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Introduction

Brazilian philanthropy is not a new phenomenon. Since the Portuguese colonized Brazil as a Catholic society in the 1500s, charity has been part of the Brazilian culture. Catholic non-profit organizations became the sole providers of quality education and health services in the country for many years.

More recently, during the 1980s, Brazil initiated its transition from a military dictatorship to a democratic regime. As a result, three related factors led to the present status of Brazilian philanthropy: (a) the failure of government to guarantee basic rights of the 1988 Constitution such as providing health services, education, housing, sanitation, etc.; (b) the rise of a civil society movement that resulted in thousands of new non-profit organizations based on volunteer work of private individuals operating as citizens; and (c) the realization of business entrepreneurs that their skills, knowledge, and networks could also make them effective social entrepreneurs.

Brazil's greatest challenge is its concentration of wealth in a small portion of the society. Poverty and indigence are widespread; educational attainment is far from what can be expected given the level of Brazilian development; health indicators remain alarmingly low; regional imbalances are large; and income and wealth inequality have reached one of the highest levels among modern urban industrial societies. The reasons for this grim picture are complex, historically rooted, and not entirely explained by existing academic knowledge. To face the challenge resulting from this situation is an urgent responsibility for all Brazilians, but particularly for those few that belong to its small and privileged economic, political, social and cultural elite.

To overcome this immense Brazilian social debt, it is imperative that new and dynamic forms of participation, public control, experimentation and collaboration between federal, state and municipal governments take place; and that different forms of partnership between governments, unions, universities, civil society organizations, churches and the private sector, are permanently facilitated, created, and supported.²

In this sense, the modern Brazilian philanthropy which we call *private social investment* should be taken as a strategic element to foster national development. It is based on the needs of excluded people, on the capacity of citizens organized around community based

organizations, and on the strategic participation of social investors such as corporations, families or private individuals organized around a community philanthropy organization. Following a brief, historical overview of Brazilian philanthropy, this paper will discuss its current status. Specific cases will be described to illustrate the most important characteristics of the sector and the innovations they are creating for Brazilian society.

Background

The problems with which the country has to contend present a grave challenge. According to the *World Development Report, 2004*,³ [1] Brazil is the world's tenth largest economy, with a GNP of US \$1,266 billion. But the same report indicates that Brazil entered the 21st century with 10 per cent of its population owning almost 47 per cent of the country's wealth, while another 20 per cent of its people subsist on only 3.6 per cent.

Poverty is widespread, both educational attainment and health indicators remain low, in the latter case alarmingly so. Regional imbalances are great and income and wealth inequality has reached one of the highest levels among modern urban industrial societies. Despite the end of 20 years of military dictatorship in 1985, successive democratic governments have failed to guarantee the basic rights set out in the 1988 Constitution in health, education, housing and sanitation.

Recently, however, three developments have offered hope of more rapid progress towards an equitable society:

- > the emergence of a civil society movement, which has resulted in the formation of thousands of new CSOs;
- > a growing awareness among the private sector that its skills, knowledge and networks can be turned to social ends;
- > A continuous growth of philanthropy or private social investment as a way of citizenship participation in the overall process of Brazilian development.

Emergence of civil society

Since the country's discovery in 1500, the Catholic Church, whose influence grew throughout the colonial, empire, and republic periods, has inspired Brazilian philanthropy. As a result, philanthropy became linked with the ideas of *charity* and *mercy*: giving to the poor was motivated by their misery of the poor and used by givers as a means of gaining forgiveness for their sins. Philanthropy thus became an activity of wealthy people wanting to save their souls. It became attached to the well being of givers, based upon their understanding of the needs of the poor, and allowed them to be the sole decision-makers regarding the use of their money and areas of interest. Such philanthropy did not change the status quo of the poor, but it did play a unique role in fostering private hospitals and schools, and forging substantial values among Brazilian elites.

In more recent times, the development of an effective Brazilian civil society was hampered by the military dictatorship (1964-85), under which any movement or organization that could be seen as challenging the regime was persecuted, and its leaders either disappeared, imprisoned, or exiled. With the coming of democracy, however, this changed and the process was accelerated by subsequent political events. In 1992, President Collor

de Melo underwent an impeachment process following a series of reports on corruption, some of which involved philanthropic institutions connected to elected officials.

The need for a civil society organization (CSO) capable of demonstrating to the country that community involvement is part of citizenship and that philanthropy is based on ethical behavior prompted the establishment of GIFE (Group of Institutes, Foundations and Enterprises), a membership organization similar to the US Council on Foundations or the European Foundation Centre, but with a predominant number of corporations rather than foundations as members.⁴

Other elements of civil society have also evolved dramatically, with a rapid increase in the number and size of CSOs involved in development work in Brazil. It is estimated that 750,000 CSOs exist, of which 250,000 have reached some level of legal formality and 50,000 are active participants in the social and political life of Brazilian society.

CSOs are playing a leading role in transforming Brazilian society.⁵ They have demonstrated an ability to work with people in need and an ability to deliver development services at a relatively low cost to a large number of people. The Brazilian public generally endorses them. In a poll conducted in 2001 by the Instituto Brasileiro de Opinião Pública (IBOPE) for the Brazilian Association of NGOs (ABONG), 58 per cent of respondents approved of NGOs' impact (and 13 per cent disapproved), while 23 per cent agreed that NGOs have an important role to play in Brazil. The sector is based on entrepreneurship as well as on volunteerism. Individuals looking for opportunities for social change and measurable results have generated a critical mass of 'social entrepreneurs.'

But if it is non-profits that have been in the vanguard of this tendency, there are increasing signs that both the private sector and government have begun to move in the same direction.

Corporate social responsibility gaining ground

Another important development is that corporate social responsibility (CSR) has begun to feature on the agenda of businesses.⁶ In 1998, the Ethos Institute was created to lobby for corporate social responsibility (CSR) and corporate sustainability. The success of the Institute has been tremendous. It has more than 700 associated companies, some of which have created foundation-type organizations. In 1999, the Institute for the Development of Social Investment (IDIS) was created. It was the first non-profit supporting organization whose purpose was to develop knowledge and expertise to address the needs of corporations, wealthy families, individuals and communities that decide to organize their giving to become social investors and social entrepreneurs. IDIS became instrumental in bringing new ways of making private social investment more strategic and relevant to Brazilian society.

In some sense corporations became more interested in being part of their communities and in supporting public and private initiatives for the improvement of people's lives. According to the Institute for Economic Applied Research (IPEA) 2001 national survey, the social investments (cash gifts only) of companies in the formal sector in the urbanized, industrialized southeast totaled \$1.5 billion dollars. This region is home to half of Brazil's companies and accounts for 60 per cent of its GNP. Two out of every three companies reported having made social investments, which ranged from small donations to individuals and institutions to large, structured projects. Almost half the large companies planned to increase social investment expenditure and more than one-third reported employee volunteerism.

In addition, there has been a growing awareness among the Brazilian public of corporate citizenship. Consumers and investors are paying more attention to companies' business practices and their impact on stakeholders, communities and society at large. An international survey in 2002 [2] found that 51 per cent of those interviewed had 'punished' companies for 'socially irresponsible behavior' relating to customer services and relations, environmental policy, etc., by criticizing them to colleagues, friends or relatives; and 30 per cent refused to purchase products or services from these 'socially irresponsible' companies. Brazilians gave the highest ratings to companies committed to good environmental performance in their operations (81 per cent), those playing a role in reducing the gap between rich and poor (60 per cent) and those supporting community projects and charities (59 per cent).

The emerging picture is of a rapidly evolving new philanthropic culture in Brazil among individuals, communities, and corporations. This culture comprehends both pragmatic and ethical concerns about social inequalities; sees the potential of fostering private initiative and drawing on stocks of social, human, and financial capital to improve conditions in society; and sets new trends in multi-sectoral partnerships.

From the above characteristics two main elements emerge: Volunteerism and Entrepreneurship. As a basic element of a capitalist society, the "free initiative" of individuals in pursuing their creativity, searching for opportunities to initiate a "business", and looking for results that could be measured has generated a critical mass of "social entrepreneurs."

Today, we can affirm that civil society organizations are playing a leading role in transforming Brazilian society. As a result, the government is showing greater openness to cooperation with citizen groups that are part of the third sector. Two main reasons explain such behavior: first, the government's recognition that it cannot cope alone with a growing public demand for more and better human services; and second, government recognition that the provision of public services by government agencies can be facilitated by more accurate and representative information about the needs and priorities as they are set by local community organizations. For instance, the Pastoral da Criança, a leading institution in promoting healthy childhood, and in preventing common diseases, is operating a network of approximately 150,000 volunteers that act as health promoters at the community level. The quality of the work and impact in lowering the infant mortality rate made this organization a natural candidate for the Nobel Prize every year since 2000. This organization is essentially maintained by private donations and by contracts with the government who recognizes the organization as better suited for this work than their own agencies and offices.

Also, the re-democratization of the country mobilized the society to move from a representative democracy to a more participatory democracy, where organized groups of the society want to play a more active role in setting the stage for societal changes. Freedom to get organized became the essence of Brazilian democracy. Today, Brazil counts with a true "infrastructure" for representation of important segments that mobilize the Third Sector. Among others: the Brazilian Association of NGOs—ABONG; GIFE—the Brazilian Association of Grant makers; Volunteers Centers; ETHOS—Business for Social Responsibility; CEATS—Center for Studies of Third Sector; IDIS-Institute for Development of Social Investment. Such organizations are placed to catalyze, give expression, and lobby for the sector. They also provide leadership for a harmonic growth of the sector based on the following five ethical "pillars": human rights and responsibilities; democracy and the elements of civil society; the protection

of minorities; commitment to peaceful conflict resolution and fair negotiation; and inter-generational equity.

The big picture that results is a quickly evolving new philanthropic culture in Brazil that comprehends both pragmatic and ethical concerns about social inequalities; new views on distributive justice fostering private initiative to improve societal conditions; new trends in multi-sectoral partnerships; and exchanging stocks of social, human, and financial capital.

Three cases were selected to illustrate the current stage of Brazilian philanthropy as a result of important innovations on strategies for giving. The Abrinq Foundation is a good example of a circle of philanthropists organized around children rights. The second case is a good example of corporate giving through a strategic decision that aligns a cause (environment) with a corporate mission for sustainable business based on the Triple Bottom Line. The third case introduces the dissemination of CPOs (Community Philanthropy Organizations) in Brazilian communities through a strategic program of IDIS—Institute for Development of Social Investment. The following three cases presents ways in which citizens played an active role in setting a new path for philanthropy in Brazil. They illustrate the strong movement that is reshaping Brazilian society.

ABRINQ Foundation: From a circle of philanthropist to broad basis support

In the late 1980s, there were countless episodes of violence against children and youth; young delinquents' escaping from institutions; and extreme rights violations such as prostitution and murder. These episodes drew attention to the dramatic situation of children in Brazil. The press, in Brazil and abroad, gave wide coverage to these charges. The public was shocked. The emerging information highlighted the following:

- > 25,000,000 children had no leisure, education, regular food, housing and adequate hygiene, and were subject to all kinds of violence⁷;
- > 350,000 children under five dies every year⁸;
- > 3,500,000 children and youth between 7 and 17 were illiterate⁹;
- > 4,000,000 Brazilians under 14 (minimum age allowed by the Constitution) were working.¹⁰

In particular, this information touched business people in the toy industry, since it concerned individuals in the same age bracket as the consumers of their products. These children, however, were excluded from the consumption of the most basic survival goods. These business people worked as a catalyst for others. The magnitude of the problem reached many sectors who organized around a central goal: to change the situation of Brazilian children.

Within this context, in 1989, the **Brazilian Association of Toy Manufacturers (Abrinq)** established within its own structure, the **Board for the Defense of Children's Rights**, the heart of the future *Abrinq Foundation for Children's Rights (FADC)*. These individuals strongly believed that responsibility does not lie on government alone, but on the *society as a whole*. For them, the key to its consistent work on behalf of at risk children and youth in Brazil are not individual or isolated actions, though meritorious, but society's collective effort, allocating means and resources to the service of a *common cause: Brazilian children*. The decision was made then, to organize as a group of philanthropists with a common

cause. They decided to create the Abrinq Foundation as a result of their individual social responsibility. Soon, the circle that started with the toy making industry owners and executives attracted other individuals and corporations. The circle decided to apply their own resources as well as resources from the companies they represented. In line with these beliefs, they were successful in involving partners from several different social segments (mainly businesspeople). This marked the first actions undertaken by the Foundation.

The partnerships with the *Ministry of Education and Culture* and with *UNICEF* have been particularly important. The objective was to create a *joint campaign* to stimulate the awareness of students from public schools throughout the country that, as children, they *have rights*, while also educating them on their rights. This campaign was relevant because the majority of these children came from poor families, whose rights are the most vulnerable. The Children's Rights Contest was conceived to encompass all schools in the country, totaling 27,000,000 students.

Another action of massive advertising for Children's Rights was implemented jointly with *Editora Abril*, the Brazilian market leader of children and youth publications. The corporation published the Children's Rights in 10 million copies of their magazines and created a contest on this subject.

These joint actions demonstrate that from the beginning, the Foundation focused its actions on *mobilizing and generating participation* of society rather than aiding children directly (in nursery schools and other institutions, for instance). As a consequence, the Foundation departed from the traditional way of giving through charities, becoming an example of strategic giving for a cause.

This way, since its establishment, the Abrinq Foundation for Children's Rights positioned itself as a "*coordinating*" entity, able to provide a *positive intermediation* between those who need the resources, means, and knowledge and those who have them.

This "*coordinating*" model was originally suggested by *UNICEF*, which realized that the creators of the Foundation had the ability to involve other businesspeople and social sectors in actions that benefit children.

The Foundation began its activities in Sao Paulo and became active throughout Brazil. Throughout its first decade of existence it took a non-partisan approach in the 16 main projects and programs it spearheads, which involved about 35% of municipalities in Brazil and 43% of the country's population. For example, *Prefeito Criança* (Child Friendly Mayor) supports mayors' efforts to prioritize child welfare at municipal level, independent of the political affiliation of a mayor. This one initiative involves 23 million children. *Crer para Ver* (Believe to See) supports evaluation efforts that improve the quality of public schools.

Building on its strong links with the private sector, Abrinq has developed support and collaboration that go beyond the financial contributions companies make to its programs. It was able to do this because its founders knew how and wanted to reach out to companies. Another key element in Abrinq's efforts is that it put in place a staff of professional fundraisers who help it reach out to and follow up on its contacts. Abrinq's outreach to business has a number of levels:

- > *Membership*—Businesses, professionals and individuals can become sustaining Members.
- > *Partnerships*—Abrinq enters into limited partnerships with companies. In these partnerships, it gains from reaching a broader audience with its message and increased involvement and contributions. Companies gain from the publicity and

association with the Abrinq name, program and logo. Abrinq's aggressive communications and marketing efforts bring about considerable opportunities for discussion at conferences, launches, and other events.

- > *Program-related Collaboration*—Abrinq works with companies in ways that help to mobilize the corporate sector behind children's issues in Brazil. Fundraising for Abrinq is not the object of this work. Instead the efforts pay-off more broadly by mobilizing financial and material support for children and promoting better business practice in this area. One of the most successful programs was Empresa Amiga da Criança (Child-Friendly Companies) that encouraged businesses to combat child labor. Projects undertaken under its umbrella involved 2.5 million youth. This program will be used to illustrate the Abrinq Foundation's way of operation.

The goals of this program are to increase awareness of child labor, especially among entrepreneurs, and to motivate companies to avoid employing children, as well as to encourage the development of programs that contribute to better future possibilities for children. Abrinq offers child-friendly labels to companies that do not employ child labor and that also contribute to child development. In April 1995 it began a program specifically aimed at companies and child labor, called the Child-Friendly Enterprise Program (Empresa Amiga da Criança). This program has its own eighteen-member administrative board and an advisory board, plus a statutory audit committee. Abrinq's activities have received support from the ILO (International Labor Organization) for maintenance of its data bank. This special Abrinq program has two related aims: to mobilize entrepreneurial commitment to avoid using child labor, and also to increase the level of company support for helping children to attend school or for adolescents, vocational or professional training. The program also promotes the inclusion of a social clause in commercial contracts, so that a company makes a commitment to combating child labor in all its relations with other companies. It offers an incentive (a label, which acts as a seal of approval) and a condition (the commitment to exclude child labor). Abrinq is convinced that only by organizing consumers to recognize and reward companies will such employers be prevented from employing children or benefiting from the products and services of other supplier companies that employ children. Companies have also been encouraged to join a network for the exchange of experiences regarding child labor, and they receive help to implement policies and social programs so that children under the age of 14 stay in or return to school. Companies that meet the Abrinq Foundation standards can use the Child-Friendly seal on their products, on company letterheads, or in the printed and televised media, as they wish. The label is valid for one year, at the end of which it can be renewed after new investigations.

At the end of the program's first year, 150 companies had been authorized to use the label. They operate in many fields: agro-industry, manufacturing, commerce and services, finance, and airports; some are state-owned or partly state-owned. The activities these companies performed for children as a condition for receiving the label are (1) the company itself rather than the labeling initiative chooses the preferred area of activity, and acts upon this choice; and (2) no levy monies pass through the labeling organization, as the company directly funds its chosen activity. In practice this is equivalent to a kind of levy, with the difference being company autonomy in the management of the money; yet without some verifiable expenditure that can be shown to the program, a company would not receive the label. The range of projects acceptable to the labeling initiative is also

somewhat broader than most. It includes, in addition to funding schooling and/or professional or vocational training, technical and financial cooperation with organizations that defend children's rights in one way or another, and sports and recreational activities for young people. A company receiving the label can even fund its own foundation to carry out projects for young people.

One of the aims of the Child-Friendly Enterprise program, and of Abrinq as a whole, is to strengthen the normative and inspection capability of state and other organizations. Abrinq urges many government ministries and departments to increase their monitoring and inspection activities for child labor. However, in the case of the labeling program, the program itself achieves monitoring through the normative activities surrounding the approval to use the label. These activities are repetitive: a company will be reinserted each year in order to renew the label.

One effect of the labeling program has been to encourage others to spring up. A new institute, Instituto Pró-Criança, which is a short form of Instituto Empresarial de Apoio a Formação da Criança e do Adolescente, was formed by the local Shoe Industry Association entrepreneurs in the area of Franca, state of São Paulo, where most footwear is produced for export by outsourcing and where children under the age of 14 often work in their homes at stitching benches. This institute very recently introduced a label for the shoe industry based on the model used by the Child-Friendly Enterprise Program. It has now been conferred on 49 local enterprises that "have assumed the commitment of not employing children under 14, and of not subcontracting work to companies that use child labor in their production." The institute retains the legal rights to the label and manufacturers are permitted to attach it directly to shoes as well as to display it in their commercial transactions. The label reads, "This product has not used child labor in its manufacture" below the institute's name and logo. Each employer using the label pays a monthly fee to the institute, so that in this new initiative there is not an actual levy but a regular payment to a central organizer.

During the first decade the organization was quite effective in placing itself as the leading organization addressing children rights. Based on an aggressive communication policy, the programs became very visible and recognized by the Brazilian society. It was a moment of rapid growth and development. Programs were designed, planned, and placed in operation based on the existence of available resources that flew from different supporters.

After years of continued growth the Foundation faces now an important challenge: how to become a sustainable organization. The Foundation does not have an endowment. The operation is based on its capacity of raising funds for different programs and projects. The performance of the Brazilian economy, allied to an increased competition for limited resources from new civil society organizations have resulted in a difficult context for the Foundation sustainability. The good reputation that was gained has not been enough to have an influx of resources to keep all programs, projects, and an active participation in all aspects of children rights.

In short, ABRINQ Foundation has been innovative in establishing a circle of philanthropists to begin its operation; in introducing the idea of a cause-related foundation with a focus on children rights; and in using as its main operational strategy, the mobilization of society at different levels, and through different programs. It still requires, however, another level of understanding and mobilization to become a sustainable organization.

Boticario Foundation for the Nature Conservancy: Strategic in Corporate Giving

The company *O Boticário* began in 1977 as a small cosmetics pharmacy in the progressive Brazilian town of Curitiba. Today the company has more than 2,500 retail stores in six countries and remains dedicated to its original values of mutual respect, transparency, and commitment to the environment. It is placed as the third cosmetic industry in terms of market share. *O Boticário* favors the use of natural ingredients in its perfumes, lotions, and cosmetics, bolstering the company's image as an environmentally responsible corporation. As a business, *O Boticário* is one of the first strong supporters of the philosophy of triple bottom line (TBL) in Brazil. It focuses not only on the economic value they add to their products and performance, but also on the environmental and social value they add to the overall society. At its narrowest, the term 'triple bottom line' is also used as a framework for measuring and reporting corporate performance against economic, social and environmental parameters. This involves being clear about the company's purpose and taking into consideration the needs of all the company's stakeholders – shareholders, customers, employees, business partners, governments, local communities, and the public.

Thus, *O Boticário* has a clear environmental focus with clear policies on the company's use of natural resources, embedding environmental principles in its product or service development. The *company's* commitment is also directed to the capture of economic benefits within the community where the company is operating, as well as contributing to the economy. For example, the company supports community development and capacity to generate wealth by giving preference to local businesses, both backwards, through the supply chain, and forward, through the distribution and retail network.

In conclusion, as a business with social and environmental responsibilities, the company decided to create the Fundação Boticário in 1990, as a non-profit institution to support nature conservation activities in Brazil.

In 1993, in order to guarantee the preservation of places with considerable ecological significance, Fundação Boticário created a program called Natural Protected Areas. The first action of this program was to acquire and establish the Salto Morato Reserve. It initially had 4,240 acres hectares and today has grown to 5,783 acres of the Atlantic Forest, in Guaraqueçaba region, northern coast of Paraná State. This area was chosen because it shelters one of the most significant remnants of the Brazilian Atlantic Forest still left.

For the acquisition of Salto Morato Reserve, the Fundação entered in partnership with The Nature Conservancy – TNC, a North American non-government environmental organization. The resources invested by the Foundation guarantee the forest, rivers, and animals preservation and also the recovery of the areas modified prior to its acquisition. The place is used for environmental education, understanding of nature, scientific researches, as well as outdoor recreation.

While the Foundation's main focus at the Salto Morato Natural Reserve was preserving the environment, the Foundation's technicians soon realized that without the awareness and cooperation of the surrounding neighbors in Vila Morato, the task would be impossible. Many of the inhabitants of the area lived in extreme poverty and made their meager livelihood from illegally harvesting palm hearts from the nature reserve at night. Concerned with balancing the economic needs of the community and the dwindling palm

reserves, the Foundation contracted a natural fibers instructor to research alternate income generating opportunities near the reserve. Surveying the area, the expert quickly discovered an exotic pestilent weed that is easily made into rope and can then be woven into baskets. The Foundation presented the idea to the community, which began producing good quality baskets, and eventually formed an artisan's cooperative to standardize quality and facilitate timely fulfillment of higher volume sales.

Although *O Boticário* maintains the Foundation financially by donating up to 1% of the corporation's net revenue, with additional funding for the foundation coming from other private Brazilian and international donors, it operates independently, with complete technical responsibility for its own projects. Typical recipients of grants are universities and other academic institutions, research institutes, scientific organizations, and environmental groups as well as other NGOs. A team of outside consultants, all of who are experts in diverse scientific areas and ecosystem management, reviews grant proposals.

The Foundation is the first corporate foundation of its kind in Brazil to support environmental conservation. It has created a new source of conservation funds and a corporation whose products and basic business operations and revenues are dependent on the protection of natural resources and the genetic base of biological diversity (in this sense, *O Boticario* is investing in its own long-term commercial survival).

The Government of Brazil created an incentive, albeit small, to get the private sector to invest in conservation. *O Boticario* has proved that the private sector can collaborate with environmental groups and draw on the expertise of scientists to assist in identifying the most critical and important areas in which to intervene.

The potential for replication is good. In any (developing) country, a timber company's profits and operations are dependent on the extraction of natural resources and the continued existence of those resources. Governments can work with these operators both to support ongoing private sector conservation and to encourage additional activities. Incentives provided could range from tax breaks to set up wildlife reserves or buffer zones adjacent to logging operations to creating tax breaks or export subsidies to timber operators that log according to sustainable practices.

Today, the Foundation focuses on three programs: protection of natural areas; promotion of education and mobilization for nature conservation; and financial support of conservation related projects developed by other organizations. As a basis for all of its programs, the Foundation has a bio-diversity, conservation, and training-center at the Salto Morato Natural Reserve. The center prepares 240 people each year for careers in park management, conservation, and ecotourism. The reserve itself won UNESCO's recognition in 1999 as a World Heritage Site.

The encouraging results of the Foundation in terms of community development and environmental conservation inspired the Eco-development Fund, created in 1998, as a US \$1,000,000 fund financed equally by the Foundation and Interamerican Foundation (IAF). The Foundation manages the fund and selects projects in consultation with IAF. The fund provides small grants for projects that advance socioeconomic community development while preserving the environment and promoting reduced pressure on natural resources. By combining resources, both organizations hope to minimize program costs and maximize results. Future plans include a benchmarking book featuring case studies of the Eco-development Fund projects. After the fund's current five-year life expires, the Foundation will roll the project into the Foundation's permanent program portfolio.

Among others, the Foundation established partnership with the following international organizations: The Nature Conservancy, John D. and Catherine T. MacArthur Foundation, Interamerican Foundation, Avina Foundation, Environmental Law Institute, and Duke University. In selecting those partnerships it takes into account the aggregate value that partners can bring to their programs and projects.

In short, the Foundation innovated in bringing together business corporate responsibility, government, local NGOs, and international agencies on environmental and social issues, allied with economic development. It demonstrated that entities created by business to pursue socially responsible work (i.e. foundations) could maintain programmatic independence while still furthering the company's strategic objectives, not only in corporate image, but also in business operations. Also, the case shows that collaboration and sharing of techniques can engender positive changes beyond the intended scope of a partnership. It can be done with international foundations, with national organizations, but more important, with the people of own communities where the granted projects take place.

IDIS: Supporting Community Philanthropy and Private Social Investment

While corporate philanthropy has made great strides in recent years, individual philanthropy to meet community needs is still Brazil's biggest source of giving. Individual philanthropy for community needs and problems is one of the best-kept secrets of Brazilian society. It represents more than 65% of the Brazilian philanthropy. Based on that, IDIS started to research and learn about local philanthropy and its problems. Among the findings, IDIS learned that community philanthropy takes a very paternalistic way to provide goods and services based on charity, without any major commitment for changing the *status quo* of people in need; it is a philanthropy without strategic vision, based on sporadic and casuistic decisions by givers; it is a philanthropy based on the emotion of givers and not on their reasoning, taking a very amateur approach to giving with an absence of professional understanding and governance.

In order to transform the above-described situation, IDIS established a program to foster the institutional development of community philanthropy in Brazil through local community philanthropy organizations (CPOs). IDIS stands for Instituto for Development of Social Investment, a non-profit supporting organization for the development of Brazilian philanthropy.

A basic principle oriented the program: the understanding that local philanthropy should operate under an organized Local System on Social Investment (SILIS acronym in Portuguese). As part of the system it is possible to identify community-based organizations, volunteer organizations, donors, human services linked with churches, local companies and businesses, and public and non-profit agencies. Once the elements are identified, the main task is to organize the system in a way as to maximize efficiency and effectiveness given available resources. Such a purpose requires the existence of a local organization that enables the full development of local philanthropy. This organization is called a Community Philanthropy Organization (CPO). It enables local communities to become better prepared to address key social problems through a participatory process. As a result, the empowerment of the community increases the capacity and effectiveness of existing organizations, and facilitates the creation of new ones.

The program's priorities are:

- > technical assistance and training to support skill development; the dissemination of new ideas by sponsoring conferences; seminars and workshops; conducting training and educational activities; and organizing a resource group of community philanthropy expertise;
- > sharing information by publishing relevant basic materials in manuals and handbooks in Portuguese;
- > researching factors that help or hinder the growth of community philanthropy, illustrating best practices, identifying emerging donors, and establishing benchmarks and indicators for building local philanthropy and social investment;
- > promoting networking opportunities, nationally and internationally, linking support organizations, strengthening peer exchange opportunities, and creating opportunities for discussion groups through IDIS's community philanthropy web page.

The Program provided assistance to each participant community to develop and implement its own strategic plan to foster their philanthropic activities over time. IDIS support to them had two integrated phases: Preparatory Phase and Implementation Phase.

The Preparatory Phase, that took a year, made possible:

- > The identification and selection of community leaders to participate in leadership training. The leadership training was designed and carried out to enable leaders to identify community assets, better recognize the opportunities for development in their own communities, and also to become acquainted with existing knowledge and best practices in community philanthropy. As a result, they became well prepared to develop proposals for establishing and or strengthening a local CPO.
- > The design and development of a community plan to organize local philanthropy and private social investment.

The Implementation Phase differed in the time it took, depending on the condition of each community. The average time for the implementation of the plan took around two years. During this phase the following activities were carried out:

- > Technical assistance to implement community's own proposals;
- > Field visits for supporting and facilitating local processes initiated by CPOs;
- > Networking opportunities among participants to share lessons learned and also to address selected topics of common interest. Such opportunities can be workshops, seminars, conferences, and travel tours for learning opportunities.

The program is now operating in six cities in the state of São Paulo, the richest state in the country. Their local giving varies from US \$60 thousand to US \$6 millions a year. Each community has established a CPO that is led by community leaders from the business sector, civil society, and local government. Private, voluntary, and public resources are thus being used in a complementary way.

Since its inception 11 more communities became part of the program. Corporations that decided to apply their resources to get philanthropy organized in the communities where they are located brought in the new communities. Also, five other communities decided

to organize their own philanthropy and private social investment in mimetizing the IDIS program.

The success of the program also attracted the interest of international organizations, including Community Foundations of Canada (CFC), who is making an important contribution in technical support to the IDIS program.

In short, the IDIS program on community philanthropy introduced the following innovations:

- > The idea of CPOs, an emerging structure to organize a local system on philanthropy;
- > The understanding that a CPO is much more feasible as an organization than a Community Foundation for the Brazilian reality. Endowment building faces difficulties because of Brazilian legal framework, and also, culturally bound understanding that individual donors want to keep the endowment under their own control;
- > The use of the Asset-Based Community Development (ABCD), first introduced by John McKnight, as a tool to identify elements of the local system on philanthropy;
- > The importance of partnership with leading organizations in community foundations such as Community Foundation of Canada (CFC) to learn from their experience.

Conclusion

Government has failed to meet the targets set for it by the 1988 Constitution, and generally it has lagged behind civil society in devising innovative ways of tackling social problems. In recent years, however, it has begun to show greater willingness to cooperate with citizens' groups. There are two main reasons for this: its recognition that it cannot cope alone with the growing public demand for more and improved services; and its realization that local community organizations can provide more accurate and representative information about needs, which makes provision of public services by government agencies easier and more effective.

The 1990s has seen great development of Brazil's philanthropic/voluntary sector. CSOs have growing experience of, and expertise in, addressing social problems. Group and individual giving is being reorganized among more strategic lines, with good examples of individual and family philanthropy and philanthropy circles being created and nurtured. Government has begun to respond to this, and the steps described above apparently mark the start of a new phase in the relationship between government, business and civil society.

Skepticism and mistrust die hard, however, and questions remain unanswered. Should civil society leaders accept positions in the government when co-opted? Or should they accept them because the Brazilian society wants to move from a representative democracy towards a participatory one based on CSOs and social movements?

Nor is this skepticism exclusively directed toward government. In the 2001 (IBOPE) poll mentioned earlier, respondents pointed to the need for civil society to be accountable, too. Twenty-three per cent of respondents felt that NGOs should report on their sources of funding; 18 per cent felt that they should be overseen by the state, while 12 per cent felt they should be overseen by society.

These cautionary notes notwithstanding, new forms of collaboration between all three sectors present an opportunity to combine private and public resources, individual

talents, and creativity for the overall benefit of the nation, and to adopt or adapt successful pilot projects led by civil society organizations as public policy.

Philanthropy gained during the 90s a greater importance for the full development of Brazilian society. And, not only because of new available financial resources, but also essentially because its sense of creativity and innovation. The years to come will show whether or not this opportunity is taken.

Endnotes

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