraging.

5.1 Tax incentives to donors

We start with an old issue—the tax incentives for charitable giving. These have been the subject of intense investigation by economists since Vickery (1962) drew attention to the anomalous state of the treatment of donations in the US. In contrast to other initiatives that try to change underlying attitudes towards giving, the aim here can be seen as more limited: to change individuals' budget constraints and in so doing stimulate more donations conditional on their existing preferences.

What is the particular angle here for development finance? First, in countries where charitable contributions do not benefit from deductibility for income tax purposes, development would share in the increased philanthropy that a more favourable tax treatment could induce. (The UK is an example of a country that has recently introduced a much more favourable tax treatment of donations.) There appears to be no special development angle in this case. But we have noted the absence of econometric estimates of the price elasticity of donations by cause. It is possible that donations to development are more price elastic than donations to other causes. And with a progressive income tax, development will benefit more from deductibility than other causes if the rich have a greater propensity to give for the needy in other countries, since the price of giving falls as an individual's marginal tax rate rises.

Second, governments could give more favourable tax treatment to donations to development. After all, the case for *any* donation attracting a deduction depends in part on whether it is aimed at furthering social objectives (e.g. Atkinson and Stiglitz 1980: 568). One could argue that governments have signed up to the Millennium Development Goals in a way that they have not to the aims of many domestic charities. There would be administrative difficulties in defining a qualifying donation. Charities could be classified as eligible according to a criterion of, for example, the share of expenditure directed to developing countries. Not only should this stimulate more donations to such charities, but it would provide an incentive to other charities to spend money abroad so as to satisfy the rules on qualification.[30] That such a scheme is feasible in practice is demonstrated by an example from the UK, in operation during 1998-2000 prior to the extension of tax deductibility to donations to all causes. To qualify, donations had to be to UK charities running projects in the areas of health, education or poverty-relief in 80 countries eligible for IDA/IBRD funding from the World Bank.[31]

The case for tax deductions has always been seen to rest as well on the size of the price elasticity. With an elasticity greater than one in absolute size, the additional contributions induced by the tax deduction outweigh the loss in government revenue that the tax deduction implies. In this case tax deductibility is an efficient way of

30 Inducing domestic charities to take on a more international role might seem only a good thing: but the change would threaten their brand identity and hence their donations, as well as create substantial administrative costs as domestic charities sought international partners.

31 The scheme was known as Millennium Gift Aid. See Inland Revenue Press Release 111/98 31 July 1998 (www.inlandrevenue.gov.uk/news/press.htm).

channelling resources to good causes, compared to a situation where no deduction is given. Private individuals are induced to give more to charity by an extent that exceeds the amount of foregone tax revenue the government could have contributed to charities in the absence of the deduction. Curiously, there seems no mention of this in the case made for the recent tax changes in the UK, where the arguments seem based more on the notion of stimulating a culture of giving, i.e. changing underlying attitudes (HM Treasury and Home Office 2002). Put optimistically, if 'herd behaviour' to donate more is induced as a result of just some individuals responding to the tax incentive, the long-run price elasticity for aggregate donations could exceed unity even if the individual level short-run elasticities do not.

One means of providing a tax deduction is through employers. This method of donation has the attraction to fund-raisers of 'locking-in' the donor, if only due to the effort required to overcome inertia to discontinue payments once started. 'Payroll-giving' is widespread in the US. By contrast it is at a much lower level in the UK, for example; only 20 per cent of employees have access to a payroll-giving scheme and only about 2 per cent use it, a take-up rate of around 10 per cent compared to one of 35 per cent in the US (HM Treasury and Home Office 2002: para 2.12; CAF Research 2003). Organizing payroll giving schemes may also be seen as an example of 'corporate social responsibility'(see below).

5.2 The super-rich and the global funds

Funds from the super-rich need to be attracted in ways that provide accountability and visibility for the donor. Setting up the UN Foundation was the route chosen by Ted Turner. But money from Bill Gates and others has been tempted into 'global funds'. These have been set-up in the last few years with the express purpose of raising money from governments, private individuals and the corporate sector in a way that avoids all these potential contributors' concerns with traditional ways of giving large sums of money to development, e.g. direct to UN agencies. The funds, well described by Clunies-Ross (2003), include the Vaccine Fund/Global Alliance for Vaccines and Immunization (GAVI), the International Aids Vaccine Initiative (IAVI) and the Global Fund to Fight AIDS, Tuberculosis and Malaria. But as the names indicate, these funds are exclusively in the area of health—there is no global fund to fight illiteracy for example. Health seems especially attractive to a large donor looking for a problem that can be solved by funding a 'technical' solution.

A natural reaction when thinking of the super-rich is to look to the US, as we have done in earlier sections of the paper. But other countries also have many very rich people, including some where we have seen a greater propensity among the population at large to donate to development. Germany has the largest number of billionaires outside the US. Next comes Japan. Perhaps these are countries where the super-rich need more courting. Surprisingly, after Germany, the European country with the highest number of billionaires is Russia where most of them made their fortunes in the 1990s by buying-up the state oil industry when it was privatized.[32] Important as the global funds are, the job in capturing some of the wealth of the super-rich for international development is not

[32] See www.bbc.co.uk/worldservice/learningenglish/news/words/business/030228_witn.shtml and www.forbes.com/free_forbes/2003/0317/087.html.

just one of devising a suitable vehicle to receive it. The wealth needs to be actively courted wherever it exists.

One hope is that the super-rich may compete for attention in their gifts so that imitative behaviour results in positive spillovers. Conniff (2003) argues that Ted Turner's gift helped prod Bill Gates into action.

5.3 New forms of corporate giving

We noted in the Introduction that cash donations by corporations to charitable causes are minor compared to those by households and they seem likely to stay that way, at least in the form that they have often taken in the past. The future of giving by firms is seen by many to be in two areas: 'cause-related marketing', which started in earnest in the 1980s, and 'corporate social responsibility', which has attracted a lot of recent interest. An international development angle can be identified in both cases.

These forms of corporate giving have grown for two main reasons. First, businesses have recognized that positive use of ethical messages can benefit their brands. Associating a product with a 'good cause' helps sales. The natural choice of good cause for a multinational firm may be a development charity.

Second, firms are increasingly aware that their reputation for social responsibility—in broad terms—is an important asset, to be developed and maintained from their core budgets rather than from a peripheral benevolence fund. Seventy per cent of people interviewed in a poll conducted in 12 European countries in 2000 said that a company's commitment to social responsibility was important to them when buying a product or service and around half said they would be willing to pay more for products that are environmentally and socially responsible.[33] Global corporations working in developing countries have realized that they have to be particularly careful in this regard. There is now greater awareness among the public in rich countries of their activities and their employees' working conditions due to various factors including investigative journalism and improvements in communications via the Internet.

Multinationals have always had an interest in improving the education, health and other aspects of the living standards of their developing country workforces, although this may have been muted when their demand was largely for unskilled labour that was in abundant supply. This interest now works in constructive combination with the public pressure that companies increasingly feel from their customer base in rich countries. Customers and the media are now much more sensitive to issues around the exploitation of labour by multinationals, for example the alleged use in the past of child workers by Nike and Gap.

Cause-related marketing is 'a commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit' (Business in the Community 2002). Carrying a charity logo or associating with a charity in some other way is simply another form of product

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[33] See www.mori.com/pubinfo/pdf/csrupdate.pdf. The same source contains examples of corporate executives' responses to surveys in which they recognize the consumer concern. See also www2.bitc.org.uk/resources/research/statbank.

differentiation under imperfect competition. And buying products and services with these logos or other association is argued to be an 'easy, quick and efficient method for consumers to support charities and good causes whilst going about their daily routine' (Business in the Community 2002). Some might argue that it is too quick and easy—with the 'warm glow' of donation emphasized in the economic theory of philanthropy coming for too small an effort (i.e. the cost of purchase to the consumer of the warm-glow is made too small).[34]

The sums that are currently raised for international development by cause-related marketing are unclear. In the UK, Business in the Community has identified over £30 million for all causes during 2001 (not including the value of the advertising achieved in the process for the charities concerned). But the top ten charities that benefited are all domestic in purpose. This presumably reflects companies' perceptions that most people want to help domestic rather than international causes, as we have seen earlier to be the case with households' cash donations. One international example expressly benefiting development is the Change for Good scheme in which international airlines collect leftover coins and notes for UNICEF from their passengers. This has raised US$44 million since 1991 (UNICEF 2003: 31).

'Corporate social responsibility' could cover a very wide range of possible activities and many firms, including multinationals working in developing countries, now express an open commitment to behaviour that would seem encouraging for the cause of international development. (See, for example, the 'business principles' listed on the Shell website.)[35] However, the interpretation of what this implies needs leadership within the development arena so as to maximize the return from the apparent willingness to act. Capacity is also needed at the local level within developing countries.

One example of global leadership is the Global Alliance for Improved Nutrition (GAIN) which establishes national food fortification networks. GAIN operates as a power broker to get the multinational food companies to adopt goals that local and national companies actually set and share. The aim in effect is to lock a multinational corporation into a national plan that is beyond its own goals.

The cynic might argue that a cover of 'social responsibility' may allow corporations to interpret development policy in the way that suits them best and such fears may be natural in view of past exploitation. However, we tend towards the pragmatic view that there can be benefits for all if corporations are not treated like the enemy, and we see this as a largely untapped resource for development with important potential. While cause-related marketing may generate extra cash to meet the cost of reaching the

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34 Cause-related marketing illustrates the fact that corporate and household sector giving are not always separable—this is giving that results from the combined action of individuals and firms. This includes situations where the firm donates following a private individual's action, as is the case for example with the Hunger Site, and those where the individual donates within a framework organized by a firm, as in Change for Good.

35 Available at: www.shell.com/home/Framework?siteId=shellreport2002-en. Under the heading 'Social performance' elsewhere in the website, Shell argues that 'wherever we work we are part of a local community. We will constantly look for appropriate ways to contribute to the general wellbeing of the community and the broader societies that grant our licence to operate'. As part of this, about US$40 million was spent by individual Shell companies on 'social investment' in low- and middle-income countries in 2002.

Millennium Development Goals, corporate social responsibility might be seen as reducing that cost.

5.4 The Internet

Continued growth in the use of the Internet can benefit development giving in at least four ways. First, the Internet helps global communication and the provision of information about the needs of developing countries. (An example is OneWorld.net.) We have noted how this may increase the pressure on firms to act in socially responsible ways. It should also help development education more broadly (see below).

Second, online giving is an additional method of delivering a cash donation to a charity. The effort needed to donate in this way is in general less than that with postal donations or those made via the telephone. The donor's transactions costs in the broad sense are reduced. While online giving benefits all charitable causes (and the same is true of online charity auctions), international development might arguably benefit more due to the inherently global nature of the Internet. There is no physical border to overcome in this form of cross-border giving. For example, we noted earlier that anyone can donate to the UN Foundation online. On the other hand, residents of countries with tax-deductibility for charitable donations will typically be unable to deduct a direct cross-border donation. (The World Food Programme circumvents this problem for US citizens by directing the donor to the US Friends of the WFP while the main UNICEF site invites donors to go to the site of their country's natcom.) Removing such blocks to cross-border giving would be a useful step, although many donors may still prefer to give to a domestic branch of an international charity on grounds of trust.

Third, the Internet also provides another medium for donation of time, through 'online volunteering'. In this case an even more obvious constraint to cross-border giving is removed. The organization NetAid works with UN Volunteers to enable people in industrialized countries (or indeed anywhere) to contribute their time to work on development projects from home. NetAid brings together individuals wanting to volunteer with organizations needing labour.

Fourth, there are the 'click for good' websites. The individual clicks on a button and a sponsoring firm makes a donation to a named charity, typically worth a few US cents.[36] This is a form of cause-related marketing and the site itself may in fact be run for profit. Again, these schemes can benefit all causes but one of the most successful, which is said to have inspired others, was originally aimed firmly at international development: the Hunger Site. Visits to the Hunger Site raised US$0.5 million for the World Food Programme in 1999 and US$2.6 million in 2000—with an average of nearly eight million visits per month.[37] However, the history of the site also illustrates the shifting nature of this form of funding. The Hunger Site changed hands in 2001. Funds raised are now split between two charities working to alleviate hunger—one of them solely in the US. The Hunger Site still receives over three million visits per month (and the sister site the Child Health site, which largely benefits the developing world, about two

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36 Summaries and lists of click for good sites can be found for example at www.quickdonations.com/ and dir.yahoo.com/society_and_culture/issues_and_causes/philanthropy/free_donations/.

37 Statistics on visits to he Hunger Site and its sister sites are from http://www.thehungersite.com. The sums raised for the World Food Programme are given in annual reports available from www.wfp.org.

million visits) but the amount of food donated in 2002 as a result was less than a third of that in 2000.[38]

5.5 Donor education

One long-term objective of the development charities must be to change donor preferences towards giving for international development (as distinct from lobbying for changes to their budget constraints via tax deductions or by reducing their transaction costs via expansion of online donation). The importance of 'donor education' has long been recognized in, for example, the UK where investment in advocacy campaigns by the large development charities (e.g. Oxfam, Save the Children, Action Aid, and the UNICEF Natcom) has been partly justified on these grounds. The hope is that a sense of global responsibility will be encouraged by educating the public on the complex inter-relationships between the north and south (including perhaps that 'misery breeds hate') and by challenging the traditional views of charitable giving as passive handouts from the powerful to the powerless.

Advocacy campaigns by charities are entirely complementary to the aim of changing public attitudes so as to support higher tax-financed government spending on ODA. McDonnell *et al.* (2003: 15) argue that more is being done in OECD countries by charities to inform the public about development co-operation than is done by governments. Not surprisingly, government spending on development information varies substantially from country to country. While the US government spent less than one US cent per capita in 2001, and several other countries (including Germany, France, Japan and Italy) spent less than 10 cents, Belgium, the Netherlands, Denmark, Norway and Sweden all spent more than one dollar (McDonnell *et al.* 2003: Figure 2). Television is probably the primary medium through which people receive information about development, so trends in the amount and content of television coverage are important. In the UK, there has been a long-term decline in factual coverage of developing world issues since the late 1980s.[39] Media coverage of developing countries is also reported to have fallen in Italy (McDonnell *et al.* 2003: 13).

Investment in 'education for development' among young people through the formal school system has been considered by some to hold particular potential. The belief is that promoting a change in behaviour among the older generation may be a losing battle but that young people can be encouraged to see that tackling the extremes of global inequality is essential for the future survival of the planet. School age children obviously make only very small contributions to charity but, if their commitment to global development causes is won, the young are likely to demonstrate great longevity as donors. And some of them will grow up to hold influence in politics and business and be able to exert power in favour of development objectives. Investment in educating (and courting) the super-rich may also be sensible.

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[38] Figures for visits refer to 2003. The owners' more recent Animal Rescue site, devoted to animal welfare in the US, became their leader during 2003 with over 3.5 million visits per month. In June 2003 the Hunger Site provided 198 tons of food for people while the Animal Rescue Site provided 530 tons for animals.

[39] This is the conclusion of a series of reports from the Third World and Environmental Broadcasting Project, 3WE (available at: www.epolitix.com/forum/3we?default.htm).

6 Conclusions

Faced with an estimated cost each year of US$50 billion for meeting the Millennium Development Goals, there is a temptation to dismiss private donations as a marginal source of funding. Even Ted Turner's endowment of US$1billion seems small compared to the extent of the need, while such sums as the US$4 million per year raised by UNICEF's Change for Good may appear tiny. But taken together the sums from all different sources, big and small, are not insubstantial and we have identified a number of possibilities for expansion. And even if the total is relatively minor compared to the need, private donations play an important psychological role. Individuals' example may encourage governments to be more generous.

If private donations stimulate government generosity, then notions of crowding-out of donations for development by ODA are way off the mark, both in terms of the sign of the association and the direction of causality. However, this is not something we have been able to assess properly. (Our data show UNICEF donations and ODA to be positively correlated, but more investigation is needed, taking donations to other organizations into account as well.)

Private donations are also likely to be affected by some other forms of development finance covered in the UNU-WIDER project on Innovative Sources for Development Finance. In the case of an international lottery, considered by Addison and Chowdhury (2003), the impact might be negative, with lottery ticket purchasers reducing their direct donations to 'good causes'. (This possibility was the subject of much discussion when the UK introduced a national lottery in the 1990s.) In the case of remittances, dealt with by Solimano (2003), it is more a question of the dividing line being blurred. Where an individual migrant sends money to his or her relatives back home, this is clearly a remittance. The status is less clear for organized donations from associations of the south's diaspora who are resident in the north, for example expatriate Bangladeshi communities.[40] Such associations are structures outside of the main development charities and are an important and under-researched resource. A migrant may stimulate donations from others as well as remit to his or her own family.

This leads logically to our final comment: it is important to repeat our warning in the Introduction that the paper concentrates on donations from the north, to the exclusion of domestic philanthropy in the south. A complete appraisal of the potential for private donations to help the funding of the Millennium Development Goals would clearly cover both north and south.

40 See www.eb2000.org/. Another example is the African Foundation for Development (www.afford-uk.org).

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