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A Philanthropic Awakening in Latin America

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For a long time standing now, "Latin American philanthropy" has been considered an oxymoron. Traditionally, wealthy Latins and corporations have had deep pockets but short hands, believing it the role of the public sector to fund charitable and philanthropic endeavors while keeping their own wealth in the family, shipping it offshore or giving it to the Church.

The times they-are-a- changing, however; for without much fanfare we are witnessing a growing awareness among the wealthy and corporations--principally through corporate foundations in the region--that philanthropic giving and social engagement are critically important and highly beneficial for their nations, to society, their companies and themselves. (It should be noted that most countries in Latin America use the term "private social investment" rather than philanthropy.)

Just what are the motivations for philanthropy by individuals and firms? According to the Hauser Institute for Civil Society at Harvard, philanthropy is seen as a social and moral responsibility of individuals and corporations, linked to family values and faith and driven by a desire to contribute to the positive advancement their respective countries. With an environment of increased political stability, steady economic growth, and an increase of ultra high net worth individuals over the last decade that is 2.5 times the global average, it is not surprising that more social investment--particularly impact investing--is sweeping the region.

The breadth and depth of corporate philanthropy, by companies and corporate foundations, have expanded significantly in recent years. Firms such as Microsoft, Citi, Pemex and Pepsico have been very active. For example, in Mexico Pepsi has worked with sunflower farmers in Chiapas to produce healthier oil for fried snacks while Nestlé's corporate citizenship in the Americas has resulted in the firm purchasing over \$4 billion from local suppliers and indirectly supporting 650,000 jobs. In Argentina, *multilatinas* have been especially active with Fundación Arcor investing extensively in early childhood education and Fundación Bunge y Born allocating significant resources to and education and health in rural communities.

However, in the arena of social enterprise and sustainability, one of the most impactful achievements in the region goes to SABMiller (now Anheuser-Busch InBev). Its 4e Camino al Progreso Program, in partnership with the Inter-American Development Bank and FUNDES,

focuses on improvement in small retailers' business performance, quality of life, and ability to play leadership roles in their communities. Targeting the Andean Region and Central America and Panama, results to date demonstrate marked success in terms of number of participants reached, percentage increase in overall sales, and percent of participant satisfaction.

Often overlooked is the role of diaspora communities in philanthropy. In this regard, high net worth individuals from Latin America who immigrate to the U.S. contribute to humanitarian causes in their in their homeland to create a strong civil society and/or in their new adopted country, or even other countries in the region. A notable example is Peruvian investor and entrepreneur Alberto Beeck who along with his wife donated \$10 million last year to a center for social impact and innovation at Georgetown University. He also chairs Lumni, an organization that awards education grants to students in several Latin American countries and the U.S.

Unquestionably, it is the associations of corporate foundations that can achieve greatest and most lasting impact due to their collective strength and common priorities in many cases. There are four associations in the region that provide services and support to corporate foundations and CSR. More than half of corporate foundations in Mexico, Colombia and Brazil were set up after 1991; and nearly all align their private social investment with the company's business strategy, thereby created "shared value" and a win-win situation.

According to Maria Carolina Suárez, Executive Director of Colombia's Association of Corporate Foundations: "Most of the corporate foundations in Latin America operate their own programs, and only few of them are exclusively grant makers. This means that corporate foundations work closer to the communities in their territories with a particular interest to strengthen local capacities." She notes that additionally, the progress of corporate foundations in the region has allowed them to become trustworthy, capable, experienced and experts in areas or issues they work in, becoming an important entry point of foreign aid or a stable and secure partner for local institutions, public or private. Ms. Suarez also points out that their financial backing gives them the stability to use their projects as an innovation lab that can be scaled by larger institutions, such as the national government or replicated by NGOs throughout the region.

Although Latin America's non-profit sector and philanthropic institutions are among the smallest in the world, regionally speaking, a welcome transformation is underway. A greater sense of corporate social responsibility among local companies (multinationals have always been actively engaged), a growing middle class, technology expansion and connection, and increased awareness and activism by Generation X and Millennials. There is no indication this trend will *not* continue; and this bodes well for the nations of the Americas that will benefit immeasurably from corporate and foundation support.

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