

November 11, 2008

Ensuring That Gifts Go Where They're Needed

By JAN M. ROSEN

EVEN amid widespread angst over withered portfolios and a rocky economy, some Americans remain committed to helping the poorest of the poor. The question for the compassionate is how to make sure their charitable dollars will be used as effectively as possible.

“Very savvy individuals treat their giving like their financial portfolios — they do due diligence and research,” said Lisa Philp, head of philanthropic services at J. P. Morgan Private Bank. “Charitable decisions are close to the heart, often emotional, but they still call for financial savvy.”

Certainly among the savvy is [George Soros](#), the financier and philanthropist, who in 2006 gave \$50 million to Millennium Promise, a charity founded to help realize the millennium development goals recommended by a task force headed by the economist [Jeffrey D. Sachs](#) and adopted by the [United Nations](#) in 2005.

Professor Sachs, director of the Earth Institute at Columbia University and a special adviser to the secretary general of the United Nations, argued then that extreme global poverty, which the [World Bank](#) defines as personal income of less than \$1 a day, could be eliminated by 2025 if the world's 22 richest nations increased their combined foreign aid budgets to between \$135 billion and \$195 billion for a decade and allocated that money, less than 1 percent of their gross domestic product, in the most effective way. Those wealthy countries include the United States, Britain, Canada, Japan, Australia, New Zealand and most of the countries of Western Europe.

But Professor Sachs said that government funds were not the only source. Support from individuals and corporations is important, too.

“Everybody has a role,” Professor Sachs said last month. “A holistic approach makes a lot of sense. I haven't changed my date,” he added, even though he said he believed the United States faced the hardship of recession, but not depression. “I have faith we will recover.”

Mr. Soros's gift was for Millennium Villages, a project of Millennium Promise affecting a half-million people in Africa, where more than 80 villages are operating or are planned in 10 countries: Ethiopia, Ghana, Kenya, Malawi, Mali, Nigeria, Rwanda, Senegal, Tanzania and Uganda. Professor Sachs described the project as community-based development using a three-pronged approach — agriculture, health and education.

Other big donors, he said, include Sumitomo Chemical, which has given treated mosquito netting to prevent malaria; Novartis, which has donated medications; and Ericsson, which has developed a telecommunications infrastructure and donated mobile phones to important people in the villages.

“We're getting very exciting results,” Professor Sachs said, not by giving handouts, but by helping villagers

improve their lives. Agricultural production is doubling or tripling year over year, and once-poor school attendance is reaching 100 percent, thanks mainly to a school meal program, he said.

Asked why he had chosen Millennium Promise, Mr. Soros, a graduate of the London School of Economics, said, "Watching the Millennium efforts, I thought it was worth taking a risk."

"My calculation in supporting this is as follows: \$500 will move a family out of poverty," he said. "As a pilot program, it will make a big difference in the pilot villages." That is the first level of risk, he said, and it alone would justify the expenditure.

The second level of risk is leverage, or the hope that the villages will succeed in setting an example. "It can be a model for bringing about systemic change," Mr. Soros said, and "if it can be scaled up, it will make a very big difference."

Often pilot programs do not succeed on a larger scale, he added, but in this case he is hopeful. The government of Mali is very supportive, he said, so it could be expanded there.

Asked how he would advise prospective donors, Mr. Soros said they should "do as much research as possible. Looking at the expense issue is relevant but not decisive." The humanitarian factor is vital. "There is no substitute for firsthand engagement," he said.

John W. McArthur, chief executive of Millennium Promise, said, "People are motivated by giving to something that can have enormous results, a sense of impact."

Poverty in Africa has existed for so long that people may view it as an intractable problem, but Mr. McArthur said he believed the Millennium Promise goal of ending extreme poverty through improved health, education and agricultural production was attainable.

"These are practical questions with practical solutions," he said. "It is important that donors know their resources have a direct effect," he said, and that the results be transparent with frequent updates available to supporters. "People want to feel the connection," said Mr. McArthur, who earned a master's degree in economics from Oxford, where he was a Rhodes scholar, and a master's in public policy from [Harvard](#).

Ms. Philp of J. P. Morgan Private Bank suggested several ways that people can research charities to be sure their gifts will be used effectively.

Charitable organizations must file I.R.S. Form 990, she said. Copies are available to the public at [guidestar.org](#). "People can look at comprehensive information over the past several years," she added. Charity Navigator ([charitynavigator.org](#)) and the Better Business Bureau ([us.bbb.org](#)) also offer information on many charities, including descriptions of their work, financial reports and sources of funds.

After doing the preliminary research, prospective donors, especially if they are contemplating making large gifts, should learn about the charity from personal experience, Ms. Philp advises. "Do some volunteer work. Roll up your sleeves and get to know them."

And those who intend to make substantial contributions — an endowed chair at a university or college, for example — can also ask to meet with the president of the university or dean of the college to discuss how

their gifts will be used. It is also possible to make a conditional pledge, she said.

One client who had a large private foundation wanted to support a planned arts center and pledged a major donation if it materialized. It did not, so his foundation's money was used elsewhere.

Some people like to give secretly, Ms. Philp said. "We work with a family in the Midwest who live very simply," she said. "We are their go-between and do the due diligence."

For others, "philanthropy is part of a larger social network," and naming opportunities and personal contacts are important parts of their investment in the community, she said.

"As a donor, be directed but also open to things you haven't thought of," Ms. Philp said. "As an investor, you want your financial portfolio to be diversified. It's the same with giving. You might think of a university or a museum, but you might also want to think about alternatives and start-ups. Have a mix of things in your program."

Or, like Professor Sachs and Mr. Soros, you might like to become part of the effort to eliminate global poverty. As Mr. McArthur said, "The fight to end extreme poverty is really all hands on deck."

[Copyright 2008 The New York Times Company](#)

[Privacy Policy](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)
