



## NEWS RELEASE

CENTER FOR GLOBAL PROSPERITY — HUDSON INSTITUTE

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**For Immediate Release**

April 12, 2006

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### **Hudson Institute Launches First *Index of Global Philanthropy* American private giving abroad vastly exceeds U.S. government aid**

WASHINGTON—Hudson Institute’s Center for Global Prosperity launches its inaugural issue of the *Index of Global Philanthropy* at the United Nations on April 19. Four years in the making, the *Index* is the first comprehensive guide to the sources and magnitude of American charity abroad. It reveals that private aid in 2004 (latest available data)—in the form of money, volunteer time, goods, and expertise to the developing world—was at least \$71 billion—more than three and a half times U.S. government foreign aid.

The *Index* challenges the outdated and incomplete measure used by the Paris-based Organisation of Economic Co-operation and Development (OECD), which compares developed countries solely on the basis of their government foreign aid. As a percentage of gross national income, the U.S. ranks toward the bottom of donor nations—21 out of 22. But Americans give abroad as they do at home—privately—and the OECD vastly underestimates the amount and impact of U.S. overseas assistance to the developing world.

“It’s not just about numbers,” says Dr. Carol Adelman, director of the Center for Global Prosperity, “it’s about the remarkable stories of private philanthropy. The traditional foundations, such as Ford and Rockefeller, spawned higher education and the green revolution in poor countries. The new breed of philanthropists is bringing business techniques, accountability, transparency, and results to remote villages in need.”

The *Index* tells of “philanthrocapitalists,” including GlobalGiving, an online marketplace where donors “shop” for philanthropic projects. The marketplace approach cuts out high overhead costs by directly funding and monitoring village development projects. Martin Fisher and Nick Moon run KickStart, a company that helps East Africans run their own businesses. “We’re putting in place things that are really not sustainable,” says Fisher of traditional government aid, “because the minute we go away, these things just collapse.” Through an irrigation pump they developed that works like a stair-climbing exercise machine, some 35,000 jobs have been created in East Africa.

Dr. Adelman adds: “The private aid presented in the *Index of Global Philanthropy*—from foundations, corporations, individuals, churches, voluntary organizations and universities—can be more effective because it goes directly to people in need, costs less through the use of volunteers, and creates jobs and lasting institutions in poor countries.”

*For additional information, including Q & A, stories of private giving, photo and pie chart, go to [www.global-prosperity.org](http://www.global-prosperity.org).*

*Hudson Institute is a non-profit policy research organization. The goal of the Center for Global Prosperity is to document and advance the central role of the private sector in the creation of economic growth, social welfare, and prosperity throughout the world. [www.global-prosperity.org](http://www.global-prosperity.org)*



## DR. CAROL C. ADELMAN

Carol Adelman directs Hudson Institute's Center for Global Prosperity, and has just produced the first *Index of Global Philanthropy*, a comprehensive review of U.S. private giving to developing countries. She also writes regularly on economic development, foreign aid, global philanthropy, and international health. Appointed to the U.S. government HELP Commission, she is vice chairman of this bipartisan effort to reform foreign aid. As assistant administrator at USAID from 1988 to 1993, she ran aid programs in Asia, the Middle East, and Central and Eastern Europe.

Dr. Adelman has written for the *Wall Street Journal*, *New York Times*, *Foreign Affairs*, *Lancet*, and the *British Medical Journal*, and is editor of the book *International Regulation: New Rules in a Changing World Order*. She is president of Capital Partners for Education, a charity that provides high school scholarships and mentors for low-income children in the Washington, D.C. area.

Her doctorate and masters degrees in public health are from Johns Hopkins University; her masters degree in foreign service, from Georgetown University; and her bachelors degree in political science and German, from the University of Colorado and Bonn University.

## THE CENTER FOR GLOBAL PROSPERITY

The Center for Global Prosperity provides a platform—through conferences, discussions, publications, and media appearances—to create awareness among U.S. and international opinion leaders, as well as the general public, about the central role of the private sector, both for-profit and not-for-profit, in the creation of economic growth and prosperity in any country.

The Center's core product is the new annual *Index of Global Philanthropy*, which details the sources—and magnitude—of U.S. private international giving, and demonstrates that the most effective philanthropic bridge between industrialized countries and developing nations is built on private philanthropy, volunteerism, and public-private partnerships, not exclusively government foreign aid.

The Center supports free societies, including capital markets, rule of law, government transparency, free trade and press, human rights, and private property—prerequisites for economic health and well-being.

[www.global-prosperity.org](http://www.global-prosperity.org)



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## QUESTIONS AND ANSWERS ON THE *INDEX OF GLOBAL PHILANTHROPY*

**Question:** How much private aid flows from the U.S. to the developing world?

**Answer:** At least \$71 billion in 2004—more than three and a half times the amount of official U.S. government assistance.

**Question:** U.S. government aid is only 0.17 percent of gross national income—less than that of almost any other Western country. Shouldn't government aid be at least 0.7 percent?

**Answer:** The 0.7 percent standard used by the Organisation of Economic Co-operation and Development (OECD) is misleading because it ignores the enormous amounts, as well as the effects, of private aid. And private aid from the U.S. is much higher than from other Western countries. Americans give abroad the way they do at home—privately. Europeans traditionally rely more on government for supporting the poor, at home as well as abroad.

**Question:** How does private aid differ from government aid?

**Answer:** Private aid is much more than installments of money delivered from one government to another. Private aid means more targeted, people-to-people giving. Private aid comes with demands for accountability, which government aid often does not. Privately donated money goes hand in hand with other private donations of time and expertise, resulting in true partnerships between the helpers and the poor. Private aid and investment in the developing world is better at creating lasting institutions that promote political and economic freedom—the preconditions for creating lasting prosperity.

**Question:** What are the sources of private U.S. aid to the developing world?

**Answer:** Americans provide assistance abroad through corporations, foundations, voluntary organizations, colleges and universities, religious institutions, and other generous groups and individuals. Immigrants to the U.S. help their families and communities in their homelands with the money they earn here and send back in large amounts (remittances).

**Question:** Why does the *Index of Global Philanthropy* measure only U.S. private aid? What about private aid from other developed countries?

**Answer:** There is very little data on private giving from other countries, though that is starting to change. Future editions of the *Index* will incorporate more data from other countries, eventually providing a truly global account of private giving.

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## PRIVATE AID IN THE DEVELOPING WORLD STORIES OF SUCCESS AND HOPE



### KICKSTART

Americans Martin Fisher and Nick Moon sold their first MoneyMaker, a small irrigation pump that works like a stair-climbing exercise machine, to a poor Kenyan farmer for \$55 in 1996. Today, their company KickStart—a non-profit organization—produces low-tech tools for developing countries, and has sold more than 36,000 of its portable irrigation systems throughout East Africa.

“The [widely accepted] concept of poor people is really that they need handouts,” says Moon. He and Fisher believe that instead of handouts, poor people need opportunities to put their skills and ideas to use. Fisher and Moon are not alone in this belief. They represent what has become an increasingly popular aspect of the development field: social entrepreneurship.

### WORLDSTOCK

Thought you knew everything there was to know about online shopping? Check out Overstock.com’s Worldstock section. Patrick Byrne, Overstock’s CEO, rode across India and southeast Asia by motorcycle in 2001 and was amazed by the first-rate silver and woodwork, silk, and home decor items that artisans were selling in remote villages.

They were all poor, and many were disabled, but Byrne recognized their largest problem: There was no way for them to compete in a global mass-distribution marketplace. Byrne changed that. Worldstock, a store within Overstock.com, sells products directly from the artisans over the Internet, thereby eliminating middleman costs and maximizing returns for the craftworkers.

Worldstock helps artisans identify markets for their products, make adaptations to their products so they will sell better, and overcome supply chain problems common in developing countries. Worldstock then sells the products at a low mark-up, and artisans receive 60 to 70 percent of the purchase price. Worldstock’s goal is not to make money, but to create jobs for tens of thousands, ultimately millions, of the poorest people in the world.



## ARCHITECTURE FOR HUMANITY

Architects and designers are volunteering their time and expertise to create shelter for the people who need it most: survivors of natural disasters and war, and those too poor to afford adequate housing on their own.

The non-profit Architecture for Humanity (AFH) was founded in 1999 to apply architectural solutions to humanitarian problems. AFH recruits volunteers through competitions, workshops, educational forums, and partnerships with aid organizations.

Architects work with community groups and relief organizations to build lasting, people-friendly structures. Over the past five years, AFH has developed a network of more than 5,000 volunteer architects and designers who are active around the world.

AFH head and founder Cameron Sinclair insists on building more than mere utilitarian structures, because he believes that beauty and aesthetics inspire people. “Design like you give a damn,” is how Sinclair sums up his mission.

## MOUNT ZION UNITED METHODIST CHURCH, MARYLAND

One Sunday in 2001, Pastor Craig McLaughlin announced to his congregation of 650 that their church building would be getting air conditioning—but only after the members raised funds to build an orphanage in Namibia.

And that’s exactly what they did. The Children of Zion Village opened its doors on January 17, 2003 to provide much-needed housing, clothing, medical care, and schooling to Namibian orphans.

## GLOBALGIVING

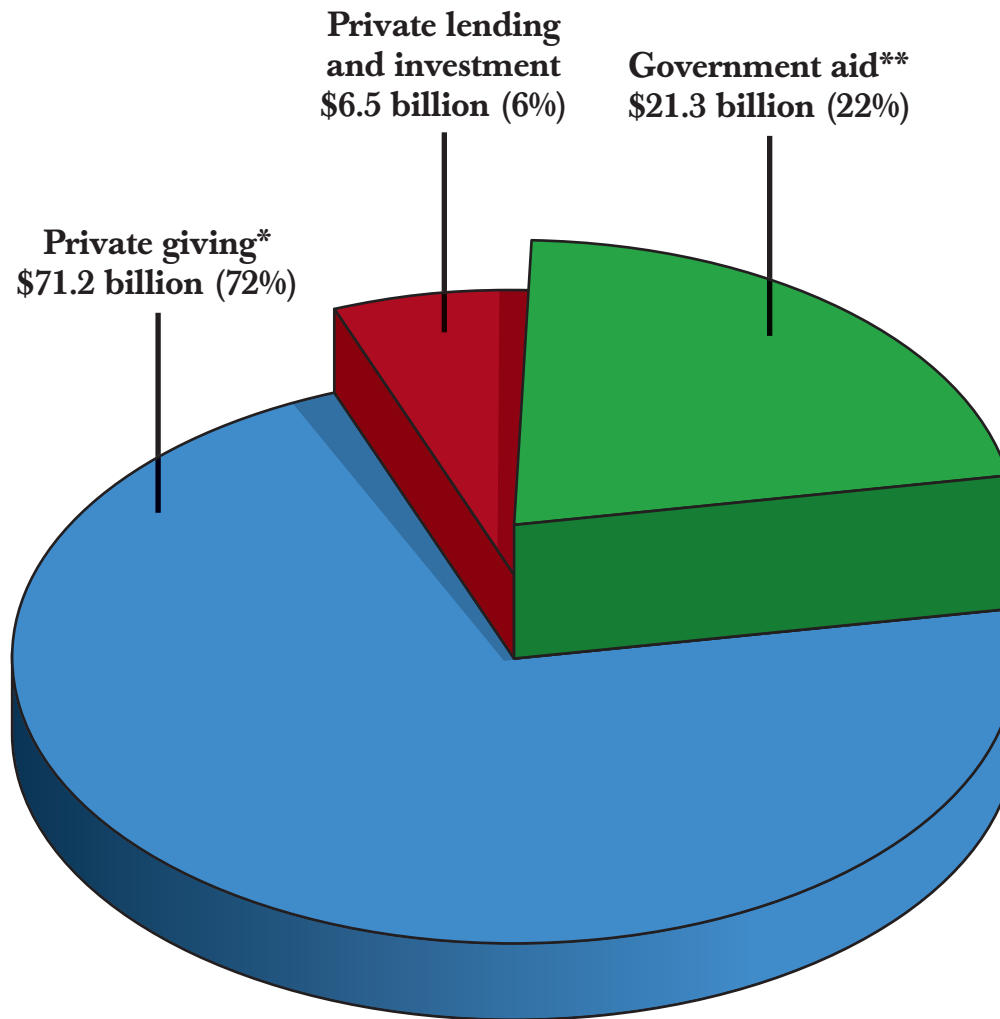
Dennis Whittle, a former World Bank official, left the Bank in 2001 to turn an experiment—What if aid projects were chosen by the masses, not the experts?—into reality.

GlobalGiving is an online marketplace that allows customers, i.e., donors, to “shop” for aid projects much like they would for DVDs or books. GlobalGiving provides the setting for cyberspace connections between individual, corporate, and institutional donors and development projects of all types around the world.

This online marketplace levels the playing field for development projects. Donors are no longer limited to high-profile initiatives that receive publicity during humanitarian crises. And GlobalGiving allows individuals to pool their donations for projects where each donor funds a part of a comprehensive package—almost like buying one table setting out of eight on a wedding registry.

*Read about these and other examples of private generosity and real-life results  
in the Index of Global Philanthropy at [www.global-prosperity.org](http://www.global-prosperity.org).*

# American Private Giving Abroad Exceeds U.S. Government Aid (2004)



\* Private giving includes foundations, corporations, private and voluntary organizations, universities and colleges, religious organizations, and individual remittances (Source: Hudson Institute)

\*\* Government aid includes official development assistance (\$19.7 billion) and aid to more-developed countries (\$1.6 billion) (Source: OECD)