



Credit: © UNICEF/Narendra Shrestha

Why Funding for Orphanages is Harming the Children it Aims to Help

Private philanthropic support for vulnerable or orphaned children often has a strong focus on the funding of orphanages.

Despite powerful evidence of the negative impact of orphanage care, private donors continue to provide large amounts of funding to orphanages through donations, volunteer tourism, mission trips and other forms of fundraising – **adding to the pull factors drawing more vulnerable children into institutional care and away from family or community care.**

According to Government of Nepal, out of 11.6 million Nepali children, almost 16,000 children live in 585 registered orphanages located largely in cities and popular tourist destinations. Ninety eight percent of child-related projects receive private funding solely from outside of Nepal. Ninety percent of the orphanages received fundraising support from external partners only, mainly in Germany, the United States and United Kingdom.

Studies have consistently shown that orphanage care often exposes children to serious harm, neglect and abuse, can seriously impact a child's physical and psychological development, and is often much more expensive than family or community-based care.

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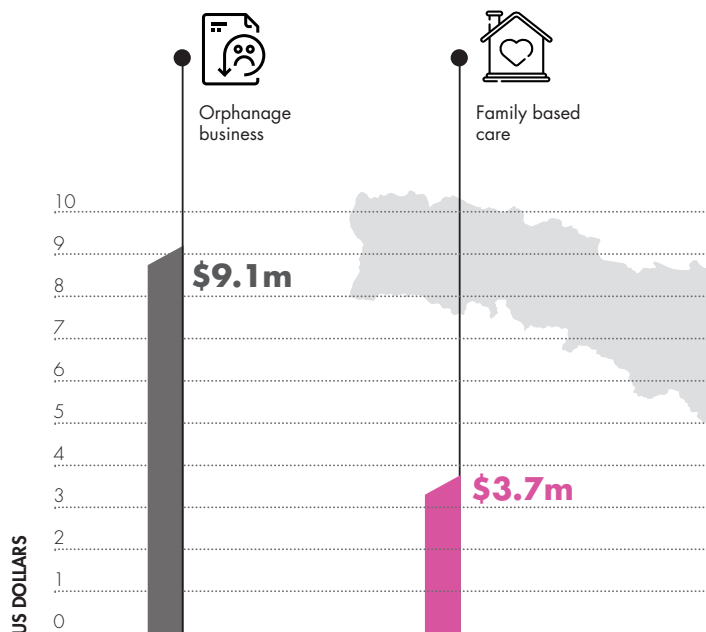
This orphanage business – where orphanages are established and recruit children to raise donations from foreigners – is increasingly recognized globally as a form of trafficking.

– Lumos Foundation

Why does it keep happening?

- Many people still believe that orphanages are necessary and provide adequate care for children
- Donations give orphanage owners financial incentives to stay open and to find new residents
- Local systems are slow to change in response to new studies on the harm of institutions

Case Study: Funding for Family-based Care Compared to Orphanages¹



An additional **\$4.1m** in funding was recorded for alternative care projects but it was not possible to identify how much of this funding had gone to family care and how much to residential care. Funding for other projects, such as health, education or children's rights reached **\$6.3m**.

90% of orphanages receive funding solely **from outside Nepal**.

When investment goes into orphanages, the result can be a **lack of funding** for developing family-based alternatives and preventing separation.

Research shows the cost of orphanages can be

11x
the cost of social services provided to vulnerable families and

3x
the cost of professional foster care.

Donors and policymakers can do more to help vulnerable children by investing in family and community support programs rather than institutional care.

To donors currently, or thinking of, funding orphanages:

- Assist those involved in operating and supporting orphanage care to move their focus to family and community-based care.
- Do not cease funding to a partner orphanage until a full transition has been made to family-based care services, to minimize risks to children's health and wellbeing. Meanwhile, develop a child protection and safeguarding policy that is implemented within the orphanage, including mission trip participants and other visitors.
- Work together with the relevant national or local authorities and consider forming coalitions with other organizations to ensure a coordinated, joint approach to the provision of services for children and families.
- Invest in care leavers who are now young adults and are in need of employment and life skills.
- Promote the understanding that children should be in families, not orphanages. Illustrate how funds can be better spent on preventing the separation of children from their families, and on services that ensure the best interest of a child.

To multilateral and bilateral government partners:

- Ensure all international development assistance and programs support social development, child protection, and trafficking reduction. No international development assistance should be used to support orphanage businesses.
- Prioritize investment in the strengthening of health, protection, education and community-based support services that make it possible for families to care for their own children.
- Issue appropriate, widely communicated travel advisories to citizens to discourage orphanage funding and volunteering, especially in cases of emergencies. State the recognized dangers, including trafficking and child abuse.
- Present clear guidelines for civil society organizations and international actors on orphanages and child safeguarding.
- Engage the faith-based community as part of development activities.
- Investigate claims of abuse from domestic organizations and individuals.