

INTERNATIONAL GRANTMAKING: A Report on U.S. Foundation Trends

Prepared in cooperation with the
COUNCIL ON FOUNDATIONS

International grantmaking constitutes an unusually complex cross-section of philanthropy. Its boundless scope and intricate topography present a formidable challenge for research. Geographically, it encompasses both giving in the U.S. for international activities and giving throughout the world. Topically, it is also without boundaries. U.S. foundations support on an international level nearly every activity, issue, and scholarly pursuit they fund domestically. Increasingly, the issues foundations tackle transcend borders, with the effect that the distinctions between domestic and international programs have become blurred.

Over the past decade the field of international grantmaking has gone through enormous changes due to the geopolitical transformation of the world. The blooming of democracy and more open societies has opened up new geographic areas for grantmakers. At the same time, the explosive growth of indigenous nongovernmental organizations (NGOs) in many countries has stimulated vast new opportunities for funding overseas in nearly every philanthropic field. In a relatively short period of time, international grantmaking has become as diverse and complex in its scope as giving domestically. It has also become more localized.

A comprehensive review of trends in international grantmaking has never been undertaken. This study fills that gap for one important source of private

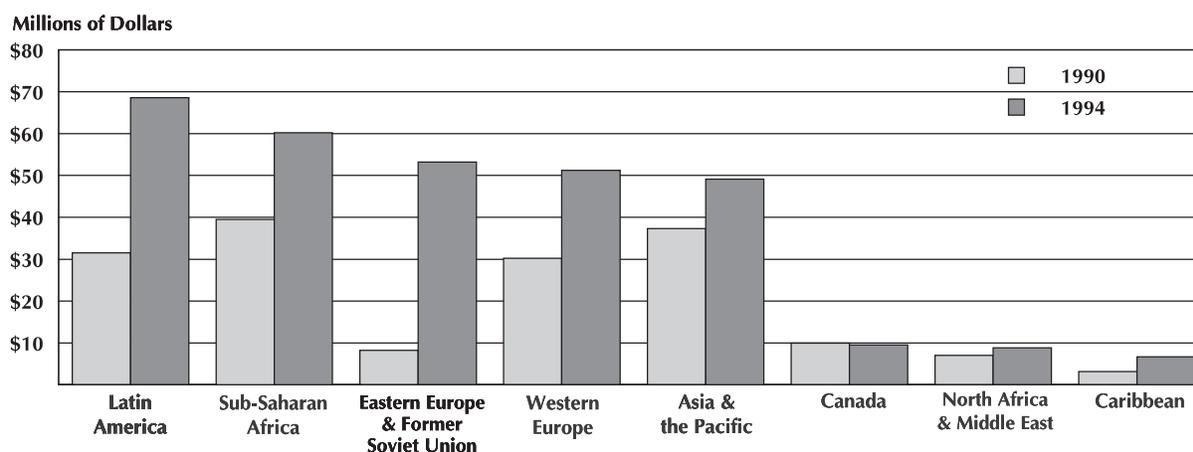
support—U.S. grantmaking foundations. The study was conducted by the Foundation Center with the support and collaboration of the Council on Foundations. Its broad purpose is to foster better understanding among funders, nonprofits, and the international community of the role that foundations play in the international field and about the ways that they practice international grantmaking.

Components of the study include a brief history of U.S. international grantmaking and a review of some of the factors that have facilitated the recent growth in funding overseas; an analysis by subject, purpose, and geographic focus of nearly 12,000 international grants awarded in 1990 and 1994; a discussion of current practice and future trends in international grantmaking based on interviews with grantmakers; profiles of more than 60 leading foundation and corporate international grantmakers; and commentary on international funding by three distinguished practitioners, including two from outside the U.S.

This report is one of a series of benchmark studies produced by the Foundation Center on major fields of philanthropy. Research was guided by an advisory committee representing grantmakers, scholars, and other experts in the international field.

For information regarding this report, contact Loren Renz, Vice President for Research at The Foundation Center, 212-620-4230, or e-mail, lr@fdncenter.org.

Growth of Giving to Overseas Recipients by Major Regions, 1990 to 1994 (current dollars)*



Source: *International Grantmaking*, 1997.

*Based on a sample of grants of \$10,000 or more from 821 foundations for 1990 and 1,020 foundations for 1994. Grants to overseas recipients, e.g., in Europe, may be for programs conducted in other countries or regions.

Funding Trends in the 1990s

The following analysis presents both actual giving data on nearly 39,000 grantmaking foundations and estimated total international giving. Estimates are based on the percent of international giving of a sample of foundations as a proportion of the total giving reported by all foundations.

Foundation Funding Grows in the 1990s; International Funding Also Rises: From 1990 to 1994, U.S. independent, corporate, and community foundation giving rose from \$8.7 billion to \$11.3 billion, an increase of 30 percent. Adjusted for inflation, the rise was 14 percent. Although growth was slower than in the late 1980s, foundation gains were nevertheless steady. International grantmaking by U.S. foundations also grew at a healthy pace in the 1990s. In 1994, foundations awarded an estimated \$966 million for all international activities, a gain of almost \$200 million since 1990. Adjusted for inflation, the rise was 11.3 percent, slightly behind overall actual giving. (In contrast, gains in international funding for the more than 1,000 larger foundations in the study sample described below were much higher—18 percent in real terms—and exactly matched the growth rate for all funding.)

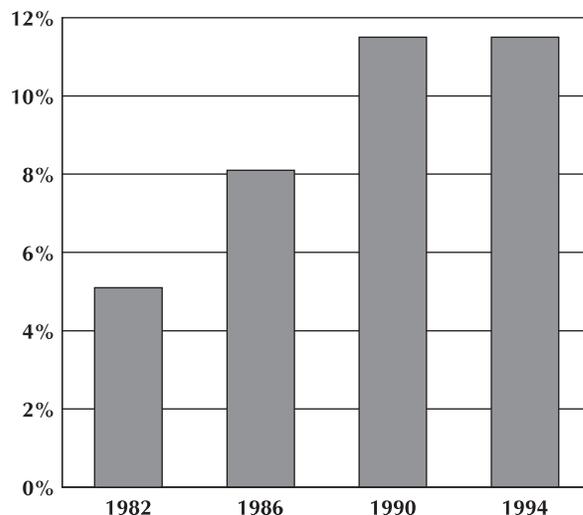
International Grantmaking Trends

The following data derive from an analysis of grants of \$10,000 or more authorized or paid by 821 foundations in 1990 and 1,020 foundations in 1994. Giving by these funders represented over 50 percent of all foundation grant dollars in each of those years. These primarily large funders provided more than two-thirds of estimated total international giving by all foundations.

International Giving Climbs 18 Percent After Inflation; Matches Growth of all Funding: From 1990 to 1994, international giving by foundations in the sample grew from \$508.2 million to \$679.4 million, up \$171 million or nearly 34 percent. In real terms, giving rose 18 percent, matching the growth rate for all funding. The number of international grants climbed to 6,649, a 30 percent rise. New foundations and other funders reporting international grants for the first time accounted for roughly half of the added grant dollars.

International Programs Hold Steady at 11.5 Percent of Foundation Support: No major shifts in either the share of international grant dollars or share of number of grants were evident during the study years. Roughly one in nine grant dollars and one in eleven

International Giving as a Percentage of All Giving by Foundations in *The Foundation Grants Index*, 1982–1994*



Source: *International Grantmaking*, 1997.

*Based on a sample of grants from *The Foundation Grants Index* for the years indicated.

grants went to international programs in 1990 and 1994. In contrast to recent stability, the share of international giving by foundations has doubled since the early 1980s.

Half of Foundations Make International Grants; 153 Devote at Least One-Tenth to International Causes:

In 1994, 479 foundations—nearly one-half of the *Grants Index* sample—made at least one international grant. International giving was modest compared with all funding, totaling less than 5 percent for most funders. Yet 153 foundations—large and small, independent and corporate—gave at least one-tenth of their grants for international programs; 75 gave at least one-quarter; and 31 gave one-half or more.

Overseas Funding Grows Rapidly in 1990s, Outpacing Growth of Funding of U.S. International Programs:

U.S. funders became far more active overseas in the 1990s, leading to striking changes in international grantmaking patterns. From 1990 to 1994, funding of overseas recipients grew five times faster than funding of U.S.-based programs. The amount of overseas giving by sampled foundations climbed from \$166 million to \$289 million, a rise of 74 percent. The largest international funders led this trend. Grants overseas by the top ten funders grew seven times faster than their grants to U.S.-based programs. Despite this rapid growth, U.S.-based recipients received about 57 percent of all international funding in 1994, down from 67 percent in 1990.

International Grants as a Percentage of All Grants from Foundations in *The Foundation Grants Index*, 1990 and 1994 (dollars in thousands)*

Year	No. of Intl. Funders	No. of All Funders	%	Intl. Grant Dollars	All Grant Dollars	%	No. of Intl. Grants	No. of All Grants	%
1990	415	821	50.5	\$508,221	\$4,405,808	11.5	5,112	55,440	9.2
1994	479	1,020	47.0	\$679,433	\$5,930,302	11.5	6,649	73,697	9.0

Source: *International Grantmaking*, 1997.

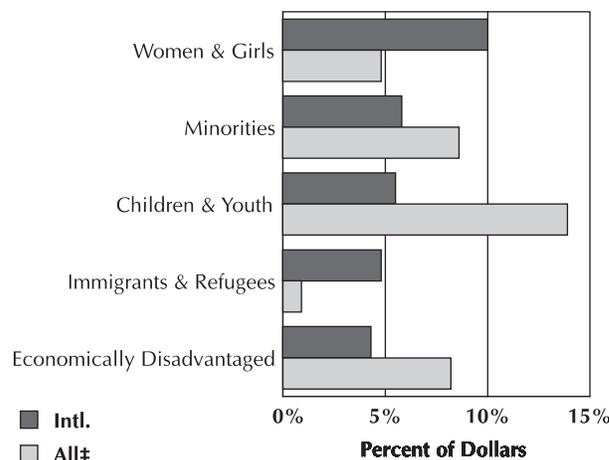
*Foundation sample drawn from *The Foundation Grants Index* database for grants authorized in the year indicated.

Post-Cold War Funding Priorities Shift: During the Cold War and through the start of the 1990s, international affairs/peace and security was the preeminent funding area in the international field. In the 1990s, sweeping geopolitical changes caused funders to reassess their international programs, and dramatic shifts occurred in broad funding priorities. These included a greater emphasis on development, health and family planning, education, and human rights and civil liberties; and a decline in spending for international affairs. Funding dropped steeply for international affairs policy and research, exchanges, and peace and security. In the peace and security field, funding for national security programs declined while support increased for arms control and conflict resolution, which is one of the fastest growing areas of the field.

Grantmaking Diversifies as Funders Take on Local Issues: The closer involvement of foundations with local groups in the 1990s has led to an expansion and diversification of grantmaking programs. Grantmaking abroad now closely mirrors the complexity of domestic grantmaking. Funding has increased at the grassroots level for community improvement and human service programs, primary health care programs, primary and secondary education, adult and continuing education programs, media and communications, historic preservation, the performing arts, migration and refugee issues, and civil liberties.

Funding Priorities Vary by Region: International development was the top funding priority in Latin America, Eastern and Central Europe (ECE), and Asia; it ranked second among priorities in sub-Saharan Africa and in the Middle East and North Africa. Health and family planning was the top priority in sub-Saharan Africa and in Western Europe, where much of the funding supported international health organizations active in developing countries. Health was also

Comparison of Major Beneficiary Groups of International Grants vs. All Grants, 1994*



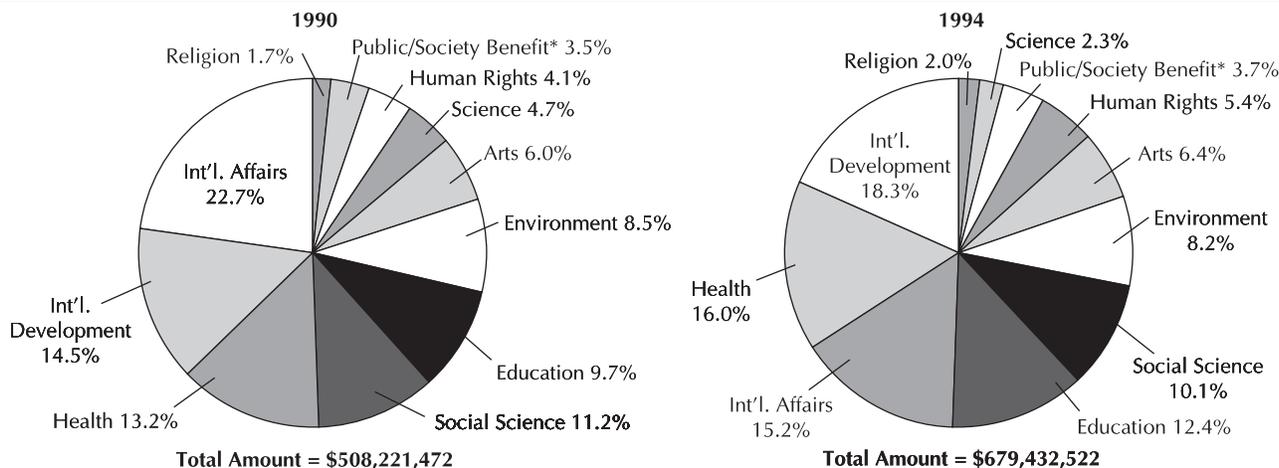
Source: *International Grantmaking*, 1997.

*Includes groups receiving at least 4 percent of grant dollars. Grants may benefit multiple population groups; therefore, figures are only representative. #Based on a sample of grants of \$10,000 or more from 1,020 foundations in 1994.

a top priority in Asia and Latin America. International affairs, which includes peace and security, was the top priority in the Middle East and ranked second in the ECE, Western Europe, and Asia. Support for public affairs and civil society programs was strongest in the ECE countries, the Middle East, and Asia; human rights was a higher priority in sub-Saharan Africa than in any other region; and arts funding was a high priority in Western Europe, while the social sciences received strong support in Latin America.

Funding for Special Population Groups Rises: Support for special population groups increased in international grantmaking in the 1990s, just as it increased in all U.S. funding in the 1980s. Grants for special population groups represented nearly 28 percent of funding in 1994, up from only 22 percent in 1990. Among the

Percentage of International Grant Dollars by Major Program Area, 1990 and 1994



Source: *International Grantmaking*, 1997.

*The public/society benefit category includes grants for public affairs, philanthropy, and general grants to promote civil society. Note that civil society grants are also found in other categories, such as human rights and international development.

principal beneficiary groups, funding nearly doubled for women and girls and for immigrants and refugees, increased by nearly three-fourths for children, and grew by at least half for minorities and the economically disadvantaged. The rate of growth was also high for men and boys, crime and abuse victims, people with AIDS, and substance abusers. One likely explanation for the rapid increase in funding for these groups involves the dramatic rise in overseas giving discussed throughout this analysis and the concurrent growth in support for community-based groups.

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Future Trends

The following results were drawn from in-depth interviews with representatives of 26 international grantmakers conducted in early 1997.

Funding Levels Expected to Remain Steady or Increase, Although Concerns Exist: Most grantmakers expected the level of funding for their international programs to either remain the same or to increase. However, increasing "globalization" is causing dislocations and economic insecurity in the U.S. and other countries. Some of the large foundations expressed concern that these developments—combined with government cutbacks in domestic social programs—will create more demand for funding domestic programs and reduce the resources available for international purposes. Most of the mid-size and smaller funders expected interest to grow because of the increasing interdependence of countries and declining differentiation between "domestic" and "international" issues in grantmaking programs. All funders expected that corporate international giving will continue to gain as more companies become global.

International Giving Will Grow More Focused and Strategic: Foundations anticipate the trend toward more focused and strategic grantmaking to continue in both domestic and international giving. Respondents also expected greater collaboration among funders and increasing partnerships with multilateral lending agencies, the private sector, local government, and European and Japanese funders. Funders also predicted a greater willingness among foundations and corporate grantmakers to share best practices.

Funders Will Address Emerging Program Areas: A large majority of independent foundations reported their movement into new program areas, including women's political participation, the role of men in reproductive health, sustainable resource use, urban issues, creating a stable society in the former Soviet Union, democratization/governance/civil society, redefining security, addressing ethnic conflict, and educating the American public about international issues.

More Attention Will be Directed to the Philanthropic Sector Overseas: Several respondents are supporting the development of the charitable sector overseas—in Eastern and Central Europe, the former Soviet Union, South Africa, and Mexico. This new interest of grantmakers in promoting citizen action and philanthropy is likely to increase in the future.

ABOUT THE AUTHORS

Loren Renz, principal author, is Vice President for Research at the Foundation Center, and Josefina Samson-Atienza, Ph.D., co-author, is Executive Director of Filipino American Human Services.