

Food and Fuel Costs Hit U.S. Aid Groups Already Hurt by a Weakened Dollar

By Caroline Preston

Charities that work overseas have been battered by a spate of recent economic troubles, including rising food and oil prices and the weakening dollar. Nonprofit leaders say they are pressed to meet growing needs, even as the costs of doing work balloon.

Some charities have even been forced to scale back services. The American Jewish Joint Distribution Committee, in New York, dropped 25,000 people from a food and medical-assistance program in the former Soviet Union after expenses jumped by 20 percent.

"We've lost \$4-million in buying power," said Steve Schwager, the group's chief executive officer. "We've had to cut off the least needy to ensure the most needy can still get food."

Mr. Schwager said he may have to consider laying off staff members if the squeeze continues.

Charities that specialize in fighting hunger and poverty are worried that the high price of food could undercut their work. In the past few weeks, food riots have broken out in countries such as Egypt and Haiti.

"It's a major concern for us," said Nan Dale, executive director of Action Against Hunger, in New York, which combats malnutrition. "We'd like to put ourselves out of business, to be no longer needed, and this could make it much worse."

Some charities that focus on long-term development work are now diverting some of their time and effort to the immediate food crisis. Michelet Fontaine, the Pan American Development Foundation's acting country director for Haiti, said his group is working to broker and deliver donations of food from American donors.

Action Against Hunger, the Pan

American Development Foundation, and many other charities are trying to raise awareness about the need for long-term solutions, such as increased spending on agriculture.

The eight wealthiest nations plan to add the topic to their agenda when they gather this summer for the G-8 summit, a move promoted by the ONE Campaign and other organizations.

Construction Bills

High fuel prices and the weak dollar are also making it more expensive for groups to deliver assistance abroad.

Emily Sollie, a spokeswoman at Lutheran World Relief, in Baltimore, said the local charities her group works with are feeling the pinch. A construction project in Mali, for example, had to be rebid for nearly \$11,000 more because the charity couldn't find any builders to work with it at the original price. And a grantee in India ran out of money sooner than expected because of the dollar's fall against the rupee.

Officials of Direct Relief International, in Santa Barbara, Calif., said that the costs of shipping goods overseas have risen by as much as 25 percent over the past year.

Meanwhile, charities are searching for ways to alleviate their financial woes.

Thomas Tighe, president of Direct Relief International, said his group has created a hub in South Africa to store and distribute supplies so that it doesn't have to ship as many medical supplies overseas. The charity has also consolidated how it packages its supplies in an attempt to reduce shipping costs.

Other organizations are modifying how they pay their staff mem-

bers. American Near East Refugee Aid, in Washington, now pays some of its employees in Israeli shekels instead of dollars. Officials of Lutheran World Relief are considering making wire transfers in local currencies.

Overseas Donors

Some charities are also considering how they might raise more money from donors who live abroad, to take advantage of strong local currencies.

The American Jewish Joint Distribution Committee is asking some of its American supporters who work in Israel and the former Soviet Union, two places where it provides aid, to use their business connections to drum up support there.

Groups that do raise a significant portion of their budget from donors outside of the United States said that has helped insulate them somewhat from the financial crisis. Ms. Dale, of Action Against Hunger, said her group has benefited from the fact that more than a third of its money comes from the European Commission's Humanitarian Aid Office.

Nonprofit leaders are also reaching out to donors in the United States, asking their help to make up for the increased expense of supplying aid.

But Mr. Schwager said his efforts to drum up donations in the United States have been hindered by many Americans' lack of understanding about the weak dollar and its impact.

"People don't understand the dollar has gotten weaker, given that the prices of things here, with the exception of gasoline, have stayed mostly the same," he said. "We're having a really difficult time dealing with it."