

Peter Ferrara
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Final Exam (Part II)

I think the best charitable organization is a new charity called The Helping Exchange, or ThEX for short. (www.thehelpingexchange.com). This organization is based on an entirely new concept using the world wide web to provide world wide charity.

Anyone who feels they have an unmet need without the resources to satisfy it can go on the website and make an entry explaining the problem and describing what they need. There is no gatekeeper to prevent any entries. If you think your need is important and others might want to contribute to it, you are free to go onto The Helping Exchange website and try to raise money for it. The organization's founder explains on the website,

“The financial needs could span the human condition: medical expenses, job loss, unaffordable tuition, capital for the small entrepreneur, the wish to create a foundation in the name of a lost relative, the list is endless.”

Moreover, anyone could post their needs on the website from anywhere in the world. So the potential charity is worldwide.

Potential donors could then examine the needs posted on the website, from anywhere in the world as well. They then each pick the concrete needs that most interest them: specific people, or families, or villages, or towns, asking for money for specific concrete needs. Potential donors can contact those requesting assistance directly (such contacts begin through text messages, and then the parties themselves can decide how communications will continue). They can consequently get to know who would be receiving their aid. There is nothing to stop a potential donor from even flying out to meet anyone asking for assistance onsite, and personally examine the need and the

proposed project or plan to address it. But such personal visits are not necessary. Donors can contribute to any posted need right through the website.

The donors can contribute any amounts to any posted need of their choice. They can recruit others to contribute to the need as well. They can monitor progress of the fundraising in each case. Then they can monitor the results. They can see if the contributions raised were effective in meeting the need. Then the donors can try again with others.

This charity is different, and I think the best, for several different reasons. Here the assistance is given directly to an individual or group in need. Traditionally, charity is given to an organization, which in turn finds the specific individuals in need. So with The Helping Exchange the donor decides who precisely gets the assistance and how much.

Moreover, the donor can get to know the recipient of the charity directly. So the donor can determine directly how urgent the needs are and monitor and evaluate the benefits and impacts of his or her donations. As the founder says,

“In most other giving models, the Giver never knows the individual who receives his gift, how much he receives, and in what form. This is because the gift goes to an organization, not to an individual. From the Giver’s point of view, these structures are not as transparent because he has no idea who, individually, benefits from his gift. ThEX provides this transparency.”

In addition, because with ThEX the donor gives directly to the individuals in need and not to an organization, the donor avoids all of the administrative expenses or overhead of charitable organizations. Virtually 100% of the donor’s contribution goes to the individuals in need. If the donor uses Paypal to contribute through the website, then

97.1% of what the donor gives goes directly to the beneficiary in need, with 2.9% going to Paypal. Nothing goes to ThEX, which is an entirely free charitable service.

By contrast, charitable organizations have office expenses, salary expenses for administrators, fundraising expenses, public relations expenses, etc. A reasonable rule of them is that for most charities, 33% of contributions are consumed by such overhead. So only 67% of contributions go to those in need. For some charities, 50% of contributions are consumed by overhead costs.

ThEX also allows donors maximum freedom of choice. Some may want to focus on financing life saving medical care. Others may want to finance food assistance for specific families in need. Still others may focus on education for young people, financing a lifetime of reward. Another possibility is to focus on what will do the most overall good per dollar spent. For example, some economic research shows that financing water treatment facilities for poor villages in Africa would provide the most net gain per dollar spent. This avoids the spread of disease and developmental disabilities for children. Through ThEX, donors can find out about needs they never knew existed.

Finally, ThEX allows those in need to be creative about organizing themselves for fundraising and communicating needs. Maybe a local community in Africa can post a request for ongoing financing for a permanent local doctor, or for fixed financing to finance a local health clinic. Maybe a small entrepreneur with a great new idea can request startup financing which will create a permanent new stream of income that will provide many benefits to many people, including new jobs for a distressed community, new income for a family in need, eventually education for the children, etc.

One question is how do the donors know those requesting assistance really are in need, and are going to use any money sent for the purposes requested. ThEX explicitly does not guarantee the truthfulness of any posted need. Determining that truthfulness is entirely the responsibility of donors. Donors can determine that by contacting and talking directly to those in need, requesting any documentation they desire, etc. Another strategy is to make small donations to many different needy projects, and to monitor how fundraising from others go, and posted reports of results for the beneficiaries.

ThEX is brand new. So there are not a lot of results to report. But it sounds like an extremely promising, possibly revolutionary, new idea.