

Five Common Mistakes When Giving Internationally

Growth in global giving has been a steady trend in philanthropy for decades. People increasingly want to give directly to charities in the developing world.

There are many reasons, such as:

- Money can have greater impact where prices and salaries are lower.
- Giving directly avoids the costs that larger multinational NGOs sometimes layer onto donations.
- Leveraging local knowledge and leadership can lead to better outcomes and greater impact.
- People tend to want to give where their heart has been touched and where the need is greatest.

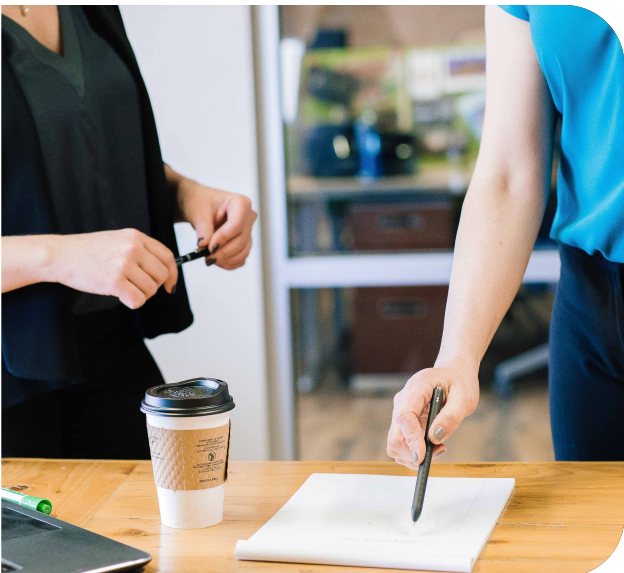
However, there are many risks and problems that must be navigated:

1. Regulations

For many, “compliance” is a dreadful word that triggers stress and unhappy memories. When giving across borders, one often needs to understand charity and tax regulations in the sending country and the receiving country, plus banking compliance, anti-money laundering, politically exposed persons, etc. These regulations and difficulties have risen considerably in the last 20 years as a result of rising regulation following the September 11 attacks in the United States. Consulting with your banker, attorney or other experts can reveal the myriad of risks and obligations for you, the donor.

TrustBridge specializes in this complex world and can take on all these burdens for you, protecting you from unnecessary risks.





2. Capability

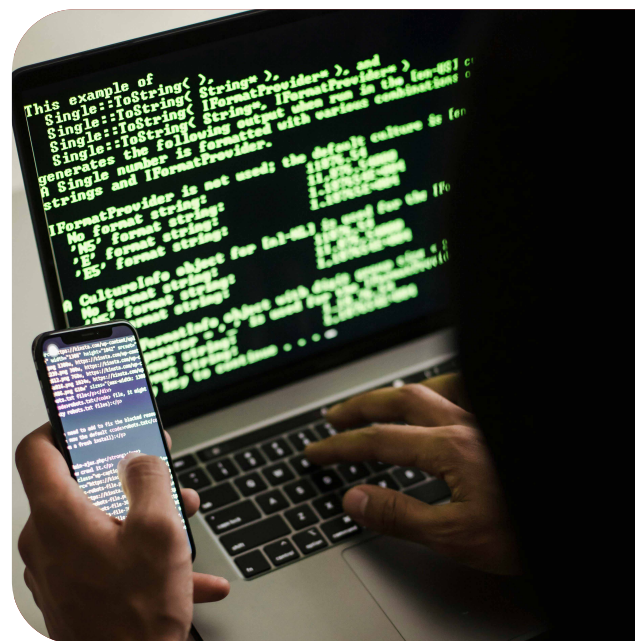
Is the charity properly organized and governed? Can they handle an influx of new money? For some charities in the developing world, a \$20,000 donation is more money than they have ever seen. Are they prepared to steward it well? Is it wise to require a thoughtful budget and plan for spending on programs? Also, organizational documents and policies should be examined, and revisions (where necessary) suggested. All this can help one make a better decision and also help the organization rise to a higher level of effectiveness.

TrustBridge's charity application and approval process includes these activities, helping ensure that your gift will be well stewarded and produce results.

3. Deception

Sadly, donors are often the victim of fraud. Donors have been shown schools that belonged to others or told of programs that did not exist – sometimes the dishonesty is elaborate and involves many people. Donors have been fooled into sending money to the wrong bank accounts. The permutations are endless. Thorough due diligence often weeds out fraud because it is hard to produce all the documents and details required. Background checks are a necessity.

TrustBridge's charity vetting process has surfaced many attempts at fraud. TrustBridge checks people and entities through World Watch Plus, a service that aggregates hundreds of databases globally.



4. Taxes

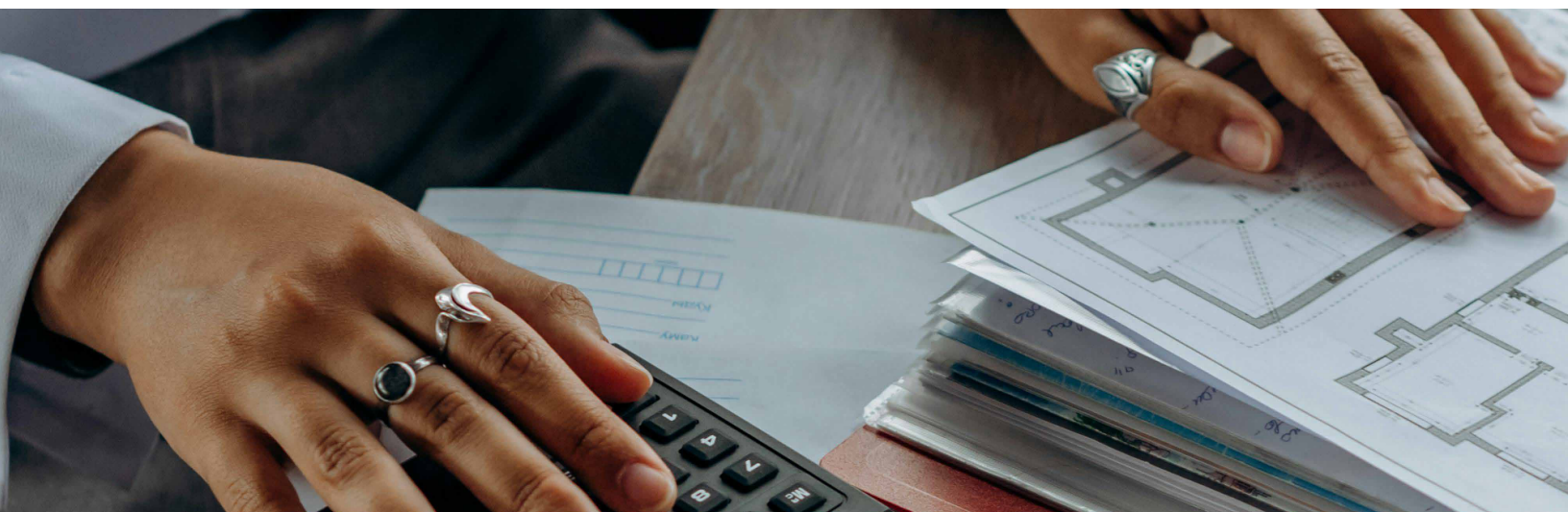
Most countries provide some tax incentives for giving to charity, but it can be difficult to claim these advantages if the beneficiaries are foreign. But also, some countries will apply gift or transfer tax on contributions to foreign charities. Be creative and determined to give as tax-effectively as the law allows – the savings can mean a lot to those who need it most.

TrustBridge's Network Members can offer local tax benefits for global giving in an increasing number of countries.

5. Cost

Many people and foundations spend more than they need to processing their international giving. Because of the complexity of cross-border giving, there can be direct costs such as legal fees, bank fees, etc. Certain alternatives, such as using a fiscal sponsor or “friends of” charity, assess 5–10% or more of the grant amount. But there are also costs for time spent by both for the donor and the recipient. Due diligence, record keeping, communication (emails and calls), etc. can consume enormous amounts of time.

TrustBridge charges CHF 150 for the initial charity due diligence and approval, and only 1%, subject to CHF 240 minimum, plus CHF 20 processing assessment). Most of the time, this cost is far lower than alternatives.



About the Author

Robert Collins, CFA is the CEO of TrustBridge Global, a Swiss foundation and a global network focused on mobilizing resources by making global giving easy.

Prior to TrustBridge, Robert served for 16 years with the National Christian Foundation, an organization that has facilitated over \$10 billion in charitable giving in the U.S. to more than 50,000 charities in over 100 countries. Prior to that, he was Managing Director and Co-Chief Investment Officer of Goldman Sachs Asset Management (Equity Investment Management) where he led a 54-person team responsible for investing \$36 billion in European and Global equities portfolios.