

Wall Street Greed? Not in This Neighborhood.

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NEW DELHI -- With freshly cut keys to their new brick-and-cement homes, families in an impoverished settlement on the outskirts of India's capital honored a surprising hero this week: Richard S. Fuld Jr., head of the now-defunct Wall Street giant Lehman Brothers.

Before the 158-year-old investment firm went bust, it sponsored construction of low-cost housing with Habitat for Humanity in the destitute Bhalaswa neighborhood. Although the \$50,000 contribution was a pittance for a multibillion-dollar Wall Street firm, it was enough to help build 100 single-room houses for about 500 people, mostly children, who were living in shanties of tarpaulins and old clothes.

The largess of Wall Street has fed hungry children in Haiti, funded trauma centers in Sudan's war-torn Darfur region and paid for rescue boats for flood-prone Bangladesh. But with the economic crisis deepening, aid groups and economic experts fear that those donations will dry up as quickly as easy credit.

"This is a very real issue, which people are just beginning to think through," said Simon Johnson, a former chief economist at the International Monetary Fund and a professor at the MIT Sloan School of Management. The school has an internship course called Global Entrepreneurship Lab, one section of which works with health-care projects in Africa. "A top priority now is to find new sources of funding in a hurry, because aid will fall," Johnson said.

The fear of shrinking aid comes as the poor in developing nations struggle to keep pace with inflation and sharply rising prices of food and fuel. At least 100 million people who did not need food aid six months ago can today no longer afford food, aid experts said.

U.S. corporations, foundations, charity organizations and individuals together gave more aid to the developing world than the U.S. government did in 2006, according to the Hudson Institute's Index of Global Philanthropy: Private donations totaled \$34.8 billion, compared with the government's \$23.5 billion. But with the U.S. economic meltdown -- and its worldwide ripple effects -- aid experts doubt those numbers can be sustained on either the private or the government side.

"Undoubtedly, overall funding -- from business, private individuals and government sources -- will come under pressure," said Tom Arnold, head of Concern Worldwide, an aid group that assists 12 million people across Africa, Asia and the Caribbean. "The

world has changed in the past week, and we're really in uncharted waters. Just this week at headquarters we were having a very tough conversation about some difficult choices in 2009."

Those in the humanitarian community say the backlash will be felt in the coming months as fundraising for next year begins. But the impact on the world's poor is already being debated at conferences in Geneva and in classrooms at MIT.

Many leaders in the humanitarian field have started lobbying to keep funds. The United Nations has announced efforts to ensure aid is spent more efficiently during lean economic times.

Antonio Guterres, the U.N. high commissioner for refugees, told donors at a meeting in Geneva this week that it would be "tragic if there was a reduction in financial help."

Both U.S. presidential campaigns have suggested that they may have to scale back their plans for foreign aid because of the economic crisis.

Speaking at the vice presidential debate in St. Louis, the Democratic candidate, Sen. Joseph R. Biden Jr., said a campaign promise to double foreign aid might have to be "slowed down." Strategically important countries, especially those perceived as critical in fighting terrorism, are unlikely to see a decrease in aid, said Steve Radelet, a senior fellow at the Center for Global Development and a former U.S. Treasury Department official. "The government won't take a dime out of funding Iraq or Afghanistan or Pakistan," Radelet said. "But they will be unlikely to spend money in, say, Tanzania or Senegal."

Corporate donors and foundations might be left with a greater burden, even as their ability and interest sinks.

The U.S.-based Concern Worldwide has struggled to raise government funds to help 1 million Chadians trapped in the cross-border conflict spreading from neighboring Darfur.

In the end, Arnold said, the group was able to find private supporters. About \$4 million from corporate and private donors funded 36 projects in impoverished countries such as Haiti, Ethiopia and Sierra Leone. The money was used to build schools and health clinics, and to help those displaced by conflicts that often don't get much coverage on American television, he said.

"It just shows the enormous importance of private and corporate donors for our emergency response work," Arnold said. "We need to brace ourselves for some choppy waters. In the U.S., many will suffer and many might well become poor as a result of the crisis. But the people in our care live in a whole other dimension of poverty."

U.S. corporations helped pay for rescue efforts during the recent flooding in Bihar, an impoverished state in eastern India.

Donations from Target, Coca-Cola, and the Michael and Susan Dell Foundation helped fund efforts to reunite tens of thousands of parents with their children who went missing during the floods. Clothing and hygiene kits were also distributed, and temporary schools were put up for those in camps, said Thomas Chandy, head of Save the Children in India.

"That is what the money can do. The impact of the American economic meltdown will be experienced everywhere, and India is no exception," Chandy said. He said he is looking to alternative sources such as governments in oil-rich countries or wealthy individual philanthropists.

In Bhalaswa, the houses were unveiled on the day Fuld, the former Lehman Brothers chief executive, was questioned by a House committee about his failure to rein in risky investments while raking in millions of dollars in bonuses for himself.

"It's one tiny housing story Lehman got right -- in Delhi's backyard," read a front-page headline in the Indian Express newspaper.

Many Bhalaswa residents are migrant workers from poor states. They came to New Delhi in search of economic opportunity and were evicted from one of the oldest slums in the city, a vast encampment alongside the polluted Yamuna River. In Bhalaswa, they initially found a congested maze of shantytowns surrounded by a landfill, picked over by cattle, pigs and crows. There was no access to clean latrines or electricity. Some slept under mosquito nets on the ground.

"The struggle to get a roof over my head has been a long and hard one," said a smiling Bindu Gupta, 38, who has six children. She cracked a coconut on her new doorstep in an Indian tradition to mark an auspicious beginning. "Now my life has greatly improved," Gupta said. "I have cleaner food and water in my home. I'm so proud I will call over my friends for tea and meals. I can't believe that I have my own toilet."

The families were asked to contribute \$170 for the construction of their homes, and many saved all year and pooled funds.

Kamlesh Saha, a 35-year-old mother of three, said that during the monsoon season her old makeshift shelter was submerged in floodwaters.

"Now, when I see my new house, I feel great joy and pride," said Saha, adding that she didn't know who Fuld or the Lehman Brothers were -- but thanking them anyway.

Special correspondent Ria Sen contributed to this report.

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