

RODRIGO VILLAR GÓMEZ

# FOUNDATIONS IN COLOMBIA

CHARACTERISTICS, TRENDS, CHALLENGES

Since the end of 2016 the Ash Center for Democratic Governance and the Hauser Institute for Civil Society, Harvard Kennedy School carry out the Global Philanthropy Report in which more than twenty countries in the world participated.

The Association of Family and Corporate Foundations - AFE, as their ally in Colombia, had the opportunity to collect information from one hundred corporate, family and independent foundations, this information is presented in this publication.

It's the first time it is done such a comprehensive investigation of foundations of this type, that represented an opportunity to AFE to advance in the detailed analysis of institutional philanthropy, to strengthen it from the identification of characteristics, trends and challenges foundations in Colombia.

This study was conducted with the support from the Office of Outreach and Partnerships of the Inter-American Development Bank (IDB), that has also co-financed in the past researches driven by the AFE.

With the support of  **IDB**  
Inter-American  
Development Bank

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RODRIGO VILLAR GÓMEZ



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March, 2018

ISBN: 978-958-56359-3-7

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Design  
**Azoma Criterio Editorial Ltda.**

Printers  
**Gente Nueva Editorial Ltda.**

Printed in Colombia

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# *Acknowledgments*

This study would not have been possible without AFE's leadership and professionalism. AFE's executive director, María Carolina Suárez Visbal, actively participated in the design of the survey that involved foundations from 23 countries. She promoted and facilitated research in Colombia and was a leader in the regional initiative to produce a comparative report of Mexico, Peru, Chile and Colombia within the framework of the Pacific Alliance. María Alejandra Ronderos González, AFE Membership Coordinator, was in charge of compiling and checking the data collected. Her comments and suggestions regarding the different versions of this report, together with those of Erika Marcucci Núñez, AFE Coordinator of Knowledge Management, were pivotal in the creation of this report. To all three, a heartfelt thanks for your continuous support and fruitful dialogue throughout the research.





# INTRODUCTION

The aim of this report is to analyze the main characteristics, trends and challenges facing foundations in Colombia today. The importance of such an analysis stems from the fact that foundations are the main sources of private, human and financial resources used to develop their own social initiatives and foundations provide various social organizations with human and financial resources. As will be seen during this report, the contribution of foundations both in terms of economic resources, time and talent, as well as through their alliances with various development actors have been very important in Colombia.

Information included in this analysis comes from the Global Philanthropy Report (GPR), coordinated by the Ash Center for Democratic Governance and Innovation, and The Hauser Institute for Civil Society at the Harvard Kennedy School. Twenty-three countries participated in this project, six of them in Latin America: Argentina, Brazil, Chile, Mexico, Peru, and Colombia where the Association of Family and Corporate Foundations (AFE) was the entity in charge of conducting the GPR report.

AFE has played a key role in promoting research and analysis about Colombia's foundation sector since its creation in 2008. This Association collects and disseminates statistical information about its members, like research about its models of intervention, and has a geo-referenced platform that collects information about the social investment projects of its members<sup>1</sup>. AFE was part of a joint effort among foundation associations in Argentina, Brazil, Colombia and Mexico. In 2015, they carried out a comparative study about the foundation world in Latin America where progress was made comparing Colombian foundations with their peers from other countries in the region<sup>2</sup>. Other examples of re-

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1. See <http://afecolombia.org/es-es/LasFundaciones>

2. See Villar, Rodrigo. *Recursos privados para la transformación social. Filantropía e inversión social privada en América Latina hoy. Argentina, Brasil, Colombia y México*. AFE, Cemefi, GDFE GIFE, Avina, IDB and WINGS. 2015.

search on Colombian foundations includes a study on corporate foundations carried out by the DIS and Promigas Foundations in 2012<sup>3</sup>, together with the pioneering work of María Cristina Rojas about corporate foundations published in 1999<sup>4</sup>.

Despite such efforts in Colombia, before the GPR report there was no information about the different types of institutional philanthropy (corporate, family or independent foundations) or survey-based data that would allow comparisons to be made between foundations in Colombia and those found in many of the countries participating in the Harvard study.

This report focuses on an analysis about the main characteristics of the different types of foundations in Colombia and comparisons are made with other countries in Latin America.

Comparative data at the global level will be published by the Hauser Center in 2018. For Latin America, a report is being prepared in which the following will participate in – AFE (Colombia), Alternatives and Capacities Foundation (Mexico), The Pacific University (Peru), and the Center for Philanthropy and Social Investments (CEFIS) at Chile's Adolfo Ibáñez University.

Before moving on to the analysis, it is important to briefly comment on what is meant by institutional philanthropy, explain the definition of foundation as used in the study and describe the methodology used.

## Institutional Philanthropy

At the global level, the Global Philanthropy Report is about institutional philanthropy - that is to say about philanthropy carried out by foundations, as opposed to individual philanthropy. In a large number of countries, the concept of institutional philanthropy refers to the world of foundations that have their own resources or a permanent source of funding like from a company, a family or a group of individuals.

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3. DIS and Promigas Foundations. *Las fundaciones empresariales en Colombia: Una mirada a su estructura y dinámicas*. 2012

4. See Rojas, María Cristina; Saldías, Carmenza; Caro, Elvia y Morales, Gustavo. *Filantropía y Cambio Social. El caso de las Fundaciones Empresariales Filantrópicas en Colombia*. Resultados preliminares. Corporación Centro Regional de Población, 1999. See also Rojas, Cristina and Morales, Gustavo. *Contribuciones privadas a la esfera pública: las fundaciones empresariales en Colombia*. Sanborn, Cynthia y Portocarrero, Felipe. *Filantropía y cambio social en América Latina*. David Rockefeller Center for Latin America Studies, Harvard University.

However, in Colombia, like in other Latin American nations, the concept of philanthropy is often linked to aspects that are considered negative, such as welfare and charity. It seems that such a vision of philanthropy is the product of framing it around a concept widespread in Latin America – Private Social Investment (PSI).

Brazil's Institutes, Foundations and Enterprises Group (GIFE) was a key actor in framing and positioning PSI in the region. From its beginning in the 1990's, GIFE adopted Private Social Investment as a guiding concept which it defined in the following way: "PSI is the voluntary transfer of private resources in a planned, monitored and systematic manner for social, environmental and cultural projects of public interest." (Degenszajn, A. Ribeiro, Pamela, Deboni, F. 2013: 19-20). In several Latin American countries, this definition has been adopted with slight variations.

The framing of PSI has been done in juxtaposition to that of philanthropy. While PSI is given positive values as being something that is strategic, systematic, results orientated, focused on the long-term, impact, sustainability and social transformation, philanthropy is associated with contrary connotations. These include welfare, something that is opportune and motivated more by emotion and passion than by reflection and analysis, is neither focused nor strategic, it does not bring about social value, is related more to the "give fish" and not "teach to fish" approach, and is not focused on building capacity<sup>5</sup>.

This dichotomy is changing and the concept of philanthropy is being taken up again in many countries in a positive way. But it is not yet clear if in the future the idea of philanthropy in Latin America will reach the scope and meaning it has in other regions of the world where institutional philanthropy clearly encompasses the world of foundations that have a strategic vision, are results-orientated, and are focused on impact and sustainability.

## Foundation – the definition used for this Study

To avoid complex discussions about institutional philanthropy, the definition of a foundation that we agreed to used for the Global Philanthropy Report is:

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5. For a more detailed analysis about PSI and philanthropy in Latin America, see R, 2015: 13-22. The University of the Pacific. 2008.

*Foundations are non-profit entities that have a source of assets and stable income, and as such their viability does not depend on securing funding from third parties. This is what ensures foundations can work and remain over time. This means that 50% or more of a foundation's funding for it to operate comes from a private source.*

Such a definition has various parts to it. On the one hand, it puts to one side the institutional philanthropy of businesses and places an emphasis on not-for-profit entities. On the other hand, as part of not-for-profit entities, the definition includes those entities that have their own resources or permanent sources of funding. Let's first look at not-for-profit entities.

In Colombia, as in other countries in the region, non-for-profit entities can take several different legal forms. For entities with a community-based economy (such as cooperatives, employee funds, mutual associations), the main way they can set themselves up by law are as corporations, associations, and or foundations. Foundations are distinguished for having their own assets and endowments at their disposal focused towards the public good, while associations and corporations involve a group of people who unite around a social purpose.

For a study about institutional philanthropy, using the legal definition of foundation is insufficient as a selection criteria. This is because among those entities legally constituted as foundations in Colombia and in other countries, the definition of foundation includes those that are on a permanent search to secure funding and financial resources. This can be done by presenting foundation projects, contracting or the sale of services, including those foundations that have their own funding or a permanent source of funding from a company, family or a group of companies, families or individuals. Therefore, along with being a non-for-profit entity, another criteria was included in the working definition of foundation: having “*a stable source of assets and income, so that a foundation's viability does not depend on securing third-party funding.*”

## Methodology

The Association of Family and Corporate Foundations -AFE Colombia - as part of the agreed framework for conducting the Global Philanthropy Report with the Hauser Institute for Civil Society at Harvard University, collected data on family, corporate and independent foundations in Colombia. This data was the basis for a detailed analysis about philanthropy and private social investment in the country.

Data collection and analysis were carried out thanks to the support from the Office of Outreach and Partnerships of the Inter-American Development Bank (IDB).

Next, the methodology used in this report is discussed.

Taking into account that the data collected was used in the Global Philanthropy Report, which will be conducted by the Hauser Institute for Civil Society at Harvard University, the definition of foundation, as mentioned above, was used. But each country adapted their own definition to reflect their diverse philanthropic, and in such a way this allows foundations to be compared but at the same time the definition reflects the national context of each particular country.

The criteria agreed on and adapted to the Colombian context were:

- The foundation has to be a non-for-profit entity that has been legally constituted. As such, a foundation should have a public deed proving it was set up. In addition, it has to be registered with the Chamber of Commerce and have its tax affairs in order, in accordance with Colombia's tax and customs office (DIAN).
- The foundation has to have a stable and permanent source of financing, from which at least 50% comes from a private source. Also included in the definition are organizations that are sustainable in economic terms but who had private funding for their creation.
- A foundation must have an executive governing board.
- A foundation must allocate its financial resources toward social ends.
- Those foundations that were not active during the time the study was being conducted were not included.

Taking into account such criteria, AFE members who met all the above criteria were invited to participate in the study. In addition, an analysis was conducted about corporate, independent and family foundations in Colombia that are not part of AFE but which fulfil the established criteria under the above definition.

Based on this, 117 foundations met the criteria. Of that figure, information was obtained from 100 foundations (85.4%), 72 of which are AFE members. Those foundations invited to participate in the study were sent a formal letter by email, after which follow-ups were done by telephone to schedule appointments to do the survey. Those

organizations that did not participate in the survey said that they were in the process of restructuring or did not have time to do the interviews. Some foundations did not answer any of the emails or calls.

Information was requested through a survey with 78 questions. The scope and aim of the survey was defined jointly by Hauser Institute for Civil Society at Harvard University together with the research teams of the participating countries. The survey looked at:

1. How a foundation is organized
2. How a foundation is governed and jobs provided
3. Financial resources of a foundation
4. A foundation's focus
5. Strategic operations
6. Evaluation and reports

The survey was conducted with the foundation's executive director or by the person appointed, which was done by an independent consultant hired by AFE. AFE had prior information about the participating foundations, which was corroborated through face-to-face or telephone interviews. The information was collected during a period of 6 months from August 2016 to January 2017. The information given by foundations corresponds to the year 2015.

AFE committed to guarantee the confidentiality of all the data collected, which is the exclusive property of the Foundation that provided the information. This information was used, only and exclusively, to prepare comparative reports. At no time, and in any way, was the information provided used or will be used or disclosed by referring to individual data and figures about foundations.

Consultants responsible for the collection and analysis of the data signed a clause of confidentiality and non-disclosure in their contract. In addition, AFE together with Harvard University pledged to keep the data confidential as part of their agreement.

## How the report is set out

This report is organized by sections. The first section analyzes the general characteristics of foundations (when they were founded, their size according to the number of people employed, number of volunteers and the amount of social investment, as well as the prevalence of each of these aspects according to type of foundation).

The second section focuses on aspects of a foundation's governing body (how its members are selected, the type of policies established in the selection process, the participation of men and women and individuals outside the foundation) and issues relating to transparency.

The third section focuses on the financial resources of foundations (their assets, income, endowments, expenditure, and donations).

The fourth section looks about where social investment is allocated (communities and type of organizations supported, location of foundation programs, priority issues and how they are aligned with the Sustainable Development Goals).

The fifth section analyzes how foundations operate (how often and what percentage of expenditure is spent on grants in relation to foundation programs, different forms of financial support given to third parties not including grants, operational areas of social organizations supported by foundations and how much of a foundation's budget is allocated to administrative expenses).

The sixth section analyzes the ways foundations collaborate with each other, as well as with the government, and to what extent foundation priorities are aligned with government priorities.

The seventh section focuses on how evaluations carried out by foundations are used. The last section focuses on general conclusions and some recommendations regarding the future of institutional philanthropy in Colombia.





# I. GENERAL CHARACTERISTICS OF FOUNDATIONS

## Summary

While foundations have existed in Colombia since the mid-twentieth century, they became widespread in Colombian society during the 21<sup>st</sup> century. The most recent types of foundations that have been created are corporate foundations, which are more common than family and independent foundations.

Regarding the size of foundations, those with less than 10 employees are most common though medium-sized foundations (up to 50 employees) constitute a big proportion too. This remains true when analyzing foundations based on the amount they spend. Those foundations that spend less than 5,000 million Colombian pesos make up the largest group of foundations but those that spend between 5,000 and 20,000 million Colombian pesos also constitute a big group<sup>6</sup>.

Corporate and family foundations have smaller teams than independent foundations but when compared in relation to their expenditure, independent and corporate foundations make up a greater proportion with lower spending totals. Independent and family foundations have the biggest expenditure.

In Colombia, the number of volunteers working in foundations is in general low. Family foundations have the least number of volunteers working for them, followed by independent and corporate ones.

The next section includes an analysis of some of the features of Colombian foundations. The section begins with a description of the different types of foundations in Colombia (corporate, family and independent) followed by a look at how common each type is in the foundation world, their size, and for how long they have been around.

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6. The conversion rate that the Global Philanthropy Report agreed to use, from January 1, 2017 is 1 US dollar = 3000 Colombian Pesos

## 1.1. Types of foundations

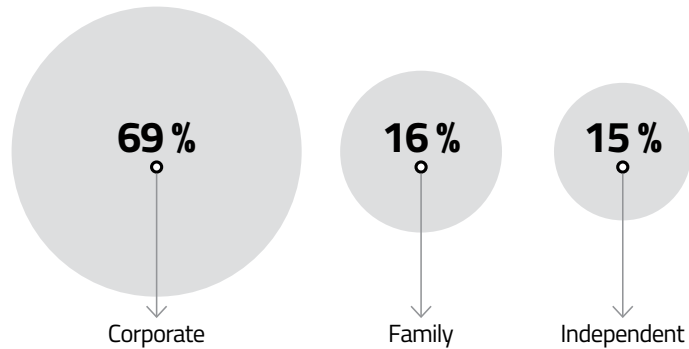
The Global Philanthropy Report (GPR) project aimed to identify and analyze the different types of foundations that exist in each country. As will be shown throughout the report, this allowed us to understand how foundations are different in relation to different aspects.

In order to identify the different types of foundations, a description of each of them was given in the survey and respondents were asked to select the one that best corresponded to the organizational structure of their own foundation. The types of foundations outlined in the survey and their respective definitions were the following:

- **Family Foundation:** an independent private entity established by a family with funds that come from the family. Family members have made or make contributions to endowments and they may also be members of the foundation's governing body.
- **Independent Foundation:** is an independent non-profit legal entity; it has no partners or shareholders and has its own board of directors. Independent foundations have their own established source of income, sometimes but not exclusively through endowments, of which at least 50% comes from a private source (e.g. an individual, a family or a company). Its economic resources are allocated for educational, cultural, religious, social or other public charitable purposes, either through the implementation of their own programs or by providing financial support to individuals or to other public charities (such as beneficiary organizations, associations, and educational institutions).
- **Corporate foundation:** a private foundation that derives its assets and funds from a company or business group. Although it is affiliated with the company, it is independent of it.
- **Community Foundation:** a foundation that has its own board of directors. Its mission is to work for the good of citizens in a specific geographical area. Its funds come from multiple donors and they also offer philanthropic contributions to other non-profit entities.
- **A Foundation linked with the government:** this is a foundation that has been created by a government agency which provides the initial capital. The foundation can receive continuous contributions from the government and other sources, of which at least 50% come from a government agency.

As can be seen in chart 1, corporate foundations are the most common type of foundation in Colombia, accounting for 69% of all foundations while family foundations make up 16% and independent foundations 15%.

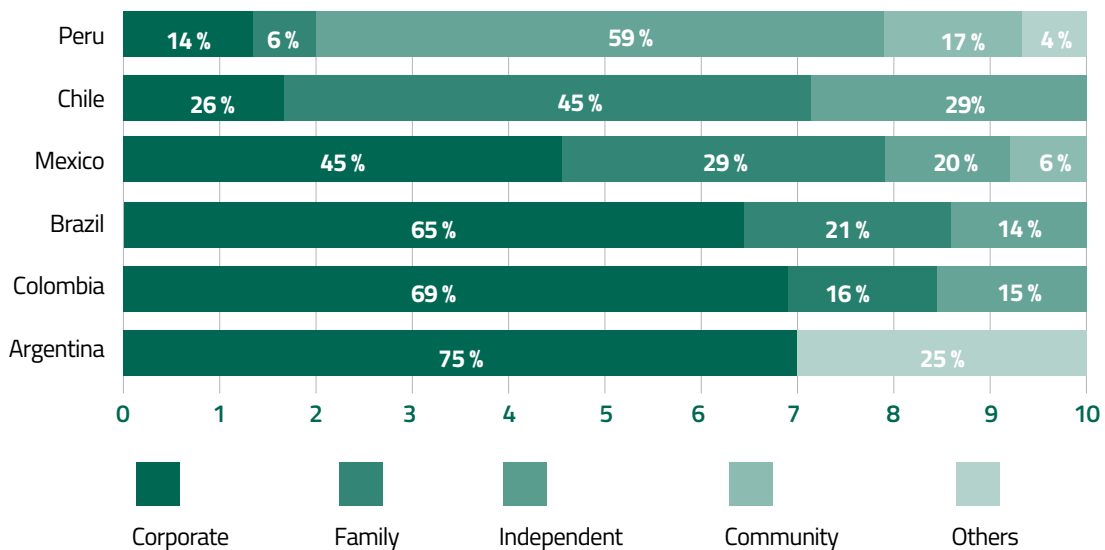
Chart 1. **The percentage of different types of foundations**



Source: Based on information provided by AFE for the GPR report.

This composition of the foundation world - where corporate foundations are most numerous - is found in other countries in Latin America, such as Argentina, Brazil and Mexico (figure 2). While in other countries, such as Peru and Chile, corporate foundations are not the majority. In the latter family foundations are the majority, accounting for 45% of the total, followed by independent foundations (29%). In Chile,

Chart 2. **Percentage of foundations, according to type of foundation**



Sources: GIFE, 2015; CIESC, 2017; AFE, 2017; The University of the Pacific, 2017; CEFIS, 2017; GDFE/RACI, 2012

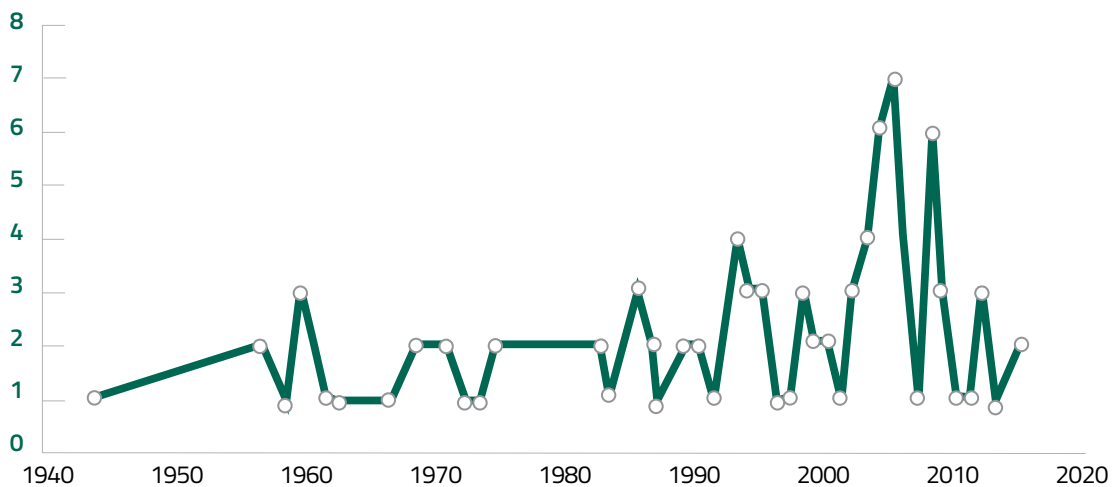
corporate foundations represent the least, accounting for 26% of all foundations (Aninat, M. and Fuenzalida, I. 2017: 23). In Peru, independent foundations make up 59% of the total, followed by community foundations (17%) and only a third are corporate foundations (14%). Family foundations, which are so important in Chile, Mexico, Brazil and Colombia, only make up 6% of the total of all foundations in Peru. (University of the Pacific, to be published in 2018).

In the case of the United States, corporate foundations make up a small percentage of the total. Of the 86,726 existing foundations in the U.S in 2014, the vast majority (92%) were independent ones, 4% operating, 3% corporate and 1% were community foundations<sup>7</sup>. This composition of the foundation world is a very different one from the one found in Colombia.

## 1.2. When foundations were created

Foundations have a long history in Colombia and the pace at which they have been established has accelerated in recent years. As can be seen in figure 3, a significant percentage of foundations (22%) were created before 1980. Between 1980 and 2000, 31% of foundations were created. The rate at which foundations were created increased from 2000 onwards. From that year to the present almost half of all founda-

Graph 3. **Number of foundations established by year**



Source: Based on information provided by AFE for the GPR report.

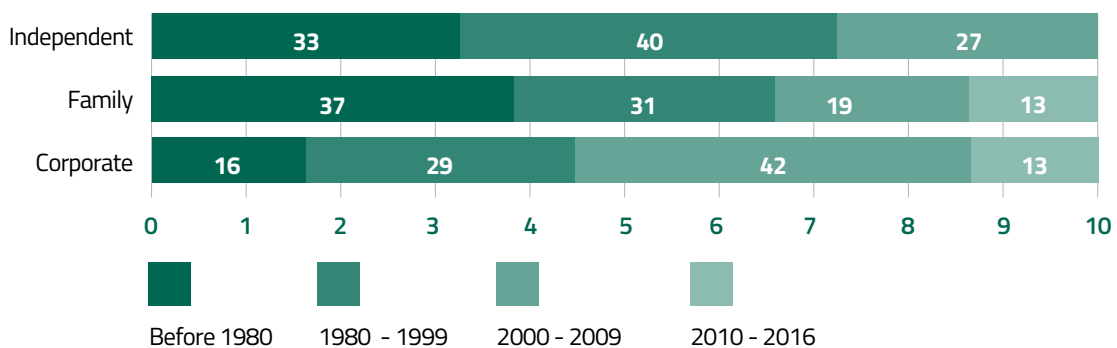
7. See <http://data.foundationcenter.org>

tions were created (47%). When looking at data about growth rates during the first ten years of the millennium, it can be seen that the foundation sector's growth rate was greater than in the following years. Between 2000 and 2009, 36% of all foundations were created, while between 2010 and 2016 the rhythm declined. During that period, 11% of foundations were created. This happened due to a decrease in the number of corporate foundations created in this period and fewer independent foundations being set up in recent years.

When analyzing this based on the type of foundation, one can see a difference during which years certain types of foundations were created. Corporate foundations are the ones that have been set up most in recent years. More than half of all corporate foundations (55%) were created after 2000, while the percentage of family foundations created in the same period was 32% and independent foundations 27%. By contrast, before 2000, 73% of independent foundations and 69% of family foundations had already been set up. Among corporate foundations, 45% were created before 2000 (chart 4).

As discussed earlier, from 2010 to 2016 the rate at which foundations were created decreases due to fewer corporate and independent foundations being set up. Although we do not have all the necessary data to confirm this trend the data perhaps shows that trends are changing, with family foundations beginning to be set up at a greater proportion than corporate foundations as is taking place in Brazil (GIFE, 2014: 58).

Graph 4. The period of years when foundations were established by type of foundation



Source: Based on information provided by AFE for the GPR report.

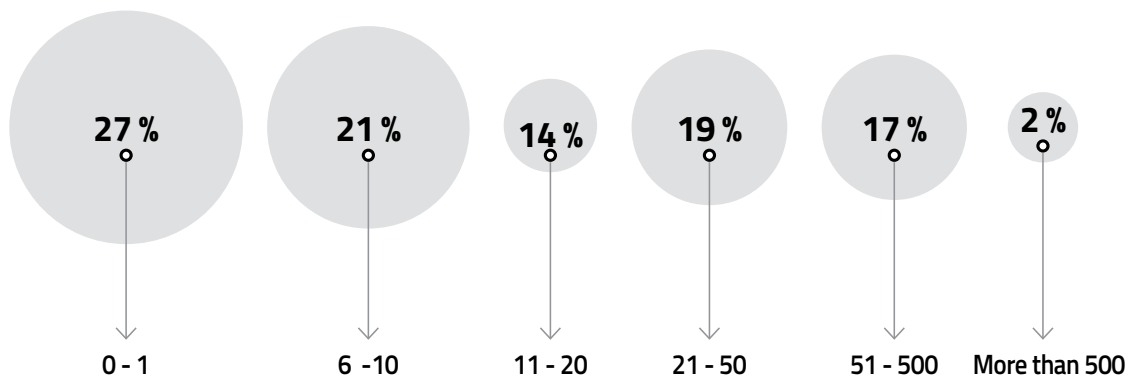
### 1.3. The size of foundations

There are several ways to analyze the size of foundations. We will focus on comparing foundations according to the number of their employees, the number of volunteers and the amount of money they have for their operations and donations.

#### 1.3.1 Size according to the number of people employed

This figure was worked out based on how many full-time employees each foundation has. As can be seen in chart 5, approximately half of all foundations (48%) can be considered small since they have a permanent staff of less than 10 employees. 27% of all foundations have less than 5 employees and 21% have between 6 and 10 employees. Medium-sized foundations, with teams of between 11 and 50 employees, make up one third of the total (33%). 14% of all foundations have teams between 11 and 20 employees and 19% between 21 and 50. Large foundations with more than 50 employees make up a sizeable group, accounting for almost a fifth of the total (19%). 2% of foundations have more than 500 employees<sup>8</sup>.

Chart 5. **Percentage of foundations based on number of staff**



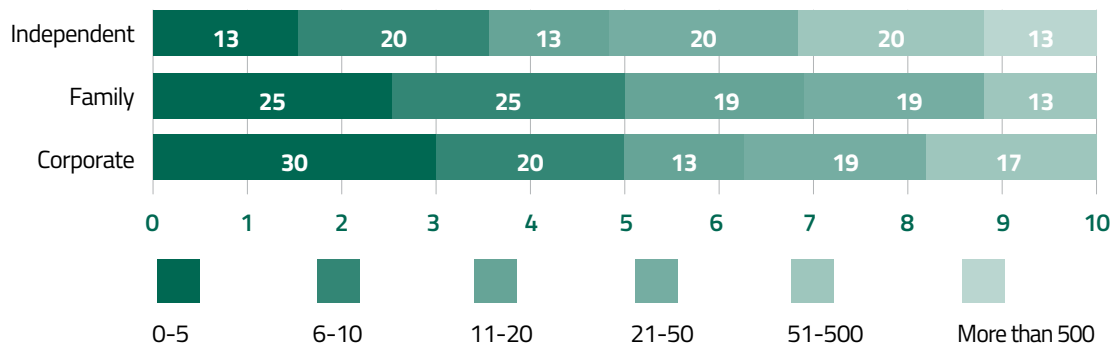
Source: Based on information provided by AFE for the GPR report.

When analyzing this by type of foundation, it can be seen that corporate and family foundations make up a greater percentage of those with small teams (50%) when compared

8. There are two types of employment in foundations that do not clearly capture these figures. Firstly, regarding corporate foundations. In some cases, some staff are hired by a company and not by a foundation. This means even though a person works for a foundation they are not reported as hired staff as such. The second relates to the operation of certain foundation programs. In those foundations that run programs in universities, schools, community centers or other types of social services, staff reported as employed also include people who help in these institutions.

to independent foundations (33%) where large teams are most common. Independent foundations with teams of more than 50 employees make up 33%, while this percentage drops to 13% among family foundations and to 17% among corporate foundations. Only among independent foundations are there teams of more than 500 employees (chart 6).

Chart 6. **Percentage of foundations according to number of staff, by type of foundation**

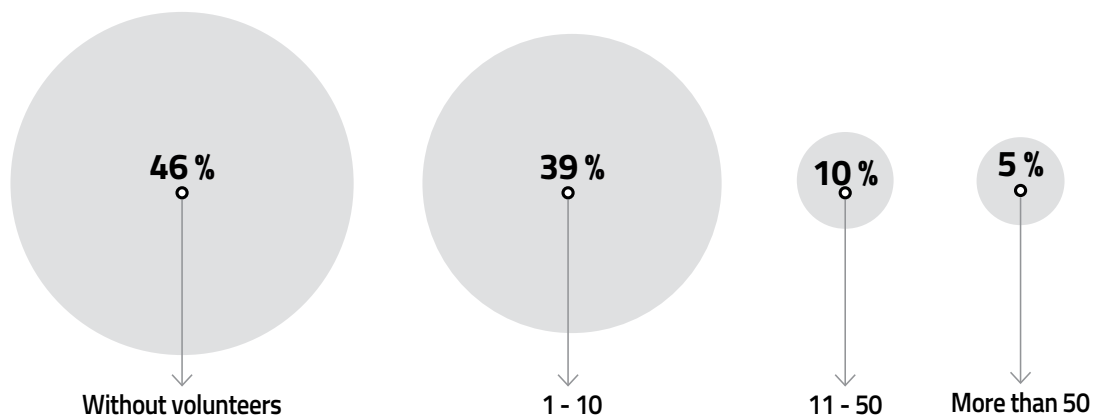


Source: Based on information provided by AFE for the GPR report.

### 1.3.2 The size of foundations according to the number of volunteers

A high percentage of foundations (46%) do not have volunteers supporting its different activities. 39% have a small group of volunteers (from 1 to 10), 10% of all foundations have a group of between 11 to 50 volunteers and 5% have more than 50 volunteers (chart 7)<sup>9</sup>.

Chart 7. **Percentage of foundations based on number of volunteers**

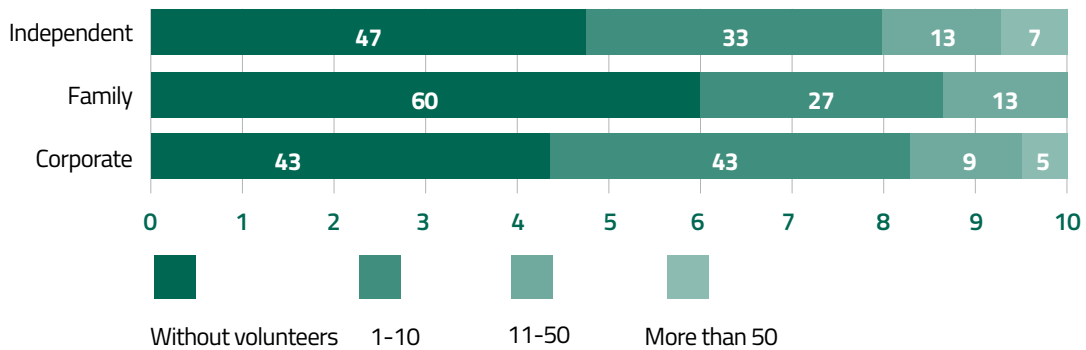


Source: Based on information provided by AFE for the GPR report.

9. It is important to note that in the survey some foundations included among the group of volunteers unpaid staff that help a foundation, including university students on internships.

Comparing those foundations without volunteers, we can see that family foundations have the highest percentage (60%), followed by independent (47%) and corporate foundations (43%). Among those with the smallest groups of volunteers (between 1 and 10), corporate foundations have a higher percentage (43%), versus 33% for independent foundations and 27% for family foundations. In those foundations with 11 to 50 volunteers, the percentages are similar: 13% for independent foundations, 13% for family foundations and 9% for corporate foundations. In those foundations with more than 50 volunteers, the survey showed independent foundations account for 7% and corporate foundations 5%. None of the family foundations surveyed has this number of volunteers (chart 8)<sup>10</sup>.

Chart 8. **Percentage of foundations based on number of volunteers, by type of foundation**



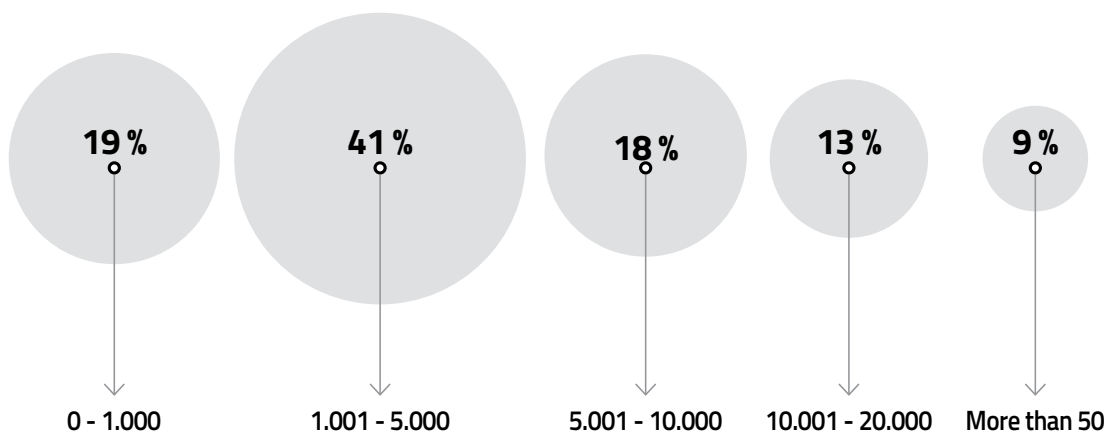
Source: Based on information provided by AFE for the GPR report.

### 1.3.3 Size of foundations according to expenditure

The total amount foundations spend was compared based on data provided by 83 foundations. Expenditure includes administrative expenses, money spent by foundations on implementing their own programs, grants and other types of financial support given to third parties. The data shows that 41% of foundations spend between \$1,000 and \$5,000 million Colombian pesos annually. If one adds to this group,

10. Regarding the information given by foundations about volunteers working for them. In some cases of corporate volunteering, the corporate foundation coordinates the work of volunteers. But in other cases another department of the company deals with volunteers even though some work done by volunteers is related to that of the foundation. As such in the case of corporate foundations, this information should not be taken as an example of corporate volunteering. For a specific analysis on corporate volunteering see the study by Dividendo por Colombia Foundation, "Resultados. Primer estudio de voluntariado corporativo. Colombia 2016". Found at <http://afecolombia.org/Portals/0/Articulos/Documento-Resultados-Estudio-Voluntariado.pdf>



Chart 9. **Percentage of foundations based on expenditure amounts**

Source: Based on information provided by AFE for the GPR report.

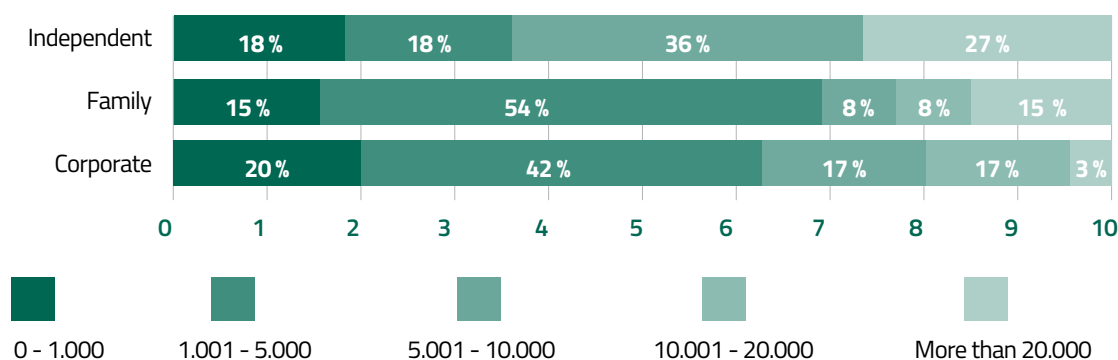
those foundations with lower expenditure (less than \$ 1,000 million Colombian pesos), which accounts for 18% of the total, this means that more than half of all foundations (60%) spend less than \$5,000 million Colombians pesos a year. 31% of foundations spend between \$5,000 and \$20,000 million a year, and 9% more than \$ 20,000 million (chart 9).

When analyzing expenditure by type of foundation, there are several points to highlight. Corporate foundations account for the highest percentage of foundations with expenditure under \$1 billion (20%), while family foundations account for 15% and independent ones 18%. If we expand the range and look at those foundations with expenditures under \$5 billion, family foundations slightly surpass (69%) corporate foundations (62%) and independent ones (36%).

When looking at those foundations with the highest expenditure, independent foundations are the most common: 27% of them spend more than \$ 20,000 million, while among family foundations this percentage is 15% and among corporate foundations 3%. In the case of medium amounts of expenditure (between \$ 5,000 and \$ 20,000 million), independent foundations are more common with 36%, while corporate foundations account for 34% and family foundations 16% (figure 10)<sup>11</sup>.

11. It is important to note that in the case of corporate foundations, some administrative tasks are done by the companies and as such administrative expenses among corporate foundations may be lower.

Chart 10. **Percentage of foundations based on amount of expenditure, by type of foundation**



Source: Based on information provided by AFE for the GPR report.

NOTE: In this graph, as in some others in this report, the sum of the percentages does not total 100%, but 99% or 98%. This is because whole numbers are used without decimals and numbers are rounded off.

- **Summarizing what** has been examined in this section, it can be said that while foundations have existed in Colombia since the mid-twentieth century their widespread presence in Colombian society is a trend of the 21st century. The most recent type of foundations created in Colombia are corporate foundations, which are currently more common than family and independent foundations.
- **In relation** to size, foundations with less than 10 employees are most common. Although medium-sized foundations (up to 50 employees) constitute an important percentage of the total of all foundations too. This is also found when analyzing foundations according to their total expenditure. Foundations with expenditure lower than \$ 5 000 million are most common but those with expenditure of between \$ 5,000 and \$ 20,000 make up an important group. Corporate and family foundations have smaller teams than independent ones, but in relation to expenditure, independent and corporate foundations are those that have a higher percentage with lower expenditure. Independent and family foundations are those with the highest amounts of expenditure
- **The extent** to which volunteers are used in the operation of foundations in Colombia is generally low. Family foundations have the highest percentage without volunteers, followed by independent and corporate foundations.

## II. FOUNDATION GOVERNING BODIES AND TRANSPARENCY

### Summary

All Colombian foundations have a formal governing body, whose members in about half of all cases are selected by an entity of the foundation, and in the other half by a person or group of people. The most used procedure for selection is by direct appointment, followed by election and a combination of the two ways. In most foundations, policy on selecting governing body members is formally laid out.

The average number of members in a governing body is 7.7, and of these, the majority are men. Family foundations have a higher proportion of women on governing bodies and corporate foundations have the least number of women. Two thirds of foundations have outsiders or individuals who are not part of the foundation who sit on a governing body. This is found most among independent foundations and the least among corporate foundations.

In most foundations, members of governing bodies do their work on a voluntary basis. In general, they are not allowed to be hired to provide professional services to a foundation. What does take place as a practice in a third of all foundations is that insurance is paid to support the responsibilities of governing body members. In terms of public access to reports produced by foundations, this is most widespread among independent foundation, while family foundations offer the least access. There is a group of foundations that produce reports but do not make them available to the public.

This section analyses a key aspect regarding how foundations work and operate: governance and transparency. In relation to governance, all the foundations that participated in the survey have an executive governing body that is formally constituted. This body has different names: governing committee, board of directors, assembly of founders, administrative council. How many times they meet varies a lot depending on each foundation – some meet every month, others annually. A foundation has on average five meetings per year.

In the following section, we analyze aspects of governance, such as how foundation governing body members are selected, the participation of women in them and what members are paid. At the end of this section, the issue of public access to foundation reports will be examined.

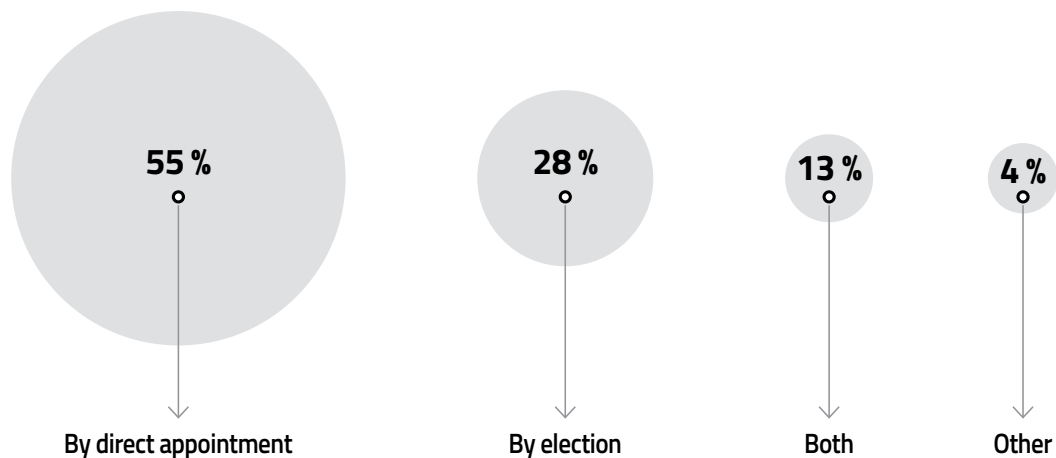
## 2.1. How are foundation governing bodies selected and by whom?

Members of governing bodies are selected by various groups within foundations in different ways. In some cases, the responsibility for selecting governing body members rests with particular individuals, while in other cases members are chosen by an entity linked to the management of a foundation.

The survey showed that among 18% of all foundations, company presidents or directors are directly responsible for selecting governing body members; in 6% this responsibility resides with the owners of a company; and in 5% of cases members are appointed by the founders. A family or a family council appoints members of the governing body in 6% of cases. When members are selected by a foundation's governing body, in 29% of cases this is done by an assembly and in 34% by boards or boards of directors.

The most used procedure to select members of a governing body is by directly appointing them. This method is used by 55% of all foundations, while 28% of foundations hold an election as a way of selecting its members and 13% use a combination of the two ways. (chart 11).

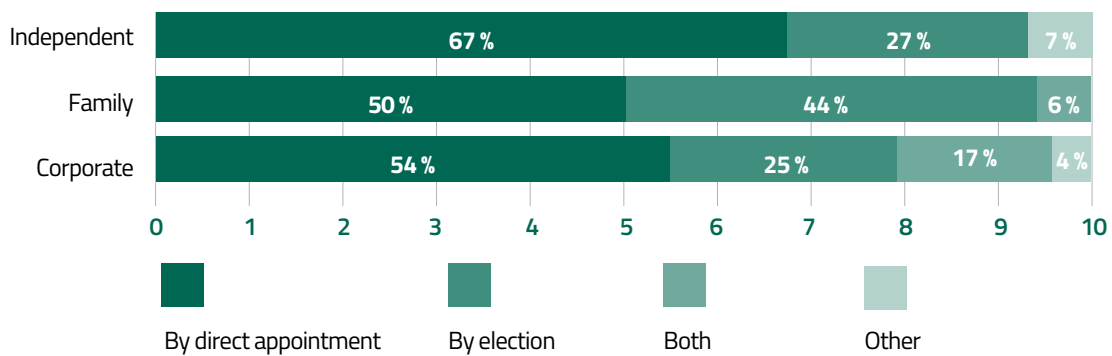
Chart 11. **Percentage of foundations based on how governing body members are selected**



Source: Based on information provided by AFE for the GPR report.

The selection procedure varies slightly according to the different types of foundations. Appointing members is the method most used by independent foundations, while a higher percentage of family foundations hold an election. 67% of independent foundations hold an election versus 54% of corporate foundations and 50% of family ones. Regarding selecting members by holding an election, 44% of family foundations use this method versus 27% of independent foundations and 25% of corporate foundations (chart 12).

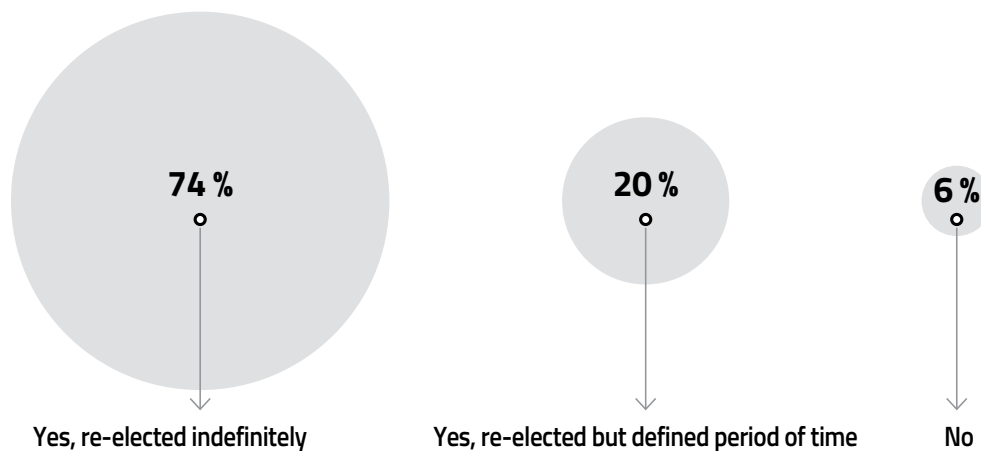
Chart 12. **Percentage of foundations based on how governing body members are selected, by type of foundation**



Source: Based on information provided by AFE for the GPR report.

The re-election of governing body members is quite widespread among foundations. Only 6% of foundations do not have re-election. In 74% of all foundations, re-election can be used indefinitely. But 20% of all foundations place some limit on the periods of time governing body members can be re-elected (chart 13).

Chart 13. **Percentage of foundations according to re-election policy on governing body members**

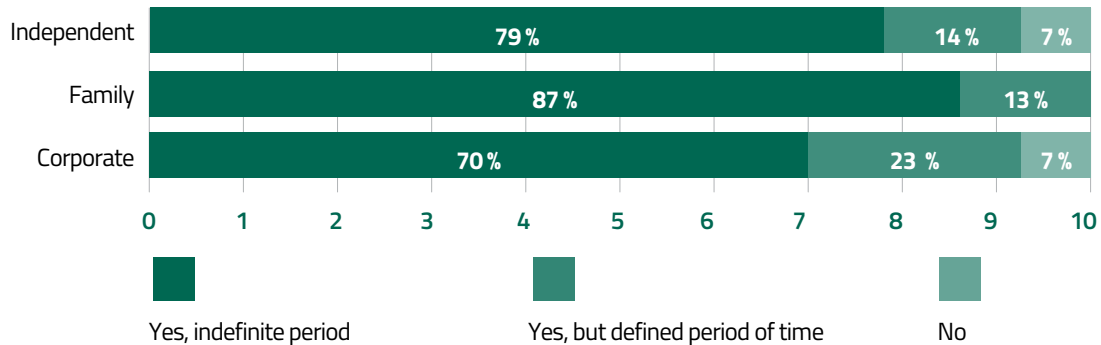


Source: Based on information provided by AFE for the GPR report.

The range of periods established for governing body members varies a lot, between one and five years, with an average period of 2.2 years.

When comparing the different types of foundations, it can be seen that the policy of indefinite re-election is a little more widespread among family foundations with 87% allowing it, while among independent foundations the percentage drops to 79% and among corporate foundations to 70% (chart 14).

Chart 14. **Percentage of foundations according to re-election policy for governing bodies, by type of foundation**

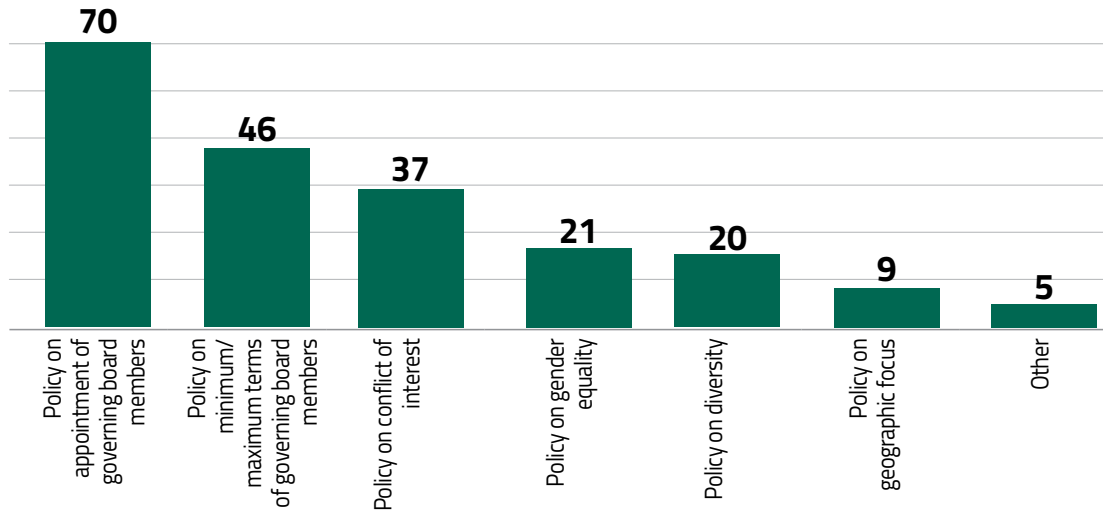


Source: Based on information provided by AFE for the GPR report.

Let's now examine to what extent policies among foundations on selecting governing body members are actually formal. Regarding policy on appointing members to a governing body, a relatively high percentage of foundations (70%) have a formal established policy, but other policies relating to a foundation's operation are often not formally laid out. For example, only 46% of foundations have policies on the maximum and minimum period the board members can stay on; 37% have established policies on conflicts of interests, 21% have policies on gender equality; 20% on cultural, racial or ethnic diversity; and 9% on geographical representation (chart 15)

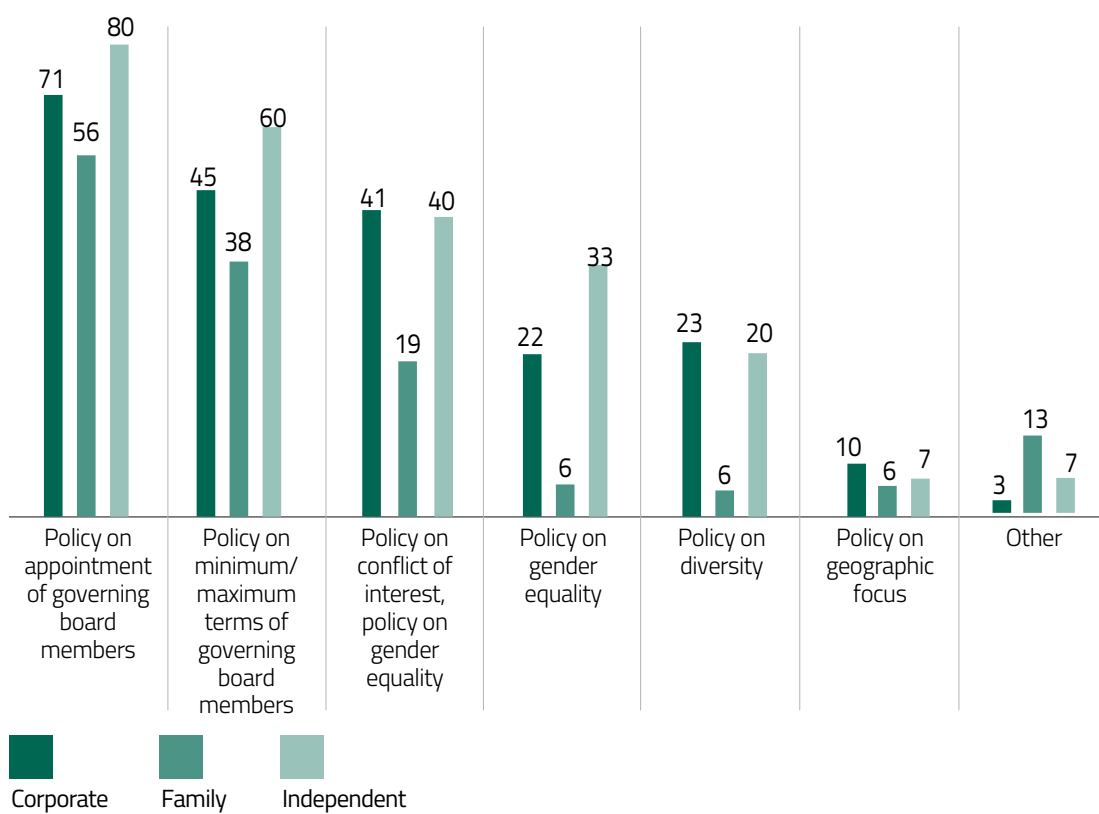
Chart 16 allows one to compare the types of foundations in relation to the policies they have established regarding members of governing bodies. In this chart, it can be clearly seen that independent foundations have a higher percentage of policies that have been made formal, while among family foundations the percentage is lower.

Chart 15. **Percentage of foundations according to type of policy for governing bodies**



Source: Based on information provided by AFE for the GPR report.

Chart 16. **Percentage of foundations according to type of policy for governing bodies, by type of foundation**



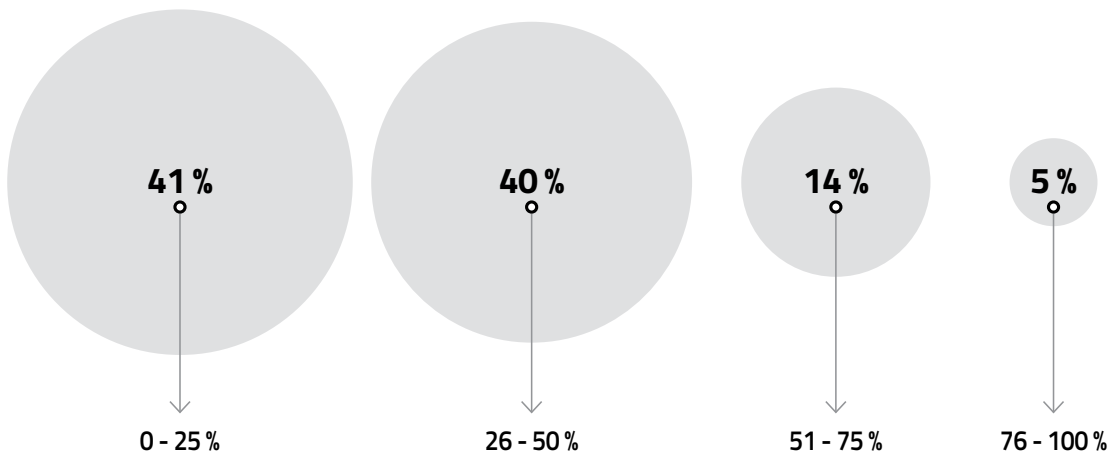
Source: Based on information provided by AFE for the GPR report.

## 2.2. The ratio of men and women on foundation governing bodies

One issue this report was interested in examining was women’s participation on foundation governing bodies. For this, foundations were asked to give the total number of members on their governing bodies and also the number of women on them. The number of members on a foundation governing body is broad – ranging from 5 to 18 members. The average number of members is 7.7 and the average number of women is 2.6. This means that for every woman on a foundation governing board there are two men. Let’s look at this in more detail.

Chart 17 shows the percentage of foundations according to the proportion of women they have on their governing body. As shown in the chart, in 41% of foundations women represent less than 25% of all governing body members. In 81% of foundations, women represent less than half of all governing body members. Only in 19% of foundations, are women the majority.

Chart 17. **Percentage of foundations according to women-men ratio on governing bodies**

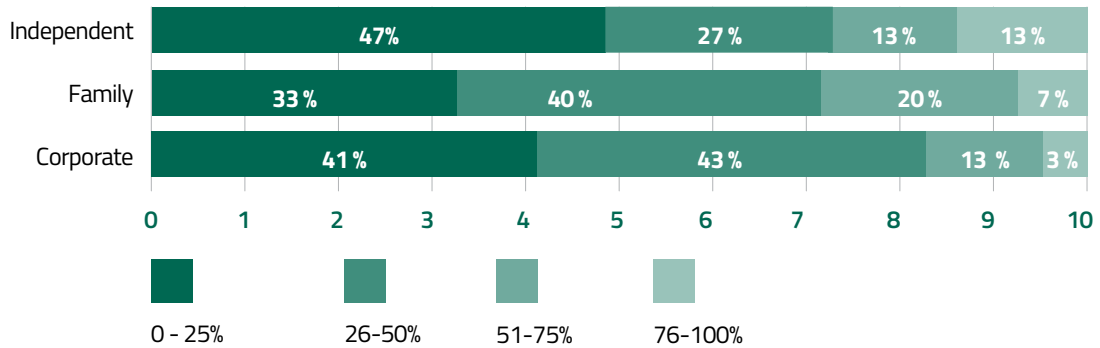


Source: Based on information provided by AFE for the GPR report.

Chart 18 shows the same data on women’s participation in government bodies, but this time it is organized by the type of foundation. As can be seen, independent foundations are those with the least number of women. In almost half (47%) of independent foundations, women represent 25% or less of members on the governing body, while family foundations have 33% of women on their governing bodies and corporate foundations have 41%.



Chart 18. **Percentage of foundations according to women-men ratio on governing bodies, by type of foundation**

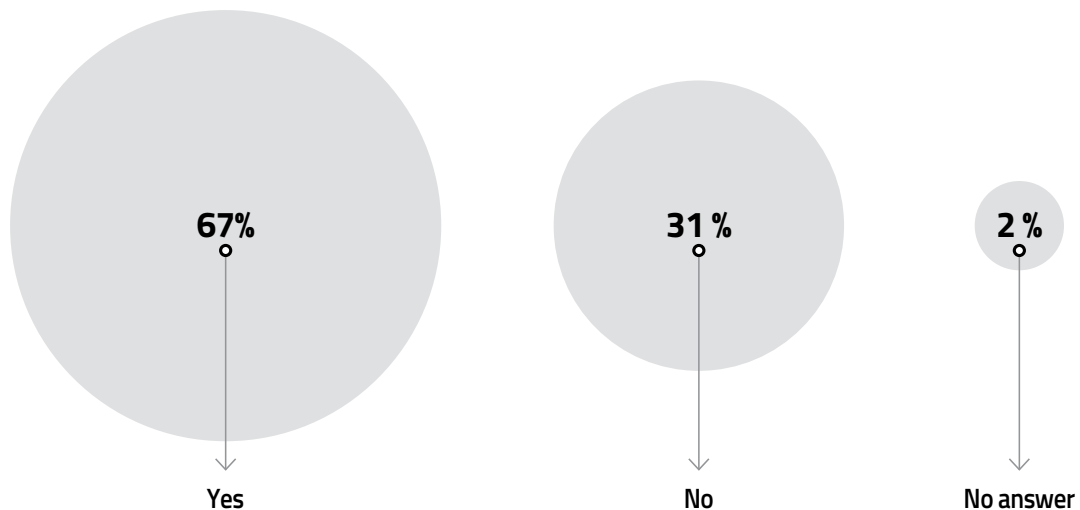


Source: Based on information provided by AFE for the GPR report.

### 2.3. The participation of outsiders and independent people on foundation governing bodies

Foundations have people who are not employed or belong to a particular foundation on their governing bodies. This is a sign that foundations have opened up to the influence of experts outside a particular company, family or founders. As chart 19 shows, two thirds of foundations in Colombia have outsiders or independent people on their governing bodies.

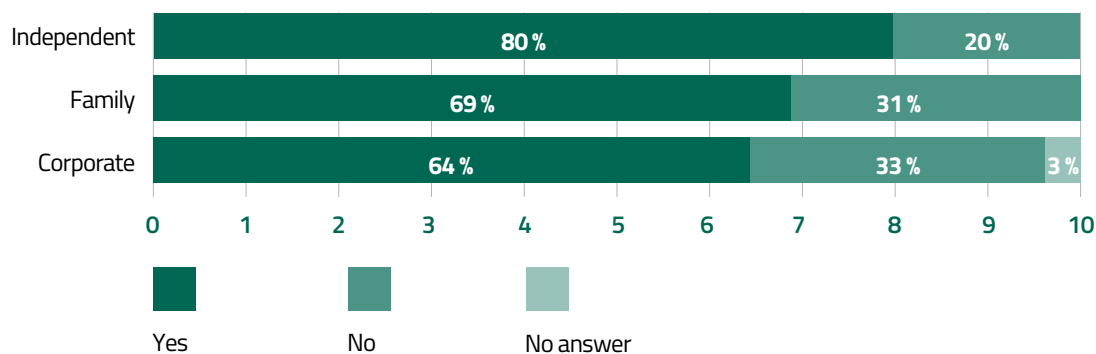
Chart 19. **Percentage of foundations with outsiders or independent people on governing bodies**



Source: Based on information provided by AFE for the GPR report.

When analyzing by type of foundation, it can be seen that corporate foundations have the highest percentage of people on their governing bodies who are not outside of the business or company (33%). This means that in a third of all corporate foundations their governing bodies are made up solely of company staff and/or owners. 31% of family foundation governing bodies do not have people outside of the family on their boards, which also means that a little less than a third of family foundations do not have people on their governing bodies other than the founding family members. (graph 20).

Chart 20. **Percentage of foundations with outsiders or independent people on governing bodies, by type of foundation**



Source: Based on information provided by AFE for the GPR report.

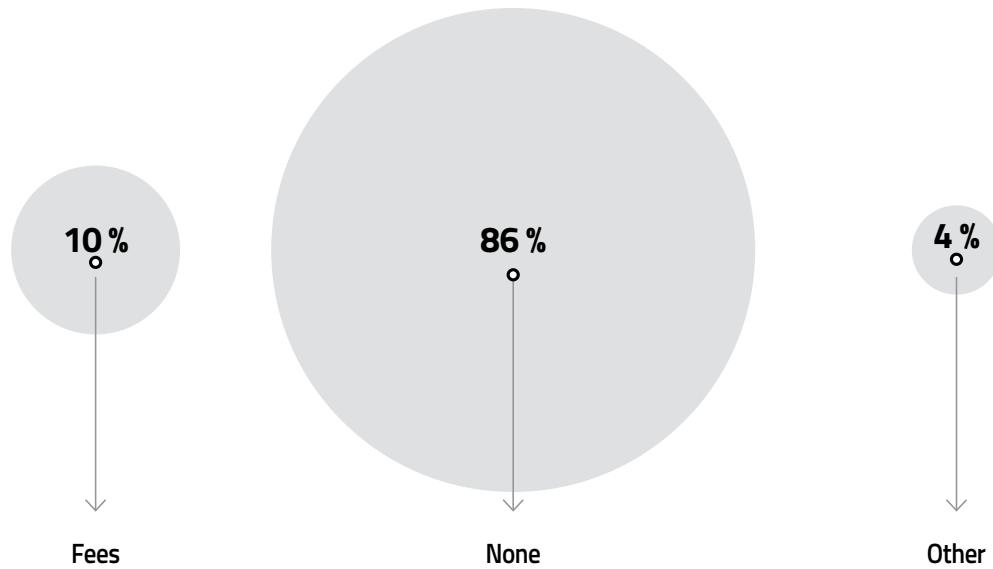
## 2.4. Pay for governing body members

An analysis of data on if governing body members are paid shows that in the vast majority of cases the work members do is done so on a voluntary basis. Only 10% of foundations pay their board members, and in 4% of cases members are paid but only for those members who are external to and outside of the company or families who own a foundation (chart 21).

Among different types of foundations there are various policies regarding payment for their governing body members. A big percentage of independent foundations (20%) allow its board members to be paid, followed by family foundations at (13%) and corporate foundations at 5%. (Chart 22).

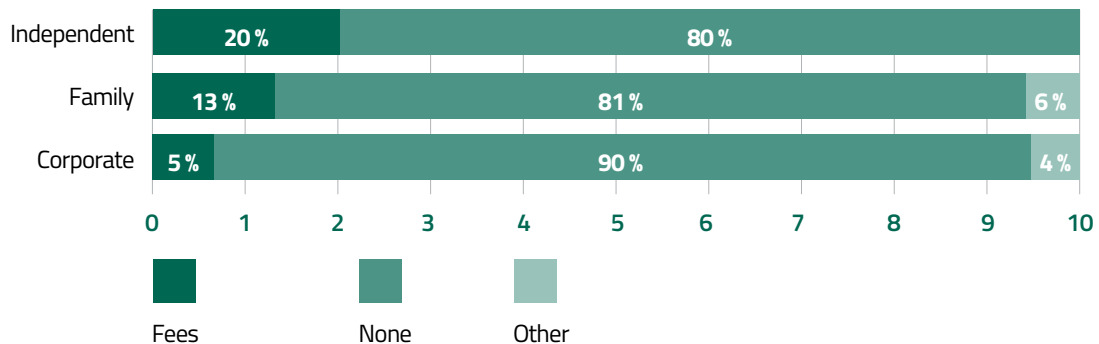
Another question included in the survey was whether members of governing bodies could or could not provide paid professional services to a foundation. In most foundations (75%), members of government bodies cannot provide such services.

Chart 21. **Percentage of foundations according to type of pay for governing body members**



Source: Based on information provided by AFE for the GPR report.

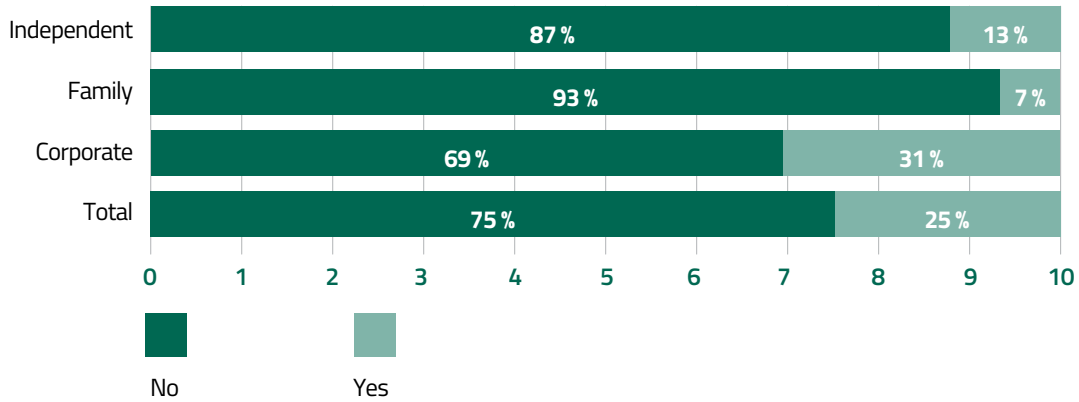
Chart 22. **Percentage of foundations according to pay for governing body members, by type of foundation**



Source: Based on information provided by AFE for the GPR report.

This policy varies between the types of foundations. Among family and independent foundations, this percentage is higher (93% and 87% respectively) when compared to corporate foundations (69%). This means that 31% of corporate foundations allow members of its governing body to provide paid professional services to the foundation (chart 23).

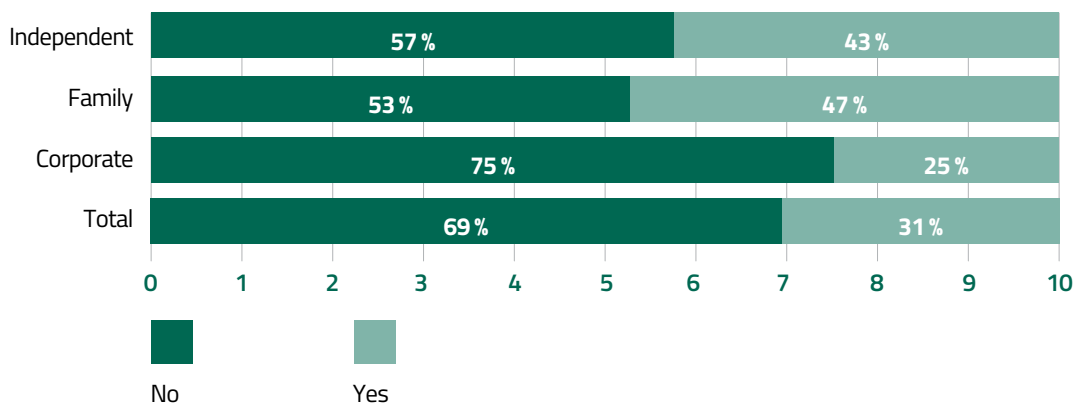
Chart 23. **Percentage of foundations that either pay or do not pay for governing body members to provide professional services**



Source: Based on information provided by AFE for the GPR report.

Some foundations also pay insurance coverage for their governing body members. 31% of foundations have such a policy. Among family and independent foundations the percentage is higher (47% and 43% respectively), while among corporate foundations it is lower: 25% (graph 24).

Chart 24. **Percentage of foundations that pay insurance coverage for governing body members, by type of foundation**



Source: Based on information provided by AFE for the GPR report.

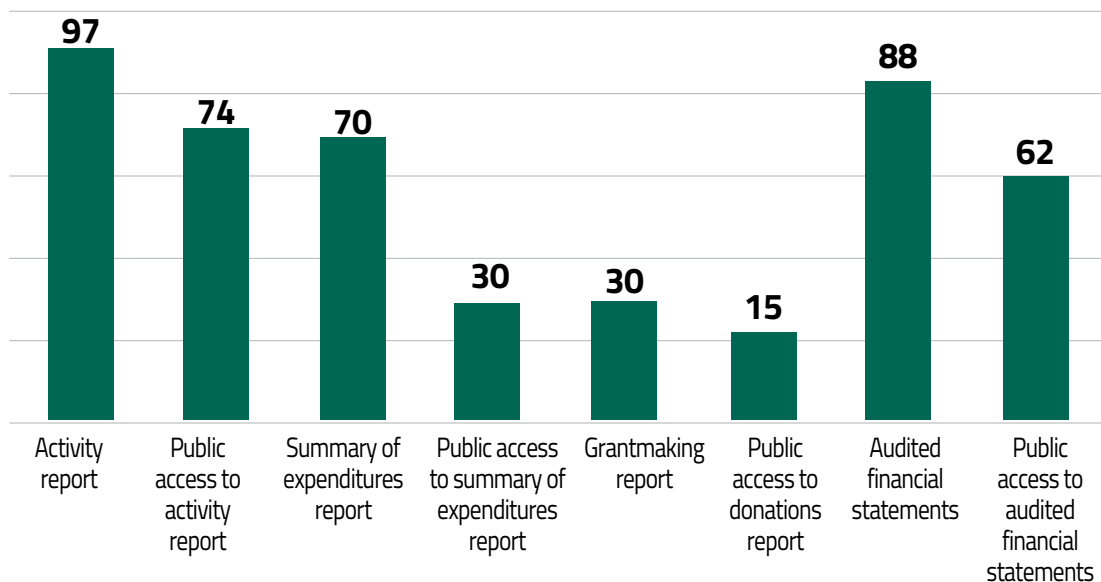
## 2.5. The information that foundations share with the public

In this last section, a key aspect of transparency will be analyzed: the information that foundations share with the public. To do this, the various reports produced by

foundations will be compared with the reports to which the public has access to. It is important to note that having public access to a foundation’s report does not necessarily mean that they are on the foundation’s website. This is because in some cases foundations replied in the survey that their reports are for public access as they are given to those government authorities that require them.

- **Activity Report:** The vast majority of foundations (97%) produce a report or an activity report. However, this report is only made public in 74% of the foundations surveyed, which means that 23% of foundations do not make their reports public.
- **Audited financial statements:** 88% of foundations produce audited financial statements, of which in 62% of cases the statements are made public. That is to say, 26% of foundations do not make their audited financial statements available to the public.
- **Summaries of Expenditures report:** This is done by 70% of foundations, of which 30% publish the report. As such, 40% of foundations don’t publish a summary of their costs.
- **Grantmaking reports:** these are produced by 30% of all foundations and are published by 15% of foundations. 15% of foundations do not make grantmaking reports public. (chart 25)

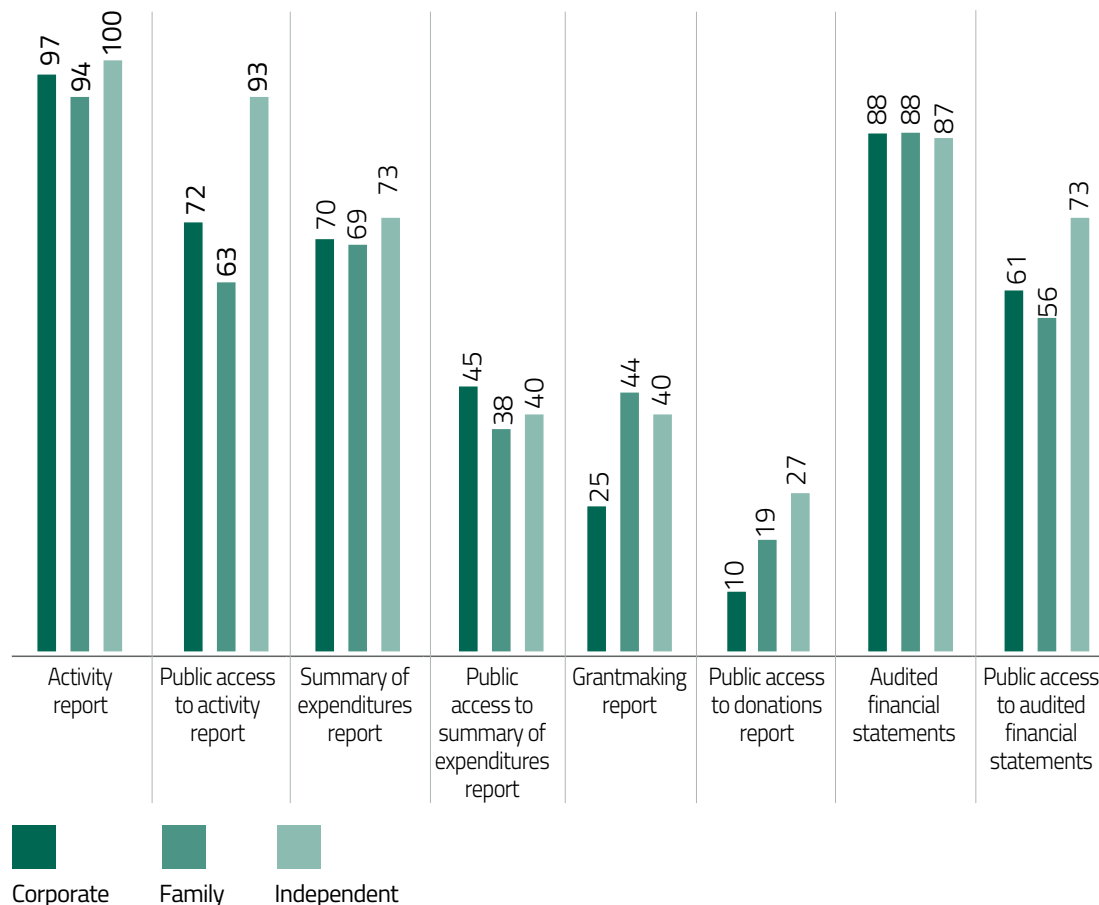
Chart 25. **Percentage of foundations according to reports and studies produced with public access**



Source: Based on information provided by AFE for the GPR report.

When comparing reports produced by foundations and if they are made available to the public, by type of foundation, there are several points to highlight. Independent foundations publish a greater number of the reports they produce in the case of activity, grantmaking and summary of expenditures reports as shown in graph 26. Corporate foundations, though, are more likely to make summary of expenditures reports available to the public, while family foundations are least likely to make their reports available to the public, with the expectation of their grantmaking reports.

Chart 26. **Percentage of foundations according to reports produced and reports with public access, by type of foundation**



Source: Based on information provided by AFE for the GPR report.

In summary, data on how Colombian foundations are governed shows that they all have a formal governing body. In about half of all foundations, its members are selected by a body of the foundation (an assembly, board of directors), and in the other half

by an individual or group of people (a founder, president or owner of the company, family council). The most common procedure for selecting governing body members is by directly appointing them, followed by holding an election and then a combination of the two methods. In most foundations, there is a formal policy on how members of its governing bodies are selected. This is not the case for other policies related to governing bodies (such as the maximum and minimum length of term directors can hold, policies on conflict of interests, policies on gender equality, and cultural, racial or ethnic diversity and geographical representation).

The average number of members on a foundation governing body is 7.7, and of these the majority are men. Family foundations have a higher proportion of women on governing bodies, while corporate foundations have the smallest proportion. Regarding the participation of outsiders on governing bodies, two thirds of foundations rely on such individuals to provide them with guidance. Among independent foundations this proportion is greater, while corporate foundations have the least number of outsiders on their governing bodies.

In most foundations, work carried out by governing board members is done so on a voluntary basis. In general, foundations are not allowed to hire board members to provide professional services to the foundation. In a third of the foundations surveyed, there is the practice of paying insurance coverage to support the responsibilities of governing body members.

Regarding foundations and their transparency, the study looked at public access to the reports produced by foundations. The data shows that for all types of reports (activity reports, summaries of expenditures, grantmaking reports, audited financial statements), there are foundations that produce such reports but do not make them available to the public. The biggest difference is in the case of the summaries of expenditures reports, followed by audited financial statements, activity reports and grantmaking reports. Independent foundations are the ones that provide the greatest public access to their reports, while family foundations offer the least access.





# III. FINANCIAL RESOURCES OF FOUNDATIONS

## Summary

Regarding the different financial variables (assets, endowments, income and expenditure), slightly more than half of all foundations in Colombia belong to the group of foundations that have a low amount of funding and financial resources (up to \$ 5,000 million Colombian pesos). Those with a medium-sized amount of expenditure account for between a quarter and a third of all foundations, and in the group of foundations with higher incomes (more than \$ 20,000 million) the percentages vary from 27% to 9% (table 4).

Corporate foundations have a considerably greater number of foundations comprising their group (60) when compared to family foundations totaling 13 and independent foundations totaling 11. Despite this, the total amount of assets corporate foundations have is less than other types of foundations. Their total income and expenditure, however, is greater.

Based on all the financial variables, among corporate foundations overall expenditure on average is considerably less when compared to other foundations, while expenditure among independent foundations is slightly higher than that of family foundations. Corporate foundations have the largest number of foundations with the lowest total expenditure (up to \$5,000 million), based on all the financial variables (assets, endowments, income and expenditure). Among those foundations that spend the largest amounts (more than \$ 20,000 million), family foundations are most common in terms of assets and endowments, while independent foundations in the case of income and expenditure.<sup>12</sup>

In this section, we will analyze the financial resources foundations have. We start with looking at what assets foundations have, their income and where this comes from. We will then look at a foundation's endowments, its expenditure and lastly the amount of grants made. As in the previous chapter, a comparison between the different types of foundations will be made to see if foundations operate differently.

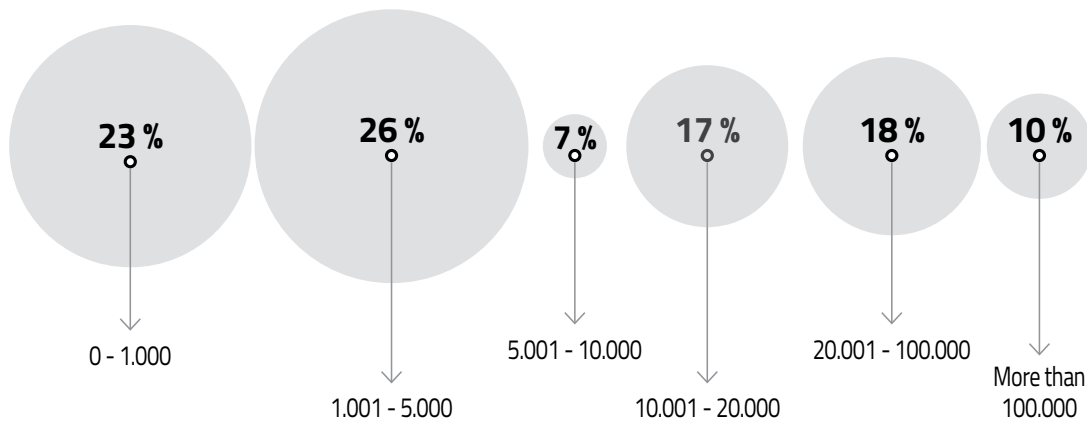
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12. As we said before, the conversion rate that the Global Philanthropy Report agreed to use, from January 1, 2017 is 1 US dollar = 3000 Colombian Pesos

### 3.1. Foundation assets

The survey showed that of the 84 foundations who gave information about their finances and funding, their combined assets totaled \$4.3 billion Colombian pesos in 2015. That means that the average amount of assets per foundation is \$ 51,500 million. When analyzing assets by their amount, the survey showed that the majority of foundations (49%) have assets of less than \$5,000 million. A smaller percentage of foundations (24%) have assets totaling between \$ 5,000 and \$ 20,000 million, while 27% of foundations have assets greater than \$ 20,000 million (chart 27).

Chart 27. **Percentage of foundations according to asset amounts**

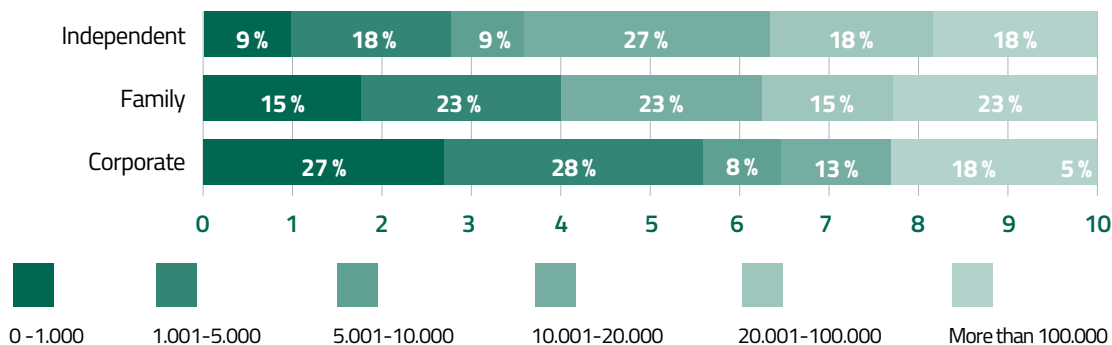


Source: Based on information provided by AFE for the GPR report.

An analysis of the distribution of total asset amounts by type of foundation shows significant differences. Corporate foundations have the highest proportion (55%) with assets up to \$5,000 million. In the case of family foundations, the percentage is lower (38%) and much lower for independent foundations (27%). On the other side of the spectrum, family members have the highest percentage of foundations (38%) with assets greater than \$20,000 million, followed by independent foundations (36%) and corporate foundations with the lowest proportion (23%) (chart 28).

When looking at the amount of assets on average, independent foundations have the highest average, followed by family foundations and lagging behind are corporate foundations (table 1)

Chart 28. Percentage of foundations according to asset amounts, by type of foundation



Source: Based on information provided by AFE for the GPR report.

Table 1. Total and average assets, by type of foundation

	Number of responses	Total	Average
Independent	60	\$ 1.370.744.434.690	\$ 22.835.740.578
Family	11	\$ 1.442.647.237.329	\$ 110.972.864.410
Corporate	13	\$ 1.518.577.814.809	\$ 138.052.528.619
<b>Total</b>	<b>84</b>	<b>\$ 4.331.369.486.828</b>	<b>\$ 51.563.922.462</b>

Source: Based on information provided by AFE for the GPR report.

### 3.2. Foundations net assets

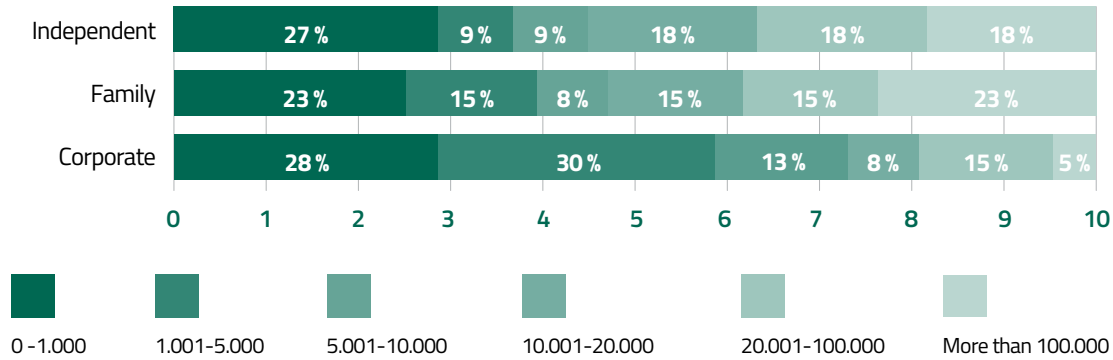
When looking at foundation net assets (the total of active assets minus the total of passive assets), the same trends are found as above. Corporate foundations continue to have the highest number of foundations in the group of those with the least amount of net assets, while more family foundations are found in the group with the highest amounts. However, there are two differences worth highlighting (chart 29): the percentage of independent foundations with amounts totaling less than \$5,000 million increases from 27% to 36%, and fewer independent foundations are found in the group that have medium-sized net assets (\$ 5, 000 a \$ 20, 000 million), which decreases from 36% to 27%.

### 3.3. Annual income of foundations

There was a relatively high response rate among foundations in Colombia to questions in the survey about their income. 82% of the respondents provided figures about their foundation's income. In 2015, the total income for this group of foundations was

\$623,600 million Colombian pesos. This means that the average income per foundation was \$7,600 million Colombian pesos in 2015. If we estimate this figure based on the total number of foundations surveyed, the figure would be \$ 700,600 million.

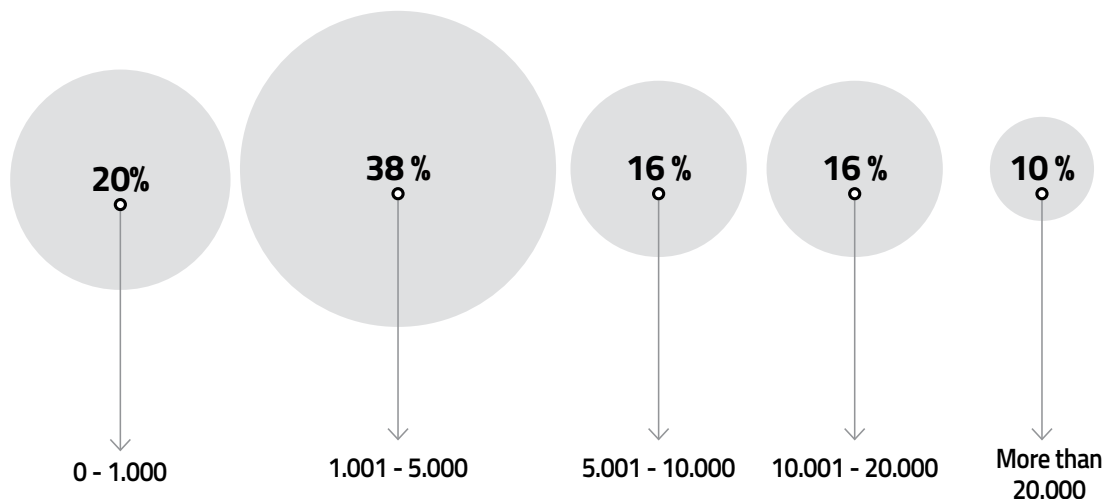
Chart 29. **Percentage of foundations based on total of endowments, by type of foundation**



Source: Based on information provided by AFE for the GPR report.

Chart 30 shows the percentage of foundations found in each of the groups with the different amounts of total income. The highest percentages of foundations (38%) are concentrated in the group of foundations that have an income of between \$ 1,001 to \$5,000 million Colombian pesos. If we add to this group the lower income group (\$ 0 to \$ 1,000 million), more than half (58%) of foundations have incomes of less than \$5,000 million. 32% of foundations fall into the group of middle-income foundations

Chart 30. **Percentage of foundations according to amount of income**

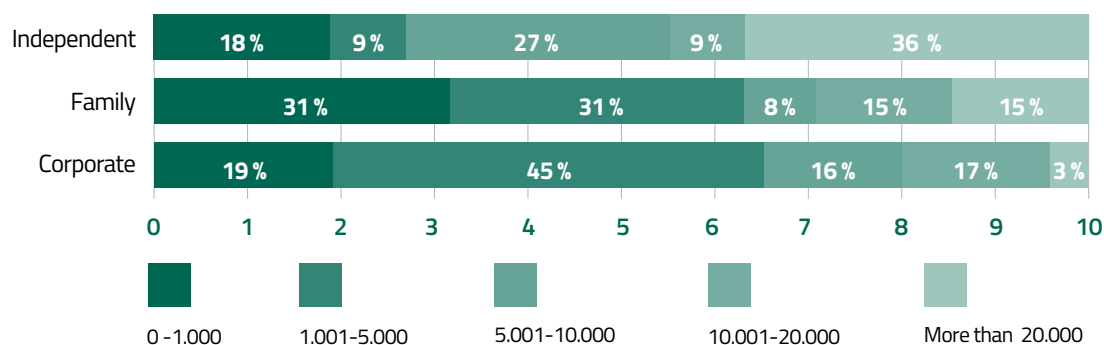


Source: Based on information provided by AFE for the GPR report.

(between \$ 5,000 and \$ 20,000 million). 10% of foundations have incomes greater than \$ 20,000 million.

When analyzing income by types of foundations, we find that those foundations with lower incomes (up to \$ 5,000 million Colombian pesos) are most common in the group of corporate foundations (64%), followed by family foundations (61%) and then independent foundations (27%). In the higher income group (more than \$ 20,000 Colombian pesos), independent foundations are most common, followed by family foundations (15%) and corporate foundations (3%) (graph 31). Average income, as can be seen in table 2, follows the same order: the largest percentage is found among independent foundations and the lowest among corporate foundations, with family foundations in the middle.

Chart 31. **Percentage of foundations according to income**



Source: Based on information provided by AFE for the GPR report.

Table 2. **Total and average income by type of foundation**

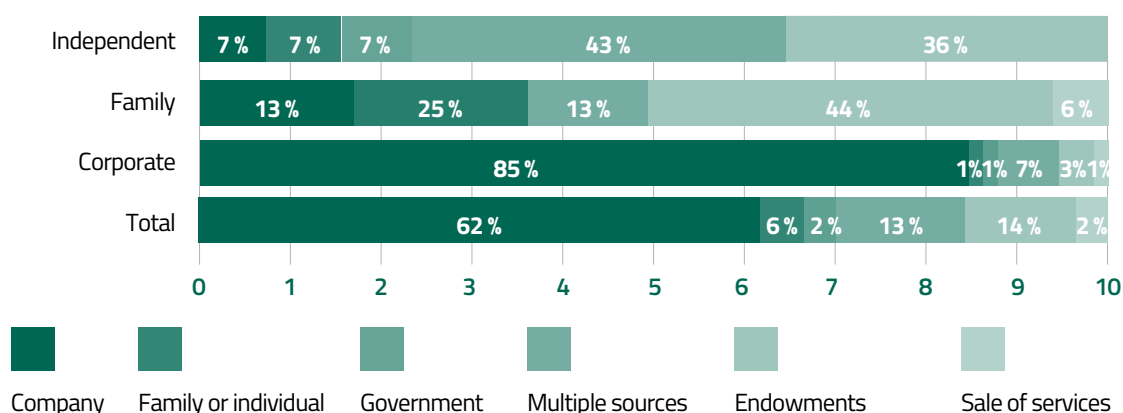
	Number of responses	Total	Average
Independent	58	\$ 325.123.672.065	\$ 5.605.580.553
Family	13	\$ 151.275.039.439	\$ 11.636.541.495
Corporate	11	\$ 147.220.822.644	\$ 13.383.711.149
<b>Total</b>	<b>82</b>	<b>\$ 623.619.534.148</b>	<b>\$ 7.605.116.270</b>

Source: Based on information provided by AFE for the GPR report.

### 3.4. Where do foundations get their income from?

Overall, companies provide the main source of income for foundations. As can be seen in chart 32, companies are the main source of income for 62% of foundations. Income coming from endowments continues to be an important source of income for 14% of the foundations surveyed. In third place are those foundations that have multiple sources of income, accounting for 13% of foundations.

Chart 32. Percentage of main source of income, by type of foundation



Source: Based on information provided by AFE for the GPR report.

The great importance of companies as a source of income for foundations is due to the prevalence of corporate foundations in Colombia's foundation world. If the source of income is analyzed by the type of foundation, the picture changes as chart 32 shows. It is clear that for 85% of corporate foundations, companies provide the main source of financial resources. But only 13% of family foundations rely on companies as their main source of income, while the figure for independent foundations stands at 7%.

Most family foundations (44%) rely on income from their endowments as their main source of income, followed by contributions from a family member or from an individual person (25%).

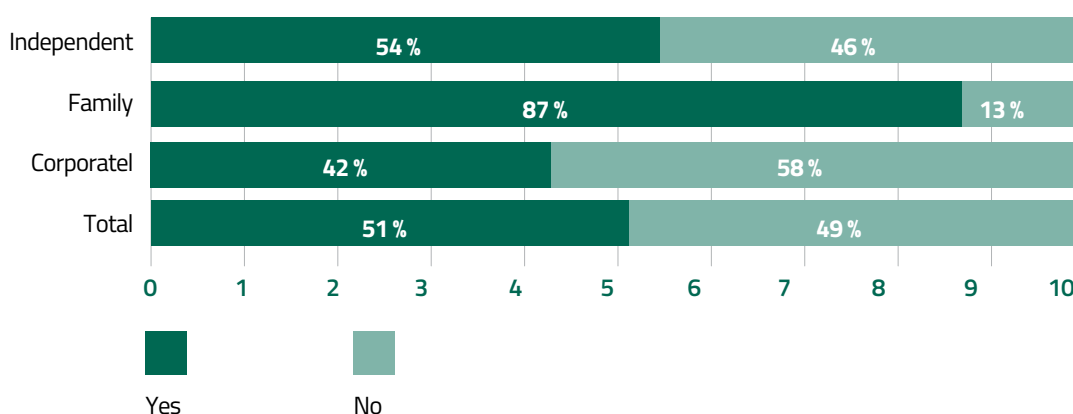
In the case of independent foundations, most of them receive income from multiple sources (43%), followed by returns made on endowments (36%). It is worth noting that government funding is the main source of income for 7% of independent foundations.

### 3.5. Foundation endowment funds

As seen above, income from endowments is the main source of financial resources for a high percentage of family foundations (44%) and independent foundations (36%), while for corporate foundations the figure is just 3%. Let's look at this topic in more detail.

Chart 33 shows that the foundation world is divided almost by half between those foundations who have endowments as a source of funding (51%) and those foundations who do not (49%). But when this is looked at by type of foundation, the proportions vary significantly, with 87% of family foundations having such source of funding dropping to 54% for independent foundations and 42% for corporate foundations.

Chart 33. Foundations with endowment funds



Source: Based on information provided by AFE for the GPR report.

### 3.6. Foundation expenditure

A total of 83 foundations gave information about their expenditure. This allows for an interesting analysis about the financial resources foundations had for their programs in 2015 and grants made to programs ran by third-parties. The figures reflect the size of investments made by foundations in Colombia. So that this can be put into perspective, the amount invested by foundations is compared with the government's overall national budget, its investment budget and social expenditure (graph 34).

The 83 foundations combined spent a total of \$ 619,800 million pesos. This amounts to an average expenditure of \$7,400 million per foundation. To put this figure in context, the national government's overall budget in 2015, including debt, was \$ 216.2

billion pesos and without debt, it totaled \$ 167.2 billion<sup>13</sup>. This means that the total expenditure of the 83 foundations surveyed is equivalent to 0.29% of Colombia's national budget with debt included, and 0.37% of the budget without debt.

Perhaps a more realistic comparison would be to look at expenditure based on how much of Colombia's national budget is allocated to social spending. This includes spending on education, health, social housing, culture, sports and recreation, clean water and environmental sanitation, job creation and social security. As we will see later, these are the main areas in which Colombian foundations investment in. In 2015, Colombia's national budget for social spending was \$121.1 billion pesos. This means that what foundations spend on social issues amounts to 0.51% of the nation's social expenditure.

Since not all the foundations replied to the survey, the total amount of foundation expenditure cited above is an underestimate. Another estimate, though, can be made by multiplying the average expenditure per foundation with the total number of foundations, which gives an estimated total expenditure of \$746.7 billion. In this case, the amount foundations spend in Colombia would be equivalent to 0.62% of the country's social expenditure.

Another comparison that can be made is with Colombia's national investment budget, which totaled \$ 46.1 billion in 2015, not including operating costs or debt repayments. As such, the budget of the 83 foundations surveyed is equivalent to 1.34% of the nation's investment budget. And if this is calculated using the estimated total expenditure of all the foundations, this represents 1.62% of the nation's investment budget.

These comparisons show the size of investments made by foundations in relation to those made by the Colombian government. The low amount of investments made by foundations does not, of course, reflect the importance of institutional philanthropy in Colombia. But it does show the comparative size of financial resources that foundations have. Taking into account the amount of the government's financial resources in relation to those foundations have, it is clear foundations, by and in themselves, cannot solve Co-

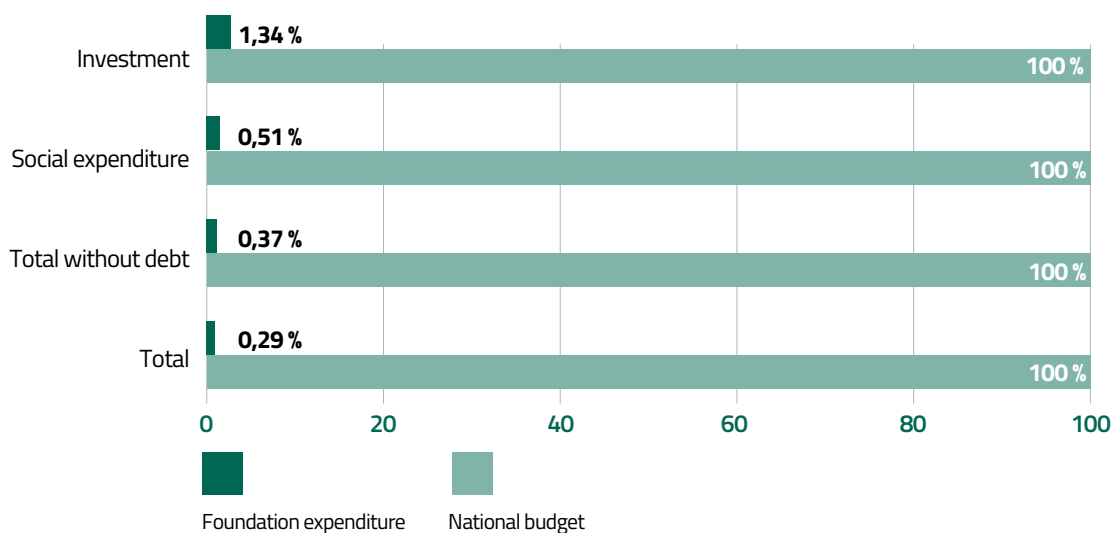
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13. See Ministry of Finance [http://www.minhacienda.gov.co/HomeMinhacienda/ShowProperty.jsessionid=AC4l6mhQYAmQITGhY2A874TcYO5NVtyeDzAclgS39XGVA3EgQ0jV!203701145?nodeId=%2FOCS%2FMIG\\_27766604.PDF%2F%2FidcPrimaryFile&revision=latestreleased](http://www.minhacienda.gov.co/HomeMinhacienda/ShowProperty.jsessionid=AC4l6mhQYAmQITGhY2A874TcYO5NVtyeDzAclgS39XGVA3EgQ0jV!203701145?nodeId=%2FOCS%2FMIG_27766604.PDF%2F%2FidcPrimaryFile&revision=latestreleased)



Colombia's major problems. But rather they need to influence the proper use of government resources to achieve large-scale change. This can be done through public-private partnerships, public policy advocacy or promoting social control of public spending. As we will see in the sixth chapter, one of the outstanding features of Colombia's foundation sector in the Latin American context is the high degree of collaboration in Colombia between foundations and the government at the national, local and municipal level - precisely to achieve significant social impact with the limited resources at hand.

Chart 34. Comparing foundation annual expenditure with Colombia's national budget

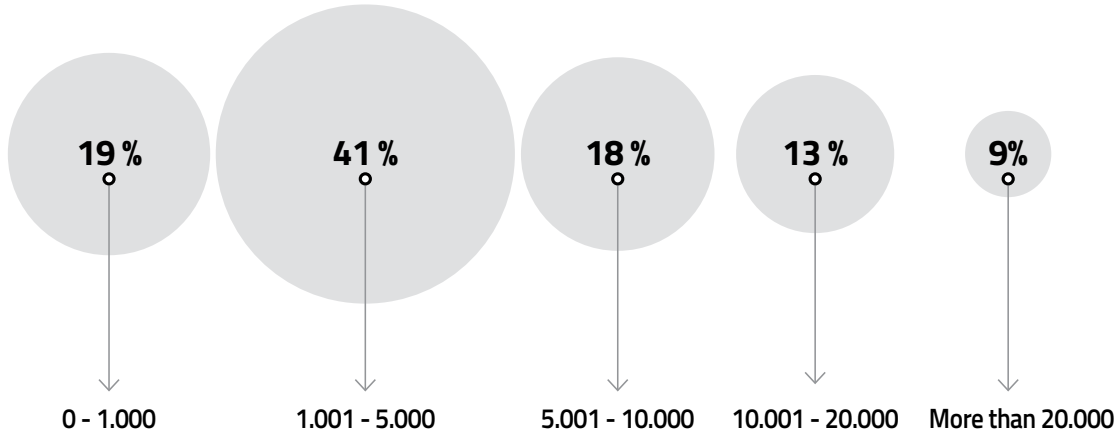


Source: Based on information provided by AFE for the GPR report.

Let's look now at how expenditure varies among foundations. As chart 35 shows, most foundations (60%) have an expenditure budget of less than \$5 billion, 31% have between \$ 5,000 and \$ 20,000 million, and a small percentage of foundations (9%) spend over \$ 20,000 million Colombian pesos.

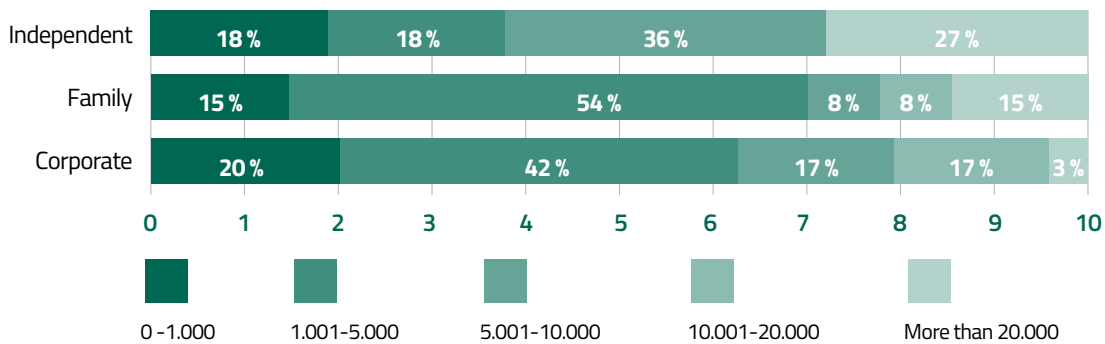
When analyzing expenditure by type of foundation, what stands out is the high percentage of family foundations (69%) and corporate foundations (62%) that spend less than \$5,000 million Colombian pesos, whereas among independent foundations that figure is 36%. Among the group of foundations with medium amounts of expenditure (between \$ 5,000 and \$ 20,000 million), independent foundations (36%) and corporate foundations (34%) stand out, while the percentage for family foundations is 16%. At the high end of spending (more than \$ 20,000 million) independent foundations stand out (27%), followed by family foundations (15%) and corporate (3%) foundations.

Chart 35. **Percentage of foundations according to expenditure amounts**



Source: Based on information provided by AFE for the GPR report.

Chart 36. **Percentage of foundations according to expenditure amounts, by type of foundation**



Source: Based on information provided by AFE for the GPR report.

Table 3. **Total and average expenditure, by type of foundation**

	Number of responses	Total	Average
Independent	59	\$ 335.681.423.432	\$ 5.689.515.651,39
Family	13	\$ 148.928.762.927	\$ 11.456.058.686,69
Corporate	11	\$ 135.233.570.095	\$ 12.293.960.917,73
<b>Total</b>	<b>83</b>	<b>\$ 619.843.753.454</b>	<b>\$ 7.467.997.066</b>

Source: Based on information provided by AFE for the GPR report.

When average expenditure is analyzed, independent foundations show the largest amount of average spending, followed by family foundations and lastly corporate foundations (table 3).

To summarize, it can be said that for the different financial variables (assets, net assets, income and expenditure) half or a little more than half of all foundations in Colombia are found in the group of foundations with low expenditure totals (up to \$5,000 million Colombian pesos). Between a quarter and a third of all foundations are in the group of foundations spending medium amounts (\$ 5, 001 to \$ 20, 000 million) and in the group of high expenditure amounts (more than \$ 20, 000), the percentages vary from 27% to 9% (Table 4 )

**Table 4. Comparative summary of percentage of foundations by financial variables according to amount in ranges**

	0 - 5.000 mm	5.001 - 20.000 mm	More20.000 mm
Assets	49	24	27
Net assets	52	23	25
Income	58	32	10
Expenditure	60	31	9

Source: Based on information provided by AFE for the GPR report.

As table 5 shows, corporate foundations have a significantly higher number of foundations (60) in their group when compared with family foundations (13) and independent foundations (11). However, corporate foundations have total amounts of assets that are less than two other different types of foundations (family and independent foundations), while corporate foundations have greater income and total expenditure.

**Table 5. Summary of total amount of financial resources, by type of foundation**

	Number of responses	Assets	Net assets	Income	Expenditure
Independent	60 (A,N), 58 (I), 59 (E)	\$ 1.370.144.434.690	\$ 1.227.296.097.608	\$ 325.123.672.065	\$ 335.681.423.432
Family	13	\$ 1.442.647.237.329	\$ 1.192.996.302.119	\$ 151.275.039.439	\$ 148.928.762.927
Corporate	11	\$ 1.518.577.814.809	\$ 1.498.429.944.958	\$147.220.822.644	\$ 135.233.570.095
<b>Total</b>	<b>84 (A,N), 82(I), 83 (E)</b>	<b>\$ 4.331.369.486.828</b>	<b>\$ 3.918.722.344.685</b>	<b>\$ 623.619.534.148</b>	<b>\$ 619.843.756.454</b>

Source: Based on information provided by AFE for the GPR report.

The average totals of all financial variables among corporate foundations are considerably lower when compared to other types of foundations. Independent foundations have total amounts of income that are slightly higher than those of family foundations (table 6). Corporate foundations are those that have a greater number of foundations with smaller amounts of income (up to \$ 5,000 million Colombian pesos) in terms of all the financial variables (assets, endowments, income and expenses). In the group of foundations that have the highest amounts of income (more than \$ 20,000 million), family foundations stand out in terms of having greater assets and endowments, while independent foundations in the case of income and expenditure.

Table 6. **Summary of average amounts of financial resources, by type of foundation**

	<b>Number of responses</b>	<b>Assets</b>	<b>Endowment funds</b>	<b>Income</b>	<b>Expenditure</b>
Independent	60 (A,N), 58 (I), 59 (E)	\$ 22.835.740.578	\$ 20.454.934.960	\$ 5.605.580.553	\$ 5.689.515.651,39
Family	13	\$ 110.972.864.410	\$ 91.768.946.317	\$ 11.636.541.495	\$ 11.456.058.686,69
Corporate	11	\$ 138.052.528.619	\$ 136.220.904.087	\$ 13.383.711.149	\$ 12.293.960.917,73
<b>Total</b>	<b>84 (A,N), 82(I), 83 (E)</b>	<b>\$ 51.563.922.462</b>	<b>\$ 46.651.456.484</b>	<b>\$ 7.605.116.270</b>	<b>\$ 7.467.997.066</b>

Source: Based on information provided by AFE for the GPR report.

## IV. WHAT DO FOUNDATIONS INVEST THEIR RESOURCES IN?

### Summary

Regarding the kinds of communities in which foundations invest in, priority is given to certain age groups (teenagers, youth, school age and pre-school children) rather than to social circumstances (state of poverty, indigenous people, displaced persons, LGBTBI people etc.). For family and independent foundations, social circumstances are more important when deciding on which communities they will support, while among corporate foundations, the question of age is more important. Foundations most support organizations, and in particular non-profit entities. The local community around a foundation or one that is close to its offices is the geographical center of a foundation's work. However, more than half of foundations have programs in their local community and outside of it. Among corporate foundations, slightly more than half have programs where the company operates, a quarter where the company operates and in other areas of the country, and a low number of foundations in places where the company does not operate.

In Colombia, as in other countries in Latin America, education is the priority issue which foundations support. This is followed by support for entrepreneurship and social enterprises, early childhood, economic development, habitat and housing, community and grassroots development, arts and culture. There is very low support for other critical issues such as institutional strengthening, alleviating and overcoming poverty, conflict resolution and peacebuilding, human rights and public security. Family foundations focus more on these issues.

Most foundations say their work is aligned with the SDGs, especially in areas that support quality education, health and well-being, decent work and economic growth. However, what this actually means is that foundations work on SDGs themes rather than on SDG goals and indicators.

This section focuses on what foundations invest their financial resources in. As such, we will analyze who foundations support, which issues they focus on and where.

#### 4.1. Who do foundations provide support to?

In the survey, two types of questions were asked to identify which kinds of communities foundations support. Foundations were asked what groups of people they allocate their resources to, along with the type of institutions and organizations they support. We begin with what groups of people foundations support.

##### 4.1.1 Communities supported by foundations

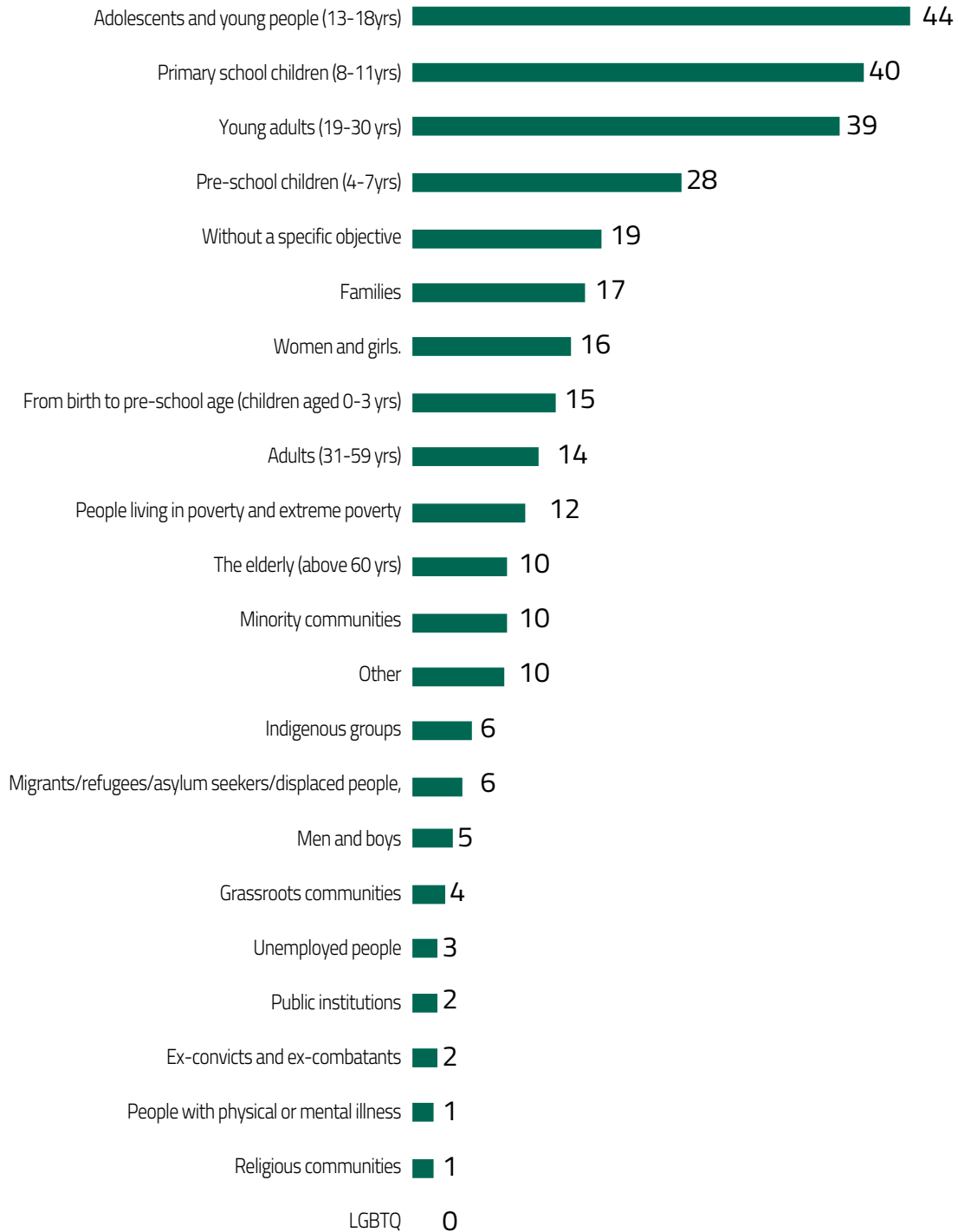
Chart 37 shows the wide range of communities that foundations serve through their programs. The percentages in this graph add up to more than 100 since each foundation singled out more than five different groups of people it supports. As such, the graph shows which communities foundations support in no particular order. Later, we will examine which groups of people are a particular priority for foundations. As the graph shows, 44% of foundations have programs for children aged between 13 and 18-years-old – the highest percentage. The second most important age group is primary school children aged 8 to 12, with 40% foundations saying they have programs for them, followed by young adults (19 to 30-years-old) with 39% of foundations, and lastly pre-school children (aged 4 to 7), with 28% of foundations. It is also important to note that a significant group of foundations (19%), do not have programs that target specific communities. In some cases, this means that a foundation will work in a region focusing on the existing priorities facing a particular community and it will not define beforehand which communities it will support. In other cases, foundations respond to the diverse needs of a community that arise year after year, without targeting a particular group of people.

What stands out is that foundations determine their priorities more by age than by the particular characteristics of a specific community, especially those issues relating to exclusion and inequality. As can be seen in the same graph, people living in poverty are served by only 12% of foundations, minority communities by 10%, indigenous groups by 6%, displaced people by 6%, grass-roots communities by 4%, unemployed people by 3%, former combatants and ex-convicts by 2%, people with mental illnesses by 1% and no foundation focuses specifically on the LGBTQ community<sup>14</sup>.

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14. Foundations that participated in the survey said that they do not have exclusive programs for LGBTQ people, but that they approach their projects with a focus on inclusion and respect for gender equality.

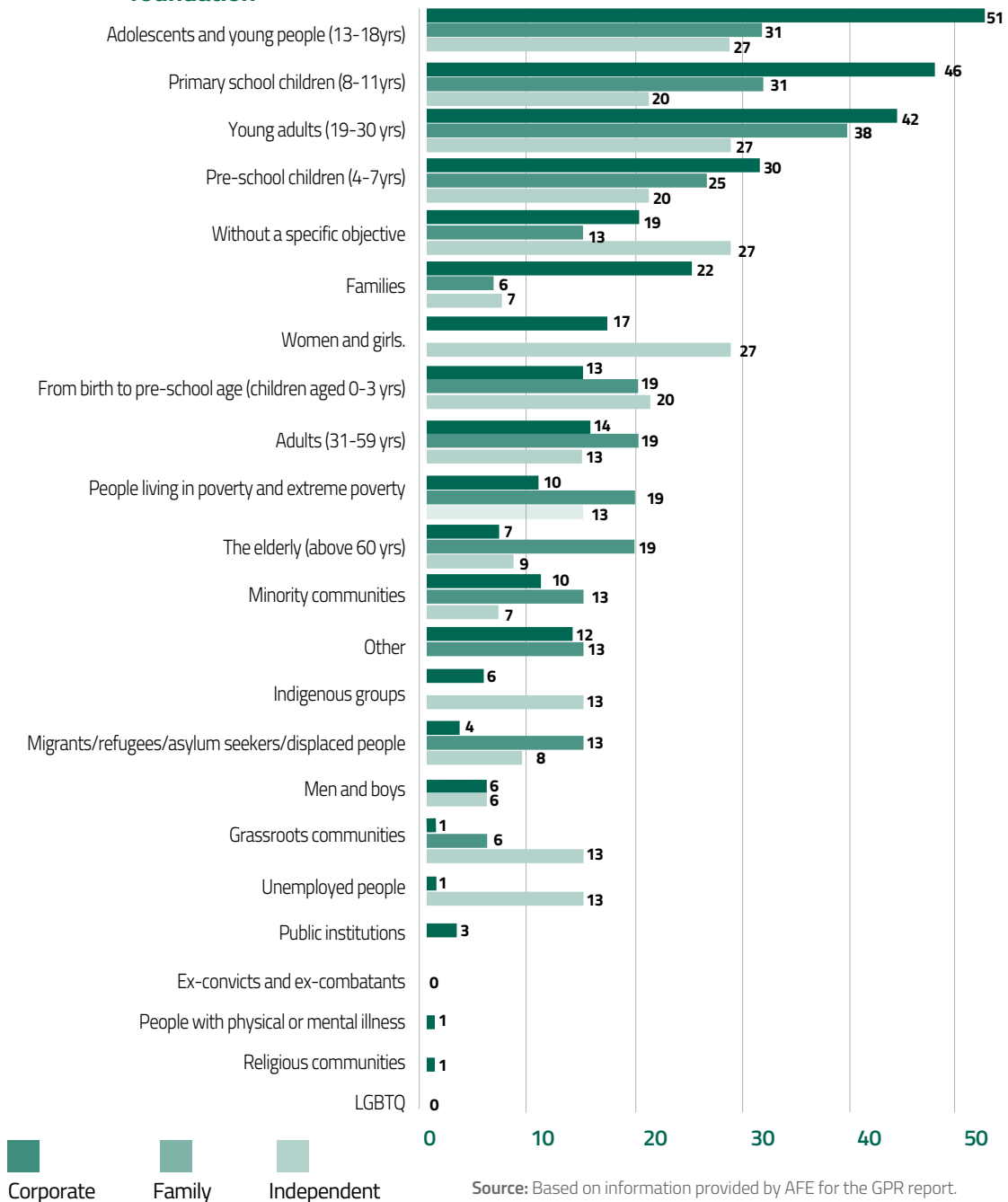
Chart 37. **Percentage of foundations according to communities served, with multiple options to choose from**



Source: Based on information provided by AFE for the GPR report.

When analyzing which communities different types of foundations support, it can be seen that this varies significantly between foundations (chart 38). While corporate foundations focus on groups of people defined by age (adolescents, young peo-

Chart 38. **Percentage of foundations according to community served, by type of foundation**



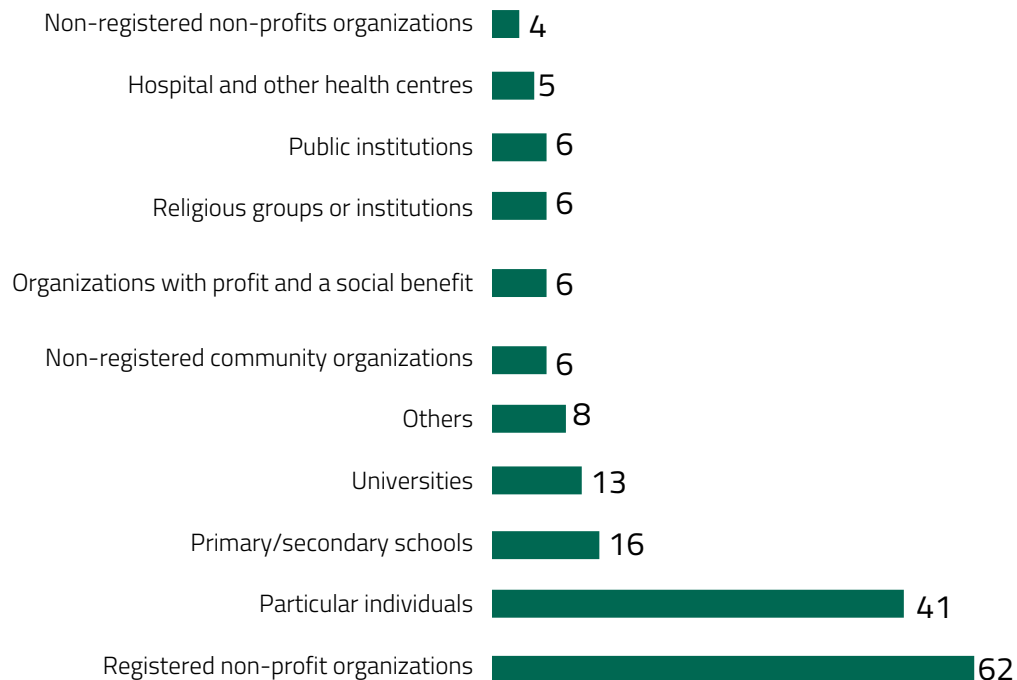


ple, primary school children, young adults, and families), other types of foundations focus more on groups of people with defined social characteristics and needs. For example, independent foundations focus more on women and girls, indigenous people and grassroots communities. Family foundations pay more attention to people living in poverty, the elderly, displaced populations and the unemployed.

#### 4.1.2. Organizations and institutions foundations support

In addition to which communities foundations support, the survey also asked about the types of institutions foundations support. As above, this question allowed foundations to select several options, and as such their answers do not add up to 100%. As shown in graph 39, the vast majority of foundations (62%) support not-for-profit organizations. However, a very high percentage of foundations (41%) also support individuals through their programs. Along with not-for-profit organizations and individuals, 16% of foundations support schools and 13% support universities. It is worth highlighting that a small group of foundations (6%) support unregistered community organizations and 4% support unregistered not-for-profit

Chart 39. **Percentage of foundations according to organization supported**



Source: Based on information provided by AFE for the GPR report.

organizations, that is to say organizations that have a social presence in the regions where foundations work but ones which have not been legally constituted. 6% of foundations support social businesses or organizations that generate profit and social benefits. Public institutions, not including public schools and hospitals, are supported by 6% of foundations and 5% of foundations support public hospitals. Religious groups or institutions receive little financial or other kinds of support from foundations (6%).

Chart 40 shows the types of institutions supported by foundations based on the type of foundation. What stands out from this chart is that independent foundations show the highest amount of support for individuals (50%) when compared to corporate foundations (39%) and family foundations (38%). In contrast, a lower percentage of independent foundations support non-profit entities (50%) when compared to corporate foundations (63%) and family foundations (69%). Family foundations show the highest support for non-profit entities, schools, universities, hospitals and social businesses.

#### 4.2. Where do foundations run their programs?

Another issue relating to the investments foundations make is the areas in which they concentrate their philanthropic activities. Chart 41 shows where foundations operate their programs. Like with previous questions, there were various options so the percentages do not add up to 100%. The chart shows that the local community around a foundation or an area close to their offices is the main area where foundations work. 63% of foundations, in addition to having programs in the local community, also have programs outside of it. 2% of foundations have programs in other Latin American countries and 1% of foundations have programs in other countries outside the region.

When analyzing the main areas where foundations have their programs by type of foundation, what stands out is that corporate foundations have a higher percentage (80%) of programs located in the local community or nearby, while the figure for family foundations is 69% and independent foundations 67%.

In order to analyze in more detail the specific way corporate foundations operate in relation to where they are geographically located, foundations were asked if they worked in those communities where the company operates, in different commu-



Chart 41. **Percentage of foundations according to the geographic center of their programs**

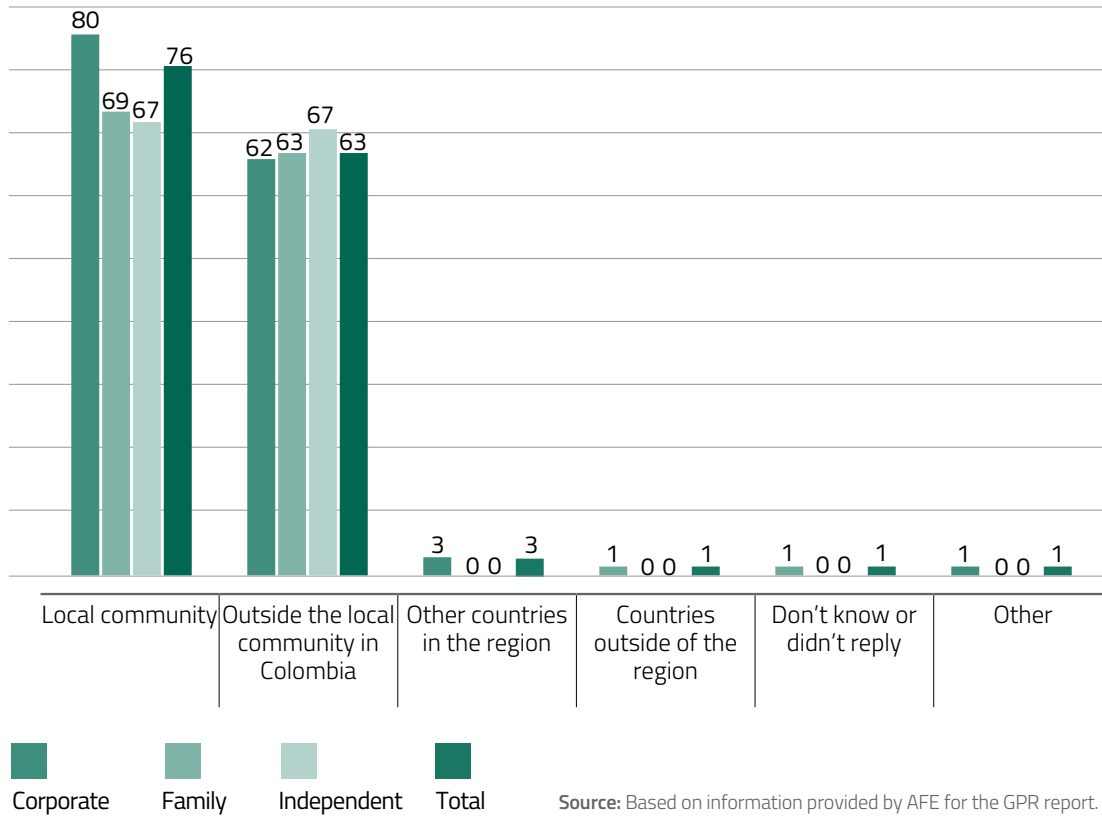
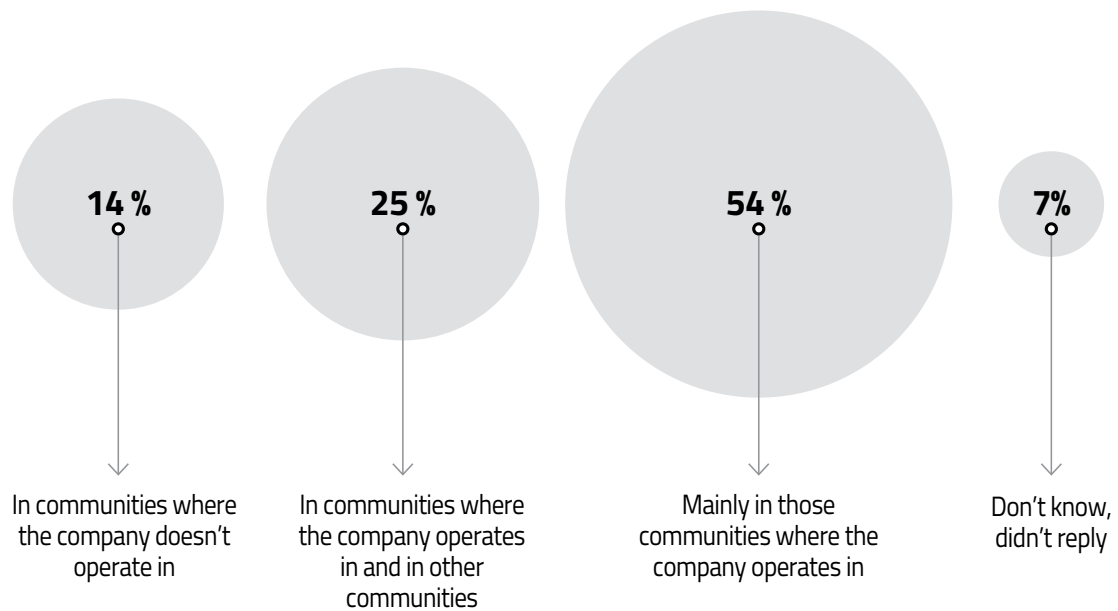


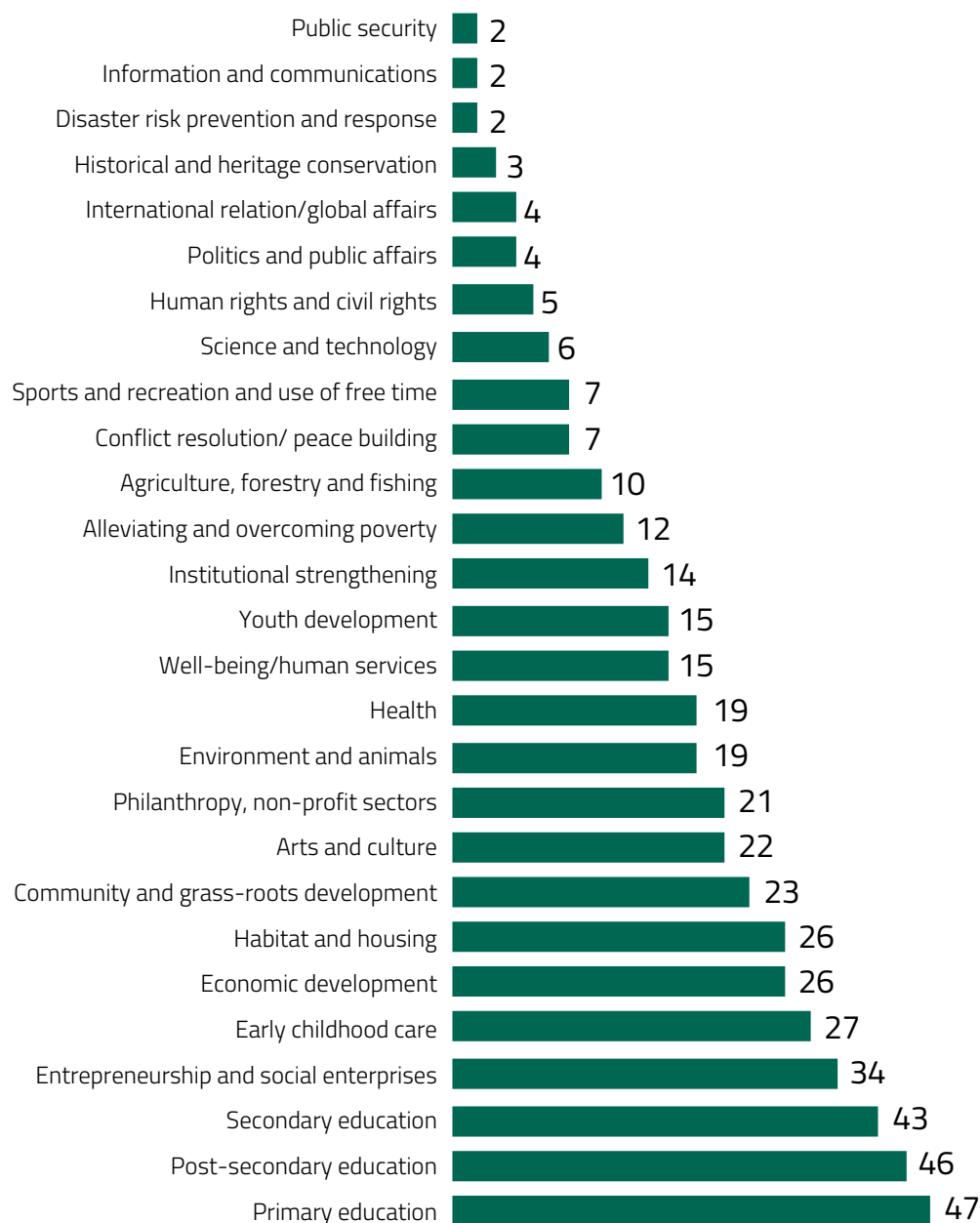
Chart 42. **Percentage of corporate foundations according to geographic area of focus**



### 4.3. Issues foundations support

This section is focused on examining what kinds of issues foundations support. Once again, the options were not exclusive knowing that most foundations support more than one issue. As shown in graph 43, education - at its different levels - is the main focus for foundations in Colombia. 47% of foundations support primary education,

Chart 43. **Percentage of foundations based on issues they focus on**



Source: Based on information provided by AFE for the GPR report.

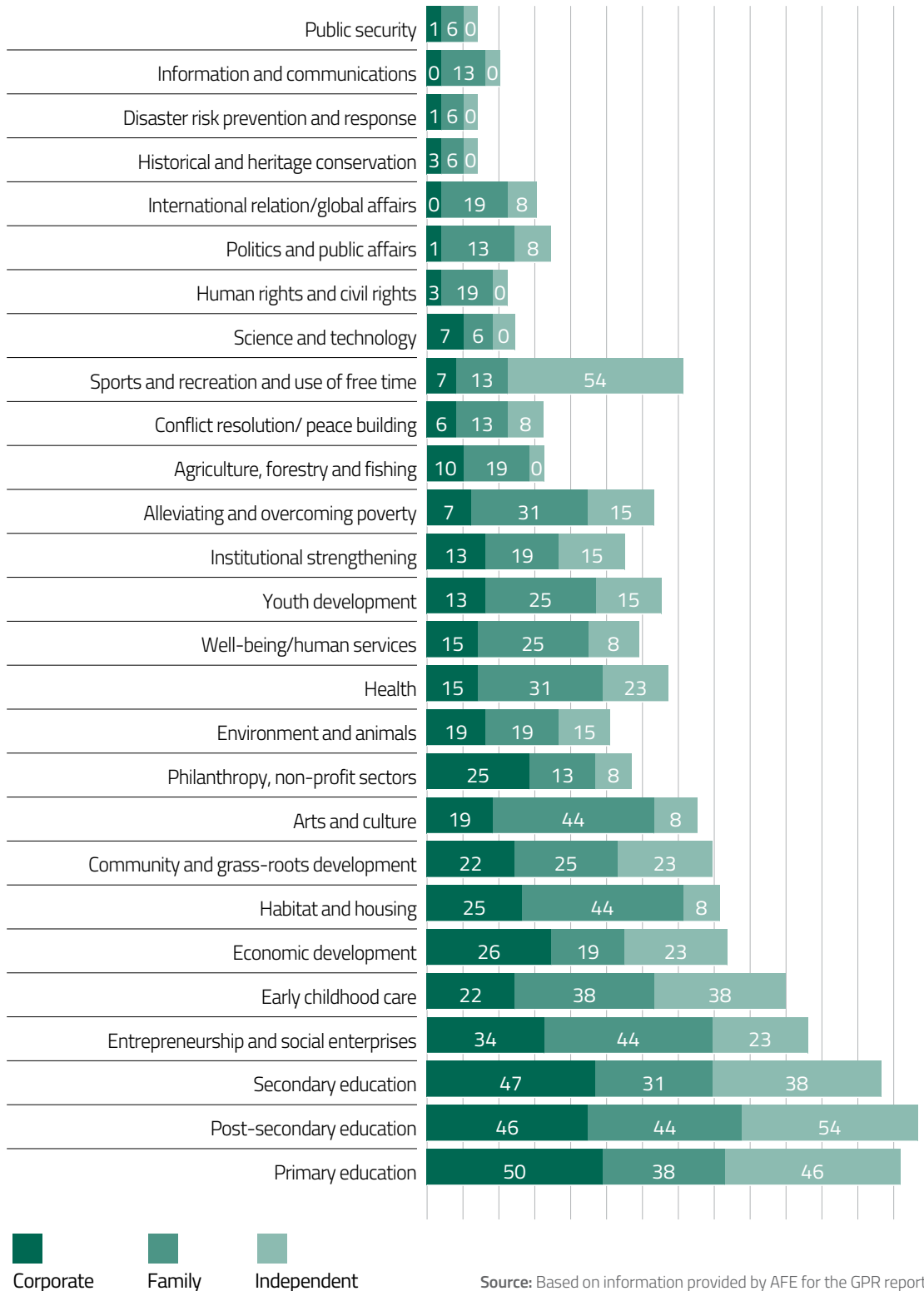
46% post-secondary education and 43% secondary education. Next in importance is entrepreneurship and social enterprises with 34% of foundations saying they support these, while 27% of foundations support early childhood care, 26% economic development, 26% habitat and housing, 23% community and grassroots development, and 22% arts and culture. The chart highlights the little support foundations give to important issues in the Colombian context, such as institutional strengthening (14%), alleviation and overcoming poverty (12%), conflict resolution and peacebuilding (7%), human rights (5%) and public security (2%).

It is interesting to analyze what issues foundations support according to the type of foundation as one can see very different trends (graph 44). Corporate foundations have a somewhat higher percentage when it comes to supporting primary and secondary education and post-secondary education when compared to family and independent foundations. Family foundations give greater support in the areas of habitat and housing, health, social welfare, youth development, agriculture, conflict resolution and peacebuilding, institutional strengthening, human rights, politics and public affairs, international relations and global affairs, disaster prevention, communications and public safety. This shows that regarding the most controversial issues (human rights, conflict resolution, public policy and affairs, public security, etc.) and those issues that attract little interest from foundations (agriculture, forestry and fishing, disaster prevention, etc.) family foundations stand out. This is perhaps because family foundations have greater freedom when choosing their areas of interest and focus when compared to corporate foundations, which are limited due to their links with companies and their brands.

#### 4.4. Foundation work and their alignment with the Sustainable Development Goals (SDGs)

The survey asked foundations, if and to what extent, their programs are aligned with the Sustainable Development Goals (SDGs). The aim was to understand to what extent foundations participate in this important international agenda. The vast majority of foundations (94%) said their programs were aligned to the SDGs in a general way. As this includes nearly all foundations, a focus group took place with some foundations to understand the scope and meaning of their alignment with the SDDGs. There are 17 SDGs with 169 goals and 241 indicators. What we wanted to understand was whether a foundation's alignment was related to the theme of a SDG objective, to the objective itself, to the goal or to the SDG indicator.

CHART 44. Percentage of type of foundations based on areas of focus



As far as we could conclude in most cases, the alignment to which the foundations refer in their survey responses is related to SDG themes rather than to specific SDG goals or indicators. Therefore, this does not always imply a change in the way a foundation works when it claims to be aligned with the SDGs. In some cases, programs which have or will be carried out a regional level, as in the example of Sustainable Antioquia, which seeks to bring the global agenda to the regional context, the alignment of foundations should promote inter-agency coordination and thinking about how each institution contributes to a specific SDG goal and indicator.

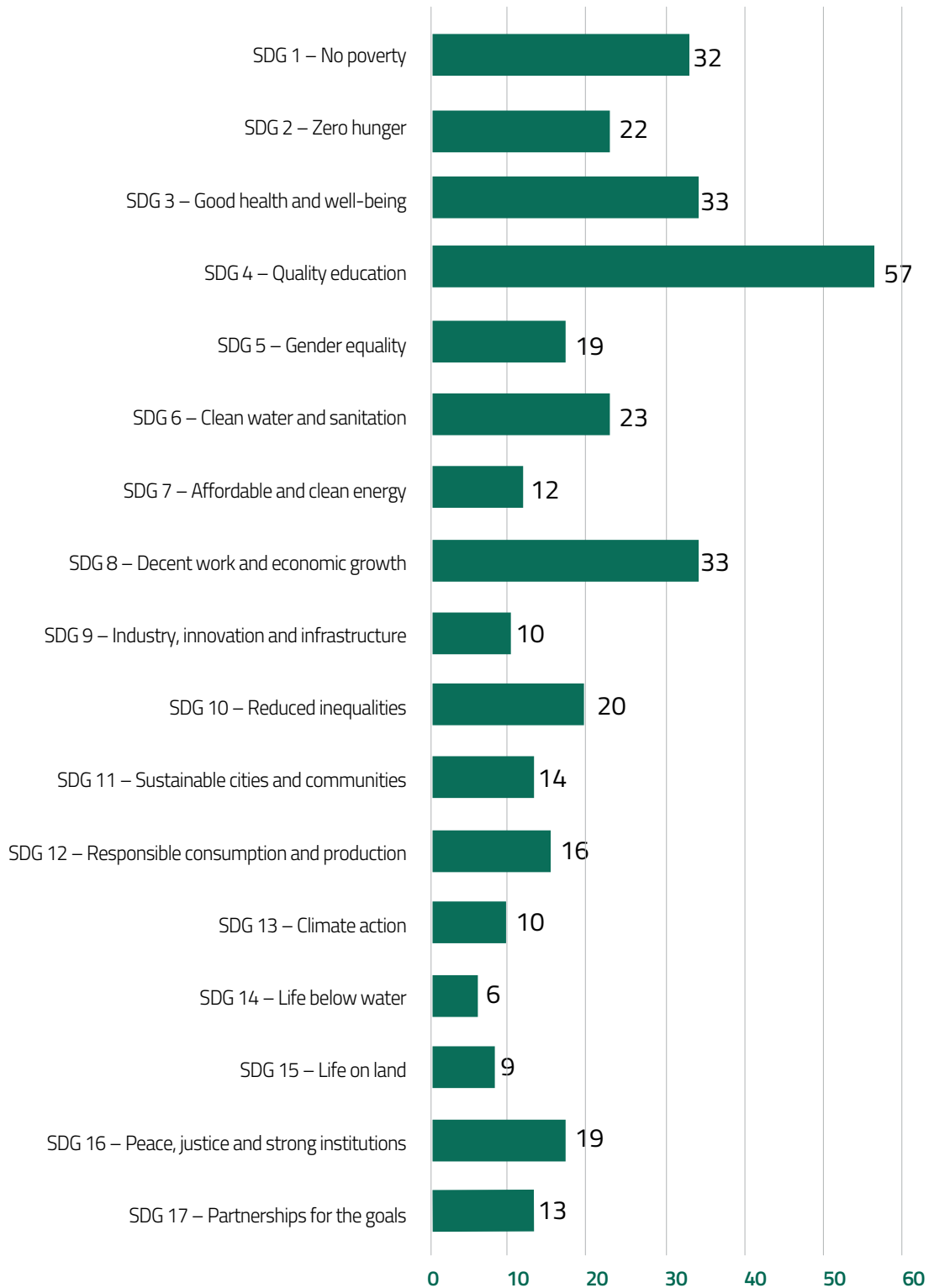
While being cautious about interpreting the data on SDGs, let's look in more detail at the percentage of foundations aligned with each of the 17 SDG objectives (figure 45). The highest number of foundations (57%) said their work was aligned with objective 4 that focuses on education – and this is consistent with the importance of education in the foundation world overall. Topics relating to SDG 4 include *ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all*. The second most important objective is SDG 3 - *to ensure a healthy lives and promote well-being for all at all ages*. In this case, 33% of foundations say their work is aligned to SDG 3, while the same percentage of foundations say their work is aligned with SDG 8 *to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*, and a similar percentage (32%) said their work is aligned with SDG objective 1 *to end poverty in all its forms everywhere*.

What stands out is that the SDG objectives least aligned with foundation work are those related to environmental issues: SDG 7 *to ensure access to affordable, reliable, sustainable and modern energy for all* (12% of foundations), SDG 13 *take urgent action to combat climate change and its impacts* (10% of foundations), SDG 9 *to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation* (10%) and SDG 15 *protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt reverse land degradation, and halt biodiversity loss* (9%). It appears that in terms of the environmental objectives, SDG 6 that focuses on water (*ensure availability and sustainable management of water and sanitation for all*) is the most important objective for foundations, with 23% saying their work is aligned with this issue.

When analyzing alignment with the SDGs by type of foundation, we can see - as was shown with the issue of education above – that corporate foundations stand out

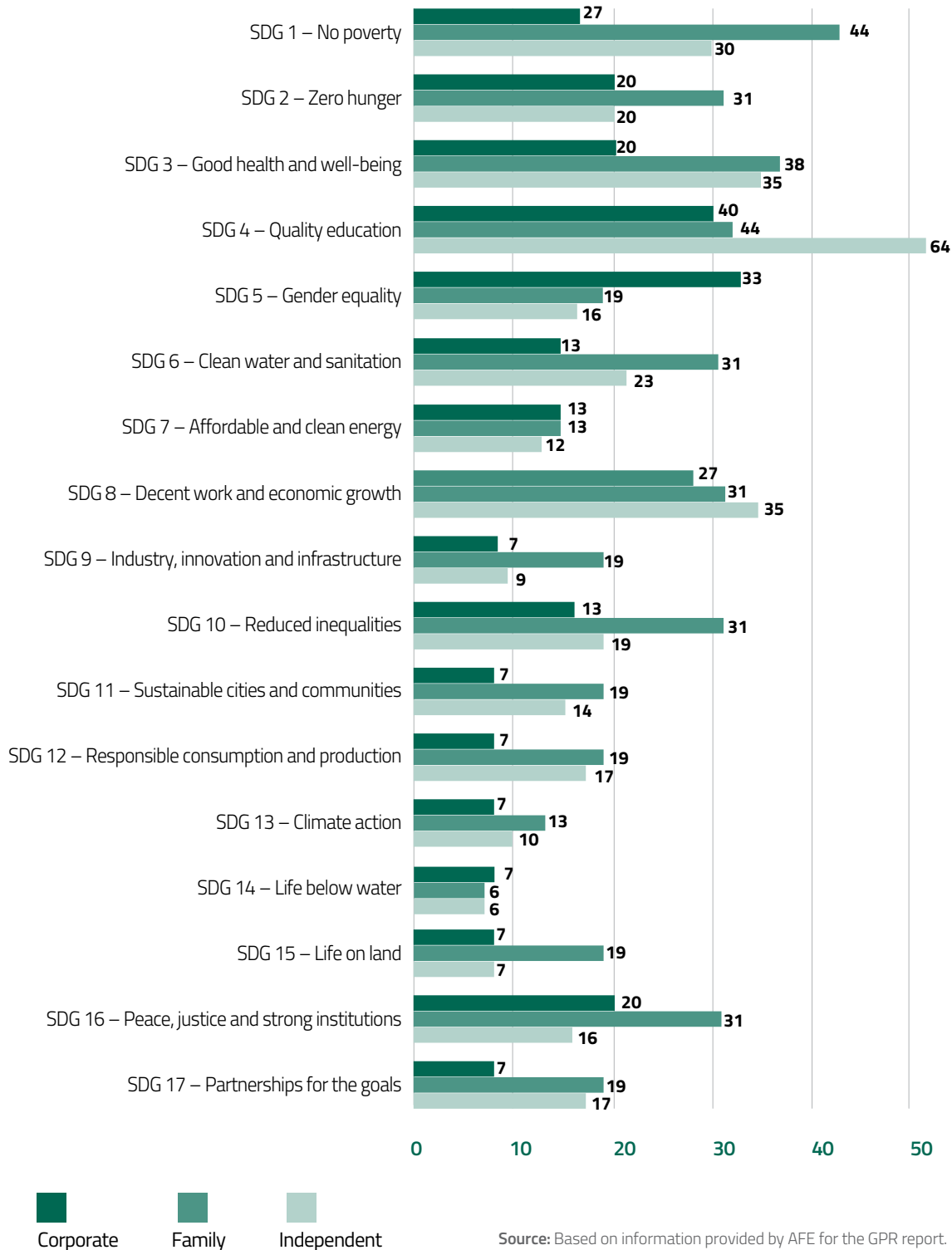


Chart 45. **Percentage of foundations, according to their alignment with the SDGs**



Source: Based on information provided by AFE for the GPR report.

Chart 46. **Percentage of foundations, according to their alignment with the SDGs, by type of foundation**



(64% say their work is aligned with the SDGs), when compared to family foundations (44%) and independent foundations (40%). This makes sense as education is a key area for these type of foundations (graph 31). Family foundations stand out regarding the following objectives: SDG 1 *put an end to poverty in all its forms* (44% of foundations), while for corporate foundations the figure is 30% and for independent foundations 27%. Family foundations also stand out regarding the objectives that focus on ensuring the availability of water (SDG 6) ending hunger (SDG 2) reducing inequality (SDG 10) and promoting peaceful and inclusive societies (SDG 16). Independent foundations stand out in terms of the gender-related objective - SDG 5: *achieve gender equality and empower all women and girls*.

To summarize, in this section we showed what kinds of issues foundations invest in, in which communities and where. In relation to groups of people, when analyzing foundations in general, priority given to age is most common among foundations (adolescents, older youths, children of school and preschool age), rather than priority given to social needs (populations in poverty, indigenous, displaced populations, LGBTBI, etc.). However, when an analysis is made by types of foundations, an important difference in terms of priorities can be seen: among family and independent foundations social issues are more important when it comes to selecting which communities they will work with, while for corporate foundations age is more important as a criteria. In relation to the type of institutions supported, among all foundations support for organizations, and particularly non-profit organizations, is the most common. However, direct support to individuals is also important and is greater than foundation support for schools, universities and hospitals.

Foundations often carry out their work in the local community where they operate or areas close to their offices. More than half of foundations have programs in the local community and outside of it. Among corporate foundations, slightly more than half have programs where the company operates, a quarter where the company operates and in other areas, and a low percentage in places where the company does not operate.

In Colombia, as in other countries of Latin America, education - at its different levels - is a priority issue for foundations. Next in importance is support for entrepreneurship and social enterprises, early childhood care, economic development, habitat and housing, community and grassroots development, arts and culture. Support for other

critical issues in the Colombian context is very low, such as institutional strengthening, alleviating and overcoming poverty, conflict resolution and peace building, human rights and public security. However, when these issues are analyzed by type of foundation, family foundations show higher support for such critical issues, which are more controversial and crucial for Colombia.

The survey showed that a large majority of foundations said their work was aligned with the SDGs. However, during a focus group that took place to understand the scope of this, participants revealed that such supposed alignment should be understood more as working on SDGs themes rather than on specific SDG objectives and indicators. In a few cases, foundations have re-assessed their strategy on promoting inter-institutional coordination and joint efforts required in order to promote progress on SDG indicators as proposed by the 2030 agenda.

The SDGs that foundations say their work is most aligned with include quality education, health and wellbeing, decent work and economic growth, and working towards ending poverty. Regarding the SDGs focused on environmental issues, and those promoting a peaceful society and gender quality, in general there is little alignment with these issues and foundation work in Colombia, with the exception of family foundations.

# V. HOW DO FOUNDATIONS OPERATE?

## Summary

Colombian foundations are more likely to operate their own programs rather than give grants to third parties. In the Latin American context, Colombia is the country with the smallest number of foundations that are purely grantmaking foundations and the country has the highest percentage of foundations that operate their own programs. The percentage of foundations that award grants on a regular basis (“always” and “often”) accounts for about a quarter of all foundations in Colombia, while 94% of foundation operate their own programs. An analysis of how much foundations allocate to grants, including those foundations who run regular grantmaking programs, showed that the amount spent is substantially lower than those foundations focused on operating their own programs.

When analyzing the frequency of grants and operating programs by type of foundation, it is worth highlighting that among family foundations there is a higher percentage that award grants when compared to other foundations, and family foundations also have a high number of foundations that have regular grantmaking programs. In addition, family foundations, along with independent foundations, are those that allocate the highest percentage of their budget to grants. By contrast, corporate foundations are the ones that most run their own programs and they do so most often. Corporate foundations make up the highest proportion of foundations that have the highest amounts of expenditure with which to run their programs. Support to third parties, apart from grants, such as loans, investments and social impact bonds are not common at all among foundations in Colombia.

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In this section we will look at the different strategies that foundations have to develop their programs with third parties. Special attention will be given to the importance grants have in relation to foundations operating their own programs. In addition, we will look at other ways foundations invest in third parties, apart from grants, which includes loans, scholarships, investment support and social impact bonds.

### 5.1. Grants to third parties and foundation run programs

When examining the importance grantmaking to third parties has in relation foundation run programs, it is important to understand key aspects of philanthropic activity in Colombia. But before analyzing the data, it is important to establish what it can and cannot show. Using the data collected, it is not possible to assess the specific scope and impact each foundation has as a result of its own programs or grants as this requires additional information about beneficiaries, results, effect and impact, which was not collected. However, it is possible to get a general assessment of the challenges that institutional philanthropy in Colombia can have if one strategy dominates over another - be it a focus on grantmaking to third parties or foundations running their own programs.

Knowing that a foundation runs a program or that it has grantmaking funds is not enough to be able to conclude whether or not this results in a high impact strategy on one or the other. It is possible that programs developed by foundations bring about high impact, and also that foundations with strategic grantmaking programs to third parties also have high impact. The contrary is also possible, as both a foundation's own programs and its grantmaking programs can have low impact too.

As such, examining the importance of grantmaking in relation to a foundation's own programs does not provide the information needed in order to evaluate the strategies of particular foundations. But such an analysis can provide information in the context of institutional philanthropy as a whole, to find out if there are challenges for the sector when particular importance is given to one strategy – be it a focus on grantmaking or foundations running their own programs. Bearing this in mind, we will now look at the data and then the challenges.

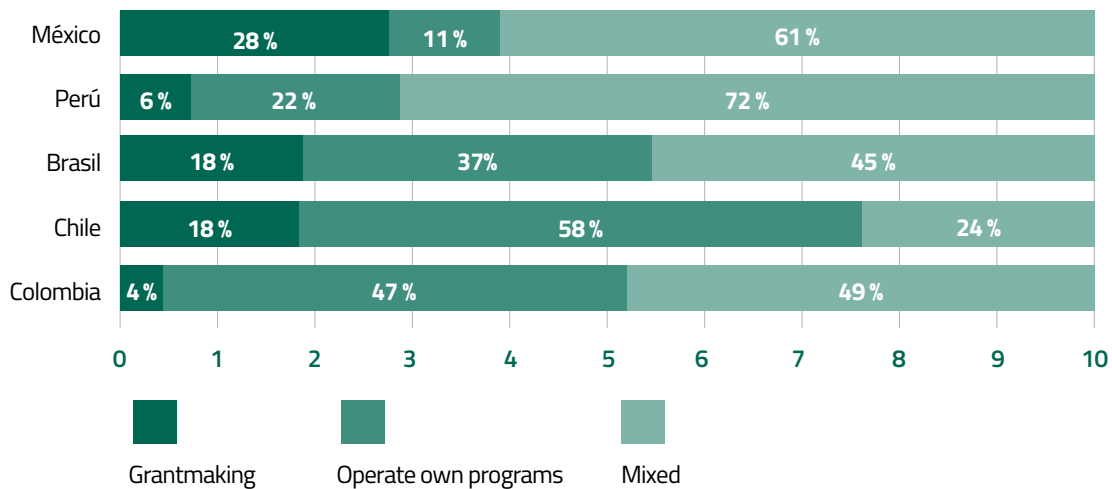
In Colombia, purely grantmaking foundations are a minority. Foundations that combine grantmaking to third parties with their own programs and those that only operate their own programs are similar in numbers. As graph 47 shows, those foundations that only grantmaking make up 4% of all foundations, while those that give grants and operate their own programs make up 49%, while those foundations that only operate programs make up 47%.

To determine the percentage of foundations that give grants, the number of foundations that only give grants were added together with those that give grants and operate their own programs, which adds up to 53% of foundations. To know how many foundations

operate programs, those foundations that only operate programs were added together with those foundations that both give grants and operate their own programs, which adds up to 96%. This shows that a very high number of foundations in Colombia run their own programs when compared to giving grants to third parties.

When analyzing the data in the Latin American context, we can see that Colombia is the country with the lowest number of grantmaking foundations in the region. While this type of foundation makes up 4% of the total of all foundations in Colombia, in Peru it is 6%, in Brazil and Chile 18%, and in Mexico 28% (graph 47).

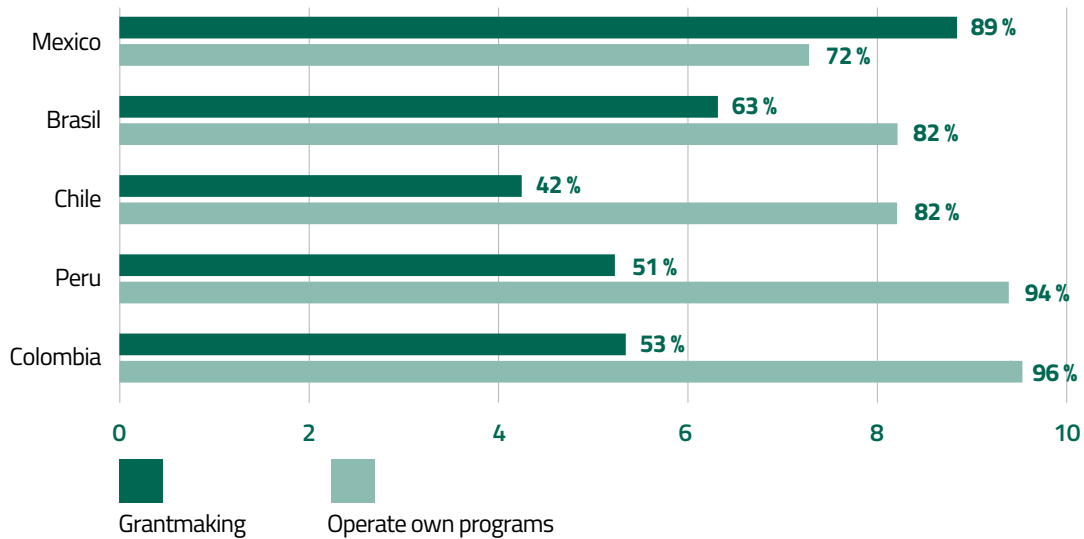
Chart 47. **Percentage of foundations according to how they operate**



Sources: GIFE; 2015; CIESC, 2017; AFE, 2017; CEFIS; 2017; The University of the Pacific

To better see the importance of foundation run programs over those foundations who give grants, graph 48 was produced. The number of grantmaking foundations and those that both have grantmaking programs and run their own programs were added together to get a total number of foundations in Colombia that give grants. Likewise, the number of foundations who both run their own programs and have grantmaking programs and those foundations that just run their own programs were added together to get the total number of foundations in Colombia who run their own programs. As can be seen, in all countries, with the exception of Mexico, foundations that run their own programs are more common than grantmaking foundations. If we compare this with a country outside of Latin America, such as Canada, this trend stands out even more. In Canada, 96% of foundations give grants and 55% never operate their own programs and do so infrequently. (Philanthropic Foundations Canada 2017: 15).

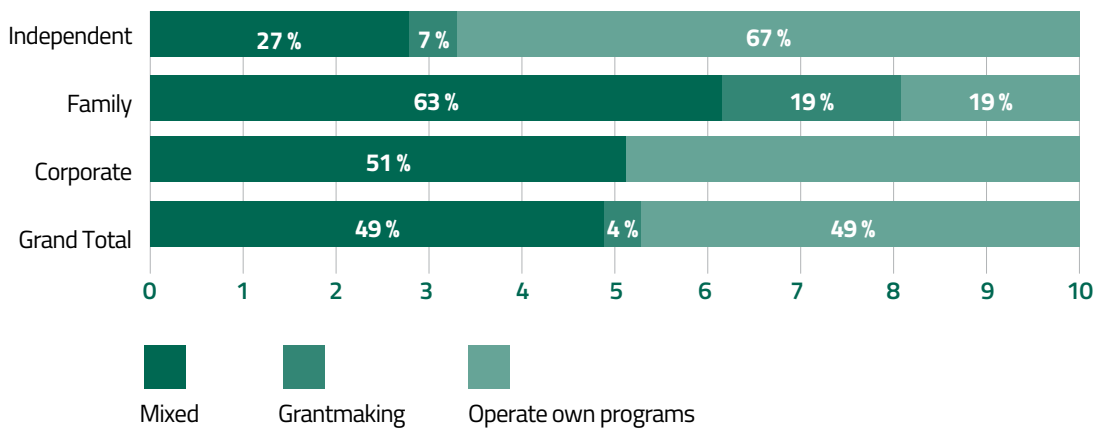
Chart 48. Percentage of foundations according to how they operate



Source: GIFE; 2015; CIESC; 2017; AFE; 2017; CEFIS; 2017; The University of the Pacific

To delve further, we can examine if there are differences in Colombia according to the type of foundation. As graph 49 shows, there are significant differences. Family members have the highest percentage of foundations that only give grants (19%), followed by independent foundations (7%). Among corporate foundations, there are no purely grantmaking foundations. On the other hand, following the same logic, adding together those foundations that only give grants with those that give grants and also operate their own programs, it can be seen that among those foundations that give grants, family foun-

Chart 49. Percentage of foundations according to how they operate, based on type of foundation



Source: Based on information provided by AFE for the GPR report.



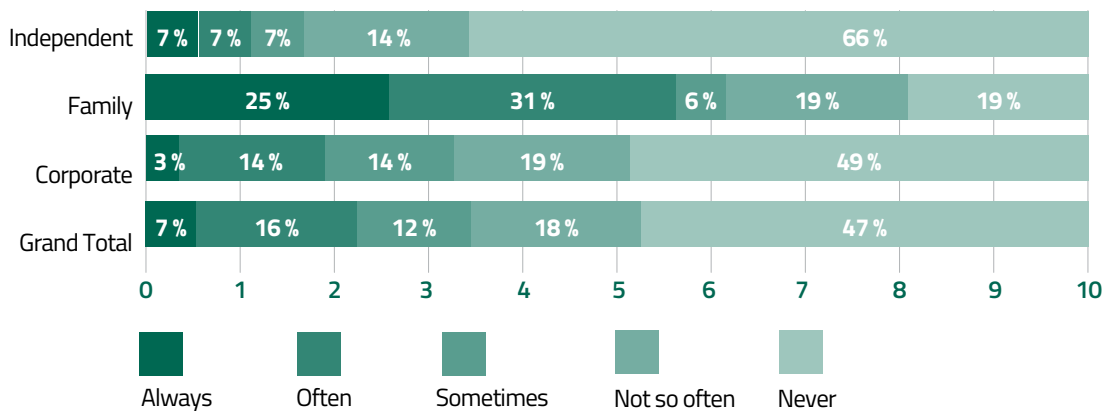
dations have the highest percentage (82%), followed by corporate foundations (51%) and independent foundations (34%). By contrast, among those foundations that run their own programs - that is those that only operate programs and those that give both grants and operate their programs, corporate foundations have the highest percentage (100%), followed by independent foundations (94%) and family foundations.(82%)

## 5.2. How common are grants and foundation run programs

To better understand how foundations in Colombia use grantmaking as a strategy, we will now analyze how often grants are awarded. As chart 50 shows, the number of foundations that award grants “always” or “often” are very small (23%). Bearing in mind that this is a group where grantmaking programs to third parties are more established and done on a regular basis, it can be confirmed once again that grant-making as a form of social investment in Colombia is not prevalent.

Chart 50 also shows that 56% of family foundations award grants “always” or “often” – the highest percentage among the different types of foundations - while for corporate foundations the percentage is 17% and for independent foundations 14%.

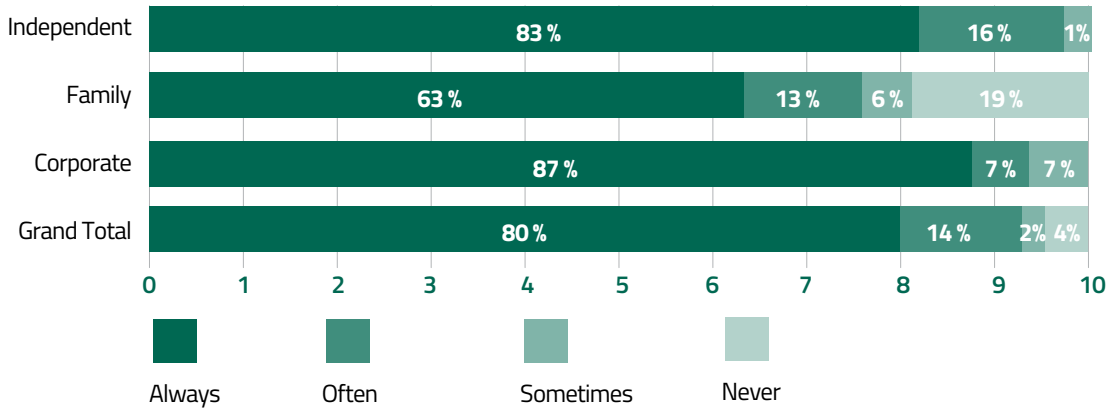
Chart 50. Percentage of foundations according to how often they award grants



Source: Based on information provided by AFE for the GPR report.

While few foundations in Colombia just donate, the percentage of those that run their own programs is quite high (chart 51). 94% of foundations said they “always” or “often” run their programs, with corporate foundations having the highest percentage (99%) followed by independent foundations (94%) and family foundations with the lowest at 76%.

Chart 51. **Percentage of foundations according to how often they operate their own programs**

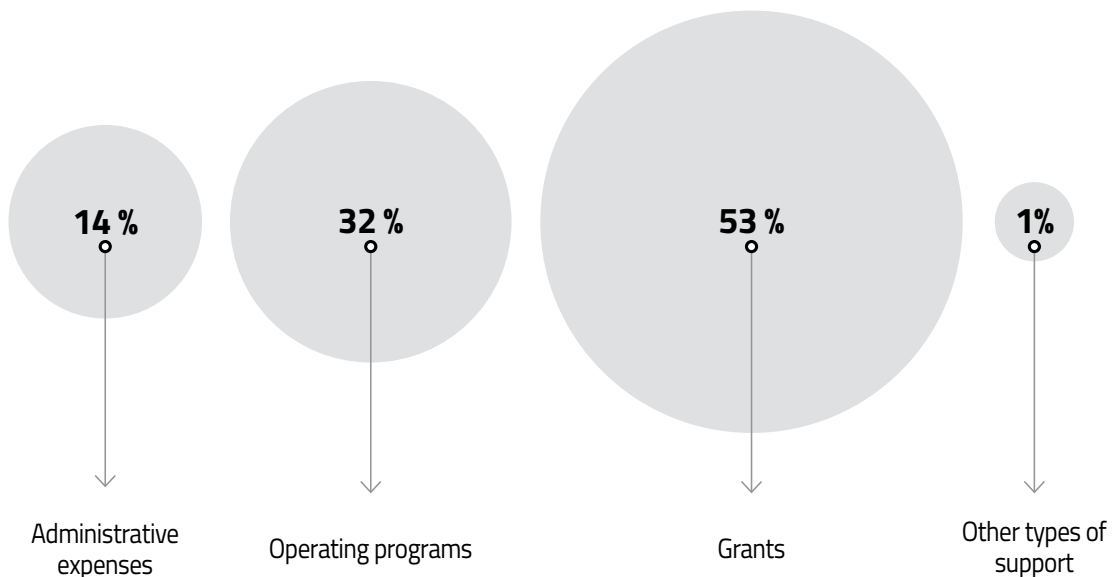


Source: Based on information provided by AFE for the GPR report.

### 5.3. Percentage of expenditure allocated to operations and grants

Another way to examine the importance of grants and foundations operating their own programs is to look at how much of their budget is spent on each strategy. Graph 52 gives a breakdown of the average expenditure in percentages among grantmaking foundations. The graph includes only those 25 foundations that gave information about the proportion of spending allocated to grants in relation to their investments as a whole.

Chart 52. **Percentage of expenditure of grantmaking foundations**

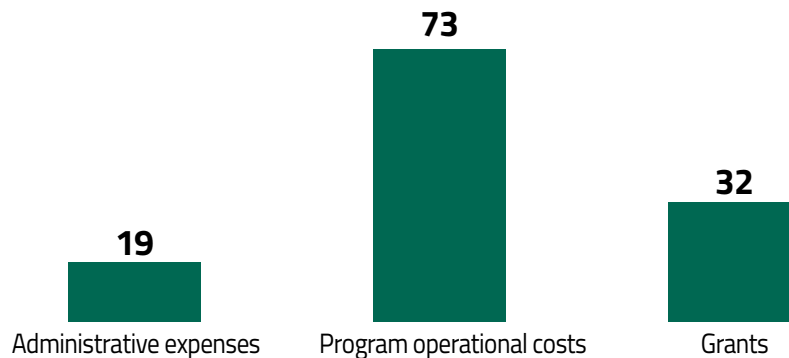


Source: Based on information provided by AFE for the GPR report.

As can be seen in the graph, the largest proportion of the budget among the 25 grantmaking foundations is spent on running their own programs (53%) and the amount allocated to grants is far less (32%), while 14% of the budget goes towards administrative expenses, and 1% on other forms of support. This data confirms that among foundations in Colombia more run their own programs when compared to giving donations, even among donor foundations in Colombia.

If an analysis is done not just with grantmaking foundations, but with all foundations as a whole, spending on running foundation programs in relation to spending on awarding grants is even greater as seen in graph 53. It shows that on average foundations allocate 73% of their expenditure on running their programs, while 32% of spending was allocated to awarding grants. In terms of administrative expenses, foundations spent on average 19% of their budget on this. The percentages in this graph does not add 100 since there are different number of responses for each question. Data on administrative expenses is based on information given by 77 foundations, and 78 foundations gave data about their operational costs. Data on the percentage spent on awarding grants is based on information provided only 25 foundations, which have permanent grantmaking programs.

Chart 53. **Percentage of expenditure for all foundations**



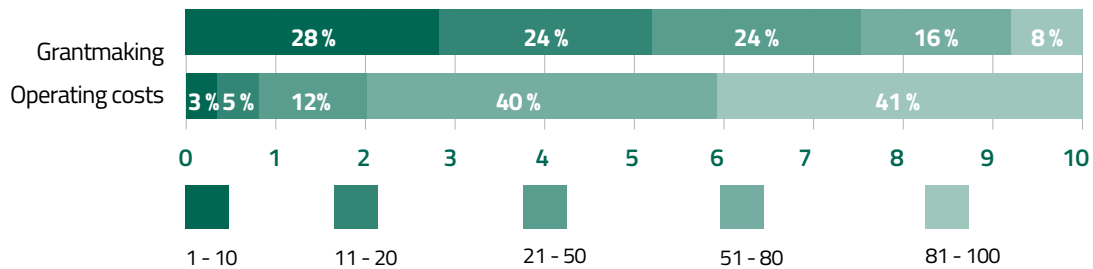
Source: Based on information provided by AFE for the GPR report.

The above data gives us a general idea about the prevalence of each type of expenditure among foundations. But as this includes a very broad range, an analysis based on averages has its limitations<sup>15</sup>. As such, a complementary analysis was done based on how much is allocated to each type of expenditure.

15. For a comparison of issues addressed by foundations in Argentina, Brazil, Mexico and Colombia, see Villar. Villar, R. 2015: 71-73.

Graph 54 shows us the results of this analysis, where once again it can be seen that foundations spend far more on operating their own programs when compared to grantmaking. The graph shows that 81% of foundations allocated more than 50% of their budget to their own programs, 40% of foundations allocated between 50% and 80% and 41% of foundations more than 80% of the budget on their own programs. When looking at how much foundations spend on awarding grants, 76% of foundations allocated less than 50% of their budget on this, 28% less than 10% of their budget, and 24% of foundations between 11% and 20%, and 24% of foundations between 21% and 50% of their budget on grantmaking.

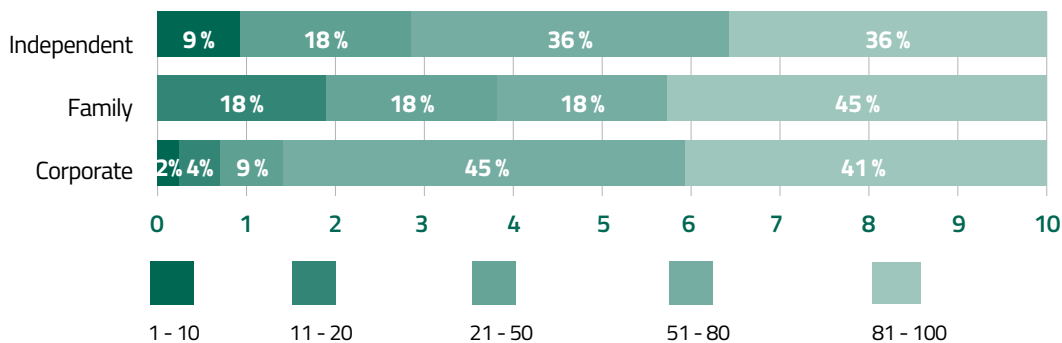
**Chart 54. Percentage of expenditure on program operating costs and grantmaking**



Source: Based on information provided by AFE for the GPR report.

Graphs 55 and 56 have the same information on expenditure but this time differentiated by type of foundation. Let's look at the most notable features for each type of expenditure. In relation to what foundations spend on operating their own programs, corporate foundations have the highest percentage when it comes to high expenditure totals. 86% of corporate foundations spend more than 50% of their budget on their own programs, while for independent foundations this percentage is 72% and among family foundations it is 63% (chart 55)

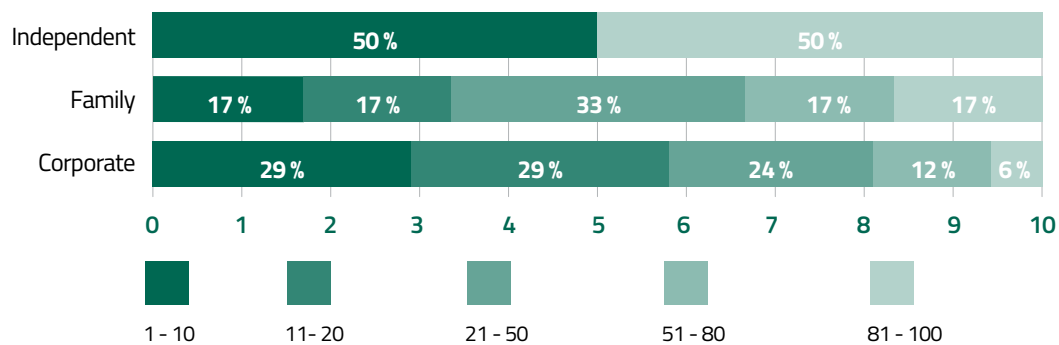
**Chart 55. Percentage of expenditure spent on operating programs**



Source: Based on information provided by AFE for the GPR report.

When looking at how much of the budget is spent on grantmaking, independent foundations are at both ends of the extreme in terms of spending. 50% of independent foundations allocated less than 10% of their budget on grantmaking, while the other half allocated between 51% and 80%. The percentages for family foundations are more evenly distributed. 34% of family foundations allocate less than 20% of their budget on grantmaking, while 33% allocate between 21% and 50% of their budget on grantmaking and 34% of family foundations allocate more than 50%. Corporate foundations are the ones that clearly allocate less to grantmaking, with 58% of corporate foundations allocating less than 20% to grantmaking and 24% between 21% and 50% of the budget on grantmaking. Only 18% of corporate foundations allocated more than 50% of their budget on grantmaking (graph 56).

Chart 56. **Percentage of expenditure on donations by type of foundation**



Source: Based on information provided by AFE for the GPR report.

#### 5.4. Why foundations award grants and run programs

Taking into account the high prevalence of foundations in Colombia that run their own programs and the low prevalence of grantmaking, we decided to hold a focus group with representatives of various types of foundations to understand the reasons behind this.

Among the key reasons foundations gave for opting to run their own programs was that such an approach gives them greater control and management over their projects, as well as an enhanced reputation and image that comes when results of programs run by foundations are directly attributed to them. Another point highlighted was that with grantmaking programs, including when programs are run by third parties, recognition for a foundation diminishes. Such recognition and image was

especially important for corporate foundations, which is why such foundations are the ones that least award grants. It was also said that foundations prioritize operating programs themselves in order to guarantee their quality. In turn this implies a high level of distrust that foundations have regarding the ability of civil society organizations to operate quality programs.

Regarding views on grantmaking, during the focus group it was interesting to hear the views of various representatives of foundations that run their own programs. They thought it was not possible to develop strategic change through grantmaking as this always has a “charitable” or welfare nature to it. However, representatives of foundations with grantmaking programs described the way in which their foundations strategically help a particular cause, complementing grants with strengthening processes, calls for proposals, implementing a results-based approach, and promoting impact in order to leverage resources to those causes that the foundation is committed to.

What became apparent among the focus group participants is that a careful analysis and rethinking about the role grants play in the task of pushing forward development, social change and in strengthening civil society organizations still has a long way to go<sup>16</sup>.

### **5.5. Support given to third parties, not including grants**

Support given by foundations to third parties, other than grants, refers to loans, investments or social impact bonds. As can be seen in graphs 57, 58 and 59, these innovative forms of support have a very low prevalence among Colombian foundations, and those which use such strategies in general do so infrequently. In the case of loans, 83% of foundations never provide this type of support; in terms of investments 75% do not provide this, and social impact bonds are rarely given with 94% of foundations saying they do not provide this type of support.

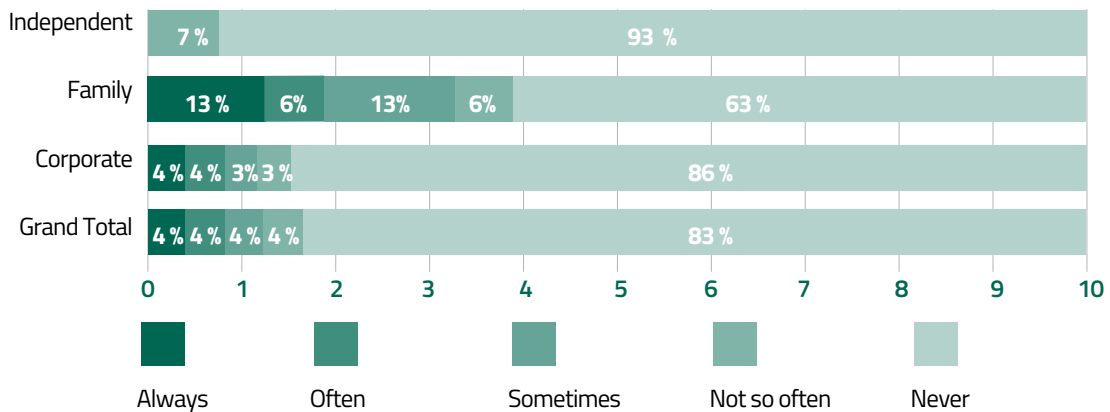
When analyzing the different kinds of support by type of foundation, it is interesting to note that in all cases family foundations are those foundations that use these strategies the most. Regarding support given through loans, 19% of family foun-

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16. To examine other issues about grantmaking in the foundation world in Latin America and the prevalence of which kind of foundations operate their own programs see Villar, R. 2015: 113-122

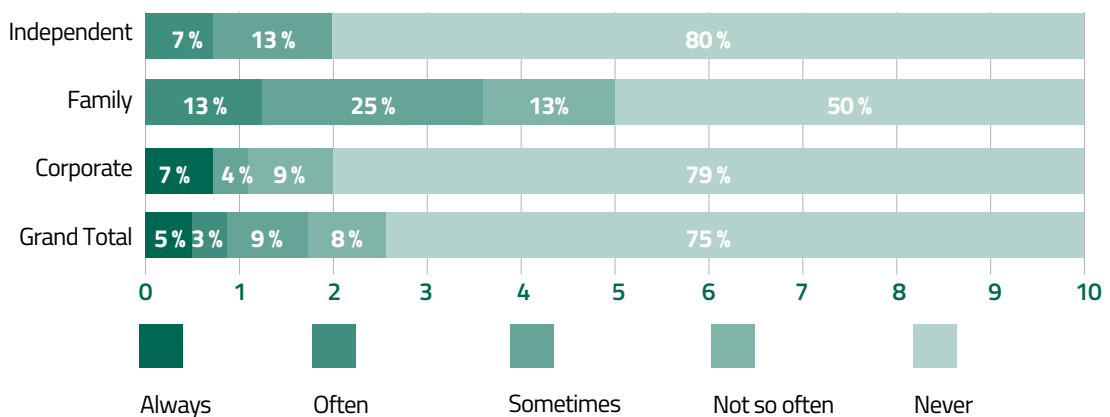
dations said they do this “always” and “many times”, compared to 8% of corporate foundations and 0% of independent foundations. Regarding investments, 13% of family foundations make investments “many times”, while in the case of independent foundations this percentage is 7%. Among corporate foundations, 7% “always” support by giving investments but none do so “many times”. Lastly, regarding social impact bonds, 25% of family foundations give this kind of support, either “always” or “not often,” while 7% of independent foundations do this, and only 1% of corporate foundations.

Chart 57. How often foundations give support through loans in percentages



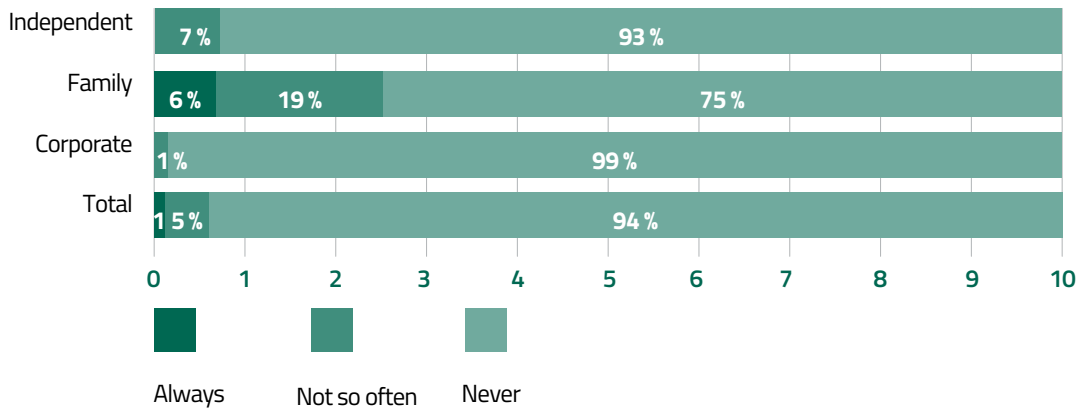
Source: Based on information provided by AFE for the GPR report.

Chart 58. How often foundations give support through investments in percentages



Source: Based on information provided by AFE for the GPR report.

Graph 59. **How often foundations give support through social impact bonds in percentages**



Source: Based on information provided by AFE for the GPR report.

## 5.6. Foundation administrative expenses

In this section, we will examine the administrative expenses foundations have. As we have seen earlier, the average amount spent on administrative expenses as part of a foundation's whole budget for donor foundations is 14% and for all foundations 19%. These figures vary according to the type of foundation. For corporate foundations, the percentage is lower (16%), for family foundations (19%) and for independent foundations (32%).<sup>17</sup>

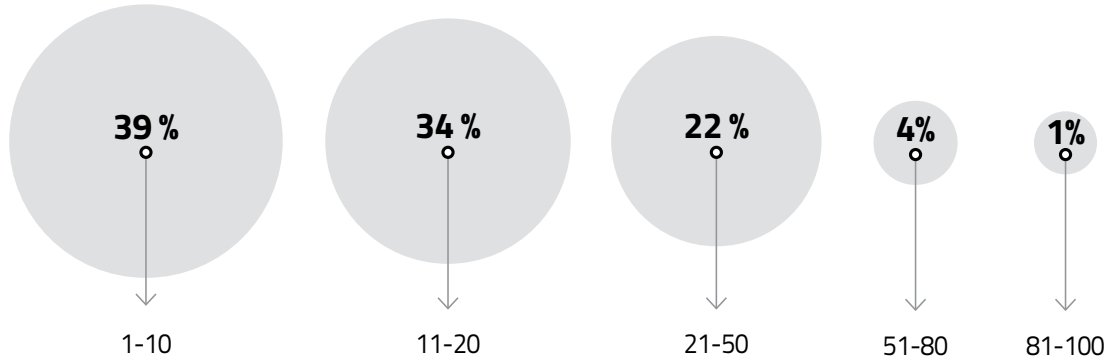
The vast majority of foundations (73%) allocate less than 20% of their budget on administrative expenses (chart 60). However, what stands out is that 22% of foundations allocate between 21% and 50% of their budget on administrative expenses, while 4% spend between 51% and 80%. In addition, 1% of foundations spend more than 80% and perhaps such a high number is more to do with a misunderstanding among some foundations as to what they consider to be administrative expenses when they responded to the survey.

Chart 61 shows administrative expenses based on the type of foundation. It can be seen that 79% of corporate foundations and 77% of family foundations spend less than 20% of their budget on administrative costs, while among independent founda-

17. The survey didn't provide a definition of administrative expenses so each foundation answered according to their own definition of the term.

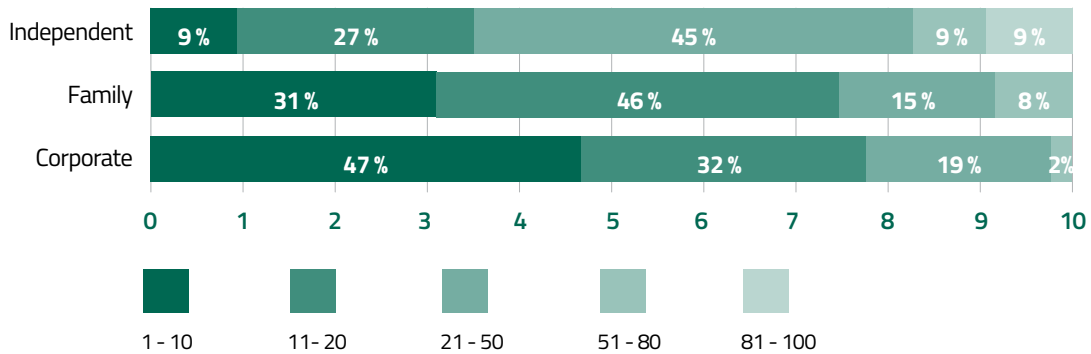


Chart 60. Percentage of expenditure on administrative costs



Source: Based on information provided by AFE for the GPR report.

Chart 61. Percentage of expenditure on administrative costs according to type of foundation



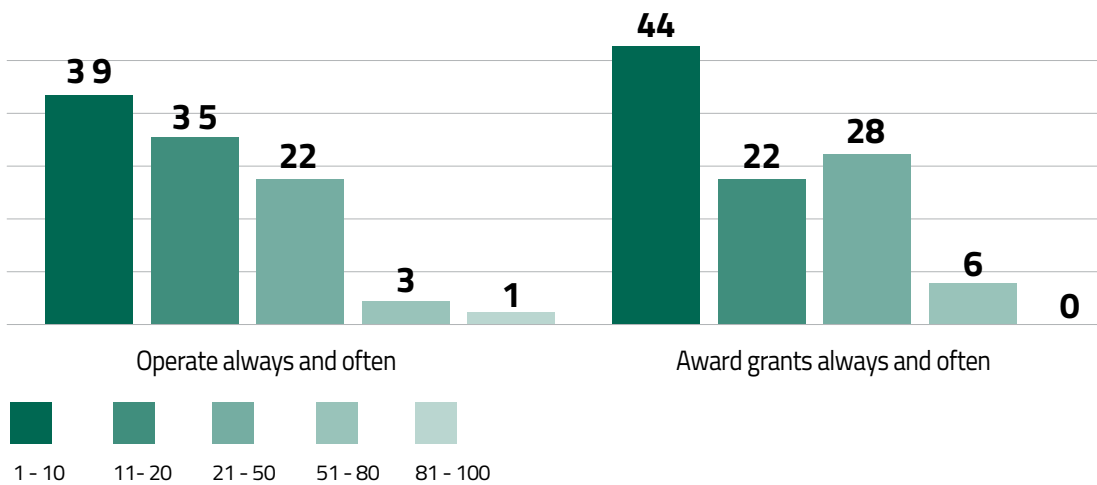
Source: Based on information provided by AFE for the GPR report.

tions this is much lower (36%). By contrast, 45% of independent foundations allocate between 21% and 50% of their budget on administrative expenses, while business and family foundations have much lower figures at 19% and 15% respectively.

We crossed data to examine if the amount foundations spend on administrative expenses depended on if a foundation ran their own programs or if it was a grantmaking foundation or how often grants were awarded and programs were implemented. But no correlation between these variables was found. We had hypothesized that foundations who operate their own programs have higher administrative expenses than grantmaking foundations. But as chart 62 shows, foundations that operate programs

“always” and “many times” like those foundations that award grants “always” and “many times” both follow similar patterns in terms of their administrative expenses. This trend also roughly coincides with the general pattern shown by all foundations as shown earlier in chart 60.

Chart 62. **Percentage of foundations that operate and award grants “always” and “very often” based on percentage of administrative costs**



Source: Based on information provided by AFE for the GPR report.

To summarize, the key findings in this section are the following: in Colombia those foundations that run their own programs are more common than those foundations that award grants to third parties. In the Latin American context, Colombia is the country that has the lowest number of foundations that are purely grantmaking foundations and it is the country with the highest number of foundations that run their own programs. About a quarter of all foundations in Colombia award grants on a regular basis (“always” and “often”), while foundations that run their own programs reaches 94%. When examining the amount foundations allocate to grantmaking including those foundations with regular grantmaking programs, the survey showed the amount allocated to grants is significantly lower than what foundations allocate to operating their own programs.

When looking at the prevalence of grants and foundation run programs by type of foundation, what stands out is that a higher percentage of family foundations award grants when compared to other types of foundations. Also, family foundations have

a bigger percentage of those that have grantmaking programs carried out on a more regular basis. Family foundations, together with independent foundations, are the ones that allocate the highest percentage of their budget on grants. By contrast, corporate foundations have the highest percentage of foundations that operate their own programs and they do so more often. Corporate foundations also have the highest proportion of foundations with high budgets allocated to operating programs.

Support to third parties, such as loans, investment and social impact bonds (but not including grants) are not at all common among Colombian foundations. Of those foundations that provide this kind of support, family foundations stand out more than independent and family foundations.

Lastly regarding administrative expenses, the average spent on this is 19% of the budget, with corporate foundations spending the lowest amount and independent foundations the highest amount.



# VI. COLLABORATION AMONG FOUNDATIONS AND WITH GOVERNMENTS

## Summary

A very high number of foundations collaborate with other foundations, including in the design, implementation and financing of projects and they learn in a collaborative way. Likewise, the majority of foundations collaborate with the government, establishing public-private partnerships and co-financing projects. The alignment of the work of foundations with governments at the national, regional, and local level is also quite widespread.

When comparing the extent of cooperation among different types of foundations, collaboration among them and with the government is in general quite widespread too. But in all cases, family foundations tend to collaborate the least with other types of foundations. Equally, family foundations are the ones whose work is least aligned with government priorities.

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Collaboration between foundations and with governments is a key strategy with which to promote philanthropic activity with greater impact. The Global Network of Foundations Working for Development, (netFWD), promoted by the OECD, has identified collaboration, forming partnerships, multi-sectorial dialogue and information sharing as the basis of its “Guidelines for Effective Philanthropic Engagement.”<sup>18</sup> According to these guidelines, the purpose of collaboration is to “initiate and consolidate partnerships between different relevant sectors that can promote synergies and capitalize comparative advantages of philanthropic organizations, the government and other actors to go from collaboration to development, and in such a way make progress towards a shared vision of the world that is more inclusive and sustainable.”<sup>19</sup>

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18. The OECD network, *Foundations Working for Development*, netFWD, published “Guidelines for Effective Philanthropic Engagement” in 2014, in partnership with the European Foundation Centre (EFC), the UNDP’s STARS Foundation, WINGS, a global organization that supports grantmaking organizations, and the Rockefeller Foundation.

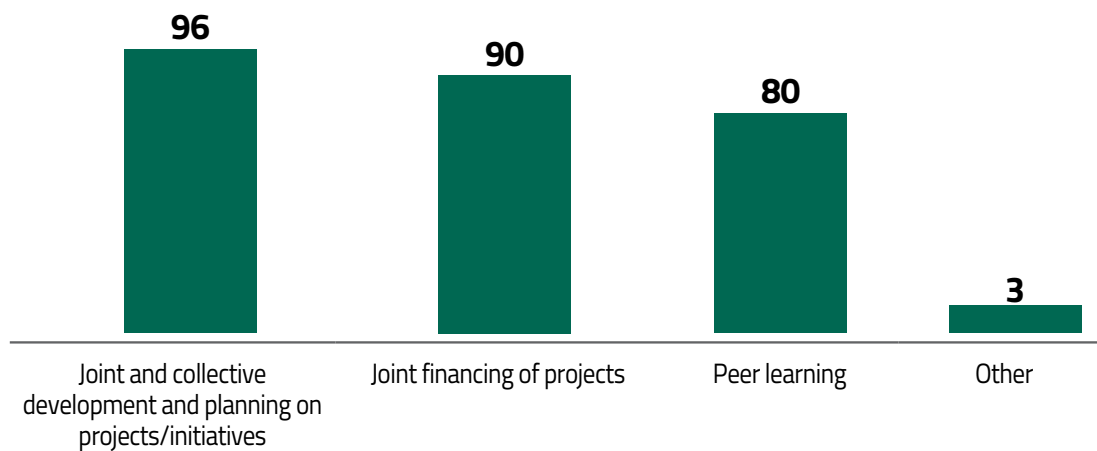
19. See netFWD, “Guidelines for Effective Philanthropic Engagement.”

Taking into account the importance of collaboration and partnerships in the foundation world, the survey asked respondents about this issue including how foundations collaborate with each other and with governments. In this section, the key results are laid out.

### 6.1. Collaboration among foundations

Collaboration between Colombian foundations is an essential part of how they operate. The vast majority (98%) of those surveyed said that they collaborate with other foundations in different ways. As can be seen in graph 63, the main way foundations collaborate is by co-designing and co-developing programs and initiatives (96%), followed by co-financing projects (90%) and peer learning (80%).

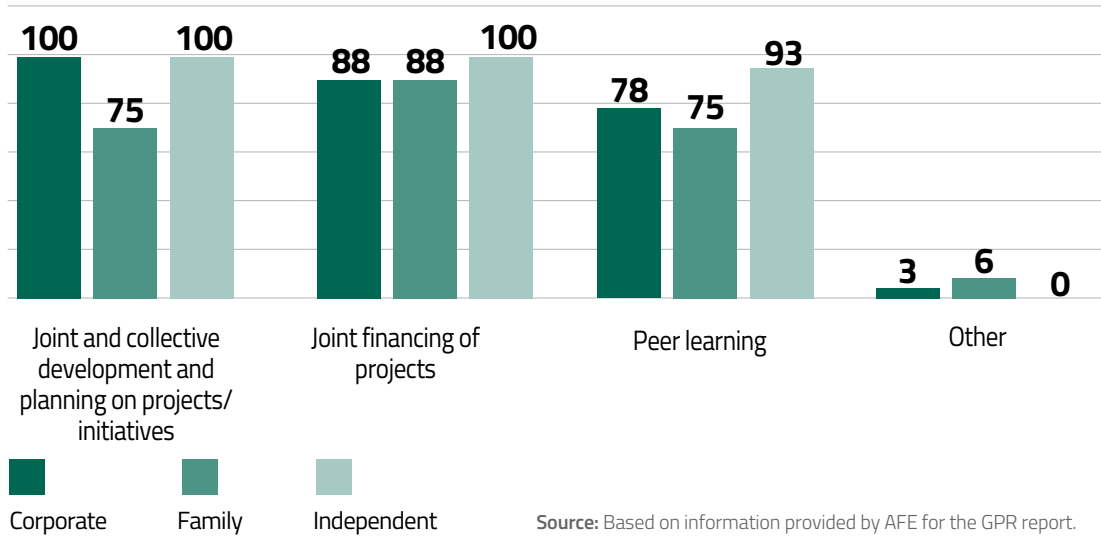
Chart 63. **Percentage of foundations according to collaboration among foundations**



Source: Based on information provided by AFE for the GPR report.

Chart 64 shows that, for the different types of foundations, the various strategies foundations collaborate with one another are important. However, among family foundations the percentage of those that collaborate with others is a little lower than collaboration between corporate and independent foundations. This is also found regarding the co-design of projects (75% of family foundations versus 100% of business and independent foundations), the issue of peer-to-peer learning (75% of family foundations versus 93% of independent foundations and 78% corporate foundations) and joint project financing (88% of family foundations, versus 100% independent foundations and 88% of corporate foundations). In contrast, independent foundations are those that show a greater level of collaboration with others in terms of co-designing projects, peer-to-peer learning and joint project financing.

Chart 64. **Percentage of foundations according to type of collaboration between foundations, by type of foundation**

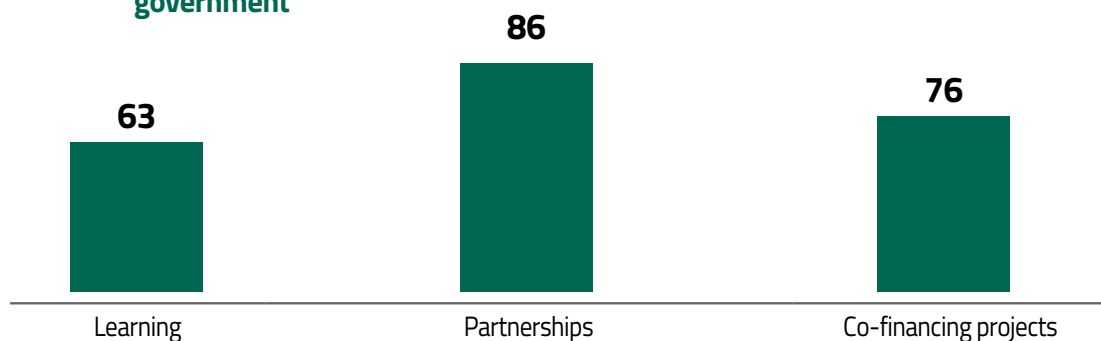


## 6.2. Foundation collaboration with governments

As shown above, there is a high level of collaboration among Colombians foundations and their collaboration with governments is also very widespread, with 90% of foundations surveyed saying they do so in various ways.

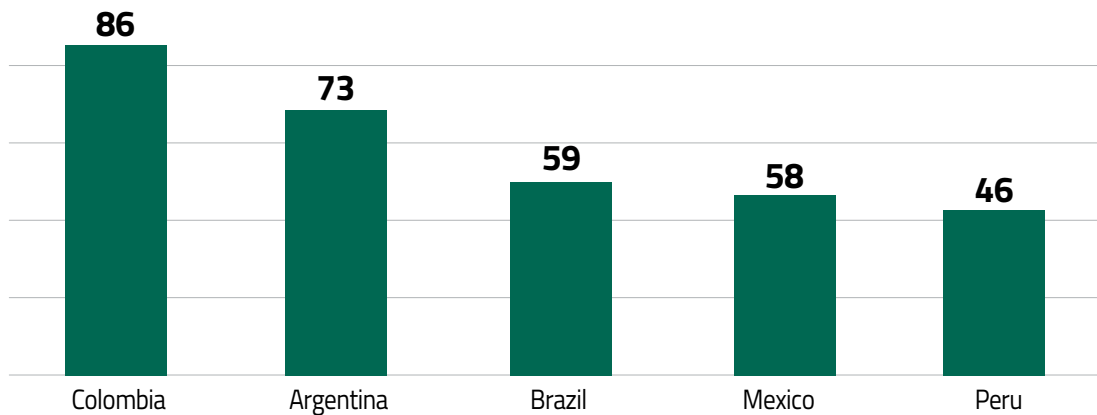
The most widespread way is the setting up of partnerships, with 86% of foundations surveyed said they have established partnerships with the government. This is followed by 76% of foundations saying they and the government co-finance projects and programs. Finally, joint learning between foundations and governments has been used by 63% of the foundations surveyed (figure 65).

Chart 65. **Percentage of foundations according to the way they collaborate with the government**



The high level of collaboration of foundations in Colombia with the government is a feature of institutional philanthropy that stands out in the region. In chart 66, the percentage of Colombian foundations that form partnerships with the government is the highest in Latin America and considerably higher than in Brazil, Mexico, and Peru. In Colombia, there is not only a long experience of establishing public-private partnerships but also that important models, tools and mechanisms have been set up that facilitate this type of collaboration. (Villar, R. 2015: 105-107).

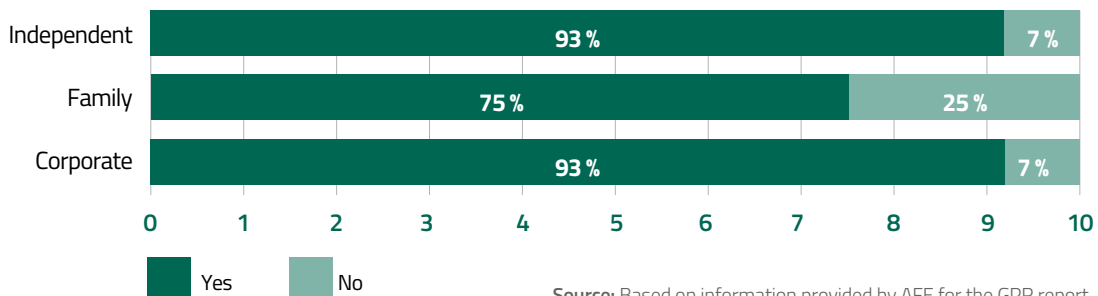
Chart 66. **Percentage of foundations with government partnerships**



Sources: GIFE, 2015; OCDE, NETFWD, 2016; AFE, 2017; CEFIS, 2017; The University of the Pacific, 2017.

When analyzing how different types of foundations collaborate with the government, it is clear that all collaborate to a high degree but among family foundations their level of participation with the government is a little less. 25% of family foundations do not collaborate with the government, while among business and independent foundations this percentage is 7% (figure 67).

Graph 67. **Percentage of foundations that collaborate with the government, according to type of foundation**



Source: Based on information provided by AFE for the GPR report.

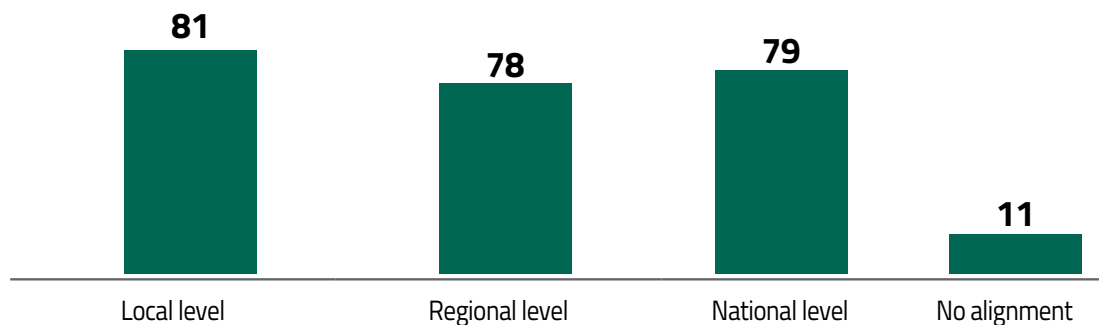


### 6.3. Alignment of foundation work with government priorities

Aligning a foundation's objectives and areas of work with government priorities is not exactly a form of collaboration with the government but it is an opportunity to focus efforts on shared issues and, therefore, to facilitate synergies. As it is possible to work in an aligned way with the government, without establishing partnerships or other forms of collaboration, the results of this approach are examined separately.

Like with the issue of collaboration, the alignment of foundation work with government priorities seems to be widespread among all types of foundations. 89% of foundations reported being aligned with government priorities. It is interesting to note that such alignment is established in a similar way with the different levels of government. At the local level, 81% of foundations reported being aligned with government priorities, at the national level 79% and at the regional level 78% (graph 68).

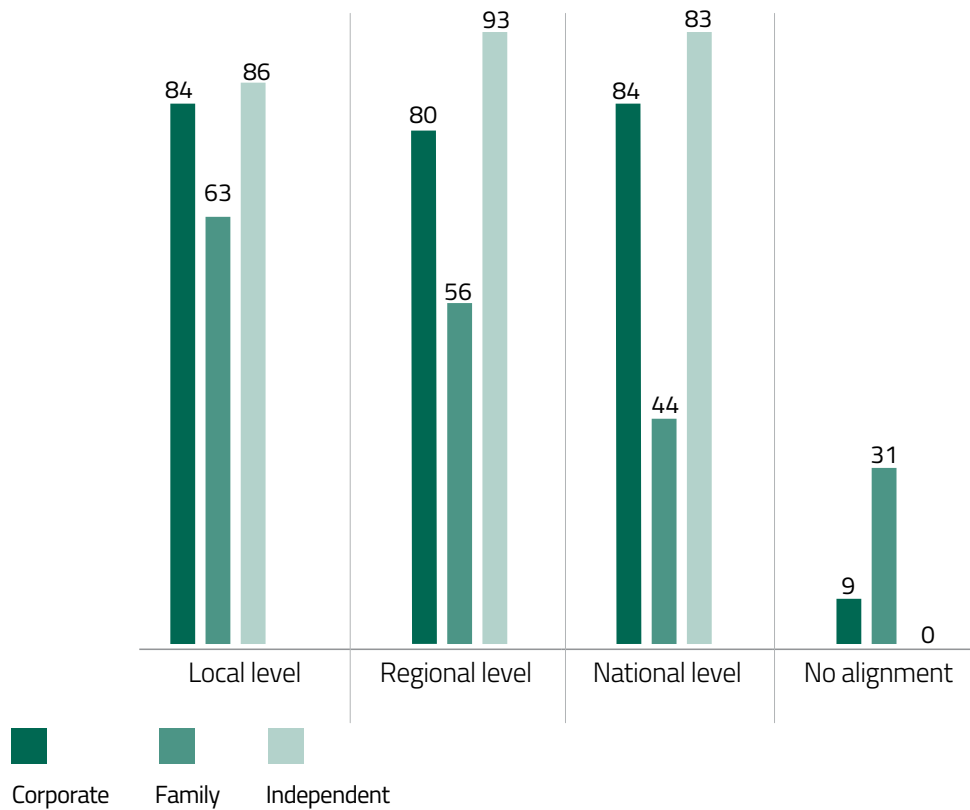
Chart 68. **Percentage of foundations whose work is aligned with government priorities, according to levels of government**



Source: Based on information provided by AFE for the GPR report.

As seen when examining collaboration among foundations, when alignment is analyzed by type of foundation, it can be seen that the work of family foundations are aligned to a smaller degree to government priorities when compared to other types of foundations, and that independent foundations do so to a greater degree. As graph 69 shows, 44% of family foundations reported being aligned with government priorities at the national level, compared to 84% of corporate foundations and 93% of independent foundations. At the regional level, the percentage of family foundations who reported being aligned with government priorities was 56% versus 80% of corporate foundations and 93% of independent foundations. At the local government level, family foundations have the highest number of such foundations aligned with government priorities (63%). However, this percentage is lower than that of corporate foundations (84%) and independent foundations. (86%).

Chart 69. **Percentage of foundations whose work is aligned with government priorities, according to levels of government, by type of foundation**



Source: Based on information provided by AFE for the GPR report.

From the above analysis, it is clear that collaboration among foundations and with the government is a notable feature of Colombian institutional philanthropy in the Latin American context. A very high percentage of foundations collaborate with others - designing, implementing and financing projects and learning collaboratively. Likewise, most foundations collaborate with the government, establishing public-private partnerships and co-financing projects. The alignment of the work of foundations with the government at the national, regional and local level is also quite widespread.

When comparing types of foundations, collaboration among them and with the government is in general quite widespread too. But in all cases, family foundations tend to collaborate less than the other types of foundations. Likewise, the work of family foundations is the least aligned with government priorities.

# VII. HOW FOUNDATIONS USE EVALUATION

## Summary

The use of evaluation is widespread among Colombian foundations. Needs assessments, and process and results evaluations are carried out by a high number of foundations, while impact assessments are carried out by a smaller number of foundations. With the exception of impact assessments, other types of evaluation are largely carried out by a foundation's internal team. Independent foundations stand out for conducting more different types of evaluation.

Foundations mainly use assessments to learn about their programs and to revise and adapt them accordingly. The second main reason why foundations conduct evaluations is to have evidence with which to influence public policy and show their results to the public. Evaluations are also used by foundations to have information for fundraising, though this is less widespread.

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Evaluations are an essential tool for foundations to carry out their work in a professional way and are an indicator of their institutional strengthening. Conducting evaluations is key for foundations when they are analyzing processes, their programs' results and impact, and to re-adjust programs and project agreements according to the findings obtained from evaluations. Understanding how widespread the use of evaluation is among foundations and what type of evaluation is most frequently used is important in order to have a clearer picture of a particular foundations' progress in a country in terms of knowledge management. As such, several questions in the survey focused on the issue of evaluation and the main findings area outlined in this section.

### 7.1. How many foundations carry out evaluations?

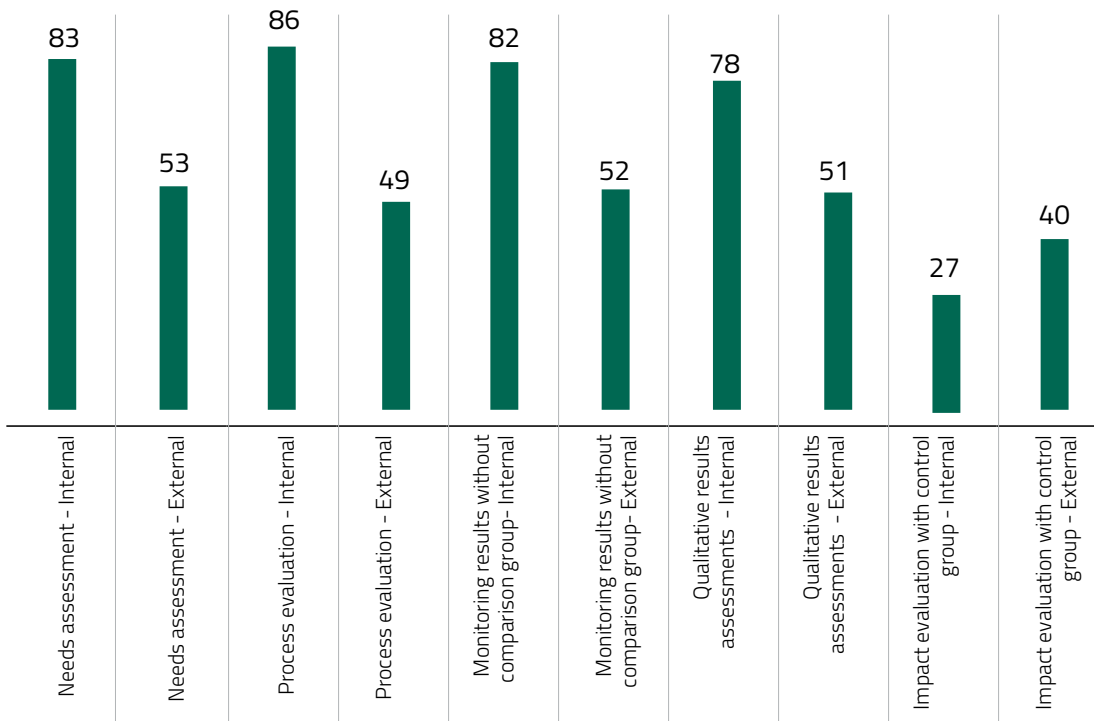
The use of evaluation is quite widespread among Colombian foundations. A little more than three quarters (77%) of foundations surveyed said they conduct evaluations. Taking into account that evaluations are used to a great extent, it is important to know what type of evaluations are being conducted and if they are carried out by a team within the foundation or an external one. Chart 70 shows that needs assess-

ments, and processes and results evaluations are conducted by a relatively similar proportion of foundations but impact assessments are carried out by a significantly smaller group of foundations.

On the other hand, graph 70 shows that, with the exception of impact assessments, for all other types of evaluations the number of foundations that carry out their own assessments is greater than those who hire external teams to do this. 86% of foundations carry out process evaluations with their own teams; 83% needs assessments with their own teams and 78% of foundations qualitative results assessments. A low percentage (27%) of foundations carry out their own impact assessments.

The percentage of foundations that hire external teams to carry out different types of evaluation are also similar, apart from numbers for impact assessments. 53% of foundations hire external teams to carry out needs assessment, 51% qualitative results evaluations and 49% process evaluations. The percentage of foundations that hire external teams to conduct impact assessments is less (40%).

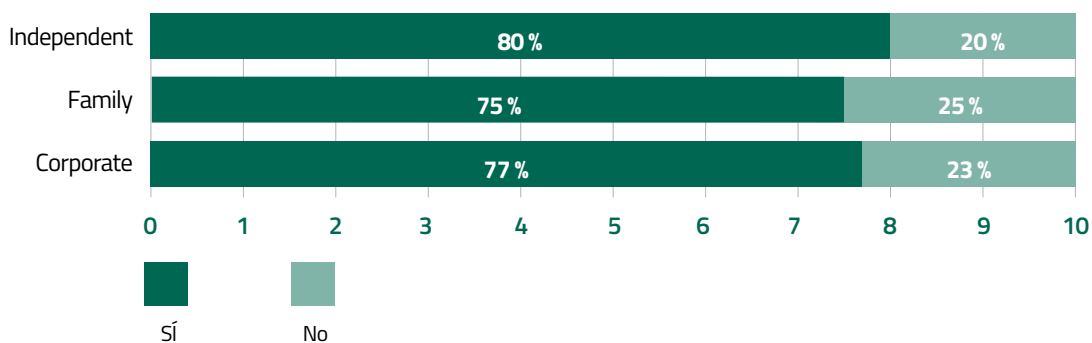
Chart 70. **Percentage of foundations by type of evaluation**



Source: Based on information provided by AFE for the GPR report.

The difference between the types of foundations and their overall use of assessments is not that different. Independent foundations have the highest percentage of foundations that conduct evaluations (80%), followed by corporate foundations (77%) and family ones (75%) (graph 71).

Chart 71. **Percentage of foundations that use evaluation, by type of foundation**



Source: Based on information provided by AFE for the GPR report.

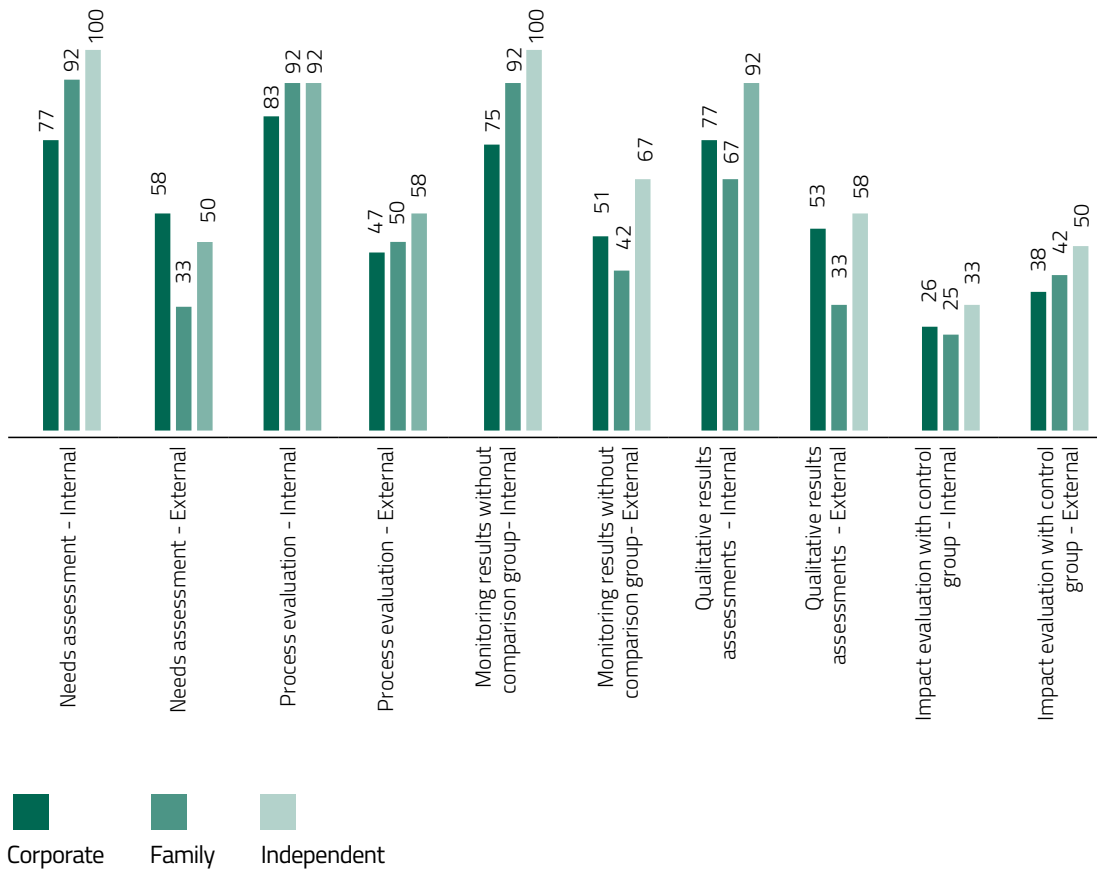
When comparing the use of evaluation by type of foundation, graph 72 shows that in all cases, with the exception of needs assessments conducted by external teams, independent foundations conduct the most assessments. Corporate foundations have the highest percentages when it comes to carrying out needs assessment conducted by external teams and qualitative results assessments done internally by the foundation itself.

## 7.2. Why do foundations conduct evaluations?

Foundations benefit from conducting evaluations in different ways, which complement each other. According to the vast majority of foundations surveyed (98%), the main benefit is to learn and to adapt their programs and projects accordingly. 54% of foundations said they conducted evaluations to have evidence with which to influence public policy. 51% of foundations said they use results from evaluations to show others about their results and work. A little less than a third of foundations (31%) said they conduct evaluations to have information for fundraising (chart 73).

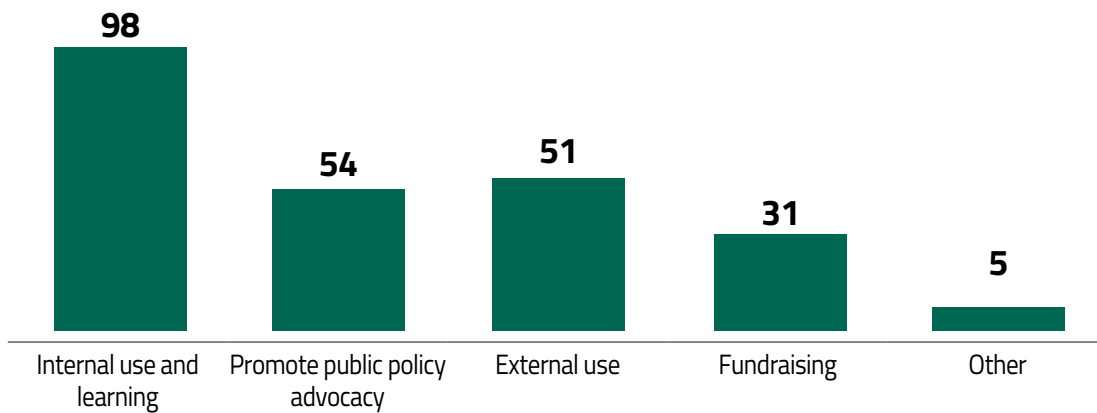
When examining the use of assessments by different types of foundations, it can be seen that in terms of using them for learning and fundraising there are no big differences (graph 74). However, when assessments are used for public policy advocacy ,

Chart 72. **Percentage of foundations according to type of evaluation conducted, by type of foundation**



Source: Based on information provided by AFE for the GPR report.

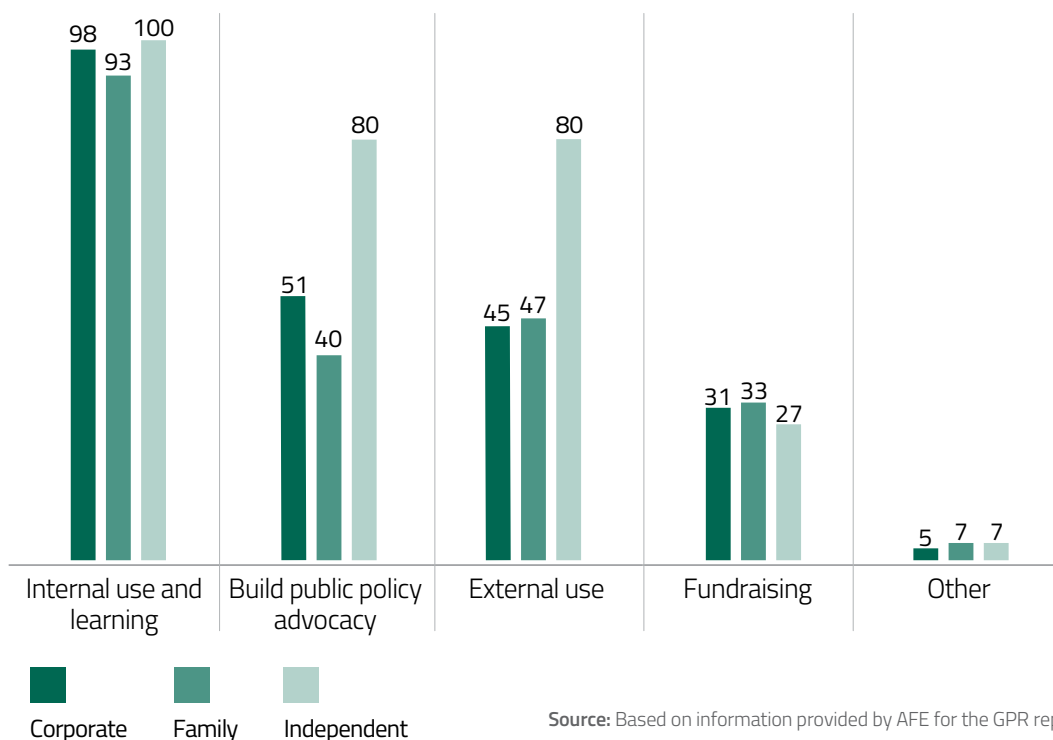
Chart 73. **Percentage of foundations according to use of evaluation**



Source: Based on information provided by AFE for the GPR report.

independent foundations show a higher percentage (80%) versus 51% of corporate foundations and 40% of family ones. Regarding the use of evaluations for external use, this is done by 80% of independent foundations versus 47% of family foundations and 45% of corporate ones.

Chart 74. **Percentage of foundations according to use of evaluation, by type of foundation**



In this section, we saw that the use of evaluation is quite widespread among Colombian foundations. Needs assessments, process and results evaluations are used by a high number of foundations, while impact assessments are carried out by a smaller number of foundations. With the exception of impact assessments, most other types of evaluations are mainly carried out by the foundations themselves. Independent foundations stand out for their greater use of all different types of evaluation.

Foundations mainly conduct assessments to learn and to adapt their programs accordingly. Next in importance is having evidence for public policy advocacy and to show their results to the public. Carrying out assessments to have information that can be used for fundraising is less widespread.





# CONCLUSIONS AND SUGGESTIONS

This last section focuses on summarizing the study's main findings and includes suggestions for recommendations for the future of foundations in Colombia. The first part outlines the study's main findings and the second part outlines the recommendations.

- *Of all the types of foundations, corporate foundations have been created most recently and they are more prevalent than family and independent foundations.* In Colombia, foundations have a long tradition. The first foundations were established in the mid-20th century. However, the pace at which they were established increased during the 21st century. A little less than half of all existing foundations in Colombia were created in the 21st century. Most of the newly founded foundations are corporate ones, of which they are currently more in relation to family and independent foundations.
- *Governance in Colombia's foundation sector is highly formalized.* In general, the foundation world in Colombia is highly formalized. All foundations have a formal governing body, with an average of 7.7 members, who are mostly men. In two-thirds of all foundations, outsiders or people not employed by the foundation participate in foundation governing bodies. Most foundations have a policy for selecting governing body members, which is formally established and laid out. In half of all cases, a foundation's assembly or board of directors select their governing body members, while in the other half of cases members are selected by an individual or group of people associated with the foundation (be it its founder, president, company owner, or family council). Selecting governing body members is most often done by direct appointment, followed by holding an election and a combination of both methods. In most foundations, members of governing bodies carry out their work on a voluntary basis, and in general foundations do not allow such members to be hired to provide them with professional services.
- *Public access to reports produced by foundations is fairly widespread but there are significant differences in terms of the type of report produced.* Three quarters of foun-

dations allow their activity reports to be made available to the public. Two thirds of foundations publish audited financial statements but only a third publish expense summary reports. From the survey, it is clear that a large number of foundations produce reports but do not make them available to the public. The biggest difference between producing a report and making it publicly available is seen in the case of expense summary reports, followed by audited financial statements, activity and donation reports.

- *Among foundations in Colombia, small and medium-sized foundations are more prevalent in terms of the number of people employed and the different financial variables.* In terms of size, small foundations (those with less than 10 employees) are most common. The prevalence of volunteers who support a foundation's operation is generally low in Colombia. In relation to financial variables (assets, endowments, income and expenditure), half or a little more than half of all foundations are found to in the group of foundations with low amounts of income (up to \$ 5 billion). Between a quarter and a third of all foundations have average amounts of income between \$ 5,001 to \$ 20,000 million, and the percentage of those foundations with incomes of more than \$ 20,000 million vary from 27% to 9%.
- *Corporate foundations have the lowest financial variables.* The average totals for corporate foundations in terms of all the financial variables (assets, endowments, income and expenditure) are considerably lower when compared to other types of foundations, while independent foundations have slightly higher total averages than family foundations. Within the group of corporate foundations, there are more foundations with smaller amounts (up to \$5,000 million Colombian pesos) for all the financial variables. Within the group of the highest amounts (more than 20,000 million Colombian pesos), family foundations are most prevalent in terms of assets and endowments and independent foundations in the case of income and expenditure.
- *Education is a priority issue for foundations in Colombia, followed by other key issues relating to Colombia's development, while some critical issues have little support among foundations.* In Colombia, as in other Latin American countries, education is a priority issue for foundations. Next in importance is support for entrepreneurship and social enterprises, early childhood care, economic development, habitat and housing, community and grassroots development,

arts and culture. Support for other critical issues in the Colombian context is very low, such as institutional strengthening, alleviating and overcoming poverty, conflict resolution and peace building, human rights and public security.

- *There is a high degree of alignment of foundation work in relation to the overall SDG objectives but little in terms of specific SDG goals and indicators.* Most foundations in Colombia claim their work is aligned with the SDGs. However, such alignment should be understood more as working on SDG issues than on specific SDGs goals or indicators used to measure progress made on the SDGs. Foundations say their work in terms of the SDGs is most aligned in the following areas - quality education, health and well-being, decent work and economic growth, ending poverty. There is very little alignment with foundation work and those SDGs related to environmental issues, along with the promotion of peaceful societies and gender equality.
- *Foundations use the question of age more as a criteria than social issues when deciding which communities to prioritize.* Regarding those communities foundations work with age is more important (adolescents, older youth, school-age and pre-school children) than social criteria (people living in poverty, indigenous, displaced and LGTB communities, etc.). Regarding the type of institutions foundations support, organizations, and in particular, non-profit organizations are the most common. However, it is also quite common for foundations to give direct support to particular individuals, and this is even more common than support given to schools, universities and hospitals. The local community or areas close to a foundation's office are where foundations center their activities. However, more than half of all foundations have programs in the local community and outside of it.
- *Among foundations in Colombia, it is more common for foundations to run their own programs than to award grants to third parties.* Regarding the way in which foundations carry out their work, foundations operating their own programs is more prevalent than the strategy of awarding grants to third parties. In Latin America, Colombia is the country with the largest number of foundations who run their own programs. About a quarter of all Colombian foundations award grants on a regular basis. This contrasts sharply with the 94% of

foundations which operate their own programs. Foundation support to third parties, other than grants (loans, investments or social impact bonds), is not very common among Colombian foundations.

- *Collaboration is a prominent feature among Colombian foundations.* In this regard, Colombian institutional philanthropy stands out in the Latin American context. A very high percentage of foundations collaborate with other foundations – in the design, implementation and financing of projects, while learning collaboratively. Likewise, foundations collaborate with the government by establishing public-private partnerships and co-financing projects. The alignment of the work of foundations with governments at the national, regional and local levels is also quite widespread.
- *Evaluation is a tool used widely among Colombian foundations.* Needs assessments, process and results evaluations are conducted by a high number of foundations, while impact assessments are carried out by a smaller number of foundations. With the exception of impact assessments, which are mainly conducted by external teams, other types of assessments are conducted more often by the foundations themselves. Foundations mainly use assessments from which to learn from and to adapt their programs accordingly. Next in importance is the use of evaluations by foundations so they have evidence with which to influence public policy and to show their results publicly. Using information from assessments for fundraising is less widespread.

*There are significant differences between corporate, family and independent foundations.* An important finding of this study was to determine these differences. The following were identified:

- *Of all the different types of foundations, corporate foundations were the ones most recently created and they are the most common type of foundation in Colombia.* Corporate foundations have smaller teams and have the lowest average annual expenditure, the lowest average income in terms of assets, the lowest proportion of women on their governing bodies and the least number of people who are outside of the company participating in them. In general, corporate foundations have programs in areas where the company operates in but a large number also work in areas where the company does not operate in. Among all the differ-

ent types of foundations, corporate foundations are those that have the highest number of foundations that run their own programs.

- *Family foundations are the oldest type of foundation in Colombia.* They have the highest proportion of women on their governing bodies, while family foundations are the ones that least make their reports available to the public. When compared with different types of foundations, family foundations are the ones that have the highest number of endowment funds with a higher average value. Family foundations support a greater number of key issues and have a higher percentage of foundations supporting critical and controversial issues in the Colombian context. For family foundations, social issues are more important than age when it comes to selecting which communities they give support to. When analyzing their work and its alignment with the SDGs, family foundations have the highest proportion working on issues aligned to the SDGs that are not common among other types foundations, such as environmental issues and those related to the promotion of peaceful societies and gender equality. Among family foundations, there is a higher percentage of foundations that give donations, and also a greater proportion that use this as a strategy on a regular basis and allocate more spending on this. Family foundations are those foundations that use other forms of economic support other than donations, such as investments, impact bonds, and loans. Family foundations tend to collaborate less with other foundations and are the ones whose work is least aligned with government priorities.
- *Independent foundations are those foundations with the biggest staff teams.* They have the highest average in terms of assets, income and expenditure and have a high number of people outside of the foundation on their governing bodies. Independent foundations, followed by corporate foundations, are those that most operate their own programs. Independent foundations also have a higher proportion of foundations that make their reports available to the public, and are the ones that most use different types of evaluations.

Taking into account the above landscape of the foundation sector, the following recommendations can be made for the future of foundations in Colombia.

- *Promote diversity.* Taking into account the high prevalence of corporate foundations in Colombia, it would be important for Colombia's foundation sector to

have greater balance in the future, including an increase in the number of family and independent foundations, as well as establishing community foundations, which do not currently exist in the country. Such diversity in the type of foundations would be reflected in a greater diversity in the issues foundations support, strategies they develop, communities served and the areas where foundations work for institutional philanthropy in Colombia.<sup>20</sup>

- *Promote the use of donations.* Given the very high prevalence of foundations running their own programs and the small number of foundations that have strategic donation programs, it is recommended that Colombian foundations increase the strategy of giving donations in the future. Currently, there are a wide range of competent civil society organizations with innovative initiatives that need resources to push forward their projects. A bigger flow of donations from foundations to these organizations would allow for greater social action supported by institutional philanthropy.
- *Strengthen the alignment of foundation work with the SDGs.* There is an interest among foundations to align their work with the 2030 agenda and specifically with the SDGs. This alignment involves prioritizing these objectives at the national, regional and municipal levels and establishing inter-institutional coordination efforts to generate synergies with which to achieve the proposed goals, as well as joint actions to make progress towards the SDGs indicators. Continuing the efforts of the AFE in this regard would contribute significantly to the country's development and to the strengthening of existing collaboration strategies in Colombia.
- *Continue efforts to promote transparency and public access to reports produced by foundations.* Colombian foundations have made important progress on the issue of transparency but there is still a way to go. Increasing the number of foundations that make their reports available to the public would contribute towards the path of transparency in the foundation world.<sup>21</sup>

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20. Regarding the issue of diversity, see other points made in Villar R. 2015: 143-144.

21. Regarding the issue of diversity, see other points made in Villar R. 2015: 143-144.

- *Deepen collaboration.* The long tradition of collaboration among foundations and foundations collaborating with the government is a great asset for Colombia's post-conflict phase. The country's post-conflict phase requires a high level of inter-institutional coordination, shared agendas and collaborative work at the regional level. Deepening such collaboration would contribute in an important way to the creation of sustainable communities in different regions across Colombia.

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The Association of Family and Corporate Foundations - AFE Colombia serve as a platform to their associates to advance collectively in the search for sustainable changes over time.

The three axes of AFE are: connecting, advocating and communicating to achieve greater articulation and effective collaboration among its associated foundations and other stakeholders. AFE integrates the knowledge and experience of its associates, which are characterised by their understanding and commitment to the territories and with the communities, and puts it at the service of the public agenda, promoting and concretizing efforts that contribute to the construction of a more sustainable, equitable and fair country.

AFE makes visible the commitment of the collective and each one of its associates to achieve structural changes towards the construction of a better country.

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