For many families and individuals, philanthropy plays a crucial role in legacy, estate, and financial planning. Donors therefore take care in planning their charitable giving over a number of years. As those plans unfold, however, natural disasters or tragic events can become an unexpected priority for giving.

It may seem a slim silver lining, but from heartbreaking incidents in places such as New York City, New Orleans, Haiti, Newtown, the Philippines, and Boston, relief funds have sprung to pave the way to recovery. Gifts made to such disaster recovery funds are not always planned in the same way as gifts to more traditional organizations, yet they may be just as important to some philanthropic families.

Ensuring that contributions to these funds provide the support intended by donors is not as straightforward as it may seem. While traditional philanthropy has developed increasingly reliable systems for giving, including some systems that help victims of disasters, organizations formed to respond to a specific event raise opportunities and challenges for donors. Knowing the pitfalls that dot the landscape of so-called “disaster philanthropy” can help donors avoid the frustration of seeing donations fall short of the intended goal.

Understandably, many people react to tragedy with an outpouring of support, and there is a place for such generosity: While funds are established for immediate relief, long term recovery for victims, and help for affected families, the challenge for donors is how to simultaneously support preventative efforts to avoid or reduce the impact of future events.

Donors are also learning to exercise caution, as giving to one organization may impact the effectiveness of another. Relief efforts stemming from the Boston Marathon Bombing in April provide an ideal example. As the now well-known Boston One Fund was being conceived, dozens of small organizations sprang to life to support various needs of victims. While a valuable source of comfort, many of these outlets were not sanctioned charities or actual non-profits; in some cases, they drew donations away from other relief efforts directed at a broader population.
In a similar vein, donations to unforeseen disasters may come at the expense of other philanthropic efforts. For example, the Walk for Hunger, a critical fundraising event for Project Bread in Boston, fell short of its goal when its walk occurred shortly after the Marathon bombing. Some attributed the shortfall to redirecting of support to victims of the Marathon bombing in the days and weeks following the incident.

These are valid concerns, and individuals seeking to participate should view disaster relief as part of a long term plan for giving. As they look to be a part of disaster recovery or preventative initiatives, the following steps can help shape their philanthropic vision:

1. **Set your strategic priorities in advance**

Given the many pockets of need, donors should consider a long range plan for giving that is aligned with personal and perhaps community needs. Some may feel that their strategic goals do not include funds for disaster relief of any kind. Others, particularly private family foundations, may decide that they will set aside a sum of money – a slice of the annual payout – to address emergency needs as they arise.

A philanthropic “disaster preparedness kit” can help determine whether a donation matches a family’s vision, considering questions such as:

1. Did the disaster occur locally or further afield?
2. Given how common disasters have become, should we allocate a portion of giving each year to address urgent needs?
3. Should donations go to disaster preparedness, relief, recovery – or all three?
4. Is the government already providing relief efforts, and if so what will be the impact of a private donation?
5. Is publicity of the donation desirable?
6. Is the mere participation in a public response a significant goal in and of itself, or is the focus of the donor’s desire to have a discrete and identifiable impact by his or her gift alone?

Even with these questions in hand, it can be difficult to get a clear view of how donations will be used over the long term. A disaster relief fund may, for example, change course after initial needs are met. As of late 2013, the One Fund was in the midst of just such a process, as the initial needs of victims were met with early outpourings of support. Six months after the bombings, the Boston Business Journal reported that the Fund is charting a new direction.
“There are other, more complicated ideas on the table,” wrote the BBJ. “The One Fund could become a clearinghouse for information about where to get help in the Boston area, as well as a focal point for the close-knit community that has emerged among many of the families…Perhaps the biggest question hanging over the One Fund is exactly how long it will last.”

With a strong policy in place, donors will find it easier to focus their gifts to provide relief in areas that best fit their overall mission. Sometimes, in the wake of disaster, emotions can cloud thinking. Having a policy in place allows donors to plan in advance – to the extent such planning is possible. In some cases, that may mean thinking more aggressively; when faced with a disaster that hits close to home, for example, some may be torn between joining an existing community effort and acting as a leader to establish a new giving program.

Most importantly, if an appropriate action is not immediately clear, donors should pause to reflect. In time, the opportunity to give “according to plan” will be uncovered.

2. Evaluate charities: Leadership & infrastructure

When the strategy is outlined and charities are identified, families should resist the temptation to give to the cause in general instead of to the right organization. They should conduct due diligence to be sure that organizations are well structured and stable, increasing the odds that donations will go to the best possible use.

Without a sound infrastructure, charities rarely survive for long: banking, business direction, accounting, and legal support provide confidence for donors and the groundwork for sustainability. Donors should look for indications of strong oversight by an informed board, financial controls, and an effective communications plan that articulates the organization’s mission.

Leadership is another consideration; having the right person at the helm makes a tremendous difference in the effectiveness of a charity. The One Fund looked to Kenneth Feinberg, a leading authority on disaster relief, to lead the initial charge and take responsibility for distributions. The move gave the Fund immediate credibility and led to a transparent and effective process for aiding victims.

Once stability is confirmed, philanthropists can get a feel for how funds will be allocated; those who ask the right questions will be in a better position to make a decision. A sample checklist for donors might include questions such as:

1. What is the process for determining aid to victims?
2. What is the timing of aid – will it be “in time” to help those who need it most?
3. Are there alternative uses for the funds raised if there are resources left over after the needs of victims are met?

4. How broad is support? Are funds needed here and now, or later, when the dust settles but recovery is still in progress?

5. How will the charitable cause be accountable for funds received and applied for the intended purposes?

Indeed, sometimes an organization can be overpowered by a large influx of gifts as a result of a national disaster, and questions arise as to how the funds are dispersed. In the wake of Hurricane Sandy, the Red Cross came under fire for sending mixed messages about the use of donations. Long after the organization had stopped directing funds to Sandy recovery efforts, it allowed partners to run ads suggesting that donations to the Red Cross would support victims of the storm.

“The Red Cross has drawn criticism from philanthropy experts and other aid groups for gobbling up huge sums of money following catastrophes, even when it had no capacity to spend those funds on the type of relief it traditionally provides,” wrote the Associated Press. “The Red Cross agreed that when it is involved in fundraising drives after future big disasters, it will let the public know when the organization believes it has raised enough money for its response.”

While this is regrettable, one advantage of giving to global disaster relief organizations is that they have experience with large sums of money, and they provide alternate routes for charitable dollars in those rare instances when “enough” has been raised.

If donors want to set aside funds but are unsure of the organization, or if the disaster has occurred but organizations are not yet equipped to receive donations, one giving strategy they may follow is the use of Donor Advised Funds. This vehicle allows them to make a commitment, receive a tax deduction, and distribute the funds over time to various causes. It can be a useful vehicle to gain time while evaluating potential recipient organizations, and can be particularly helpful for donors awaiting tax exemption for an organization formed after a disaster.

3. Look beyond straight metrics

A great deal of emphasis is often placed on metrics to guide philanthropic decisions, as donors seek to gauge the effectiveness of a charity. Established measurement systems can be misleading, however, and in the case of disaster philanthropy they may tell a very incomplete story.

To grow and continually attract donations, charities are often called upon to quantify human progress tied to their mission. That challenge is nearly impossible to meet. While quantifying the results of
disaster relief may seem straightforward on the surface (i.e., how much food, how much shelter, or how much medical assistance was provided), it is hard to know how to measure the true continuing needs of the victims of disasters.

Indeed, insistence on measuring outcomes can change the way services are delivered. If proving measurement is more important than seeking beneficial results, the pursuit of metrics may hinder the overall charitable mission. A goal that is difficult to measure does not necessarily mean that it should be ignored. How do we accurately measure the impact of a disaster on the mental health of the victims or whether the response is truly effective in rebuilding the sinews of a community, in making it more prepared to respond to the next crisis? Does the response rebuild faith in institutions and open doors for future cooperation among private and public players, or are participants in the recovery effort left with feelings of parochialism and competition? Some metrics are good gauges of short term impacts but may not address chronic conditions that make the community more vulnerable to a future crisis or disaster.

Donors should therefore look for “softer metrics” to determine a fit, although the onus for finding those benefits does not fall completely on the donor's shoulders. Charities should be equipped to communicate their goals and progress, rely on a proven process, and demonstrate that their infrastructure supports the mission. This can be difficult in the days and weeks following a disaster. Media coverage can be intense and it is often difficult to understand the scope and depth of real need – to separate the need from the news.

Following a philanthropic plan

Individuals and organizations can make a difference for disaster victims in the heat of the moment. Not only do they supply financial support, but they create a sense of community and well-being for donors and victims. Donors have choices on how to respond to a massive need. A well thought out policy in anticipation of the desire to participate can provide guidelines for when a sudden disaster compels a response.

Endnotes


II “In Sandy’s wake, Red Cross agrees to changes the way it solicits donations after disaster,” David B. Caruso, Associated Press, October 24, 2013