

Measuring private development assistance

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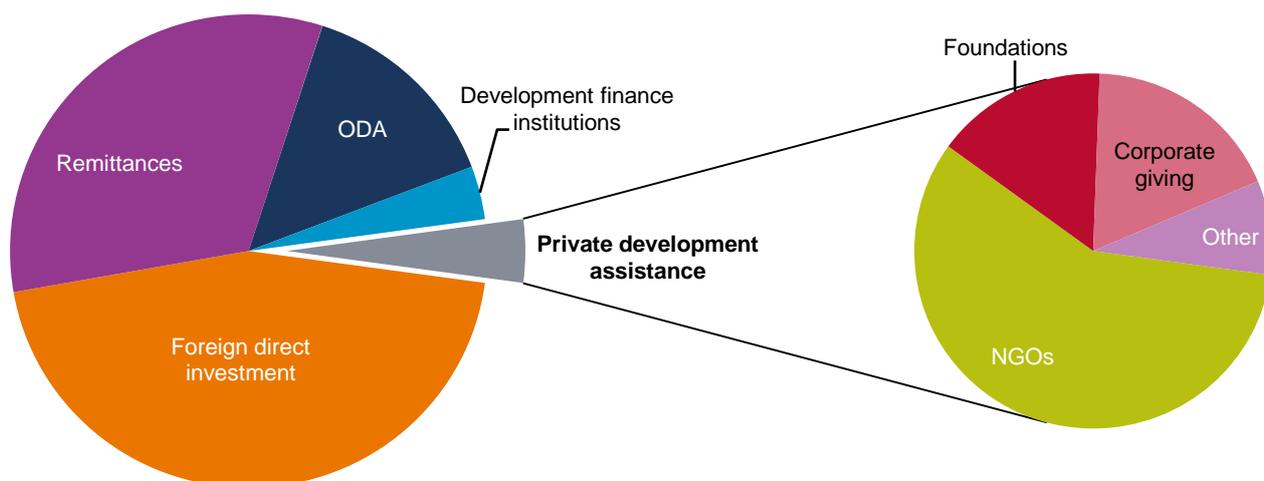
Emerging trends and challenges

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Development Initiatives exists to end extreme poverty by 2030



www.devinit.org



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Executive summary

If the international community is to meet the goal of ending absolute poverty by 2030, decision-makers will need to harness the potential of all available resources – not just aid – and target these resources where they are needed most.

Private development assistance (PDA) is one such resource. The term describes finance from private sources given voluntarily through formal channels, such as non-profit organisations, and transferred across borders for international development and to reduce poverty. PDA is also referred to as international private giving, international philanthropy or voluntary giving.

Understanding PDA is important because, like official development assistance (ODA or aid) and unlike many other resource flows to developing countries, it targets development directly. As shown in Development Initiatives' *Investments to End Poverty* report (September 2013), there are substantial estimated amounts of PDA.

Trends in PDA: highlights from *Investments to End Poverty*

- Countries that are members of the OECD Development Assistance Committee (DAC) provide an estimated US\$45 billion in PDA annually –equivalent to around a third of all aid from these countries. The United States provides the most PDA: US\$30 billion annually.
- An estimated further US\$1 billion of PDA comes from emerging economies, with Saudi Arabia being the largest provider of seven countries. However, data to measure volumes and trends in Southern contexts is particularly lacking.
- PDA and local philanthropy are set to have increasing roles in fast-growing developing economies. These resources could be more effectively focused on reducing poverty, especially as these countries receive less ODA. Corporate giving and high-net-worth individuals could be important avenues for philanthropy in such countries.
- How PDA is distributed across provider types, including foundations, non-governmental organisations (NGOs) and corporations, varies by country. Each has different approaches to reducing poverty. NGOs are most likely to work in countries in crisis, while foundations favour more advanced developing countries.

As with many other non-ODA flows, good quality data on PDA – how it is used, which sectors and countries it goes to and who benefits – is lacking. This data is fundamental for any assessment of the impact of investments on poverty. Understanding PDA flows, including how PDA can catalyse or complement other resource flows, is vital to ensuring that PDA resources are effectively targeted to where they can have most impact.¹

Mapping PDA is a critical first step towards taking full advantage of its potential impact on poverty. This paper consolidates the existing evidence base and attempts to fill the information gaps. However, if we are to recognise PDA's true potential for reducing poverty, better data is also needed, ideally using an agreed standard. The International Aid Transparency Initiative is one such standard that is enabling improved traceability of PDA.

¹ See also accompanying Development Initiatives factsheets on NGO and foundation resources for development. Available at <http://devinit.org/factsheet/ngo-resources-development/> and <http://devinit.org/factsheet/foundation-resources-development/>.

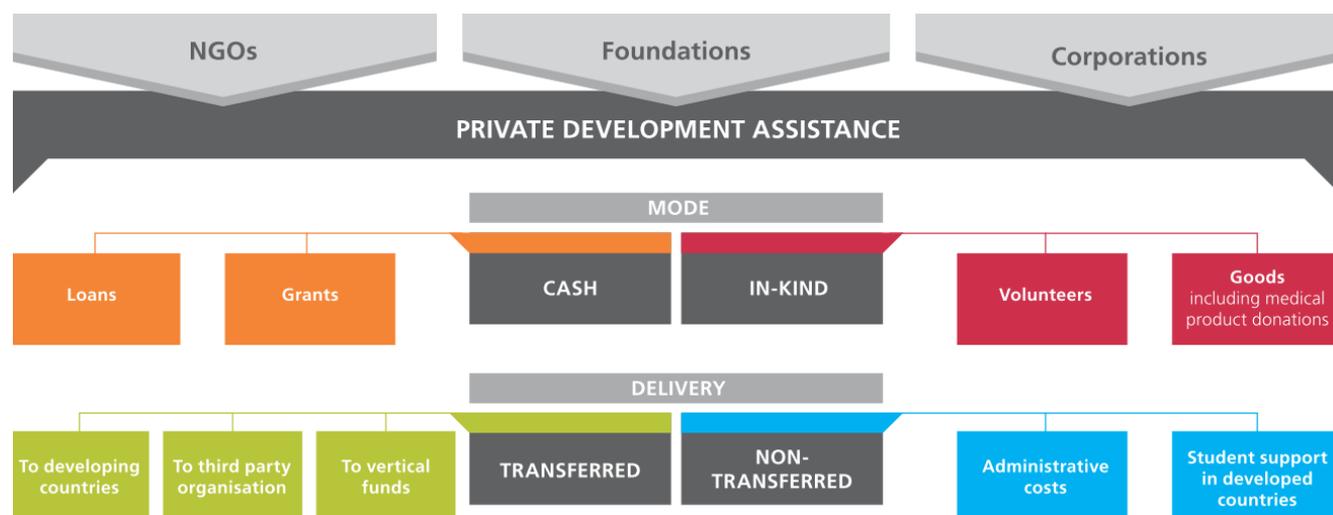
1. What is private development assistance?

Defining private development assistance

Private development assistance (PDA) is finance from private sources given voluntarily and transferred internationally through formal channels without a profit-making aim. Other terms used to describe similar financial flows include international private giving, international philanthropy, voluntary giving, and private development aid.²

PDA providers are organisations that generate or collect voluntary private funds and disburse them for international development. They may be profit-making or not-for-profit, public or private. The majority are either NGOs, corporations or foundations. Other PDA providers may include multilateral organisations such as the United Nations Children’s Fund (UNICEF), religious organisations, trade unions, universities and colleges. PDA flows, like ODA flows, may move through several organisations before reaching the final recipient.

Figure 1 The three main types of PDA provider: NGOs, foundations and corporations



Source: Development Initiatives (2013).

This definition of PDA includes peer-to-peer giving or lending and ‘crowd-funding’ that goes through formal channels. An example is Kiva, a non-profit microfinance organisation that uses the internet to leverage loans from private individuals for poverty-reducing projects in developing countries.³ It also includes PDA channelled through ‘hybrid’ organisations and projects, such as public–private partnerships, and more innovative forms of philanthropy such as social impact investment. But while steps are being taken to improve data on these flows, they are yet to be fully understood and integrated into mainstream development financing measures and so they are not included in this paper.

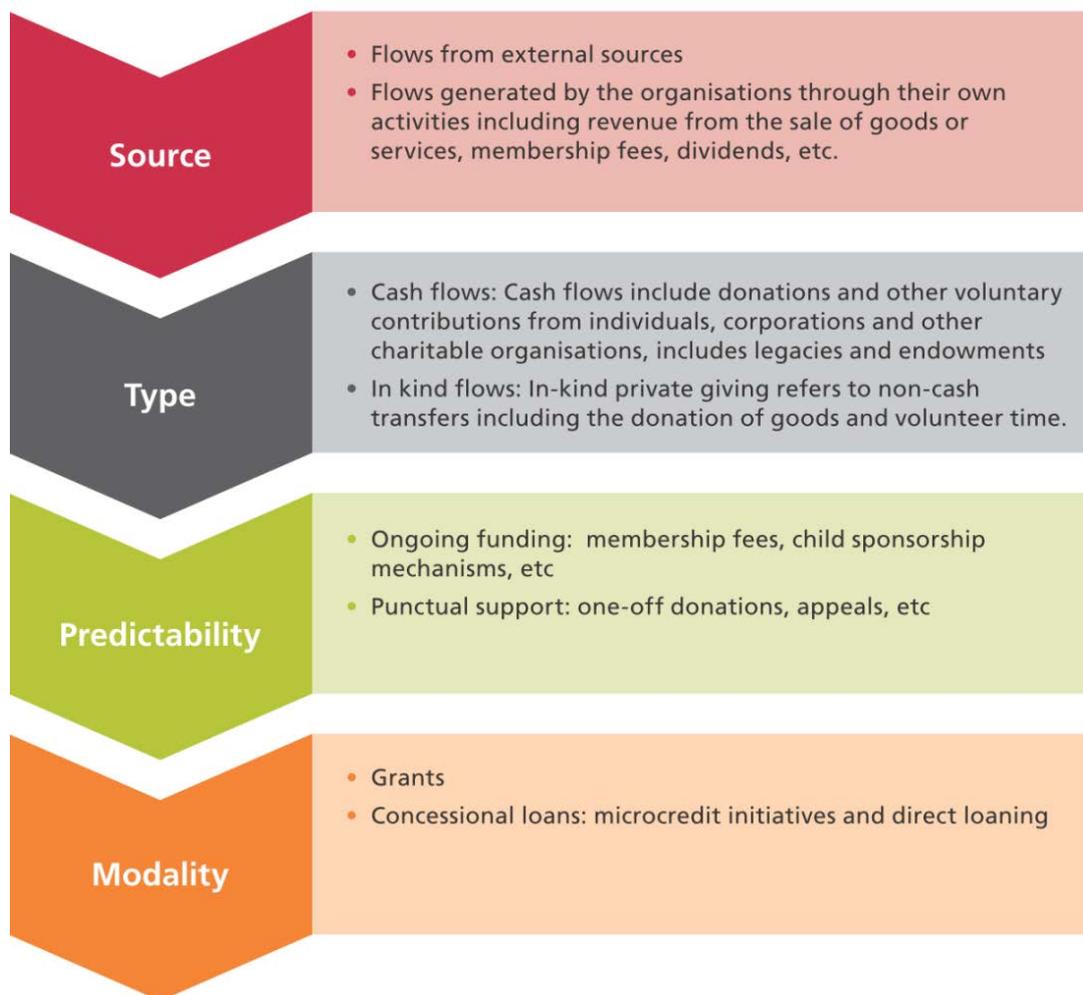
The PDA definition outlined above does, however, exclude peer-to-peer transactions that are not transferred through formal channels. PDA also excludes domestic philanthropic resources (as they are not transferred internationally), remittances (monies sent home from people working abroad) and commercial for-profit investment (FDI and portfolio equity).

² See Desai and Kharas (2009), Worthington and Pipa (2009)

³ See www.kiva.org.

PDA can be categorised in a variety of ways: by source country, source organisation, form and level of predictability (see Figure 2). These classifications are necessary to understand the comparative advantage of each type of PDA in helping to end poverty. For example, recurrent funding may be more appropriate than short-term, fast-disbursing support depending on the form of poverty and vulnerability that is being targeted.

Figure 2 Private development assistance comprises a variety of types of resource



Source: Development Initiatives (2013).

Private giving for development on the rise

The rise of non-state actors in development has prompted interest in the potential of private finance for reducing poverty. Three trends following gross domestic products (GDP) growth are particularly relevant to the growth of PDA:

- *A rise in private giving by the middle classes:* In general, as national income increases, donations from individuals are observed to increase.⁴ Research into individuals' donations in Canada shows that donations grew faster than both gross domestic product and median

⁴ Bain (2013).

incomes between 1984 and 2010.⁵ The ‘global middle class’ is projected to increase, though estimates vary. One source suggests that it will increase from 1.8 billion people in 2009 to 4.9 billion by 2030, of which 80% will live in non-OECD economies.⁶ Data on NGOs’ income sources show that their private income is growing faster than their income from public sources.

- *High-profile initiatives led by wealthy philanthropists including high-net-worth individuals (HNWIs):* These initiatives have increased the visibility of private actors in development. The ‘Giving Pledge’ initiated by Bill Gates and Warren Buffet has seen 127 billionaires commit to donating more than half of their resources to charitable causes since 2012.⁷ Also, the Clinton Global Initiative, an initiative of the Clinton Foundation to respond to global challenges, includes more than 2,800 commitments from HNWIs amounting to US\$103 billion.⁸ Numbers of HNWIs in emerging economies are also rapidly increasing. One report finds that in India, China, and Africa, the number of people with wealth of US\$100 million or more could increase 37% globally over 2011–16.⁹
- *Increased corporate giving:* The share of profits that corporations allocate to charitable giving also increases with profit levels.¹⁰ India passed a law in 2013 requiring large companies to spend 2% of their post-tax profits on social welfare activities. This goes beyond corporate social responsibility to include nine areas, many of which reflect Millennium Development Goals targets. While much of this may be allocated to domestic issues within India, and therefore not meet the PDA definition, it may become a model for future private-sector involvement in development.¹¹

Importantly, each of these three components – the middle class, wealthy individuals and corporations – give PDA in different ways: using different channels and therefore giving to different sectors and countries.

While these trends point to increases in private giving to charitable causes, it is unknown how much will cross borders and be directed towards reducing poverty. Research by Global Impact shows that international giving is growing faster than overall giving in countries belonging to the OECD Development Assistance Committee (DAC). Other factors that are seen as leading to increased international giving include: increased international travel and migration, heightened awareness through media coverage and social media, increased international presence of corporations and increasingly multi-ethnic societies.¹²

⁵ Lasby (2011); Statistics Canada (2009).

⁶ Kharas (2010b).

⁷ As of 17 June 2014.

⁸ Clinton Global Initiative (2014). For more information see www.clintonglobalinitiative.org/aboutus/. Accessed 17 June 2014.

⁹ Knight Frank Research and Citi Private Bank (2012).

¹⁰ Committee Encouraging Corporate Philanthropy (2013).

¹¹ The 2013 Companies Act requires certain companies to spend 2% of their 3-year average annual profit. It applies to companies with net worth of at least US\$90 million, turnover of US\$180 million, or net profit of US\$900,000 in any financial year. See <http://indiacode.nic.in/acts-in-pdf/182013.pdf> and Deloitte and ASSOCHAM (2013). The Act is thought to cover about 8,000 Indian businesses (from a total of about 1.37 million in India [as of the end of 2013](#)). It applies to domestic companies and foreign companies doing business in India.

¹² Global Impact (2011).

2. Trends in private development assistance

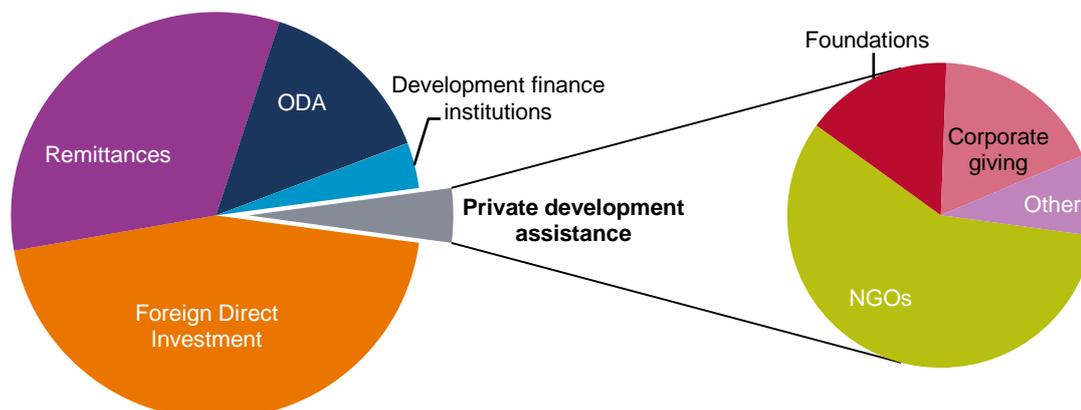
Private development assistance from the 23 DAC countries

Development Initiatives' research estimates that PDA from the 23 DAC donor countries is US\$43.5 billion annually, using the best data for various years between 2004 and 2012. This compares with US\$133.6 billion in net ODA (after loan repayments).

This PDA is equivalent to approximately 10% of foreign direct investment (which totalled US\$472 billion in 2011), one of the largest resource flows to developing countries, and 13% of remittances (US\$343 billion in 2011).

Figure 3 Private development assistance is equivalent to 10% of foreign direct investment inflows

Resource flows to developing countries, 2011



Source: Development Initiatives (2013). Further details on methodology are available in Annex 3.

Estimates of the scale of PDA vary. DI's estimate of US\$45.3 billion compares with figures from the OECD DAC's measure of private grants from DAC countries, which comes out at US\$32 billion; the US Center for Global Prosperity, which shows global philanthropy was US\$58.9 billion; and research by Prada et al., which estimated it at US\$28–9 billion annually.

Whatever the exact figure, PDA is certainly substantial and a key source of development finance alongside ODA and other resources. For example, in the humanitarian sector, PDA is an important resource for responding to crises. DI's Global Humanitarian Assistance programme finds that at US\$5.7 billion in 2011, private giving represents 30% of humanitarian financing.¹³ In the long-term, the potential of PDA is clear given the growth in private wealth that could be voluntarily given and targeted at reducing poverty.

¹³ Development Initiatives (2014).

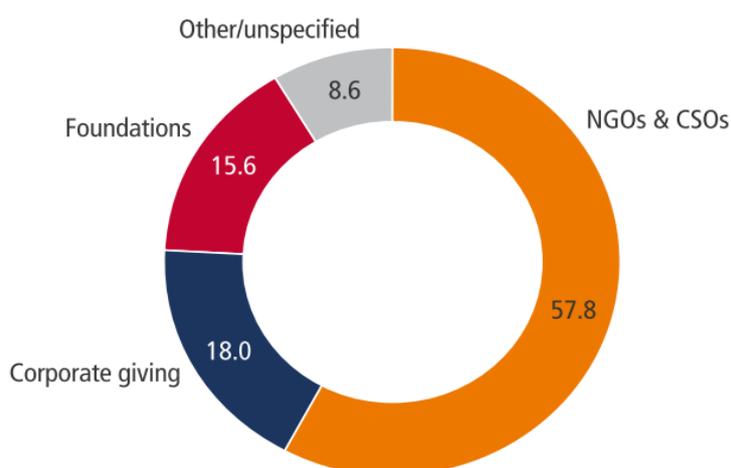
Different providers, different forms

PDA providers vary widely in terms of both their size and priorities. They range from NGOs with over US\$1 billion in annual income to smaller community-based organisations that may work in only one community. While HNWI may establish their own charitable foundations through which to channel their giving, most middle-class people contribute a share of their private wealth through NGOs.¹⁴

NGOs, foundations and corporations provide PDA. Each of these provider types follow different patterns in terms of the way they give, where they give and the sectors that they focus on. NGOs deliver the greatest share of private resources for development. Large NGOs have been influencing the development ecosystem for decades, pioneering approaches such as participatory evaluation of projects that have been later adopted by official agencies. While NGOs are sometimes seen as more connected to communities, foundations are often said to be less risk-averse and more innovative and problem-oriented.¹⁵

Figure 4 NGOs deliver the greater share of private development assistance

PDA by provider type, 2011 data or most recent year available, US\$ billions



Source: Development Initiatives (2013).

Different country frameworks, different forms

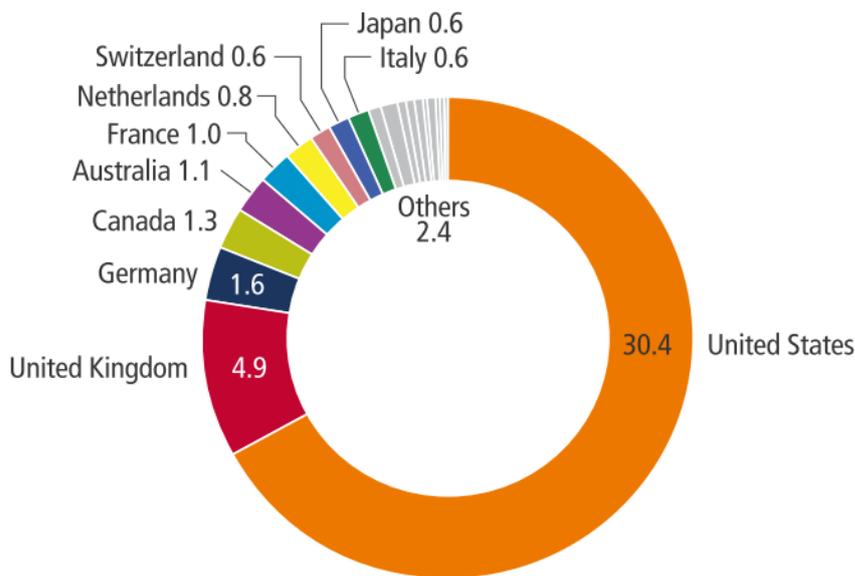
Legislation around charitable activities, and the overall national economic context, affect both the relative size of PDA and its patterns. In-depth analysis of these trends is limited by a lack of granular data, notably for Germany.

¹⁴ Charities Aid Foundation (2013).

¹⁵ Pratt et al (2012); OECD Net FWD (2014).

Figure 5 The US provides two-thirds of PDA flows from DAC countries

PDA by source country. 2011 data or most recent year available, US\$ billions



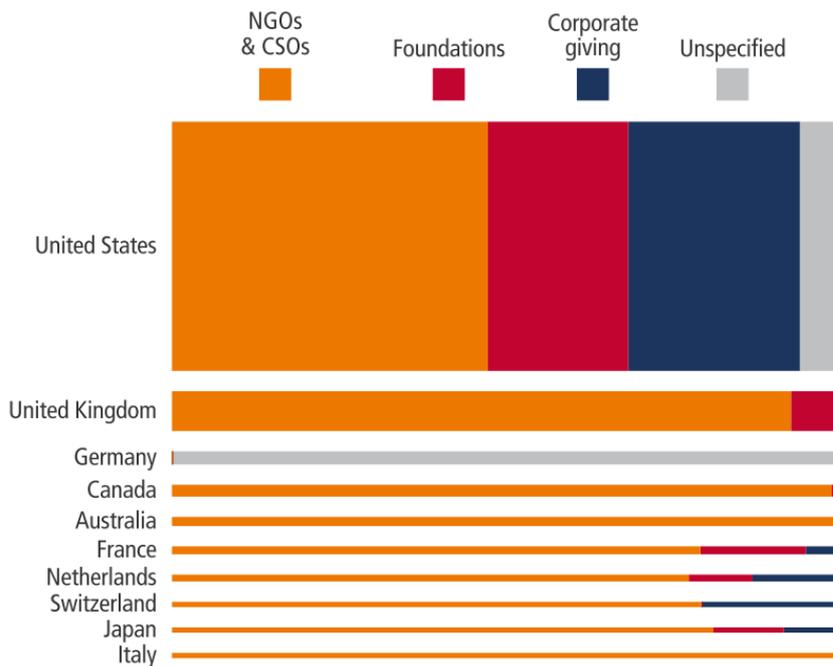
Source: Development Initiatives (2013).

The US is by far the largest known source of PDA – at US\$39.4 billion, it accounts for 67% of total PDA. The UK is the second-largest source (US\$4.9 billion, 11%) then only Germany, Canada and Australia give US\$1 billion or more.

These countries have each developed their own legislative frameworks for and incentives to private giving, substantial freedoms to not-for-profit activity and fundraising, and systems for regulating tax incentives and recording income and expenditure trends. These stimulate PDA. Tax exemption regimes have helped create what Severino and Ray (2009) call “open-ended solidarity”, in which the contributions of private individuals are subsidised by the state through tax exemption. Such incentive systems can also result in better measurement as more data are recorded.

Figure 6 Patterns of private development assistance vary between countries

Share of private development assistance by type of provider, 2011 or most recent available year

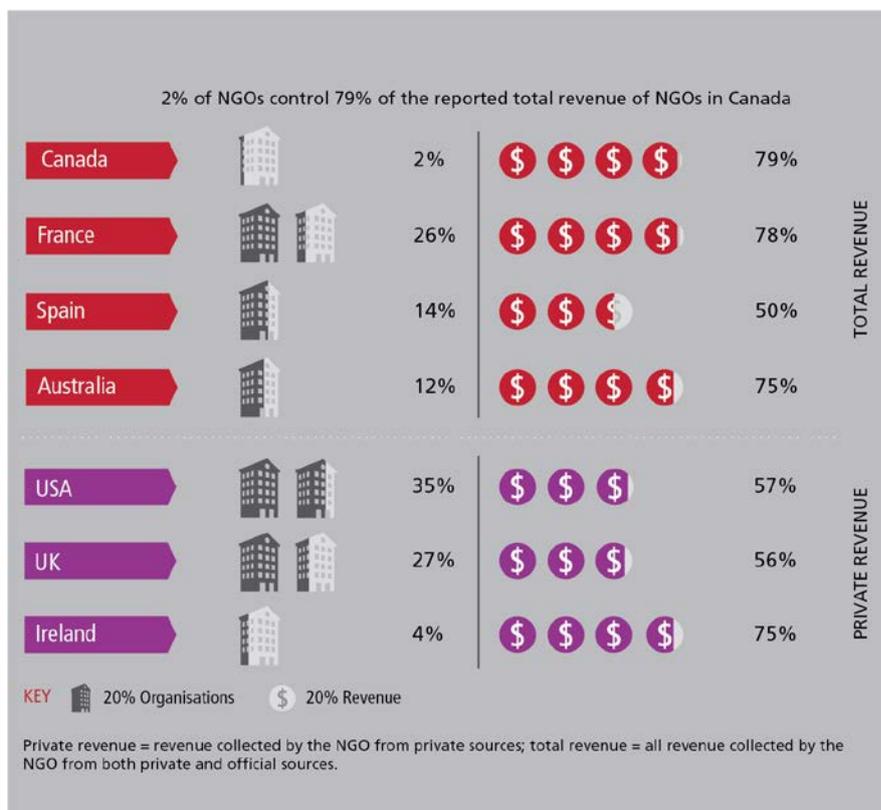


Source: Development Initiatives (2013).

For the 23 DAC countries, the main channel of delivery of PDA is NGOs. Corporate giving is particularly high in Switzerland, as it is in the United States. Foundations play an important role in channelling private development assistance from France and the UK.

PDA is characterised by a high concentration of resources moving through large, well-known NGOs and a few large foundations. At the other end of the scale, private development assistance is fragmented among thousands of thousands of small actors, including NGOs and CSOs at the end of the delivery chain.

Figure 7 Resources are highly concentrated among small numbers of private development assistance providers



Source: Development Initiatives (2013).

In Canada, 35 organisations collected 79% of all revenue raised by non-profit organisations for international development in 2011. More than 1,000 organisations shared the remaining 21% of revenue.¹⁶ Where data allows, similar trends can be observed in other DAC countries.

The Bill & Melinda Gates Foundation represents more than 30% of all foundation funding to development from the US. Further research into the comparative value of small organisations in reducing poverty compared with larger organisations is still needed.

Private development assistance from emerging economies

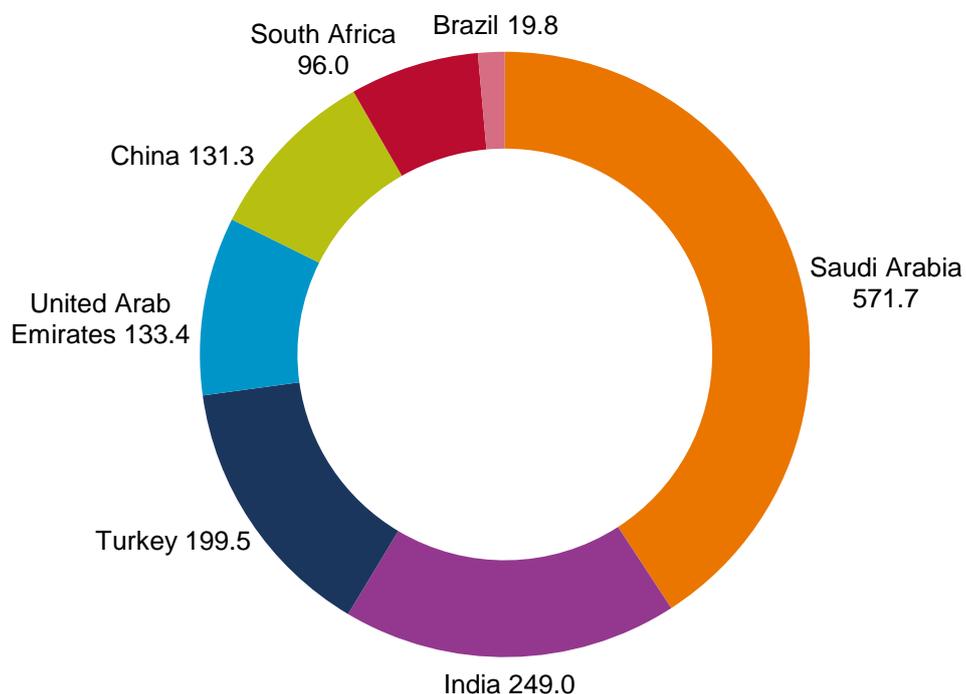
In emerging economies, PDA is set to have a growing role. Several donors have begun to withdraw ODA to some middle-income countries, yet many still have large numbers of people living in extreme poverty. These countries not only receive PDA, they also provide PDA.

Development Initiatives initial estimate of PDA from seven emerging economies is US\$1.4 billion annually, based on data for 2011 or the most recent available year. The largest contributor is Saudi Arabia, followed by the United Arab Emirates, India, Turkey, China, South Africa and Brazil. Saudi Arabia provides US\$572 million, or 41% of known PDA from the seven countries, with its contribution mainly composed of funds from Saudi public fundraising campaigns, channelled through NGOs and going to humanitarian relief in Palestine/Gaza, Lebanon, Pakistan and Indonesia. It also includes PDA from foundations such as the Alwaleed Bin Talal Foundation founded by members of the Saudi royal family.

¹⁶ Canadian Council for International Development (2013), unpublished research.

Figure 8 Saudi Arabia is the largest provider of PDA from emerging economies

PDA by source country. 2011 data or most recent year available, US\$ millions



Source: Development Initiatives (2013) and Center for Global Prosperity.

PDA from emerging economies contrasts with that from DAC countries. Non-profit organisations in developing countries have less access to government funds than those in developed countries, so consequently rely more on private funds.¹⁷ In China and the UAE, the Red Cross plays a prominent role in channelling public donations to developing countries. Corporate giving also plays an important role in Brazil, India and South Africa. HNWI's founding charitable foundations are also an important aspect of PDA from the Middle East and India.¹⁸

But it is important to note that these estimates are based on partial data and it is possible that we are greatly underestimating PDA from emerging countries. Data is almost completely missing for some countries, such as Russia. Improved measures of PDA are jeopardised by a lack of basic legislation or of philanthropic freedoms in certain countries. This can inhibit the ability to establish non-profit organisations, collect funds from abroad and/or register foundations and NGOs. These are some of the current disincentives to PDA in countries such as China, Russia and Turkey, inhibiting the growth of this resource.¹⁹

¹⁷ Salamon et al. (2004), (2013).

¹⁸ Center for Global Prosperity (2013a); Milner (2013). See also Bellagio initiative and Resource Alliance in Brazil, and Trialogue's research in South Africa.

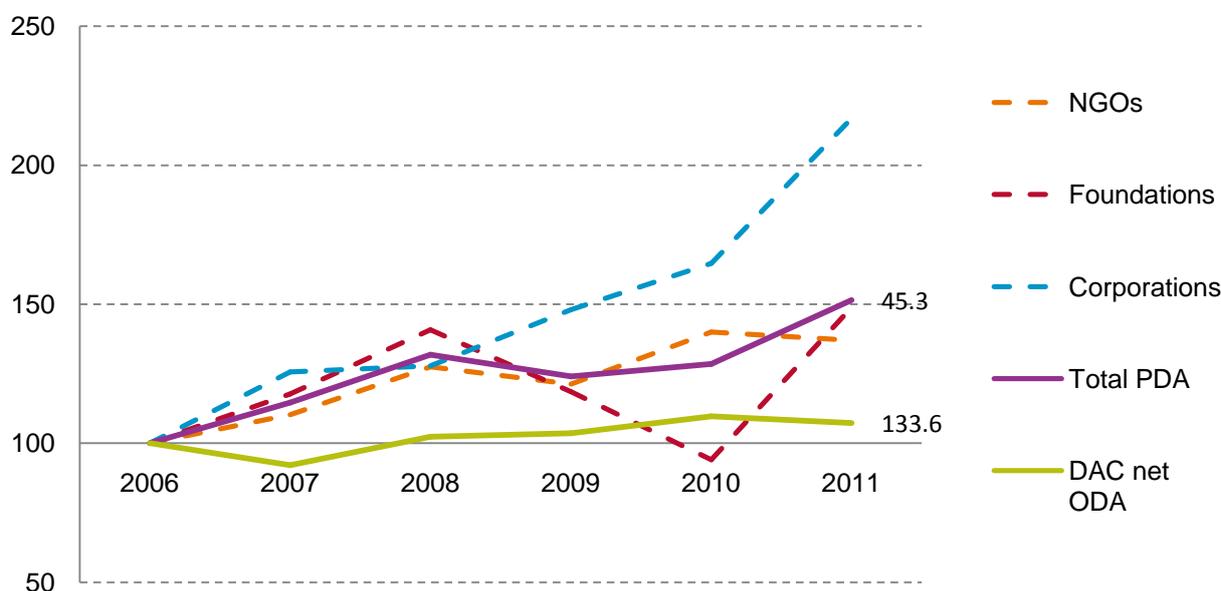
¹⁹ Center for Global Prosperity (2013b).

3. Comparing private development assistance and official development assistance

Development assistance from private sources is growing faster than assistance from official sources. In 2011, PDA was equivalent to around one-third of ODA. However, it increased by 51% over 2006–11, compared with 7% growth in ODA. Within PDA, corporate giving saw the fastest growth (117%), followed by foundations (49%) and then NGOs (37%) over the same time period. These estimates are derived from a small sample of corporations, foundations and NGOs (see Annex 3).

Figure 9 Growth in private development assistance is faster than official development assistance

Indexed growth 2006–11 and 2011 volumes in US\$ billions



Source: Development Initiatives (2013), (see Annex 3 for methodology).

But like-for-like comparisons between PDA and ODA may reveal they are closer in volume than previously estimated.²⁰

ODA includes some concessional loans, so PDA – in grant form – should be compared with net rather than gross ODA to discount loan repayments. Further, both ODA and PDA include resources that do not cross the border out of the source country. The non-transfer element, including administrative costs and debt relief spent in the donor country, is at least 20% of ODA from DAC donors.²¹ Deducting 20% from net ODA gives an estimated US\$106.9 billion going to developing countries. For PDA, data from some sources such as the (US) Center for Global Prosperity include non-transfer elements estimated at 22% (Figure 12).

Development Initiatives' figure of US\$45.3 billion includes a non-transfer element of at least 4% in support to students from the developing world, and an unknown percentage of administrative costs. Administrative and management costs are estimated at 6.1% of NGO expenditure, based

²⁰ Worthington and Pipa (2009).

²¹ Development Initiatives (2013).

on 550 US NGOs working in international development, but it is unclear whether these expenses are made in a developed or developing country.²²

Further research is still needed to ascertain the comparative impact and advantage of each type of assistance in targeting poverty.

Complementary or catalysing?

Private funds can often be more flexible than official funding, which is usually granted to an NGO for a specific project. Development Initiatives' 2014 report *Humanitarian assistance from non-state donors: what is it worth?* on private giving in humanitarian contexts finds some important differences in the types of crises supported by private and official donors. There are also some key differences in terms of where private funds are spent. For example, private donors are more likely to respond to natural disasters rather than conflict-related crises. In 2012, Haiti dropped in priority for official donors, becoming the 15th highest recipient country of bilateral government funding, but the largest recipient of private funds. PDA is particularly valuable to humanitarian agencies for its flexibility, reliability and durability.²³

In an analysis of giving through the online giving platforms Kiva and Global Giving, Desai and (2009) found that ODA and PDA can be complementary. Whereas ODA supports countries, PDA supports specific initiatives and people. This means that at the top level ODA expenditure is responsive to country-level characteristics, such as country income status, while PDA is more responsive to particular people or causes. On the other hand, some research has found that NGOs tend to follow bilateral allocation patterns of donors from their host country, often replicating the patterns of aid and of other NGOs when selecting which developing countries to channel PDA towards.²⁴ Factors such as historical or religious ties can be important in drawing an NGO into a country, as well as an aid donor.

Well-targeted ODA can act as a catalyst to PDA, and vice-versa. Several initiatives show this, including the GAVI Alliance Matching Fund,²⁵ which invites private sector companies to provide “additional funding, visibility & business expertise” to GAVI, with each contribution matched jointly by the Bill & Melinda Gates Foundation and the UK Department for International Development.²⁶ Other donors are also using this model – for example, following Typhoon Haiyan in November 2013, the Government of Canada matched every \$1 donated to the Canadian Red Cross by individual Canadians.²⁷

Matching funds programmes can do more than act as a catalyst for funding; they can ensure funds are targeted to particular areas. Through the Aid Match programme,²⁸ the UK is matching individual donations to selected British NGOs for appeals that aim to reduce poverty in developing countries. Secretary of State for International Development, Justine Greening, said: “Aid Match matters for people donating to charities because it means we take the overseas development priorities of the public and make them ours too.”²⁹ In this case, PDA is influencing the targeting of aid to specific NGOs and initiatives.

²² Öhler (2010).

²³ Development Initiatives (2014).

²⁴ Koch et al (2008).

²⁵ See www.gavialliance.org/funding/gavi-matching-fund/how-it-works.

²⁶ The GAVI Alliance (2014) GAVI matching fund, www.gavialliance.org/funding/matching-fund.

²⁷ Canadian Red Cross (2013) Typhoon Haiyan donation matching program extended, 27 November 2013, www.redcross.ca/who-we-are/newsroom/news-releases/latest-news/typhoon-haiyan-donation-matching-program-extended.

²⁸ See www.gov.uk/uk-aid-match.

²⁹ Department for International Development (2013) UK Aid Match www.gov.uk/government/news/uk-aid-match-120-million-boost-for-british-charities.

Innovative ways of channelling private resources to development

New types of partnerships involving governments, non-state actors and the private sector are blossoming. One example is UNITAID,³⁰ the international drug purchase facility founded in 2006 by donor governments and the World Health Organisation. UNITAID receives more than 65% of its funding from the solidarity levies on air tickets. The levy targets private individuals who can afford a plane ticket to enable developing countries, such as Cameroon, to participate in development finance. It also enabled UNITAID to maintain stable revenue streams, even when ODA contracted following the 2009 economic crisis. The pooling of PDA and its innovative use of market-based approaches involving drug manufacturers has allowed UNITAD to achieve cumulative price reductions of up to 60% on life-saving drugs since 2006.

Growing diversity in the delivery of development assistance

The number of choices for channels of delivery is growing, as are the number of agencies involved in providing development assistance, bringing increased diversity among organisations which are involved in reducing poverty.

This growing diversity is transforming power relations. Today, some large private actors control financial resources of a value comparable to those controlled by official donors. Greenhill and Prizzon (2013) found that developing countries welcome non-traditional flows, including philanthropy and social impact investment. The benefits of increased choice are seen as outweighing the costs of increased fragmentation of development assistance. Another benefit is increased negotiating power for the governments of developing countries, as they have access to non-ODA grants.³¹ In turn, this can be seen as reducing official donors' influence over development priorities in the South, as argued by Severino and Ray in 'The End of ODA' (2009).

Comparing the impacts on poverty of ODA and PDA is difficult because there is scarce data. There are perceptions around the efficacy of each flow, as Bill Gates noted in his 2014 annual letter: "It is ironic that the foundation has a reputation for a hard-nosed focus on results, and yet many people are cynical about the government aid programs we partner with".³² However, further research is still needed to ascertain the comparative impact and advantage of each type of assistance in targeting poverty.

³⁰ See www.unitaid.eu/en.

³¹ Greenhill et al (2013).

³² Gates (2014).

4. A lack of private development assistance data

Understanding data gaps in private development assistance

Data on PDA flows is insufficient in terms of both coverage and quality: we do not know where most PDA goes or its impact.³³ The absence of data is one aspect of a wider accountability deficit in philanthropy and non-profit organisations.³⁴ PDA data is poor because of low reporting levels, a lack of accountability structures for private donors and an absence of established transparency standards.³⁵

A lack of standards around the definition of terms such as philanthropy, or global giving, impedes data collection and cross-country comparisons. Financial information is not standardised at international level and diverse regulatory environments and legislative classifications of charitable organisations, international giving, social investments and annual reporting make international comparisons particularly problematic. A lack of regulation and legal basis for the non-profit sector in some countries also contributes directly to the challenge of data collection and analysis.³⁶ Data quality is poor, resulting in a range of estimates across sources. The data gaps suggest that PDA volumes are underestimated.

There are three main gaps in the information that can be extracted from current data sources:

- The traceability of PDA is particularly poor, leading to a lack of data on where PDA goes, especially at sub-national level. One important missing link is data that allows traceability to the final recipient of PDA.
- The impact of private development finance is still not well understood, both in terms of impact and outcomes. The lack of comparable data on the impacts of PDA providers impedes a wider understanding of the value of this flow for reducing poverty.
- The predictability of private development finance is low, particularly in comparison with ODA. Forward-looking data is largely absent, while the OECD does regular forward-spending surveys of donor intentions.

The current lack of data prevents a full understanding of how this flow behaves and can be expected to grow. For example, how resilient PDA is to economic shocks compared to ODA. The financial crisis of 2008/09 coincided with contracted fundraising by non-profits: the 400 top US NGOs recorded an 11% drop in income over 2008–9. And by 2010 the top 400 NGOs were still raising 8% less than they did in 2007.³⁷ However, the extent of this vulnerability for PDA is still unclear.

Poor data, poor decision-making

A lack of financial transparency affects organisations' ability to plan their work effectively. It may also limit mobilisation of further resources: a survey of philanthropists in India found a lack of financial accountability as the biggest obstacle to giving.³⁸ Rising concerns about value for

³³ See: Prada et al (2010), Kharas (2007) and Greenhill et al. (2013).

³⁴ See for example Bob Reich (2013) What are foundations for? Boston review www.bostonreview.net/forum/foundations-philanthropy-democracy, and Edwards (2011).

³⁵ Based on own research and others, see e.g. Lundsgaarde (2012).

³⁶ Watson (2012).

³⁷ The Chronicle of Philanthropy (2011).

³⁸ Cited by 57% of respondents in Bain 2012 *India Philanthropy Report*.

money and impact have led to initiatives to support donors in making informed choices such as Geofunders, Charity Navigator, GiveWell and Philanthropedia.³⁹

Such a shortage of data impedes the accurate measurement of PDA trends and masks its comparative value for reducing poverty. Understanding who is benefitting from PDA, and when and where these benefits are being felt, allows us to improve its targeting. It also means that resources can be mobilised when they are most needed, and allows us to assess resource availability, both current and forward-looking. Crucially, it also allows us to review the impacts of PDA impacts on poverty and adjust as necessary the mix of resources reaching developing countries.

Improved data allows better traceability, comparability and predictability, and can guide decision-makers in allocating funds. Most recently, the United Nations High-Level Panel report on the post-2015 global development agenda called for a “data revolution”, with new initiatives to “improve the quality of statistics and information available to citizens”.⁴⁰ This would apply to PDA as other flows. Better data would allow foresight for citizens and governments in developing countries and an opportunity to feedback on the flow’s effectiveness. Access to data on all resource inflows is central to a recipient country’s ability to function and plan service delivery.

The advantages and limitations of various data sources

The various different data sources on PDA each present different challenges. We identify four key sources that can give as good an insight as possible on PDA globally – each with advantages and limitations, summarised in the table below:

- OECD datasets
- Center for Global Prosperity (Hudson Institute) Index of Global Philanthropy and Remittances
- Center for Civil Society Studies (Johns Hopkins University)
- The International Aid Transparency Initiative (IATI)

³⁹ www.geofunders.org; www.charitynavigator.org; www.givewell.org; www.myphilanthropedia.org.

⁴⁰ United Nations (2013).

Table 1 Advantages and limitations of different data sources on private development assistance

Name	Data available from	Coverage	Publication timetable	Key advantages	Key limitations
IATI	Usually 2011	PDA by 229 provider organisations	Continuous	<p>Comparable organisation data on income and expenditure.</p> <p>Traceability – geocoding to sub-national level.</p> <p>Forward-looking data can be included.</p>	Data provided by organisations is still partial and coverage is insufficient to assess PDA from a source country.
OECD net private grants	1969	PDA by 25 source countries in 2012 (3 DAC countries plus 2 non-DAC countries)	Annual	Historical trends data.	<p>Coverage of specific organisations cannot be checked and the number of organisations captured is not known.</p> <p>Increased reporting skews assessment of trends.</p> <p>Sector, destination country and composition of flows under this line is unknown.</p>
Index of Global Philanthropy	Varies by country (United States data since 2004)	PDA by source country (23 DAC countries plus 4 emerging economies)	Less than annual	<p>PDA by source country that can be partially disaggregated into provider type: NGOs, foundations, corporate giving.</p> <p>Data collected by researchers using a consistent methodology across sources.</p>	Lack of data on where PDA goes, to what sector and to what effect.
Johns Hopkins	Varies by country	PDA by 34 source countries	Less than annual	Comparable data on philanthropy in developing countries vs. developed countries.	<p>Lack of breakdown of funding sources into national and international.</p> <p>Lack of detail on the sectors and channels of delivery separating out NGOs and foundations.</p>

OECD net private grants data

The OECD provides figures on private grants. Net private grants – net meaning after official flows have been deducted – from all donors reached US\$29.9 billion in 2012, equivalent to around a fifth of the US\$150.9 billion in net ODA in that year.

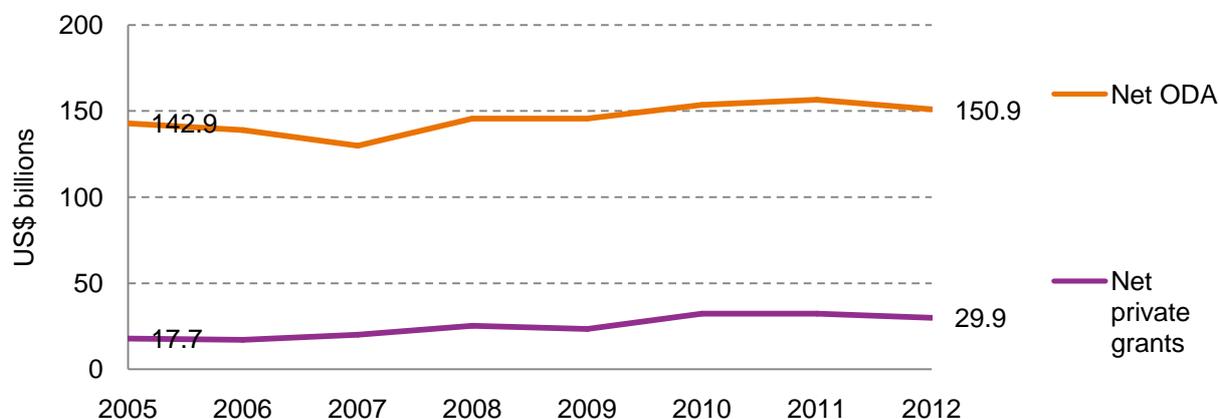
But these net private grants are increasing faster than ODA: 68% increase over 2005–12, compared with a 6% increase respectively. It is not clear how much this increase can be ascribed to improved reporting rather than actual increases in net private grants. This improved reporting skews comparisons across time and between countries.

These figures include flows from NGOs, foundations, cooperatives, trade unions and other PDA sources. Data are available since 1969, with data for some non-DAC countries, notably Turkey, available since 2005.⁴¹ “Development and welfare expenditure of religious and private entities can also be included, provided they are not mainly religious or commercial.”⁴² The category also includes some expenditure in the source country, such as subsidies to students from developing countries. Funds received from abroad are not included.

Over 2008 and 2009, the effects of the global economic crises can be seen in both ODA and net private grants. The latter dropped by 7%, while ODA fell slightly (0.1%). However, over 2010 and 2011, while ODA recorded a 2% drop due to the austerity measures adopted by several DAC country governments, net private grants remained stable.

Figure 10 Net private grants from all donors are growing faster than official development assistance

Disbursements from all donors 2005–12 in US\$ billions



Source: OECD DAC Table 1.

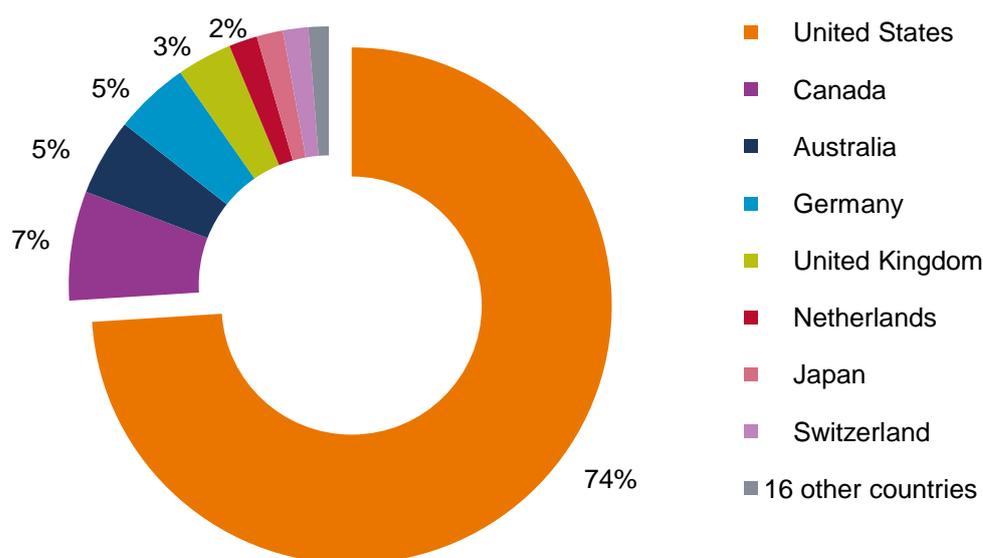
The US accounted for almost three-quarters (74%) of net private grants in 2012, followed by Canada (7%), Australia and Germany (5%). Over the period 2005–12 the US, Turkey and Japan reported the largest increases, while Luxembourg and Korea reported the largest falls.

Figure 11 The US provides 74% of net private grants

⁴¹ Data is available for two non DAC countries: Turkey and UAE. However, the UAE data appears to underestimate strongly compared to UAE other sources.

⁴² OECD DAC (2010), DAC Statistical Reporting Directives.

Share of net private grants by country, 2012



Source: OECD DAC Table 1

Center for Global Prosperity – Index of Global Philanthropy

The Hudson Institute's Center for Global Prosperity (CGP) publishes an annual *Index of Global Philanthropy and Remittances*.⁴³ This aims to detail the source and size of economic flows to the developing world, including philanthropic flows from foundations, NGOs, corporate donors and religious organisations. To calculate these flows from each country, the Center for Global Prosperity uses OECD data and its own research through national-level partners, such as the Charities Aid Foundation in the UK.

The 2013 Index put the annual value of philanthropy from the 23 DAC countries at US\$58.9 billion, up from US\$56 billion in the previous edition of the Index.⁴⁴ This 2013 figure is almost double the amount the OECD reported as net private grants in 2012 (some US\$30 billion from the 23 DAC countries). But CGP note that its figure probably underestimates private flows given the measurement difficulties outlined above. CGP also finds that global philanthropy is US-driven, accounting for two-thirds of the total (US\$39 billion).

CGP estimates of international philanthropy include two types of assistance: non-transferred and in-kind resources. In the case of the US, the data shows that international philanthropic flows are broken down as follows:

- Flows of at least US\$8.7 billion of non-transferred resources, representing 22% of US philanthropic contributions. These are philanthropic contributions spent for international development, but retained in the source country, such as grants to students from developing countries to study in the US.
- Flows of at least US\$5.2 billion of in-kind contributions, representing 13% of US philanthropic contributions. The dollar value of in-kind contributions is estimated by the donor. This category is dominated by medical aid and volunteers. Recent research from the

⁴³ Hudson Institute (2012).

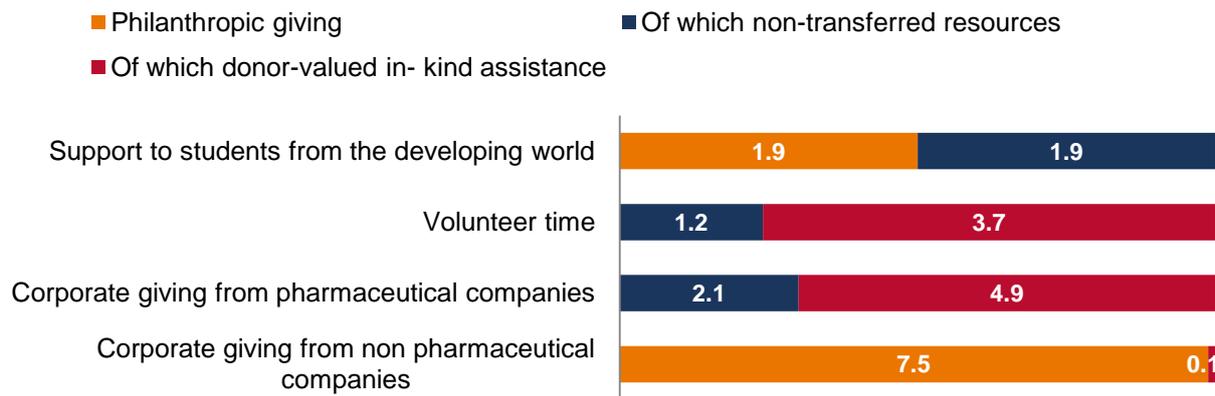
⁴⁴ The CGP provides data for three countries not reporting under net private grants: France, Spain and Norway. The CGP revises DAC data for 10 other countries, making mostly upward revisions. Most significant revisions are for the UK, US, Japan and Italy.

Center for Civil Society Studies shows that a number of countries have a strong volunteering tradition that forms a large share of PDA.⁴⁵

Overall, philanthropic contributions from the US transferred to developing countries in the form of cash amounts to no more than US\$26.3 billion, or 68% of the figure reported by the Center for Global Prosperity.

Figure 12 At least a fifth of international philanthropic giving from the US doesn't leave the US

Analysis of components of US philanthropic giving to the developing world, based on Center for Global Prosperity data, US\$ billions



Johns Hopkins University –Comparative Non-Profit Project

The Johns Hopkins University’s Center for Civil Society Studies runs the Comparative Non-Profit Sector Project. This initiative aims to improve national, including developed and developing country, statistics on the non-profit sector by capturing data on employment and revenues in the sector, among other data. The Project works in partnership with the United Nations, and produced a *Handbook on Non-Profit Institutions in the System of National Accounts*⁴⁶ with guidelines on assessing non-profit sectors, providing a measure of data comparability for countries that follow the handbook.

The Project process is time-consuming to implement, with a lack of recent and regular data. The last comprehensive data-aggregation exercise was in 2004: *Global Civil Society: Dimensions of the Nonprofit Sector, Volume Two* (2004). This provided comparative data for 34 countries broken down by revenue source across three categories:⁴⁷

- Government.
- Fees, including membership dues, service charges, investment income and income from the sale of goods and services, whether or not they are related to the organisation’s mission.
- Philanthropy revenues received from at least four types of sources: individual contributions, foundation grants, corporate donations, and contributions channelled through federated-giving funds or programmes.

⁴⁵ Salamon et al 2013.

⁴⁶ United Nations (2003).

⁴⁷ Johns Hopkins Comparative Nonprofit Sector Project, 'Methodology and Data Sources'. Available at http://ccss.jhu.edu/wp-content/uploads/downloads/2011/09/CNP_Methodology.pdf.

These data showed that civil society in developing or transitional (ex-communist) countries is less dependent on government funding than civil society in developed countries.⁴⁸ Developed countries receive on average 7.2% of funding from philanthropy. This varies across countries. For example, the US receives 13% from philanthropy, while Germany receives 3% from philanthropy. The data also shows that organisations based in developing countries benefit considerably from volunteers. The relative importance of private development finance flows in comparison to official flows differs from country to country and is influenced by the size of the non-profit sector, the legislative environment, and the availability of official resources for NGOs and foundations.

Table 2 The non-profit sector in developing countries relies on philanthropic resources more than in developed countries

Sources of civil society funding, Comparative Non-profit Sector Project, 1995–2004

Sources of revenue	Government	Philanthropy	Fees
Developing/transitional countries	21.6%	17.2%	61.3%
Developed countries	48.2%	7.2%	44.6%

A significant finding is that philanthropy plays a large role in the international giving sector, particularly as a source of income for international NGOs based in developed countries. Philanthropy is the main source of income for international assistance (38%), followed by government sources (34%) and fees (28%), even though it plays a small role in the non-profit sector as a whole. The only other area that relies more on philanthropic sources for funding is religion (53% from philanthropy).

The International Aid Transparency Initiative (IATI)

IATI is a multi-stakeholder initiative that was launched at the Accra High Level Forum on Aid Effectiveness in 2008 to increase the transparency of aid resources, including official and private flows. IATI provides a standard for publishing comparable data, and a registry where data can be accessed. Reporting is voluntary and organisations can choose to publish only part of their budget to IATI.

Unlike most other data sources covered, IATI standard data can be disaggregated for income and expenditure at organisation and project level, with transaction-based reporting. The IATI standard includes a common list of data items, a common list of definitions and allows for geo-coding to the final recipient. Several lines allow organisations to report on data of interest to this research: aid type and flow type, which includes private grants.⁴⁹ IATI also allows tracing of PDA transferred down the delivery chain from one organisation to another through unique

⁴⁸ However, much funding of Southern CSOs may be official funding channelled by a Northern NGO. Development Initiatives' research using IATI data which finds that a third of the aid funding received by 19 Northern NGOs is transferred to Southern partners. See <http://devinit.org/new-iati-datastore/>

⁴⁹ http://iatistandard.org/codelists/flow_type/.

identifiers for organisations and projects. IATI offers significant value as data can easily be compared across organisations and countries.⁵⁰

More than 200 NGOs and foundations have published to IATI so far, following Oxfam which became the first international NGO to report to IATI in November 2011. The Foundation Center are working to make their data on foundations available in this standard.⁵¹ The d-portal⁵² allows exploration of IATI data by country and sector, including at sub-national level.

As coverage continues to increase, IATI is expected to become a valuable source of data about PDA flows.

⁵⁰ Development Initiatives' Written evidence on private foundations. See www.publications.parliament.uk/pa/cm201012/cmselect/cmintdev/1557/1557vw05.htm.

⁵¹ As of August 2014.

⁵² <http://d-portal.org/>.

5. Our approach: Methodology amid data gaps

In September 2013, Development Initiatives published *Investments to End Poverty*, a report which mapped all resource flows to developing countries, including PDA. This section presents Development Initiatives' methodology, which was developed in response to the limitations of existing data.

Data collection

Development Initiatives' data collection focused on three broad sources:

- International sources: OECD and the Center for Global Prosperity.
- Data based on the financial reports of PDA providers (focusing on NGOs, foundations and corporations): The sheer number of organisations involved in PDA poses a serious challenge to any attempt to collect quantitative data agency-by-agency with an acceptable coverage. Organisations annual reports are not always readily available in digital format and do not always provide the level of detail needed for this research. This method was privileged when national and international sources provided insufficient data.
- National sources of data focusing on foundations, NGOs and corporations: National sources can be classified into four categories:
 - Official data from governments: data are often based on the tax returns of registered organisations. Official data often exclude organisations that are not registered for tax exemption, as registration is not compulsory in every country.⁵³ Data may also exclude donations for which tax exemptions have not been claimed.
 - Surveys by umbrella groups and membership-based organisations such as NGO platforms or networks of foundations: These are generally voluntary and data is self-reported by members. Surveys by umbrella groups often have significant coverage of the sector, especially where a powerful NGO platform exists in the country. Some NGO platforms conduct member surveys annually (e.g. Council for International Development, New Zealand), while others conduct surveys periodically (e.g. Coordination SUD, France).
 - Specialist studies by academics and researchers, such as systematic studies aggregating data from financial reports of NGOs and foundations: Coverage of these studies is generally limited and their lack of regularity, as well as changing compositions, limit comparisons over time.
 - Surveys of populations and households by market research firms and fundraising associations with an emphasis on giving habits, providing estimates of PDA per capita:⁵⁴ Surveys by firms often do not differentiate between giving to national and international causes, and use different methodologies which make international comparisons difficult.

Development Initiatives complemented this data by reviewing existing literature on PDA and communicating with researchers from the organisations whose data was used, including the Center for Global Prosperity, the European Foundation Center, the Foundation Center, the Worldwide Initiative for Grantmaker Support, OECD netFWD, and others. This review established the gaps in the data from which the methodology was developed. Annex 2 gives the

⁵³ It is difficult to estimate how important these are. In the US, Hudson informs that non-registered organisations are mainly religious organisations, and new organisations. Hudson research identified 378 relevant new organisations in 2010. In other countries, non-registered organisations may be more numerous.

⁵⁴ For example, the World Giving Index 2012, see www.cafonline.org/PDF/WorldGivingIndex2012WEB.pdf.

full list of data sources that are used for each country, and Annex 3 gives further methodological notes.

Addressing limitations

Global estimates of private development assistance are lacking

Data collection for PDA estimates should distinguish between the nature of funds to provide an accurate picture of PDA. For example, data on “philanthropy in the United Kingdom”, is likely to include both philanthropic spending in the UK and UK philanthropic spending going to international development. Development Initiative’s data-collection process for PDA aimed to incorporate questions such as:

- Is the source of the flow official or private?
- Is it from a domestic or an international source?
- Is the flow going to a domestic cause, to a foreign developed country, or to a developing country?

Depending on the quality of the data, these distinctions were easily made, in which case Development Initiatives deducted funds that were directed to domestic causes or coming from official sources. In some cases, the distinction was impossible to make without accessing data organisation-by-organisation. In a few cases, this data could not be accessed due to confidentiality or other issues, such as in the case of data from the Committee Encouraging Corporate Philanthropy and OECD net private grants.

A lack of disaggregated data makes checking for double-counting difficult

Funds may transit through several organisations before reaching the final point of expenditure, so avoiding double-counting across flows is crucial. The nature of available data and the aim to avoid double-counting led the research to focus on income data more than on organisation expenditure, particularly in the case of PDA channelled by NGOs. While income data may show the share of income from private and public sources, expenditure data generally does not make this distinction. Total income and total expenditure generally do not match on an organisation’s financial statement. Therefore, tracing the disbursement of private income by non-profits in isolation from other sources of income is a difficult task without access to detailed accounts of organisations.

Inconsistent coverage across national sources limits comparability across countries

International sources offer the comparative advantage of consistency in definitions and metrics. These sources were used where possible.

In order to improve the cross-country comparability of the data, international sources were manipulated where possible. Development Initiatives’ data collection removed volunteering estimates from the US PDA totals and favoured national sources that provided higher levels of comparability. The sources of data used for each country are listed in Annex 2.

National sources do not use consistent measures and methodologies across sources of data. Data are collected from international and national sources for the latest available year. While for many countries data for 2011 or 2010 was available, the collected data ranged from 2004 to 2012. Another challenge relates to calendars used. For example, data used to compare expenditure by two NGOs may be based on different calendar years. This was a weakness of the research findings reported in *Investments to End Poverty*, where this limitation could not be addressed.

Unreliable growth estimates due to increased reporting

For each flow, Development Initiatives built a sample to analyse specific trends. Data samples on NGOs, foundations and corporate giving were put together, from which recorded growth could be measured. Development Initiatives used this sample to estimate wider trends and patterns in PDA (see Annex 3). This sample included 31 international NGO coalitions, data on foundations from the Foundation Center and corporations reporting to the Committee Encouraging Corporate Philanthropy.

The trends may not be representative of the flow as a whole. But given the high concentration of resources in PDA, we assume that if our sample includes the largest provider organisations, it will go some way to providing a decent coverage for each flow.

6. Conclusion: Closing data gaps to target PDA at reducing poverty

There is simply too little data to effectively understand the role of PDA in reducing poverty in different contexts. But there is the prospect of more and better data becoming available. The numbers of NGOs and foundations reporting to the International Aid Transparency Initiative has risen rapidly to stand at over 200 organisations. If such trends continue, there may be sufficient IATI data for it to be a key source of PDA data in 2015. However, the challenges to data collection and research in many emerging and developing countries are enormous. Basic infrastructure and policies for non-profit management and registration are still lacking, while restrictions on philanthropic freedoms and tight state regulation of non-profit organisations in some countries serve to limit both PDA and domestic philanthropy.

It is encouraging that new networks and actors are enabling dialogue on PDA. These include the Global Network of Foundations Working for Development (NetFWD), an OECD-led initiative examining the role of foundations in development, the Worldwide Initiatives for Grant-maker Support (WINGS) and the NGO Aid Map developed by Interaction.⁵⁵ Similarly, forums on philanthropy in Africa, the Middle East, Latin America and Asia are receiving growing attention.

Filling the continued PDA data, information and knowledge gaps will allow us to understand who is benefiting from PDA, and where and when this benefit is being felt. With this knowledge, we can better understand how to target PDA to have maximum impact on reducing poverty.

Development Initiatives is focusing on the following three areas to help fill these gaps:

1. Understanding the comparative impact of the different forms of PDA on reducing poverty, including:
 - Different channels such as NGOs and foundations. Development Initiatives will produce three briefings to examine the role of the three main types of organisations channelling private development finance: NGOs, foundations and corporate giving. Case studies will focus on particular organisations or sectors to assess the comparative value of these flows in reducing poverty.
 - Different elements such as grants or loans. While PDA is dominated by grants (in cash form), it also includes in-kind giving, including volunteers' time and medical donations from pharmaceutical companies. Another type of private development finance is loans, which are made peer-to-peer at concessional rates, such as through the platform Kiva. Development Initiatives aims to unpick the comparative value of different types of private development finance in targeting and reducing poverty.
2. Determining PDA's advantages compared with ODA and other resource in reducing poverty.
3. Studying 'South-South' PDA, leveraging Development Initiatives' presence in both East Africa and Brazil to focus on PDA originating in the South and going to other countries in the South.

⁵⁵ See www.oecd.org/site/netfwd/; www.wingsweb.org/; <http://ngoaidmap.org/>.

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Annex 1: Definitions

Private development assistance (PDA): all international concessional resource flows voluntarily transferred from private sources for international development purposes and channelled by formal organisations.

Official development assistance (ODA): grants or concessional loans meeting the criteria for the promotion of economic development and welfare from an official source, including government and multilateral organisations to a set of developing countries agreed by the Development Assistance Committee (DAC) of the OECD.

Private development assistance actors: Development Initiatives are guided by the definition from the Comparative Non-Profit Sector Project (CNP), led by Lester M. Salamon of Johns Hopkins University Center for Civil Society Studies, which finds five criteria that are relevant across different legislative frameworks and countries for identifying entities that are commonly associated with the non-profit or voluntary sector: organised, private, non-profit distributing, self-governing and voluntary.⁵⁶

Non-governmental organisations (NGOs) and civil society organisations (CSOs): not-for-profit organisations involved in development and public fundraising activities. The United Nations defines an NGO as “any non-profit, voluntary citizens’ group which is organised on a local, national or international level”.⁵⁷ NGOs are defined by their independence from government and value-based actions that promote welfare or development. For specific countries, we will use the organisation denomination that is commonly used to define NGOs and local equivalents, for example using private voluntary organisations (PVOs) in the US. For China, we include non-profit organisations (NPOs) such as the China Red Cross which, despite being controlled by the state, receive revenue from the public.

Foundations: there is no single internationally accepted legal definition of foundations. In the most generally accepted definition, foundations must meet the following four criteria: non-governmental, non-profit, self-managing by its own trustees and directors and promoting social, educational, charitable or other activities that serve common welfare.⁵⁸

A distinction is generally made between private and public foundations. A private foundation possesses a principal fund of its own, while a public foundation, sometimes called a charitable foundation, raises funds from multiple sources, including private and official sources. Charitable trusts are similar to foundations but they can be used for commercial as well as charitable activities. This paper uses the term ‘foundation’ to include public foundations, private foundations and charitable trusts involved in private development finance.

Corporate giving: direct giving for international development from a private profit-making company, including matching gift schemes, giving through corporate foundations tied to a company and other giving.

⁵⁶ Salamon et al. (2004).

⁵⁷ See <http://outreach.un.org/ngorelations/about-us/>.

⁵⁸ Adapted from F. Emerson Andrews’ definition (Andrews, 1956).

Annex 2: Data sources

As a minimum standard, Development Initiatives tried to identify data that met the following criteria:

- Data allows the disaggregation of revenue from official sources and revenue from private sources.
- Data allows the disaggregation of funds going to international activities.
- The year of data collection is stated.
- The number of organisations in the sample is stated.
- The methodology is explained.

DAC donor countries: 23 countries

Table 3 Data collected on private development assistance from DAC countries

Country	Year(s) of data collected	Source of data used
Australia	2010–11	Australian Council for International Development
Austria	2011	OECD data
Belgium	2011	ONG Livre Ouvert
Canada	Various 2005–11	Canada Council for International Co-operation (unpublished data)
Denmark	2010	Center for Global Prosperity
Finland	2010	Center for Global Prosperity
France	Various 2004–12	Coordination Sud, Observatoire de la Fondation de France, Admical
Germany	2011	OECD data
Greece	2011	OECD data
Italy	2008	Center for Global Prosperity
Ireland	2012	Dóchas
Japan	2009	Center for Global Prosperity, removing volunteers

Korea	2011	OECD data
Luxembourg	2010	Center for Global Prosperity
Netherlands	2009	Center for Global Prosperity
New Zealand	2011	New Zealand Council for International Development, applying DI calculations to the proportion of income from private sources to get the total figure of NGO income. The proportion of income figure was provided in the national data
Norway	2010	Center for Global Prosperity
Portugal	2008	Center for Global Prosperity
Spain	Various 2008–10	Coordinadora de ONGD
Sweden	2010	Center for Global Prosperity
Switzerland	2010	Center for Global Prosperity
UK	2010–11	Center for Global Prosperity data (based on Charities Aid Foundation), Nuffield Foundation
US	2010	Center for Global Prosperity removing volunteers, student support and religious giving, Foundation Center, USAID Report of Voluntary Agencies Engaged in Overseas Relief and Development

Emerging economies

Emerging economies selected for research include the BRICS countries (Brazil, Russia, India, China and South Africa) and three Middle-Eastern countries (Saudi Arabia, Turkey and United Arab Emirates).

Collecting data from emerging economies was more challenging than it was for DAC countries. In some cases data on PDA was unavailable so data on local and regional giving was collected because it was more readily available. Table 4 shows the mix of international and national sources used.

Table 4 Data collected on private development assistance from emerging economies

National giving	Year(s) of data collected	Source of data used
Turkey	2009	Third Sector Foundation of Turkey (TUSEV)
Russia	2006	Hudson Institute
Saudi Arabia	2008	Gerhart Centre
Brazil	2007	McKinsey
UAE		N/A
India	2011–12	Ministry of Statistics and Programme Implementation (MOSPI)/ Bain & Co
China	2011	Conference Board/China Charity Donation Centre
South Africa	2010–11	Triologue
International giving	Year(s) of data collected	Source of data used
Russia		N/A
Brazil	2010-11	Center for Global Prosperity (2013) LAC donor index – giving to Latin America and the Caribbean only
South Africa	2010-11	Center for Global Prosperity (2013)
India	2010-11	Center for Global Prosperity (2013)
China	2011	China AidData
Saudi Arabia	2010	Global Public Policy Institute
Turkey	2011	OECD
United Arab Emirates	2011	Office for the Coordination of Foreign Aid of the UAE

Regional giving	Year(s) of data collected	Source of data used
Asia	N/A	UBS-Insead
Latin America	2010	LAC Donor index
Africa	2010	African Grantmakers Network
Middle East	2009	World Council of Muslim Philanthropists
Eastern Europe		N/A

Table 5 Total private development assistance expenditure: estimated coverage for each flow

	Total private development assistance expenditure, various years circa 2011, US\$ billions		
Flow	Data based on country level data (Axis 1)	Data based on sample (Axis 2)	Estimated coverage
NGOs	26.3	10.0	38%
Foundations	7.1	6.4	90%
Corporations	8.2	2.8	34%
PDA unspecified	3.9	N/A	

Annex 3: Methodological notes

The research began by assessing data availability and the main actors and flows involved in PDA through use of a mapping exercise. Development Initiatives decided to limit modelling for measuring PDA and to focus on collecting the best available data. Quantitative data was collected between March and July 2013, and the search was limited to English-, French-, Spanish-, Portuguese- and Italian-language publications – as a result the assessment of national sources omits data in other languages. Qualitative data on legislative contexts for giving were collected from a mix of national and international sources.

When coding sectors and recipients, Development Initiatives used the OECD's official development assistance definition as a guide to code what was included in PDA and what wasn't. The aim of PDA had to be development. Cross-border giving by religious organisations for evangelical activities is an example of an excluded flow. In order to allow for comparisons with ODA, country classifications from the OECD were used. To improve comparability, all figures were converted to US dollars, 2011 prices.

In order to measure trends, Development Initiatives used a sample of NGOs, foundations and corporate giving to estimate wider trends. The growth estimates (Figure 7) are based on recorded growth across a sample of 31 international NGOs, 1330 foundations and 213 corporations that provide PDA.

Samples for each flow

31 international NGOs

31 NGO coalitions represent US\$10 billion of private income. Our research on national giving found a total of US\$26.3 billion in PDA channelled by NGOs for 23 DAC countries. We estimate that our sample is wide enough to be representative of trends.

The criteria for NGO selection were: availability of data, balance of source countries represented and mix of NGO annual expenditure size. To improve coverage of total flows the sample has a bias towards large NGOs.

'Income data' of international NGOs is the aggregation of income received across NGO local branches in a range of countries. The deflator used corresponds to the country in which the NGO is headquartered, which may not necessarily be the source of all income. Due to time limitations it was not possible to break down the income sources for all international NGOs into their country offices.

Table 6 Characteristics of NGOs in sample

Country		Size	
2011 headquarter location	Number of NGOs in sample	2011 total expenditure range	Number of NGOs in sample
France	3	Over US\$1 billion	5
United Kingdom	6	US\$500 million–US\$1 billion	6
United States	11	US\$100 million–US\$400 million	15
Denmark	1	Under US\$100 million	5
Norway	2		
Canada	1		
South Africa	1		
Ireland	1		
Switzerland	3		
Bangladesh	1		
Italy	1		
TOTAL	31		31

List of NGOs

ACTED, Action Contre La Faim, ActionAid International, BRAC, Canadian Foodgrain Bank, CARE International, Caritas Internationalis, Christian Aid, Compassion International, Concern Worldwide, Danish Refugee Council, Food For The Poor, Habitat for Humanity, Heifer International, International Committee of the Red Cross, International Federation of the Red

Cross, International Medical Corps, International Rescue Committee, Médecins du Monde, Médecins sans Frontières, Mercy Corps, Norwegian Church Aid, Norwegian Refugee Council, Oxfam International, Plan International, Population Services International, Save the Children UK, Save the Children USA, Tearfund, WaterAid, World Vision.

Sources of data

NGO annual reports, NGO financial statements and self-reported data by NGOs to the Global Humanitarian Assistance Programme of Development Initiatives. The data collection from NGO financial reports took place in two stages in 2012 and 2013. Data was pulled from PDFs and clarification was sought from NGOs where necessary.

Using expenditure data

Because the available data does not allow disaggregation between ODA-driven sector spending and PDA-driven sector spending, it was not possible to accurately measure private development finance expenditure per sector. In order to measure sector giving, an exercise was conducted based on NGO count, rather than a breakdown of expenditure for each NGO. NGOs generally use their own coding to classify their activities by sector, and these codings are not standardised or comparable. For example, classifications such as “HIV and environment” as a single sector, or coding based on beneficiary groups such as “children and young people”, were common. Therefore, the coding methodology for attributing NGOs to sectors used the NGO’s stated mission or objective to characterise its principal involvement in a particular sector. The sector breakdown used is based on the ten sectors in Development Initiatives’ *Investments to End Poverty* report. NGOs that work in several sectors with the objective of providing services for long-term development are classified as “other social services”.

In order to measure recipient giving, the data collection focused on three levels of detail: countries; regions and continents and used OECD classifications.

Notes on specific NGOs

- Cordaid: excluded from part of the larger sample as it is part of Caritas. Used only in 2011 analysis of expenditure per country.
- Cordaid and Catholic Relief: part of Caritas, so these were excluded in measures of total income and expenditure.
- Mercy Corps: Global Humanitarian Assistance programme data were not sufficient.
- Oxfam 2006: income data was not available for Oxfam International. Offices were unable to provide this data. We used 2006 expenditure data instead.
- Population Services International: 2011 expenditure estimated based on reading of bar chart.
- World Vision 2006: income breakdown not available. The share from private sources, reported for later years in World Vision International’s accountability reports was consistently 69% for 2007–11. We applied this share to 2006 data to estimate income from private sources.
- World Vision International expenditure: Data collection from *Investments to End Poverty* in 2012 was used. Country data was available for Switzerland, France and Ireland branches for 2011; German and Spanish branches for 2010.

1,330 US foundations

The mapping exercise revealed that foundation giving sector to PDA was dominated by the US, followed by the UK. We used data from the Foundation Center to estimate trends in foundation giving. Foundation Center data were based on all of the grants of US\$10,000 or more reported by a sample of 1,330 larger US foundations in 2010.

Two studies provide snapshots of UK foundation giving in 2005 and 2010. However data from the studies was not added to US foundation data as it was not detailed enough.

213 corporations

Development Initiatives used a specific type of data source for corporate giving: membership organisations focused on corporate philanthropy. Two membership groups provide data on international giving: the London Benchmarking Group and the Committee Encouraging Corporate Philanthropy. Due to the overlaps in membership between the two groups and the inaccessibility of disaggregated data, we only focused on data from the Committee Encouraging Corporate Philanthropy about their membership base. Data from the Committee Encouraging Corporate Philanthropy on corporate giving was based on a sample of 213 corporations, including 62 of the top 100 companies in the FORTUNE 500. Most were multinationals with headquarters in the US. 76 corporations were found to give internationally according to the Committee Encouraging Corporate Philanthropy.

The total international giving number was calculated by applying the percentage of giving internationally (14%) to total giving. The percentage is an average across companies. We believe that our figure does not represent an overestimation as companies that give internationally are, generally, the largest in the sample and more likely to be among the FORTUNE 500 companies. Given previous studies by the Committee Encouraging Corporate Philanthropy specifically on international giving, our number is more likely to be an underestimation. To calculate sector giving, we applied the share of giving for each sector for international causes to the estimated total (US\$2.8 billion). Development Initiatives use the *Investments to End Poverty* sector coding as a guide.

To estimate trends, Development Initiatives used the Committee Encouraging Corporate Philanthropy matched dataset of 41 companies which give internationally for 2006 to 2009. However, after 2009 Committee Encouraging Corporate Philanthropy did not publish data on this matched set. We estimated the amount of international giving for these 41 companies by applying the share of the drop in the average of international giving per country to the share of international giving from the matched dataset.