

↳ Diaspora Giving to India

Research summary

February 2017



Dalberg was engaged by the Gates Foundation to explore opportunities to catalyze philanthropic giving to India by high net-worth diaspora members

Our exploration of diaspora giving to India had two objectives:

1 Describe giving behaviors, needs, and challenges of the Indian diaspora

1. Define the market size and opportunity
2. Collect philanthropist stories and develop personas illustrating giving behaviors
3. Describe the barriers to giving faced by donors
4. Define the modes of giving commonly used by donors

2 Define potential opportunities to catalyze increased giving among the Indian diaspora to India

1. Identify potential solutions to address barriers and key drivers
2. Prioritize potential solutions based on feasibility and impact

Acknowledgements: *Our study builds on the knowledge and research of many experts in the field of philanthropic giving and diaspora engagement. The findings and analysis in the pages that follow would not have been possible without the contributions of more than 80 individual philanthropists and philanthropy experts who shared data, insights and personal stories. We would like to acknowledge and thank the sponsor of this work – The Bill and Melinda Gates Foundation – who served as both funders and thought partners throughout the study.*

We interviewed more than 80 individual donors, philanthropy experts and NGOs to understand giving behaviors among diaspora community members

Individual donors and/or their representatives

- **United States** - 9 high-net-worth members of the Indian diaspora
- **United Arab Emirates** - 10 high-net-worth members of the Indian diaspora
- **United Kingdom** - 3 high-net-worth members of the Indian diaspora
- **Singapore** - 4 high-net-worth members of the Indian diaspora
- **India** - 2 high-net-worth India-based philanthropists

Intermediaries

Philanthropic advisory services

- British Asian Trust
- BCG Singapore
- Dasra
- Geneva Global
- J.P. Morgan
- Merrill Lynch
- Morgan Stanley Investment Management
- Samhita Social Ventures
- StanChart
- US Trust, Bank of America)

Donor-advised funds (DAFs)

- Charities Aid Foundation
- Fidelity Charitable
- Silicon Valley Community Foundation

Impact investing

- Calvert Foundation

Non-Indian giving organizations

- Bayanihan Foundation Worldwide
- Border Philanthropy Partnership
- Jewish Federation of Greater Washington
- PhilDev

Online platforms

- Agora for Good
- Blueprints.org
- Give2Asia.org

Other

- Asian Venture Phil. Network
- Diaspora Investment Alliance
- Diaspora Matters

NGOs

- Akshaya Patra
- American India Foundation
- Amnesty International
- ASDA'A Burson-Marsteller
- Barefoot College
- Educate Girls
- Faizal and Shabana Foundation
- Further and Beyond Foundation
- GuideStar India
- Indicorps
- Magic Bus USA
- Pratham USA
- Room to Read
- Thomson Reuters Foundation
- United World Infrastructure

Other experts

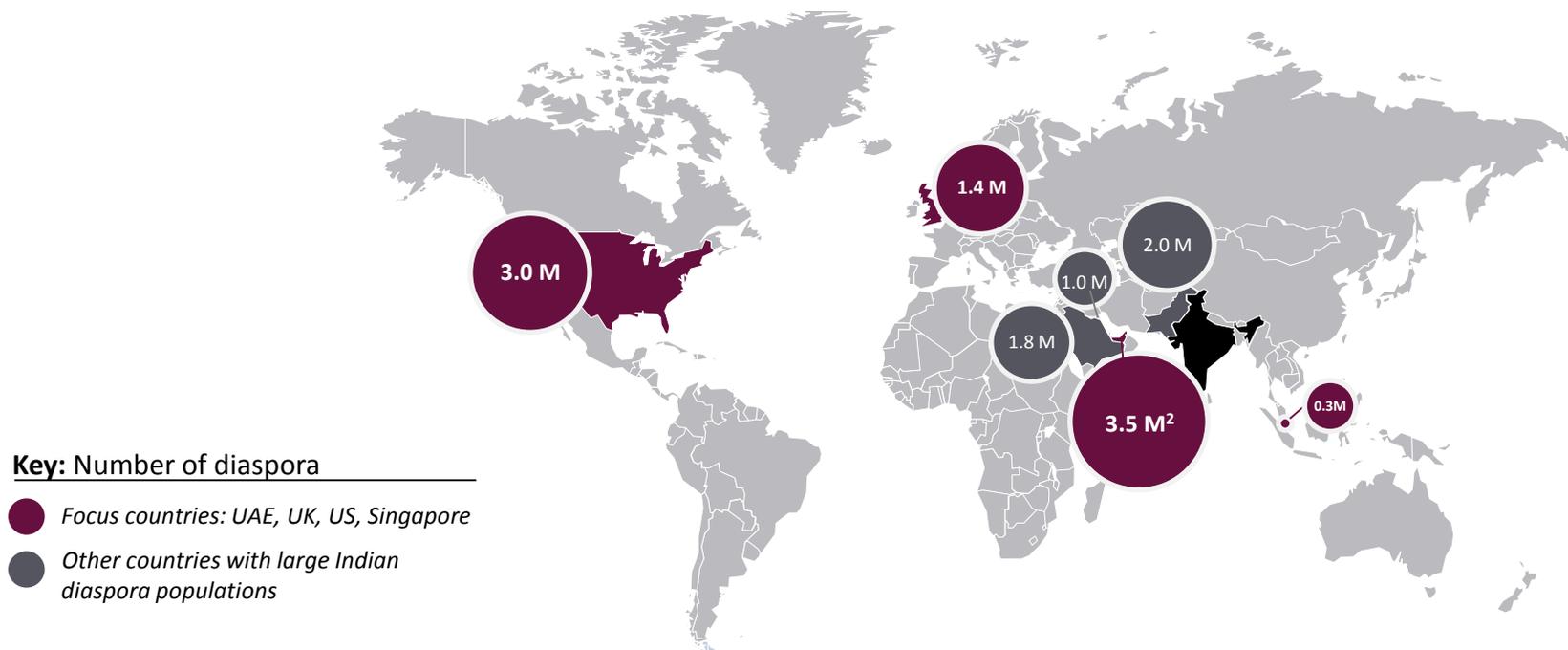
- Bridgespan
- Dasra Giving Circle member
- IIM Alumni Association
- Shorashim

Our research focused on four countries - home to more than a quarter of all Indian diaspora members

INDIAN DIASPORA

Definition

First and second generation individuals of Indian descent (i.e., individuals born in India and/or of Indian citizenship, as well as their children, who now live outside of India¹)

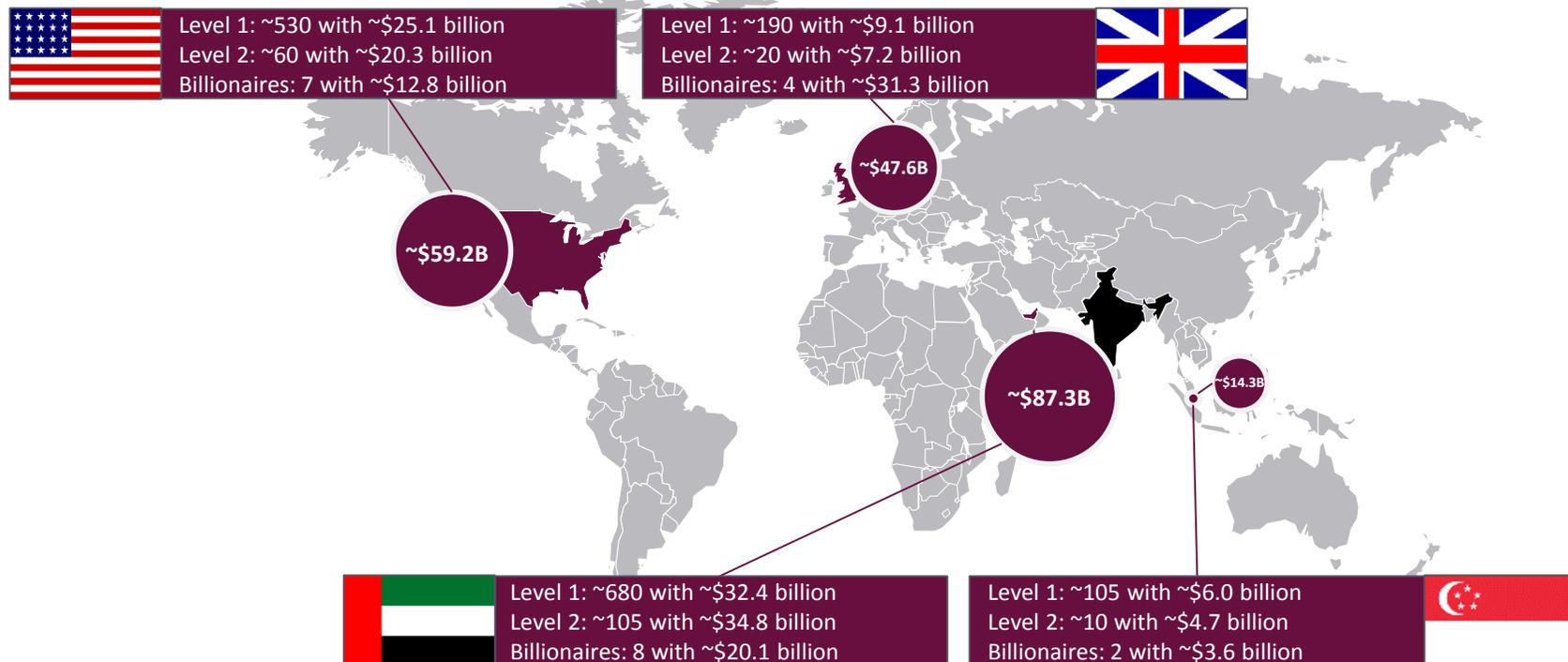


Globally, the Indian diaspora is composed of **28.5M people**

Note: This map does not reflect a position by Dalberg on the legal status of any country or territory or the delimitation of any borders.

These four countries have ~1,750 individuals with a net worth greater than \$30 million; their collective net worth exceeds \$200 billion

INDIAN DIASPORA **Level 1 millionaires** - Indian diaspora members with a net worth between \$30 million and \$100 million
Philanthropist **Level 2 millionaires** - Indian diaspora members with a net worth between \$100 million and \$1 billion
Segments **Billionaires** – Indian diaspora members with a net worth of \$1 billion and above

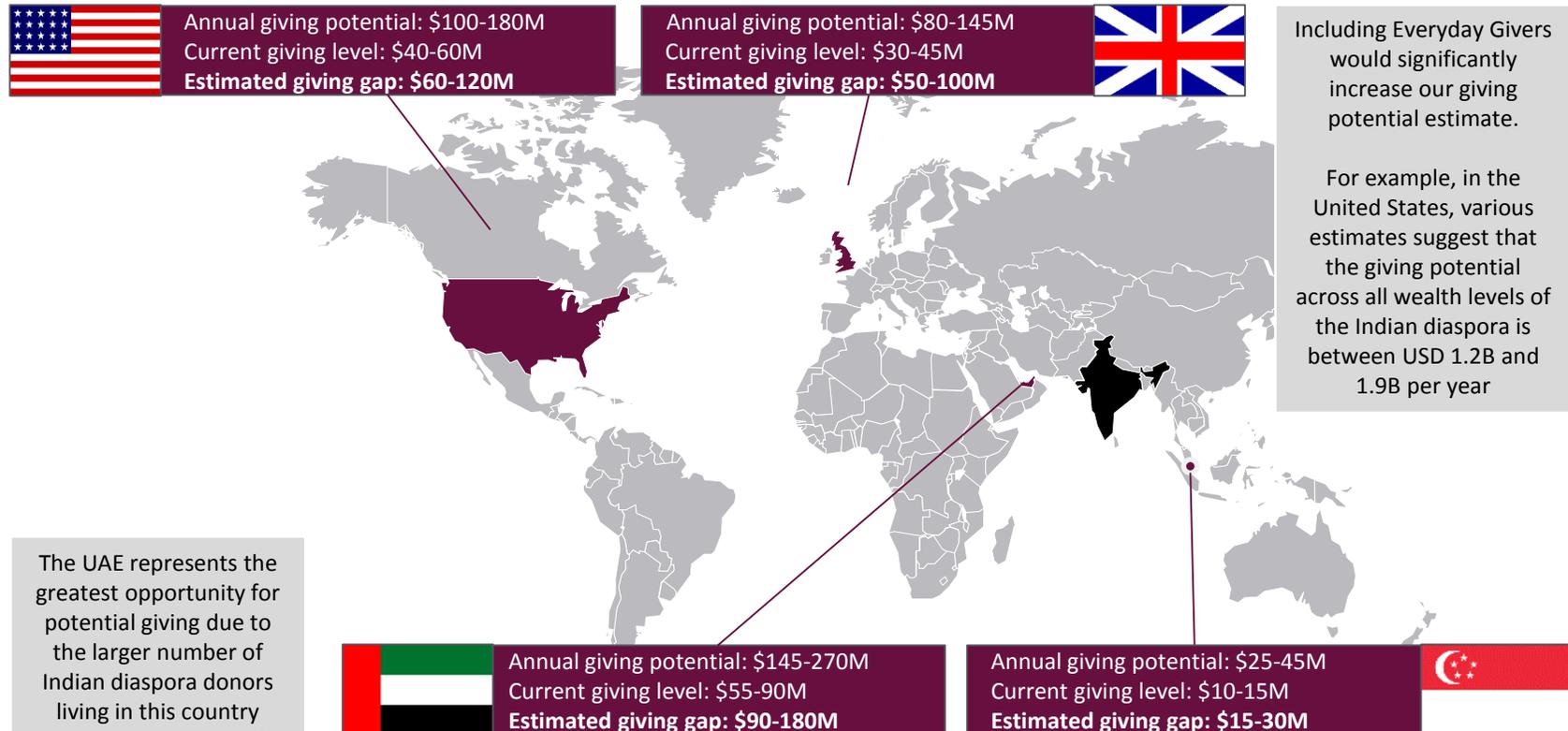


Note: This map does not reflect a position by Dalberg on the legal status of any country or territory or the delimitation of any borders.

Notes: The map used does not reflect a position by Dalberg on the official boundary of any particular country or territory, or the delimitation of any borders; The population of Indian diaspora donors within these countries was estimated based on data provided by the Migration Policy Institute (US figure), UN DESA (UAE figure), Policy Exchange 2014, A Portrait of Modern Britain (UK figure), the Government of Singapore's 2010 census (Singapore figure), the Knight Frank Wealth Report, 2016 and the CIA 2016 World Factbook to calculate the percentage of people in each country with a net worth over \$30 million. Detailed explanation of the methodology is included in the Annex; Source: Dalberg analysis

The annual giving potential to India from these 1,750 high net worth individuals is likely between \$350-640 million

Currently, diaspora members with a net worth greater \$30 million in these four countries are giving \$135-210 million to India each year – leaving a ‘giving gap’ of \$215-430 million



Note: This map does not reflect a position by Dalberg on the legal status of any country or territory or the delimitation of any borders.

Notes: The map used does not reflect a position by Dalberg on the official boundary of any particular country or territory, or the delimitation of any borders; Potential giving estimates are conservative; A detailed explanation of the methodology used in this analysis is included in the annex; A 2015 report by Bridgespan suggested that the Indian-American diaspora (including retail givers) had the potential to give \$1.2 billion per year; A 2016 report by the MacArthur Foundation estimated that the Indian diaspora giving potential of \$1.9 billion globally per year; Preliminary findings from interviewees suggest that these estimates may be inflated; Sources: Bain 2015: India Philanthropy Report; CIA Factbook 2016; Forbes 2016: Billionaire List; Knight Frank 2016: The Wealth Report; Wealth-X 2015: The Philanthropy Report; Dalberg interviews and analysis

We observed six distinct giving personas among wealthy Indian diaspora members



EQUITY CHAMPION

Believer in fundamental human rights who seeks to bring dignity and opportunity to the less fortunate



LEGACY SEEKER

Ambitious spender who seeks to make a name for themselves and leave a mark on the world



CHALLENGE CHASER

Passionate self-starter and risk-taker who is drawn to the challenge of tackling big social problems



KARMIC GIVER

Unconditional giver who attributes their success partially to luck and sees giving as part of a personal moral imperative



NETWORKER

Social and business-minded individual who sees giving as an opportunity to build personal and business relationships



HOMETOWN HERO

Empathetic and dutiful migrant who feels responsible for both supporting people from their hometown and showing them that they have done well

What are personas, and why are they helpful?

- **Personas are a framework for behavioral segmentation analysis.** They differ from a market segmentation in that they are based on psychographic indicators rather than demographic ones, and therefore cannot be used to size market segments
- **An individual can identify with more than one persona.** Diaspora members are complex, and they each have multiple motivations, preferences, and needs. As a result, an individual may display behaviors associated with several different personas, even if they may have one 'dominant' persona
- **Personas can help organizations understand how to engage with donors more strategically.** This set of personas is framed around the motivations of givers (the *why*) rather than their giving approach (the *how*). This framing enables tailored engagement with donors by informing intervention design and messaging

Our research also provided insight into the behavioral characteristics of those who do not yet engage in philanthropy in a significant way



PREOCCUPIED PROFESSIONAL

Busy working professional who does not feel that they are in a place to begin giving due to existing business or family commitments



DETACHED DESI

Individual (often, but not always, second-generation) who is emotionally disconnected from India, and thus does not feel compelled to give



SKEPTIC

Cynic who believes that giving is a waste of money because the scale of India's problems is too large and the systems in place to solve them are broken



UNAWARE INDIVIDUAL

Person who is unfamiliar with formal philanthropy and has not been approached with ways to get involved

Non-giver personas

- While our sample of interviewees consisted largely of active philanthropists, we were able to gather insights into the reasons some individuals do not consistently give to India
- In the following slides, our analysis of giving barriers, both motivational and structural, provides more detail on the underlying drivers for why some diaspora members do not give as much as others

The stakeholders we spoke with consistently highlighted two interrelated types of barriers that limit philanthropic giving by diaspora members

Motivational barriers

Motivational barriers are those that reduce an individual's desire to engage in philanthropic giving. These barriers are often (but not always) 'internal' barriers that require a change on the part of the donor.

Motivational barriers include:

- 1) Lack of trust in Indian civil society [specifically, in its ability to either use funds for their intended purpose or use funds efficiently]
- 2) Lack of knowledge required to give effectively
- 3) Underdeveloped culture of formal giving
- 4) Mismatch between the expected vs. actual giving experience
- 5) General apathy towards philanthropy

Structural barriers

Structural barriers are those that discourage giving by making the giving process difficult, time-consuming, or risky. These barriers are typically external barriers that require a systemic change.

Structural barriers include:

- 1) Regulatory constraints
- 2) Nascent 'giving infrastructure' (e.g., weak information systems, insufficient capacity of NGOs to manage funds, and other gaps in the sector that make it difficult to give effectively)
- 3) Unfavorable tax policy (including lack of financial incentives)

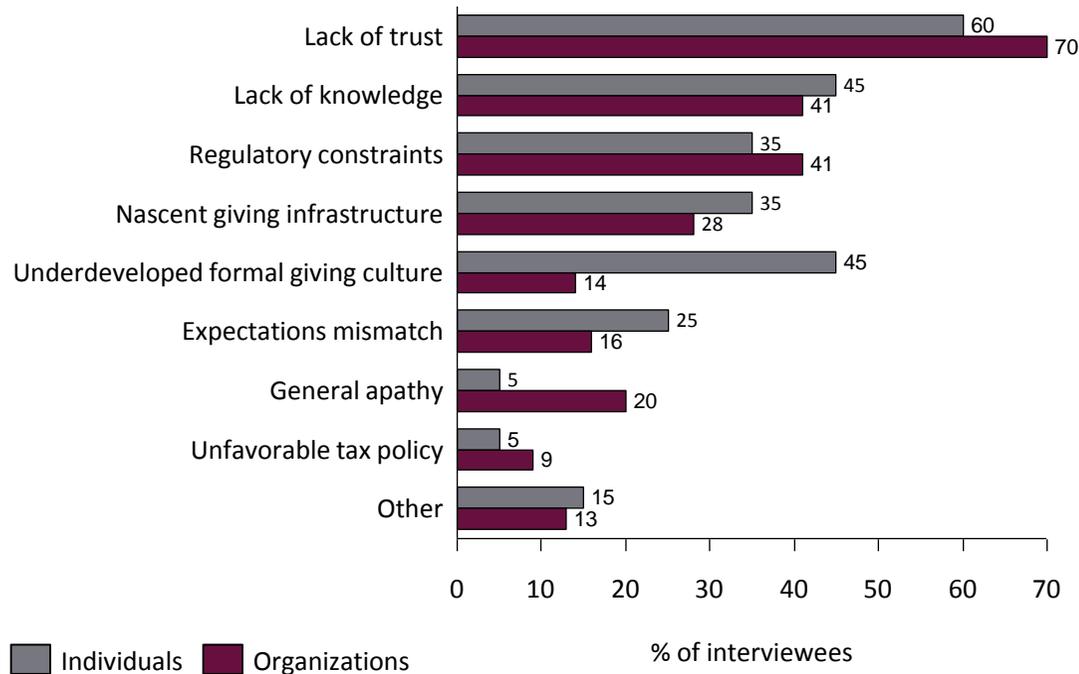
Giving barriers drivers

	Barriers	Key drivers
Motivational barriers	Lack of trust in Indian civil society	<ul style="list-style-type: none"> Inefficiency and opaqueness of Indian NGOs Perception of widespread corruption within the NGO sector Actual incidence of corruption within the NGO sector
	Lack of knowledge required to give effectively	<ul style="list-style-type: none"> Unfamiliarity with the NGO sector and how it works Distance from and poor knowledge of key development issues facing India
	Underdeveloped culture of formal giving	<ul style="list-style-type: none"> Desire for public recognition Desire for a certain type of experiential giving Desire for anonymity
	Mismatch between expected vs. actual giving experience ¹	<ul style="list-style-type: none"> Few visible role models engaging in philanthropy No societal expectation to give Desire to secure wealth for the family / a savings mentality
	General apathy towards philanthropy	<ul style="list-style-type: none"> Weak emotional connection to India (particularly for 2nd generation and beyond) View that philanthropy is not needed or effective Bootstraps mentality
Structural barriers	Regulatory constraints	<ul style="list-style-type: none"> Strict enforcement of the 2010 Foreign Contribution Regulation Act (FCRA) Introduction of Jan Lokpal bill Regulations in diaspora members' adopted countries
	Lack of giving infrastructure	<ul style="list-style-type: none"> Weak information platforms make it difficult for diaspora members to know where to give NGOs are unable to absorb the amount of funds that diaspora members wish to donate
	Unfavorable tax policy	<ul style="list-style-type: none"> Lack of tax-related financial incentives for donors detracts from giving Strict NGO tax exemption rules

Note: (1) The expected giving experience differs greatly depending on the individual giver which is why some givers prefer to be recognized, while others prefer to be anonymous – expectations are highly variable; Source: Outlook India; GuideStar International; Devex; Economic Times of India; Dalberg interviews, research and analysis

Lack of trust and limited knowledge were the most cited barriers

Prevalence of different barriers to giving among Indian diaspora donors (as measured by % of interviewees mentioning the barrier as important)



Observations

- Lack of trust and lack of knowledge were the largest barriers according to both individuals and organizations
- 45% of individuals named an underdeveloped formal giving culture as a key barrier, while only 14% of organizations did so
- 20% of organizations named general apathy as a barrier compared to only 5% of individuals

Our findings suggest that potential interventions to catalyze diaspora giving to India can use two different levers

Increase the motivation for giving

Efforts that increase an individual's desire to engage in giving by addressing internal barriers, including:

- Lack of trust in Indian civil society
- Lack of knowledge related to effective giving
- Underdeveloped culture of formal giving
- Unmet expectations with regards to the giving experience
- General apathy towards philanthropy

Increase the ease of giving

Efforts that reduce the burden associated with giving by addressing structural barriers in the philanthropic ecosystem, including:

- Restrictive regulations such as the FCRA¹ which restrict Indian NGOs from receiving foreign contributions
- Insufficient giving infrastructure including weak information systems, underdeveloped giving channels, limited financial management capacity of NGOs, etc.
- Limited financial incentives such as income tax deductions for contributions to organizations with 501c3 status in the U.S.

These efforts can be directed at three different stakeholder groups in the philanthropy ecosystem

Increase the <u>motivation</u> for giving	Increase the <u>ease</u> of giving	
Diaspora members	Philanthropy enablers	Implementers
<p>First and second generation individuals of Indian descent - i.e., individuals born in India and/or of Indian citizenship, as well as their children, who now live outside of India</p> <ul style="list-style-type: none">• 28.5 million people world-wide• 8.1 million reside in the UAE, US, UK and Singapore• 1,750 donors with a collective wealth of more than \$200 billion in these four countries• ~\$350-640 million annual giving potential among these 1,750 donors	<p>Organizations and individuals that influence philanthropic giving - either directly or indirectly - including:</p> <ul style="list-style-type: none">• Financial intermediaries - e.g., donor-advised funds, investment pools, and wealth managers - who facilitate philanthropic giving• Information providers - e.g., rating agencies and philanthropic advisors - who share insights with potential donors• Government regulators - in both donor and recipient countries - who influence the flow of philanthropic capital	<p>NGOs and other organizations who receive funding, including:</p> <ul style="list-style-type: none">• NGOs• Social enterprises• Government programs

Across these groups, there are seven potential approaches which can be tailored according to stakeholders needs

Increase the motivation for giving

Diaspora members

- ① Educate diaspora members on the need and effective approaches for giving to India
- ② Influence potential donors using role models from within their community
- ③ Convene like-minded philanthropists to create a community around giving to India

Increase the ease of giving

Philanthropy enablers

- ④ Promote high-impact, transparent NGOs and programs
- ⑤ Channel philanthropic capital through efficient funding vehicles
- ⑥ Advocate for policy change and regulatory reform

Implementers

- ⑦ Build capacity of funding recipients to more effectively target diaspora members with attractive value propositions

Illustrative interventions (Non-exhaustive)

A “how to” manual for nascent philanthropists to use when starting their giving journey

Giving “champions” within local diaspora communities to role model effective practices and encourage others

Discussion groups to highlight social issues in India and share effective opportunities approaches to address them

A rating agency for Indian NGOs with expanded breadth and depth of data for those in seeking reliable information

A DAF-like platform for diaspora members in the countries where such vehicles do not currently exist

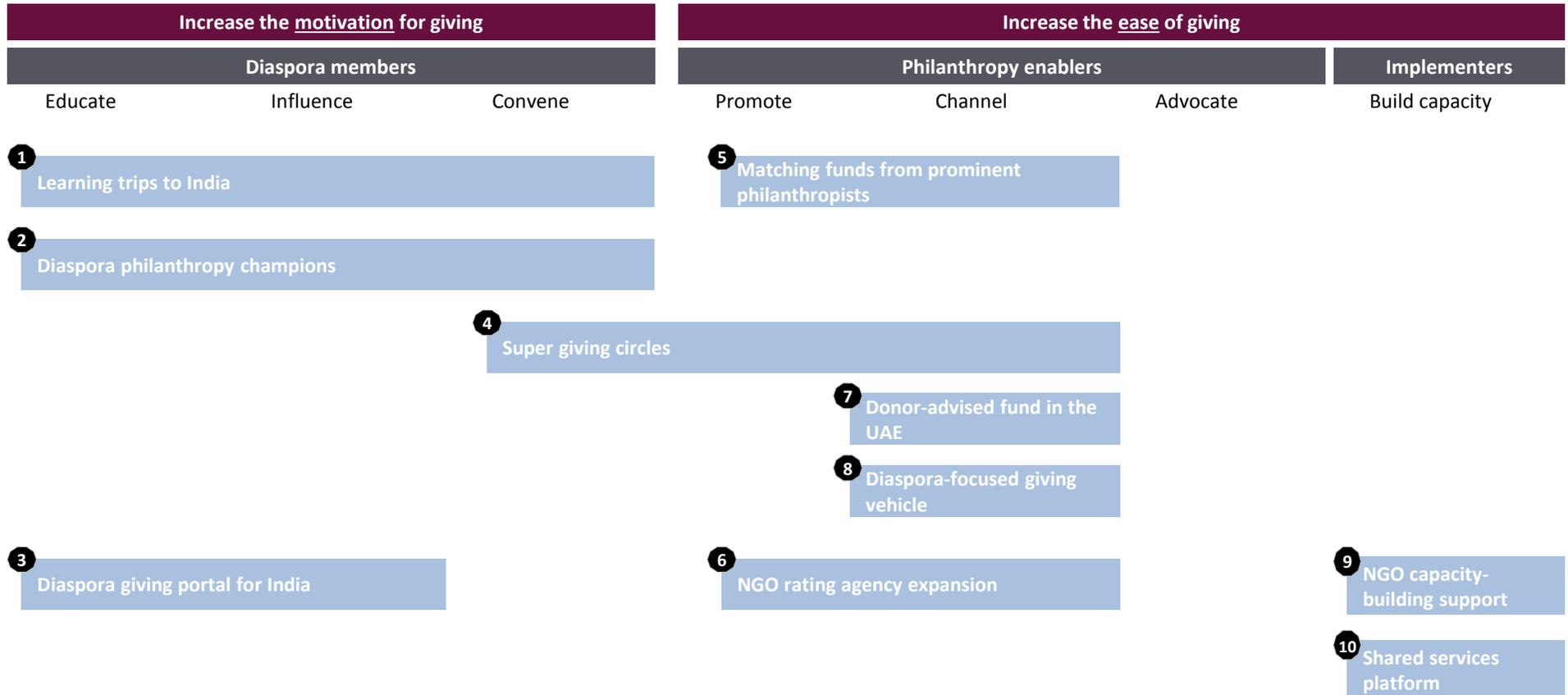
Policy reform support to Indian regulators to create an ecosystem open conducive to foreign support of domestic NGOs

Capacity building efforts to establish standard reporting practices among Indian NGOs aligned to int’l best practices

Different persona types will have a natural affinity for some approaches over others

Persona	Increase the <u>motivation</u> for giving			Increase the <u>ease</u> of giving			
	Diaspora members			Philanthropy enablers		Implementers	
	1 Educate	2 Influence	3 Convene	4 Promote	5 Channel	6 Advocate	7 Build capacity
 Challenge chaser	<p><i>To increase the level of giving from diaspora members who are already engaged in philanthropy, the focus should largely be on approaches aimed at increasing the ease of giving (although many givers will also require motivation-related upkeep, as well)...</i></p>						
 Equity champion							
 Karmic giver							
 Hometown hero							
 Legacy seeker							
 Networker							
 Preoccupied professional	<p><i>...while getting non-givers to start their giving journey will require approaches that focus mostly (but not exclusively) on raising the motivation for giving</i></p>						
 Skeptic							
 Detached desi							
 Unaware individual							

We have identified ten specific interventions which will help catalyze additional giving from Indian diaspora members



We welcome further discussion

For more information, please contact:

Joe Dougherty
Partner - San Francisco
(Joe.Dougherty@Dalberg.com)

Tim Carlberg
Senior Project Manager - San Francisco
(Tim.Carlberg@Dalberg.com)

Sanat Daga
Associate Consultant - San Francisco
(Sanat.Daga@Dalberg.com)

Paul Callan
Partner - Abu Dhabi
(Paul.Callan@Dalberg.com)

Bhavana Chilukuri
Project Manager - Washington D.C.
(Bhavana.Chilukuri@Dalberg.com)

Minahil Amin
Analyst - Washington D.C.
(Minahil.Amin@Dalberg.com)

Appendix – Diaspora giving personas

Giving personas (1/6)



CHALLENGE CHASER

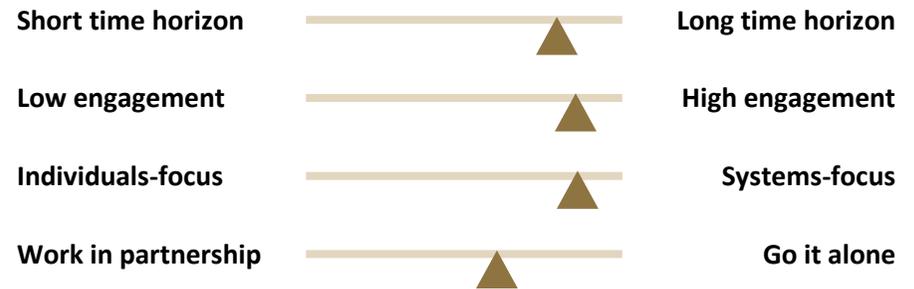
"I get a thrill from surfacing seemingly intractable problems and working relentlessly to overcome them, despite the obstacles."

MOTIVATIONS

The challenge chaser is motivated by...

- ▶ The intellectual challenge of trying to solve India's most pressing problems
- ▶ The tangible impact they see in people's lives when their dollars create real change on the ground

KEY DIMENSIONS INFLUENCING GIVING



NEEDS

The challenge chaser needs to...

- ▶ Gain access to NGOs using innovative business models that are changing the way social services are delivered
- ▶ Personally monitor their social investments to ensure that their dollars are having real impact

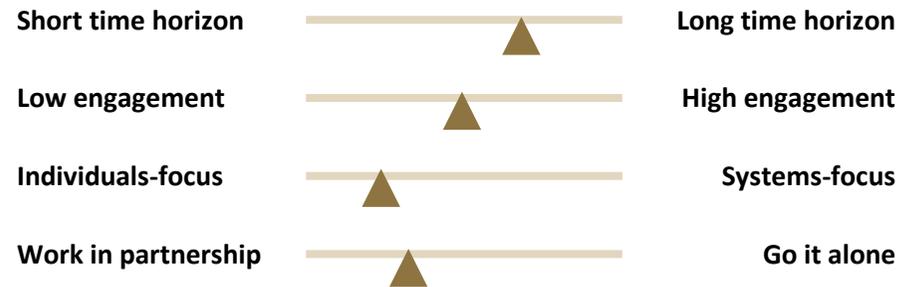
Giving personas (2/6)



EQUITY CHAMPION

"I seek to lift people up so that they have the opportunity to build a good life."

KEY DIMENSIONS INFLUENCING GIVING



MOTIVATIONS

The equity champion is motivated by...

- ▶ A drive to bring the opportunity to live a dignified life to those with less privilege
- ▶ The idea of transforming people's lives through access to basic services (e.g. health and education)

NEEDS

The equity champion needs to...

- ▶ Ensure that their money is leading to better standards of living and an increased sense of pride and confidence within target beneficiary groups
- ▶ Source effective programs in social services sectors that emphasize basic human dignity (health and education)

Giving personas (3/6)



KARMIC GIVER

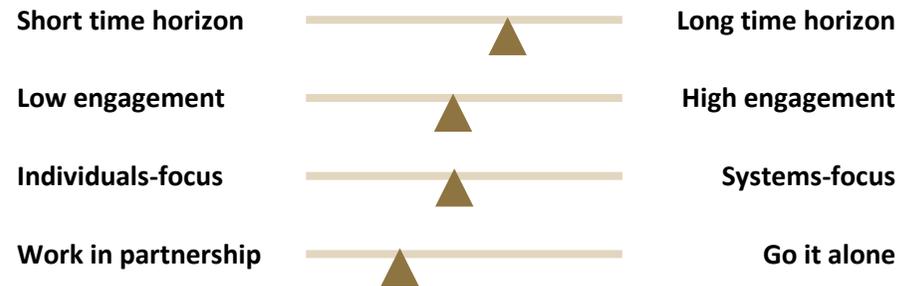
"I've been very lucky in my life and can't take my wealth with me into the afterlife, so what else is there to do but give back?"

MOTIVATIONS

The karmic giver is motivated by...

- ▶ The belief that luck played a significant role in their own success, and that they need to pay this luck forward
- ▶ A sense of a personal moral imperative to give

KEY DIMENSIONS INFLUENCING GIVING



NEEDS

The karmic giver needs to...

- ▶ Give consistently to programs that bring opportunities to others, especially opportunities that the giver felt allowed him- / herself to succeed
- ▶ Message that their investments are based on gratitude, rather than ego

Giving personas (4/6)



HOMETOWN HERO

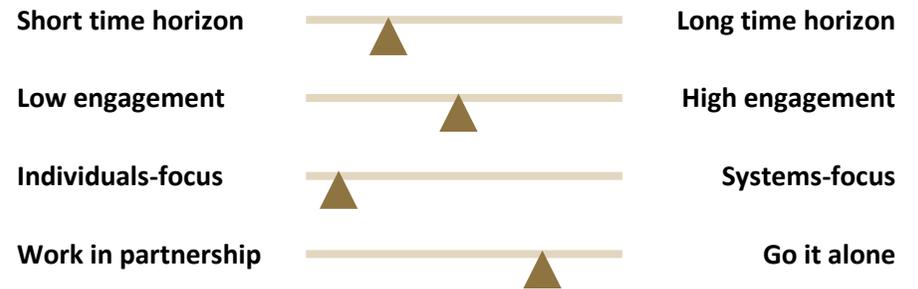
“The people back home are counting on me to do well and share my success with them.”

MOTIVATIONS

The hometown hero is motivated by...

- ▶ A sense of obligation to take care of his home community, and to make them proud
- ▶ Urgent, emotional pleas that he/ she feels personally connected to

KEY DIMENSIONS INFLUENCING GIVING



NEEDS

The hometown hero needs to...

- ▶ Find programs and funding channels that support his / her specific geographic area of concern
- ▶ Feel personally connected to the people that are benefiting from his / her philanthropy

Giving personas (5/6)



LEGACY SEEKER

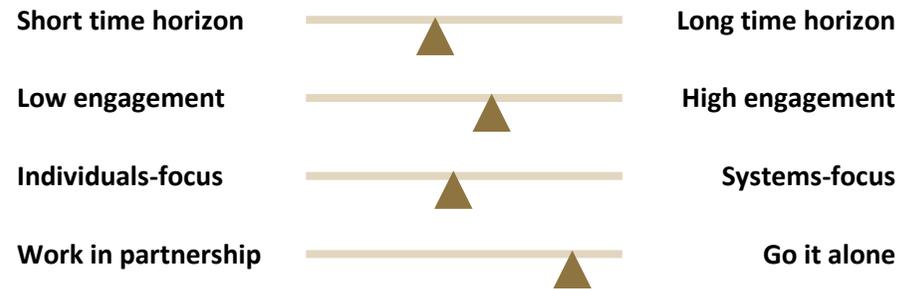
"I want to make a mark on the world – to do something that nobody else has done - and to have my name be known."

MOTIVATIONS

The legacy seeker is motivated by...

- ▶ The idea of making a unique contribution to the world
- ▶ The desire to showcase and receive acknowledgement for their generosity

KEY DIMENSIONS INFLUENCING GIVING



NEEDS

The legacy seeker needs to...

- ▶ To fulfill a personal vision of impact
- ▶ To ensure that they maintain a high degree of control over their funds
- ▶ To build tangible assets (schools, hospitals) that they can attach their name to and that will live on after they are gone

Giving personas (6/6)



NETWORKER

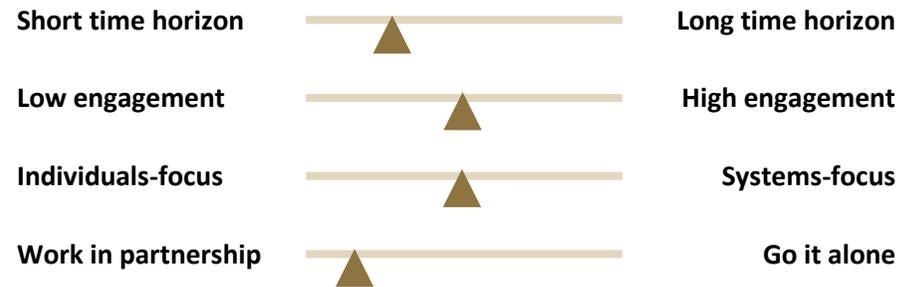
“Giving is a fun way to socialize and curry favor with potential business partners - you scratch my back, I scratch yours.”

MOTIVATIONS

The networker is motivated by...

- ▶ The opportunity to build personal and business relationships through giving
- ▶ The ability to elevate their own business profile through a positive social reputation

KEY DIMENSIONS INFLUENCING GIVING



NEEDS

The networker needs to...

- ▶ Attend events with other high-profile individuals, often other businessmen/ women
- ▶ Make their giving visible to potential partners

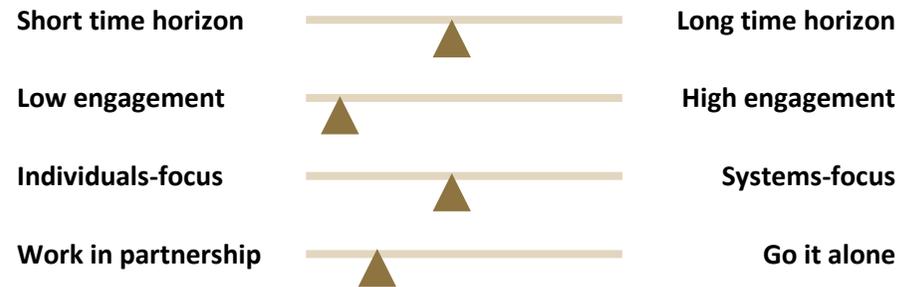
Non-giving personas (1/4)



PREOCCUPIED PROFESSIONAL

“I’m still establishing myself and making my fortune. I want to make sure my business and my family are taken care of before I think about giving to others”

KEY DIMENSIONS INFLUENCING POTENTIAL GIVING



MOTIVATIONS [FOR NOT GIVING]

The preoccupied professional’s lack of motivation stems from...

- ▶ A feeling of insecurity related to their wealth (e.g., not feeling wealthy despite being wealthy, objectively speaking)
- ▶ Being too busy with day-to-day personal and professional commitments, and believing that giving is something people do when ‘life calms down’ as a result

NEEDS [IF THEY WERE TO GIVE]

To begin giving, the preoccupied professional needs to...

- ▶ Feel that they are in a place where giving does not pose a risk to their family or their professional life
- ▶ Access a mode of giving that is highly convenient and time-efficient

Non-giving personas (2/4)



SKEPTIC

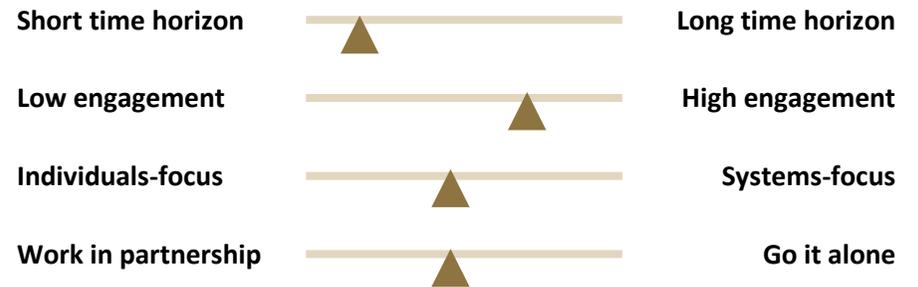
“India’s problems are so large, and its systems so corrupt - I just don’t see how my money will make a difference. Anything I would give would just be a drop in a leaky bucket.”

MOTIVATIONS [FOR NOT GIVING]

The skeptic’s lack of motivation stems from...

- ▶ A deep distrust of Indian institutions (including civil society) and a belief that they will not act with integrity
- ▶ Feeling overwhelmed about the breadth of depth of development problems that India faces
- ▶ Unfamiliarity with the NGO sector and how it works

KEY DIMENSIONS INFLUENCING POTENTIAL GIVING



NEEDS [IF THEY WERE TO GIVE]

To begin giving, the skeptic needs to...

- ▶ See indisputable evidence that donated funds are being used efficiently and for their intended purpose
- ▶ Clearly understand how large problems can be broken down into fundable projects that have measurable impact
- ▶ Be educated on the strides Indian civil society has made over the past 40 to 50 years

Non-giving personas (3/4)



DETACHED DESI

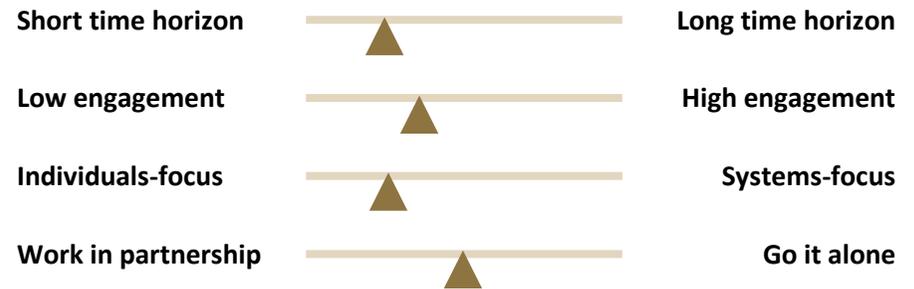
“India’s problems should be for Indian citizens to solve. I don’t see why I should be the one to give – I’m not really even from there.”

MOTIVATIONS [FOR NOT GIVING]

The detached desi’s lack of motivation stems from...

- ▶ A weak emotional connection with India
- ▶ A view that the Indian government and/or those living in India are responsible for improving the country’s welfare

KEY DIMENSIONS INFLUENCING POTENTIAL GIVING



NEEDS [IF THEY WERE TO GIVE]

To begin giving, the detached desi needs to...

- ▶ Build or rebuild their relationship to India

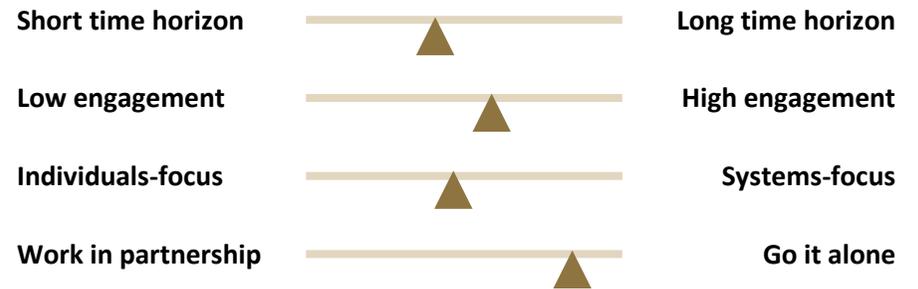
Non-giving personas (4/4)



UNAWARE INDIVIDUAL

"I really haven't thought about any of these issues – no one has talked to me about philanthropy or how I can be a part of the solution."

KEY DIMENSIONS INFLUENCING POTENTIAL GIVING



MOTIVATIONS [FOR NOT GIVING]

The unaware individual's lack of motivation stems from...

- ▶ Lack of a societal expectation to give
- ▶ Poor access to visible role models engaging in philanthropy
- ▶ Distance from and poor knowledge of key development issues facing India
- ▶ Lack of targeted engagement by NGOs seeking funds

NEEDS [IF THEY WERE TO GIVE]

To begin giving, the unaware individual needs to...

- ▶ Have exposure to a community of philanthropy (e.g., peers that expect to see wealthy individuals give back)
- ▶ Get educated on the most important problems that India needs to overcome
- ▶ Receive targeted solicitations from NGOs