



*Diaspora
Philanthropy*

AN INDUSTRY PERSPECTIVE







about this paper

In an increasingly connected world, diaspora groups are often the epicenter of initiatives that have a major impact on their home or host societies respectively. Consider for example the power of diaspora investment for economic development, of diaspora skills-based volunteering for capacity development, or of diaspora activism fighting for fundamental liberties.

Diaspora capital flow have been, and are likely to remain, a determining factor, especially in regards to the economies of developing countries around the world. Not surprisingly, there is a significant body of literature focused on diaspora investment and remittances. On the contrary, very little consideration has been given to the power of diaspora philanthropy—though this is beginning to change. As an organization facilitating global philanthropy for 25+ years, CAF America has repeatedly witnessed the impact of diasporans' philanthropic giving on their home communities. While the efforts of many individual donors are truly remarkable, we believe that the full potential of concerted diaspora philanthropy is yet to be unlocked. That is why CAF America and CAF Canada are committed to enabling diasporas across the globe to donate to their home communities in a safe, easy, and effective manner. While the goal is to build on what unites diaspora groups, we recognize that all diasporas are distinct and within each are hundreds and thousands of unique individuals with their own goals and passions. As such, we are working with diasporans to identify various philanthropic giving models tailored to fit these various needs.

To translate this idea into practice, CAF America and CAF Canada, in partnership with Boston University, African Studies Center, hosted the Diaspora Philanthropy Summit in November 2017. An incubator for the development of new models of diaspora engagement, the Summit brought together representatives of diasporas across the globe.

Diasporas often give back through informal channels, foregoing a tax-deduction and risking their money falling into the wrong hands. Through donor advised giving, CAF America and CAF Canada are able to not only provide diasporans with a tax-deduction, but can ensure compliance with relevant regulations, mitigate possible risks, and protect the donors reputation.

We have written this report as a way to express what we have learned from our efforts in engaging diaspora groups to commit to philanthropic giving. It follows the structure of our recent Diaspora Philanthropy Summit and will cover topics integral to a successful diaspora philanthropic initiative: recognizing the power of diaspora, conducting engagement and fundraising efforts, establishing a model for diaspora philanthropy, and understanding the mechanisms for giving. This report should not be considered a comprehensive analysis of diaspora philanthropy, instead it is a summary of our lessons learned in engaging with diaspora groups and we hope other groups will find it useful in planning and executing their philanthropic strategies.

the diaspora philanthropy summit

Organizers: CAF America and CAF Canada

Partner: Boston University's Pardee School of Global Studies, African Studies Center

Location: CAF America Headquarters, Alexandria, Virginia

When: November 2017

The Summit brought together representatives from diaspora groups from across the world and served as an incubator for diaspora philanthropic giving models. Representatives of diaspora groups, foundations, associations, charities [1 2], universities, corporations, and government agencies came together around one table to share experiences and knowledge, with the ultimate goal of enabling diaspora philanthropy.

The forum featured representatives from the Albanian, Australian, Bulgarian, Chadian, Colombian, Ghanaian, Hmong, Indian, Irish, Jamaican, Mexican, and South African diasporas. Also in attendance were CAF America's partners in the CAF Global Alliance CAF Southern Africa, Good2Give from Australia, and BCause based out of Bulgaria.

The Summit created the forum for participants to:

- Discuss the opportunities and challenges of diaspora philanthropy
- Identify best strategies for diaspora engagement
- Explore various fundraising techniques
- Understand the industry requirements pertaining to cross-border giving
- Learn about the various mechanisms for international giving
- Define models of diaspora philanthropic engagement



18

Participants



20

Countries Represented



15

Educational Sessions

“The biggest takeaway for me was getting the chance to meet colleagues who do a similar job across different continents.”

Liza Gashi, Germin

reflections on the diaspora philanthropy summit

Click below or visit <https://www.cafamerica.org/diaspora> to hear from some of the participants.

VIDEOS



Lisa Grinham
Chief Executive Officer
Good2Give



Jeff Siaw
Executive Director
Africans in Boston



Elitsa Barakova
Executive Director
BCause



About CAF America

Charities Aid Foundation of America (CAF America) is a global grantmaking organization assisting corporations, foundations and individuals with their philanthropic strategies. With a presence in Washington, D.C., San Francisco, Toronto, and London, we streamline the grantmaking process to eliminate risk and administrative burden, and help donors support great causes through strategic, effective and tax-advantaged international and domestic grants. In the last 5 years alone, CAF America has granted more than \$440 million in donor funds to 3,000+ foreign charitable organizations in 100+ countries.



About CAF Canada

CAF Canada (Charities Aid Foundation of Canada) is a registered Canadian charity working to expand the culture of giving by making it easy, reliable and effective for Canadians to give both internationally and domestically. Our mission is to help donors make strategic and focused philanthropic decisions which have a lasting, positive impact on the individuals and communities they support – throughout the world.

“You can’t try to boil all the water in the ocean. But, you can take some of it home in a pot and boil it”

Andrés Ceballos
Colombian Studies Group (CUNY)



Gill Bates
Chief Executive Officer
CAF Southern Africa



Liza Gashi
Programs Director
Germin



Andrés Ceballos
Philanthropy Coordinator
Colombian Studies Group
(CUNY)



Boston University Pardee School of Global Studies
African Studies Center

**About Boston University Pardee School of Global Studies
African Studies Center**

The African Studies Center within the Frederick S. Pardee School of Global Studies offers an interdisciplinary African studies minor, as well as a minor in African languages and literature. The center is a U.S. Department of Education Title VI National Resource Center and as such regularly teaches eight African languages that fulfill the College of Arts & Sciences language requirement.

the philanthropic power of diaspora

The term “diaspora” can have many meanings but at its core it refers to a group of people with a shared experience and shared identity. This common identity is most often associated with a definable location on the map, as diaspora groups tend to organize around a country or nationality. As much as this is back to basics, it’s important to note that more often than not, those who self-identify as a member of a country’s diaspora are also inclined to support this country through philanthropic giving. Even so, according to the Migration Policy Institute’s *Diaspora Philanthropy: Private Giving and Public Policy Report*, diaspora philanthropy is “one of the most familiar, if least understood, aspects of diasporas’ engagement with their countries of origin”. In other words, diaspora charitable giving exists and is widely recognized, but there is very little statistical data that indicates its scale.

To understand diaspora philanthropy, it helps to understand what it is not: remittances. Remittances are direct transfers of cash from diasporans to their family members or friends in their home communities. Remittances are often used for subsistence, including the purchasing of food, clothing, education, paying for utilities, etc. Diaspora philanthropy, on the other hand, typically focuses on more systemic issues and problems of the country or community of origin and the end recipients are charitable organizations rather than individuals. Remittances and philanthropy are very often two distinct pools of funds and are equally important. However, we do recognize that in countries with less formalized nonprofit sectors, it is often likely that remittances may be used to promote the good of the community after the needs of the immediate recipients are met.



244 million

The estimated number of diaspora world-wide in 2015.





what is a diaspora?

The term “diaspora” can have many meanings. Its historical roots come from the biblical captivity and expulsion of Jews under Babylonian rule. Historically, many diasporans forged a common identity through a shared traumatic experience (e.g. the Atlantic slave trade or the Irish potato famine) and a common longing for their homeland, to which they fully intended to return. As a term originally rooted in the forced migration of a people, it has come to take on a much broader definition.

Contemporary uses of the word have come to refer to any community with a shared background. The term has become more positive, a self-proclaimed badge of honor for groups attempting to actively engage in their history, culture, and heritage. In the United States and Canada, countries built on immigration and plurality, diasporans tend to organize based on a shared country of origin. Familiar culture, religion, and language form the backbone of diaspora communities and facilitate activities such as mentorship, community service, and philanthropic giving. Many modern diaspora communities also organize themselves around policy action and influencing decisions made by both their country of origin and their country of residence.

However, there are also those diasporas that are not based on a shared national background; indeed, for most of their existence and until the creation of Israel, the Jewish people (whose forced dispersal inspired the term “diaspora”) was itself stateless. Today, a wide range of groups—from university alumni, to corporate talent pools, even metropolitan areas—all invoke the use of diaspora-based narratives to drive engagement, peer-to-peer support, and charitable giving.

diaspora engagement

Diaspora groups have been fundamental to the growth and development of the US and Canada: today, somewhere between 40 to 60 million Americans are 1st- or 2nd-generation diasporans and about 20 percent% of Canadians were born in foreign countries. Diaspora communities are extremely diverse, and hail from countries around the world, however, the ways in which diasporans come together and define common goals to achieve have certain common characteristics. The Diaspora Philanthropy Summit provided the forum for examining some of these diaspora engagement models.

DIASPORA FOR THE DIASPORA:

Capacity Development and Support in Residence-Country

Many groups in the US have developed into important sources of support for their members in their country of residence. One such group is the African Bridge Network, which was formed to provide professional support to Africans immigrating to the US. Since beginning their work in 2010, the group has expanded to offer professional mentorship, career advising, and networking opportunities for new arrivals and young professionals in the Boston, Massachusetts area.

While diaspora philanthropy is not one of the main focus areas for the African Bridge Network, it has organically become an integral part of the organization's existence. Not surprisingly, when diaspora organizations have such close ties with their home communities—consider the newly relocated diasporans connecting with African Bridge Network in their new community of residence—they learn about the most acute needs back home and start work on building an action plan on how they can help. The group is currently evaluating diaspora engagement in driving philanthropic and development funds to projects focused on their home communities.



65 million

The estimated number of people displaced by war, violence or persecution in 2017.

DIASPORA FOR A CAUSE:

Support of Communities of Origin in Conflict and Post-Conflict Areas

The Hmong community is another example of the power of diaspora communities. Originating from southern China, Laos, Thailand, and Vietnam, the Hmong came to the United States in large numbers after the Vietnam War in the 1970s. Hmong diasporans, such as the community in St. Paul, Minnesota, are committed to the preservation of their culture and values. Having established a strong foundation in their new home, many Hmong diasporans, especially of the second and third generation in the US, seek to reconnect with and support their home communities in Southeast Asia. This is similar to the story told by a member of the Colombian Studies Group at the City University in New York (CUNY), a group consisting predominantly of students of Colombian heritage that seeks to engage with their home country, which has recently entered into a period of peace.

The Hmong Legacy Foundation is serving the Hmong diaspora communities from St. Paul, Minneapolis, and beyond. An example of true diaspora engagement, the organization successfully built scholarship and other programs to enable education in the country of residence primarily through philanthropic giving. The organization and its diaspora donors are also committed to driving support to their communities of origin. This endeavor, however, poses several areas of concern—have in mind the regulatory trend restricting access to foreign funding as a means to limit foreign influence, referred to as the “shrinking space for civil society”—as it may indeed attract undesired attention to the recipient charity, result in the holding of the funds or in similar unintended outcomes.





A CLOSER LOOK:

Mediating Tensions and Building Unity for Charitable Giving: Cross-Border and Intra-Diaspora Perspectives



Daivi Rodima-Taylor
Visiting Researcher
African Studies Center
Boston University

Daivi Rodima-Taylor is Senior Academic Researcher at the Center for Finance, Law & Policy of Boston University, and Visiting Researcher at the African Studies Center. She is director of CFLP's Financial Inclusion work stream and leads BU's interdisciplinary Task Force on migrant remittances and post-conflict development. Dr. Rodima-Taylor's research focuses on financial inclusion and access, fiduciary culture, migration and migrant remittances, informal economic cooperation and mutuality, land and natural resource tenure, and social and institutional innovation.

The present era of intensifying global mobility presents unique challenges as well as opportunities for migrant and diaspora contributions to the development of their homelands. Hundreds of millions of people are living outside their countries of birth, and the recent global refugee crisis has resulted in mass displacement of an unprecedented scale. Diaspora philanthropic contributions have tremendous potential to positively contribute to the migration-development nexus. Diaspora organizations and networks are important civil society actors for mobilizing economic, social and cultural resources of migrants and facilitating transnational exchange of knowledge, technologies and skills.

Diaspora philanthropic activities can face particular challenges in post-conflict contexts, where certain categories of recent migrants may have been forcibly displaced, causing rifts between the diaspora and the governments in their country of origin, or hostilities and mistrust among ethnically different diaspora groups. At the same time, these environments are also known for producing heightened flows of remittances, investment, and other types of contributions from the diaspora. Migrant contributions in these contexts are often crucial for sustaining local livelihoods and facilitating financial inclusion and democratic development. Remittance transfers to many parts of the global South frequently remain hampered by high transfer costs and regulatory and institutional inadequacies. This highlights the importance of a systematic engagement of the diaspora for more organized and collectively based philanthropic initiatives.

The session explored some peculiarities of diaspora and migrant charitable giving in conflict-affected contexts. It discussed the political and social effects of diaspora giving in war-torn situations, including the potential of diaspora contributions to contribute towards peaceful reconstruction in some contexts, and exacerbate political and ethnic conflicts in others. The potential role of diaspora in influencing peace-building processes through lobbying and awareness building in the international community, as well as development assistance and public diplomacy were explored at the example of the Liberian diaspora in the United States, and Somali diaspora in Europe and East Africa. Strategies of success as well as challenges in building unity among the diaspora through diverse cultural and social activities and initiatives were discussed at the example of Irish and Albanian diasporas in the New England area. Various types of voluntary associations and networks – both formal and informal - that play a role in diaspora philanthropic engagement were examined. Examples were drawn from the activities of the Boston and New England area African Diaspora associations and networks towards building a unified platform for supporting their countries of origin. The discussion section focused on some comparative dimensions of diaspora engagement and organizational capacity-building, with a focus on fragile, transitional, and post-conflict countries.





Over 19,000 people at Madison Square Garden in New York chanted and roared for Narendra Modi, who was elected in May. Some wore white Modi T-shirts over their clothes. Credit Ruth Fremson/The New York Times

DIASPORA AS AMBASSADORS:

Representing the Country of Origin Abroad

Another model of diaspora engagement is centered around government outreach. Increasingly, governments around the globe are proactively engaging their diasporas as mechanisms for economic growth and celebrating cultural identity. The Irish government was, and continues to be, a leader in this regard. Its groundbreaking diaspora outreach programs focus on inviting Irish diasporans “home” as tourists encouraging them to support their homeland with philanthropic giving. Scotland and Israel have both created programs that facilitate diaspora return, called “Homecoming” in Scotland and “Birthright” or “Taglit” in Israel.

India is the newest example of large-scale government outreach to a diaspora: the government has evolved from a traditionally limited view of Indians living abroad to one in which these communities play a key role in defining “Indian-ness” outside of the subcontinent. In a recent example of government engagement, Prime Minister Narendra Modi spoke to a crowd of over 19,000 Indian diaspora members at a 2014 rally at Madison Square Garden in New York City. The Indian government is increasingly activating its overseas communities to be informal ambassadors for its culture, policies, and economic ambitions. A main goal of government outreach to diasporas is to increase capital flows in the form of investment or philanthropic giving towards the country.

DIASPORA FOR A CHANGE:

Advocating for Policy Change in Home Countries

Even from afar, diasporans care and are often the driving force behind specific policy challenges in their home countries, whether to improve access to education, mitigate the impacts of climate change, or encourage an end to armed conflict. Policy issues can serve as a powerful rallying point for diasporas. Groups such as the Kosovo-based Germin are organizing their diaspora across the world to advocate on behalf of the diaspora through various initiatives such as a diaspora rights dialogue and knowledge sharing, while also engaging with governments on different topics. Diaspora involvement in policy issues can also be aimed at solving more mainstream challenges such as education.

Education was the primary motivation for the creation of the first Jamaican Diaspora Taskforce. Initiated by a member of the Jamaican diaspora in the US, the Jamaican Diaspora Taskforce works with the Government of Jamaica on important policy issues. Informal group of diasporans from the US, Canada, and the UK are engaged in these Taskforces, each of which represents a cause such as immigration, technology, agriculture, and education. The Taskforces work in tandem with the private and public sectors, serving as advisors, idea factories, financial contributors, and supporters for Jamaica in their new communities.

how diasporans give back

As diaspora communities flourish, so do communities in their countries of origin. In 2014, the World Bank reported that diasporans in the United States sent back almost \$56.3 billion in remittances to their home countries, making Americans the most generous immigrant community in the world.



REMITTANCES AND INVESTMENT

Remittances, the most common form of diaspora support for their communities of origin, often take the form of small-dollar amount money transfers that utilize wiring services to deliver the funds directly to the beneficiary individuals. In 2017, the value of cross-border remittances is projected to total \$596 billion worldwide. Remittances are generally relied on as a financial safety net in times of economic downturn; many families and communities across the world depend on support from their diasporans to make ends meet. Crucially, although they are a lifeline for many, remittances are used for consumption and rarely go towards investing in a community's long-term strength and stability. Acknowledging this reality, many diasporans will choose to make more permanent contributions to their home communities.

Diasporans are very practiced at utilizing the power of investment to build resilience in the economies of their countries of origin: the UNDP identifies diaspora capital as a critical element of the migration and development nexus, and USAID reports that, in 2015, US-based diasporans invested \$440 billion in developing countries around the world.[8] Diaspora-backed enterprises are a key component in the success of emerging markets, and a positive externality of so-called "brain drain". Although higher wages attract many of the best and brightest away from developing economies in their home countries, the higher earnings possible in a new country make it easier for emigrants to support their communities back home through investment.

Investing for impact is a key feature of diasporans' investment patterns in their countries or communities of origin. Especially for millennial immigrants, there is a heavy focus on social enterprise and social entrepreneurship as ways of contributing to initiatives such as the Sustainable Development Goals (SDGs).

In 2017, the value of cross-border remittances is projected to total \$596 billion worldwide.



CHARITABLE GIVING

Beyond remittances or investment, many diasporans choose to support their home countries or communities through charitable giving. The tax incentives for giving that are offered through the Internal Revenue Service (IRS) and the Canadian Revenue Agency (CRA) allow for diasporans making donations to recoup a percentage of their contributions as tax deductions, meaning they can give significantly more than if they were to offer support through more direct or market-oriented strategies.

The extent to which diasporas engage in philanthropic giving can be difficult to determine, as philanthropy is culturally often a closely-kept secret and, if done more informally, can be difficult to track. However, as more diaspora communities in the US and Canada establish themselves in their new homes, they often engage with the nonprofit sectors in these countries, resulting in a more formal approach to giving.

Diaspora giving is not a new phenomenon, but structuring it in the best way can be a challenge. CAF America has been facilitating diaspora giving for 25+ years, as individuals based in the US seek to give to their countries of origin. However, by conducting philanthropic giving in a concerted manner, diaspora communities can increase the impact of their efforts. It is with this in mind that CAF America and CAF Canada, in partnership with the African Studies Center at Boston University, launched the Diaspora Philanthropy Summit—a first of its kind incubator for diaspora groups to explore challenges and solutions in diaspora giving.

The Summit was structured around three main pillars of an effective giving strategy: engagement and fundraising, models for diaspora philanthropy, and the mechanisms for giving.



engagement & fundraising

While individual giving can be conducted without engagement or fundraising efforts, truly concerted philanthropy is not achievable without first structuring community engagement. This section of the report will discuss diaspora engagement and fundraising efforts with conclusions relevant to diaspora groups looking to engage and fundraise internally, and also for nonprofits, governments, and others wishing to engage with diaspora groups.

WHERE TO START?

The first question, one that is fundamental to any fundraising effort, is “Who are you looking to engage?” Defining this can be difficult but is achievable by asking the right questions and doing research. Some questions we asked at the Diaspora Philanthropy Summit include:

- Who is my diaspora? What unites us?
- Where do the members of my diaspora live? Is my diaspora community focused around a specific geographic location?
- What do they do? What are their professions and income levels?
- What is the primary concern of the diaspora community? What is the community prioritizing: the need for support in the country of residence or of their communities in their country of origin?
- What causes speak to the diaspora? Consider culture, religion, health, politics, the environment, gaining wealth, or other.
- Who is the beneficiary? If you are fundraising for philanthropic giving, who will benefit from these charitable dollars?
- Is the diaspora community already organized: are there professional associations, cultural groups, religious groups, or others that can serve as connectors?

By asking these questions and defining your diaspora, you will better be able to conduct targeted outreach and attract others to your cause.

HOW TO ORGANIZE?

Now that you have defined your diaspora, you should consider the best way for you, and those assisting you, to organize. There are myriad of ways to structure yourself and ultimately it should be whatever best suits your needs. For instance, the Jamaica Diaspora Task force has created a “task force” model that allows them to forego any institutional or legal model. They initially created this task force to gather members of the Jamaican diaspora concerned about education in Jamaica—the task force would have conference calls and set action items and engage the government in creative solutions. The taskforce, not beholden to any structure, continues to be nimble and most importantly, replicable.

Other groups prefer more institutional models, such as forming an association or community foundation. One example here is Indiaspora, a 501(c)(3) organization dedicated to transforming the success of Indian Americans into meaningful impact worldwide. While lacking some of the flexibility of a task force model and increasing administrative costs, having a registered organization has other benefits, namely being able to offer tax-deductions for gifts, opportunities for diaspora members to sit on the board of directors, more easily being recognized by other organizations (especially governments or other organizations not directly related to the diaspora), and generally offering more opportunities for cohesive and concerted actions to be taken.



HOW TO ENGAGE EFFECTIVELY?

Once you have defined your diaspora and organized yourself in the best way, now is the time to begin engaging in earnest. Overwhelmingly, the most effective means of engagement as stated by the delegates of the Diaspora Philanthropy Summit was convening members of their target communities at planned events. Events are an effective means of engaging your diaspora because it allows for them to network with each other. To attendees, your event is primarily beneficial as a networking and business opportunity, and only secondarily about your cause.

This is not a reason for concern! Providing the space for diaspora members to build relationships with each other reinforces their ties to the group and their identities as diasporans. These connections can be a key factor in a member's decision to give back to their communities in their countries of origin. An example of a Summit delegate's event planning is the group, Africans in Boston, which holds "Hakuna Sundays", which are monthly gatherings at African restaurants in the Boston area that bring together the community to eat, talk, and connect.

The second most common way to connect with diasporans is via the Internet. In many cases, it's too logistically complicated to bring everyone together in-person as diaspora groups are often spread out geographically speaking. With the advent of social media platforms like Facebook, Twitter, and LinkedIn and online conference call services, connecting across distances has never been easier. This avenue allows not only for initial contact to be made with members of your diaspora but also facilitates long-term connections. Delegates from the Summit shared how they organized quarterly conference calls, published newsletters, created events on Facebook, and actively engaged their diaspora via the Internet. One group, an NGO based in Kosovo called Germin, uses the Internet extensively to connect with the Albanian diaspora across the world. As their staff is split between Kosovo and the US, Germin relies on technology, namely conference calls and social media, to discuss policy actions and initiatives with their global diaspora network.

The third most popular method was volunteering. Volunteers are the lifeblood of many nonprofits and cause-specific initiatives but turning your volunteers into diaspora champions can take your engagement to new levels. This is an especially effective way of engaging if your effort is charitable in nature, such as providing free education to underserved children. This is a model adapted by Lotus Petal Foundation, which brings volunteers from the Indian diaspora in the US to work at their school in India. The volunteers find meaning in the experience and then return to the US as Lotus Petal's champions amidst the diaspora, effectively doing their outreach and fundraising for them. Whenever the leadership of Lotus Petal visits the US, these champions open their homes and host dinners to support their work. This type of engagement is also relevant if you have an organization that has a board of directors. Inviting prominent community members onto your board is an effective way of teaching them more about your objectives and turning them into another spokesperson for your mission.

Of course, engagement is most successful when these efforts are done in tandem. Annual galas and other events are time-proven success in raising money and fostering a network, the Internet serves as a constant way to engage the guests at events and to encourage them to be a supporter year round, and volunteers can round out your engagement efforts while also providing extra capacity. Of course there are many other methods for fundraising and engagement, nevertheless, these three stood out in the discussions among the delegates of the Diaspora Philanthropy Summit.

With a well-defined target diaspora and an established engagement and fundraising strategy, you should now consider some models for effective diaspora philanthropy.



diaspora philanthropy models

The core mission of the Diaspora Philanthropy Summit was to encourage diaspora groups to be structured and thoughtful in their giving, and for those who had not yet considered giving, to encourage them to look at diaspora philanthropy supporting their home communities as a feasible option. While philanthropy is not necessarily the primary goal of all diaspora efforts, or even those represented at the Diaspora Philanthropy Summit, it often manifests itself within diaspora efforts regardless. Soliciting donations from your diaspora and directing them towards a charitable effort is an effective way of building community engagement, spurring social development, and making a lasting change in communities which you care about. Whatever the motivation for engaging in giving, the following section discusses the fundamental things to consider before engaging in diaspora philanthropy.

DIRECT GIFT PLANNING

The most common and simplest way for you to solicit donations from your diaspora community is through planning direct gifts. Many diasporans are amenable to the idea of giving back, but they lack the vision, structure, or trust that they need to make a decision about where they want to give. You need to develop the relationship with your donor so that they can be confident that their funds will be going to a cause or project that they both understand and support.

Balancing Donor Control

Soliciting large gifts from activist donors can be a rich source of support and funding, but these donations often come with a catch. Many of the groups represented at the summit cited difficulty dealing with demanding donors, who they felt they needed to accommodate to avoid losing the money. The thing to remember here is that there is often a proportional relationship between the size of an individual gift and the level of control a donor would like to see over that gift. Taking this into account, it may be better to solicit many small donations from a wider audience than concentrating on securing a single, large gift from a few key donors. There is no single strategy for doing this, and you must create your fundraising strategies to reflect the personalities of the donors in your network.

After a gift is made, it is important to stay connected with your donor moving forwards. Many organizations have found it helpful to provide updates on the progress of the projects funded through diaspora philanthropy, either through email communication or a general website that tracks developments.

EMPLOYEE GIVING

Many diasporans are employees at companies that run employee giving programs. These programs allow employees to “give as they earn” as a part of the benefits package of employment, and some companies will match their donations to a certain amount. Employee giving programs are a significant opportunity for your diaspora organization, as inclusion as an eligible recipient of funds could attract donations not only from your diaspora members, but also from their coworkers.

Many companies will offer to include charities as eligible grantees if there is enough support from their employees. The level of responsiveness varies—some will cover the vetting costs if even one employee wishes to donate, but others may require more of a demand for access through their giving programs. Whatever the process for eligibility, activating diasporans as a key constituency within a corporation could lead to your diaspora group being included as a beneficiary of such a program.

1997

The first noteworthy instance of online crowdfunding in the music industry was when fans underwrote an entire U.S. tour for the British rock band Marillion, raising US \$60,000 in donations by means of a fan-based Internet campaign.

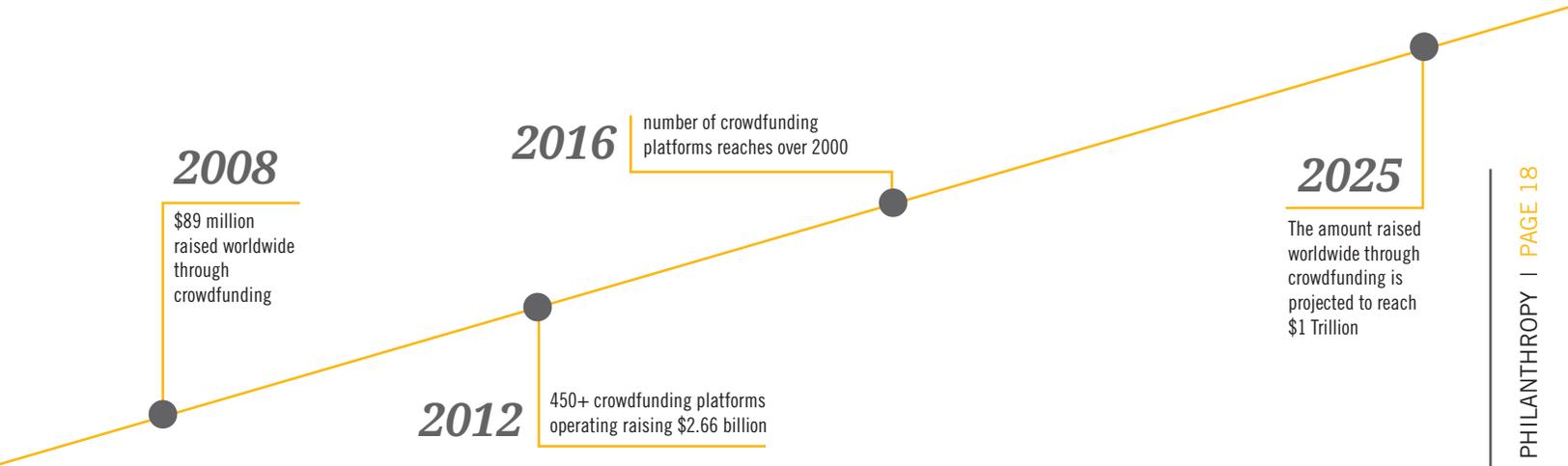


Arun Sharma uses crowdfunding to raise money for the Lotus Petal Foundation by running marathons. Credit @picsbyanjy

CROWDFUNDING AND TECHNOLOGY PLATFORMS

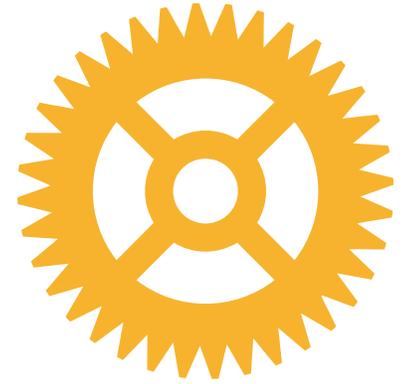
Many diaspora communities are spread out over a wide geographic area, especially in the US and Canada. If you are looking to engage with such a community, you may want to consider the use of online technology platforms to drive fundraising and continued engagement.

The Lotus Petal Foundation, represented at the Summit and which runs a school for slum children in the Delhi suburb of Gurgaon, has a prominent donor who raises money through sponsorship of marathons that he runs through Lotus Petal Foundation’s Network for Good page. He carries the Foundation’s flag on his runs, which generates positive publicity for the school, even getting mentioned in Indian national news. The use of publicity and technology together have raised over \$33,000 for the Lotus Petal Foundation since he began his runs.





mechanisms for giving internationally



The third pillar of the Diaspora Philanthropy Summit—the key to making all of the hard work of engagement and fundraising pay off—is understanding the mechanisms for giving internationally. This section details the main ways to give abroad but should not be considered exhaustive.

GIVING TO U.S. BASED 501(C)(3) NONPROFIT ORGANIZATIONS OPERATING ABROAD

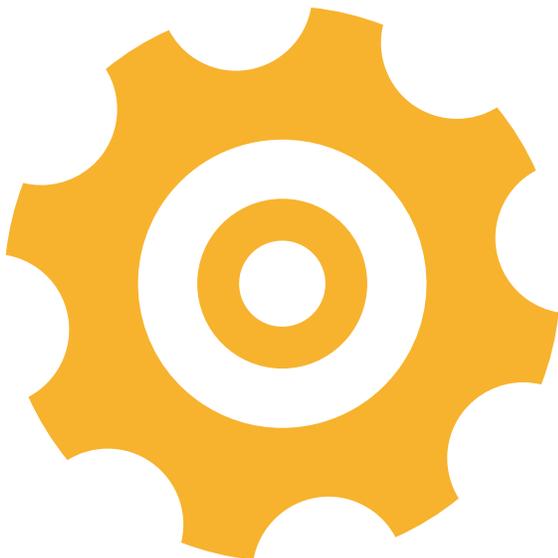
The most straightforward method of international giving is through IRS-recognized 501(c)(3) organizations that have programs abroad. Individuals who make a contribution to a U.S. charitable organization are entitled to an income tax deduction under Internal Revenue Code Section 170. When giving to a U.S. 501(c)(3) in this manner, the donor is essentially funding a program or project of the nonprofit that they run abroad. Most U.S. citizens are familiar with this in the context of disaster relief campaigns, when a U.S.-based nonprofit will fundraise for relief efforts that are ongoing in other countries. The benefit of giving in such a way is that the donor has the right to earmark their donation for the foreign program, as long as the domestic charity has full control over its operations. However, if the donor is looking to tax-effectively support grassroots organizations located in a foreign country, this avenue does not permit such activity.

DONOR ADVISED FUNDS

As a growing number of individuals and corporations are already doing, donors may choose to establish a donor advised fund (DAF). The Pension Protection Act defines a donor advised fund as a fund or account owned and controlled by a sponsoring organization, over which the donor or an appointed advisor “reasonably expects to have, advisory privileges with respect to the distribution or investment of the funds”. In short, a DAF allows a donor to make a tax deductible contribution of cash or non-cash assets (such as stocks or real estate) to an account, which is held at the sponsoring organization and receive a tax benefit in the same year as the donation. The sponsoring organization manages the fund (which can be invested), while affording the donor the ability to recommend grants from the fund to operating charities on their own timetable.

The sponsoring organization may be a community foundation, an independent public charity, or a religious organization, but funds managed by financial services companies such as Fidelity Charitable, Vanguard Charitable, and Schwab Charitable are currently the largest.

Contrary to what one may assume, these larger DAFs and most DAFs held at community foundations are often not in the business of international giving. Some U.S. public charities, among them CAF America, have been filling this gap and provide DAFs as a solution for philanthropists interested in giving internationally. It should be noted that, prior to granting to any foreign recipient, these organizations (1) conduct their own extensive due diligence to ensure that the foreign charity recommended by a donor advisor is a U.S. 501(c)(3) equivalent or that the funds will be used for exclusively charitable purposes (2) impose reporting obligations with respect to grants



made to a foreign charity and (3) often comply with strict anti-money laundering and terrorist-financing prohibitions and regulations. Such practices have the clear benefit of mitigating risks and protecting the donor's reputation. By law, contributions to these DAFs become the property of the public charity. While the donors can suggest for grants to be made from the fund to foreign charities, the charity maintains full discretion and control over these funds.

DAFs allow for individuals, families, and corporations to fund nearly any charitable organization or project across the world, so long as the sponsoring organization is able to successfully vet the recipient and determine that it complies with the IRS protocols of expenditure responsibility or equivalency determination, as well as the applicable anti-money laundering (AML), anti-terrorist financing and other relevant requirements.

“FRIENDS OF” ORGANIZATIONS

U.S. “Friends of” organizations are established for the purpose of raising funds in the US that will ultimately be distributed to a foreign charity with which they are connected. Although the funds they receive are distributed internationally, “Friends of” organizations are typically organized to meet the legal requirements for contributions to be deductible for U.S. tax purposes, i.e. they are public charities. Most of these organizations will be called “The (American) Friends of ...” and rely on alumni networks or connected donors in the U.S. for funding. Some common types of “Friends of” organizations include museums, operas, religious institutions, and universities. These organizations must maintain control and discretion over the donations they receive so as not to become merely a channel for foreign funding. Commonly referred to as the “conduit issue”, this is a universal concern among “Friends of” organizations, and addressed through various safeguards as they must not be under the control of the foreign beneficiary organization or the donors. As such, to avoid being regarded as a conduit entity, these organizations should have a board that maintains full discretion and control over the use of the donations, should have a majority of board members who are not also board members of the foreign organization, should carry-out their own charitable purposes other than simply supporting the foreign organization, and their fundraising materials must inform the potential donors that their donations are under the independent control of the U.S. organization. “Friends of” organizations are ideal for donors

who are only inclined to give to a single organization (e.g. their alma mater). However, operating such an organization is often expensive and tends to only be worth the expense for foreign organizations that are well established or have a substantial donor base in the U.S.

Friends Funds (Fiscal Sponsorship)

Many foreign organizations take advantage of Fiscal Sponsorship as a way to receive charitable donations from the U.S. In these arrangements, existing US nonprofits “lend” their tax-exempt status to a project in order for that project to receive tax-effective donations—this works internationally as well. Fiscal Sponsorship is an attractive option, but it is vitally important for you to be educated about the process before you enter into any agreement!

DIRECT INTERNATIONAL GIFTS

In addition to the avenues described above, philanthropists, whether individuals or corporations, have the option to make direct international donations to foreign organizations. However, direct contributions by individuals or corporations to a nonprofit (or equivalent foreign term) created or organized under foreign law are not deductible for U.S. tax purposes. Therefore, individuals and corporations may wish to pursue any of the above avenues for tax-effective giving. Beyond lacking an option for tax deductions, other concerns linger with making direct gifts, namely that without undertaking any type of due diligence procedure (as done by sponsoring organizations of DAFs and by private foundations), the donor can be exposed to significant risk. It may be the case that the donor ends up potentially financing something other than intended, such as a different project at the recipient organization or even funding bribery or terrorism. Furthermore, with direct gifts, the recipient organization is not legally required to report back to the donor on how their funds were spent and the donor will be able to maintain very little, if any oversight over the funded project. This not only exacerbates concerns about risk but also means that the recipient organization does not have to produce any type of impact report for the donor.

While the above list of giving options is not exhaustive, for most diaspora members looking to give internationally, these options (not counting direct gifts) will be the most appealing as they offer tax-deductibility and other assurances.





how CAF America & CAF Canada can help

CAF America and CAF Canada can provide international giving solutions to your diaspora group.

IF YOU'RE A DONOR IN THE US OR CANADA:

Donor Advised Funds (CAF America)

Establishing a Donor Advised Fund is a convenient and simple way for you to support and manage global philanthropic initiatives.

A donor advised fund is designed to support ongoing giving which requires fund management services, including activity statements and online account access. Establishing a DAF also makes it easy to pool gifts from multiple donors to support a common cause.

CAF America also offers donors the option to set up an Invested Donor Advised Fund. With an Invested DAF, you may recommend investment allocations based on your grantmaking time horizon.

Many individuals and families establish DAFs at CAF America because it is much easier and less costly than establishing a private foundation. A DAF can be established the same day an establishing contribution is received—compared to the considerable time and expense that can be required to establish a private foundation and obtain tax-exempt status from the IRS.

International Project Funds (CAF Canada)

CAF Canada works to change the culture of giving by helping donors make strategic and focused philanthropic decisions which have a lasting impact on the needs of the communities they want to support.

In pursuit of this vision, CAF Canada has established partnerships with a diverse set of charitable organizations worldwide. CAF Canada works closely with these organizations to implement and oversee specific projects that are consistent with our charitable objects, broadly described as poverty relief, the advancement of education, health promotion, medical research and animal welfare.

The International Project Fund (IPF) is designed to enable Canadian donors to support these projects by giving in a safe, secure and tax-effective manner.

Donor Advised Gifts

Donor advised gifts (DAGs) are the perfect solution for U.S. donors who want to give globally without establishing a DAF at CAF America. DAGs enable all types of U.S. donors, including individuals, foundations, and corporations, to make single donations as desired. With DAGs donors make a single tax-effective gift to CAF America and recommend that the funds be further granted to the foreign charitable organization of their choosing. CAF America can also recommend a charity that fits a donor's interests and philanthropic goals.



IF YOU'RE A RECIPIENT ORGANIZATION IN A FOREIGN COUNTRY:

Friends Funds

If you are a charitable organization located outside of the United States and are looking for a way to increase your support from American or Canadian donors, we have a cost-effective option for you: a Friends Fund.

Friends Funds at CAF America or CAF Canada are much simpler and less costly than establishing a separate public charity in the United States or Canada; furthermore, there is no requirement to manage a board or staff, and no government registration, governance, tax, or audit requirement. Your organization does, however, need to be eligible with CAF America or CAF Canada. Any foreign charitable organization that is already eligible with CAF America or CAF Canada is welcome to open a Friends Fund.

You can choose any name for your Fund and rely on our reputation to assure donors of the security of their gifts. Upon establishing a Fund, you are establishing a relationship with our experienced staff.



Please contact **CAF America** at
info@cafamerica.org or
call us at **(202) 793-2232**.



Please contact **CAF Canada** at
giving@cafcanada.ca or
call us at **(416) 362-2261**.



CAF

AMERICA

(Main Office)

225 Reinekers Lane | Suite 375 | Alexandria, VA 22314-2840
T: 1-202-793-2232 | E: diaspora@cafamerica.org

(West Coast)

50 California Street | Suite 1500 | San Francisco, CA 94111
T: 1-415-988-1547 | E: paul@cafamerica.org

www.cafamerica.org |  @cafamerica | EIN: 43-1634280

CAF

CANADA

100 King Street West | Suite 5600 Toronto | ON Canada | M5X 1C9
T: 416-362-2261 | E: giving@cafcanada.ca

www.cafcanada.ca |  @cafcanada | Canadian Charity #801966334RR0001

