



# **Regional Meeting on the Philanthropy Sector in Latin America and the Caribbean**



**November 21-22, 2002 - Sao Paulo, Brazil**

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## **FINAL REPORT**

In collaboration with the Grupo de Institutos, Fundacoes e Empresas de Brasil (GIFE), WINGS co-sponsored a regional meeting on philanthropy in Sao Paulo, Brazil, on November 21 and 22, 2002. The meeting focused on generating strategies to help the countries of the Latin American region and the Caribbean (LAC) enhance their efforts to promote and support the expansion of philanthropy. The meeting was geared primarily towards the Executive Directors of grantmaking associations and support organizations in the region. Executives of leading foundations in countries where there are no formal grantmaking associations were also invited. Representatives from 11 countries explored the possibility of establishing an informal regional network to exchange information and share experiences with colleagues from other countries.

The delegates discussed the current situation of philanthropy in the region as well as the infrastructure required for its promotion, expansion and financial sustainability in the future. Participants shared their many cultural, political and socio-economic experiences in terms of the context and climate for philanthropy in their respective countries. They also discussed the common opportunities and obstacles they face at a national level. Important questions such as ethics and transparency, relations with governments, communications and use of Internet technology, the promotion of philanthropy and legal and regulatory reforms are all issues of concern for donor support organizations.

This two-day meeting offered an opportunity to discuss different views on philanthropy at local, national and international levels as well as to consider specific ways to consolidate the efforts of national organizations through the exchange of information and experiences and perhaps develop joint programs in the future.

### **Opening Plenary**

Leo Voigt, GIFE; Marcos Kisil, IDIS; and Jayne Millar Wood, WINGS

Representatives of the host country and co-sponsoring institutions welcomed delegates to the Regional Meeting and explained some of the many challenges philanthropy faces in Latin America, both culturally and economically. It was noted that the creation of regional blocs and the strengthening of political structures in the middle of a regional economic crisis means that associative organizations become even more important. A first effort in this regard was the "Encuentro Iberoamericano" held in 1996. This Meeting of the third sector became the first attempt at dialogue in the region. This Regional Meeting is an important step forward because of the existence of a certain level of maturity in more philanthropy support organizations, leadership at national levels and WINGS' role as a facilitator of international dialogue. WINGS' promotion of associative donor organizations worldwide provides important support to facilitate the development of a regional structure in the philanthropic sector. Participants affirmed that civil society should take on the role of denouncing backward political structures in the region and that this sector should generate a more favorable legal framework as well as educate the public to promote societal acceptance of this sector and facilitate philanthropy. Civil society should also provide leadership and develop a transformative type of philanthropy.

## **General Expectations of Participants**

The delegates each described their expectations for, and interests in, participating in this Regional Meeting. In general, participants viewed the meeting as an opportunity to increase local potential through the exchange of experiences with other actors in the region. They hoped to learn information and discover tools to strengthen and develop philanthropy in their country. Participant's expectations were diverse, with some showing particular interest in the national challenge of energizing cross-sectoral institutions to work on specific issues, and in updating national statistics. Others were motivated by the desire to learn about the views of other countries regarding the third sector and the concept of philanthropy.

Delegates also affirmed that the philanthropic sector can only progress if it has the necessary infrastructure to support its development. In this regard participation in this meeting is important in order to analyze the potential and general impact of a possible regional association as well as the feasibility of a common donor agenda for the region. The meeting also provided an opportunity to get to know funders who support infrastructure for the third sector and to build cooperation between participating foundations.

## **Philanthropy in the Latin American and Caribbean Region**

### **Overview: Dr. Luiz Eduardo Wanderley**

Dr. Luiz Eduardo Wanderley, Professor of Political Science of the Pontificia Catholic University of São Paulo, provided a framework for the political and social environment of the region. He focused on two central themes: Latin American integration and civil society participation in this process. As he sees it, continental integration is a utopia that began with Simón Bolívar, a utopia that is feasible, but has not yet been attained. The challenges to building this utopia in the region are differences in history, culture, independence processes of the old metropoli, industrial and urban development processes, and the various interests of different protagonists and actors (Indians, blacks, whites). The factors that Latin American countries have in common: conservative modernization processes (countries that are physically modern, with backward political structures, for example), the dependence that affects all dating back to colonization, relative and absolute poverty (220 million poor, social inequality, regional disparity), and decentralization processes.

The worldwide trend towards globalization runs parallel to the demands for regionalization and the formation of blocs, Dr. Wanderley said. "MERCOSUR is an example, although it was whittled down to economic matters and left politics aside, with the creation of supranational institutions; Political integration is indispensable to these processes. Blocs form to negotiate more effectively. Blocs should be homogeneous, and the more homogeneous that they are, the better their capacity to negotiate."

As regards the formation of regional blocs, Dr. Wanderley sees a tendency towards integration between municipalities and "subnational governments," such as the "merco cities" (cities that establish links between society, universities and to exchange experiences.) There is a common factor among all integration experiences: "If we do not resolve the social issues (poverty), there will be no integration. Without internal democracy, there is no integration (example of Paraguay). And finally, without public awareness, there is no integration." According to Professor Wanderley, people must test and challenge integration as a process.

Prof. Wanderley defended the idea that civil society has an important role to play in the achievement of integration as this sector can help to solve the above-mentioned issues. According to Dr. Wanderley, one new factor in this process is the emergence of networks that have the ability to maintain the autonomy of their members and to facilitate progress. He added that civil society is also beginning to be in the forefront of fighting to change public policies, particularly social policy. "The third sector is strengthened when this sector strengthens the state in its public role." When civil society has the possibility of integrating in a manner that resolves social issues, this will mean greater possibilities for effectively carrying out integration.

Finally, Professor Wanderley explained how representative organizations (such as a regional network of grantmaker associations) can promote integration and strengthen themselves as members of the civil society through a democratic and participatory process. He said that such regional organizations must be totally convinced that integration is positive. They must set up networks democratically at a regional level and at a national level, utilize the Internet and technology, and formalize their relationship.

### **Profile of Philanthropy in the Region**

Jayne Millar Wood (WINGS) and Rebecca Raposo (GIFE), presented an analysis of the data drawn from the country profiles of philanthropy submitted by delegates. The responses to the brief survey questionnaire prepared in advance of the meeting indicated that this sector has a long history in all of the countries in the region though data is incomplete, and is not centralized or up-to-date.

There are donor associations in six of the 24 countries of the region: Mexico, Jamaica, Argentina, Guatemala, Brazil and Ecuador. The majority of these countries have legislation, which regulates the philanthropic sector although the legal framework does not provide a favorable environment for private social investment in any of the countries. At the same time there is very little coordination between the public and private sectors. The analysis also shows that the majority of the foundations are working in the areas of education, poverty reduction, community development, health and culture. The majority do not have a patrimony fund or endowment.

The problems of all countries can be summarized in two categories: Legal Framework (understood here as improvement of fiscal environment and legislation for the third sector) and Communication, Information or Knowledge (lack of database, research, campaigns, etc.) The individual country profiles can be found on the WINGS website at [www.wingsweb.org/programs/LAC-Nov2002/index.html](http://www.wingsweb.org/programs/LAC-Nov2002/index.html).

### **Panel: a General Overview of Philanthropy in Five Countries**

A panel of five made presentations on philanthropy in their respective countries and discussed the state of philanthropy in their subregion:

Rubén Aroldo Farfán (Guatemala): There are no statistics to measure the size of the sector in Guatemala. According to a study done in 2001, there are 103 companies in the country; 51% of which expressed interest in philanthropy. Another 34% did not know what philanthropy was. The sectors with the most investment are health, education and direct assistance. The general motivation for giving is to promote social welfare and improve quality of life. Mr. Rubén said that his country is currently undergoing a crisis caused by low coffee prices and the lack of fiscal incentives. The greatest limitations are budgetary shortfalls, the lack of knowledge on the part of firms as regards the priority needs of communities, and lack of knowledge and trust on the part of social organizations.

Baltazar Caravedo (Peru): In Peru, the medium and large firms are becoming more sensitive to the question of social responsibility and private social investment every day. The firms in the north of the country are carrying out joint actions to promote community development. There is a radio program that transmits a solidarity message and that has tremendous impact, which shows that the public is interested in this topic. Universities are offering courses on corporate social responsibility and there are also awards for work in this area. The volunteer sector is growing, and the issue of Corporate Social Responsibility has already been included in the discussion of Constitutional reform. As in other countries, the legal framework does not provide an incentive for social investment, despite the possibility of deducting donations from income taxes. A new income tax law will take effect in 2003 and will include deductions for firms that make donations. There is a culture or criteria of traditional philanthropy; however this does not extend beyond charity.

Fernando Esnaola (Argentina): Fernando reported that Argentina was in the process of building infrastructure for the third sector when the economic crisis took the country by surprise. While on the one hand the crisis had a negative impact on the building process, on the other hand, the very serious situation also stimulated a spirit of solidarity among individuals and groups. Companies are making serious efforts to maintain social actions and many social organizations are emerging. There are between 80 and 90 grantmaking foundations in the country; the majority of these are linked to corporations. A specific donor study has not been done to map this sector.

Addys Then Marte (Dominican Republic): Dominicans are a people with a strong spirit of solidarity. A study done by the NGO "Alliance" showed that 81% of companies have some experience with philanthropy and that 96% would like to continue investing in social welfare. Firms are investing primarily in education, social welfare and health. Ms. Marte's full presentation can be viewed at [www.wingsweb.org/programs/LAC-Nov2002/index.html](http://www.wingsweb.org/programs/LAC-Nov2002/index.html).

Oscar Leal (Colombia): Colombia is a country with a long democratic tradition witnessing two types of phenomena: a fiscal crisis and displacement of the population to cities. The country has undergone a process of profound transformation of its business culture in the past decade. There are currently 93 business foundations in Colombia, and the most established of these were founded in the early 1960s. Colombia has a vibrant and extensive civil society that has been able to consolidate itself over the years, and that is currently beginning a process of integration with other sectors. Philanthropy has increased in recent years

### **Plenary: The Importance of Infrastructure for the Development of this Sector**

#### **Susan Berresford, President of The Ford Foundation.**

Ms. Berresford explored the importance of creating infrastructure for the development of the philanthropic sector in the Latin American and Caribbean region. She noted that philanthropy is growing worldwide although there are no statistics on the growth of donations. According to Ms. Berresford, the growth of philanthropy seems to point to an increased role in societal development; "Charity is important and necessary although it does not reach the roots of the problem". She added that donors who want to be an important force for change should move from charity work to setting development goals, and strategizing for change. In order to do this, effective legal and regulatory systems are needed.

Ms. Berresford mentioned four changes that would increase the power of philanthropy in the long term during this passage from charity to change and emphasized how a grantmaker association can help donors to implement these strategies:

1. Innovation: Donors need to find individuals who can deal with the contradiction of supporting those with different perspectives. She explained that donors generally give money to those whom they know, which lowers their risk. Donors need to be more courageous in order to invest in people with innovative ideas.

2. Improving public understanding of philanthropy: Each country's history of philanthropy has a connection that should not be ignored. Donors need to explain to the public how modern philanthropy is linked to the altruistic traditions of their country. She posed the question: "How well are we promoting an understanding of philanthropic tradition in our country? Would this be an appropriate role for a donor association?"

3. Establishment of ethical and professional standards: Everyone must define what constitutes good philanthropic practices and how this will benefit society. The phrase "do it yourself" implies that philanthropy should not be professionalized, she explained. However, if we do not define ethical practices, government regulators will do it for us and this will mean more restrictions. She asked the delegates to consider the following question: "Does my organization have a process to communicate what we believe is good philanthropic practice for making donations? Do we make clear what we consider ethical and professional conduct? If not, perhaps we can start?"

4. The communication of achievements: We all must be aware of success stories and should know how to tell them. When someone asks if philanthropy is good for the country, everyone says that it is optimal. And if we continue asking, they do not know how to explain what philanthropists are or what they do. This is a communication problem. Donors should improve the way they tell their stories about the work they have done. One of the best defenses against criticism is to talk about your participation in actions that others admire. A grantmaker association can encourage this. An association can talk about the success stories of its members. It can also talk about what it learned from its mistakes without attributing them to a specific donor or grantee.

As regards the question of how to capture resources for a possible association of grantmakers in the region, Ms. Berresford said that if a donor is not interested in this focus, it is not worth trying to obtain this support. She believes it would be ideal to bring together respected individuals with good intentions and from diverse professional backgrounds, and organize a group that could meet with key funders in order to stress the importance of developing both regional and national infrastructure to promote philanthropy.

### **Working in Groups**

Participants were divided into two working groups with the objective of exchanging ideas and thoughts on a series of questions:

1. Thinking of the future: How would you like to see philanthropy practiced in 20 years and do you think it is possible given the political, economic and social reality of the region?
2. What are the specific needs in terms of national and regional institutional infrastructure that would help to promote and expand philanthropy in the region?
3. How can a national association or regional network respond to the infrastructure needs that have been identified? What would this network look like? What could a network do for foundations and donor associations? Would subregional networks be more appropriate, for example, a separate network for Central America?
4. What factors would help or become an obstacle to the development of this network?

<b>Group A</b>		<b>Group B</b>	
Leo Voigt	Brazil	Judi Cavalcante	Brazil
Rebecca Raposo	Brazil	Fernando Esnaola	Argentina
Fernando Aguilera	Uruguay	Rubén Farfán	Guatemala
Arturo García	Colombia	Miguel Pellecer	Guatemala
Marcela Alvarez	Panama	Oscar Leal	Colombia
Andrés Corral	WINGS	Jacobo Rubinstein	Venezuela
Felipe Portocarrero	Peru	Addys Marte	Dom. Republic
Baltazar Caravedo	Peru	Soledad Teixido	Chile
		Jayne Wood	WINGS

Group A understood the first question as an opportunity to examine the structure of philanthropy. A 20-year vision of philanthropy requires a strategy. The idea is to transform the current philanthropic model into a model of social investment and cooperation.

*Strategies:*

- ✓ Think regionally and act locally.
- ✓ Deal with the transformation process of philanthropy through strategic planning.

#### *Activities:*

- ✓ Create, develop and strengthen the context and national infrastructures.
- ✓ Identify national donors and existing donor organizations.
- ✓ Increase the potential of informal institutions.
- ✓ Organize a regional event to raise consciousness among new organizations and national actors.
- ✓ Gather information on philanthropic movements in each country.
- ✓ Each country should develop a Legal Framework that suits that country's conditions and characteristics.

Group B stressed the importance of concepts and the need for an understanding of the private social investment strategy in each country. A regional network could mean greater access to knowledge and a clearer definition of services for members with the objective of long-term sustainability. In planning a regional network it is also critical to set goals and identify challenges, respect the creation process of national associations, exchange information and make sure that the regional network does not compete with national networks.

The group decided to focus on two main issues: the legal framework and communication and information. These are the results:

#### *Legal Framework:*

- ✓ Establish discussion points that countries have in common.
- ✓ Map existing laws.
- ✓ Lobby the congresses.
- ✓ Create national associations throughout the region.
- ✓ A single regional framework for Latin America.
- ✓ Transform the regulatory framework into a Human Rights framework.

#### *Information and Communication:*

- ✓ Assure that the development of philanthropy becomes a goal for the entire society.
- ✓ Unify and disseminate concepts and make sure that these concepts are used correctly.
- ✓ Use of technology as a tool to increase access and strengthen the philanthropic movement
- ✓ Stimulate a culture of transparency.
- ✓ Democratize and assure quick access to information (utilization of the Internet).
- ✓ Create a database with information on the sector.
- ✓ Create virtual communities for communication and exchange.
- ✓ Create an advocacy site for civil society organizations.
- ✓ Work together with educational institutions.

After the presentation by the two groups, a list of points on which the two groups agreed, related to establishing a regional network, was drawn up. This list included the following:

- ✓ A common commitment: to create, strengthen and broaden the philanthropic movement in each country in the region. It is important to create and strengthen national networks that respect the characteristics of each country.
- ✓ A need to harmonize scenario in the region by creating and establishing national networks and avoiding duplication of initiatives, and strengthening them by respecting the development processes in each country.
- ✓ A need to identify legal initiatives underway in each country rather than working on the idea of creating a regional framework. The existing initiatives are examples that can help to reinforce the legal framework in each country, in accordance with social and political characteristics.



- ✓ A recognition of the importance of information and communications, to educate the public about philanthropy, in order to increase its relevance to society.
- ✓ Transparency is an underlying value of philanthropic action.
- ✓ Agreement that network formation will be characterized by: a flexible profile; strengthening existing experiences in the region; sharing success stories and benefits; information exchange between organizations; making an initial investment with a vision of future sustainability (management that is profitable and in coordination with existing philanthropic initiatives).
- ✓ The need to standardize language and concepts. There was a debate on the need to define terms and concepts. Some participants did not think that it was important to homogenize concepts but suggested organizing a glossary that identifies the meaning of terms used in different countries. Others insisted that it was important that everyone understand the meaning of transformative philanthropy versus charity, according to their culture.

### **Work Plan to Increase Collaboration to Promote Philanthropy in the Region**

Participants exchanged new ideas with the goal of developing a common agenda, based on the following questions:

1. What specific tasks can be carried out without additional financial resources? Who will carry out these tasks?
2. What can be accomplished in the next 3-5 years?
3. What additional resources are needed to develop a regional network?

Specific Actions that do not require additional resources:

- ✓ Transference of know-how.
- ✓ Exchange of experiences/building cooperative horizontal relationships.
- ✓ Elaborating an agenda that justifies the importance of a network.
- ✓ Identifying main national actors (individual task).

The following proposals were suggested to implement these recommendations:

- ✓ Create two committees: Committee 1 would work on the systematization and organization of tasks to be done, including organizing thematic and work guidelines for the next 12 months that include objectives, deadlines, activities, costs and responsibilities. Committee 2 would focus on mobilization and raising awareness in other countries about the network.
- ✓ Create of a small fund to spur activities.
- ✓ Hold a workshop on how to organize and structure a network (tools for local utilization).
- ✓ Develop a database on participating organizations (this could be on WINGS website for information exchange on private social investment). Make sure that translations can be completed and placed on the site.
- ✓ Define two to three activities for 2003 (small database and workshop on how to setup associations);
- ✓ Plan meeting in November 2003 to review progress and identify next steps.
- ✓ Allow the organization of a promotional nucleus to spur the creation of national networks and strengthen country capacity to form an association for foundations.
- ✓ Hold teleconferences to exchange ideas and experiences.
- ✓ Identify other national organizations and explore the possibility of uniting them in a national or regional association.
- ✓ Maintain the relationship with WINGS as a source of information on the experiences of each country (identify location of movements that want to form an association).
- ✓ Systematize data from survey questionnaires in a database and place it on the website (Comparative chart on all of Latin America countries, for example).
- ✓ Convene a meeting in the next trimester with participants from this meeting to receive feedback on tasks and define the next steps to take in accordance with the capacity of each participant.

- ✓ Bring other national and regional networks to the next meeting to find out how they were organized and exchange more experiences.
- ✓ Define a timeline for activities.

A design was done to anticipate the possible evolution of national and regional networks, with the following categories:

- 1) Local/National level:
  - ✓ Situation in which there are no foundations;
  - ✓ Situation where foundations work independently;
  - ✓ Foundations that meet regularly (More advanced);
  - ✓ Foundations that decide to organize conferences on a regular, systematic and formal basis.
- 2) Regional level (after local organization):
  - ✓ No coordination;
  - ✓ Progress made towards creating a forum, becoming an informal network, with expectations that it will be transformed into a formal regional organization (long process).

### **Common Agenda for 2003**

After working in groups, presenting conclusions and discussion of development of a work plan, participants decided to carry out the following activities as part of their common agenda for the year 2003:

- Continue as an informal forum
- Hold another meeting within six months to a year to evaluate developments in each country
- Develop a database based on philanthropic profiles (WINGS)

### **Final Conclusions**

Participants agreed to share their final opinions about the meeting and the activities agreed upon for the year 2003. Within this context, the support of all participants for activities was emphasized, and the ability to respond to regional needs was discussed.

Some delegates thought that even if their agenda for 2003 was not very detailed and lacked deadlines and assigned responsibilities, each country can still generate its own agenda and promote and develop philanthropy while respecting its own national dynamic. A regional movement will begin to take shape: "...we are gathering ideas so that each individual can think regionally and act locally." Others thought that a more detailed agenda should have been elaborated, with minimum goals set, and something more tangible so that ideas can become concrete reality. These delegates thought that the need for regional progress of philanthropy requires more formal collaboration. However, at the same time they admitted that this is just the first meeting and they will expect more concrete results from the next meeting.

It was also made clear that countries without associations at present should also be invited to explore these possibilities with the delegates. It would be ideal to make formal contact with national foundations in these countries to raise awareness and later create a small promotional nucleus. Then an agenda can be elaborated, with a more democratic and representative process for the next meeting.

The delegates stressed that work based on numbers and data should be prioritized, and they committed to identifying potential donor organizations and leaders in each of their countries. This mapping will help with the setup of the database and the updating of philanthropic profiles. WINGS will put available information on the website.



Future activities for the next meeting were also discussed. Participants concluded that in addition to evaluating and planning activities for an informal network, a workshop is also needed with leading donor associations of Latin America such as GIFE to exchange experiences and information. This workshop would reinforce the progress made by associations and national initiatives in those countries that do not have a formal association or that are just beginning to develop them. A compromise was reached to promote and motivate donor organizations of other countries of the region that did not attend the meeting.

At the closing of the meeting participants affirmed that as an individual event, the meeting itself led to the production of relevant data and information. "Latin America faces conditions of great adversity and in order to enter into a movement to combat these adversities, we will depend on the efforts and focus of delegates."