Natural disasters galvanize charitable giving unlike any other hardship, including disease or poverty. Suffering for thousands of people is compressed into a dramatic moment that attracts the press and intensely focuses the world’s attention. Because such disasters are not man-made or politically motivated and victims cannot be suspected of bringing hardship upon themselves, they create universal sympathy.

Natural disasters also generally require immediate triage. Outside entities can take awhile to bring their resources to bear, but non-profits on the ground can immediately go to work saving lives and distributing food, water and shelter, as they often have a presence in the country affected. Since non-profits are highly dependent on private giving, the question we immediately ask is how we can give most effectively in response to these crises.

The Typical Approach to Giving

Most of us have an established personal connection with the organizations to which we give regularly: our church, synagogue, mosque or temple, our schools and our children’s schools, a health concern that has impacted our family, a cause in our immediate neighborhood or a non-profit on whose board we sit. Some of our giving may also be driven by personal referrals and requests, as business and civic leaders involved in charities turn to their social and business networks for contributions. At Schwab Charitable, such “non-disccretionary” or “semi-disccretionary” giving is estimated to account for 60-70% of grant recommendations.
Any remaining “discretionary” giving is often reactionary or driven by impulse, and can be catalyzed by a natural or humanitarian disaster, as we dig a bit deeper, look beyond the organizations we traditionally support and contribute on a one time basis to meet an urgent and compelling need. How do we go about deciding where to give?

Hierarchy of Needs after a Disaster
At all stages of disaster relief, money is king. “What agencies need most is cash. Financial contributions allow professional relief organizations to purchase or provide exactly what disaster survivors need most urgently and get them those supplies and services immediately. In addition, by keeping as much of the services payment as possible in the local economy, they can speed the path to economic recovery,” said David Mahoney, Board Member at Mercy Corps.

The most immediate and urgent needs include safety and security, water, food and shelter. Governments usually take the primary responsibility for safety and security, but non-governmental organizations (NGOs) like Mercy Corps are often critical to providing supplies, logistics, people, and money to meet all other needs. Supplies include, but are not limited to, medical supplies, food, water, tarps, shelter, blankets, clothing, and drugs. Logistics require airplanes, helicopters, trucks and other forms of transportation to get supplies to the right location and are essential to successful aid distribution. People are needed to drive the trucks and fly the planes, load them and direct them. Doctors, nurses, social workers, psychologists, construction workers, cooks, managers, payroll staff, trainers for local personnel, and many other experienced workers are needed on the ground. When possible, survivors of the disaster are hired to help with repairs, earning money badly needed to rebuild the local economy when aid is no longer available. “In the early days, locals do more to help each other than any outside entity can do, because they are present” according to Renée Acosta, CEO and President of Global Impact.

Longer term, governments and non-profits help countries to re-build and make sure citizens are ready for future disasters. As has been seen in Chile, governments can improve their preparedness and decrease the impact of a catastrophe by investing in early warning systems and appropriate infrastructure. For disasters that occur in poor countries, fighting poverty is a long-term effort, not just a reaction to the events of one day. For non-profits involved in the long-term rebuilding, fundraising continues long after the headlines fade and the star-studded TV specials are over.

While there is no formula to making good donation decisions, it is important that you pause and think carefully about the highest and best use of your dollars. Impulse giving may have impact, but is it the best use of your precious resources? Often the answer lies in asking the right questions.

Finding a Personal Connection
“One approach to deciding which organizations are most deserving of your money...
after a natural disaster is to overlay your personal interests on the immediate needs created by the disaster,” counsels Acosta. If your interests lie in homelessness or affordable housing, you could give to organizations focused on providing immediate shelter to victims. If you have a passion for education, you can seek out organizations that promise to rebuild schools to higher building standards. If you have concerns over human trafficking, you could give to organizations that work on safe child centers. You may even already have an ongoing relationship with organizations that you trust and have given to in the past that might serve the disaster area.

Often choices about where to give are painful because you have limited resources and selecting just one charity is by its essence excluding many others. One way to make these choices in the early days when facts are hard to come by is to trust your personal inclinations and life experience. If you and your children were in Haiti or Chile, what would you be most comforted by?

Lessons from Haiti and Chile
On January 12th, 2010, a 7.0 magnitude earthquake hit the already impoverished nation of Haiti. The island was decimated, and with no natural resources at stake and no significant political agenda, it represents the purest natural disaster response we have seen in some time. The earthquake prompted a flurry of donations. By March 16, nearly $980 million had been raised nationally. At Schwab Charitable granting began three hours after the disaster and peaked two days later. Grants ranged from $100 to $100,000. While hundreds of millions of dollars have gone overwhelmingly to well-known or highly promoted disaster relief organizations such as Red Cross, Doctors Without Borders, Catholic Relief Services and the Clinton Bush Haiti Fund, organizations with a strong local presence such as Partners in Health, the University of Miami, and Fonkoze USA have also received tens of millions of dollars in donations.

Six weeks later, an even larger 8.8 magnitude earthquake hit Chile. Although Chile had much stronger local infrastructure and a much more resilient government in power, the sheer magnitude of the quake again brought focus to effective disaster relief. In this case, private donations have been much less robust because the government initially asked for help from the United Nations rather than from international humanitarian groups. The Chilean government and military have provided the relief and medical attention to their country that Haiti was not able to provide for itself. Social media has made it easier for people to quickly give in response to disasters, and is also providing a new way to question charities about how money will be used. The Red Cross alone had raised more than $32 million by January 29th using text messages for $10 donations to 90999 for “Chile” or to 90999 for “Haiti.” Texting “Chile” to 90999 has also raised funds, though just a fraction of what was raised for Haiti. Transparent and efficient charities have received an extra boost by word of mouth through Twitter, Facebook and blogs.

Unfortunately, giving is almost impossible to sustain after a natural disaster. While telethons, concerts, and online appeals can help to spur giving in the first few weeks, donations typically reduce to a trickle after a few months.

Issues and Questions

Disaster Response Expertise versus Local Expertise
The challenge of making quick giving decisions often results in contributions going to large brand name organizations which have developed expertise in disaster response, regardless of their local expertise or initial presence in the area. Before the earthquake, The American Red Cross had 15 people working in Haiti. Partners in Health, a smaller but quite reputable charitable organization with a focus on improving health care delivery in countries like Haiti, had more than 700 doctors and nurses and a staff of almost 5,000 operating hospitals and clinics in Haiti when the earthquake struck. As of March 16th, the American Red Cross has raised more than $369 million for its relief operation in Haiti, while the less- known Partners in Health has raised $66 million for its ongoing development efforts. Relief and development organizations, be they large or small, play complementary and valuable roles. Making a choice between brand name disaster response organizations and regional organizations with local expertise is not easy. Do you trust large organizations because their very visibility invites scrutiny, or are you inclined toward smaller, possibly more

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nimble organizations? Are there elements of the country (complex or unusual political system, diffuse power structures, language barriers or cultural or religious obstacles) for which local experience and expertise would be particularly helpful?

**What is More Important—Relief or Prevention?**

Relief organizations are experts in organizing logistics and have the experience to aggregate large volumes of supplies, move them from one place to another, and to negotiate with governments. Development organizations focus more on prevention and often have in-country experience and existing relationships on the ground. For many donors, disasters prompt immediate donations to relief organizations to save lives and alleviate immediate suffering, even though significantly more lives might be saved by focusing on reducing the impact of future natural disasters by developing and enforcing more stringent building standards and emergency preparedness plans. How do you make a choice between saving one life now versus possibly preventing the death of 100 people later, even though later may never come? Again, the answer lies in your personal bias.

**How to Best Encourage Accountability and Measure Impact?**

Despite the best of intentions, many things go right and many things can go wrong in the chaos following a natural disaster. Most donors want more than just the feeling of satisfaction from giving to a cause—they want results. What portion of funds given in the heat of the moment actually makes it to the intended aid recipients? How does a donor select the most efficient nonprofit capable of delivering the right goods and services on the right timeframe?

Impact is difficult to measure, especially in the immediate aftermath of a disaster. There are not yet industry standards on reporting, and disasters in developing countries like Haiti are particularly challenging when the

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Schwab Charitable celebrates 10th Anniversary as America's 10th Largest Charity

Schwab Charitable celebrated its 10th anniversary by hosting a party for staff, members of the board (including Board Chairman Charles Schwab, pictured above), business partners from Charles Schwab & Co., Inc, and representatives of Bay Area investment firms who have all helped us achieve great success in a decade of giving.

Online Granting Enhancements

You may notice some changes when you recommend grants, as we strive to continually improve your online granting experience, including:

- An expanded list of grant designations
- The flexibility to recommend that grants come from specific investment pools rather than proportionally out of all of your Account’s investment pools.

Pool Performance Report now available online

In response to your feedback, the Investment Pools Quarterly Performance Report is now paperless and can be viewed online at: www.schwabcharitable.org/qpr. Please call a Donor Relations Specialist at (800) 746-6216 if you have difficulty with online access or would like a paper copy mailed to you.

Relief Is In Sight continued from page 4

country and supporting infrastructure is so completely decimated. Large organizations often have the resources to provide both quantitative and qualitative information on their websites about their impact on the ground. The Red Cross frequently updates a breakdown of the funds spent and committed by area, while Doctors Without Borders and Partners in Health provide anecdotal accounts from volunteers, video, and slideshows. Smaller organizations are often challenged to report out in real time about the very important work they are doing, but when the dust has settled, donors should not be shy to ask for some reporting. However, remember that a bottle of water delivered after a disaster includes all the costs of delivering it under very stressful and inefficient circumstances. We must be realistic in our expectations and understand that a $25 bottle of water delivered where there is no safe water source saves a life.

Advice for Donors

After a disaster, giving can be most meaningful and effective when we take a moment to respond with both our heads and our hearts to the tragedy at hand.

1. Find a connection with your own personal interests and experiences. Think about how your personal interests and life experiences intersect with the disaster, and donate or recommend grants to charities that support such work.

2. Support organizations with an established presence and history working in the impacted country or a track record in disaster response work. Charities established in reaction to a disaster are not necessarily going to be sustainable, have long-term strategies, or have proper oversight. In countries with language, cultural, religious or political barriers, consider organizations that have local staff in leadership positions or that partner with local social institutions and who are empowered to make quick decisions on the ground. Getting money back into the economy becomes crucial. If you are most concerned about the immediate aftermath, then contribute to large organizations which are experts at logistics management and can quickly move in supplies.

3. If in doubt, donate or recommend a grant to a pooled relief fund established by a credible organization or person (who has some reputational risk associated with failure) specifically to distribute funds to organizations best placed to deliver relief. Recent examples include the Clinton Bush Haiti Fund and the Louisiana Disaster Recovery Foundation for Hurricane Katrina.

4. Send cash instead of items. Donating your unwanted items doesn’t necessarily mean that they are wanted elsewhere, and the cost of transportation may not make it a worthwhile donation.

5. Do not always specifically earmark donations or grant recommendations for a specific disaster or purpose. Give to an organization that you believe in and give them some flexibility to decide how to best use the funds. They will likely migrate some funds to longer-term rebuilding and sustainability efforts if they have sufficient funds for immediate response.

6. Consider funding prevention instead of relief and/or continue to give over time. Set up a recurring grant recommendation or sustain giving on your own after the initial international attention has died down.

7. Encourage accountability by the organizations you support (in the form of clear reporting of use of funds and impact).