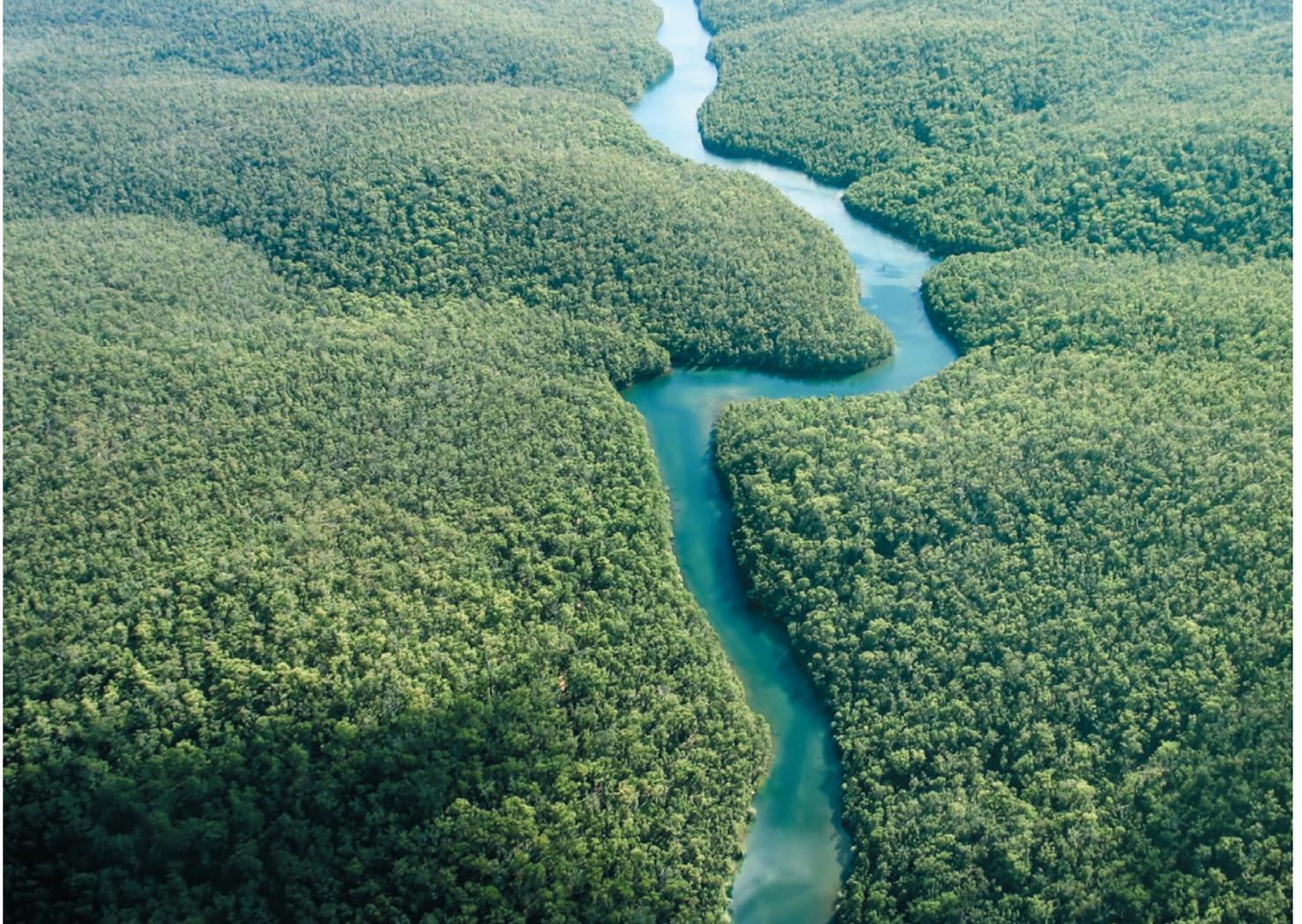


# From Prosperity to Purpose

Perspectives on Philanthropy and Social Investment among  
Wealthy Individuals in Latin America



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Dear reader,

Latin America is a fascinating region given its rich cultural heritage and diverse people. Their generosity is well-known, with the concept of helping one's neighbor deeply set through a long history of charitable giving. With the emergence of more stable democracies and accumulation of personal wealth we see increasing interest from the region's wealthy individuals to engage in philanthropy and social investment given the dramatic changes over the past 50 years and the myriad challenges facing the region.

But literature on this subject is sparse, particularly when looking from a regional perspective. We therefore wanted to shed light on this increasingly important topic. What characterizes philanthropy in Latin America? What do philanthropists and social investors aspire to? Why do they give and to what causes? What are some of the perceived challenges and opportunities for the further development of philanthropy and social investment in the region? These were some of the questions we aimed to answer in this study.

At UBS, in order to be at the forefront of philanthropic thinking, we are committed to sharing the latest insights on trends and innovations. We are also dedicated to sharing our proprietary research pieces to advance the philanthropy sector. Therefore, answering these questions today is essential for us to continue to build the philanthropy and social investment sectors globally.

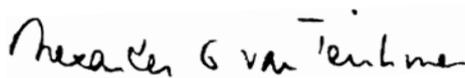
Our commitment to philanthropy in Latin America dates back to 2004, when we started providing our clients in the region dedicated philanthropic support. That same year we initiated the UBS Visionaris Social Entrepreneurship Award, through which we have supported leading social entrepreneurs in Argentina, Brazil and Mexico. In 2010, we organized a Global Philanthropy Forum in Mexico, where our clients from Latin America were exposed to global best practices in philanthropy. This research is the latest example of our continued commitment to philanthropy in the region.

This study was conducted in partnership with the Hauser Institute of Civil Society at Harvard University. Harvard brought not only its expertise and critical thinking about civil society but also a deep understanding of the regional context through the experience of the study team and the David Rockefeller Center for Latin American Studies.

Our sincere gratitude goes also to all those who have contributed to this research and the many Latin American philanthropists, social investors and experts who have openly shared their philanthropic motivations, vision, activities and ambitions for the sector in Latin America.

We hope that our findings will further Latin American philanthropy and social investment towards more effective impact and encourage others to embark on this exciting journey. As José Martí once said, *"Ayudar al que lo necesita no sólo es parte del deber, sino de la felicidad"*<sup>1</sup>.

Yours sincerely,



Alexander G. van Tienhoven  
Head, UBS Wealth Management  
Latin America & Caribbean



Silvia Bastante de Unverhau  
Head, Philanthropy Advisory

<sup>1</sup> "Helping those in need is not only part of a duty, but of happiness"



DAVID ROCKEFELLER CENTER  
FOR LATIN AMERICAN STUDIES  
HARVARD UNIVERSITY

Dear Reader,

The discussion of philanthropy is of paramount importance in Latin America, and its practice is at a critical juncture, poised either to soar or to languish indefinitely. Beyond any inherent importance of “*giving back*” – a concept that may be more Anglo-Saxon or Northern-European than Latin – too many Latin Americans face intolerable levels of poverty, and we now find ourselves confronting a global trend in which the economic and social gaps between rich and poor continue to grow alarmingly. Those with the means to do so must help to correct these conditions.

In our individual countries, and region wide, we have witnessed immense economic growth and vast social improvements during our lifetimes, and many have benefitted significantly from these developments. However, we are now at a point where we have the opportunity, indeed the imperative, to convert a portion of private wealth to philanthropic capital and utilize it effectively to improve the quality of life for all of our citizens and to ensure that our countries continue on their courses of stability and prosperity.

**From Prosperity to Purpose: Perspectives on Philanthropy and Social Investment among Wealthy Individuals in Latin America** is a timely and seminal study. Traditionally, Latin American countries, especially those with customs that emerged from Mediterranean cultures, have a “charity begins and ends at home” focus. This study shows that philanthropic philosophy, purpose, and practice are broadening and evolving throughout the region and that many of the region’s wealthy individuals and families are generous, engaged, innovative, and committed to creating a future with opportunity for all.

Notwithstanding these promising developments, we are only beginning to scratch the surface of the philanthropic potential in our countries. This study illuminates a path forward to far greater impact. My sincerest wish is that it will be widely read and that its extensive and groundbreaking research and analysis will spur us in the region to engage in, advocate for, and commit to responsible and effective philanthropy for many years to come.

Most sincerely,

Tony Custer  
DRCLAS Advisory Committee Chair  
Founder, Fundación Custer, Peru

## Acknowledgements

The study team would like to acknowledge and thank the many philanthropists and social investors with whom we met in Argentina, Brazil, Chile, Colombia, Mexico, and Peru, without whose participation and insights this study would not have been possible. As a group, they exemplified generosity, ambition, commitment, ingenuity, and innovation. We are enormously grateful to them for their willingness to share their own philosophies and practices of philanthropy as well as their perceptions on the role of giving and social investment in their countries. Many of the individuals with whom we met are identified in this report, while many others chose to remain anonymous. Because of the wish for anonymity we do not include a list of individuals with whom we met, but we are deeply grateful to each and all of them for their time and participation.

We also thank the scores of individuals who responded to the online survey. Their perspectives were vital in illuminating philanthropic practices and trends and provided far greater insight into the region's philanthropic and social investments.

Additionally, we extend our sincere gratitude to the experts and professionals who shared their insights and experience with us. Many of these individuals and their organizations are spearheading the development of the philanthropic sector in their countries and their leadership is critical to the sector's growth, visibility, and impact. They include:

<i>Magdalena Aninat</i>	Universidad Adolfo Ibáñez (Chile)
<i>Martín Beaumont</i>	Fundación Avina (Peru)
<i>Andrés Benítez</i>	Universidad Adolfo Ibáñez (Chile)
<i>Gabriel Berger</i>	Universidad San Andrés (Argentina)
<i>Ignacio Briones</i>	Universidad Adolfo Ibáñez (Chile)
<i>José Octavio Carrillo</i>	Ashoka (Colombia)
<i>Enrique Castellanos</i>	Universidad del Pacífico (Peru)
<i>Guillermo Correa</i>	RACI (Argentina)
<i>Paula Fabiani</i>	IDIS (Brazil)
<i>Marcos Kísil</i>	IDIS (Brazil)
<i>Armando Laborde</i>	Ashoka (Mexico)
<i>Michael Layton</i>	ITAM (Mexico)
<i>Santiago Mazzeo</i>	NESsT (Argentina)
<i>Felipe Medina</i>	Filantropía Transformadora (Colombia)
<i>Daniela Nascimento Fainberg</i>	Instituto Geração (Brazil)
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## Study Leadership

This study was undertaken by researchers at the **Hauser Institute for Civil Society at Harvard University**. The Institute is a university-wide center for the study of civil society, nonprofit organizations, and philanthropic institutions. Housed within the Center for Public Leadership at the John F. Kennedy School of Government, the Hauser Institute seeks to expand understanding and accelerate critical thinking about civil society, its leaders and institutions among scholars, practitioners, policy makers and the general public by encouraging scholarship, developing curriculum, fostering mutual learning between academics and practitioners, and shaping policies that enhance the sector and its role in society. The Harvard Kennedy School maintains an abiding commitment to advancing the public interest by training skilled, enlightened leaders and solving public problems through world-class scholarship and active engagement with practitioners and decision makers.

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The views and analysis expressed in this report are those of the authors and do not necessarily reflect those of the Hauser Institute, the John F. Kennedy School of Government, or Harvard University. These views may or may not be aligned with those of UBS and its Chief Investment Office.

## Acronyms

CEO	Chief Executive Officer
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
G20	Group of Twenty
GDP	Gross Domestic Product
HNWI	High Net Worth Individual
IADB	Inter-American Development Bank
MDG	Millennium Development Goal
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
UHNWI	Ultra-High Net Worth Individual
UN	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
WHO	World Health Organization
WINGS	Worldwide Initiatives for Grantmaker Support

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**Country reports available as separate booklets:**

- Argentina
- Brazil
- Chile
- Colombia
- Mexico
- Peru

# Study Background and Introduction

*From Prosperity to Purpose: Perspectives on Philanthropy and Social Investment among Wealthy Individuals in Latin America* is an exploratory study of philanthropic giving and social investment among high net worth individuals and families in six Latin American countries (Argentina, Brazil, Chile, Colombia, Mexico, and Peru). Recognizing the increasing importance of private social investment in these countries, the study explores individuals' philanthropic motivations, aspirations, priorities, and practices; the political and cultural environment for philanthropic activity; and the challenges and opportunities for increasing philanthropic practice and impact.

Across Latin America, philanthropy and social investment are growing, gaining visibility, and having increased impact. After decades characterized by political instability, widespread violence, and soaring economic debt in many countries, the last three decades have given rise to more stable democracies, substantial economic growth, and significant social progress. This economic growth has resulted in considerable private wealth accumulation. Between 2004 and 2014 the number of individuals in Latin America characterized as extremely wealthy (those with a net worth of US\$30 million) expanded from fewer than 4,000 individuals to nearly 10,000, an increase of 161 percent compared to the global average of 61 percent over the same period.<sup>1</sup> Yet despite the region's political stability, economic gains, and new wealth, social and economic challenges persist, and governments in Latin America, like those in other regions of the world, are not able to meet the needs of all their citizens. Thus, wealthy individuals have become increasingly important actors in addressing economic and social development needs.

Clearly, the region's wealthy citizens have long exhibited a deeply-rooted charitable impulse to help others. But recent years have witnessed a marked and promising change in charitable giving: wealthy individuals and families are increasingly looking to give more, to give more strategically, and to have a greater impact with their social investments. Many aim to move from "*charity to change*," from "*economic success to social significance*," and from "*prosperity to purpose*."

Despite these encouraging trends there is relatively little known about philanthropy among Latin America's wealthy. Within most countries, understanding of philanthropic scope, practices, and impact is quite limited, and regional perspectives are almost non-existent. *From Prosperity to Purpose* was an initiative to advance the understanding – and ultimately the practice and impact – of philanthropy in Latin America by improving knowledge about these important actors and their social initiatives. The report examines key issues, includes philanthropic motivations, intent, and aspirations; philanthropic practices, platforms, and operations; challenges and obstacles to social investment; and the support, resources, and changes that may increase giving and strengthen its impact.

The research comprised in-depth interviews with 67 HNWI and philanthropic leaders, and conversations with 25 experts and academic researchers with a sound knowledge and understanding of philanthropy and social investment in their countries. It also included an online survey completed by 81 respondents.

It is important to underscore that the study is not meant to provide a comprehensive picture of philanthropy among wealthy individuals and families in these countries; participants in this study cannot be assumed to be representative of a larger cohort of wealth holders. Those interviewed likely include some of the most prominent and committed philanthropists in their countries, at the forefront of social investment and innovation. While we recognize the cohort may not represent a majority, we are confident that there are many other similarly generous and impactful individuals in each of these countries that were not interviewed for this study.

The main body of the report includes an overview chapter and six individual country booklets. The overview provides a summary of the findings across the region and offers some comparative analysis. The country booklets provide far more detail on each country's philanthropic environment and the perspectives, practices, and priorities of its social investors. Inevitably, some country booklets have more information, examples, and data than others. This is not necessarily reflective of the philanthropic activity in a country, but a result of the interviews we were able to conduct and the extensiveness of existing literature and research.

While this study by no means provides a comprehensive picture of Latin American philanthropy, we hope it paints a useful portrait of the generosity, ambition, commitment, innovation, and impact of the region's philanthropists and social investors. We also hope that it may inspire others to become equally engaged in the social and economic future of their countries.

<sup>1</sup> Knight Frank Research, *The Wealth Report*, (London: Knight Frank LLP, 2015), 66, <http://www.knightfrank.com/resources/wealthreport2015/wealthpdf/03-wealth-report-global-wealth-chapter.pdf>

# Executive Summary

Latin America is a region of rich cultural heritage, abundant natural resources, tumultuous political histories, expanding economic strength, and great diversity among countries. Over the last 20 years the region has evolved markedly. Political stability and economic growth have generated improved conditions for a broad base of the region's population, helping many move out of poverty and resulting in notable social progress in areas such as health and education. Economic growth has also led to significant accumulation of private wealth, with the regional UHNW population increasing more than 2.5 times faster than the global average over the last decade.<sup>1</sup>

Yet significant economic disparities and social challenges persist. As a region Latin America has the highest inequality in the world, including 10 of the 15 most unequal countries.<sup>2</sup> Within individual countries, urban/rural, race, and ethnic divides are acute and in some countries levels of crime and violence remain high, often linked to illicit drug trade. Notwithstanding these disparities and challenges, or the obstacles to overcoming them, Latin America has embarked on a steady and promising path. Optimistically, political stability, equitable economic growth, and increased individual opportunity will continue to characterize the region's future.

Centuries of religious traditions, cultural norms, political histories, and economic conditions have shaped today's environment for private giving and social investment in Latin America. While the region's wealthy individuals have a long history of charitable giving, the relatively recent emergence of stable democracies, steady economic growth, and accumulation of personal wealth have provided a foundation for accelerated philanthropic activity. At the same time, cutbacks in government services, acute inequalities, and persistent poverty in some countries have underscored the need for private social investment to help address social and economic development.

This study describes the philanthropic environment and illuminates the important and inspirational social investments of wealthy individuals in six Latin American countries: Argentina, Brazil, Chile, Colombia, Mexico and Peru. It provides new insight into both the soul and practice of philanthropy in the region, and, optimistically, will help to encourage others to invest private philanthropic capital for the common public good.

# Key Learnings

## Philanthropic Priorities and Motivations

- 1. Philanthropy and social investment are driven by internal motivations and external influences.** Philanthropic giving is seen as a social and moral responsibility, intrinsically linked to family values and tenets of faith. Personal passions and experience often influence philanthropic priorities, and at the same time individuals are strongly motivated by a desire to contribute to the positive advancement of their respective countries. Individuals are committed to be among the builders of “*stable*,” “*just*,” “*peaceful*,” and “*first world*” countries. For some, corporate goals and global practices of philanthropy and citizen action also influence giving.
- 2. Education is the most important focus area, followed by cultural and artistic heritage, health equity and community development.** There is a wide, ambitious, and inspiring range of philanthropic priorities and goals in the six countries. Many individuals seek to ensure that essential needs and services – such as quality education, adequate health care, and healthy child development – are equitably available to all. Some are committed to preserving and promoting the important cultural heritage of their countries. Others are place-oriented, seeking to improve the lives of individuals living in a specific community or region. There is a strong focus on children and youth and on people living in poverty.
- 3. Future priorities are different to the current areas being funded.** When asked to think about the most important future roles for philanthropy in society, there are strong similarities and noteworthy differences in comparison to current giving. Primary and secondary education, health, and community development remain top priorities. However, social entrepreneurship and globally-related issues, not a current focus for many, are seen as high priorities for the future.
- 4. Scope of philanthropy broadening from charity to change.** Historically, philanthropy has been narrowly defined in its issues and largely characterized by charitable acts. Reasons include the belief that government is responsible for public welfare, a limited recognition of the importance of individual civic engagement, and a general distrust of civil society. There is an evolving view that while charity is necessary, philanthropic giving can, and perhaps must, play an increasing role in effecting real and sustainable social change across a wide range of issues.
- 5. An outcome-based approach to social investment.** Much social investment is driven by a desire to achieve tangible, measurable outcomes. The approach often begins with the identification of the problems being addressed – inequalities in education, inadequacies of justice, or inequities in health services – and the outcomes sought. It generally comprises several key characteristics: it is driven by goals and targets; it recognizes that solutions may require multiple strategies; it acknowledges that formidable challenges require a long-term view; it recognizes that large-scale change often requires collaboration; and it includes a plan for assessing impact.

## Philanthropic Platforms and Strategies

- 6. Institutional platforms for social investment are increasing.** It is generally assumed that individuals, not institutions, provide most philanthropy in Latin America and that giving often takes place in an anonymous or low profile manner. At the same time, the number of institutional philanthropic institutions is clearly increasing with individuals, families, and corporations seeking a more strategic approach, higher visibility, easier collaboration, and greater impact in their social investments. The vast majority of individuals interviewed for this study use an institutional structure for at least some of their social investments.
- 7. Corporations perceived as leaders in social investment, but without clear distinction between corporate and family philanthropy.** There is a view in every country that corporate-affiliated giving dominates institutional philanthropy and that, looking forward, most philanthropic growth and leadership will continue to come from the corporate sector. In some countries there is a long history of corporate community investment and across the region there is a growing commitment to CSR. And importantly, there seems to be greater public acceptance of corporate, rather than individual, social investment. Yet in family-owned companies, philanthropic programs are often directed by the owners and may reflect both personal and corporate values and priorities.
- 8. Foundation-operated programs most common.** Individuals and philanthropic institutions employ a mix of investment strategies, including foundation-operated programs, grantmaking to third-party organizations, scholarships, and – more rarely – equity investments and loans, with foundation-operated programs receiving the most funding. Reasons include a search for maximum impact, a widespread lack of confidence in civil society, and the search for personal fulfillment by engaging directly with communities and individuals.
- 9. Complex attitudes toward civil society.** While there is clearly a lack of confidence in NGOs' capacity there are likely other significant factors limiting grantmaking. While some see the development and support of a vibrant civil society as a principal role for philanthropy, many do not. Additionally, in several Latin American countries, international efforts established and long supported significant parts of the civil society and they may still be seen as foreign initiatives. Further, a low level of societal trust is likely a significant deterrent to supporting NGOs. These issues notwithstanding, many individuals praised the work of individual NGOs and a few voices emphasized the importance of a strong civil society.
- 10. Foundation funding received from a variety of sources.** Philanthropic institutions receive core funding from individuals, family members, and/or corporate profits, however endowments are not common. In most countries, there are few incentives for establishing an endowment and limited protection of assets. While philanthropic institutions receive substantial funding from the founder(s), many also seek funding from other sources.

## The Environment for Philanthropy and Social Investment

- 11. Perception of increased giving, despite a paucity of data.** The scale of philanthropy and social investment in Latin America is largely unknown and cannot be reasonably estimated. Giving is assumed to be on the rise, albeit not commensurate with the level of private wealth. Many countries in the region have relatively new democracies, peace, and economic growth and there is optimism that philanthropy and social investment are poised to increase. There is a widespread call for data to better understand and strengthen philanthropic activity.
- 12. Lack of regulation may result in innovative approaches.** In nearly all countries the policy and tax environment is viewed as restrictive and not favorable to the development of a robust philanthropic sector. However, views on the actual impact of the regulatory environment are diverse. Indeed, while legal ambiguities and narrow philanthropic precedents may inhibit the quantity of giving within countries, they may also allow social investors to think outside-the-box as they consider institutional models and strategies that can foster systemic social change.
- 13. Partnerships and collaborations seen as important but sometimes difficult.** Many social investors recognize the essentiality of partnerships for achieving their goals and believe that addressing large-scale and complex challenges requires donors to work together and with local, state, and federal governments. Others emphasize the importance of partnerships to scale-up impact. At the same time, some individuals stressed that it is difficult to create, manage, and sustain partnerships and that collaboration with the government, particularly at the regional and local level, can be difficult in part because of perceived corruption.
- 14. Impact investing growing across the region.** Impact investing, defined as investments made into companies, organizations, and funds with the intention of generating social and environmental impacts together with a financial return, is increasingly attractive to social investors in Latin America. Over the last decade the regional landscape has grown dramatically from two or three international players investing in the region to more than 50 organizations with hubs of activity in Bogotá, Mexico City, and São Paulo and committed capital of US\$2 billion by 2013.<sup>3</sup>
- 15. Infrastructure organizations support the development of philanthropy and social investment.** In several countries there are strong organizations that support philanthropy and social investment. Collectively these organizations provide a range of services, bringing together isolated philanthropic institutions and/or individuals, providing opportunities for peer-learning and encouraging collaboration. They are also critical to the development of the overall sector, advocating for a more favorable legal environment, developing and disseminating knowledge, and raising visibility of philanthropy's impact.

# Looking forward

This study highlights the philanthropic philosophies, purposes, and practices of many remarkable social investors. As a group, the individuals in this study are guided by strong family and faith-related values and a deep moral sense of social responsibility. While there is a rich range of philanthropic priorities and passions – including, most prominently, quality education, adequate health care, national culture, and secure livelihoods – at the core of most initiatives is a commitment to individual opportunity, social equity, and national development and prosperity.

In the absence of well-defined legal environments and local philanthropic precedents, philanthropists and social investors in Latin America often take an outcome-based approach to their giving and social investments. They are largely agnostic about specific methods, instead using a variety of philanthropic platforms and strategies to maximize the impact of their giving and social investments. And while the political and policy environment for philanthropy in most countries is not generally perceived as favorable, it has not been a barrier for this group of committed, engaged philanthropists. As a group they believe that there is an opportunity, indeed an imperative, to bring more philanthropic capital to bear on the challenges faced in their countries and to foster widespread improvement in human well-being.

It is important to underscore that participants in this study may not be representative of a larger cohort of wealth holders. Despite the actions, engagement, and optimism of this remarkable group of individuals, there is also a strong belief that there are significant obstacles that hinder a broader group of wealthy individuals from becoming more active and that limit the overall impact of private social investment in their countries. While some obstacles differ among the countries, there is a cluster of challenges that seems to be quite constant in the region. Key among them are uncertainty about the roles and impact of philanthropy, a limited sense of social cohesion and solidarity, an unfavorable tax and policy environment, and a lack of confidence in the nonprofit sector.

Demonstrable impact may be the keystone to regional philanthropic growth. It could help to change perceptions about philanthropic roles, persuade both governments and the public of the value of philanthropy and social investment, and lead to positive changes at the policy and implementation levels. Moreover, such evidence is what could very well persuade more wealthy individuals to convert some portion of their wealth into philanthropic capital. In addition, efforts that build the capacity of and trust in nonprofit organizations could help to increase philanthropy among individuals who would prefer to support the impactful efforts of others rather than operating their own programs.

Impressive examples of social impact across a breadth of issues do exist, yet it appears that people are largely unaware of existing activities and their impact. There is a need for more visibility and communication, and also for better evaluative techniques and metrics to assess the success of philanthropic programs and projects. In addition to individual examples of impact there is a critical need to better understand the overall scope and impact of the philanthropic sector in each country and across the region.

Notwithstanding the recognized challenges to philanthropic growth and impact, many individuals are cautiously optimistic about the future of social investment and philanthropy in their countries. Many participants displayed genuine optimism that the growth of stable democracy, economic prosperity, and personal wealth will be accompanied by the growth of social cohesion, collective responsibility, and institutional trust. In many respects, changing long-held beliefs, attitudes, and behaviors has a generational timeline. Many who participated in this study were optimistic about the likelihood of greater social investment and engagement both from their own, but especially the next, generation. With time and encouragement, many anticipate that private philanthropy will flourish.

<sup>1</sup> Knight Frank Research, *The Wealth Report*, (London: Knight Frank LLP, 2015), 66,

<http://www.knightfrank.com/resources/wealthreport2015/wealthpdf/03-wealth-report-global-wealth-chapter.pdf>

<sup>2</sup> "About Latin America and the Caribbean," UNDP, <http://www.latinamerica.undp.org/content/rblac/en/home/regioninfo>

<sup>3</sup> Andre Leme, Fernando Martins and Kusi Hornberger, "The state of impact investing in Latin America," Bain & Company, November 21, 2014, <http://www.bain.com/publications/articles/the-state-of-impact-investing-in-latin-america.aspx>

# Regional Overview

# Latin America: The Regional Context for Philanthropy and Social Investment

Latin America is a region of rich cultural heritage, abundant natural resources, tumultuous political histories, and expanding economic strength. With a population of more than 588 million and an economy of US\$5.657 trillion, Latin America is a significant player on the global stage.<sup>1</sup> While the region has experienced unprecedented growth after challenging periods of economic decline and political turmoil, recent growth has slowed to an estimated 0.8 percent regionally,<sup>2</sup> although rates in the six countries in this study are notably higher, ranging from 1.1 percent to 5.8 percent annually.<sup>3</sup>

The last 50 years have witnessed dramatic change throughout the region. Particularly in the late 1970s and 1980s (in an era known as “*the lost decade*”), periods of profound political instability, violence, and soaring economic debt plagued much of Latin America. This unfortunate combination in turn contributed to regional decline, widespread poverty, and instability. Many countries experienced internal conflict and human rights violations from a combination of guerilla groups, authoritarian regimes, and military forces. This volatility has had lasting effects in countries such as Colombia, which continues to seek peace between its government, paramilitaries, and left-wing guerilla groups, and Mexico, which continues to struggle with violent drug cartels, despite other significant advancements. Throughout the 1980s and 1990s, democracy was gradually restored across the region, setting the stage for increased economic growth and enhanced social welfare.

Since the 1990s, Latin America has witnessed vast political, economic, and social improvements that have contributed to the region’s overall development and global importance. Following the debt crisis of the 1980s, Latin America sought to regain economic control and movement toward free-market economies coupled with debt relief and fiscal reform set many countries on a path toward stability. Within just a few decades, countries such as Brazil and Mexico have become global economic powerhouses, and now rank as the world’s seventh and fifteenth largest economies, respectively.<sup>4</sup> Both Chile and Mexico have joined the OECD and Argentina, Brazil, and Mexico are members of the G20.

Strengthened economies generated improved conditions for a broad base of Latin America’s population, helping many move out of poverty and resulting in notable improvements in social indicators such as health and education. According to a 2014 UN report on the MDGs, the region’s infant mortality rate dramatically decreased from 54 to 19 per 1,000 live births between 1990 and 2012. During the same period, average enrollment in primary education rose from 87 percent to 94 percent, although dropout rates have concomitantly risen. In 2012, girls’ enrollment in secondary and higher education exceeded that of boys, leading all developing country regions and surpassing MDG targets for 2015.<sup>5</sup> A report from the World Bank revealed that in 2011, for the first time in Latin America’s history, there were more people living in the middle class (on US\$10–50/day) than in poverty (on less than US\$4/day), with the middle class representing about one-third of the region’s population. This is particularly noteworthy because only a decade ago the population of those living in poverty was 2.5 times greater than those in the middle class.<sup>6</sup> The population living in extreme poverty (on less than US\$2/day) has plunged from 22.6 percent in 1990 to 9.3 percent in 2011, which has largely been attributed to job creation and rising employment.<sup>7</sup> Official unemployment rates in Latin America stood at 6.5 percent in 2012,<sup>8</sup> although there is significant unreported unemployment and underemployment.

Latin America's economic growth is reflected in the region's private wealth accumulation. The Wealth Report found that the region's UHNWI population, defined as individuals with a net worth of US\$30 million or more, expanded from fewer than 4,000 individuals in 2004 to nearly 10,000 in 2014, an increase of 161 percent compared to the global average of 61 percent over the same period.<sup>9</sup> In 2014, the annual Forbes billionaires list included 114 Latin Americans with a combined wealth of US\$440 billion. Of this number, Mexico's telecommunications entrepreneur Carlos Slim represented US\$72 billion and ranked second in wealth only to Microsoft founder and global philanthropist Bill Gates. Brazil led the region with 65 billionaires, followed by Mexico with 16 and Chile with 11.<sup>10</sup>

While economic growth has widely benefitted those living in Latin America, significant disparities persist. The Gini index, a measure of income inequality where 0 signifies perfect equality and 100 is perfect inequality, has shown steady declines in inequality across the region, but Latin America's is still the highest regionally in the world. According to the UNDP, 10 of the 15 most unequal countries in the world are in Latin America.<sup>11</sup> In 1996, Latin America had a Gini index of 58; it has since declined to 52 in 2011 and 2012.<sup>12</sup> This measure varies notably among countries in the region (see Figure 1 for data on study countries).

In addition, various obstacles across Latin America and in country-specific contexts hinder economic growth and social progress. While in most Latin American countries, educational access, enrollment, and completion rates have increased, the quality of education, as reflected in lower international standardized test scores, is a widespread concern, with completion rates remaining unacceptable.<sup>13</sup> In addition, the UN has labeled crime and violence in Latin America as "*epidemic*," with a homicide rate higher than 10 per 100,000 inhabitants, with violent crime highly concentrated and often linked to the illicit drug trade.<sup>14</sup>

Notwithstanding the region's significant economic and social disparities and the obstacles to overcoming them, Latin America has embarked on a steady and promising path over the past two decades. Optimistically, political stability, economic growth with equity, and increased individual opportunity will continue to characterize the region's future.

**Figure 1: Country Data**

Country	Argentina	Brazil	Chile	Colombia	Mexico	Peru
<b>Population</b> (in millions, 2013)	41.45	200.4	17.62	48.32	122.3	30.38
<b>Economic Indicators</b>						
<b>GDP</b> (US\$, 2013)	\$ 609.9 billion	\$ 2.246 trillion	\$ 277.2 billion	\$ 378.1 billion	\$ 1.261 trillion	\$ 202.3 billion
<b>GDP per Capita</b> (US\$, 2013)	\$ 14,715	\$ 11,208	\$ 15,732	\$ 7,831	\$ 10,307	\$ 6,662
<b>Annual GDP Growth</b> (2013)	3.0%	2.3%	4.1%	4.3%	1.1%	5.8%
<b>Unemployment</b> (national estimate, 2012)	7.2%	6.9%	6.4%	10.4%	4.9%	4.0%
<b>Gini Index</b> (varies)	43.6 (2011)	52.7 (2012)	50.8 (2011)	53.5 (2012)	48.1 (2012)	45.3 (2012)
<b>Social Indicators</b>						
<b>UNDP Human Development Index</b> (2013, x of 187)	0.81 49 <sup>th</sup>	0.74 79 <sup>th</sup>	0.82 41 <sup>st</sup>	0.71 98 <sup>th</sup>	0.76 71 <sup>st</sup>	0.74 82 <sup>nd</sup>
<b>Social Progress Index</b> (2013, x of 132)	70.59 42 <sup>nd</sup>	69.97 46 <sup>th</sup>	76.30 30 <sup>th</sup>	67.24 52 <sup>nd</sup>	66.41 54 <sup>th</sup>	66.29 55 <sup>th</sup>
<b>Poverty Headcount Ratio at US\$4/day</b> (% of pop, 2011)	11.6%	23.8%	9.9%	32.8%	23.7% (2010)	25.8%
<b>Poverty Headcount Ratio at US\$2/day</b> (% of pop, 2011)	1.4%	8.2%	1.9%	11.3%	4.5% (2010)	8.7%



Mexico  
**122.3 million**  
Population



Colombia  
**48.32 million**  
Population



Peru  
**30.38 million**  
Population



Brazil  
**200.4 million**  
Population



Chile  
**17.62 million**  
Population



Argentina  
**41.45 million**  
Population

# The Regional Environment for Philanthropy and Social Investment

Centuries of religious traditions, cultural norms, political histories, and economic conditions have shaped today's environment for private giving and social investment in Latin America. While the region's wealthy individuals have a long history of (often faith-based) charitable giving, the relatively recent emergence of stable democracies, steady economic growth, and accumulation of personal wealth have provided a foundation for accelerated philanthropic activity. At the same time, cutbacks in government services, acute inequalities, and persistent poverty in some countries have underscored the need for private social investment to help address countries' social and economic development needs. While the political, cultural, and economic environments present some obstacles to philanthropic practice and growth, there is optimism in some countries that the environment for private giving is evolving and improving. Several noteworthy features and trends regarding the philanthropic landscape are discussed below.

## **Perception of Increased Giving despite Limited Data**

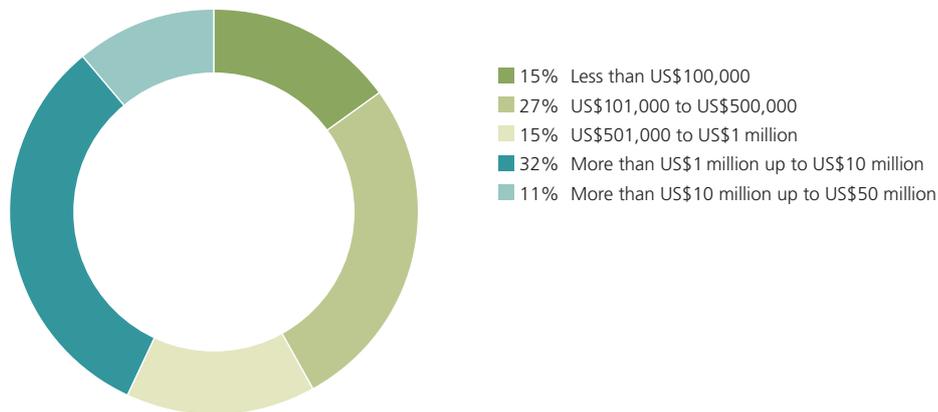
At the outset it is important to emphasize that the scale of philanthropy and social investment in Latin America is largely unknown and cannot be reasonably estimated. Yet most people interviewed believe giving to be on the rise, albeit at a relatively slow pace in some countries and not commensurate with the level of private wealth in any of the countries. In particular, individuals in Brazil, Colombia, and Mexico were generally optimistic about the trajectory of philanthropic growth, especially in the corporate sector and among the younger generation. Interviews in Argentina, Chile, and Peru revealed less optimism; many individuals in these countries perceived philanthropy and social investing to be nominal at best (particularly in comparison to levels of wealth), sporadic, and/or conducted in a low profile manner that only contributed to the perception of limited giving.

Moreover, limited data presents a substantial challenge to the understanding and promotion of philanthropy in Latin American countries. In several countries, neither governments nor private organizations collect or share information on giving, while cultural traditions and political sensitivities often inhibit the voluntary sharing of such information. In addition, given the different methodologies and time frames of available studies, existing data is not comparable across countries.

Fortunately, several organizations in the region are addressing this knowledge gap. Philanthropic membership organizations, academic centers, and other nonprofit organizations in Brazil and Mexico have collected important philanthropic data and there is a new initiative in Colombia to do so (for detail on specific studies see individual country chapters). However, leaders of these efforts are the first to point out that the studies are not comprehensive and underestimate overall giving. In particular, information on corporate giving is more widely available than data on independent institutional or individual giving. There is much less current data for Argentina, Chile and Peru. Predictably, data collection across the countries correlates closely with the existence of organizations or initiatives that promote and support philanthropy. Regrettably, none of the national studies are linked or provide comparable data. On the other hand, it is promising to note that there is an emerging initiative to develop more comprehensive, current, and comparable data in the region.

In this study's survey sample, the average annual amount of individual philanthropic giving over the past five years ranged from less than US\$100,000 to between US\$10 million and US\$50 million.

**Figure 2: Average Annual Philanthropic Giving for Last Five Years**  
(% of respondents, n=62)



The level of giving appears to be relatively low when compared to private wealth in the region. However, 63% of survey participants indicated that their giving was likely to increase over the next three years, which is reason for optimism.

### Faith-Based Traditions Have Shaped Giving

Long-standing and deeply held traditions of faith-based giving have shaped philanthropy throughout Latin America. The conquest and subsequent colonization of much of Latin America by the Spanish introduced Catholicism to the indigenous populations and today approximately 70 percent of the region's population self-identify as Catholic.<sup>15</sup> Under colonial rule, and throughout the early 20<sup>th</sup> century in many countries, the Catholic Church provided the vast majority of social welfare services, including education, health, and care for the elderly, frequently establishing new institutions (e.g., hospitals, schools, and religious associations) to provide these services. The Church and its related institutions were the primary beneficiaries of charitable giving, with wealthy families and individuals supporting them through *obras pías* (pious works or individual donations) and bequests.<sup>16</sup> In some cases, wealthy families of faith established their own entities to conduct charitable activities related to those of the Church.

These traditions have influenced giving for more than three centuries. While the Church is no longer the principal provider of welfare services and giving priorities have broadly expanded, wealthy families in all six countries appear to continue to provide support to the Church and faith-driven social organizations. Indeed, some experts believe that faith-based giving continues to comprise a significant portion of giving in the region, particularly by individuals.<sup>17</sup> While it is possible that this could be accurate, it did not appear to be the case among this study's cohort, who did not often cite the influence of religion on current giving.

Unique in the region, Argentina has a substantial Jewish population, with immigration dating back to the 16<sup>th</sup> century when Jews expelled from Spain settled in the country. The country has the largest Jewish population of any country in Latin America, and Buenos Aires has the fourth largest Jewish community of any major city in the world.<sup>18</sup> Among this community, faith-based giving is also prominent, with many contributions supporting synagogues and Jewish organizations that undertake charitable efforts.

It is also important to recognize that much faith-based giving is practiced anonymously; indeed both the Catholic and Jewish faiths emphasize the virtue of anonymous acts of charity. Study participants in all countries tended to acknowledge their faith-oriented giving, but preferred not to discuss it with any specificity.

### **Evolving Perceptions of Philanthropic Roles**

Together with the positive perception of philanthropic growth in the region there is optimism that the scope and roles of philanthropy are also evolving, albeit slowly in some countries. Historically, the role of philanthropic giving across the region has been narrowly defined. While the reasons are complex, some of the key issues include the belief that government bears the responsibility for social development and the provision of public services; a limited recognition of the importance or consequences of individual civic engagement; and a general distrust of the nonprofit sector. Despite these barriers, many individuals believe that each of these views is changing, and that philanthropic giving in the region is poised to take on increasingly diverse and important roles.

For philanthropy and social investing to truly flourish and have real impact in Latin America, governments and society must embrace a strong and vibrant role for the nonprofit sector and promote the legitimate scope of private action. In this study, one of the most oft-cited barriers to philanthropy was the long-standing perception, held by both governments and the public, that the role of philanthropy and civil society should be narrowly defined. Speaking broadly, the principal reason for this appears to be a strongly held view that it is the government's responsibility to provide social services, address societal challenges, and generally provide for the welfare of its citizens. There is also the sense that, through its promulgation of policies, government should mitigate serious national inequalities. Furthermore, people believe that, because they already pay taxes, they should not need to contribute to public roles through philanthropy as well.

While these views were expressed in all six countries, they were most pronounced in Argentina and Peru. In Argentina, several people emphasized that the government does not accept a strong role for philanthropy and civil society. In contrast in Colombia and Brazil the governments appear to have a growing appreciation for the role of social investment and to some extent even encourage the engagement of philanthropic institutions and private citizens in addressing national concerns.

Closely linked with the view that government bears the responsibility for social development and welfare, there has historically been a limited recognition of the importance or consequences of individual civic engagement. Study participants in all countries spoke strongly of the need for a more developed sense of community, solidarity, and social responsibility that could lead to a stronger role for philanthropic action.

Finally, elements of distrust may reinforce perceptions that the role of philanthropy should be limited. In each country, again with variations, there is some lack of trust in philanthropic institutions and the broader nonprofit sector. As a result of scandals, some have come to view philanthropic institutions as methods for avoiding taxes, seeking political gain, or moving money out of the country. Such suspicions are fuelled by the lack of transparency in philanthropic and nonprofit organizations, as well as a lack of understanding and information about the activities and contributions of individual organizations and the sector as a whole. As described in later sections, there are a number of efforts underway to increase transparency in the nonprofit sector.

In some countries the lack of trust is more pervasive, extending beyond the nonprofit sector to a more general, omnipresent wariness of most institutions. While rarely studied, there may be a correlation between the level of trust in a country and the role of philanthropy. The level of societal trust is described by renowned economist William Easterly as the extent to which an individual trusts strangers, i.e., those beyond one's extended family, close community, or clan.<sup>19</sup> By extension, in a low-trust society that is characterized by trust for only family and friends, philanthropic support for institutions and initiatives led by strangers will presumably be limited.

Nonetheless, there is cautious optimism that these perceptions – about government roles, solidarity and citizenship, and institutional trust – are changing. In particular, several individuals emphasized that many countries in the region have relatively new democracies, peace, and economic stability, and that stronger and more diverse roles for social responsibility will likely emerge over time.

Many economically successful individuals expressed a desire to move from *economic success to social significance*, from generating profit to finding purpose, from giving charity to investing in change.

#### **Charity and Social Investment Co-exist**

Perhaps the most important shift in perception is the evolving view that philanthropic giving can, and perhaps must, play an increasing role in effecting real and sustainable social change in Latin America.

There is a strong distinction between charity and social investing in Latin America. Indeed, among many interviewed for this study, there was a sense that the two practices co-exist but have little in common. For reasons discussed previously – including faith-based traditions, perceptions regarding sector roles, and government policies – much of the region’s giving continues to be of a charitable nature. However there is a movement toward more strategic giving aimed at achieving significant and sustainable social impact. As illustrated in the section on *Philanthropic Priorities and Purposes*, the philanthropic activities and institutions of many study participants illuminate this exciting growth.

Charity describes contributions – either direct to individuals or to service-providing organizations – that help those in need and generally aim to alleviate immediate suffering. The majority of individuals interviewed, including those with significant social investments, indicated that charity was compassionate, necessary, and should remain an important philanthropic practice. Most suggested that they made charitable contributions, often anonymously, and preferred not to discuss these gifts during this study’s interviews. Some individuals had a less positive view of charitable giving, suggesting that such giving maintains and reinforces economic and social inequities.

Social investment has no commonly accepted definition but there was general agreement about its principal characteristics. The term is used to refer to investments of resources – financial, social, and personal – that address systemic problems and create positive, lasting, and measurable change. As described in the section on *Philanthropic Motivations and Influences*, social investment is often driven by a moral imperative to address vast social and economic inequities.<sup>20</sup> Many economically successful individuals expressed a desire to move from economic success to social significance, from generating profit to finding purpose, from giving to charity to investing in change. Social investing is strongly associated with the work of institutions rather than individuals, and a majority of those interviewed had established institutional platforms for that portion of their giving that they considered as social investments.

The word “*philanthropy*” is interpreted in many different ways, even within an individual country. For some, it is synonymous with charity. For others, it is closely associated with social investment, often with a qualifier (e.g., modern philanthropy, strategic philanthropy). For still others, perhaps most notably in Brazil, the word has a negative connotation due to past corruption in the sector. In this study, the word is used in its more positive and aspirational construct.

*Social investment* refers to investments of capital – financial, intellectual, and social – to address systemic problems and create positive, lasting and measurable change.

Among the study countries, the concept of social investment was strongest in Colombia and Brazil. This correlates with other sector attributes, such as a greater number of philanthropic institutions, the presence of a supportive infrastructure, and more acceptance of an expanded role for philanthropy and the nonprofit sector. Many individuals emphasized that while the philanthropic sector itself is small, the work undertaken by the institutions is in large part professional, strategic, and impactful. While excellent examples of social investment can be found in all countries, interviewees in other countries did not describe the same sense of a growing commitment to social investment.

### **Corporate Foundations often Leaders in Social Investment**

There is a view in every country that corporate-affiliated giving dominates the institutional philanthropic sector. Moreover, there is general agreement that most philanthropic growth will take place in the corporate sector and that corporations will likely provide philanthropic leadership in the foreseeable future. Although this study focuses on philanthropy and social investment, it is widely acknowledged that the distinction between private and corporate giving in all the study countries is imprecise. In family-owned companies, corporate giving is commonly directed by the owners and very often reflects the personal values and priorities of the family. Indeed, in this study there was not always consensus as to whether a specific foundation should be classified as a corporate or family endeavor. As such, corporate giving is an important avenue of giving among the region's wealthy individuals.

There are several reasons for corporate leadership of the sector. First, it is important to recognize that some companies (and the families that own them) have a long history of social investment in the communities in which they operate. Second, in many countries there is a strong and growing commitment to CSR, including social investment. Increasingly, corporate leaders see CSR as both a sound business strategy and a responsibility to give back. In Brazil and Peru, and perhaps other countries, nonprofit organizations have also put pressure on businesses, particularly in the extraction industries, to address the social and environmental impact of their operations. Third, in some countries corporations receive more favorable tax incentives for giving than do independent foundations or individuals. In Peru, the Work for Taxes Law allows corporations to invest in public works, such as building or improving schools and hospitals, and to recover the investment from its income tax. And finally, there are some mandatory requirements, sometimes referred to as environmental compensation, that require some corporations to implement actions, including the donation of funds, focused on mitigating the environmental and social impacts of their activities.

It is also important to acknowledge that there are important challenges that may arise from a philanthropic sector overly weighted towards corporate giving. First, it could restrict philanthropic impact in terms of both geographical scope and the issues addressed. Generally, corporate social investment occurs in the geographical areas in which a company operates and often focuses on issues, such as education and training, which are relevant to the company; but corporate giving may not support an area such as human rights, which is not seen as directly related to corporate health. Second, most corporations operate their own philanthropic programs rather than providing support to nonprofit organizations. Consequently, support for civil society is, and is likely to remain, limited. Additional questions may include the ability of corporations to truly scale up the impact of their social investments and their ability to assume risk. Certainly, these issues regarding the philanthropic scope of corporate programs do not diminish the laudable achievements of corporate-based philanthropy throughout the region; rather, they raise important questions when the philanthropic sector is not balanced between corporate and independent giving.

### **Policy and Regulatory Environment in Need of Development**

The fairly low levels of political support for private philanthropy are reflected in governments' legal and tax policies. While the scope of this study did not include a full analysis of the countries' policy environment, it appears that in all countries, with important variations, the policy environment is generally perceived as restrictive and limiting to private giving and generally not favorable to the development of a more robust philanthropic sector. Beyond these general perceptions there are, however, widely divergent views on the actual impact of the regulatory environment on giving. Among those interviewed, most indicated that legal policies do not affect their own giving, and among survey participants, only 16 percent indicated the regulatory environment as a key challenge to their personal giving; however 41 percent said that an improved regulatory and tax environment would motivate them to give more. While many people believed that legal and tax policies were a major impediment to increasing overall giving in their country, others emphasized that most people do not take advantage of the limited incentives that are available, concluding that the policy environment was not a key challenge to more widespread giving. Among survey respondents, 38 percent felt that an improved regulatory and tax environment would motivate others to give more.

The key policy obstacles to philanthropy were relatively consistent across countries, although more pervasive in some than others. The policy challenges that were most often mentioned included the difficulties associated with establishing a philanthropic foundation, the creation and protection of endowments, the limitations of tax incentives, and strict inheritance laws.

It can be bureaucratically difficult to establish and operate a philanthropic institution. In most countries there is no legal distinction between foundations and other types of nonprofit organizations. Because legal organizational structures were not designed with consideration for the uniqueness of a philanthropic institution there can be uncertainty with respect to such issues as permissible activities, tax treatment, and allowable partnerships. Such ambiguity can be a disincentive to creating philanthropic organizations.<sup>21</sup> Furthermore, in many countries there are restrictions on the creation and protection of endowments, including monetary limitations, investment policies, and control and distribution of assets. Endowment concerns were emphasized strongly by participants from Brazil, where there is an effort underway to create a new Endowment Fund Law, which would encourage and protect the establishment of endowments across the philanthropic and nonprofit sectors. Experts in Colombia report that the federal government has exhibited increased interest in philanthropy in recent years and that it is fairly quick and relatively inexpensive to establish a philanthropic institution. However, while national legislation is straightforward, local and municipal laws can be more difficult.

There are some tax incentives for private charitable giving in all six countries. Interviews in Colombia and Mexico suggested that the tax environment is improving. However, there was consensus that tax incentives could be improved in all countries. One of the principal issues is the relatively low cap on the percentage of income available for deductions. Another related challenge is the fact that donations are limited to certain areas (e.g., education, arts and culture, and sports) and specific populations (e.g., children and youth, or people with disabilities). In addition, in several countries, inheritance laws mandate that the vast majority of assets be given to direct relatives, thus greatly limiting the opportunity for philanthropic endeavors as part of estate planning.

In Brazil, Colombia, Mexico, and Peru it was noted that corruption related to philanthropic giving in the past has brought about a limit on incentives and an increase in scrutiny and oversight. While the extent of the corruption may be unknown, the perception has tainted philanthropy and presents a challenge to developing a more favorable policy environment.

There is limited evidence from other parts of the world that a favorable tax environment correlates with increased philanthropic giving. There is, however, general agreement that in countries with particularly limiting and restrictive legal and tax structures, systematic efforts to improve the legal environment will help to encourage more philanthropy. Moreover, it is likely that a demonstrated willingness on the part of governments to enter into discussions about creating a more enabling regulatory and tax environment signals an acceptance of the importance of philanthropy and civil society in that country.

### **Growing Infrastructure to Support Philanthropic Growth and Practice**

Looking across the region there are several strong organizations and platforms that support giving and social investment and these organizations have a critical role in professionalizing and promoting philanthropy. Collectively these organizations provide a range of resources and services. They bring together philanthropic institutions and/or individuals that are otherwise quite isolated and provide opportunities for peer-learning, sharing of experience and best practices, and potential collaboration. Some organizations also provide individualized support with strategic planning and program development. Moreover, such support organizations are critical to the development of the overall sector. They advocate for a more favorable legal environment, raise the visibility of philanthropic programs and their impacts, and help to develop the knowledge base around the roles of philanthropy in their countries.

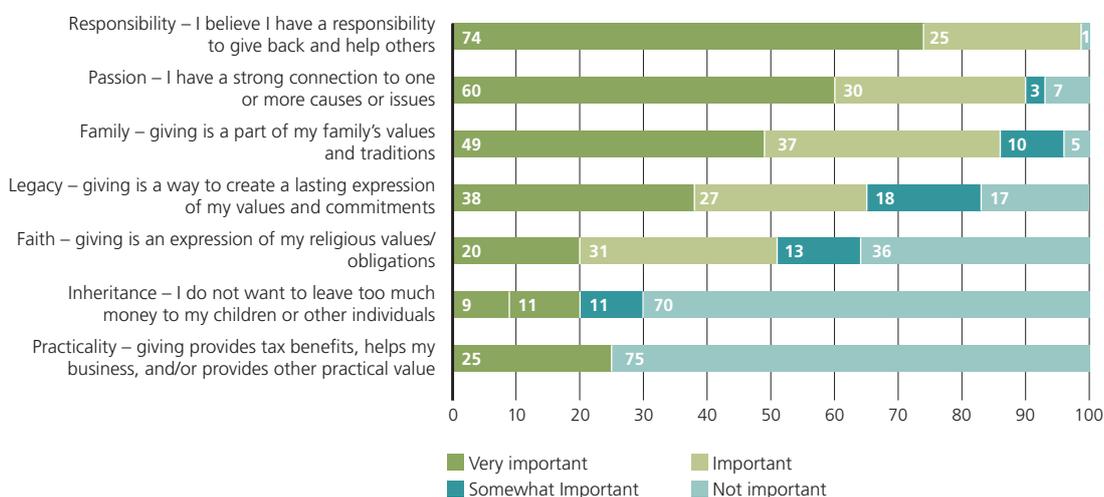
Not surprisingly, the breadth and collective strength of these organizations correlate closely with perceived levels of philanthropy in the countries. In Brazil, Mexico, and Colombia there are several strong organizations with a variety of missions and services; in Argentina, Chile, and Peru there is a less well developed infrastructure. Naturally, the strength of all of these organizations can differ widely across countries; more detailed discussion appears in each of the country chapters.

In addition to these national efforts, there are a growing number of international or global efforts that support and encourage philanthropy and social investment within some of the study countries. *Worldwide Initiatives for Grantmaker Support (WINGS)*, a global network of grantmaker associations and philanthropic support organizations with a mission to promote philanthropy and social investment throughout the world, is headquartered in São Paulo. *Synergos' Global Philanthropists Circle*, a network of philanthropic families from across the world that is committed to fighting poverty and social injustice, has offices in Mexico and Brazil. The Silicon Valley-based *Global Philanthropy Forum* helped to launch the *Brazilian Philanthropy Forum*, which in 2014 brought together more than 300 domestic and international philanthropists and experts. And *Nexus*, a movement of young social investors and entrepreneurs working to increase and improve philanthropy and social investment, has a presence in Brazil and Mexico and recently initiated its Global Campaign for a Culture of Philanthropy, which is designed to promote and establish effective giving practices around the world.

# Philanthropic Motivations and Influences

In Latin America, as around the world, philanthropy and social investing are highly personal practices that reflect both internal motivations and external influences. In this study, almost without exception, respondents viewed philanthropic giving as a social and moral responsibility and this appears to be true regardless of age, gender, national or ethnic origin, faith, or the source of wealth. The strong sense of social and moral responsibility seems to be based largely on and intrinsically linked to family values and traditions and tenets of faith. External factors further shape philanthropic priorities and practices. In particular, study participants expressed a strong desire to contribute to the positive advancement of their respective countries (or sometimes regions). For some, corporate goals, and global practices of giving and citizen action also influence giving. Together these internal motivations and external influences create an axis of purpose that underpins philanthropic and social investment goals and practices.

**Figure 3: Philanthropic Motivations and Influences**  
(% of respondents, n varies between 44 and 72)



## A Strong Sense of Social Responsibility

Across the study countries there is a strong sense of social responsibility that motivates individuals to engage in philanthropy and social investing. In a region where poverty persists and severe economic disparities and social inequities continue to pervade society, many described their giving as an expression of moral obligation, social consciousness, or civic duty. Among the survey respondents, nearly 100 percent indicated that “a responsibility to give back and help others” was either an important or very important motivation for their philanthropy; more influential than any other factor. This motivation was almost universal among respondents and across countries.

For many giving is an expression of *moral obligation, social consciousness, or civic duty* motivated by a responsibility to give back and help others.

For some very wealthy individuals who inherited fortunes, a sense of guilt or a question of “*why me?*” motivates them to help others who are far less fortunate. Several individuals – including both those who inherited and those who created their wealth – described themselves as a steward rather than owner of their wealth.

A number of interviews suggested that the sense of social responsibility is particularly apparent and growing among the younger generation. Some acknowledged the role of schools, which have incorporated social elements such as volunteering into their curricula, in shaping this consciousness. Others believed that increased communication and mobility has helped bring social problems and inequalities to light, thereby instilling the sense of broader community and understanding, which in turn prompts social action and investment. Still others viewed philanthropy as a

tool to foster social consciousness in their children. Parents particularly expressed concern that growing up economically advantaged could isolate their children and future generations from social realities. Thus they thought that involving the next generation in social investing would help instill the obligation to give back, as well as a stronger sense of community.

#### **Giving Reflects and Reinforces Family Values**

Family values, passions, and traditions greatly influence individuals’ philanthropic engagement and preferences. Across the study countries virtually all those interviewed described the profound influence of their families on both their propensity to give and the nature of their giving, and approximately 85 percent of respondents indicated that family was either an important or very important motivator. Family influence can manifest itself in several ways. For many, the act of giving is a demonstration of family values that focus on helping those in need as well as helping create a better world for all. It is an expression of the maxim, “*to whom much has been given, much is expected.*” These values were often inculcated by strong role models; many of those interviewed described parents, grandparents, and other relatives as a beacon that inspired their own philanthropic activities. Across countries, virtually all interviewees shared a story about family members who were active volunteers, involved in charity, or philanthropically inclined in some way. Individuals identified these examples as intrinsic to developing their own desire to give and they described philanthropy as a tool to reinforce and pass on values to their children and to contribute to the creation of a better world in the future.

Philanthropy can also be a way to honor or establish a family legacy. In fact, a number of foundations were named after an individual’s parents or family. For some individuals, their families had espoused a social cause or particular region for decades, and current philanthropic activity and social investments were direct reflections of this long-standing dedication. Although the importance of legacy was vocalized often in individual interviews, it was more moderately influential among survey respondents, where approximately 65 percent of respondents rated legacy as either important or very important.

Many individuals also described philanthropy as a means of reinforcing family bonds. This was common in cases where a family-business was sold or when younger generations were no longer involved in a family company. In these instances, philanthropy – often institutionalized through a foundation or family-wide giving mechanism – creates another kind of opportunity to bring the family together. However, this view was not shared by all. Some saw philanthropy as having the potential to create discord and preferred to approach giving individually or with a professional (non-family) team.

### **Personal Passions Guide Giving**

Passion is often cited as the catalyst in shaping one's philanthropy, sparking engagement in a specific issue, and guiding priorities. Close to 90 percent of survey respondents identified "*a strong connection to one or more causes or issues*" as a key motivation for their philanthropic activities.

For some individuals, passion can be what initially ignites philanthropy. For others with a long history of giving such passion can focus and guide their giving priorities and purposes. Many of those interviewed recalled a personal or inspirational experience that ignited a passion, which subsequently focused their philanthropy and social investing. This combination of heart and mind has supported the rehabilitation of vulnerable populations in Brazil. It has also brought specialized attention to learning disabilities in Peru, provided greater access to the arts in Chile, and launched countless other projects around Latin America.

### **Faith-based Values Internalized**

As examined earlier, religion and faith were historically embedded in Latin American philanthropy and continue to influence some individual giving. Certain values such as piety, charity, solidarity, and obligation, are shared across many religions, and contribute to the motivation to give. However, many interviewees indicated that they had internalized these tenets and viewed them as family and personal values rather than a mandate or religious doctrine. In fact, more than one-third of survey respondents indicated that faith was not important in motivating them to give.

### **National Pride and Development Emerging as Important Motives**

Recent economic and social improvements across Latin America have generated a sense of optimism for the future growth and stability of the region. This growing but cautious confidence has inspired increasing interest and activities in the philanthropic and social investing sectors as a way to personally contribute to a country's development. There is a clear desire among many to be among the builders of what some interviewees noted as "*stable,*" "*just,*" "*peaceful,*" and "*first world*" countries. Although this was not a listed option in this study's survey, several respondents wrote in motivations that included "*empowering the next generation of Brazilians*" and "*contributing to the social growth of my country.*"

Among the interviewees, individuals expressed the view that those with the capacity and resources to address these challenges should be compelled to act out of both moral obligation and national interests. Some felt the immense disparities between the wealthy and those in need were a social injustice and sought "*a fairer world.*" Others felt that inequality may contribute to instability, and act as a tinder box for internal disorder. By reducing inequity and improving social well-being for a broader base, individuals thought their country would have greater potential to remain peaceful, stable, and economically sound. This sentiment was particularly strong in Brazil, which has enjoyed immense economic growth but still faces significant social inequities and high levels of poverty. In Colombia, interviewees noted that while the country has come a long way in terms of economic and personal security, the potential for achieving a lasting peace agreement provides hope for even greater progress and advancement. Peruvians also exhibited a strong commitment to both national development and national identity, often supporting educational initiatives that were viewed as critical to national development and heritage programs that protect and promote Peru's unique cultural identity.

### **Philanthropic Activity can Align with Corporate Goals**

Although less prominent than the motivations listed above, corporate goals and incentives are also influential in giving. As explained earlier, while this study focuses on private giving, in practice, there is not always a clear distinction between family and corporate philanthropy. While institutionalized giving may take place under the company name or draw from business profits, it is often directed by the family and reflective of family values and priorities. Several individuals discussed aligning their philanthropy, at least in part, with the corporate goals of their family-owned company. Individuals also noted that the public has growing expectations of the role of businesses and the private sector in contributing to sustainability and social well-being. Some individuals also opined that philanthropy could provide a competitive advantage by increasing the positive image of the company with employees, the communities where the business operates, and the general public.

Many social investors are motivated to be among the builders of a “stable,” “just,” “peaceful,” and “first world” country.

Two of the most highly respected, long-established foundations in Colombia, cited repeatedly for exemplary work, are corporate-based, family-run entities. Interestingly, although there is significant corporate giving in Brazil, corporate goals were rarely cited as a motivating factor. In Peru and Mexico, there was consensus that the corporate sector would develop more rapidly than individual giving, in part due to increasing pressure from consumers and the general public, as well as the likelihood that it would create a competitive advantage in quickly globalizing national economies. Others across Latin America found that social investment was a natural extension of a company’s values, a tool for building a better brand, or a means to improve employee engagement and community development in the areas where the company operates.

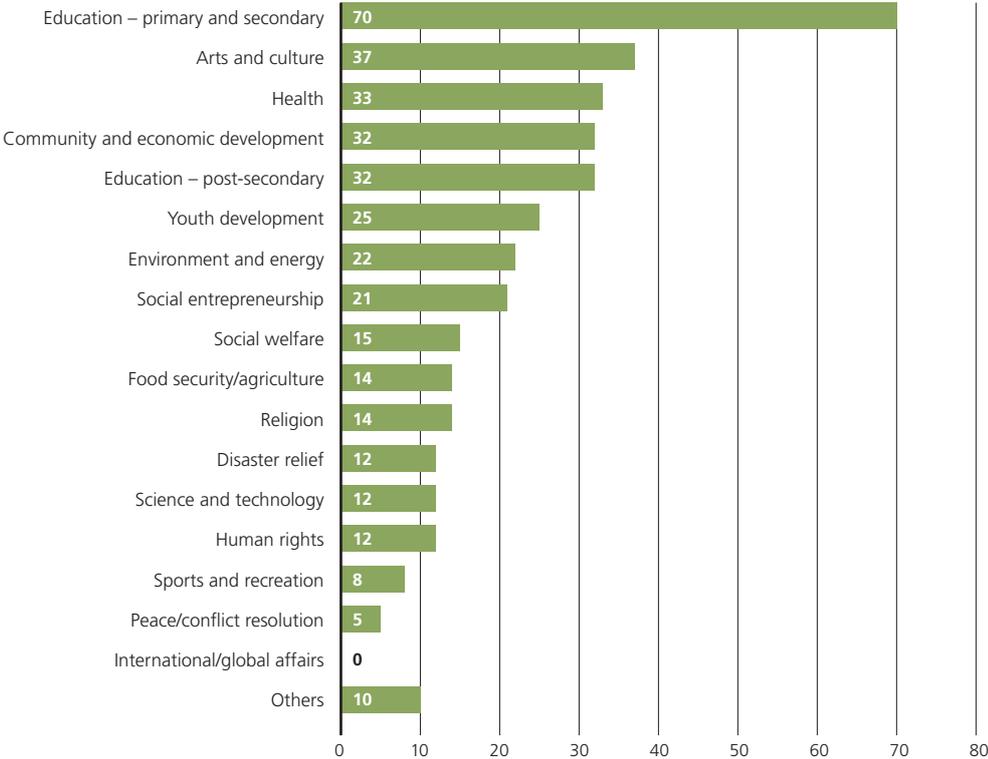
### **Global Practices Influence Philanthropy**

A significant number of individuals highlighted the influence of exposure to concepts of philanthropy, volunteerism, social engagement, and citizenship in other countries. Several individuals who had spent time studying and/or living outside of their country, particularly in the United States, described how the experience shaped their own thinking around philanthropy and private action. They also noted that their peers were often socially engaged, civically active, and philanthropically inclined. In addition, some individuals referred to their involvement in global philanthropic initiatives through which they interacted with and were influenced by philanthropists from around the globe. Likewise, corporate leaders operating in a global economy cited their exposure to the philanthropic programs of numerous global companies.

# Philanthropic Priorities and Purposes

Philanthropic individuals and institutions in the six countries exhibit a wide, inspiring, and ambitious range of philanthropic priorities and goals. Many seek to ensure that essential needs and services – such as quality education, adequate health care, and healthy child development – are equitably available to all. The priorities of others are geographically-oriented, seeking to improve the lives of individuals living in a specific community or region. Still others are focused on preserving, cultivating, and promoting the unique cultural heritage of their countries.

**Figure 4: Individual Philanthropic Priorities**  
(% of respondents, n=73)



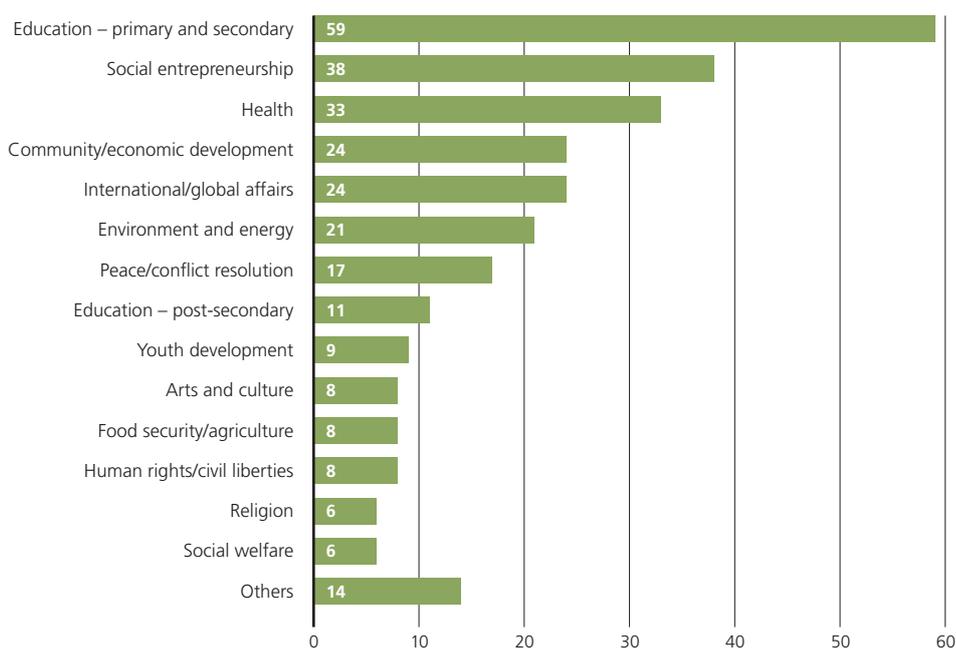
While the breadth of priorities and purposes is rich and diverse, the highest priorities for this group of philanthropists and social investors cluster into a fairly narrow set of issues. Within and across countries, the top priority by far is the improvement of primary and secondary education. Among survey respondents, 70 percent pointed to education as their top priority, and among individual interviewees a majority described their commitment to addressing educational challenges in their countries. Among survey participants, over half said that their giving was highly focused, concentrating on a narrow set of issues and or geographical areas; an additional 38 percent described their giving as somewhat focused, concentrating on a limited set of issues and/or geographical areas.

The second highest priority among survey respondents was arts and culture, which 37 percent of respondents selected. Again, many of those interviewed also described their focus on the preservation and promotion of culture, arts, and national heritage. The next three highest priorities among survey respondents were health care (33%); community and economic development (32%); and post-secondary education (also 32%); as illustrated in the discussion below, these, too, were all among the most significant priorities for those interviewed in the countries.

Survey participants were also asked to identify the issues they believed should be the top areas for giving over the next five years.

**Figure 5: Priorities for Philanthropy in the Next Five Years**

(% of respondents, n=66)

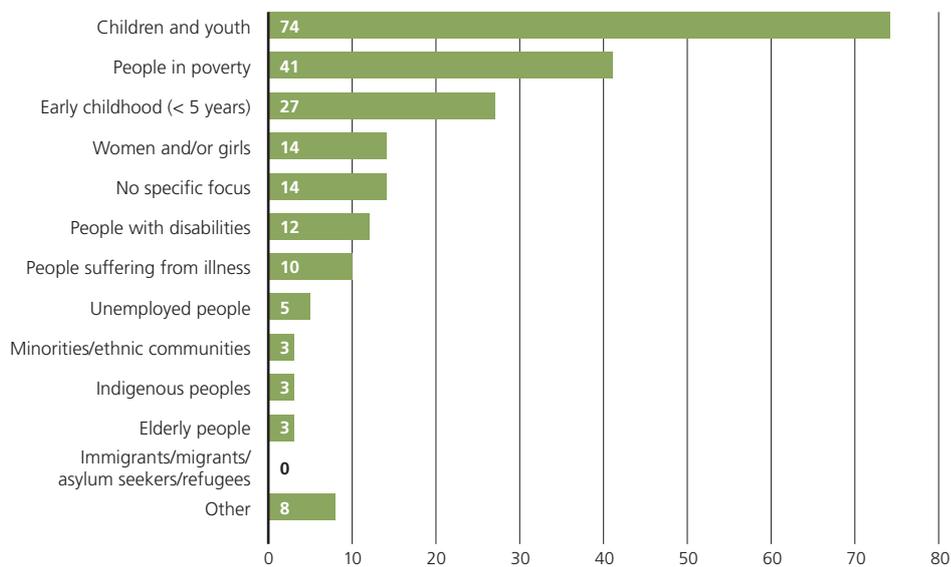


Individuals' own current giving priorities and their perceptions of what issues philanthropy should prioritize are generally similar, with some interesting and noteworthy differences. Primary and secondary education is a top priority for the future, although for 59 percent rather than 70 percent of respondents. Social entrepreneurship, which is not among the respondents' top five current priorities, is the second highest priority for philanthropy in the future, cited by 38 percent of the respondents. Health and community development both remain among the top five priorities. Arts and culture and post-secondary education are no longer among the top five; notably arts and culture is currently being supported by 37 percent of respondents, but only 8 percent believe it should be a top priority for philanthropy in the future. While no respondents indicated they were currently giving to global-related issues, 24 percent believed that should be a top priority over the next half-decade.

Interestingly, while much has been written about the strong historic traditions of giving to faith-based institutions, and while individuals in this survey indicated that faith was an important motivation for giving, less than 15 percent of survey respondents indicated that religion was a personal philanthropic priority, and less than 10 percent believed it should be a priority for philanthropy in the future.

In terms of the populations supported, study participants focus strongly on children and youth, as well as people living in poverty. Among survey participants, 74 percent focus on children and youth and 27 percent focus on early childhood. Among the same cohort, 41 percent focus on people living in poverty. Similarly, among the individuals interviewed there was a strong focus on both children and youth and the economically disadvantaged. While the survey did not seek information on the correlation between the age groups and economic concerns, it is likely that there is strong overlap, with a particular concern for children living in poverty.

**Figure 6: Intended Beneficiaries of Philanthropic Support**  
(% of respondents, n=73)



### Education Key to Individual Opportunity and National Prosperity

As already indicated, providing philanthropy to improve primary and secondary education systems is the clear top priority among this group of individuals. The focus likely reflects an assessment of the education system deficits in each country together with the acknowledgment of the long-term impact of education on both individual well-being and national prosperity. There is rigorous research and widespread recognition of the importance of education to individual attainment, well-being and national development. As one individual succinctly said, *“Education is transformative.”* Particularly for disadvantaged youth, high-quality education is an essential building block to economic opportunity. At the same time, a well-educated population is an engine for national economic growth and prosperity.

Individuals interviewed for this study are creating, supporting, and/or operating numerous educational programs and interventions at the primary, secondary, and tertiary levels, as well as early childhood initiatives. They include efforts at the policy, institutional, and individual levels of education. Several also look globally to identify and support the development of educational innovations and technologies that can be brought to bear on national educational systems. A key theme among most the initiatives is the desire to provide quality education to disadvantaged or marginalized youth, who currently lack educational opportunity.

“Education is *transformative*, for the individual, the family, and the country.”

Brazil

“All of our problems in Mexico – *violence, social exclusion, environment, etc.* – come back to lack of education.”

Mexico

“What three issues should be top priorities for philanthropy? *Education, education, and education.*”

Brazil

“We are focused on early childhood because ultimately we aspire to figure out how to develop ‘*the leader of tomorrow*’.”

Chile

#### *Education for the Underserved*

A number of social investors operate or support programs that specifically seek to bring quality education to the disadvantaged or underserved. In Colombia, for example, the *Fundación Luker (Luker Foundation)* adapted an innovative program designed for migrant workers’ children to schools in the city of Manizales. An independent evaluator found that the innovative Urban Active Schools curriculum, which is used now in almost 40 percent of Manizales’ public schools, has enabled its students to surpass the reading, math, and science test scores of their peers, not only locally, but nationally. In Argentina, an innovative partnership between the *Fundación Bunge y Born (Bunge y Born Foundation)* and *Fundación Perez Companc (Perez Companc Foundation)* addresses systemic challenges facing rural students and educators. In Peru, the *Fundación Custer (Custer Foundation)* aims to ensure quality education for children who are challenged by both learning disabilities and poor household.

#### *Building and Improving Educational Institutions*

Institution building assumes that there is an unmet demand for educational opportunity, created either by an inadequate number of institutions or the poor quality of existing ones. Individuals interviewed across Latin America believe that educational institutions in their countries are either not providing the necessary education and skills for the 21<sup>st</sup> century or are in fundamental need of reform and improvement, and they are investing significantly in both the creation of new institutions and the improvement of existing ones.

In interviews in Argentina, tertiary institution building was particularly prevalent. For example, Guillermo Murchison started *Universidad San Andrés (San Andrés University)* 25 years ago to provide education that emphasized values, as well as social work that would graduate empathic and principled professionals. And the *Fundación Agustín y Enrique Rocca (Rocca Foundation)*, perceiving a critical gap in quality technical education, has begun an ambitious program to establish seven technical schools in seven countries. Another important example of institutional building is occurring in Peru, where a group of private individuals and institutions have recently spearheaded the creation of *La Universidad de Ingeniería y Tecnología (University of Engineering and Technology or UTEC)*, a new private university dedicated to providing world-class engineering education to Peruvians and to building the workforce that will drive Peru’s continued economic growth.

In Brazil many philanthropists and social investors seek to improve existing institutions, most often focusing on public primary and secondary schools. The *Instituto Ayrton Senna (Ayrton Senna Institute)* focuses resolutely on decreasing educational inequalities and is exploring ways to adopt a private sector mentality around scale and innovation to Brazil’s public education system. And the *Fundação Victor Civita (Civita Foundation)*, now 30 years old, has been building institutional capacity by developing the capabilities of elementary school teachers and administrators.

#### *Innovation for Education*

Some philanthropic investments seek to improve educational access and quality through the identification, support, and dissemination of educational innovations, including the development of new technologies, materials, and teaching models. In Brazil, the *Instituto Inspirare (Inspirare Institute)* concentrates on innovation and entrepreneurship that will improve the quality of the country’s education. It has created *Iniciativas Empreendedoras (Entrepreneurial Initiatives)* to promote and accelerate social businesses that are developing innovative solutions that expand educational opportunities, especially for those at the bottom of the social pyramid. Also in Brazil, the *Fundação Lemann (Lemann Foundation)* has championed technology-based educational innovations, with funding for the Portuguese translation of Khan Academy lectures (a virtual platform providing free educational videos to a global audience), which now reach some 10,000 Brazilian public school children. It also has entered into a partnership with Google Brazil and YouTube Edu to develop and deliver over 12,000 educational video lessons to Brazilian students.

### *Creating Individual Opportunity*

A number of individuals and foundations also focus their educational priorities on individual students, providing scholarships for individual advancement. Indeed, over 40 percent of survey respondents indicated that they provided some kind of scholarships. In addition, individuals in Peru, Chile, Colombia, and Mexico all spoke of their enthusiasm and support for Lumni, Inc., a social investment fund that provides flexible educational funding for low and very-low income students, who are most often the first family members to attend college. Instead of providing a scholarship or loan, Lumni provides an educational investment in exchange for the student's commitment to pay a fixed percentage of income for 10 years after graduation. Thus, the student's obligation is completed after 120 months regardless of the total sum paid. By setting it up in this fashion, the student is not overly burdened by debt. Several people commented that this funding model is attractive to business-oriented individuals.

### *Early Childhood Development*

Giving young children a head start via early childhood education, health care provision, and related opportunities is an important focus of a number of foundations. For example, Brazil's *Fundação Maria Cecília Souto Vidigal* (*Maria Cecília Souto Vidigal Foundation* or *FMCSV*) has been operating for 40 years, and in the last decade has focused its efforts on ensuring that children from conception to six years of age have a good start to life. Through the *Primeiríssima Infância* (Early Childhood) program, *FMCSV* has helped more than 40,000 children in 13 cities and has developed a very rigorous diagnostic system that includes more than 50 indicators of quality of services. In Chile, the von Appen family's *Fundación Educacional Choshuencho* (*Choshuencho Educational Foundation*) has supported early childhood education and adapted an innovative early education model to 20 kindergartens across the country.

### **Preserving the Region's Cultural and Artistic Heritage**

Latin America is a region with a rich and diverse cultural history, and citizens of all countries are understandably proud of their nation's cultural wealth, both past and present. Culture is also recognized as an important part of the economic health of many countries, with tourism often an important industry. In this study's interviews, individuals spoke of a strong sense of pride in their nation's unique history and the sites and monuments that memorialize it, as well as the countries' artistic and culinary achievements. Coupled with this pride was a concern that cultural sites and traditions might be lost or fail to flourish without private support – especially since most governments do not have the resources to significantly protect or promote cultural heritage or current artistic endeavors.

**“The national pride in our culture is a strong force. We need to save this heritage. Without a conscious effort to protect it, it will disappear.”**

Peru

### *Preservation of Cultural Heritage Sites*

Philanthropists in Peru and Mexico have been instrumental in restoring and preserving the countries' rich cultural heritage. Since 1990, *Fundación Wiese* (*Wiese Foundation*) in Peru has engaged in a major initiative to recover and preserve the archaeological legacy of Peru. With initial work in El Brujo, an ancient settlement and ceremonial center of the Moche culture, the Foundation is now working in partnership with other private and public institutions on an ambitious ten-year program to develop a much larger Moche Route, which will showcase the cultural attractions of northern Peru. Importantly, the preservation effort is being undertaken with a commitment to ensure that local communities will benefit from tourism. In Mexico, José Antonio Alonso Espinosa, a board member of the *Fundación Amparo* (*Amparo Foundation*) and grandson of its founder, oversees the restoration of hundreds of pre-Hispanic and historic monuments. The Foundation has also helped to create one of the most important historical museums – *Museo Amparo* – in Mexico.

### *Modern Culture and Arts*

Philanthropists and social investors in several countries also support the growth of modern culture and arts. Several examples come from Chile. The Schiess family created *Teatro del Lago (Theater of the Lake)*, a cultural and educational community venue focused on improving creativity and community development through the arts. Likewise, the *Fundación Ibáñez-Atkinson (Ibáñez-Atkinson Foundation)* supports a variety of artistic programs and is planning to launch *Música Educa (Music Educates)* to integrate music into the curriculum of resource-poor schools. And the *Fundación Gabriel y Mary Mustakis (Mustakis Foundation)*, and its chairman of the board, George Anastassiou, has used the family's Greek background to creatively employ Greek mythology to foster creative thinking through history, stories, and art. In Colombia, Solita Cohen de Mishaan recently created the *MISOL Fundación para las Artes (MISOL Foundation for the Arts)* to support established and emerging artists and to make Latin American art more accessible nationally, regionally, and globally. Additionally, a small group of philanthropists promoted and founded the Popular Art Museum in Mexico City, which is housed in an Art Deco building provided by the Mexico City Government.

In Peru, individuals are encouraging and promoting Peru's culinary culture, which has become an integral part of the country's cultural identity. In 2007 chef Gastón Acurio and a group of Peruvians created *Sociedad Peruana de Gastronomía (Peruvian Gastronomic Society or APEGA)* to promote Peruvian cuisine, strengthen the country's cultural identity, and contribute to the prosperity of the nation. It is well known for its annual event, *Mistura*, a two-week long food festival that attracts over 600,000 people. Interestingly, *APEGA* also hopes to link Peru's culinary culture with its heritage sites through an Adopt-a-Terrace program that will help to re-cultivate 4,000 year old Andean mountain terraces.

### **Promoting Health Equity**

Health, like education, is viewed by many as both a basic human right and a fundamental cornerstone of national progress and prosperity. However, in many countries vast health disparities persist, and preventable diseases, especially those associated with poverty, go unchecked. An individual's overall health is closely tied to other socioeconomic factors including level of education, income, gender, and ethnicity. Health care costs can drain household resources, and can also adversely impact society and national progress through lost productivity, among other factors.

In addition, there is a general belief across study countries that it is the government's responsibility to ensure both educational opportunity and health care for all citizens. However, confronted by entrenched health care challenges, philanthropists and social investors in Latin America are addressing these needs in innovative ways and with measurable impact.

For example, individuals in Colombia and Mexico have made critical contributions to infant and child health. In Colombia, Catalina Escobar founded the *Fundación Juan Felipe Gómez Escobar (Juan Felipe Gómez Escobar Foundation or Juan Fe Foundation)* to focus in particular on reducing infant mortality and improving pre- and neo-natal care in Cartagena, the city with the highest infant mortality rate in all of South America. The Foundation went on to establish a neonatal intensive care unit and, as a result, according to a 2014 summary, the infant mortality rate at the maternity clinic decreased by 65 percent. In Mexico, one foundation has focused on children's health and provides equipment and other support to three children's hospitals.

In Argentina, families have been involved in improving quality of life through the work of their foundations in the health care sector. The *Fundación Mundo Sano (Healthy World Foundation or Mundo Sano)*, founded by Drs. Roberto and Miriam Gold and led by their daughter Silvia Gold, works to prevent and control parasitic and other transmittable diseases including dengue fever and malaria, which disproportionately affect poor and vulnerable populations. As part of their efforts, the Foundation is engaged in a global partnership with the Gates Foundation, the World Bank, and the WHO that is focused on controlling neglected diseases. And the *Perez Companc Foundation* and its family members have provided substantial financial backing for the health care sector, including the establishment of a medical school, a children's hospital, a neurologic institute, and the first trauma system in Argentina.

In Mexico and Chile there are philanthropies supporting care for curable eye diseases. The individual and socio-economic returns on these interventions can be immense. Not only are individuals able to regain their vision, but they can also work productively. In Mexico, over the past five years the *Fundación Cinépolis* (*Cinépolis Foundation*) has performed over 24,000 surgeries for the rural poor. In Chile, *La Fundación Oftalmológica Los Andes* (*Ophthalmological Foundation of the Andes*) – started by Nicolás Hurtado Vicuña and Santiago Ibáñez Langlois – has provided pro bono services to more than 45,000 patients.

### **An Integrated Community Development Approach**

While many individuals and social investors focus on a specific issue, others invest in community development programs that integrate a variety of interrelated interventions. Several individuals cited “greater impact” as the reason for focusing on programs that were more holistic in nature – including education, health, poverty alleviation, and income generation, among others. In addition, as discussed below, many participants who lead corporations felt a moral responsibility to take care of both their individual employees and the communities in which their operations took place. A community-based approach was particularly prevalent in Colombia.

Colombia’s *Carvajal Foundation* is a strong example of a foundation that has taken an integrated approach to bettering the lives of those who live in the community in which it started, i.e., in Cali and surrounding rural areas. The recipient of numerous awards, the Foundation serves as a beacon and role model for other Colombian and Latin American philanthropic organizations, according to study participants. *Carvajal* focuses on four complementary areas – income generation, education, housing, and social development – and since 1961 its programs have provided services to over 42,000 people.

Another family foundation in Colombia, *Fundación Granitos de Paz* (*Seeds of Peace Foundation*), works to improve the quality of life in the Rafael Núñez barrio in Cartagena – where some 13,000 people live in extreme poverty – through programs in education, housing, sports, and economic development.

“We wanted people to believe that change is possible if we act collectively. We made the decision to go to El Salado and make a laboratory of peace to help reconstruct the social fabric of El Salado.”

Colombia

“[We work to break the] vicious circle of great social problems... The youth are strategic to boosting the country’s development and disadvantaged women are pivotal in the fight against extreme poverty.”

Mexico

*Fundación Semana* (*Semana Foundation*) is another important foundation that has used a unique community approach to foster peace and reconciliation in Colombia. Spurred by the horrific El Salado massacre of 2000, which decimated the whole community, the Foundation has worked to build “a laboratory of peace to help reconstruct the social fabric of El Salado.” Combining its efforts with *Carvajal*, the *Semana Foundation* has blended real and cultural needs in rebuilding infrastructure, health services, and economic opportunity with emotional healing and community redevelopment.

In Peru, Joaquín de la Piedra created the nonprofit *Kusimayo* (a Quechua phrase meaning *Happy River*), which aims to solve a multiplicity of interconnected problems in the poor and underserved Lake Titicaca region. For example, *Kusimayo* is attacking numerous challenges by providing breakfasts in pre-school programs, improving living conditions at a hospice for the elderly, introducing new technologies to small-scale farmers, and renovating homes to provide better living conditions through advanced and cost-effective heating and insulation methodologies.

The *Fundación Sertull* (*Sertull Foundation*) in Mexico is another institution for which breaking “the vicious circle of great social problems” is paramount. Their integrated approach addresses education, health, livelihoods, culture, rights, the promotion of Christian humanism, and temporary assistance. The Foundation hopes to focus on helping children, women, and rural communities, which are perceived as populations critical to combatting extreme poverty.

### **Addressing the Needs of Vulnerable Populations**

While the majority of examples provided above focus for the most part on providing better opportunities for poor and disadvantaged populations, there were examples of some social investments that specifically sought to help the most marginalized members of society for whom social justice has traditionally been far out of reach. As such, these examples are commendable for their work with “forgotten” populations.

In Chile, *Fundación Colunga (Colunga Foundation)* is dedicated to assisting highly neglected sub-populations such as female drug addicts and prison populations. In Brazil, Filipe Sabara founded the *Associação de Resgate à Cidadania por Amor à Humanidade (Association for the Rescue of Citizenship through Affection towards Humanity or ARCAH)* to address the needs of people with mental illness, drug addictions, and homelessness through health services, rehabilitation, and housing assistance. Another Brazilian foundation, *Instituto Betty e A. Jacob Lafer (Lafer Institute)*, seeks to ensure that those who are incarcerated in the nation’s prisons will receive fairness in its justice system.

# Philanthropic Platforms and Strategies

As indicated elsewhere in this report, while there is no comprehensive data on philanthropic giving and social investment in Latin America, it is widely assumed that the vast majority of giving is provided by individuals rather than institutions. Such giving often takes place in an anonymous or low profile fashion that is motivated by religious tenets, cultural traditions, and personal security concerns. Among study participants, 39 percent indicated that they generally give anonymously.

At the same time, there is agreement that an increasing amount of philanthropy and social investment flows through institutional platforms. Thus, individuals, families, and business leaders who wish to structure, focus, and professionalize their giving are increasingly seeking more formalized mechanisms through which to do so. In particular, those with a social investment approach, who seek to create systemic and sustainable social change, appear to favor an organized philanthropic platform and structure to achieve their goals and maximize impact.

Along with the creation of such institutional platforms, individuals employ a variety of philanthropic strategies. While the conversations about philanthropic investment instruments is sometimes reduced to limited questions about grantmaking or operating approaches, the interviews in Latin America suggest that there is a broader and less siloed approach to social investments. As described more fully below, many of the individuals and social investors in this study demonstrate an outcome-based approach to philanthropy that often leads them to employ multiple approaches to achieve their goals.

**Legal ambiguities and narrow philanthropic precedents may allow social investors to think *outside-the-box* as they consider institutional models and strategies that can foster systemic social change.**

**A growing number of wealth holders have established institutional platforms to *focus, practice, and amplify* their goals.**

Although the legal environment, charitable traditions, and public opinion have certainly limited the region's social investment, this study's interviews suggest there is significant creativity and innovation in the sector and that many individuals have committed substantial financial, intellectual, and social capital to address critical challenges. Indeed, it is possible that while legal ambiguities and narrow philanthropic precedents may inhibit the quantity of giving within countries, they may also allow social investors to think outside-the-box as they consider institutional models and strategies that can foster systemic social change.

## **Institutional Platforms Increasing and Becoming More Professional**

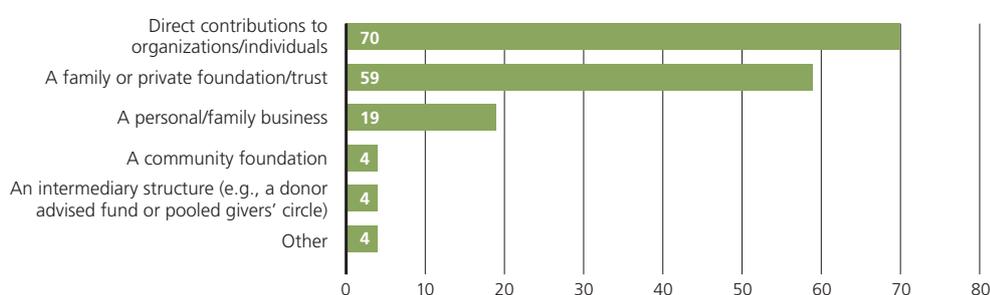
A growing number of wealth holders have established institutional platforms to focus, practice, and amplify their goals. Their motivations include an understanding that institutions can: encourage a more strategic approach; have higher visibility; serve as role models for others; facilitate easier collaboration; and, in sum, have greater impact on the economic and social challenges they seek to address.

Though few countries have a separate legal entity for a philanthropic institution or foundation with its own source of funding, the vast majority of individuals interviewed practiced at least part of their giving through a philanthropic institution established by themselves, their family, or a family-led corporation. There is often strong family involvement in the organization, with individuals not only committing financial resources, but social and intellectual capital as well.

As discussed elsewhere, most participants believed that corporate-related foundations generally dominate institutional philanthropy in the region and are likely to continue to do so. The limited data available in these countries supports this hypothesis; in Brazil, Colombia, Mexico, and Peru, research has identified more corporate-related than independent foundations. Interestingly, this was not the case among this study's interviewees; many had established independent family-based foundations. Similarly, 59 percent of survey respondents structured their giving, at least in part, through a family or private foundation/trust, while only 19 percent used a corporate-related structure. In addition, family offices are beginning to proliferate in some countries and at times are used to structure a family's philanthropic activities.

**Figure 7: Organizational Structures for Philanthropic Giving**

(% of responses, n=69)



**An outcome-driven approach to social investment comprises several key characteristics: it is driven by goals and targets; it recognizes that solutions will likely require multiple interrelated strategies; it acknowledges that formidable challenges require a long-term view and commitment; it recognizes that large-scale change often requires collaboration and partnership; it includes a clear plan for assessing impact; and it also includes contributions of social and intellectual capital, in addition to a significant financial commitment.**

A few individuals use a combination of platforms to achieve their objectives. For example, in Brazil, Ana Lucia Villela has established three separate institutions, including an endowed nonprofit that operates its own programs, a foundation dedicated exclusively to grantmaking, and a social enterprise.

Along with the increase in the number of institutional bases, philanthropic organizations are becoming more professional. Many of those interviewed described how in recent years their foundations had intentionally developed a more strategic focus and professional approach. This often includes the introduction of operational efficiencies, sometimes involves bringing in a professional to lead the foundation, and increasingly directs attention to demonstrable impact and measurable results. Among survey participants, close to 80 percent indicated that they quite frequently followed up on grants to determine whether their support had the intended outcome.

#### **An Outcome-Based Approach to Social Investment**

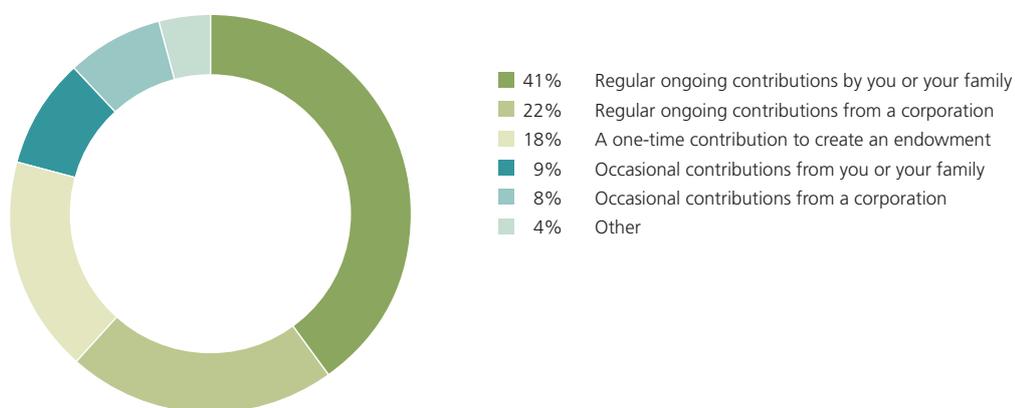
A number of those interviewed said that they employed an outcome-driven approach to social investment. Such an approach begins with the identification of the problems being addressed – such as inequalities in education, inadequacies of justice, inequities in health services, or deficiencies in early childhood development – as well as the outcomes sought. This approach generally comprises several key characteristics: it is driven by goals and targets; it recognizes that solutions will likely require multiple interrelated strategies; it acknowledges that formidable challenges require a long-term view and commitment; it recognizes that large-scale change often requires collaboration and partnership; and it includes a clear plan for assessing impact. In addition, it also includes contributions of social and intellectual capital, in addition to a significant financial commitment.

An outcome-based approach encompasses many of the following topics. For example, such an approach might lead to the pursuit of additional financial support, could very well benefit from a combination of operational programs and grantmaking, and would frequently include strong partnerships or alliances.

### Foundation Funding from a Variety of Sources

Philanthropic institutions generally receive core funding from individuals, family members, and corporate profits. While several experts thought that much foundation funding was sporadic and unpredictable, most of the institutions described in interviews have a relatively steady source of income or an endowment. Similarly, among survey participants with foundations, 63 percent stated that their foundation received regular contributions from either an individual/family or a corporation. An additional 18 percent indicated that their foundation had its own endowment.

**Figure 8: Sources of Foundation Funding**  
(% of respondents, n=51)



In most countries, there are few incentives for establishing an endowment, due to the highly burdensome process of doing so, and limited protection of assets once it is established. Only 18 percent of survey respondents indicated that their foundation had an endowment, and a large majority of philanthropic institutions described in the interviews were not endowed. Nevertheless, interviews included several examples of institutions with endowments including the *FMCSV*, *Civita Foundation*, and *Instituto Alana (Alana Institute)* in Brazil; the *Carvajal Foundation* in Colombia; and the *Bunge and Born Foundation* in Argentina. Among those who had established an endowment, the main reasons for doing so included ensuring perpetuity and allowing for long-range planning. In addition, some wanted to professionalize or “depersonalize” their philanthropic institution and others wanted to serve as visible role models, encouraging others to make permanent philanthropic commitments.

Although philanthropic institutions receive substantial funding from the founder(s), many (even corporate) foundations also seek and/or receive funding from other sources including national foundations, personal and business acquaintances, non-associated corporate contributions, federal or local governments, and, less frequently, the general public, international foundations, and aid agencies. Multiple funding sources are possible because most countries’ legal frameworks do not distinguish between a resource-giving and resource-receiving institution. Importantly, philanthropic institutions view additional external funding as a way to maximize impact. Because most foundations directly operate their own programs, additional resources help them expand the scope and scale of their work. Several individuals explained that their foundations were initially funded entirely by the family or corporate group, but, as they demonstrated, impact the foundation attracted support from others.

Thus, while contributions from other sources are indeed likely to increase program impact; the practice has implications for civil society more broadly. Many individuals expressed concern that the practice limited the potential funding for other civil society organizations, which have been put in the position of competing for relatively scarce resources with endowed or well-funded foundations.

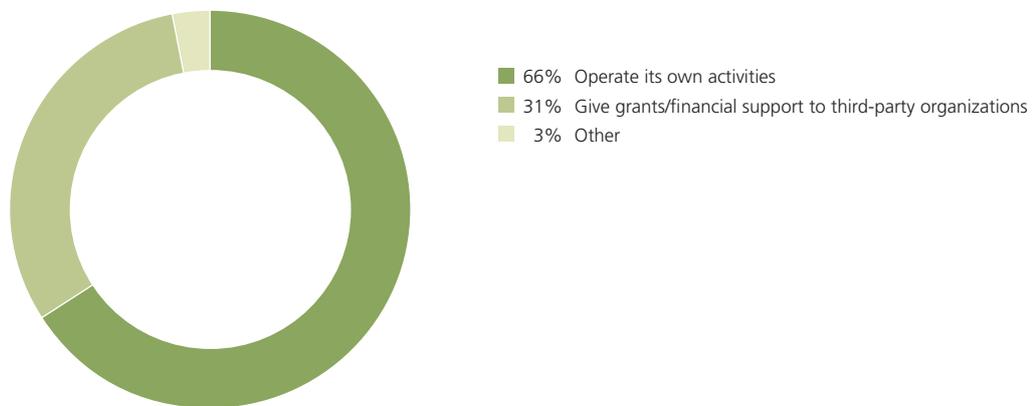
### Mix of Investment Strategies: Foundation-Operated Programs Preval

Individuals and philanthropic institutions across the region employ a mix of investment strategies, including foundation-operated programs (42% of survey respondents), scholarships (41%), grantmaking to third-party organizations (29%), and – more rarely – equity investments (10%), and loans (5%). Of these methods of engagement, foundation-operated programs appear to receive the most funding. Notably, and as described, individuals who start with an outcome- or problem-based approach may be largely agnostic about investment strategies, and in the absence of specific legal frameworks or strong cultural precedents they employ a combination of instruments to achieve their goals.

The limited data that exists suggest that there is a clear preference for foundation-operated programs. Uniquely in Colombia, experts and interviewees described foundations that have principally operated their own projects and programs as first-floor foundations, while foundations that generally provide grants to third-party entities were referred to as second-floor foundations. In a survey of its members in 2014 the *Asociación de Fundaciones Empresariales (Association of Corporate and Family Foundations or AFE)* found that 30 identified themselves as first-floor, 18 as second-floor, and 8 as a mixture of the two.<sup>22</sup> And in 2011–2012, a membership survey by Brazil's *Grupo de Institutos Fundações e Empresas (Group of Institutes, Foundations and Companies or GIFE)* reported that in 2011–2012 55 percent of resources were spent on program operation and 29 percent on donations to others.<sup>23</sup> Regrettably, there is no similar data available for other countries. Among this study's survey respondents that have established a family or private foundation/trust, an average of 66 percent of resources have been used to operate their own activities, with an average of 31 percent going into grant support.

**Figure 9: Foundation Social Investment Strategies**

(% of overall giving, n=40)



Individuals who start with an outcome-based approach may be largely agnostic about investment strategies, and in the absence of specific legal frameworks or strong cultural precedents they will employ a combination of instruments to achieve their goals.

There are a number of reasons why individuals and institutions choose to operate their own programs. First, many of those interviewed, who were working on a variety of different issues, emphasized that they could have more impact by operating their own programs. A second and related issue is the widespread lack of confidence in civil society. In addition, a sense of personal fulfillment inspired many individuals, who explained that they wanted to be directly engaged with the communities and individuals they hoped to assist. Finally, many of those who chose to directly operate programs were likely motivated by a combination of these factors.

### Complex Attitudes toward Civil Society

With a philanthropic landscape largely characterized by an operating model, grantmaking to support individual nonprofit organizations or to strengthen civil society is limited. While many foundations provide some grants or other financial support to nonprofit organizations (as indicated above), the greatest share of financial resources flow toward the operation of in-house programs.

Attitudes toward civil society in Latin America are highly complex and beyond the scope of this study. But in addition to the points mentioned above, it is important to briefly point out that while there is clearly a lack of confidence in NGOs' capacity and professionalism there may be other significant factors influencing the relationship between philanthropy and other parts of civil society. First, while some might see the growth and support of a vibrant civil society as a principle, and central, role for philanthropy, many do not share this precept. Second, while in a small number of countries around the world, philanthropic institutions' principal tool is grantmaking, there is not a similar correlation in Latin America. In this region, foundations approach social change through a multitude of financial tools and strategies. Furthermore, in several Latin American countries, international efforts have established and long supported significant parts of the civil society landscape and many may continue to perceive these organizations as a priority for international, rather than domestic, organizations and donors. As described earlier, a low level of societal trust could be a significant deterrent to supporting nonprofit organizations as well.

These issues notwithstanding, several individuals remarked on the knowledge and expertise of many NGOs, the importance of supporting their work, and the potential impact of grantmaking. Inês Mindlin Lafer in Brazil described the *Lafer Institute's* conscious decision to make grants based on the complex nature of judicial reform (the Institute's primary focus), the Institute's resources, and the existence of skilled and knowledgeable NGOs already working in the field. In Colombia, Fernando Cortés McAllister explained that the *Fundación Bolívar Davivienda (Bolívar Davivienda Foundation)* decided to provide resources to nonprofits because it did not make sense to develop in-house expertise in all of the issue areas in which the Foundation was involved. Moreover, the Foundation asserted that these grants helped strengthen NGOs' expertise and capacity, thereby contributing to a stronger sector overall. Similarly in Mexico, the foundation now being created by the del Valle family will likely engage in significant grantmaking. Blanca del Valle Perochena emphasized that there are many NGOs and social entrepreneurs who are experts in their fields and it was important to help them create positive change.

*The relationship between philanthropy and other parts of civil society is complex. While some might see the growth and support of a vibrant civil society as a principle, and central, role for philanthropy, many do not share this precept.*

In addition, there were a few adamant voices that emphasized the critical importance of a strong civil society and the need for philanthropic resources to help develop it. As described in a recent report by the World Economic Forum, NGOs increasingly play a critical and diverse set of roles in societal development as "*watchdogs, ethical guardians, and advocates of the marginalized or under-represented.*"<sup>24</sup> They are also service providers, innovation incubators, important facilitators and conveners, and arbiters of the critical balancing act needed to mediate the power of government with that of the private sector. Several individuals also acknowledged the broader need to develop and professionalize civil society through grants even if this was not a priority for their own organizations.

Some foundations have taken a venture philanthropy approach and have provided organizations with both financial and non-financial support to increase their social impact. In Chile, the *Colunga Foundation* has consciously developed a venture philanthropy strategy, with multi-year commitments and assistance for capacity building. Juan Francisco Lecaros in Chile founded *Corporación Simón de Cirene* with a view toward transferring business expertise and management knowledge to the social sector. Among survey respondents, 64 percent were either interested or very interested in the concept of venture philanthropy.

While some advocated for one approach over the other, it is worth noting that there is no real evidence that either an operating or grantmaking model is more impactful. In fact, the previously cited agnosticism of an outcome-based approach may well be the most effective strategy.

While some advocate strongly for an operating or grantmaking approach to philanthropy, there is *no real evidence that one model is more impactful than the other*. The agnosticism of outcome-based investments may well be the most effective approach.

**Partnerships and Collaborations Seen as Important but Sometimes Difficult**

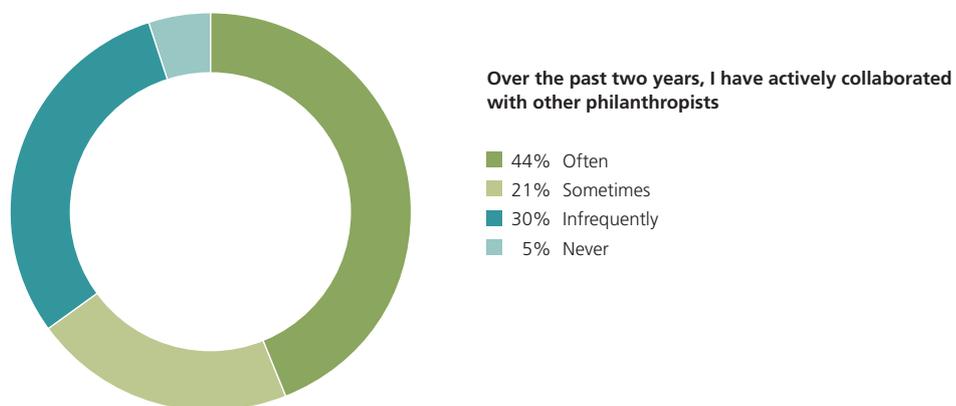
Moving beyond their own capacity to affect change as a family or individual, many social investors recognized the essential importance of partnerships as well as collaboration for achieving their goals. As noted earlier, partnerships are very often part of an outcome-based, social investment approach.

Many individuals emphasized the need to address immediate and complex challenges requires donors to work together and with local, state, and federal governments. Others emphasized the importance of partnerships to scale-up impact, and still others stressed the goal of leverage, i.e., looking for other people to co-invest in issues they cared about.

Partnerships vary widely in terms of composition, size, form, activities, governance, and goals. Among partnerships described by participants in this study, a significant number can be characterized as donor collaborations, with two or more foundations working together, while others are public-private partnerships (PPPs) including a variety of foundations, government entities, and corporations. And 44 percent

of survey respondents said that they have collaborated often with other philanthropists over the last two years, with 21 percent having sometimes collaborated. Less than five percent said they have never collaborated with others. In addition, 74 percent indicated that they were either interested in or very interested in collective impact, a concept developed by the U.S.-based consulting firm FSG, broadly defined as *"the commitment of a group of actors from different sectors [e.g., government, civil society, business] to a common agenda for solving a complex social problem."*<sup>25</sup>

**Figure 10: Collaboration and Partnership**  
(% of respondents, n=63)



In Brazil and Colombia, several individuals spoke positively about their partnerships with both private organizations and public entities. However, in Colombia partnerships at the regional and local level were described as more difficult, in part because of perceived corruption. Individuals in Mexico and Peru believed that there were a limited number of PPPs, although they did not describe partnerships as intrinsically challenging. However, two noteworthy examples come from these countries. In Mexico, Alejandro Ramírez realized that typical philanthropic contributions to education were important but insufficient to create fundamental long-term change. So, together with several colleagues, he founded *Mexicanos Primero (Mexicans First)* to address structural barriers to quality education. In Peru, the *Wiese Foundation*, has worked with government for over 30 years and emphasized that such partnerships were critical to achieving large-scale impact.

On the other hand, some individuals stressed that it was difficult to create, manage, and sustain partnerships, particularly PPPs. In Argentina many noted the difficulty in forming partnerships with public entities because of the government's reluctance to embrace a strong role for the philanthropic sector. Some noted that, while the government might want the private funding, they did not want foundations involved in decision-making or program delivery.

### **Awards and Prizes Encourage Excellence**

Several foundations use awards and prizes as a powerful tool in creating societal benefits. A McKinsey report suggests that the use of prizes is undergoing a renaissance and describes a new appreciation for the multiple ways in which awards and prizes can produce change. This can take place not only by identifying excellence and encouraging innovation, but also by influencing public perception, focusing communities on specific problems, and mobilizing new talent and/or capital.<sup>26</sup>

The use of awards and prizes was most striking in Argentina, where several foundations have had long-standing programs that provide awards and prizes for professional achievements and accomplishments. The *Fundación Konex (Konex Foundation)* and the *Bunge and Born Foundation*, which both have well-known and distinguished award programs, described these as effective mechanisms for encouraging development, talent, and leadership in a given field. In Peru, one expert noted that increased recognition for individuals' philanthropic efforts – rather than corporate or CSR work – through an award or prize could be helpful in illuminating innovative philanthropic approaches, demonstrating the value of social investment, and encouraging others to become more philanthropically engaged.

### **Impact Investing Growing Across Region**

Impact investing can be defined as investments made into companies, organizations, and funds with the intention of generating social and environmental impacts together with a financial return. Of growing interest around the world, the concept also appears to be increasingly attractive to social investors in Latin America, and, in these interviews, particularly to those individuals from Brazil and Colombia. While only 14 percent of survey participants currently provided philanthropic support to *"organizations that produce both a financial profit and a social benefit,"* 62 percent indicated they were either very interested or interested in impact investing. In Brazil, Ana Lucia Villela established a social enterprise to generate corporate profits and significant social impact. And Bernardo Gradin invested in for-profit organizations developing educational innovations to help achieve universal quality education. For these individuals and others who employed a variety of social investment strategies, impact investing is seen as *"a tool in the toolbox."*

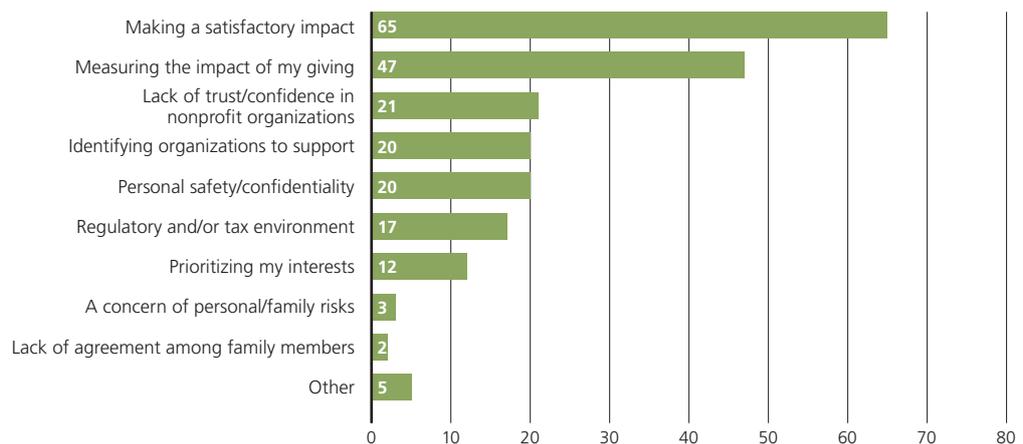
Over the last decade, according to a Bain and Company report on impact investing in Latin America, the landscape has grown dramatically from two or three specialized international players investing in the region to more than 50 organizations with hubs of activity in Bogotá, Mexico City, and São Paulo. This 2014 study reports that capital committed by impact investment funds in Latin America increased from US\$160 million in 2008 to roughly US\$2 billion by 2013, which represents a 12-fold increase in just five years. Brazil has the largest regional share, with a total of US\$180 million invested by domestic and foreign impact investment funds. Mexico and Colombia have the next largest shares, with approximately US\$100 million and US\$50 million invested, respectively.<sup>27</sup>

# Looking Ahead: Challenges and Opportunities

## Obstacles to Philanthropy and Social Investing

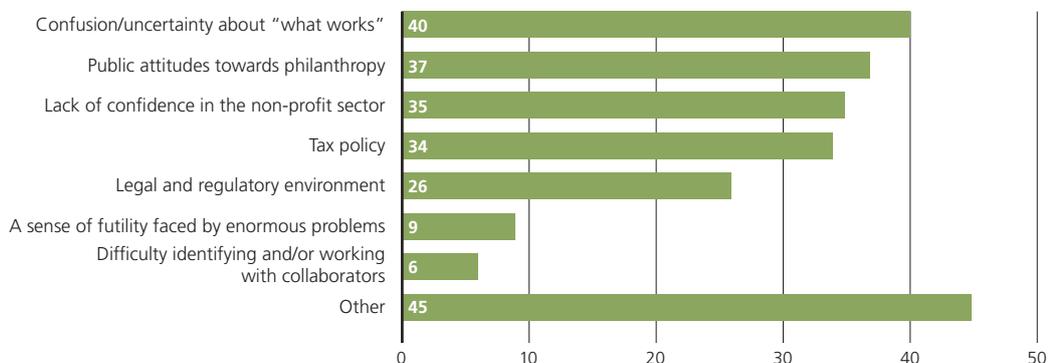
**Figure 11: Most Significant Challenges to Individual Philanthropy**

(% of respondents, n=66)



**Figure 12: Most Significant Challenges to Philanthropy in Society**

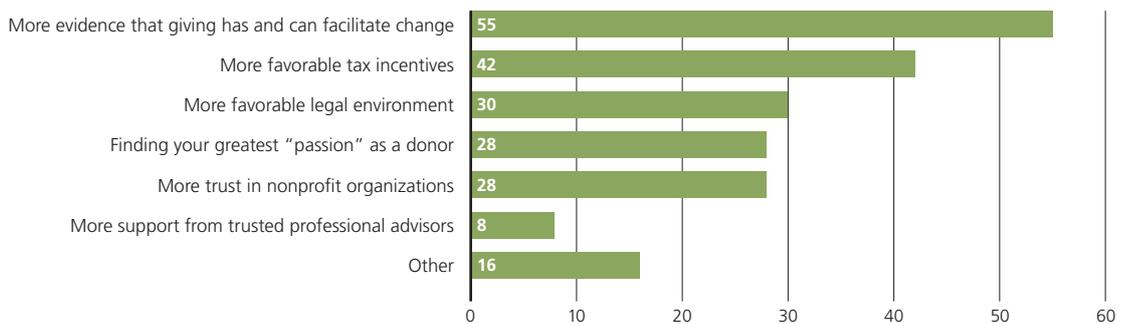
(% of respondents, n=65)



## Changes that would Promote More Philanthropy

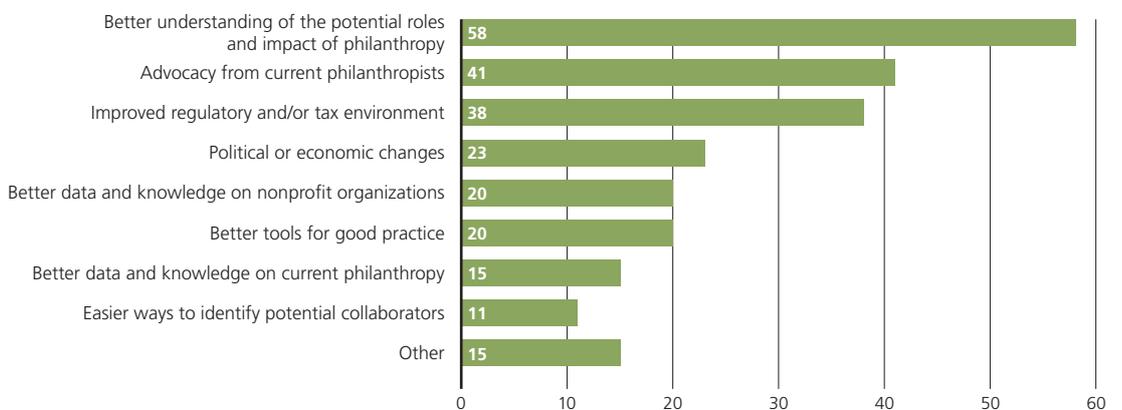
**Figure 13: Changes that would Motivate Increase in Own Giving**

(% of respondents, n=64)



**Figure 14: Changes that would Increase Philanthropy in Society**

(% of respondents, n=66)



The majority of individuals interviewed for this study are active, engaged philanthropists and social investors and did not believe there were significant obstacles to their own giving – except for a lack of resources commensurate with the scale of the problems and issues being tackled. Further, as a group they believed that there was an opportunity, indeed an imperative, to bring more philanthropic capital to bear on the challenges faced in their countries and to foster widespread improvement in human well-being. While 65 percent of survey respondents felt that currently philanthropy in their country only had a moderate impact, 80 percent thought that the need for philanthropy was either extremely urgent or urgent.

At the same time, it is important to underscore the fact that participants in this study may not be representative of the larger cohort of wealth holders. The interviews included some of the most committed philanthropists, innovators, and leaders at the forefront of social investment in their countries.

Despite the actions, engagement, and optimism of this remarkable group of individuals, there is also a strong belief, among both those interviewed and survey respondents, that there are significant obstacles that hinder a broader group of wealthy individuals from becoming more active and that limit the overall impact of private social investment in their countries. While some obstacles differ among the countries, there is a cluster of challenges that seems to be quite constant in the region. Key among them are uncertainty about the roles and impact of philanthropy, a limited sense of social cohesion and solidarity, an unfavorable tax and policy environment, and a lack of confidence in the nonprofit sector.

Notwithstanding the recognized challenges to philanthropic growth and impact, many individuals were cautiously optimistic about the trajectory of social investing and philanthropy in their countries. They emphasized that in several Latin American countries the underpinnings of a robust philanthropic sector – democratic stability, economic growth, personal wealth accumulation, and space for citizen action – are all relatively new. With time, some anticipated that private philanthropy would naturally flourish. Moreover, individuals largely thought that proactive approaches, initiatives, and opportunities could help to accelerate this process.

Both the interviewed individuals and survey respondents were asked about the most significant challenges they faced in their own philanthropic giving as well as the greatest challenges to broader philanthropic growth and impact in their country. They were also asked what changes would motivate them to increase their own giving in the future and what changes would help philanthropy to develop in their countries. Results from the survey are shown in Figures 13 and 14 and discussed below.

### **Changing Attitudes and Perceptions towards Philanthropy**

As described earlier, for philanthropy and social investment to have a significant impact, a society must embrace a strong role for both private action and the nonprofit sector. In this study, one of the most frequently cited obstacles to philanthropic growth and impact was the perception, held by both governments and the public, that the role of philanthropy, social investment, and private participation in the provision of public goods should be narrowly defined. While traditional charity that helps people in need and alleviates immediate suffering is seen as a legitimate role for private giving, social investments that address systemic problems in areas such as education and health care (seen as state responsibilities), or that tackle more controversial issues such as human rights, are not widely accepted. In addition this fundamental perception regarding sectoral roles, elements of distrust and concerns about corruption and misuse of philanthropic capital further inhibits a positive perception of philanthropy and diminishes its potential.

While *traditional charity* that helps people in need and alleviates immediate suffering is seen as a *legitimate role for private giving*, social investments that address systemic problems in state areas such as education and health care, or that tackle more controversial issues such as human rights, are not widely accepted.

Among survey respondents, 37 percent indicated “*public attitudes towards philanthropy*” as a top challenge to overall philanthropic growth and impact, making it the second most frequently cited obstacle. This perception was echoed in numerous interviews.

Encouragingly, the opinions concerning philanthropic roles are clearly changing in some countries. Notably, the governments in Brazil and Colombia seem to accept and even encourage private philanthropy, as evidenced in particular by some strong PPPs. Private citizens, too, are recognizing philanthropy’s social contributions and value. A number of individuals noted that private philanthropy could be an important stabilizing mechanism by decreasing inequalities and making for less friction in society. In the future, many of the other topics discussed in this section – demonstrating impact, building a sector, and strengthening civil society – could all help to develop more favorable attitudes and perceptions about philanthropy.

#### **Demonstrating Philanthropic Impact**

The clear demonstration of philanthropic impact is likely to be the keystone for both changing perceptions around philanthropy’s roles and increasing its practice. Demonstrable impact could help to persuade both governments and the public of the value of philanthropy and social investment as well as lead to positive changes at the policy and implementation levels. Moreover, such evidence is what could very well persuade more wealthy individuals to convert some portion of their wealth into philanthropic capital.

Survey respondents also saw a lack of knowledge about impact as the greatest challenge to philanthropy. They also indicated that demonstrable impact was the most important issue to motivate both increased philanthropy personally, as well as philanthropy in the country as a whole. “*Making a satisfactory impact*” was the most frequently cited challenge to individual giving (65%) and measuring impact was the second most frequently cited obstacle (47%). Similarly, respondents also cited “*confusion/uncertainty about ‘what works’*” the most critical challenge to increasing philanthropy in society (40%). Looking at changes that would motivate the respondents to give more, evidence of impact was again the top response (55%), and was also the change viewed as most likely to increase philanthropy in society (58%).

The findings of this study illustrate that, across a breadth of issues, there are clear and impressive examples of social impact. In Colombia, one innovative education program addressing the needs of underserved students has produced academic scores that surpass peers across the country. Another philanthropic program in Cartagena has reduced infant mortality in one clinic by 65 percent. In Peru and Mexico family foundations have saved and restored globally important heritage sites that otherwise might have been lost forever. Numerous universities and health institutions built with private philanthropic contributions have helped countless people in Argentina. And in Brazil, more than 10,000 school children are receiving quality education thanks to innovative online platforms. There are numerous other examples of social impact in every country.

To a certain extent, expanding philanthropy is an issue of communication and visibility. While social investment levels may be limited, it also appears that people are largely unaware of existing activities and their impact. In interviews, individuals were often unaware of their own country’s significant philanthropic institutions, some of which have been included in this study. There are many ways to increase the visibility of philanthropic impact. Some foundations are publishing annual reports with stories of impact, in addition to financial information that has been evaluated by independent auditors, which may help to build societal trust and spread awareness. Philanthropic infrastructure groups are also presenting stories around members’ impact. There is also an opportunity for independent third-party case studies of impact, and for more media coverage of philanthropic efforts.

Aside from gaining more visibility for known social impacts, there is a need and opportunity to bring deeper and better evaluative techniques and metrics to assess the success of philanthropic programs and projects. Globally, there are many evaluation and assessment tools that measure social impact and that could be adapted for use in Latin America.

In addition to individual examples and case studies of impact there is a critical need to better understand the overall scope and impact of the philanthropic sector in each country and across the region. As noted earlier, there is a paucity of reliable data on philanthropic giving and social investment. Ongoing efforts in Brazil and Mexico and a new initiative in Colombia are addressing this gap, but leaders of these efforts were the first to admit that more comprehensive and regularly updated data was needed. Encouragingly, a new global initiative is poised to help individual countries develop new data and also, for the first time, make the data comparable across countries. Latin American participation in this initiative could be instrumental to the understanding of philanthropy both nationally and regionally.

### **Fostering a Culture of Social Responsibility and Solidarity**

With remarkable frequency, study participants talked of the limited culture of giving in their countries. It is possible that this is in significant part closely linked to, or the result of, concepts of social responsibility, citizenship, and solidarity. Many spoke of the limited sense of community and social cohesion among people of different economic and social strata. Social groups are often exclusive and intimate and several noted that the rich live “*in a bubble*” where they are either unaware of or ignore the well-being of others. In some countries participants cited even greater isolation, where there was almost no solidarity, sense of responsibility, or trust beyond one’s own family.

The reasons for this are complex and well beyond the scope of this study to analyze comprehensively. But in brief, Latin America is a region where social divisions have characterized society for centuries and have been reinforced by myriad economic, social, ethnic, political, and geographical distinctions. Across the region various factors – including early colonization, plantation economies, prolonged slavery, and decades of foreign extraction and/or intervention – have created a society where riches have only benefited a small minority. Some countries have an even earlier hierarchical history dating back to pre-colonial times. Throughout this history there has been almost no emphasis on sharing wealth, building an egalitarian society, or developing social cohesion. More recently, under military rule and authoritative governments, community building or citizen engagement was often seen as subversive, and thus was a further barrier to developing broad social affinity. In countries with extensive political conflict and internal violence, people, particularly the wealthy, needed to keep low profiles and focus on the safety of themselves and their families.

Several countries in the region are just beginning to realize a true sense of a democratic society, one which is accompanied by political stability, economic growth, personal security, and the freedom to associate or engage. Concepts of egalitarianism, citizen participation, and a committed citizenry actively involved in creating and sustaining a democratic society and advancing the well-being of all are relatively young ideas and practices in the region. Yet they are concepts that are likely essential in the development of a culture of giving.

There are, to be sure, outstanding examples of social responsibility among the region’s wealthy families. To use just one example, the *Carvajal Foundation*, which is now over 50 years old, is admired not just in Colombia, but throughout Latin America, for its commitment to the people in the community in which the company operates. Many other corporate/family enterprises show similar dedication. Moreover, almost without exception the individuals in this study expressed a deeply held sense of social responsibility and commitment to helping the people in their countries who most suffered most from a lack of resources, services, and opportunities.

Many participants displayed genuine optimism that the growth of stable democracy, economic prosperity, and personal wealth would be accompanied by the growth of social cohesion, social responsibility, and trust. There could also be opportunities to hasten the process. In each country individuals suggested that concepts of citizenship and opportunities for community service should be fully integrated into educational curricula from a very young age. Others spoke of the necessity for people to understand poverty first-hand through volunteering and service programs that could change hearts and minds and foster long-term compassion, engagement, and action. It is encouraging to note that several philanthropists are already doing this with their own children.

Many participants displayed *genuine optimism* that the growth of stable democracy, economic prosperity, and personal wealth would be accompanied by the growth of *social cohesion, social responsibility, and trust.*

### **Improving the Tax and Policy Environment**

In all countries, with some important variations, the policy environment is generally perceived as restrictive and limiting to the growth of the philanthropic sector. While individuals who have made substantial philanthropic investments said that it did not have a strong impact on their own giving, they believed it limited more widespread philanthropy in the country. Similarly, only 17 percent of survey respondents indicated that the regulatory and tax environment was a challenge to their own giving, but when considering efforts that would encourage them to give more, 42 percent cited more favorable tax incentives and 30 percent noted a more favorable legal environment. These were the two highest response categories behind the issue of impact. In addition, 38 percent of respondents thought that an improved regulatory and/or tax environment could increase philanthropy in their country, the third most cited motivation.

Key regulatory issues included difficulties with establishing a philanthropic foundation, the creation and protection of endowments, limitations of tax incentives, and strict inheritance laws. Notably, several experts and interviewees pointed out that wealthy individuals were not taking advantage of the limited tax incentives available, often due to their complex nature. As a result, they did not believe that additional tax incentives would change the giving landscape significantly.

In several countries, both philanthropic support organizations and individual philanthropists are or have advocated for more favorable policies. Beyond these national efforts, there could be an opportunity to create a policy template of best practices that could be used as a starting point for discussions in various countries. One would of course have to recognize that individual governments are likely to have very different positions on some of the issues.

### **Building Trust, Confidence, and Capacity in Civil Society**

As previously noted and with variations among the study countries, there is a deep-seated lack of confidence and/or trust in the nonprofit sector from philanthropists, government, and the general public. Importantly, individuals readily pointed to notable exceptions, e.g., NGOs in every country that are widely respected and trusted. However, they were perceived as the exception rather than the rule. Such concerns are among several reasons that philanthropic institutions generally operate their own programs and provide limited support to nonprofit organizations.

This distrust and low confidence in nonprofit organizations stem from a variety of reasons, key among them the perception of limited professional practices and a lack of transparency, combined with a general distrust of unknown institutions. Among survey respondents, a lack of trust/confidence in nonprofit organizations was among the top three challenges to both their individual philanthropy (21%) and the growth of philanthropy in their countries (35%) as a whole. Almost 30 percent also indicated that more trust in nonprofit organizations would motivate them to increase their own giving. It is worth noting that, although there is no reason to doubt that these perceptions are true, there is also limited empirical data that addresses the true capacity of the nonprofit sector in Latin American countries.

Philanthropic experts in several countries suggested that broader acceptance of grantmaking and support for nonprofit organizations could help to grow the philanthropic sector. They noted that not everyone has the resources to create an institution and operate programs. They also emphasized that, while many people wanted to bring about change, they did not want to commit their own time to running their programs and/or did not have the capacity to hire those with the expertise to manage them.

It is possible, though not guaranteed, that if individuals had more trust and confidence in the nonprofit sector, they would be much more likely to support civil society organizations with contributions and grants. And importantly, there were many people interviewed for this study who championed the expertise of nonprofit organizations and the critical importance of civil society in facilitating real, positive change.

### **Realizing the Promise of Philanthropy**

This study has illuminated the important and inspirational philanthropic initiatives of wealthy individuals in six Latin American countries. The research has explored the deeply held values that motivate and influence giving; the issues and priorities to which individuals generously contribute financial, intellectual, and social capital; the range of platforms, instruments, and strategies they employ to achieve their goals; and their perceptions and insights on the role – both current and future – of private giving and social investment in these countries.

The collective interviews, along with survey results, provide new insight into both the soul and practice of philanthropy in the region. As a group, the individuals in this study are guided by strong family and faith-based values and a deep moral sense of social responsibility. While there is a rich range of philanthropic priorities and passions – including, most prominently, quality education, adequate health care, national culture, and secure livelihoods – at the core of most initiatives is a commitment to individual opportunity, social equity, and national development and prosperity.

In the absence of well-defined legal environments and local philanthropic precedents, philanthropists and social investors in Latin America often take a goal-oriented or outcome-based approach to their giving and social investments. They are largely agnostic about specific methods, instead using a variety of philanthropic platforms and strategies to maximize the impact of their giving and social investments. And while the political and policy environment for philanthropy in most countries is not generally perceived as favorable, it has not been a barrier for this group of committed, engaged philanthropists.

The participants in this study are almost certainly not representative of all the region's wealth holders. In large part they are the early leaders and adopters at the forefront of philanthropy and social investment in their countries. Yet optimistically, philanthropy and private social investment is poised for growth in the region. The countries' economic progress and the associated growth of personal wealth is expected to continue. Persistent economic and social inequalities are of growing concern, and an increasing number of social investors are demonstrating the potential of private actions to address their countries' challenges. There is also a growing infrastructure that can support, encourage, advocate on behalf of – as well as build – a sustainable philanthropic sector.

In many respects, changing long-held beliefs, attitudes, and behaviors has a generational timeline. Many who participated in this study were optimistic about the likelihood of greater social investment and engagement both from their own, but especially the next, generation. The goal, articulated by one social investor: *"We need to create a culture of giving where people will begin to feel that something is missing if they're not part of it."*

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## Appendix

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