



Main Philanthropy Trends **IN LATIN AMERICA**

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MAJOR PHILANTHROPY TRENDS IN LATIN AMERICA

Helping others without expecting anything in return. Stated like this, the concept of philanthropy sounds quite simple. To register every solidarity effort that each person embarks on a daily basis, however, is often more complex.

From the smallest gesture of a supermarket customer who puts 90 cents in the UNICEF box, to the donation of hundreds of millions of dollars that an American businessman destines to create a foundation to fight AIDS. All donations of money, goods or time; to humanitarian organizations, individuals or communities are considered philanthropy.

During the last decade a new philanthropy has emerged. One that is more organized, composed of private and corporate foundations, institutions of international cooperation, religious entities and social organizations has raised both the promotion and channeling of donations.

What are the characteristics of this new philanthropy? What are the main trends in the regions? With these questions in mind, the AVINA Foundation in partnership with the Office of Outreach and Partnerships of the Inter-American Development Bank (IDB) created the Latin America Donor Index. This Index includes data on major donors in Latin America. Through the use of an annual update, donors are consulted about where the funds are allocated in the region and which fields are the main fields of action.

The Latin America Donors Index enables donors to know the current trends in philanthropy in the region, and generates relevant information for social organizations in need of funding, to attract donors.

01 . THE NEW PHILANTHROPY ACTORS.

The Latin America Donor Index presents information in four different ways to better convey the information to the different types of donors and to better mobilize funds for social projects in Latin America. These donor types include: development agencies, NGOs, private donors (foundations) and corporate donors (Social Corporate Responsibility Initiatives).

AVINA Foundation

The AVINA Foundation contributes to sustainable development in Latin America by encouraging productive alliances based on trust among social and business leaders. It was founded in 1994 by Swiss entrepreneur Stephan Schmidheiny and is supported by VIVA Trust.

AVINA, with support from the IDB, created the LAC Donors Index (www.indicedonantes.org), a freely accessible database with information on major donors for social projects in Latin America.

Between 2004 and 2007, philanthropy in Latin America increased by 58%, according to information from organizations registered in LAC Donors Index. While the main increase was between 2004 and 2005, in 2007 the levels of funds allocated to philanthropy stabilized at about U.S. \$ 7.719 million, equivalent to 0.2% of GDP and 1.3% [1] of public expenditure in the region.

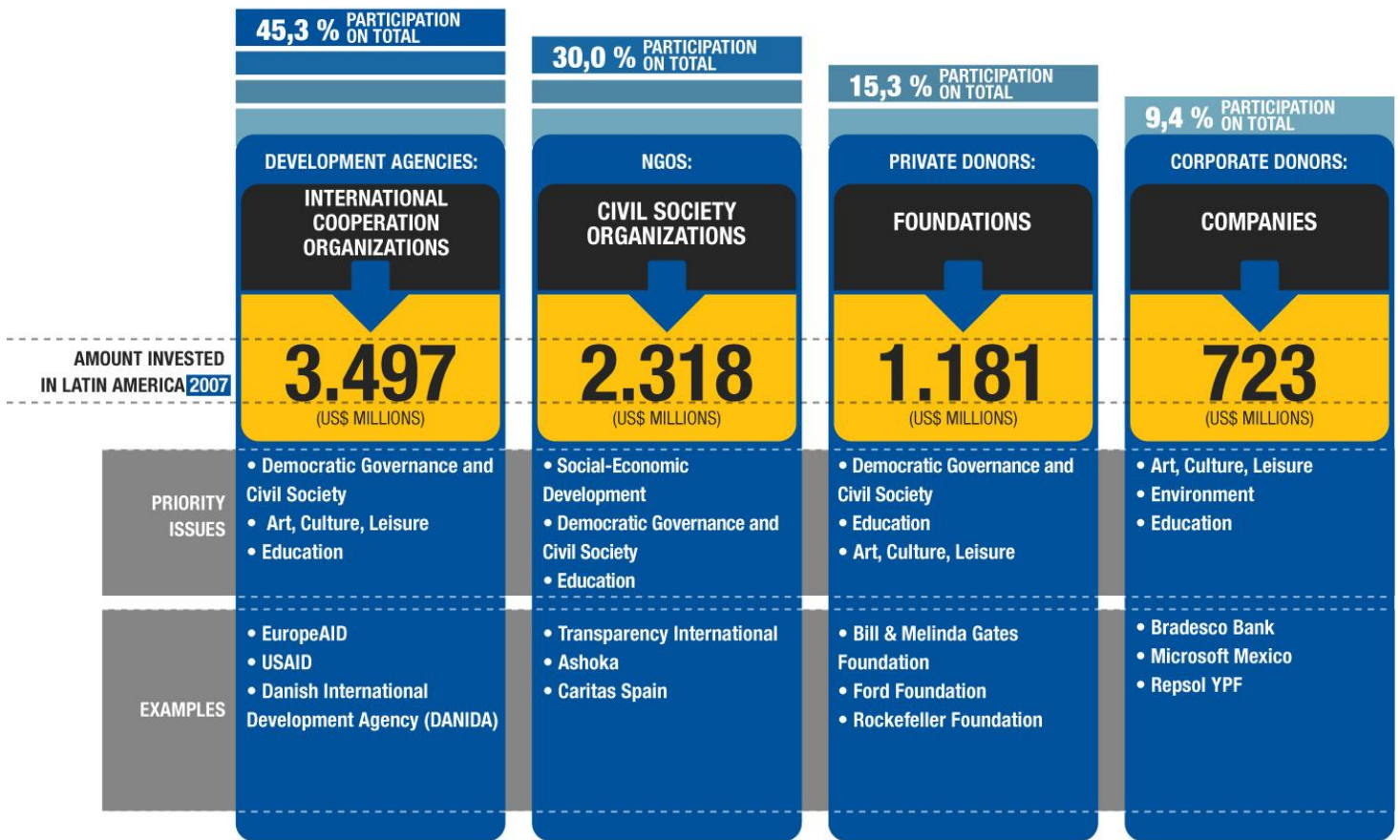
In 2007, 45% of the U.S. \$ 7.719 million in regional philanthropy came from development agencies. NGOs contributed second most with 30%, and finally, private and corporate donors accounted for the remaining 25% (15% and 10% respectively).

Office of Outreach and Partnerships (ORP)

The Office of Outreach and Partnerships (ORP) is responsible for strengthening the Inter American Development Bank's dialogue and alliances with other constituencies of the development community, including trust fund donors, cofinancing counterparties and private sector. ORP is also responsible for leading the Inter-American Development Bank's efforts to promote the culture of social investment and philanthropy in the Latin American and Caribbean region.

[1] Estimated figures based on information from the LAC Donor Index and ECLAC data.

Types of donors in Latin America



Source: Data from organizations listed in Latin America's Donors Index

Between 2004 and 2007, the involvement of development agencies fell, while the involvement of corporate and private donors increased. In 2004 corporate and private donors accounted for only 8% of total donations; however, by 2007 these two groups accounted for 25%.

02 . LOCAL PHILANTHROPY GROWTH.

In 2007, the 283 organizations registered in LAC Donors Index [2] reached U.S. \$ 69.168 million globally in philanthropic funds, of which only 11% went to Latin America (about U.S. \$ 7.719 million).

When looking at the number of organizations one sees that 60% of the entities registered in LAC Donors Index are spending more than half of their funds in Latin America. However, of the 20 organizations that spent more funds in 2007, only six consider Latin America as their main focus.

In this sense, most of the organizations involved in philanthropic activity in the region come from Latin America, followed by American and European institutions, respectively.

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60% of organizations from the Donors Index destined in 2007 more than half of their philanthropy funds towards Latin America

From the 20 organizations that contributed more funds in 2007, only 6 consider the region as their main recipients

Fund destined to philanthropy in 2007 are equivalent to:

- 0.2% regional GDP
- 1.7% of the region's total international reserves and to 1.3% of the region's total public expenditure

[2] On an annual bases LAC Donors Index relieves 549 organizations, of which 283 provided concrete information about their donations in the region.

There are a total of 283 entities registered with LAC Donors Index. Latin America (with 155 organizations) has the most registered members and is as consolidated as the principal destination of donations. Europe (57) and North America (65) have similar numbers of organizations mobilizing funds in this region. Furthermore, the amounts allocated by international cooperation agencies are considerably larger than those from other organizations.

The case of International Cooperation

International cooperation (IC) links public and private actors to foster development with the help of a more developed country. International cooperation includes the official agencies of countries and multilateral agencies, as well as private foundations and corporations of those companies engaged in philanthropy and aid operations worldwide. Cooperative data compiled by the Organization for Economic Cooperation and Development (OECD) includes only the funds of official agencies of countries and multilateral agencies.

Beyond the amounts for each world region, Latin America and the Caribbean are not a priority for international cooperation. According to OECD data, in 2008, Asia (U.S. \$ 28,910 million) was the continent that received more cooperation. Africa holds second place (U.S. \$ 27,209 million), while the Middle East (U.S. \$ 13,122 million) ranked third. The fourth region in terms of donations from the International Cooperation was Eastern Europe with U.S. \$ 2,969 million. By contrast, America was a continent that received less cooperation in 2008: only U.S. \$ 6,906 million, of which Latin America and the Caribbean accounted for U.S. \$ 5,660 million . [3].

Aside from the growth of local philanthropy, the regions of the world that are investing in Latin America are mostly either North American or European. However, between 2004 and 2007, participation fell in North America due to an increase in equity in Latin America. It is speculated that this drop may have occurred as a result of the international financial crisis whose epicenter was located in the U.S. housing market, and that the top 20 U.S. grantmakers reduced their contributions to Latin America in 2008 as a result. Perhaps because the crisis reached the Old Continent later, in contrast to U.S. donors, the top 20 private funds to Latin America from Europe in 2008 grew by 14%

Although data has not yet been compiled for the 2009 and 2010 evolution of philanthropic funds, in general, a trend of more donors in the U.S. in recent years is projected in the "Chronicle Index". This index, produced by Chronicle of Philanthropy, is a leading indicator of U.S. philanthropy. It analyzes the development of the four economic indicators that predict the behavior of donations. The results of this index showed a downward trend in donations in the U.S. since the last quarter of 2008 through the first half of 2009, which was reversed slightly in the second half of 2009 and the first three months of 2010.

As for the major Latin American donors registered in the LAC Donors Index, they increased their funds again in 2008. While in 2007 the top 20 NGOs had allocated U.S. \$ 2.135 million, in 2008 the figure reached U.S. \$ 2.616 million, thus increasing by 22%. [4]

[3] Estimated from OCDE data base.

● Main Philanthropy Donors for Latin America 2008

| TOP 5 | • Development agencies | • COUNTRY | US\$ MILLIONS |
|-------|--|------------------|---------------|
| 1° | • (USAID) | • U.S. | 1.494,9 |
| 2° | • Europe Aid | • European Union | 1.206,5 |
| 3° | • AECID (Spanish International Cooperation Agency) | • Spain | 532,9 |
| 4° | • International Development Association | • U.S. | 470,0 |
| 5° | • Canadian International Development agency | • Canada | 458,4 |

| TOP 5 | • Latin American Donors | • COUNTRY | US\$ MILLIONS |
|-------|---|-----------|---------------|
| 1° | • Instituto Israelita de Responsabilidade Social Albert Einstein (IIRSAE) | • Brazil | 183,9 |
| 2° | • Fundación Bradesco | • Brazil | 132,0 |
| 3° | • Grupo Santander Brasil | • Brazil | 59,9 |
| 4° | • Instituto Gerdau | • Brazil | 57,6 |
| 5° | • Petrobras | • Brazil | 45,0 |

| TOP 5 | • European Donors | • COUNTRY | US\$ MILLIONS |
|-------|---------------------------|-----------|---------------|
| 1° | • Telefónica Foundation | • Spain | 33,0 |
| 2° | • Repsol YPF | • Spain | 20,7 |
| 3° | • Grupo BBVA | • Spain | 13,8 |
| 4° | • The Wellcome Trust | • U.K. | 7,4 |
| 5° | • Obra Social Caja Madrid | • Spain | 7,4 |

| TOP 5 | • U.S Donors | • COUNTRY | US\$ MILLIONS |
|-------|--------------------------------------|-----------|---------------|
| 1° | • Bill & Melinda Gates Foundation | • U.S. | 62,1 |
| 2° | • Ford Foundation | • U.S. | 57,2 |
| 3° | • Gordon & Betty Moore Foundation | • U.S. | 39,2 |
| 4° | • William & Flora Hewlett Foundation | • U.S. | 15,6 |
| 5° | • Howard G. Buffet Foundation | • U.S. | 15,6 |

Source: Written based on donor organizations registered in Latin America's Donors Index

[4] The updated information relating to the LAC Donors Index in 2008 does not record the effects of international crisis. Once the data from 2009 and 2010 is consolidated, it would be possible to estimate the scope of the international economic crisis in Latin America's philanthropy.

03 . NEW AREAS OF INTEREST IN THE REGION.

Traditionally, philanthropy focused on relief activities and mutual aid, which were aimed at assisting the poor through voluntary donations. Along with poverty as a priority, education, health and culture were the most attractive issues for philanthropy. These donations were driven by moral reasons, spontaneously and selflessly helped the vulnerable population.

However, only in recent decades, the philanthropic activity adopted a more thorough and systematic approach to social problems and added new tools and planning to attack the causes rather than its consequences.

Traditional topics, such as poverty, education and health, lost prominence in the philanthropic agenda, that now focuses on causes of democratic governance, which attracts the largest amount of donations in the region. The organizations registered on the LAC Donors Index spend more money in programs aimed at transparency in governance, the fight against corruption, human rights violations, social development, community participation, citizen monitoring and humanitarian aid.

Also, increasingly resources have been allocated to the promotion of economic development. In particular, the focus is on encouraging the growth of micro, small and medium enterprises.

Another one of the new areas of interest is the environment, but it still does not hold a significant stake in the funds allocated to the region. Among the priority issues of the environmental agenda, are conservation, biodiversity, water treatment and the reversal of pollution effects.

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Source: Written based on donor organizations registered in Latin America's Donors Index

04 . LATIN AMERICA PHILANTHROPY CHALLENGE.

Philanthropy has many forms. It may be an individual or group action, private or state aid directly or it may come through NGOs. In any case, these activities have ceased to be spontaneous gestures, and have become programs that are planned, managed and rigorously evaluated .

Today, philanthropy develops in a very different context than it used to. Despite its charitable origins, philanthropy has evolved substantially in recent decades, the complex current context, characterized by globalization, economic crisis and environmental and technological changes, mutates at a rate that philanthropic organizations are often unable to follow.

In the coming years, philanthropy must not only be more efficient but also better adapted to work on a larger scale and to act in a changing world. In addition, it will have to meet the growing demands of both those who do philanthropy as of those outside the sector.

Today, philanthropy views people not only as recipients of donations, but individuals with rights. There are currently talks underway about "social investment" as the planned, monitored and voluntary expenditure of private resources in projects of public interest to promote human and social development. Thus, private resources aim at the financing of projects of public interest through investment funds, thus achieving measurable and replicable social returns.

Latin America is no stranger to the global dynamic context affecting global philanthropy. Historically, international cooperation funds and donors from North America and Europe have driven philanthropy in the region.

However, in recent years, several donors in the region gained prominence (such as Bradesco Foundation, Fundación Televisa, Natura Cosmetics, and YPF Foundation, among others), while many foreign donors redirected most of their funds to other regions (such as Asia and Africa) or reduced their contributions as a result of the international crisis.

In this context, the main challenges of the new philanthropy in the region are twofold. First, to review and strategically strengthen its role as social investor, and second, to analyze the role of funds,donations receptors, and channellers so that partnerships and synergies they build actually stimulate innovation and social change.

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"Philanthropy in the region should review and strengthen its role as a strategic social investor and review the role of receptors and channelers of funds and donations to build partnerships and synergies between both to effectively stimulate innovation and social change."
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- **La filantropía ‘realmente existente’ en América Latina**

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