The 2000 release of the Foundation Center’s *International Grantmaking II* study took place as the international funding arena was poised for continued growth. The study itself showed that in the late 1990s, spurred by strong endowment gains and improved political climates, international giving—which includes grants to overseas recipients and funding for U.S.-based international programs—was increasing at a fast pace. Moreover, many private funders were optimistic about the future of international giving. This optimism was fueled in part by the rise of the Bill and Melinda Gates Foundation—a multi-billion-dollar, globally-focused philanthropy. More broadly, grantmakers sensed greater interest among U.S. donors in funding internationally.

Not long after the report’s release, a sharp downturn in the economy, exacerbated by the September 11, 2001, attacks, threatened the overall climate for foundation giving. The outlook worsened in 2002 as the stock market failed to recover. Given these profound changes in the funding environment, what has happened to international giving? This interim report, prepared in cooperation with the Council on Foundations, provides a brief review of key trends from the late 1990s to the early years of the new millennium.

**Estimated International Giving, 1998 to 2002**

The nation’s nearly 62,000 grantmaking foundations provided an estimated $3.1 billion for cross-border and U.S.-based international programs in 2002—nearly double the $1.6 billion estimated for 1998. Adjusted for inflation, international giving climbed 76 percent over this period, far exceeding the 41 percent gain in overall giving.

Support for international programs grew at an extraordinary pace through 2000. A strong economy and booming stock market (which boosted the value of existing foundation assets) and record numbers of new foundations contributed to the steep rise in giving in both 1999 and 2000. In the latter year, however, these factors were overshadowed by the launch of global initiatives on an unprecedented scale by the Gates Foundation.

In 2001, despite a lower level of new grant commitments by the Gates Foundation and the deepening stock market downturn, foundations’ international support continued to rise. Large multi-year initiatives of other leading donors launched at the tail end of the boom accounted for much of this sustained growth. Among the biggest were the Ford Foundation’s International Fellowship Program, funded in 2001 through an exceptional $275.5 million grant; and the Partnership to Strengthen African Universities, a five-year $100 million collaboration of the Carnegie Corporation and the Rockefeller, Ford, and John D. and Catherine T. MacArthur foundations.

Three consecutive years of stock market declines and a sluggish economy caught up with foundations in 2002. While estimated U.S. foundation giving overall slipped 0.7 percent from 2001, support for international programs declined nearly 5 percent. Contributing to this faster drop in support were a sharp decrease in extremely large multi-year pledges; a return to more typical spending levels in 2002 by...
the Ford Foundation; and the disproportionate impact of the economic downturn on large endowed foundations, which provide the majority of international support. Nonetheless, estimated foundation giving for international programs in 2002 was $1.1 billion higher than in 1999.

International Grantmaking Trends through 2001

The following analysis shifts from estimates of total foundation giving for cross-border and U.S.-based international programs to an examination of funding trends based on actual grant records of $10,000 or more reported by a sample of just over 1,000 larger U.S. foundations. These foundations accounted for three-fourths of estimated international giving and more than half of all foundation giving in 2001. For more information on the grants sample, see "2001 Sampling Base."

International Giving Grew Faster than Foundation Giving Overall. In 2001, funders in the sample contributed $2.5 billion for international programs, more than double the $1.07 billion awarded in 1998. Growth in international giving far surpassed the overall increase in grant dollars among sampled foundations (131 percent vs. 71 percent). Funders awarded a total of 11,494 grants for international programs in 2001, a one-fourth increase from 9,230 grants in 1998.

International giving grew much faster than overall giving regardless of grantmaker type. Interestingly, community foundations, which accounted for roughly 1 percent of international giving, reported the fastest rate of growth in grant dollars—up 248 percent to nearly $22 million. International giving by corporate foundations nearly doubled from $57 million in 1998 to $108 million in 2001, while overall corporate foundation grant dollars grew by 56 percent.

Largest Donors—Especially Gates and Ford—Spurred Faster Growth. International programs benefited from a doubling to tripling of giving between 1998 and 2001 by some of the leading established donors, especially the Ford Foundation (which increased giving to $616 million, up $384 million), and the Packard, William and Flora Hewlett, and Freeman foundations and the Carnegie Corporation. Giving increases by these five funders totaled nearly $563 million, accounting for 40 percent of all gains. International giving was boosted further by a huge increase in support from a single new donor—the Gates Foundation. After launching major global initiatives in disease prevention, vaccine research, and reproductive health in 1999 and 2000, Gates’ international support totaled $528 million in 2001, up from just $5.5 million in 1998. Increases in giving by Gates accounted for 37 percent of the overall rise in international giving over three years. Still, excluding Gates, international giving by sampled funders increased 82 percent between 1998 and 2001, outpacing the rise in overall giving. Excluding both Ford and Gates, international giving grew a robust 59 percent.

Due Largely to the Gates Foundation, International Grantmaking Increased to 15 Percent of Overall Giving. Throughout the 1990s, international programs captured 10 to 12 percent of all giving by sampled funders. In 2001, these larger foundations directed 15 percent of their overall grant dollars to international causes, up from 11 percent in 1998. The jump in percentage was triggered largely by the evolving priorities of the Gates Foundation, which in 1999 became the largest U.S. foundation. In 2001, Gates allocated 70 percent of its overall giving for international programs, up from just 29 percent in 1998. Nevertheless, excluding Gates, international grantmaking’s share of all giving increased to 12 percent. Interestingly, the top four international donors in 2001—Ford, Gates, Packard, and MacArthur—all raised their share of international support over 1998.


Younger Foundations Accounted for Close to Half of the International Funding Community. Foundations formed since 1970 now represent more than 44 percent of all international funders in the sample, up from 37 percent in 1998. These foundations provided 40 percent of the international grant dollars awarded by sampled funders in 2001, or just over $990 million. Excluding the Gates Foundation, younger funders in the sample gave more than $462 million for...
international causes, up 74 percent since 1998. Moreover, in addition to Gates, ten foundations created since 1990 gave in excess of $5 million internationally in 2001.

Grants to U.S.-based Programs Represented Rising Share of All International Giving. As the community of international funders widens and new donors play a stronger role, they are relying more heavily on U.S.-based agencies to implement their programs. Between 1998 and 2001, support for U.S.-based international programs increased 163 percent to nearly $1.7 billion—up $1 billion—while funding for overseas recipients rose 82 percent to $771 million. As a result, the share of international dollars targeting overseas recipients dropped from almost 40 percent in 1998 to 31 percent in 2001. This latest contraction accelerates a trend that began in the mid-1990s.

Of the total dollars awarded to U.S.-based grantees, $907 million funded global programs, such as AIDS and environmental initiatives, while $784 million targeted particular regions, especially Asia and Africa.

Overseas Giving Primarily Benefited Global Programs, Africa, Asia, and Latin America. Nearly two-fifths of international grantmakers in the sample (246) awarded grants to overseas recipients in 2001. Of the nearly $771 million in cross-border giving, one-third ($254 million) went to Western European agencies, such as the Global Fund to Fight AIDS, Tuberculosis, and Malaria (Switzerland) and Marie Stopes International (England), mainly for programs in developing countries. (Less than $41 million supported Western Europe-focused activities.) Sub-Saharan Africa ranked second by dollars received, followed by Asia and the Pacific and Latin America.

Between 1998 and 2001, funding for Western European agencies jumped more than two and a half times, mainly due to very large grants awarded for global programs by foundations such as Gates and Rockefeller. Other regions that experienced above-average gains in support included the Caribbean, Sub-Saharan Africa, and Eastern Europe and the former Soviet Union.

International Funding Showed Shifting Priorities. The $1.4 billion rise between 1998 and 2001 in international giving by sampled funders benefited most major program areas. Nevertheless, reflecting the impact of Gates and other new donors, special initiatives of existing donors, and a growing philanthropic response to the global AIDS crisis, a few fields experienced record growth. For example, grant dollars for health more than quadrupled to $715 million. Growth was triggered by huge increases in support for disease prevention, public health, and reproductive health care programs—mainly through large grants from the Gates and Packard foundations. Health’s share of international giving spiraled to 29 percent, up from 15 percent in 1998, overtaking international development. Similarly, education’s share of support rose from 11 percent to more than 17 percent, reflecting the Ford Foundation’s International Fellowship Program, as well as the previously cited collaborative to strengthen universities in Africa. Over the same period, the share of support for the environment increased, while the share for development declined.

Within the major fields, areas of strong growth in international grant dollars between 1998 and 2001 included biological and general science, resource conservation and wildlife programs, agricultural development, public affairs
Early support focused on Central Asia and the Muslim rights protection for Afghans. Overseas, much of this action efforts, to providing relief assistance and human bioterrorism, to supporting international conflict resolution, to providing relief assistance and human bioterrorism, to supporting international conflict resolution, and U.S.-Latin American relations.

More significantly, the funding of terrorist organizations, while voluntary, may also serve to attract new funding. At the same time, new U.S. Treasury Department guidelines designed to prevent the funding of terrorist organizations, while voluntary, may work to discourage international giving. More significantly, without a sustained upturn in the nation’s economy and stock market, a return to robust and steady increases in U.S. international giving appears unlikely.

Outlook for Funding

Looking ahead, the heightened focus on global peace and security may make the case for international grantmaking more compelling and spur greater interest in the field. Ongoing campaigns to combat infectious diseases worldwide, preserve the global environment, and reduce global poverty will also serve to attract new funding. At the same time, new U.S. Treasury Department guidelines designed to prevent the funding of terrorist organizations, while voluntary, may work to discourage international giving. More significantly, without a sustained upturn in the nation’s economy and stock market, a return to robust and steady increases in U.S. international giving appears unlikely.

Endnotes:

2. The Gates Foundation’s international giving included in the grants sample totaled $5.5 million in 1998, $4.9 million in 1999, $929.1 million in 2000, and $528.2 million in 2001. Figures for 1998 and 1999 are based on grant payments, while those for 2000 and 2001 are based on grant authorizations.
3. Based on the Foundation Center’s 2003 “Foundation Giving Forecast Survey.” More than 780 larger foundations responded to the survey. Of these, 762 provided their 2002 giving figures, while 733 indicated their year-end asset figures.

2001 Sampling Base

The Foundation Center’s circa 2001 grants sample includes 124,844 grants of $10,000 or more awarded by 1,007 larger foundations and reported to the Center between June 2001 and July 2002. Grants were awarded primarily in 2001 or 2000. These grants totaled $16.8 billion and represented more than half of total 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, 2003 Edition.