

## Corporate Funding in the Southern Cone

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Philantropia Inc, a consultant company specialized in international fundraising and philanthropy, advises and supports non-profit organizations around the world on how to more effectively raise funds so that they can dedicate more time to pursue their humanitarian mission. To accomplish this we provide strategic advice, organize trainings, improve organizational capacity, and ensure financial support for client programs.

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## **Corporate Funding in the Southern Cone**

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Argentina, Chile, and Uruguay, have some of the highest Gross Domestic Products (GDPs) per capita in South America<sup>1</sup>, a fact that may account for the region's high level of corporate funding to civil societies. The purpose of this research paper is to provide an overview of different sources of corporate funding in the southern cone of South America. Argentina provides a diverse array of corporate funding because this large nation has many companies that want to fund projects related to education, health, and the environment. Chile is also a good source of funding because its companies are willing to support projects related to education and economic development. Uruguay has relatively fewer grant-seeking opportunities, but nonetheless provides a lucrative environment for civil society organizations because its businesses show great interest in supporting projects that can help the economic development of their nation. Funding for international projects is available as well, but unfortunately at a very limited level, and at an infant-stage. The Southern Cone of the American Continent is a potential source of corporate funding for NGOs planning to operate within that region: several companies in Argentina, Chile, and Uruguay share a common sense of social responsibility and are motivated by tax breaks to contribute money to support the goals of civil society organizations.

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<sup>1</sup> <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html?countryName=Argentina&countryCode=ar&regionCode=sa&rank=81#ar>

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## Argentina

The desire of creating a more profitable business environment and the financial motivation of tax breaks induce companies in Argentina to help fund civil society organizations. Companies like newspaper Diario La Capital state that they want to help civil societies in their nation in order to contribute to the consolidation of an “economic recovery”<sup>2</sup> for Argentina after the economic crisis at the beginning of the decade. In a similar manner, many agricultural companies, like Cargill Argentina, support civil societies through foundations that allocate funds to finance projects that seek “to promote the improvement of the standard of living in the communities”<sup>3</sup> where they operate. The Cargill foundation, which works in conjunction with the Cargill Corporation, has helped civil societies in the past by donating materials for construction, fellowships to High School and University students, and “medicines for poor rural hospitals”<sup>4</sup>. In addition, there appears to be a great sense of environmental awareness in Argentina because many companies fund projects that attempt to protect the environment. For instance, sugar company Ledesma helps fund projects of environmental protection, and donated “75,000 hectares for the creation of Calilegua National Park”<sup>5</sup>. Furthermore, tax breaks offered through the law “*Ley de Impuesto a las Ganancias*”<sup>6</sup> offer another incentive for companies to “help those who help others”<sup>7</sup>: a study conducted in 2008 showed that about 155 million pesos (more than US\$40 million) was available for social investment from 63 companies and 40 donating foundations.<sup>8</sup>

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<sup>2</sup> <http://www.fundacionlacapital.org.ar/misionyobjetivos.html>

<sup>3</sup> <http://www.cargill.com.ar/default.asp?ch=2000127>

<sup>4</sup> <http://www.cargill.com.ar/default.asp?ch=2000127>

<sup>5</sup> <http://www.ledesma.com.ar/index.php?pagina=61>

<sup>6</sup> [http://www.cruzroja.org.ar/v-lopez/donaciones\\_empresas.php](http://www.cruzroja.org.ar/v-lopez/donaciones_empresas.php)

<sup>7</sup> <http://www.normatil.org.ar/mision.htm>

<sup>8</sup> [http://www.gdfe.org.ar/files/Presentaci%F3n%20CEDES\\_Roitter\\_estudio%20de%20ISP.pdf](http://www.gdfe.org.ar/files/Presentaci%F3n%20CEDES_Roitter_estudio%20de%20ISP.pdf)

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## Chile

Civil Societies in Chile receive significant corporate funding because many companies allocate funds to finance projects related to education and poverty relief. In a similar manner as in Argentina, many companies in Chile donate money to civil society organizations because of a combination of tax-break incentives and a desire to contribute to the “cultural and social development”<sup>9</sup> of Chile. For instance, energy company GASCO S.A. has a foundation that funds projects related to cultural enrichment, “the improvement of the lives of families of lesser resources”, and environmental protection. Another example is a mining company named Minera Escondida, which has a foundation that is significant for civil societies in Chile because their directors fund and monitor projects related to “improving the quality of... education”<sup>10</sup>. Many Chilean businesses are striving to ensure “cooperation between a business group”<sup>11</sup> and a civil society because this partnership can help speed up the economic development of their nation. For instance, VIVA TRUST was created with funds from several firms, “among them the companies of Grupo Nueva”<sup>12</sup> and uses those funds to finance philanthropic projects “without having to manage those activities directly”<sup>13</sup>. VIVA, in particular, is a very interesting source because this group finances foundations that donate money to civil societies in the region: in 2008, VIVA invested more than US\$36 million in the Foundation AVINA<sup>14</sup>.

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<sup>9</sup> [http://www.gasco.cl/fundacion\\_gasco/fundacion\\_lineas.html](http://www.gasco.cl/fundacion_gasco/fundacion_lineas.html)

<sup>10</sup> <http://www.fme.cl/conoce-la-fundacion/que-es-la-fundacion-minera-escondida/asi-funciona-fme/>

<sup>11</sup> <http://www.vivatrust.com/viva/vivawebsite.nsf/page?OpenForm&IdContenido=8D9EBF9F2E77E35684257021006F2800>

<sup>12</sup> <http://www.vivatrust.com/viva/vivawebsite.nsf/page?openform&Idioma=Spa&idcontenido=6E96C03BA7AE5BB28425701300726A2D>

<sup>13</sup> <http://www.vivatrust.com/viva/vivawebsite.nsf/page?OpenForm&IdContenido=931EC5EF59990F1684257050004E942F>

<sup>14</sup> <http://www.informeavina2008.org/english/numbers.shtml>

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## Uruguay

Compared to Chile and Argentina, Uruguay offers relatively fewer opportunities for corporate funding, but some aid is nonetheless available because many businesses allocate part of their income to help projects in several fields. Uruguay has less availability of funds than its neighbors due to the fact that the government has recently proposed the “cancellation of some fiscal exemptions”<sup>15</sup> for companies that help fund civil societies through a new law called *Ley de Reforma Tributaria*. This new legislation is harmful for civil societies because corporate funding may inevitably decrease: the removal of financial incentives may either discourage companies from contributions or make their donations unaffordable. Nonetheless, many companies remain a good source of funding because they continue to “participate in distinct actions in help of society”<sup>16</sup>. For example, Canarias S.A., a producer of *mate*, continues to finance “didactic materials”<sup>17</sup> and the building of infrastructure for schools that have projects for helping poor children. In addition, a banking group named BBVA is a potential source of funding for civil societies because this group focuses “its social investment in [projects] related to...education”<sup>18</sup>. Furthermore, a telecommunications company named ANTEL, donates funds to civil societies because of consciousness of the “importance of social investment in those communities where [this company] operates”<sup>19</sup>. Companies in Uruguay provide corporate funding through corporate groups, such as DERES, that seek to find ways of respecting and helping “the community and the environment”<sup>20</sup>.

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<sup>15</sup> <http://www.anong.org.uy/uploads/docs/documentos%20ANONG/MexicoParaguayUruguayFinal.pdf>

<sup>16</sup> <http://www.canarias.com.uy/web2008/?mod=html&func=load&value=sociedad>

<sup>17</sup> <http://www.canarias.com.uy/web2008/?mod=html&func=load&value=sociedad>

<sup>18</sup> <http://www.bbvaibanco.com.uy/bbvahtml/RespSocial.htm>

<sup>19</sup> [http://www.antel.com.uy/portal/hgxpp001.aspx?2,416,1967,O,S,0,MNU;E;515;2;MNU;,"](http://www.antel.com.uy/portal/hgxpp001.aspx?2,416,1967,O,S,0,MNU;E;515;2;MNU;,)

<sup>20</sup> <http://www.deres.org.uy/home/institucional.php>

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## Recommendations

Argentina, Chile, and Uruguay are good sources for corporate funding due to tax breaks and the fact that companies in these nations have realized that their growth and success may be enhanced by the economic development of the regions where they operate. Therefore, grant-seekers in these nations may benefit from contacting companies that are committed to the idea of social responsibility. Governments enhance the availability of corporate funding for philanthropic projects through tax breaks: the government of Chile, like many others in South America, offers tax breaks to “businesses that donate money to finance projects directed towards people who live in poverty and/or are disabled”<sup>21</sup>. In addition, the government helps many projects directly through diverse channels including: state-run organizations like the Eva Peron Foundation in Argentina, the Chilean Ministry of Planning, and the FOSIS program (a Chilean governmental service that finances projects to eradicate local poverty). Research suggests that availability of corporate and governmental funds for international NGOs is limited because both companies and government feel inclined to help projects primarily within their own borders. For instance, Argentine food company Carrefour donated more than a million pesos (about US \$268,000) to UNICEF for projects conducted “in benefit of the Argentine childhood”<sup>22</sup>. Nonetheless, some aid has been sent internationally: the Labor Union of Truckers of Argentina “sent 18 tons of food to the Palestinian territory of Gaza Strip”<sup>23</sup> in 2009. Corporate philanthropy is growing in the Southern Cone, and civil societies operating in this region would do well to focus some effort on these prospects.

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<sup>21</sup> <http://leydonacionesociales.mideplan.cl/>

<sup>22</sup> <http://www.mercado.com.ar/nota.php?id=362420>

<sup>23</sup> <http://english.peopledaily.com.cn/90001/90777/90854/6583609.html>