Following a period of rapid growth, giving by U.S. foundations for international purposes declined in 2002. The stock market downturn, a recession, and a more difficult climate for giving in the wake of the terrorist attacks of September 11, 2001, and the ensuing “war on terrorism” all contributed to this reduction in support. Since that time, several factors have heightened global economic and political instability: the uneven stock market recovery, record oil prices, an ongoing war in Iraq, and tensions with Iran and North Korea. Over the same period, the international community faced human tragedies of epic scale, from the Darfur crisis in Sudan to the Indian Ocean tsunami disaster. In this context of uncertainty and acute needs, how has international giving fared? This interim report, prepared by the Foundation Center in cooperation with the Council on Foundations, presents a brief update of key trends through 2005 and discusses the current outlook for giving. The study provides estimates of overall giving by private and community foundations; and an analysis of patterns of giving from 2002 to 2004 based on a sample of larger U.S. foundations (see “Sampling Base” for further details).
The nation’s close to 68,000 grantmaking foundations gave a record estimated $3.8 billion in 2005 for international causes, including direct giving to cross-border recipients and funding for U.S.-based international programs. This represents a roughly one-fifth gain from the revised estimate of $3.2 billion for 2002. Adjusted for inflation, international giving climbed nearly 12 percent, far surpassing the 2 percent gain in overall giving. Nonetheless, growth in international giving was modest compared with the late 1990s.

After declining in 2002, international giving remained at about the same level through 2003. It rebounded over the next two years, increasing nearly 11 percent in 2004 and 8 percent in 2005. Several factors contributed to this turnaround. First and foremost, the Bill & Melinda Gates Foundation ramped up giving for global health, especially through its Grand Challenges in Global Health Initiative. Second, the Gordon and Betty Moore Foundation, a relatively new environmental grantmaker whose assets jumped from $93 million in 2002 to close to $5 billion in 2003, boosted giving primarily through funding its Andes-Amazon Initiative to conserve biodiversity. Third, the foundation community provided substantial support in response to devastating humanitarian disasters around the world, such as those in Sudan and South Asia. Yet, despite increases in support by some funders during this period, overall gains were partially offset by reductions in giving by others whose endowments had yet to fully recover from losses incurred earlier in the stock market downswing. Stricter government policies aimed at preventing the diversion of charitable assets to terrorists may have also worked to discourage funding overseas.

The following analysis shifts from estimates of total foundation giving for international activities to an examination of funding trends based on all of the grants of $10,000 or more reported by a sample of 1,172 larger U.S. foundations. These foundations accounted for roughly half of all giving by private and community foundations in 2004 and four-fifths of total estimated international giving.

International Grant Dollars Experienced Strong Growth while Overall Giving Declined

In 2004, funders in the sample gave a record $2.8 billion for international programs, up from $2.2 billion in 2002. Fueled mainly by exceptionally large grants, international giving grew 29 percent, compared to a 3 percent decline in overall giving by sampled funders. As a result, international grant dollars as a share of all dollars increased from 14 percent to 18 percent. By share of number of grants, however, international giving slipped from 9 percent to 8 percent. Foundations awarded 10,676 international grants in 2004, down more than 5 percent from 2002.

Between 2002 and 2004, international giving grew much faster than overall giving regardless of grantmaker type. Community foundations, which accounted for just over...
1 percent of international giving, reported the fastest growth in grant dollars—up 35 percent to $39.2 million. The top community foundation international giver was the Peninsula Community Foundation (CA). Peninsula awarded $11.1 million in 2004 (a fivefold increase from 2002), including several grants to assist refugees in Darfur, Sudan, and earthquake victims in Bam, Iran.

Corporate foundations also increased their international giving faster than their overall giving. International giving by corporate foundations increased 31 percent to $151.3 million, while their overall giving remained virtually unchanged. The top corporate international giver was the Citigroup Foundation. Citigroup gave $22.6 million in 2004 for international causes—especially microenterprise development—a nearly one-fourth increase over 2002. Contributing to this growth was a $1 million disaster relief grant in response to the Indian Ocean tsunami.

Dramatic Rise in Gates Funding Spurs Growth in International Giving

Although community and corporate foundations contributed to the rise in international funding, they were overshadowed by the role of the Bill & Melinda Gates Foundation. Boosted by an exceptional $750 million ten-year grant to the Washington, DC-based Vaccine Fund to support the work of the Global Alliance for Vaccines and Immunization (GAVI), the foundation's international giving soared from $526 million in 2002 to $1.2 billion in 2004. If the Gates Foundation were excluded from the sample in both years, international giving would have decreased 4 percent. Still, international giving would have fared better than overall giving, which would have declined 6 percent. Excluding Gates, international giving as a share of all giving would have remained largely unchanged at roughly 11 percent, compared to the actual 18 percent share recorded in 2004 for sampled foundations.

Among the 15 largest international funders, seven reported double-digit declines in giving from 2002 to 2004, ranging mainly from 12 to 25 percent. Most of these foundations had yet to recover fully from significant asset losses suffered in the early 2000s. Only four funders, including Gates, posted at least a double-digit increase in giving. Of these, the Moore Foundation reported by far the fastest growth.

**SAMPLING BASE**

The Foundation Center’s circa 2004 grants sample includes 126,497 grants of $10,000 or more awarded by 1,172 larger U.S. foundations and reported to the Foundation Center between June 2004 and July 2005. Grants were awarded primarily in 2004 or 2003. These grants totaled $15.5 billion and represented roughly half of total estimated grant dollars awarded by all U.S. independent, corporate, community, and grantmaking operating foundations. For complete sampling information, see Appendix A in the Foundation Center’s *Foundation Giving Trends*, 2006 Edition.
More Foundations Were Involved in International Grantmaking

In 2004, 670 funders awarded international grants, up from 636 in 2002. Newer foundations—those established since 1995 (a year after the Gates Foundation was created)—have helped to raise the level of international giving. In 2004, these 95 younger foundations accounted for almost 5 percent of total international giving. Of these newer funders, 27 gave at least $1 million for international programs. The largest new funder by far was the Gordon and Betty Moore Foundation, formed in 2000. Other examples of relatively new funders include the Nuclear Threat Initiative, established in 2001 to strengthen global security by preventing the spread of nuclear, biological and chemical weapons; and the Pond Foundation, formed in 1997 with a primary focus on peace and security, the environment, and human rights.

Direct Cross-border Giving Represented a Decreasing Share of All International Dollars and Grants

A tendency by newer international funders to rely more heavily on U.S.-based agencies to implement their programs, combined with the more difficult environment for funding overseas, has weakened the prospects for direct cross-border giving. Between 2002 and 2004, cross-border giving declined 3 percent to $821.6 million, while grants to U.S.-based international and global programs increased 49 percent to $2 billion. Moreover, the number of cross-border grants decreased nearly 9 percent, compared with a 3 percent decline in the number of grants to U.S.-based recipients. As a result, the share of international dollars targeting overseas recipients dropped from almost 39 percent to 29 percent, while the share of grants slipped.

INTERNATIONAL FUNDING BY PUBLIC CHARITIES

While the grants database sample used for this analysis of international giving trends includes only private and community foundations, the Foundation Center also collects information on grantmaking public charities, sometimes referred to as “public foundations.” The Center’s grantmaker database currently includes 5,945 public charities, of which 608 (10.2 percent) fund internationally. These grantmakers support a wide range of international causes. Several of the largest funders by total giving reported, such as AmeriCares and Feed the Children, provide disaster and relief aid. Other areas of support include the environment (e.g., Conservation International Foundation, Global Greengrants Fund), specific diseases (e.g., the Juvenile Diabetes Research Foundation International, Elizabeth Glaser Pediatric AIDS Foundation), women/children (e.g., the Global Fund for Women, International Children’s Fund); specific countries or areas of the world (e.g., the New Israel Fund, Asia Foundation); and specific organizations (e.g., the United Nations Foundation, American Friends of Bet El Yeshiva Center). In addition to distributing funds raised from the broad public, grantmaking public charities frequently function as regranting agencies through which private foundations can channel their cross-border giving.
from nearly 40 percent to roughly 38 percent. The downward trend supports findings from the Foundation Center’s 2004 survey of international funders in which a large majority of respondents agreed that it was now more difficult to fund internationally due to “the more demanding and uncertain regulatory environment” and “increased security risks abroad.”

**Overseas Giving Primarily Benefited Africa, Asia, and Global Programs**

Despite facing increased obstacles, over one-third (35.4 percent) of international grantmakers in the 2004 sample (237) made grants to overseas recipients. This group included both large funders, such as the W.K. Kellogg and Charles Stewart Mott foundations, and smaller funders, such as the Banyan Tree Foundation and Sehgal Family Foundation.

Of the nearly $822 million in cross-border giving, Sub-Saharan Africa ranked first by share of dollars received—nearly one-fifth—closely followed by Asia and the Pacific and by global programs of Western European organizations, such as the London-based International HIV/AIDS Alliance. (Another 5 percent of dollars funded Western European programs benefiting specific regions, especially Africa.) Between 2002 and 2004, as cross-border giving overall decreased, shares of giving increased for global programs and Africa. In contrast, shares declined for Latin America, Asia, and Eastern Europe, Russia and the Independent States.

**Grants to U.S.-Based Recipients Mainly Targeted Developing Countries**

Of the roughly $2 billion awarded to U.S.-based grantees, about two-thirds ($1.3 billion) funded programs for developing countries and regions, including the $750 million grant from the Gates Foundation to the Washington, DC-based Vaccine Fund, mentioned above. The remaining dollars for U.S.-based international programs benefited other regions and countries, especially Israel, or funded global programs, such as initiatives to reduce global warming.

**Health Giving Doubled in 2004, and Its Share of International Support Reached Nearly One-Half**

The $642 million increase in international giving between 2002 and 2004 mainly benefited health, and especially public health, medical research, and disease prevention programs aimed at stemming the global AIDS crisis and other pandemics. Health’s share of international giving spiraled upward from less than one-third to nearly one-half (49 percent). This dramatic increase reflects the ramping up of the Gates Foundation’s health spending, Gates alone accounted for almost $1.2 billion of a total $1.4 billion awarded for health.

Given the extraordinary growth in health giving, shares of grant dollars diminished for all other major program areas in 2004. While levels of giving also fell for most broad fields, a few sub-fields reported notable increases. For example, in response to the Indian Ocean tsunami and disasters in Sudan and Iran, giving more than doubled for relief and humanitarian aid. Giving also grew substantially for pollution control, community development, and higher education. In higher education, growth was spurred in part by new grants awarded through the Partnership to Strengthen African Universities, a...
Over ten years ago, the United Nations launched the International Decade of the World’s Indigenous People to celebrate their contributions and address their needs. To what extent are private foundations supporting programs that benefit this population? In a search of its grants database for 2004, the Foundation Center identified 107 international grants totaling $13.8 million that targeted indigenous people. The Ford Foundation accounted for the vast majority of this funding—71 percent of grant dollars and 50 percent of the number of grants. Ford’s grants supported a wide range of activities, from helping indigenous communities in Mesoamerica secure land rights, to providing microfinance services to poor and indigenous communities in Orissa (India), to building leadership skills among indigenous women in Mexico, to sustaining indigenous African languages. Other grantmakers that provided significant funding in the latest year included the Rockefeller Foundation, the Gordon and Betty Moore Foundation, and the Moriah Fund.

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**Top 15 Foundations by International Giving, 2004**

<table>
<thead>
<tr>
<th>Foundation Name</th>
<th>Fdn. Type</th>
<th>State</th>
<th>Intl. Grant Dollars</th>
<th>No. of Intl. Grants</th>
<th>Primary International Focus Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bill &amp; Melinda Gates Foundation</td>
<td>IN</td>
<td>WA</td>
<td>$1,233,160,002</td>
<td>134</td>
<td>Supports efforts to improve equity in global health through the prevention and treatment of infectious diseases in developing countries; and to bridge the global digital divide by providing access to knowledge through public libraries.</td>
</tr>
<tr>
<td>2. Ford Foundation</td>
<td>IN</td>
<td>NY</td>
<td>258,502,043</td>
<td>1,328</td>
<td>Seeks to strengthen democratic values, reduce poverty and injustice, promote international cooperation, and advance human achievement through programs in asset building and community development; education, media, sexuality, religion, arts and culture; and peace and social justice.</td>
</tr>
<tr>
<td>3. Gordon and Betty Moore Foundation</td>
<td>IN</td>
<td>CA</td>
<td>83,184,068</td>
<td>79</td>
<td>Seeks to preserve the biodiversity and health of the environment in the Andes-Amazon region and the North Pacific, and supports scientific research through marine microbiology and conservation.</td>
</tr>
<tr>
<td>4. John D. and Catherine T. MacArthur Foundation</td>
<td>IN</td>
<td>IL</td>
<td>73,138,000</td>
<td>223</td>
<td>Seeks to promote conservation and sustainable development, human rights and international justice, international peace and security, and reproductive health.</td>
</tr>
<tr>
<td>5. Rockefeller Foundation</td>
<td>IN</td>
<td>NY</td>
<td>72,306,649</td>
<td>329</td>
<td>Seeks to improve the lives of poor people worldwide through programs in the areas of food security, creativity and culture, global health equity, global inclusion, higher education in Africa, and regional programs in Southeast Asia.</td>
</tr>
<tr>
<td>6. William and Flora Hewlett Foundation</td>
<td>IN</td>
<td>CA</td>
<td>56,595,034</td>
<td>165</td>
<td>Supports global development in the areas of education, population, environment and the performing arts.</td>
</tr>
<tr>
<td>7. W. K. Kellogg Foundation</td>
<td>IN</td>
<td>MI</td>
<td>56,315,269</td>
<td>122</td>
<td>Promotes regional development in Latin America and the Caribbean and helps reduce poverty and improve quality of life in southern Africa’s rural communities.</td>
</tr>
<tr>
<td>8. Freeman Foundation</td>
<td>IN</td>
<td>NY</td>
<td>53,456,718</td>
<td>223</td>
<td>Supports international exchange programs, fellowships, and international studies, with a focus on Asia.</td>
</tr>
<tr>
<td>9. Carnegie Corporation of New York</td>
<td>IN</td>
<td>NY</td>
<td>42,415,000</td>
<td>113</td>
<td>Supports efforts for international peace and security, and seeks to strengthen international development in Sub-Saharan Africa by enhancing universities, women’s opportunities, and libraries.</td>
</tr>
<tr>
<td>10. Starr Foundation</td>
<td>IN</td>
<td>NY</td>
<td>41,392,820</td>
<td>101</td>
<td>Supports efforts to provide healthcare to underserved communities, promote democratic values and international relations.</td>
</tr>
<tr>
<td>11. David and Lucile Packard Foundation</td>
<td>IN</td>
<td>CA</td>
<td>39,544,027</td>
<td>143</td>
<td>Supports family planning and reproductive health services and environmental conservation.</td>
</tr>
<tr>
<td>12. Andrew W. Mellon Foundation</td>
<td>IN</td>
<td>NY</td>
<td>37,741,100</td>
<td>109</td>
<td>Supports environmental programs in Latin America and South Africa, and higher education in South Africa.</td>
</tr>
<tr>
<td>13. Charles Stewart Mott Foundation</td>
<td>IN</td>
<td>MI</td>
<td>25,356,798</td>
<td>211</td>
<td>Supports the strengthening of civil society, and seeks to protect and conserve the environment, and reduce poverty.</td>
</tr>
<tr>
<td>14. Lincy Foundation</td>
<td>IN</td>
<td>CA</td>
<td>25,037,847</td>
<td>14</td>
<td>Supports Armenian charities.</td>
</tr>
<tr>
<td>15. Harry and Jeanette Weinberg</td>
<td>IN</td>
<td>MD</td>
<td>22,936,500</td>
<td>44</td>
<td>Seeks to improve the lives of poor people in Israel and the Former Soviet Union through programs in the areas of shelter, nutrition, health, and socialization.</td>
</tr>
</tbody>
</table>

Source: The Foundation Center, International Grantmaking Update, 2006. Based on a sample of all grants of $10,000 or more awarded by a sample of 1,172 larger foundations.

\(^1\)IN= Independent.
joint initiative of the Carnegie, Ford, MacArthur, and Rockefeller foundations. Through mid-2004, the partnership had invested $100 million in African universities.\textsuperscript{4}

Exceptionally large grants accounted for health’s disproportionate share of grant dollars in 2004. In contrast, by number of grants, international development (including relief) ranked first with a 22 percent share. Health ranked a distant second (12.2 percent).

OUTLOOK FOR FUNDING

Over the next decade, international giving can be expected to grow at a healthy pace. In the near term, several large independent foundations are expanding major programs or announcing new ones. For example, in 2005, a foundation consortium led by the Carnegie Corporation pledged $200 million over five years for the Partnership for Higher Education in Africa, which builds on the above-mentioned education initiative; in 2006, the Ford Foundation announced $75 million in new funding for its International Fellowship Program and $30 million to launch TrustAfrica, an Africa-based grantmaking foundation. Another bright spot for the field is the Moore Foundation’s rise as a leading international funder. With its greatly enlarged resources, Moore’s giving will help sustain a higher overall level of international support.

Over the long term, however, the main factor that will boost international giving is Warren Buffett’s 2006 pledge to donate the bulk of his fortune—roughly $31 billion—to the Gates Foundation. This historic gift will enable the world’s largest international grantmaker to vastly expand its annual giving, thereby speeding up its impact on global diseases and enabling it to broaden its international interests beyond health.

Still, several factors may dampen the prospects for international giving. Continued volatility in the stock market, the anticipated economic slowdown, renewed fears of inflation, and the heightened uncertainty brought about by record oil prices and increasing strife in the Middle East may undermine the steady growth of many foundations’ endowments and constrain future increases in giving. The ongoing war on terrorism and the more demanding legal environment for funding overseas may also continue to discourage cross-border funding. Nonetheless, longstanding international grantmakers will remain committed to supporting initiatives both in the United States and in other countries, while new funders will be drawn to addressing critical issues threatening the world, from global warming, to pandemics, to the forces that perpetuate terrorism.

Endnotes

2. In addition, the Pew Charitable Trusts, which changed its status to a public charity at the start of 2004, was excluded from the set of private foundations tracked by the Foundation Center in the latter years of the analysis. Pew ranked 16th by total international giving in 2002.
4. In 2005, the consortium was expanded to include the William and Flora Hewlett and Andrew W. Mellon foundations and the initiative’s name changed to the Partnership for Higher Education in Africa.