

The City University of New York's
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of Philanthropy

"Philanthropy as Social Investment":
Trends and Perspectives on Philanthropy in Brazil

Renato de Paiva Guimarães
Journalist;
Director of Communications
of the Associação Projeto Roda Viva
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"The best philanthropy, the help that does the most good and the least harm, the help that nourishes civilization at its very root, that most widely disseminates health, righteousness, and happiness, is not what is usually called charity. It is, in my judgment, the investment of effort or time or money, carefully considered with relation to power of employing people at a remunerative wage, to expand and develop the resources at hand, and to give opportunity for progress, and healthful labor where it did not exist before."

John D. Rockefeller (Random Reminiscences of Men and Events - 1908)

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Introduction

Brazil is often depicted as a "Sleeping Giant", a country with enormous economic potential, but one that is not fully awakened to this potential. Brazilian philanthropy is much the same. This is a sector that is clearly maturing, but it has not yet realized its economic, political and cultural potential.

With a population of over 159 million inhabitants and a geographical area around 5.3 million miles², (an area larger than the continental United States), Brazil has a more diversified and dynamic economy than the majority of Latin-American countries. Brazil's Gross Domestic Product (GDP), for instance, is over US\$ 412 billion, with a GDP per capita of US\$ 2,596¹.

The largest growth in the Brazilian economy occurred shortly before the closing of national political life, when democracy was strangled by the two longest dictatorships in Brazilian history: Getúlio Vargas' presidency (1930/1945²), and the military dictatorship (1964/1985). During Getúlio Vargas' regime, the government and its allies implemented a plan to modernize the Brazilian economy that abandoned rural efforts to embrace a new model based on the development of the industrial and service sectors. This period was also an era of urban development, marked by the migration of people from rural areas to cities such as Rio de Janeiro and São Paulo in search of better living conditions.

The years following the end of the World War II witnessed the continuing modernization and diversification of the Brazilian economy. Under the democratically elected presidency of Juscelino Kubistcheck, between 1956 and 1960,

¹ All data were gathered from "Statistics and Quantitative Analysis - Brazil" of the Interamerican Development Bank's Home Page in the Internet ([Http://www.iadb.org](http://www.iadb.org)).

²The period between 1937 and 1945, known as "New State", was formally an authoritarian regime based on German and Italian models. During the pre-War period and after the beginning of the World War II, Getulio Vargas hesitated in to support the Allies or the Germans. Finally, he decided to support the Allies, receiving in exchange various benefits and American investments that helped to modernize the Brazilian economy, as symbolized by the building of the first big "usina siderurgica", in the city of Volta Redonda, midway between Rio de Janeiro and Sao Paulo. In exchange, Brazil sent troops to fight against the Germans in Italy.

the city of Brasilia was inaugurated as the new capital of the Republic, replete with grandiloquent architecture to reflect the grandeur of national life. Also, the first large automobile factories were created around São Paulo. These factories contributed to the modernization of Brazilian industry and to the emergence of an "elite" cadre of workers, the best paid, the best prepared, and the best organized, who were known as "metalurgicos", who in a few years would be in the forefront of the modernization of Brazilian labor unions and one of the main opponents of the military dictatorship.

The military stayed in the power for 21 years until 1985 when a civilian, José Sarney, was elected by Congress to assume the Presidency. Under the military, conservative economists known as "technocrats" developed a policy of "Substitution of Importations", which closed the Brazilian market to various foreign products while supporting the development of Brazilian industry with fiscal and monetary incentives and controlling salaries and labor unions with an iron hand. The idea was that first the economy should grow, after which the population would receive the benefits. In fact, there was a significant increase in the GDP and a process of modernization and diversification within the economy known as the "Economic Miracle". It was a miracle built upon a growing gap between rich and poor; the limitation of political and civil rights and democratic liberties; and the persecution and torture of opponents of the regime, many of whom were killed by the dictatorship's underground.

The last years of the military dictatorship were accompanied by the growth of inflation and social differences. Democracy returned to Brazil within a context of deep differences, both political and economic. The Constitution, established in 1988, brought new strength to Brazilian democracy, re-instating civil and political rights³.

³Another good example of the changing in the Brazilian political context was the creation, in 1990, of the Children and Adolescents' Statute, considered some of the most modern children's rights legislations in the world. The Statute privileges the conception of partnership between State/Civil Society, creating Councils of Defense of Children's Rights at the national, regional, and local levels. These councils are composed of equal numbers of representatives from government and civil society to supervise the application of public policy related to the questions of children and adolescents, and to facilitate the establishment of partnerships related to the solution of childhood problems.

Despite the climate of relative political stability, the Brazilian economy has been very unstable in the last 15 years. Many economic plans were created to try to control the economy and reduce almost uncontrollable inflation levels. Since 1985, each civil government has launched new plans. The most recent - the "Real Plan" - was launched on July of 1994 by President Itamar Franco⁴. The following October, its creator, Fernando Henrique Cardoso, former Minister of Economy, was elected to the Presidency. The Real Plan has kept inflation levels under control and has contributed to an increase in the population's living standards, although social differences continue to be marked.

With the almost total opening of the Brazilian market to foreign products begun by Fernando Collor de Mello and continued under Fernando Henrique Cardoso, the Brazilian population began to have access to a greater variety of products and services. Brazil's industrial sector has been obliged to modernize its production methods in order to compete with foreign products. New concepts of the social role of businessmen are also beginning to be part of the vocabulary of the big companies.

The role played by the state in Brazilian life has evolved as well. Although the state continues to have a strong presence in society as a whole, successive civil governments have opened the door to working more closely with the nonprofit sector.

These nascent partnerships between the state, the market, and the nonprofit sector (or the Third Sector) may have a significant influence on the improvement of philanthropy in Brazil, benefiting civil society as a whole and contributing to the strengthening of democracy. Yet this will not be an easy task, but rather one that is replete with contradictions and dilemmas.

⁴Itamar Franco was Vice-President while Fernando Collor de Mello was the President. Elected in 1988, Mr. Mello was removed by Congress after an impeachment process based on corruption involving Ministries and the close President's staff and friends. Many analysts consider this moment an important milestone in Brazil's emerging Democracy.

Through most of Brazilian (and Latin-American) history, state, market and civil society organizations often played opposing roles. Even philanthropy, as it is understood in Brazil, did not involve effective community participation. Unlike the American model, it was based on exchanges of favors and clientelism, and as well as altruism. Leilah Landim points out that Brazilian philanthropic activities

"Always were a good field for the development of diverse kinds of dependency and political manipulation, contributing, in fact, to the manipulation plays that still today mark the Brazilian political field. This is one of the reasons why [philanthropy] is so contested by democratic and leftist political wings, and deserving of more attention from Brazilian sociological thought".⁵

Through the years, many nonprofit organizations have criticized this traditional philanthropic model. One example is the Group of Institutions, Foundations and Private Enterprises (GIFE) which put together 25 foundations and foundation-like organizations that develop directly or support projects in the social field. When these institutions officially launched GIFE, in May of 1995, they decided do not use the word "philanthropy" in its by-laws, opting to define its goal as "to put together the private entities that in a voluntary way promote and develop, in Brazil, activities of support of the social development opened to the community, and investments in this sector, stimulating participatory citizenship" ⁶.

This search for a new, more relevant definition of philanthropy is very important for the strengthening of the nonprofit sector in Brazil. This debate is not exclusively occurring in Brazil, but also in Latin American countries and even among foundations in the United States. One article published in the June (1995) of Foundation News⁷ noted "while a precise definition of civil investing may be elusive, some foundations are changing the way they operate based on new concepts about strengthening civic life". According to the article, the strategy of strengthening social investment is designed to combat the presumed decline of civic life in the

⁵Landim (1993), page 43.

⁶GIFE's by-law, Article 2º.

⁷Getting Involved in Civic Life. Foundation News (1995). Pages 21-27.

United States, which has recently been noted by prominent social critics such as Robert Putnam⁸. This is an area of shared concerns among nonprofits in the United States and Latin America.

As it has grown, the nonprofit sector in Brazil has been asked to answer important questions related to transparency, accountability, the lack of professionalism, the establishment of partnerships with government and the private sector, and legislation. These questions are among the main issues currently surrounding philanthropy in Brazil. The development of efficient answers will be fundamental to the strengthening of the nonprofit sector and democracy as a whole. To better understand this process, it is important to examine the traditional role of the nonprofit sector in Brazilian history.

⁸PUTNAM (1995).

I. The Nonprofit Sector in Brazil: a Brief History

Due to the black hole that surrounds the academic study of philanthropy in Brazil and the force of the American model, so different from the Brazilian, very few people understand the role played by nonprofit organizations in Brazilian history. Brazil has a surprisingly philanthropic tradition, as demonstrated by the work of Leilah Landim and other researchers⁹. In fact, Brazilian philanthropy followed a different path than the American model. In the United States, the idea of a "nonprofit sector" has always been related to the empowerment of local communities vis-à-vis the state. In Brazil, however, philanthropy developed in a context of centralization surrounding Church-State alliances, and thus did not contribute to the development of independent action within communities.

In her studies, Landim demonstrates the extent to which the Brazilian nonprofit sector was originally linked with the system of domination implanted by the Portuguese, and also with the Roman Catholic Church, which was the official state religion until the proclamation of the Republic in 1889. The kind of political and social colonization imported by the Portuguese was based on the plantation system and patriarchy, with the result that personal and social relations were rooted in clientelism (defined by Landim as a "vertical, reciprocal alliance of individuals exchanging loyalty and services for protection and favors"¹⁰).

We also cannot forget the fundamental role played by the Catholic Church in the nonprofit sector. Throughout most of Brazilian history, the Church was intimately linked with the State, first as the official religion (until the proclamation of the Republic) and afterwards, especially under Vargas' dictatorship, as an interested partner in the preservation of the status quo. Many nonprofit groups were formed under the Church's wing and played a role in the development of hospitals and

⁹Landim,; Fernandes; Oliveira; ARCO.

¹⁰Landim (1983).

schools maintained, in most cases, with the support of the members of the colonial elite. A good example is the Blessed Brotherhoods, created in Portugal at the end of the XV century, which found fertile ground for development in Brazil. The Blessed Brotherhoods were responsible for the first Brazilian hospitals and asylums maintained by "benefactors, good men of the colonial society, who were responsible for donations and legacies that, besides alms, were the main funds that sustained these entities"¹¹.

This "Church-State partnership" began to change in the 60's and 70's, during the years of the military dictatorship, when left-wing groups within the Church and its own hierarchy, inspired by Latin-American "Liberation Theology", developed programs and funded institutions related to the defense of human rights and the empowerment of urban and rural populations. It is important to note, in this context, the creation of the Comunidades Eclesiais de Base (CEBS) that played an important role in the mobilization of local communities, providing the genesis of various civil society movements and organizations, especially those related to the needs of rural and urban workers, housekeepers, neighborhood associations etc. ¹².

Throughout the country's history, the Brazilian State has tried to control the nonprofit sector, particularly at the end of the nineteenth century, when voluntary associations organized to provide support to their members began to increase with the importation of European ideas about the necessity and importance of workers' organizations. General government policies were far closer to the apparatus of production and organized religion than to the popular associative movement. The 1930's were characterized by the efflorescence of State-sponsored political and economic reforms.

¹¹Landim (Op. Cit.)

¹²As Leilah Landim reminds us, "popular religions" such as the Spiritists and the Afro-Brazilian religions, had also played an important role in the nonprofit sector, especially concerning charitable actions.

At the same time, civil society flourished in different fields of Brazilian life, efforts that were shattered by the 1964 coup d'etat. Under the new regime, there was growth in the business sector and State ownership, while the nonprofit sector entered a period of relative stagnation. Finally, with the end of the military dictatorship, the nonprofit sector re-emerged, including an increase in the number of organizations working in the charitable field and in new forms of activism such as advocacy, and the empowerment of marginalized populations. This process accompanied Brazilian industrialization, giving rise to a politically active middle class in tandem with an enormous increase in the urban population, declining illiteracy, and the growing power of the mass media.

II. The Nonprofit Sector in Brazil Today

Brazil's nonprofit sector has increased in numbers and importance over the past two decades. Leilah Landim presents the results of research conducted by Wanderley Guilherme dos Santos in São Paulo and in Rio de Janeiro in 1990 that points to the growth of this sector, particularly in the last 16 years when 68.2% of the organizations were created. According to the same research, new kinds of organizations were also created: 97.6% of the community associations, for instance, were founded between 1970 and 1986¹³. The situation in São Paulo which these numbers reflect has been replicated across the country as a whole.

Other research, conducted by José Marcio Camargo¹⁴, demonstrated that there are currently 169,260 nonprofit civil associations and 11,076 foundations registered with the Ministry of Finance, figures that accord with official data from the Brazilian internal revenue department (Receita Federal) for 1991 presented by Leilah Landim¹⁵. Although these data do not detail the kinds of programs developed, an estimated 29% of the associations pursued charitable and religious activities; 19% had cultural, scientific and educational activities; 23% fostered sports and recreational activities; and 20% are listed in the generic category "other". In terms of foundations, 49.58% developed charitable and religious activities; 35.78% developed cultural, scientific and educational activities; 14.6% developed "other" types of activities. However, there are no concrete data concerning the quantity of financial resources and voluntary work mobilized by different entities. The Brazilian Internal Revenue Department has yet to collect these numbers because of the costs involved in this kind of data gathering.

¹³Landim (Op. Cit.)

¹⁴CAMARGO, (n/d)

¹⁵Landim (1993)

All nonprofit organizations are eligible to receive tax exemptions and to obtain a certificate designating them as a "public interest civil associations" given by the President of the Republic, which permits them to receive benefits such as exemption from employer contributions to social security and the right to hold raffles authorized by the Ministry of Finance.¹⁶ Donations to these "public interest" nonprofit organizations are deductible up to 10% of the total income of individuals, and 5% in the case of companies.¹⁷ These entities also enjoy other benefits, such as the possibility of receiving donations from government and from public lotteries.¹⁸

In fact, the terms "nonprofit sector" or "third sector" are not completely known and understood by the public and among many organizations. Landim¹⁹ notes that the terms normally related to the nonprofit sector include: civil society or nonprofit organizations, based on their non-commercial objectives, behavior, and formal recognition under the by Law; associations, i.e., organizations based on contracts freely established among individuals to exercise common activities or defend common interests; philanthropic, beneficent or charity-related organizations which provide social assistance or social services, mainly in the fields of health and education; non-governmental organizations that develop activities with political connotations, although not necessarily with any particular political ideology; and foundations, that under Brazilian law are corporations created by a founder with a specific purpose that cannot be changed by the administrators.

¹⁶Religious organizations are excluded from the public interest status in order to preserve the principle of church-state separation.

¹⁷Article 246 of the Internal Revenue General Rule.

¹⁸The American legal system also recognizes a concrete difference between tax exemption and tax deductibility. While the American Internal Revenue Service (IRS) defines more than twenty different categories of tax exempt organizations, contributions to groups in only a few of these categories are tax deductible. According to the Internal Revenue Code, nonprofit organizations that have been granted 501(c)(3) status can receive tax-deductible donations. Individuals that donate to 501(c)(3) organizations generally deduct contributions representing up to 30% of their adjusted gross income. Corporations may deduct all contributions up to 10% of their taxable income.

¹⁹Landim, page 10.

In his book, America's Nonprofit Sector: A Primer, Lester Salamon²⁰ suggests six common characteristics of the nonprofit sector: it is formal (institutionalized to some extent); private (institutionally separate from government); non-profit-distributing (not dedicated to generating profits for its owners); self-governing (equipped to control its own activities); voluntary (involving some meaningful degree of voluntary participation); and of public benefit (serving some public purpose and contributing to the public good). Under Brazilian Law and tradition we have a very similar understanding of the main characteristics of the nonprofit sector.

These organizations have had an increasing impact in Brazil as they have proliferated over the last 15 to 20 years, an experience shared with other Latin-American countries and the U.S. In the Brazilian case, as noted above, the nonprofit sector has had a privileged dialogue with government and businessmen concerning issues such as human rights, the environment, community mobilization, and minority rights. There is a perception that the state and market are not capable of satisfactorily addressing society's multiple needs, especially those related to the micro-realities of local communities.

In addition to their classic role of alleviating the basic needs of the population through charitable services and the defense of human rights and the environment, nonprofit organizations can play a strategic role in the strengthening of the state. This is one of the reasons why multilateral entities, such as the Interamerican Development Bank (IDB), the World Bank, and the European Union have developed a number of civil society activities as an indirect way of modernizing the state in developing countries in recent years. IDB, for instance, under the influence of its President Enrique Iglesias, has increasingly emphasized the importance of strengthening civil society and philanthropy within its member countries²¹. During

²⁰Salamon (1992).

²¹ This aim is clear in the 1995 Annual Report of the IDB, that states that "The mandate of the Eighth Replenishment establishes that the Bank support borrowing countries in modernizing the State and strengthening civil society. According, the Bank is supporting efforts to reform and improve democratic institutions, juridical systems, legislatures, and other areas of the public sector. In terms of strengthening civil society, the Bank is

1995, IDB joined with the Synergos Institute and CIVICUS to organize a series of "National Consultations to Strengthen Civil Society" in Mexico, Brazil, and Colombia. These consultations tried to draw a portrait of the nonprofit sector in these countries and generate suggestions for strengthening it.

We can also cite the Citizens' Campaign Against Hunger and Poverty and For Life (developed in Brazil since 1993), as another good example of the force of the nonprofit sector in mobilizing the community for a common cause. Created by sociologist Herbert de Souza, better known as "Betinho", the Campaign mobilized more than three million people between 1993 and 1994 in locally based committees around the country " to distribute tons of food baskets, support gardening and water projects, provide basic health care, create jobs, assist street children, and prod local and state governments to improve social services for the poor"²².

Efforts such as the Campaign for Life underscore the potential for philanthropy and voluntarism in Brazil. The Giant is awakening slowly and foundations and foundation-like organizations have an important opportunity to play a strategic role in this awakening.

defining a conceptual framework as well as operational policies to help guide its expanded work in this area". BID (1995).

²²Garrison III and Landim (1995).

III. The Pattern of Philanthropy in Brazil

It is important to find the best strategies for increasing philanthropy in order to strengthen the nonprofit sector in Brazil. In this respect, corporations, independent foundations, and foundation-like organizations can all play an important role. Brazilian foundations date from the turn of the century. One example is the Fundação Escola Técnica de Comercio created in 1902 by the Alvares Penteado family to promote technical training at the high school level. However, unlike the American pattern, most of the older and more traditional Brazilian foundations were created as operating foundations. The problem is that many of these foundations have developed services and programs without waiting for self-help activities from the community, a *modus operandi* that often reflects a low level of trust in community initiatives.

As noted above, in Brazil there are 11,076 registered foundations. However, the Brazilian Internal Revenue Service (Receita Federal) does not oversee the donations to the sector. One partial idea of the scope of Brazil's foundation sector can be gleaned from the members of the Group of Institutes, Foundations and Private Enterprises (GIFE) which mobilize more than US\$ 250 million a year for charity. A 1993 survey of 58 big businessmen and foundations made by the ARCO Research and Advising Institute and sponsored by Inter-American Foundation²³ indicated that 24.1% donated between US\$ 100,000 and US\$ 500,000 each year and 13.8% donated between US\$ 1 million and US\$ 5 million. The fields that received major support

²³ARCO (1993).

were education (36.2%), health (25.9%), culture (13.8%), and the environment (12.1%)²⁴.

According to this survey, these activities represented 1) a reaction to political and moral pressure, real or subjective, such as the claims of the community on the company; 2) a posture aimed at fostering future benefits such as maintaining a climate of social and political peace, which is important for business; 3) a business philosophy, based on a concept of corporate citizenship or, in the case of branches of multinational companies, the desire to emulate the practices of headquarters offices.

One of the characteristics of the philanthropic practices of the organizations surveyed by ARCO was the need for professionalism. "Many companies do not perceive that their decisions about the types of projects that will be supported affect the results obtained with the grants"²⁵. Many companies donate money or materials as the requests are received until their money is depleted. According to ARCO's survey, there is another group of companies and foundation-like organizations that distributes their resources according to geographic and programmatic priorities, but since they do not have professional staffs, most of the time they do not have a clear idea about the available options for solving different problems. Moreover, they also use evaluation criteria that are primarily quantitative, which can overlook some of the factors that can influence results.

Despite the frequent precariousness of management and grantmaking practices, philanthropy in Brazil is significant and has developed some very concrete objectives. Concepts of "participant citizenship", "social investment", and "social-transforming action"²⁶ have been brought together with the theory and praxis of the

²⁴In comparison, according to "Foundation Giving 1994", published by The Foundation Center, there are over 35,000 private, community, operating and corporate foundations in the U.S. These foundations held over US\$ 175 billion in endowment funds and made grants totaling approximately US\$ 10 billion in 1992.

²⁵ARCO (op. Cit.).

²⁶LANDIM (1993).

major businesses and foundation-like organizations in Brazil. This process has been accompanied by a push for professionalization and increasing programmatic diversity in a variety of nonprofit programs.

Another important aspect is that with the decline of the Cold War, some of the traditional rifts between state and civil society have been superseded by partnerships created around a common agenda. In the Brazilian case, the opposition between the state, the market, and NGOs was clearer during the military dictatorship (1964-1985). In those years, ARCO's survey points out, "the military tended to consider anyone who had criticisms or claims for social justice as the government's enemy and a 'communist'. Given the risk of losing credibility with the government, businessmen had little to win and much to lose by involving themselves in dialogue and cooperation with proscribed groups"²⁷. In that context, American and European grantmaking foundations played an important role in supporting nonprofit organizations that had political projects, particularly research centers, NGOs linked to the church and the "Comunidades Eclesiais de Base - CEBs" (community-based organizations).

Because most of the foundations, created in Brazil are basically operating foundations, the experienced grantmaking foundations tend to be foreign grantmakers, especially a few American donors such as the Ford and Kellogg Foundations which maintain offices in Brazil, or the Inter-American Foundation, which has officers responsible specifically for Brazil based in its offices in the U.S. The MacArthur, Rockefeller, Mott, and Tinker Foundations also invest significant resources in Brazil. European foundations and foundation-like organizations, on the other hand, tend to be linked to the Church.

²⁷ARCO (Op. Cit.).

IV. GIFE's Experience

Foreign grantmaking foundations and some progressive local foundations and corporations are currently leading the way in the modernization of philanthropy in Brazil. The Group of Institutes, Foundations and Private Enterprises (GIFE) is a good example of this process. GIFE's seeds were launched in 1988 when representatives of several foundations and foundation-like organizations suggested the creation of a seminar on philanthropy to the Community Relations Committee of the American Chamber of Commerce²⁸, in São Paulo.

This first seminar examined themes related to the importance of philanthropy and management techniques. Seventy-eight people participated. Based on their recommendations, the Community Relations Committee resolved to create a Philanthropy Subcommittee that included representatives of some of the major foundations and Brazilian companies, such as Alcoa, Kellogg, IBM, American Express, Vitae, Bradesco Foundation, and Dow Chemical. Among its main goals were "to promote and disseminate corporate philanthropy and voluntarism"; "to develop a data bank on philanthropy"; and "to promote technology transfers in the field of philanthropy through meetings with international entities"²⁹.

²⁸The American Chamber of Commerce in Sao Paulo organizes the "ECO contest" for private entities in social field. Over the years, the number of companies participating in this awards program has grown, exemplifying another aspect of the growth of philanthropy in Brazil.

²⁹GIFE (n/d).

One of the first activities of the group was a technical visit to the U.S. Among the institutions visited were the Council on Foundations, the Independent Sector, The Foundation Center, The Center for the Study of Philanthropy at CUNY, and the Kellogg Foundation's main office Battle Creek. In December of 1990, a second seminar on philanthropy brought together 111 participants to hear presentations by 12 foundations and corporations that had developed philanthropic projects in the fields of educational, health, environmental, welfare and cultural activities.

In the beginning, GIFE was an informal group. In May, 1995, it was officially registered with 25 institutions signing on as founder-members. GIFE's stated mission is "to improve and disseminate the concepts and practices of the use of private resources for the development of the common good"³⁰. The criteria for joining the group include 1) nonprofit status legally constituted as a Foundation, Institute or Association; 2) corporate development of public-oriented social and/or scientific projects; 3) at least one year of proven social activities developed for the community; and 4) approval by the members in a Group meeting. As its membership roster grows, GIFE plans "to disseminate the concepts of philanthropy, community involvement and voluntarism all over the country... gradually promoting ways of developing philanthropic activities and stimulating effective and responsible grantmaking programs"³¹.

As we can see, GIFE has adopted very progressive purposes in relation to the improvement of philanthropy in Brazil. Despite relatively small number of members, GIFE clearly represents a new mentality in relation to philanthropy. Moreover, some of the major Brazilian companies and foundations are already taking part in the group, presaging a significant impact on the business community.

Since its creation, GIFE has developed research among its members that can help us to understand their activities and their interpretations of philanthropy in the

³⁰GIFE (Op. Cit.).

³¹GIFE (Op. Cit.).

Brazilian context. In 1993, for instance, a research project was undertaken to determine the Group's profile. Of 44 organizations surveyed, 59.11% were foundations (both corporate and independent); 15.90% were Institutes; 22.72% were Corporations, and 2.27% Associations³². Almost 49% of the members were based in São Paulo, reflecting the economic power of this state, which currently accounts for almost half of the Brazilian GDP.

Another research project, developed in 1994 in conjunction with the Getúlio Vargas Foundation's Center for Study of the Third Sector, in São Paulo, revealed that half of the universe surveyed (17 institutions), had developed their own programs, along with giving specific donations or financing activities for nonprofit organizations. The other half was divided between those that maintained their own projects and those that only gave grants. Listed among the criteria for approval were the interaction with the communities surrounding company branches, mainly in relation to income generation; possibilities for replicability; and the development of technologies appropriate to the community. The majority of the respondents had their own teams to conduct their philanthropic activities, although only three had full time and permanent staffs. ³³

Another 1994 survey polled 28 members to determine what they thought about the term "philanthropy", and how they applied it in their community activities. Half of the institutions noted that they preferred to use alternative expressions to describe their activities, such as "social development", "social investment", "business citizenship", "social-transforming action", "community development", and the "third sector"³⁴.

In fact, when GIFE was officially launched in 1995, its members decided do not use the word "philanthropy" in the institution's by-laws. They believed that it was

³²GIFE (1994a).

³³GIFE (1994d)

³⁴GIFE (c).

necessary to find another term that better-defined Brazilian philanthropy, one that was grounded in local realities rather than traditional concepts of "charity" and patriarchy. Ana Maria Wilhelm, director of the ABRINQ Foundation for the Children's Rights, one of the GIFE's funders, states that

"Unlike the notion of philanthropy as practiced by American foundations, which has a positive meaning, GIFE's members believed that this term was inadequate in the Brazilian setting because it was related to traditional charitable actions which did not accurately reflect the purposes of this group"³⁵.

In 1994, the Fundacion Arias para La Paz y El Progreso Humano in Costa Rica developed a seminar on this theme. One of the main recommendations was the use of the term "transformational philanthropy" in the Latin American context. This concept was defined as "the channeling of [financial, technical and of communications] resources to social change and the promotion of mechanisms to strengthen the development activities of nonprofit organizations"³⁶.

In many respects, GIFE represents a new trend in Brazilian philanthropy, a movement toward more professional grantmaking, the search for a strong rationale, and more effective use of existing resources³⁷. One of GIFE's objectives is "to promote concepts and practices of private social investment according to the country's needs, supplementing the public sector's assistance"³⁸.

³⁵WILHEIM (1995). Page 14.

³⁶WILHEIM (1995). Page 12.

³⁷This role is outlined in GIFE's newsletter, which states that one of their main challenges is to increase the efficiency and efficacy of social action, programs and projects. "It is very important to search for concrete partners, and to formulate plans based on reality and needs of the community, and actions that promote replicability and change."

³⁸GIFE's by-law, Article 2º (a).

V. Trends and Perspectives in Philanthropy in Brazil

Philanthropy in Brazil is in a process of evolution. Based on GIFE's experience (and others such as that of the Prince of Wales Business Leaders Forum) it is possible to delineate several trends that may ultimately contribute to the strengthening of philanthropy and civil society as a whole.

Visibility

The importance of the media for the mobilization of public opinion and the development of philanthropy is an issue that deserves additional study. The mass media have played a very important and contradictory role in relation to the nonprofit sector in Brazil. Media professionals often misunderstand nonprofit organizations, particularly in terms of their financial resources. The media have been valuable partners in marshaling public opinion during natural catastrophes. One example was their role in garnering help for the people who lost their houses in the floods provoked by the meteorological phenomenon "El Niño", in the South of Brazil in the beginning of the 80's. The same can be said about the Campaign for Life, which has had strong support from the mass media. Another example in which the media have played a fundamental role is the "Child-Hope" Campaign, which was developed in conjunction with the annual Children's Day through a partnership between UNICEF and Brazil's Globo Network, one of the largest television networks in the world.

This partnership with mass media needs to be more fully developed. Nonprofits need to learn how to relate to the media in a professional way. They also need to produce documents and press releases written in an objective and clear manner. Journalists must have access to basic information about these organizations, their activities, difficulties and successes. The current posture of mutual misunderstanding and the lack of recognition of each others' modus operandi can only be broken through positive partnerships and a clear media policy on the part of nonprofits.

A recent study by Vanessa Gonçalves revealed the ways in which some nonprofit organizations have developed a more professional approach to the media and the positive consequences of this posture on their activities and the mobilization of public opinion³⁹. She specifically cites the cases of the Movimento Viva Rio and Greenpeace, both based in Rio de Janeiro. In Viva Rio's case, this partnership is underscored by the fact that publishers of some of the country's major newspapers sit on its Board of Directors. With their aid, Viva Rio has been extremely successful in the mobilizing of public opinion in Rio de Janeiro for the fight against urban violence and the preservation of urban space.

In São Paulo, the ABRINQ Foundation for Children's Rights has maintained a partnership with the Folha de São Paulo newspaper, which publishes a monthly "Children's Column" with information about children's and adolescents' rights. The ABRINQ Foundation also publishes the Jornal da Criança, which is issued quarterly and is directed to the adult population with the aim of disseminating information on positive activities to benefit children.

Despite these successful initiatives, there is still a gap between the mass media and the nonprofit sector that needs to be bridged. Foundations and corporations, particularly, should draw upon the mass media as privileged partners in the

³⁹Gonçalves (1995)

improvement of philanthropy in Brazil. The possibilities for mobilizing public opinion are enormous. Besides media support, nonprofit organizations need to develop their own channels of communication to disseminate information about their activities to the largest number of people possible. Newsletters, reports, and press conferences can all be efficient means of achieving this goal.

This is not a new issue in the United States. The 1969 tax act required that all foundations submit annual reports to the Internal Revenue Service, which are made available to the public. But the simple production of reports does not guarantee the effective mobilization of public opinion that can be translated into increased support for philanthropy or a better knowledge of the sector. An article on this theme was published in Foundation News⁴⁰, a publication of the Council on Foundations. In it, the author encouraged readers to publish annual reports as a way of remaining accountable to their constituents and bolstering the "reach" of their grants.

Other outreach activities include press releases, videotapes, brochures, magazines, newsletters, booklets, newspaper ads, executive summaries, electronic mail, and public service announcements. In the same article, Robert Potter, the Director of Communications for the Howard Hughes Medical Institute of Bethesda, Maryland, underscored the reluctance of some foundations to publicize their activities due to a misguided belief that philanthropy should not seek recognition. According to Potter, "foundations have a profound responsibility to the public, and an obligation to be as transparent as possible."

Certainly, many of these channels of communication are expensive and gaining access to them can be very difficult for small institutions in Brazil and Latin America. But, there are creative alternatives for establishing connections with public opinion, as exemplified by the activities of the Movimento Viva Rio and the ABRINQ Foundation. For example, the article in Foundation News highlighted the American Honda Foundation's quarterly newsletter, "Foundation Focus". This four-to-eight

⁴⁰Foundation News (1990)

page newsletter contains a lively collection of essays, anecdotes, and grantee profiles which reaches a national audience of 50,000 academics, legislators, and nonprofit organizations. Each issue costs around US\$ 4,000 to produce and takes a total of one-eight hour day for the writing and layout.

Finally, we can not forget the paths being opened by the new computer information technologies, particularly the Internet. In the United States, a growing number of foundations are offering access to information about their activities, guidelines, and grantmaking processes to computer users. Many foundations are creating home pages accessible via the world wide web (WWW), the Internet's multimedia portion.

With the constant growth of computer use, this will be one of the most important fields for disseminating information on foundation activities. The number of computer users is rapidly growing in Brazil, mirroring worldwide trends. Thus, foundations should be encouraged to take advantage of this new technology that, in the near future, will be the most important channel for information and experience exchange, both of which are fundamental to strengthening the nonprofit sector.

A few Brazilian foundations have already begun to provide access to information about their activities through the Internet. One example is the Bradesco Bank Foundation, which disseminates information about its activities through a home page, as does the Instituto Credicard. In the United States, this process is more advanced and many foundations already have sophisticated and informative home pages such as those of the MacArthur Foundation (<http://www.macfdn.org>). The two best sources of information are the home pages of the Council on Foundations (<http://www.cof.org>) and Foundation Center (<http://www.fdncenter.org>). From them it is possible to have access to many other foundations' and foundation-like organizations' home pages and web sites in the United States, Canada, and Europe.

Professionalization

GIFE's experience underscores the search for professionalization among Brazil's foundations and corporate donors. According to ARCO's survey, grantmaking is still "non-scientific" in most foundations and foundation-like organizations. A first step toward redressing this problem would be to hire one or more professionals who are experienced in grantmaking processes.

Effective philanthropy requires special care in the analysis of requests and the evaluation of the efficiency and efficacy of the projects supported, including questions of replicability. The ideal is to avoid duplication of effort and to do adequate background research on conditions and activities in a variety of communities. Another concern is related to the evaluation of the impact of programs directly executed or supported by the institution.

The existence of an advisory board composed of members of diverse sectors of society can be a great help in identifying priority actions and community needs. Of course, this implies that foundations and NGOs open themselves to a certain level of external inquiry. Far from being a source of embarrassment, this can bring new breadth and new ideas to the management of philanthropic programs.

Associação Projeto Roda Viva, a nongovernmental organization based in Rio de Janeiro, which develops programs related to poor children and adolescents, is developing an interesting experience in this field. In 1994, Projeto Roda Viva established a partnership with the Center for the Study of the Third Sector at the Getúlio Vargas Foundation in São Paulo, with the support of C&A Institute for the Social Development. The main goal of this partnership was to develop a strategic plan for Roda Viva that adapted typical business concepts such as product evaluation to the nonprofit world. The idea was "to develop strategic actions that improve the quality and efficiency of Roda Viva's activities, while retaining its authenticity as a social project"⁴¹.

⁴¹ASSOCIACAO PROJETO RODA VIVA (1996). Page 1.

The strategic plan that was finally concluded at the end of 1995 represents a significant step in the professionalization and transparency of Roda Viva's activities. One of the recommended strategies was the creation of an advisory board composed of representatives from businesses, government and universities. The main objective of this would be to advise, supervise, and give technical and political support for Associação Projeto Roda Viva's activities. Brazilian nonprofit legislation (with the exception of foundations) does not require this kind of board, only a fiscal council responsible for overseeing the institution's accounts. Thus, this is a very innovative initiative, one that may provide significant guidelines for modernizing the activities of other nonprofit organizations as well⁴².

Finally, it is important to organize periodic training sessions for the staff members who are responsible for the management of philanthropic programs. At the same time, collaboration with other philanthropic entities can be a good strategy for improving and strengthening the skills of foundation officers.

Legislation and Accountability

Questions concerning legislation and accountability are strategically important and intimately linked to the growing importance of the nonprofit sector in Brazil. The need for clear accountability mechanisms has also grown. Nor is this simply a claim put forth by members of government and the private sector. It is extremely important for nonprofits themselves, since they are continually challenged by the media and others to maintain a posture of transparency in their activities. GIFE, for instance, has adopted the objective of creating and applying a code of ethics in relation to members' programs⁴³. The Brazilian Association of NGOs (ABONG), an organization that brings together over 250 NGOs, has also studied this theme. In fact, self-regulation seems to be one of the best ways to guarantee the transparency of the nonprofit sector.

⁴² The National Center for Nonprofit Boards also created an international program to develop partnerships abroad in order to create new models for boards of directors and advisory boards.

⁴³ GIFE's by-laws, article 2(e).

Historically, the accountability question has been used as a "gun" to control and to monitor the nonprofit organizations. In Brazil, one of the most common charges is that these entities receive millions of dollar from abroad, without governmental oversight. These charges escalate in moments of confrontation between NGOs and government. One recent example was the publication of a report by Americas Watch's Brazilian office, in February of 1995, which denounced the level of violence in Rio de Janeiro. The governor of the state not only contested the report, but threatened to pass a law that would permit the government to directly intervene in nonprofit operations by examining their accounts and punishing abuses. Far from trying to guarantee transparency in the sector, the spirit of the proposed law was clearly designed to threaten nonprofit organizations.

Brazilian legislation currently allows a considerable amount of leeway in the creation of nonprofit organizations and imposes only limited governmental control, with the exception of foundations. The new Constitution of 1988 states that anyone can create civil organizations, regardless of their objectives, as long as their activities are lawful. The same Constitution clearly prohibits federal, state and municipal governments from creating legislation to impede the free association principle. According to Brazilian income tax regulations, educational and social welfare institutions, societies and foundations of a philanthropic, benevolent, charitable, scientific, cultural, instructive, literary, recreational, and sports-related nature, and associations and unions are not required to submit a declaration of income when a few basic conditions are met, such as non-remuneration of directors; non-distribution of profits, and the application of all funds to charitable, educational, and social purposes. However, these organizations must present an annual Declaration of Exemption of Income Tax for Law Corporations to the Federal Tax Bureau⁴⁴.

According to Brazilian legislation, foundations are a special case. Unlike other nonprofit organizations, a specific department of the Judiciary, the Public Ministry,

⁴⁴LANDIM (1993). Page 10.

controls foundations. In each state, the public ministry has a special department, called the "curadoria de fundacoes", which supervises foundation activities by guaranteeing that their objectives are being carried on in accordance with their donors' wishes. This is the public ministry that authorizes the creation of foundations. It also ascertains whether the donation is sufficient to fulfill the foundation's stated objectives. If the donation is not sufficient, according to the law the Public Ministry representative can apply it to public debt titles until it is considered adequate⁴⁵.

The organizational structure of a foundation is defined by its internal statutes. Under law, once a foundation is officially created, the donor loses any control over it. That is, it is now controlled by the board of directors, the "conselho curador", and by the Public Ministry. As Antonio Augusto Anastácia explains,

"Detached from the grant, its donor does not have any kind of control over it, any link, because the 'grant' is the owner of its own rights. [Their] interests are no longer managed, tutored and controlled by the donor, but by the internal control system... according to the Civil Code and the Civil Process Code. Thus, the Public Ministry plays a fundamental role, in fact a basic role, because it is ultimately the responsible for the faithful execution of the stated objectives⁴⁶."

The control exercised by the Public Ministry is not totally efficient, in part because it is insufficiently staffed to effectively oversee all of the 11,076 officially registered foundations. Another reason is that few Public Ministry personnel specialize in this issue. In fact the control of foundations is far lower priority than other societal demands, particularly those related to human rights. Thus, it is almost impossible to know exactly how many foundations are effective or the kinds of activities they

⁴⁵ ANASTACIA (1995); RESENDE (1995). There are two kinds of foundations that escape from public ministry control: the foundations directly created by the public power in the municipal, state and federal levels and those that manage the pension funds of the workers in some state companies.

⁴⁶ ANASTASIA (1995). Page 5. Unlike the United States and other countries that adopted German Law, Brazilian legislation does not recognize the cy pres principle, which gives power to the board of directors to review the foundation's objectives with the condition that the objectives should be maintained as close as possible to the original donor's will. Normally, the cy pres principle is applied when the foundation is faced with an extraordinary event that was not foreseen when it was created and/or to guarantee the maintenance of its efficiency. To better understand the implications of this principle, see "Managers and Donors: The Buck Trust Case", Working Paper, (New York: Center for the Study of Philanthropy, 1987).

develop. This difficulty was cited by Cassio Eduardo Resende, the Public Ministry official who is responsible for the foundations in the state of Minas Gerais. According to Resende, there are over 100 private-law foundations officially registered in Belo Horizonte, the state's capital. As the Public Ministry's representative, he discovered that 20 of these organizations were not operating effectively, and eventually decided to close them⁴⁷.

Other related concerns are tax exemptions and reductions. As previously noted, all officially registered nonprofit organizations are tax-exempt. Only those that have received certification as a "public utility" are allowed to receive tax-deductible donations and other benefits and subsidies from the government. Due to the difficulty entailed in controlling the amount of money managed by the nonprofit sector, debate is currently raging over tax deductibility in Brazil. There is a belief among many members of the government and the media that nonprofit organizations are a fertile field for tax avoidance, a perception reinforced by the "budget scandal" in 1993.

In Brazil, each congressman has a special appropriation from the national budget, which can be directed to support charitable organizations officially registered with the National Council of Social Service, which guarantees that they have a "public utility" certificate. In '93, the media headlined the discovery that many congressmen had created their own nonprofit organizations, controlled by relatives or close friends, to receive federal appropriations. These funds were used for their own benefit or to guarantee the maintenance of their political bases with public money. The lingering perception was that all nonprofits were corrupt and mired in financial scandals and tax avoidance schemes. In the face of mounting criticism, some observers began to advocate the discontinuance of all subsidies and tax deductions for the nonprofit sector.

⁴⁷RESENDE (1995).

In fact, it is very difficult to define the impact that such a decision would have on philanthropy in Brazil. Research by the Fundação Grupo Esquel-Brasil⁴⁸ has demonstrated that access to legislative benefits is currently very restricted, due to bureaucratic requirements and management. Analyzing official data from the Brazilian Internal Revenue Service for 1969/70, 1979/80, and 1992/93, Fundação Esquel raised a number of issues that help to illuminate giving practices in Brazil.

Their data indicate that in 1992 officially declared donations amounted to US\$ 130.9 million, given by 461,000 donors, representing just 5.5% of the people that declared to the Internal Revenue Service. In relation to the volume of donations in the United States, which is around US\$ 100 billion, this amount is minimal (constituting less than 0.02% of the Brazil's Gross Development Product). But, in fact, it leads to two conclusions: 1) most of the money given to philanthropy is not registered; and 2) most of these donations are made in an altruistic way rather than specifically aiming at fiscal benefits.

Much more than supporting the idea of simply discontinuing fiscal incentives, this study demonstrates that the existing legislation needs to be improved, and that the government needs to recognize that NGOs are responsible for services that complement the state and that merit stronger support. In the same way, the donors need to be treated in a professional way by government, rather than simply as potential tax dodgers.

On the other hand, there are evident implications for the accountability issues related to the nonprofit sector. Accountability should not be used to apply political pressure, but as a means of enhancing the sector's professionalization and sophistication. Self-regulation may ultimately prove to be the most efficacious way to promote accountability. One practical example that comes from the United States is the National Charities Information Bureau (NCIB), which has developed accountability standards to help donors decide which nonprofit organizations best

⁴⁸FUNDACAO GRUPO ESQUEL-BRASIL (October of 1995).

fulfill their obligations . This enables potential donors to have access to information on nonprofits' performance, governance, purposes, programs, activities, financial support, use of funds, administrative costs, annual reporting, accountability, and budgets.

Certainly, this is not an infallible system, but NCIB's standards provide an excellent point of reference for assessing nonprofit organizations. Nonprofits need to be transparent in the management of their resources, particularly when they are publicly-funded. In Brazil, one of the difficulties in achieving transparency is related to the fact that most nonprofit organizations always had an uneasy relation with the state, often regarding it more as an enemy than as a potential partner. Despite the public character of their actions, in a practical sense nonprofit organizations are private entities that value their independence. Moreover, most nonprofit organizations in Brazil are very small, with limited financial resources for hiring an independent audit company or even a simple accountant.

Partnerships and Internationalization

The establishment of partnerships among government, private donors and the nonprofit sector has played an important role in the improvement of philanthropy (and democracy as well) in Brazil. In fact, the United Nation Conference on Environment and Development, held in Rio de Janeiro in July of 1992, was a special moment for Brazilian NGOs. Local NGOs played a fundamental role in the mobilization of public opinion and in the organization of important parallel events, such as the Global Forum, that brought together NGO representatives from around the world. The Global Forum was organized with governmental and private support and was one of the first major tests of the NGOs' capacity for dialogue.

In the philanthropic field, GIFE affords concrete evidence that it is possible to share ideas and actions among different types of foundations and foundation-like organizations. However, this is not an easy process, particularly since this type of collaboration is still in the early stages of being tested; not only in Brazil but in most

countries. Even in the United States collaborative ventures among different types of donors is relatively new. In Brazil, besides GIFE and the Brazilian Association of NGOs (ABONG), several nonprofit organizations, such as the ABRINQ Foundation, Associação Projeto Roda Viva, Movimento Viva Rio, and the Brazilian Institute of Socio-Economic Analysis (IBASE), have made important overtures toward establishing strong and concrete partnerships between government, the private sector, and the media.

Beyond local partnerships, other types of regional links are beginning to be established among Latin American nonprofit organizations, many of which have had extensive experience in similar contexts to that of Brazil. This is an interesting process because most Brazilian nonprofit organizations and NGOs have historically maintained their strongest links with nonprofits and donors in the United States and Europe, rather than Latin America. However, in the last 15 years, these links began to be strengthened in concert with the growing legions of Latin American NGOs.

In strategic terms, the establishment of partnerships with nonprofits and donors in other Latin American countries has a potentially important role to play in strengthening regional philanthropy and setting a common action agenda. This is particularly significant given the current creation of common markets among Latin American countries. One example is “Mercosul”, an alliance between Brazil, Argentina, Uruguay and Paraguay, with a consumer market estimated at over 200 million people. The creation of Mercosul represents a new moment in the commercial and political relations among these Latin American countries, challenging nonprofits to follow suit with a common regional agenda for the improvement of civil society within the region.

Some Latin American experiences in the philanthropic field may be relevant for strengthening the sector in Brazil. One good example is the Fundacion FES, in Colombia. This foundation was created in 1964, initially to provide technical and financial resources for Universidad del Valle, in Cali. With the active participation

and support of the members of the intellectual and financial elite in the Cali region (and from American foundations such as Kellogg, Ford, and Rockefeller), Fundacion FES soon began to expand its activities. In 1975, it was converted into a financial institution, registering with the Colombian financial authorities as a “*compania de financiamiento comercial*” (commercial financing company), which enabled it to raise resources in the capital market and make loans. These resources permitted the creation of an endowment that ultimately enabled Fundacion FES to become independent of foreign donors.

As its resources grew, Fundacion FES expanded its programs to include the promotion of social development in Colombia as a whole. Thus, from a locally based foundation, Fundacion FES began to have national importance. Most important, instead of following the traditional Latin American model of operating foundations, Fundacion FES decided to establish partnerships with other nonprofit organizations, mainly locally based NGOs, thereby strengthening local leadership and civil society as a whole. Because of its success in achieving financial independence, Fundacion FES’ experience may provide useful insights for the improvement of philanthropy in Brazil⁴⁹.

On the international level, entities such as the Synergos Institute and CIVICUS have played an important role in strengthening the dialogue between South- and North-based nonprofit organizations. Partnerships between Synergos Institute and Associação Projeto Roda Viva in Rio de Janeiro, and with the Fundacion Esquel in Ecuador, have demonstrated that this kind of dialogue is not only possible but that both parties have much to learn in the process. Similarly, the Council on Foundations and the National Center for Nonprofit Boards created international programs with the primary objective of strengthening the links with organizations abroad.

⁴⁹ZAMORANO (1995). This case study, which was commissioned by The Synergos Institute in New York, is a good tool for understanding the creation and development of Fundacion FES. Synergos also developed a series of related case studies that may be of interest to those interested in the improvement of philanthropy in Brazil, including the Puerto Rico Community Foundation, the Fundacion Grupo Esquel-Ecuador, and the Mexican Foundation for Rural Development.

The establishment of international links with similar organizations can play a potentially important role in strengthening philanthropy in Brazil. GIFE seems to be alert to this reality. Another of its objectives is “to promote and develop concepts and practices of social investment among individuals and organizations, through the promotion of seminars, debates, publications, and exchanges with national and foreign private and public entities and companies which have similar objectives”⁵⁰.

Community Foundations

The community foundation model might also provide an important perspective for the improvement of the philanthropy in Brazil. Brazilian legislation currently does not recognize the existence of this type of foundation, which builds endowments through contributions from several donors, usually within a given geographic region. However, there do not seem to be any concrete obstacles to the creation of community foundations in Brazil, since Brazilian legislation clearly states that any person, institution, or group of institutions can create a foundation, if their purposes are within the law.

Community foundations have flourished in the United States. According to the 1994 edition of Foundation Giving, there are currently over 350 community foundations in the United States. Their ranks have grown because these institutions are able to provide an array of services to donors who wish to establish endowment funds without incurring the administrative and legal costs of starting an independent foundation on their own.

Thus, the main difference between this model and traditional foundations is that, instead of being established by the will of a single donor, community foundations are a collection of funds contributed by individuals, corporations and public

⁵⁰GIFE's by-laws, Article 2(c).

agencies to benefit a specific geographical area. A board of directors who are knowledgeable about community needs, and representative of the general populace governs community foundations. Most important, they distribute grants to other local nonprofit organizations, helping to strengthen the community.

Community foundations may represent a new model for philanthropy in Brazil, one more committed to working with local NGOs. According to recent data, community foundations have not yet been established in Brazil. This lack of local experience could be overcome by drawing upon models from other Latin American countries, the United States, and the Puerto Rico Community Foundation⁵¹. Small and medium sized cities as well as specific regions within the largest cities would be the main beneficiaries of this type of grantmaking. Organizations such as these could play an important role in strengthening local leadership and in the establishment of partnerships among local NGO leaders, businessmen, and local governments.

⁵¹ Andrea Barrientos is currently developing a research on this theme for the Center for the Study of Philanthropy. Her research is related to the Puerto Rico Community Foundation, which may provide useful model for those interested in this issue in Brazil.

Conclusion

For the ancient Greeks philanthropy meant “love for humankind”. This concept is still the basis of the term, but it has received many other interpretations in different cultures throughout history. In Brazil, philanthropy was traditionally related to charity, to the exchange of favors, and to altruism. Even today, many people do not know how to define it. But, as noted above, a new concept of philanthropy is currently emerging in Brazil, based on partnerships and efforts to strengthen the community.

Influenced by the Portuguese system of colonization, Brazilian philanthropy was initially interpreted in terms of benevolence, good will, and charity. This vertical model was steeped in dependency relationships, rather than partnerships for a common cause, giving rise to a history marked by an omnipresent state in almost all levels of national life.

However, this scenario has increasingly been called into question as nonprofit organizations have begun to play an important role in civil society and the promotion of democracy in Brazil. At the same time, state and market forces revealed their incapacity to solve all of society’s problems, especially those related to local needs. In Brazil as well as the rest of Latin America, this evolution may be a slow process but it is one that has profound implications for the future of democracy.

The current political climate has helped to promote an emerging dialogue among a small but growing group of representatives of the state, the market, and the nonprofit sector. Institutions such as GIFE and ABONG were created, in part, to answer the demand for more effective partnerships. To define philanthropy as a social investment is a strong step in the direction of fostering professionalism and promoting enhanced relationships between grantmakers and grantseekers. The idea behind the social investment notion is that it is important to invest in the future by stimulating a constructive dialogue between different groups in society.

Finally, if nonprofit organizations intend to be a counterpart of government and the market, they need to pay attention to questions of transparency, visibility, and accountability. Most of all it is important to maintain professional contact with the media, and with representatives from government and business. Despite the apparently limited funds that currently go to the nonprofit sector in Brazil, local funding may increase as the economy stabilizes. Nonprofit organizations need to be open to new trends as the sector grows.

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