The Institutional Architecture of Support to Civil Society Organizations in Brazil

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Summary

Preface

Jorge Eduardo Saavedra Durão

This book is based on research coordinated by the Centre for Public Administration and Government Studies of the Getulio Vargas Foundation (*Centro de Estudos em Administração Pública e Governo – Fundação Getulio Vargas*: CEAPG-FGV), in collaboration with the Articulação D3 (Diálogos, Direitos e Democracia)[1]. It also contains reflections from a seminar that discussed the research results, and is therefore able to make a significant contribution to the debate about the political and financial sustainability of Civil Society Organizations (CSOs) in Brazil that defend rights. This particular focus of publication was selected because of both its political relevance and its contribution to the knowledge base regarding support to civil society in Brazil from the beginning of the 2010s.

In our view, any attempt to profile the organizations that defend rights should start with a concrete diagnosis of the current state of human rights issues in Brazil; this book provides valuable support to such an analysis[2]. Such diagnosis also requires the alignment of the question of human rights with debate about the development model, since, on a daily basis, rights violations are justified in the name of development; consider those violations that arise, for example, from the implementation of a project that supposedly benefits the majority. The centrality of the issue of rights is ever more manifest in a situation in which popular demonstrations (in June 2013) have provided evidence of the inadequacy of a social inclusion process that involves limited access to consumption, and does not guarantee the rights or extension of citizenship. In this sense, we consider members of the field of the defence of rights to be those organizations aimed at the defence of environmental justice and all the social sectors affected by so-called development processes and policies that do not encompass within their central axis the concepts of respect for or the extension of rights.

When we proceed to the profile of such CSOs, we advise against the substitution of a profile based on an organization's identity and political projects for one based on a legal format or on the legal qualification of the same. We refer here to the important matter highlighted in this publication regarding the differential treatment Brazilian tax legislation confers on social assistance organizations and other CSOs aimed at public interest causes[3]. In our view, this explains why several generations of CSOs – including those associated with the Brazilian Association of Non-Governmental Organizations (*Associação Brasileira de Organizações Não-Governamentais*:

(1) Or the *D3 Coalition*, in which the three Portuguese 'D's translate as: Dialogue, Rights and Democracy.

(2) See, for example, Paula Chies Schommer's study about relationships between the State and CSOs in this book.

(3) Cf. Eduardo Pannunzio's comments in this book about the Final Report of the Public Funds Axis.

ABONG) – have developed such a wide range of institutional reproduction strategies, since they were constituted at different points during the evolution of the legal framework that regulates CSOs[4]. For example, because of the way they are instituted, social assistance organizations that have received the Certificate of Charitable Organizations for Social Assistance (*Certificação das Entidades Beneficentes de Assistência Social*: CEBAS) are assumed to be organizations that defend rights, as laid down in Article 3 of the Organic Law on Social Assistance.

Focusing on organizations that support the defence of rights avoids any difficulty the study would have faced had it taken as its object the sustainability of an undifferentiated universe of CSOs, such as the extremely large universe of Private Foundations and Non-profit Associations (*Fundações privadas e associações sem fins lucrativos*: FASFIL). This is particularly true given that the study by the Institute for Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada*: IPEA) regarding FASFILs demonstrates that 72% function without a single formal employee, nor any professional structures, making it hard to determine their objectives and scope of operation, or the challenges for their sustainability.

This publication contains compelling observations about the political sustainability of organizations for the defence of rights. The research and studies it refers to describe social change processes that constitute a real shift in the tectonic plates of the foundations that support such organizations, with a dramatic turnaround over less than two decades, both on the national scene and in international relations.

With regards to the international scene, in spite of the differences in the authors' theoretical approaches and political foci, our analysis reveals the extent of changes in international relations and, consequently, in International Cooperation relations. These combine to make it increasingly difficult to fund organizations in the South engaged in maintaining a critical distance from the State and the Market. The current international context is defined by greater unilateralism spearheaded by the USA, the growing and systematic violations of human rights by individual States, and the subordination of international cooperation to the dictates of security policies. Given such a context, we repeat Milani's[5] challenge to Brazilian organizations that operate in the international arena:

> […] what role could Brazilian NGOs play in the autonomous coordination of rights and policy networks? How can we guarantee their political autonomy and participation in the process without risking co-optation by companies and governments, instrumentalization by international agencies, or simply that their activities are irrelevant?

(4) An evolution in which new legislation has been in perpetual juxtaposition, as if there were several "archaeological layers" to a process under which a new law never revokes a previous one.

(5) Cf. Carlos R. S Milani's article in this book, "International cooperation for development and Brazilian NGOs: funding and political autonomy".

Despite difficulties in collecting data from the internet about International Cooperation for Development (ICD) in Brazil, and the overall lack of transparent data on this subject[6], there is evidence that several ICD funding streams are allocated to Brazilian CSOs. This corroborates our empirical perception that ICD continues to play a relevant role in the architecture of financial support to the field of CSOs featured in this study.

Such a state of affairs leads us to question the supposition that the political backlash at the beginning of this century, which marked the repositioning of certain international cooperation actors, was entirely natural. After investing for over two decades in strengthening CSOs committed to the empowerment of popular organizations, the defence of rights and the search for alternatives to a socially unjust and environmentally unsustainable model of development (forming alliances with Brazilian organizations with a similar ideology), if a cooperation agency then suddenly instigates a complete reversal of its strategy and alliances, it is hard for us to consider such a turnaround to be (as Biekart[7] suggests) merely the natural result of a long-standing partnership. However, we agree with Biekart when he outlines the opportunity that such a redefinition of alliances may represent in increasing the autonomy of Brazilian CSOs. Another factor worth noting is the increasingly important role of cooperation agencies that maintain their commitments through political solidarity relationships with partner organizations in Brazil.

Returning to the political sustainability of organizations that defend rights, we can see that at national level, following a stage of "perverse convergence" (in the words of Eveline Dagnino) between the neoliberal project and the discourse about extending social participation (hugely prejudicial to the public image of CSOs), a decade of Workers' Party (*Partido dos Trabalhadores*) hegemony has not been propitious for the strengthening of organizations that defend rights. On the contrary, the hegemony of the Lula administration, with its combination of "policies to reduce poverty – **and its emphasis on combatting extreme poverty** – coupled with the desire to activate the internal market, **without confronting capital**"[8], formed part of a conservative pact that left little political scope for the operation of CSOs in the defence of rights. One only has to consider the broad nature of the party coalitions set up to provide congressional support to the Lula da Silva and Dilma Rouseff governments, with the weight of rural and evangelical caucuses behind them, to understand the political isolation imposed by such a correlation of forces. Organizations that defend rights are involved in daily confrontations with the interests of agribusiness, defend the rights of the indigenous and provide a counterpoint to the agendas of

(6) Cf. Luiza Reis Teixeira's text in this book, "The role of International Cooperation for Development in the Funding Architecture for Civil Society Organizations (CSOs) in Brazil".

(7) Cf. Kees Bierkart's "New challenges for Brazilian civil society actors within the changing context of international cooperation" in this book.

(8) Cf. André Singer's "Os Sentidos do Lulismo". São Paulo: Companhia das Letras, 2012.

fundamentalist groups that seek to impede or reverse progress made in relation to the human rights of women, homosexuals, the black population and devotees of Afro-Brazilian religions.

The lack of commitment by the Lula and Dilma governments to strengthen an autonomous field of organizations that defend rights is not, therefore, surprising. Our digression regarding the current political scene allows for a better understanding of the general picture of support to civil society organizations, in particular with respect to issues regarding the regulatory framework and access to public funds. Far from condemning them to defeatism, our analysis reasserts the relevance of CSOs that defend rights and reinforces our commitment to the construction of an architecture of political and financial support to these organizations.

The publication contains significant contributions for the axis of research and discussion about public funds, forming an in-depth diagnosis about the nature of legislation which is adverse, if not frankly hostile, to CSOs. Recent governments have apparently recognized this diagnosis, however, we cannot ignore the fact that such recognition, and reiterated statements of intent to move towards change, are not in themselves sufficient to fostering effective measures capable of reversing the situation. Not only does this scenario not contain a public policy to develop CSOs, on the contrary, both legal and institution obstacles for the operation and even survival of such organizations persist within it.

It is a fact that law number 9790/99 (the Law of Civil Society Organizations of Public Interest – *Organizações da Sociedade Civil de Interesse Público*: OSCIPs) represented an important advance in recognizing as "public interest" organizations that work on a range of themes far beyond social assistance. However, we cannot forget the fact that this was an empty victory, materially speaking, given that the financial sector of the Fernando H. Cardoso government vetoed all proposals to promote OSCIPs, making clear its opposition to any form of tax immunity, tax breaks or funding to support CSOs.

During President Lula's two mandates, despite initiatives by ABONG[9] and the Group of Institutes, Foundations and Companies (*Grupo de Institutos, Fundações e Empresas*: GIFE), the CSO agenda was virtually ignored. Under the current government, everything leads us to believe that the agenda presented by the Platform for a New Regulatory Framework for CSOs (*Plataforma por um Novo Marco Regulatório para as OSCs*) will suffer the same fate, despite commitments undertaken by then candidate Dilma Rouseff and the efforts of the General Secretary of the Presidency of the Republic. We agree with the argument of Denise Dora and Eduardo Pannunzio, in the sense that the government's priority to set guidelines for the Working Group of the regulatory framework,

(9) In September 2003, the ABONG Board was received in audience by the President of the Republic, to whom it submitted an agenda covering the following points: a regulatory framework, access to public funds, international cooperation, and the architecture for social participation.

> […] is rather a reflection of the federal government's interest in responding to scandals involving the diversion of public funds through partnerships with non-profit organizations than of its interest in improving the legal environment in which organized civil society operates[10].

Whilst acknowledging the political blocs that serve to maintain the government's distance from a complex agenda involving endless conflicts of interest, Pannunzio's[11] argument about this problem's institutional dimension seems equally well founded. We condemn government ineptitude in relation to CSOs, which involves a range of problems, including the implications of presidency by coalition and the role of the parties, the diagnosis that "the State is weak", the distortion of the federal pact, the concentration of resources and power in the Federal government, as well as State inability to manage agreements, etc. In such an environment, which attempts to respond to the failures of the political system and of State functioning by extending bureaucratic control, one should also note the legal uncertainty of State managers themselves, which frequently creates one more barrier to change. This perception of legal uncertainty explains manager preference for covenants, amongst other things, and may be one more reason why the OSCIP Law "did not catch on".

To conclude this preface, we would like to declare how much we value the challenging perspectives through which the book approaches the issue of "new" fundraising mechanisms[12]. We consider fundraising by individuals to be an important strategy, not only for funding, but also for the social and political support it provides to CSOs. However, we cannot ignore the fact that this mechanism requires a high level of financial investment over a prolonged period and thus necessitate improved expertise in organizations that defend rights. Under these circumstances, where international NGOs have moved away from Brazilian organizations in competition for the "donation market", Brazilian CSOs are, from the outset, challenged to find ways to overcome these difficulties. Finally, we would like to register our willingness to explore new modes of fundraising by civil society organizations, such as those presented in the article by Ladislau and Monika Dowbor, although we also note the care required when adopting such means, in order to ensure that organizations that defend rights do not lose their identity.

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(10) Cf. Denise Dora and Eduardo Pannunzio, "**Em busca da Ousadia:** comentários sobre o anteprojeto de lei apresentado pelo grupo de trabalho 'Marco Regulatório das Organizações da Sociedade Civil'", Análise CPJA, Direito GV.

(11) Cf. Eduardo Pannunzio, "Agendas to improve public support to CSOs in Brazil" in this book.

(12) Cf. Sofia Reinach's text "Funding Civil Society Organizations through Individual Donations: a relatively unknown scenario in Brazil" in this book.

Introduction

Towards a New Architecture of Support to Brazilian Civil Society: the real challenges and opportunities for a process under construction

Rui Mesquita Cordeiro[1]

The research into the funding of CSOs (Civil Society Organizations) in Brazil was conducted by the Centre for Public Administration and Government Studies (*Centro de Estudos em Administração Pública e Governo*: CEAPG) of the Getulio Vargas Foundation – São Paulo (*Fundação Getulio Vargas – São Paulo*: FGV-SP) in partnership with the Articulação D3, and is the culmination of a long history, dating back to end of the 1990s, in the city of Recife.

In 1999, international cooperation organizations, foundations and private institutions, mostly of non-Brazilian origin, which maintained offices in Recife, came together to form a new civil society organization, called Aliança Interage, which aimed to stimulate and augment the social investment of Brazilian agents in institutions from organized civil society, and to improve the sustainability of Brazilian civil society.

Amongst the organizations associated with Aliança Interage were: Save the Children UK, Oxfam GB, Instituto C&A, Partners of the Americas, Catholic Relief Service, Fundación AVINA, World Vision, Plan International, International Service UK and Instituto Arcor.

(1) By the Articulação D3 Reference Group.

International donor organizations have historically seen Brazil as a focus of funding for the advancement of rights and social change agendas. Many such organizations, including some of those mentioned above, established offices in Brazil throughout the 1980s and 1990s. However, a series of changes in their respective relationships with Brazil means that many have faced the possibility of closing their offices and changing their Brazilian strategies. Some have left the country, while others have changed their mode of operation.

The impact of this has been particularly evident at Aliança Interage, resulting in the gradual, year-on-year reduction in the number of members associated with the alliance. As of 2013, only three members remain: Instituto C&A, Fundación AVINA and Instituto Arcor.

What the Aliança Interage had already understood, pragmatically, has also been the target of several studies, which have sought, from different angles, to better understand the scenario of changes in cooperation and support to civil society in Brazil (ABC 2005, Armani/ICCO 2009, IPEA 2010, BEGHIN 2012 and others). Each has indicated different aspects of the issue, covering various challenges and opportunities, but all have concluded that changes to this relationship are here to stay.

Overall, it appears that Brazil is no longer a passive actor or recipient of international funds for civil society and has begun to be (or at least is under pressure to be) a more active country, even a donor, despite difficulties regarding the pace of this process. Another change relates to the attraction of new international agencies, coinciding with a new generation seeking to influence the Brazilian government so that it, in turn, has even more influence on agendas related to international development, particularly those linked to civil and human rights.

Responding to changes to the flow of external funds to social activities in Brazil, Aliança Interage's aim since its formation in 1999 has been to "promote social development in the Northeast region, reducing dependence on international cooperation funds and, in parallel, triggering educational processes for the more central role of civil society committed to social change" (SILVA and LUBAMBO, 2008).

According to Silva and Lubambo (2008), for Aliança Interage:

> This challenge has expanded, since social organizations have had problems, particularly with the business sector, in opening up channels and promoting intersectoral coalitions that could translate into new support which guarantees the continuity of their activities within the social arena. Given this context, Aliança Interage under-

> stands that such issues require a strategic recognition on the part of Non-governmental Organizations (NGOs), which have specifically extended their political activities in order to promote their conditions for sustainability – in other words, to make their particular fundraising strategy viable.

Running parallel to this are a number of corruption scandals related to the diversion of public funds to the sector, a situation both unfavourable and unjust to the image and history of NGOs and which has significantly shaken NGO credibility within society.

In seeking to respond to these challenges, over the years Aliança Interage, has developed two initiatives: the "Programme to Mobilize Training in Fundraising", as part of its strategic axis for Institutional Strengthening; and the "Partner Programme – Businesses and NGOs for Solidarity Development in the Northeast" as part of its strategic axis for Intersectoral Relationships (*ibid*).

At the end of 2009, ten years since the formation of the original alliance (of a dozen donor organizations, predominantly of international origin), the five members of Aliança Interage at that time (Instituto C&A, Fundación AVINA, Instituto Arcor, International Service UK and Oxfam GB) invited other actors from Brazilian society to hold wide-ranging rounds of dialogue about the challenges and dilemmas suffered by Brazilian civil society in general and organizations that defend rights, in particular. The Articulação D3 was born out of a national meeting held in Recife, which published the "Letter from Recife". According to Aliança Interage (2009):

> The Letter from Recife proposed one of two agreements that arose from the Seminar, 'Sustainability and Fundraising for CSOs – A Political and Strategic Vision for Development in the Northeast'. The seminar was held in Recife between 30th Sept. and 2nd Oct. 2009 and was run by the Aliança Interage and Dialogue for International Cooperation Northeast, in partnership with Oxfam GB, the Fundação Konrad Adenauer and the Catholic University of Pernambuco.

The following organizations were signatories of the Letter from Recife: Serviço Internacional – I.S. Brasil; Fundación AVINA; Oxfam GB; Instituto C&A; Instituto Arcor Brasil; German Development Service – DED; Terre des Hommes TDH – Holland; Fundação Cesvi (Cesvi Fondazione Onlus);

Kindernothilfe eV – KNH Brasil Nordeste; Fundação AVSI; Terre des Hommes TDH – Switzerland; Save the Children Sweden; and LRA – Saúde em Ação (Interage, 2009), as well as several other organizations that supported the contents of the letter.

Through the Letter from Recife, the signatories publically recognized the value of defending "the sustainability of Civil Society Organizations (CSOs) which, in recent decades, have significantly contributed to ensuring social gains in the field of rights, raising the level of citizenship awareness and the degree of democracy in Brazil". They also warned about certain aggravating risk factors, citing the "reduction of external sources of support to Brazilian Civil Society Organizations (CSOs), as a collateral effect of both the economic progress made in the country and the greater emphasis on and influence of Brazil on the international scene in terms of development, the economy and geopolitical climate issues" (ALIANÇA INTERAGE, 2009). They also signed a commitment to "set up an Intersectoral Coalition (of agencies, institutes, foundations and others support institutions, both public and private) for the Development of CSOs, aimed at defining a support strategy" (*ibid*).

This dialogue led to the Articulação D3, composed of both international cooperation organizations, foundations and private institutes that aim to support CSOs in discussions about how to ensure the sustainability of their institutions and activities, and Brazilian civil society organizations with national representation, such as the Brazilian Association of Non-Governmental Organizations (*Associação Brasileira de Organizações Não-Governamentais*: ABONG), the Semi-Arid Coalition (*Articulação do Semi-Árido*: ASA) and the West Amazon Forum (*Fórum da Amazônia Oriental*: FAOR). According to Vergara (2011), the Articulação D3 dialogue forum was established in order to discuss growing concerns about how to guarantee the continuity of CSO work to defend rights in Brazil, given increasingly limited access to international resources, and a context in which national public and private investments remain inadequate for the majority of causes that defend rights in Brazil.

Since 2010, as a means of strengthening its foundations, the Articulação D3 has been financially supported by Aliança Interage itself (Instituto C&A, Fundación AVINA and Instituto Arcor) and the W.K. Kellogg Foundation. In 2011, a Management Reference Group for the Articulação D3 was set up, composed, in part, of: Fundo Baobá for Racial Equity, ABONG, Instituto C&A, Fundación AVINA and the W.K. Kellogg Foundation.

The main agendas discussed in the Articulação D3 have revolved around a regulatory framework for CSOs in Brazil, from new architectures of support to CSOs working in rights in Brazil to the role of

Brazilian private social investment in the field of rights and the role of the new independent funds that began to emerge in Brazilian society after 2000.

The research analysed in this publication proceeded from this initial agenda. It was a new study, which aimed to build, as much as possible, on several previous research studies and attempted to assemble the jigsaw of a new architecture of support to Brazilian civil society, with an emphasis on the defence of rights and with the intention of creating a snapshot of the reality of financial support to Brazilian CSOs.

To this end, it has relied on the valuable participation of the Centre for Public Administration and Government Studies (*Centro de Estudos em Administração Pública e Governo*: CEAPG) of the Getulio Vargas Foundation – São Paulo (*Fundação Getulio Vargas – São Paulo*: FGV-SP), through its associated researchers. The CEAPG/FGV-SP focused on four central axes of investigation: the Funds/Resources Axis; the New Fundraising Formats for Brazilian CSOs Axis; the International Cooperation Axis; and the Corporate Private Social Investment Axis.

Although not entirely integrated, these four axes aim to complement each other using secondary data from various sector research studies (such as those mentioned above) seeking to make a significant contribution to the general picture of support to civil society in the field of rights in Brazil from the beginning of the 2010s. Between the 4th and 5th April 2013, a seminar was held at FGV-SP about the Architecture of Support to Rights CSOs in Brazil. This presented the partial results of the research and brought together national and international speakers to scrutinize and refine them. The seminar led to the editing of this publication, whereby each chapter was written by one of the seminar speakers.

As a direct result of these attempts to understand the contemporary sustainability of Brazilian CSOs related to rights, this publication hopes, over both the short and long term, to trigger future processes. One such process involves recognizing the current architecture of Brazilian civil society (through both the research and publication reports) and establishing dialogue about what kind of architecture we would like to see in Brazil in the near future.

How can we recognize the current architecture and, from this, plan and construct a new one, better adapted to the current situation of structural change in Brazilian society? In 2013, Articulação D3 calls on all sectors of Brazilian society – civil society, businesses, private social investment, academia and international cooperation – to respond to this and similar central, guiding questions.

Many people will help to construct the next steps of this history and we hope to count on each and every one of them to support this construction. To this end, they need to contact, participate in and help to stimulate an Articulação D3 discussion around Brazil. We hope that reading this publication will extend dialogue, rights and democracy in Brazil, in a sustainable and inclusive manner, in order to develop this sector both in Brazil and around the world.

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Chapter 1

The General Framework of the Architecture of Support to CSOs: Trends and Reflections

Patricia M. E. Mendonça
Mario Aquino Alves
Fernando do A. Nogueira

Introduction

Over the last twenty years, the global activities of civil society organizations (CSOs) have expanded considerably, not only in volume but also in relevance. Today, CSOs are considered primary actors, alongside governments and corporations, in debates about the most vital issues at national and international level (SIEVERS, 2010). Over this period, significant implications have emerged for CSOs within Brazil – a field that was established during the redemocratization process, under an authoritarian regime and in the struggle for rights, has undergone profound changes, expressed through the decisive reorientation of funding flows, particularly of funds allocated to the promotion and defence of rights, which constitute the backdrop of this research.

Here we highlight general sector changes to the operations of Brazilian CSOs within the field of international cooperation for development, their relations with the State, and the emergence of new modes of operation and strategy, including Corporate Social Investment.

Transformations in the field of International Cooperation for Development

Since the 1970s, a large number of CSOs in Brazil have been the recipients of international aid. During the military dictatorship (1964-1984) and throughout the subsequent redemocratization period in the 1980s

and 1990s, Brazilian CSOs relied heavily on funding from international cooperation, particularly from other development CSOs, European political party foundations, independent foundations from North America, progressive sectors of the Catholic Church, a small number of national businesses committed to democratic change, and official aid through bilateral cooperation (LANDIM, 2002).

Following approximately 20 years of struggles and victories, democracy and the promotion of social justice achieved greater prominence, and poverty and inequality indicators in Brazilian society began to improve (albeit modestly, given the country's enormous social divide) through the provision of social programmes for a great many Brazilians. This demonstrated the government's capacity and commitment to tackling such problems, whether in response to demands, due to inspiration, or through CSO collaboration. Such transformations have led Brazil to position itself on the international scene as a "middle-income nation" (TdR PESQUISA, 2010).

These changes have themselves influenced a rewriting of the agenda for international cooperation for development, in particular solidarity or non-official international cooperation, which has redirected its priorities to other geographical areas. Added to this, the so-called "developed world", the traditional provider of international cooperation for development, has been involved in an ongoing economic crisis since 2008.

Furthermore, since the beginning of the 2000s, the sector for cooperation and development has experienced another significant change. The 2005 OECD Conference in Paris highlighted the need to increase the effectiveness of international cooperation, by harmonizing aid, highlighting the need to coordinate projects, programmes and priorities. These changes were based on principles that focus on results-based operations, which seek to promote ways of quantifying progress towards poverty reduction, and are most clearly expressed in the Millennium Development Goals (MAXWELL, 2003; CORDEIRO; MENDONÇA, 2012). Cooperation therefore began to place greater emphasis on activities that were more integrated with governments, which, in turn, incorporated the various stakeholders in society (LEWIS; KANJI, 2009).

The combination of this context of crisis, with the resetting of geographical priorities and an emphasis on effectiveness, has resulted in a radically different CSO scenario from the one that existed for decades.

– The Relationship between Civil Society and the State

The relationship between government and civil society organizations has undergone profound changes in recent years. The promulgation of the 1988 Federal Constitution, which enshrined individual and social rights, and the first Fernando Henrique Cardoso government (1995-1998), are landmark moments in the way this relationship has changed.

From 1995 onwards, the debate about government regulation and funding of CSOs intensified as the result of emerging discussions about the role of civil society (known in its widest form as the Third Sector) at a time of serious ideological disputes about the limitations of State operation in various arenas, particularly the social (Alves, 2004). From discussions promoted by the Solidarity Community and through intense negotiations in the national congress, a new regulatory framework was constituted in Law 9790/99, which created the legal structure of Civil Society Organizations of Public Interest (*Organização da Sociedade Civil de Interesse Público*: OSCIPs) (ALVES and KOGA, 2006)[1]. A model was thus established for the relationship between the State and CSOs, based on more significant "partnership" and the implementation of public policies.

The ramifications of the 1988 Constitution, with the implementation of the principles of decentralization and participation in public policy, led to a profusion of public policy councils at local level, through which CSOs began to exercise their advocacy and public oversight roles in a more institutionalized manner.

However, transformations within the Brazilian State and the formation of a legal framework for civil society organizations have led to the development of a "contract culture" (KRAMER, 1994, VAN SLYKE, 2007). In other words, the creation of a public policy environment based on policies conceived by government bodies and executed by third parties, either private for-profit organizations or private non-profit ones. In this way, the various government levels (federal, state and municipal) have begun to contract non-profit organizations to administer their policies, engaging not only traditional charitable organizations used to working with service provision agreements, but also a series of organizations that defend rights, which have been compelled to compete for the provision of public services through public tenders.

Moreover, organizations that defend rights have suffered significant losses in human resources over the years, as staff members migrate to governments (CAMPOS; MENDONÇA; ALVES, 2012) or businesses, particularly in the growing areas of private social investment, as part of a significant professionalization process (ALVES; NOGUEIRA; SCHOMMER, 2013) aggravated by the inherent inability of such organizations to retain good leaders.

Furthermore, in recent years, changes have been proposed to the government funding process, particularly in relation to increased control over the use of public funds, as a result of scandals propagated by the media that have had repercussions for public opinion. This has had a significant impact on the management costs of civil society organizations, which are obliged to focus their efforts on increasingly complex financial accounting.

(1) Discussions about the regulatory framework were reinitiated in 2010, in the face of the growing criminalization of CSOs. Due to a number of critical reports in the media, it became clear that there was a need for readjustments to the legal framework to regulate contracts between CSOs and the State, as well for greater clarity about the role of CSOs in this relationship, specifically in relation to the Federal Government. See: <http://plataformaosc.org.br>.

– The Emergence of New Formats and Operation Strategies

We believe that all the changes that have occurred in Brazil within international cooperation for development and to CSO-State relationships have also led to changes in the field that promotes the development and defence of rights. This can be seen, for example, in the emergence of new types of organizations and new fundraising mechanisms.

When we consider new types or mechanisms, we are not suggesting absolute temporal novelty, since certain types may not be new and some have traditionally been used in other countries. The novelty resides in their more systematic use by many Brazilian CSOs, as witnessed in fundraising from individuals concerned about causes, or new strategies, such as micro-donations, internet fundraising, face-to-face fundraising and fundraising for the constitution of endowment funds. Other formats and mechanisms are, in fact, new, and have been made possible by the development of communication tools through social networks, such as crowdfunding, or models that propose an approximation between social and economic activities, such as social businesses or impact investment funds.

Alongside these factors, recent events, such as the growing difficulty, high costs and risks associated with accessing government funding (due to a tightening of the rules to release funds and provide accounts) have put CSOs under pressure, so that increasingly they have sought out and experimented with new forms of funding. This involves not only reviewing existing relationships, but also innovating to guarantee sustainability.

– Corporate Social Investment

Corporations in Brazil have not yet developed an understanding of the concept of Human Rights, although a growing interest in themes such as equality and the inclusion of minorities has been observed in businesses and their social affiliates (Institutes and Foundations). In general, this theme is also not high on the agenda of corporate investors outside Brazil, although notions of global social justice from a transnational perspective have become more prominent (DESAI; KHARAS, 2010).

Within this transformation scenario, funding allocated to CSOs has been redirected and the promotion and defence of rights have been particularly affected. The purpose of the "Institutional Architecture of Support to Civil Society Organizations (CSOs) in Brazil" was to understand both this redirection and its implications for the defence of rights.

Additionally, this project represents a first attempt to systematize data in an area that lacks information, particularly in relation to the regular quantitative monitoring of funds allocated to CSOs and Civil Society

Organizations for the Defence of Rights (*Organizações da Sociedade Civil de Defesa de Direitos*: OSCDDs). This is partly due to the widespread dispersion of data from a range of different sources.

To this end, we conducted research into the funding of Brazilian CSOs by collecting data, impressions and statements to support reflections and decision-making by CSOs/Articulação D3 and other interested parties.

The mapping was divided into four thematic axes:

1. Public Funds
2. International Cooperation for Development
3. New Fundraising Formats
4. Corporate Private Social Investment

A research report was produced for each of these axes (see the CEAPG/Articulação D3 2013 reports, available online).

Each survey axis represents an exploratory research study that sought to generate further knowledge about the institutional environment of civil society organizations in Brazil, in particular in relation to their funding architecture.

In order to systematize and reflect on the forms and sources of support to CSOs in Brazil, the research used secondary data for each of the four Axes, complemented by qualitative surveys, including interviews, visits and participation in events held throughout its period of implementation and related to the research themes.

Each Axis Report contained detailed methodology sections, including lists of respondents, documents studied and details about the specific difficulties and limitations of each survey.

It is understood that the research surveys and reflections may form a significant information base to support the discussions and activities of the Articulação D3 group, as well as of other interested organizations. However, in order to continue to support decision-making, it will need to be regularly updated.

It should be noted that, for all the survey axes, we encountered a series of difficulties related to information gathering. Data referring to Brazilian civil society funding is scarce, for several reasons:

- **An absence of mediation / monitoring parameters:** the academic world's almost total lack of monitoring for the development and defence of rights. Research institutions have also shown little interest in conducting such systematizations;
- **Difficulty of access:** the existing data is dispersed. A range of organizations, such as the NGOs themselves, funders and their associations, produced this data. However, many of these studies are not circulated publicly, or only circulate in aggregated form or as research reports, further hindering access and comparison;

- **Existing data is not updated:** several of the available studies have not been updated, such as the study by the Institute for Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada*: IPEA) about the Social Activity of Businesses, or the Private Foundations and Non-profit Associations (*Fundações privadas e associações sem fins lucrativos*: FASFIL)[2]. In a significant number of cases, there is a lack of continuity in research efforts, preventing the constitution of an historical series.

The main findings and recommendations for each axis

Our research led to findings, which resulted in certain recommendations, here presented in summary form, by axis.

International Cooperation Axis

What is noticeable in both this axis and the others is the limitation of existing data about the flow of funds to CSOs. Within International Cooperation, external aid can be classified into two main types: Cooperation of an official origin, which involves funds received and sent through government cooperation, as well as bilateral and multilateral cooperation. The other type is Cooperation originating from solidarity, philanthropic and private cooperation. For both types, we experienced difficulties in tracking data, in particular data targeted at CSOs. This lack of transparency is of particular concern when we look at Official International Cooperation for Development, which, of all government policy areas, is one of the most inaccessible to civil society.

In the research reports of the CEAPG/Articulação D3 (2013) and the Institute for Socio-economic Studies (*Instituto de Estudos Socioeconomicos*: INESC) (2012; one of the studies we mapped as a frame of reference), we discovered the absence of data and few publications about the movement of international cooperation funds in Brazil. This applies to both official cooperation, as confirmed in research reports, and non-official cooperation, as Kees Biekart also notes in his chapter in this book.

We believe that mechanisms for more detailed monitoring of these funds must be established. This is especially important for CSOs, since it could increase their participation in a series of projects, in particular in bilateral cooperation.

As one of our research recommendations, we suggest a broad coalition, to include bodies such as the Brazilian Cooperation Agency – Ministry of Foreign Affairs (*Agência Brasileira de Cooperação-Ministério das Relações Ex-*

(2) The update for the 2005-2010 period was launched at the end of 2012; however, there was no time to use this data to update reports.

teriores: ABC-MRE), the Banco Central and CSO networks, in order to create permanent mechanisms to systematize, update and publish data related to the receipt of funds from international cooperation for development.

The ABC could acquire the status of an executive agency, thereby gaining greater autonomy in its activities and budgeting. We believe that MRE operations could become more effective by establishing clearer distinctions between the roles of diplomacy and international cooperation.

Brazilian civil society could mobilize itself in order to raise awareness within Public-Official Cooperation of the importance of other agendas, such as the Human Rights and Democratic Strengthening agenda. This needs to demonstrate that such discussion is still necessary and applies to several arenas in Brazil, despite the social and political progress made in recent years. It is important to highlight the need for the institutionalization of dialogue between the ABC and civil society; such dialogue should no longer be ad hoc, as was the previous practice.

We were able to access data relating to Public-Official International Cooperation, although this was widely dispersed and in general not made public. We analysed this data to ascertain whether Public-Official Cooperation has declined in Brazil. Following a peak in 2007, there was a slight fall in the following two years, but a downward trend was not observed. This data and certain related comments may be found in the Chapter written by Luiza Teixeira, who summarizes some of the main research findings.

If Public-Official Cooperation has not declined, its agendas have been rewritten to focus more heavily on the Environment, and, to a lesser degree, on Agriculture and Health. Public-Official Cooperation does not have a specific Human Rights agenda, although the issue is addressed indirectly.

Carlos Milani's chapter, a historical review of International Cooperation for Development (ICD), demonstrates that, following the September 11 terrorist attacks, the ICD agenda experienced significant changes, with the prioritization of extensive security strategies, in parallel with an emphasis on the issues of efficiency and effectiveness. Finally, in the wake of the changes made to these agendas, the author highlights the role of new donors. Although certain NGOs, such as OXFAM and NOVIB, have had a presence in the ICD field since the 1950s, it was only at the end of the 1980s that they achieved prominence in transnational coalitions. We have recently witnessed the appearance of large-scale business foundations, such as the Bill and Melinda Gates Foundation, while new funds and mechanisms have also been developed, such as the Global Fund Against Aids, the Global Alliance for Vaccines and Immunisation (GAVI) and UNITAID (created in 2006 to combat the dissemination of HIV/AIDS, malaria and tuberculosis), not to mention emerging donors focused on South-South cooperation. It is clear that the scenario has become more

complex and multifaceted.

The Carlos Milani and Kees Biekart chapters support this perception. Non-Official Cooperation funds have exhibited a downward trend, but reports from interviews indicate that the remaining funds are concentrated in a few organizations, reflecting a new form of operation by donor organizations, which no longer have a fixed structure in the country but have instead begun to donate to, and operate more closely with, local partners.

Kees Biekart provides us with an overview of the operations of so-called "solidarity agencies" and the changes that have focused on their own funding sources and priorities, helping to conclude the logic of explanations about how to modify North-South relationships in non-official ICD. This includes the need to reformulate, or even abandon, the categories of "north" and "south" through an explanatory model for these funding relationships.

When we consider the concentration of funds that still come from Solidarity-Philanthropic Cooperation, we observe growing competition between CSOs for such funds and a need for transparency in how they are used. Furthermore, gathering information about funding allocation, utilization and impact could encourage match funding from local sources in order to compensate for reductions.

New Formats Axis

Further detail and updates to the research about individual donations are required. One may monitor the flow of individual donations not only through surveys but also through official databases, such as the Household Budget Survey (*Pesquisa de Orçamentos Familiares*: POF) of the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*: IBGE). Official research institutes in Brazil could produce this data more systematically, just as they monitor other sector data, producing relevant indicators for the economy and the social arena.

Additionally, there is a need to recognize that some research is conducted by CSOs and organizations, such as the Institute for the Development of Social Investment (*Instituto para o Desenvolvimento do Investimento Social*: IDIS). This research should be circulated amongst CSOs, in an attempt to attract partnerships and support for more regular updates and to reduce the cost of monitoring individual donations.

A number of international research studies indicate growth in individual donations, including those for human rights causes. OSCDDs should study ways to establish mechanisms to communicate with individuals in order to attain financial and political support for their causes.

There is a range of new initiatives for individual fundraising, and new forms of self-funding are being

developed by several organizations in Brazil and around the world. These make particular use of the internet and social media and attract investment by demonstrating social impact or setting up social businesses. Such initiatives are still very new and have not benefited from major studies and analyses. A large portion of the information produced about such initiatives comes from field practitioners, while academic research or official data is virtually non-existent.

These are some of the main considerations from the CEAPG/Articulação D3 research, which are summarized in Sofia Reinach's chapter. This chapter emphasizes the need to analyse the potential relationship between such initiatives and the defence of rights, since this relationship remains unclear, particularly in reference to social businesses and impact investing.

New organizational forms, such as Independent Funds for Civil Society or Independent Funds for Social Justice, which are addressed in Cindy Lessa and Graciela Hopstien's chapter, as well as new fundraising strategies, such as impact investing, all need to demonstrate their results through indicators. This is a challenge that needs to be faced, particularly by organizations for the defence of rights, given that fundraising using new forms and strategies depends on the development of such capacity.

The chapter about Independent Funds demonstrates that these new organizations are engaged in a Network, which currently includes eight organizations. The purpose of these organizations is to support, through funding (via direct and indirect transfers), small and medium-sized social groups and organizations that contribute to the social transformation process, the promotion of social justice and the empowerment of populations distributed across several regions who are excluded from citizenship rights. Some foundations have also positioned themselves as supporters of larger-scale initiatives. In this case, donations are almost always accompanied by training for the recipient group or organization.

According to the authors, such foundations rely on independent governance structures integrated across a range of actors; many have strong links with social movements and are directly involved in obtaining donations and promoting strategic social investment for human rights, racial and gender equity, socio-environmental law and sustainable development. This is a developing process and one that still wrestles with the challenge of demonstrating results and achieving scale.

Ladislau Dowbor and Monika Dowbor's chapter reflects on the role of what they call "intermediary organizations", which position themselves between small organizations and groups and various types of donors/funders, and considers the role of intermediaries within this relationship. In the CEAPG/Articulação D3 research, these are generically called "new formats" to describe the form they assume (funds, community foun-

dations, social businesses and others) and to highlight the strategies they use (face-to-face, crowdfunding, micro-donations), emphasizing that many of these forms are not necessarily new. Individual donations, for example, are found within traditional formats in Brazil, while the first community institutions date back to the 19th century – but their use by CSOs for the defence of rights has been of either secondary importance, or non-existent. According to the authors, the novelty resides in the importance such forms have begun to obtain in the mobilization of other agendas, not only those related to philanthropy and social welfare. This has principally been made possible by utilizing new communication technology and the global connectivity that the internet permits organizations, groups and individuals.

An examination of such organizations leads us to ask what new strategies have been used to mobilize and bring together these two poles: how does one reach thousands of individual donors, how does one convince them and what strategies are required to maintain this relationship.

One of the issues the authors raise is that, if we consider individual donations, many of the current fund-raising strategies do not only position the individual as a donor; one can distinguish new factors that result in funding, such as those related to consumption.

This important issue needs to be addressed in relation to the new forms of fundraising and their relationship with human rights and social justice causes. We expect future studies and reflections to examine them more deeply.

Public Funds Axis

Here, the surveys concentrated on federal funds, since so far this is where systematic data about the transfer of funds to CSOs has been found. It is worth noting that this data is still highly generalized and there is little standardization in monitoring. For example, information about the number of CSO contracts per specific Ministry programme may either be available by type of organization or by project supported.

The IPEA has attempted to acquire more detailed data and our research examined the preliminary results of these studies and databases. It is believed that the Ministries have relevant records; however, they do not address these with any systematization or categorization. Furthermore, different public policies have different relationship histories and different types of relationship with CSOs. Some examples from Social Welfare, Health and Culture are cited in more detail throughout this report. "The Access of Organizations for the Defence of Rights and Common Goods to Federal Public Funds", ABONG (2012) also noted this policy diversity and the specificities of historic State-civil society relationships within different arenas.

Finally, one of the greatest limitations encountered in the research was the almost total absence of data

regarding the transfer of State and Municipal funds to CSOs.

These and other issues are explored in the two chapters that deal with Public Funds. Paula Schommer's text analyses the relationship between Civil Society and the State, demonstrating how such interaction still mainly takes place through a State-centric paradigm. The author identifies progress and obstacles in this relationship from the point of view of the defence of rights. In highlighting progress, she refers to issues such as new channels for participation and innovative activities on the part of local government. In respect of obstacles, she refers to historic issues, such as patrimonial practices, formalism, the concentration of political and economic power, etc.

New challenges have emerged as a result of these circumstances, such as the criminalization of NGOs, resistance to new forms of support to CSOs, and the need for more information, control and accountability. The central issue in this chapter is a proposal about how to move towards a new standard of relationship between the State and Society, aimed at the coproduction of the public good, in which users, volunteers and community groups work with the government and businesses for the production of goods and services.

Eduardo Pannunzio's text presents three reflections motivated by the public funds axis report and is aimed at proposing agendas to improve the public promotion of CSOs in Brazil.

His first point refers to the inequality of public support for CSOs, favouring areas such as social welfare, education and health, where there is a tradition of community involvement in detriment to other areas. Secondly, he notes the lack of coordination between the various federal public promotion channels, a situation that could be improved by the creation of an institutional arena to regulate civil society. Finally, the author points to the need for improvements or reviews to the legal system, accompanied by institutional innovations, without which well-intentioned laws have little practical effect.

The chapter also highlights a point that future research needs to investigate in greater detail: the issue of tax breaks, which require greater transparency and effectiveness in order to contribute to a real policy to promote CSOs.

Private Social Investment Axis

As with the other axes, we had difficulty in finding consistent databases that gave a clear picture of the social investment operations that support CSOs in general, and those for the defence of rights, in particular. We used various research studies and national and international sources, with a range of approaches and time periods. These helped to generate a relevant picture, although one undoubtedly imprecise and incomplete in several areas.

There is a consensus that businesses, and corporate institutes and foundations predominantly undertake pri-

vate social investment in Brazil, unlike in other regions of the world. Moreover, this type of investment is more frequently made in order to execute their own projects, rather than to fund third parties. In terms of the defence of rights, we should acknowledge that Brazilian philanthropy still has a long way to go before it incorporates this subject either into its agenda or investment practices.

The main recommendations, summarized in the introductory chapter of this axis, are aimed at three different audiences: social investors, organizations that support investors and OSCDDs. The challenges involved in paying closer attention to the defence of rights necessitate the opening up and strengthening of arenas to debate learning in this field, and the strengthening of partnerships and joint initiatives organized around a proactive agenda of investment. The chapters by our guest authors provide an in-depth discussion of these issues.

André Degenszajn's chapter, organized in the form of an interview, further analyses the principal current characteristics of and challenges to social investment, as well as progress and obstacles in the relationship between social investors and organizations for the defence of rights.

This picture of Brazilian social investment has principally been assembled through data from the Group of Institutes, Foundations and Companies (*Grupo de Institutos, Fundações e Empresas*: GIFE), the main group of large-scale social investors that operate in the country. It also shows how the relationship between investors and CSOs has been shaped by the characteristics of the social investment sector. Thus, the predominance of the corporate and administrator model, in which the company establishes its own projects, results in a proportionately limited amount of funds directly allocated to organizations. Other, related issues are highlighted, with an emphasis on support to projects in detriment to institutional development, despite simultaneous complaints about a lack of CSO management capacity.

The author ends by highlighting the need to consider the sector's long-term development, in the direction indicated by the Visão ISP 2020 report, which prioritized a greater diversity of social investment models (beyond corporate investment) and greater attention to other regions and themes (including the defence of rights).

The Anna Maria Peliano chapter is also the product of a conversation about the field of social investment and its relationship with the defence of rights. Her approach is complementary, from another relevant data source – research by the Benchmark of Corporate Social Investment (*Benchmark de Investimento Social Corporativo*: BISC) – which allows for comparison with international references. Many relevant issues are addressed, such as the importance of volunteering, the proportion of investment in relation to company revenue and

profits, the use of tax breaks and the alignment of social priorities with those of a company's business interests.

When she discusses activities for the defence of rights, the author points out that, although businesses have consistent, day-to-day difficulties in internalizing concepts and debates regarding the defence of rights, it is possible to observe some initial incorporation into their practices of the defence and action of rights, principally in areas such as education and culture.

The chapter ends with a core reflection: the main challenge is to expand the debate about the role of corporations, and their institutes and foundations in strengthening civil society organizations.

Developments

When the Public Management and Citizenship Programme was launched in 1996, through a joint initiative between CEAPG and the Ford Foundation, its aim was to identify, analyse and then disseminate to Brazilian local governments (states, municipalities and the tribal governments of indigenous peoples) those innovative practices that had a positive effect on strengthening citizenship and quality of life. Over a decade, it recorded more than 8,000 innovative experiences, located in 890 municipalities of varying size and socio-economic context (CEAPG, 2013).

One of the most striking characteristics of these various experiences is that innovative projects relied on the constant presence of a range of different organizations, from the public and civil society sectors. About 60% of these experiences reported links with local grassroots community organizations, businesses and non-profit associations, covering almost forty different types of organization (SPINK; ALVES, 2008). Interpreting these results is straightforward: over the last two decades, the presence of a variety of civil society organizations has allowed innovations to emerge in the public arena, thanks to CSOs developing innovative projects and to their capacity to exercise public oversight. Recognizing that social innovation may emerge from extra-institutional spheres means taking on board the notion of diversity in civil society as an imperative.

The previous architecture of support, in particular that aimed at rights-based CSOs, enabled such innovations, as did a more combative and proactive approach to the State and its social policies. This was only possible because of the type of support provided by International Cooperation, which is capable of centring efforts on small and diversified organizations and groups, as well as directing funds to larger organizations, for their own development and for joint development with small initiatives.

This scenario no longer exists. When this study was launched, we set out with certain working premises, not necessarily founded entirely on proven facts. We understood, therefore, that: a) the reduction in funding from

international cooperation sources has weakened CSOs, in particular OSCDDs; b) the approximation between CSOs and the government in Brazil has generated forms of co-optation that have weakened CSOs; and c) transformations in the field of rights have led to the creation of new organizational formats and fundraising strategies, which, thus far, have not been adequately systematized.

In fact, from our discussions throughout the research and publication, we could see that OSCDDs are vulnerable and still searching for ways to engage with the new architecture of support. Innovations, mainly from Independent Funds, have demonstrated new forms of fundraising, which have clearly come about due to the need to **specify the universal and universalize the specific**, meaning that discussions about rights need to move into new arenas, engaging new businesses and individual supporters.

Relationships with the State in the new Architecture of Support are increasingly marked by a contract culture for service delivery. The challenge, particularly at local government level, is to continue engaging, in order to enable innovations and improvements to social policy and, simultaneously, to exercise greater public oversight over these policies, which, over the last decade, have elevated their position or acquired a definitive place on the government agenda. The demonstrations of June 2013 evidence the renovation of the social movements, with the arrival of "extremely new" actors on the scene, with new tactics and mobilizations, providing strong indications that the field of the defence of rights in civil society is transforming itself.

On the one hand, our reflections demonstrate the extent to which the current circumstances are of concern to OSCDDs, since traditional funding sources are no longer accessible at the same level as in previous decades. On the other, interesting perspectives have come to light through the emergence of new movements and the utilization of "new funding formats". Accompanying this evolution, through constant monitoring and systematization, is of strategic importance for future developments, so that the input of new knowledge may generate reflections and learning in the field of CSOs.

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PART I
International Cooperation

Chapter 2

The role of International Cooperation for Development in the Funding Architecture for Civil Society Organizations (CSOs) in Brazil

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Introduction

The nature of International Cooperation for Development (ICD) is undergoing rapid changes, with the adoption of new ways to deliver aid and the emergence of new actors, both of which have become important elements within the cooperation system. Increasingly, official cooperation is channelled to specialized agencies for specific causes, such as HIV/AIDS or malaria, rather than transferred to agencies that traditionally receive funds, such as the World Bank's development agency, which is specialized in country development programmes. New actors have also emerged in the private sector, such as foundations, religious organizations and individual donors, adding new complexity to traditional channels (DESAI, 2010).

The diversity of actors that constitute the architecture of international cooperation is so varied that an analysis of the current field is, in itself, a complex task. One notable factor that adds to this complexity is the large amount of funds in circulation. According to Kharas (2007), development aid from rich to poor countries over the last two years represented approximately 100 billion dollars. Although undoubtedly significant, this number represents not only the sum of funds invested in social programmes and infrastructure in poor countries, a large portion of it was used as debt relief for Nigeria and Iraq, in aid for large-scale natural disasters and to cure diseases (KHARAS, 2007).

We should recognize that the current system of cooperation had its origins in North-American initiatives that emerged following the Second World War. During this period, a more permanent and institutionalized cooperation dynamic began to develop, aimed at transforming the production, administrative, social and cultural structures in beneficiary countries, unlike the one-off aid to nations in emergencies that had been the pattern up to that point. Currently, International Cooperation for Development (ICD) is understood as an articulation between State policy and non-governmental actors, between a set of international organizational norms and a common belief that the promotion of development and international cooperation is linked to notions of economic progress and social solidarity, as well as to the need to construct consensus policies between nations (MILANI, 2012).

In Brazil, research into the sources of funding from International Cooperation to Civil Society Organizations (CSOs) has demonstrated that this field of cooperation is composed of a wide variety of public-official and private sector actors. Further, different forms of cooperation exist within the field – some more traditional, others more recent – as well as different flows of funding, which is our intended focus of analysis. In this chapter, we set out to understand, through an analysis of data from research on **The Institutional Architecture of Funding for Civil Society Organizations**, how the funding architecture of international cooperation is structured in Brazil. To this end, we first present the main results of the research itself, outlining the different forms of cooperation and different actors. We then present an analytical model developed by Kharas (2007), which we consider extremely useful for our understanding of the current complexity within the field of international cooperation. Finally, we present certain analyses of international cooperation in Brazil, drawn from the Kharas (2007) model.

The research

The research study **The Institutional Architecture of Funding for Civil Society Organizations** was conducted in 2012 by the Getulio Vargas Foundation (*Fundação Getúlio Vargas*: FGV) through its Centre for Public Administration and Government Studies (*Centro de Estudos em Administração Pública e Governo*: CEAPG), in partnership with Articulação D3 and Aliança Interage. The main reason for developing this study was a belief that a gradual change has been taking place in the priorities of international cooperation organizations in terms of their preferred global geographic areas and, further, that this has led the organizations to significantly reduce their activities in Brazil. Some observers have termed this process an "international cooperation crisis".

Since the 1970s, a large number of CSOs in Brazil have received international aid. During the military dictatorship (1964-1984) and throughout the subsequent redemocratization period in the 1980s and 1990s, Brazilian CSOs relied heavily on funding from international cooperation, particularly from other development CSOs, European political party foundations, independent foundations from North America, progressive sectors of the Catholic Church, a small number of national businesses committed to democratic change and official aid through bilateral cooperation (LANDIM, 2002).

However, the socio-economic changes that have occurred in Brazil over recent years have led to a rewriting of the international cooperation agenda for development, in particular that of solidarity or non-official international cooperation, redirecting priorities towards other geographical areas across the globe. Moreover, in 2008, the so-called "developed world", the traditional donor of international cooperation, was plunged into an economic crisis that continues today. This has forced changes to the cooperation and development scene, so that the major focus since the beginning of the 2000s has been for activities that are more integrated with governments, which, in turn, have incorporated the various stakeholders in society (LEWIS; KANJI, 2009).

Given this context, the research primarily aimed to identify trends in funding flows from organizations and international cooperation, with a particular focus on the configuration of the operations of Civil Society Organizations for the Defence of Rights (*Organizações da Sociedade Civil de Defesa de Direitos*: OSCDDs). In addition, the research intended to present changes to the amount of funding invested by international cooperation in Brazil over recent years. In order to do this, it sought to collect quantitative data on the volume of investment made by international cooperation organizations in Brazil, to ascertain whether, in fact, such investment evidences a downward trend.

However, we were unable to find a single data source containing all this information. The research thus came to represent an attempt to seek data from different sources, such as the Institute for Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada*: IPEA), the Brazilian Cooperation Agency (*Agência Brasileira de Cooperação*: ABC), the Banco Central, the Brazilian Association of Non-Governmental Organizations (*Associação Brasileira de Organizações Não-Governamentais*: ABONG), the Foundation Center, the Instituto Fonte, etc. There was consensus about the fact that the system is neither interested in, nor prepared to, produce statistical information in order to collect and disseminate data about ICD.

Since 1997, Professor Leilah Landim, from the Federal University of Rio de Janeiro (*Universidade*

Federal do Rio de Janeiro: UFRJ), has been carrying out research entitled **Institutionalization Pathways: International Cooperation, the State and Philanthropy**, coordinated by Professor Maria Filomena Gregori from the Brazilian Centre for Analysis and Planning (*Centro Brasileiro de Análise e Planejamento*: CEBRAP) and the State University of Campinas (*Universidade Estadual de Campinas*: UNICAMP). Throughout this period, in her discussions about sources of funding for philanthropic institutions, Professor Landim has emphasized the fragmentation and scarcity of general and reliable data relating to the quantity and origin of CSO funds. In other words, since the first document containing this assertion over 15 years ago, no significant changes appear to have occurred in the production of statistical information about international cooperation organizations in Brazil. Added to this, the majority of documents consulted did not contain significant conclusions, although they did add some elements to the debate and put forward certain hypotheses.

Defining international cooperation organizations was, in itself, a difficult task, due to the diversity of such organizations and the differences between them (SILVA, 2009). In order to analyse international cooperation, therefore, we divided it into three groups: **Public-Official International Cooperation for Development; Cooperation by Private Businesses; and Philanthropic-Solidarity Cooperation**. The principal research results for each form of cooperation, as well as their limitations, are described below.

Public-Official[1] International Cooperation for Development

Public-Official International Cooperation for Development involves *Bilateral Technical Cooperation*, that is, cooperation between countries through international development agencies, usually foreign government bodies linked to their own Ministries of Foreign Affairs; and **Multilateral Technical Cooperation**, conducted by international cooperation bodies, established through international agreements between the Brazilian government and international bodies. Also included in this group is **International Technical Cooperation** (ITC), where activities are focused on developing the technical skills of institutions or individuals, for the internationalization of public policy, for example.

Data related to this form of cooperation was obtained in consultation with the ABC, which supplied detailed information about the Bilateral and Multilateral cooperation received by Brazil over a 16-year

(1) During the research, we observed that two terms were used: Official International Cooperation and Public International Cooperation. Throughout the report, therefore, we adopted both terms in order to refer to the same phenomenon.

period. The IPEA and ABC Report (2010) about International Cooperation for Development also presented numerical data and an extensive balance sheet about the official cooperation provided by the country in recent years. The research results regarding Public-Official Cooperation are therefore more conclusive than the data concerning Business and Philanthropic-Solidarity Cooperation, and served to establish trends in this field.

In terms of Bilateral Technical Cooperation, we should note that, according to research by the Institute for Socio-economic Studies (*Instituto de Estudos Socioeconomicos*: INESC) (2012) using data from the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), official development assistance (ODA) increased by 41% over a decade, rising from 0.22% of country GDP in 2000 to a little over 0.30% of GDP in 2010. However, according to Tomlinson (2010 *apud* INESC, 2011), donor countries have failed to meet the targets agreed at the International Conference on Financing for Development, held in Monterrey in 2002, specifically the target to allocate 0.7% of GDP to ODA. In 2010, therefore, the aid deficit was approximately US$ 150 billion. In the same year, the total value of ODA was approximately US$ 130 billion; however, if the GDP allocation of 0.7% had been respected, this figure would have reached US$ 282 billion (CEAPG & ARTICULAÇÃO D3, 2013).

Over the last 15 years, Brazil has received on average 184 million dollars per year from bilateral cooperation. From 2007 onwards, this amount totalled over 200 million dollars. In that year, the amount of donations to Brazil reached its peak, at 235 million dollars. However, in subsequent years, from 2008 to 2010, the total value of donations fell. Countries that constitute the five main donors to Brazil are Germany, France, Japan, the United States and Spain. Although the data reveals that ODA sent to Brazil has not risen, since 2008 an upward trend in investment has been observed since 2008 (CEAPG & ARTICULAÇÃO D3, 2013).

Brazil also practices bilateral cooperation with other countries. According to Mesquita (2012), this appears contrary to common sense, however, recent studies and analyses demonstrate that since the first decade of the 2000s Brazil has become a more significant donor rather than beneficiary of ICD funds. In the five years between 2005 and 2009, the country received 1.48 billion dollars, while it donated 1.88 billion dollars, thereby donating 400 million dollars more than it received. Of the total value of US$ 1.88 billion dollars donated by Brazil between 2005 and 2009, 55% (or US$ 1.05 billion) was allocated to the support programmes of multilateral institutions; 24% (US$ 448 million) was calculated as external debt

relief for other countries; 8% (US$ 143 million) was allocated as study grants for foreigners in Brazil; and 13% (US$ 252 million) was spent on ITC (CEAPG & ARTICULAÇÃO D3, 2013).

The Multilateral Technical Cooperation received by Brazil from various international bodies demonstrates that, over the course of 16 years (from 1995 to 2011), Brazil contributed a much greater amount in counterpart funding than it received in external funds. The total counterpart value over this period was much greater than the total value of external funding. While it received approximately 618 million dollars over the 16-year period, if we total up all the international bodies that have agreements with the country, approximately 4.8 billion dollars was provided by Brazil in counterpart funding. We should note that that the two international bodies that figure most prominently in the total counterpart funding are the UNDP, which received approximately 2.5 billion, and UNESCO, which received approximately 1.2 billion. Together, these two international bodies received 78% of total counterpart funding, with the UNDP responsible for 54% and UNESCO for 24% (CEAPG & ARTICULAÇÃO D3, 2013).

With respect to International Technical Cooperation in Brazil, its historical origins and basic principles date back to the 1960s and 1970s, through the independence movements of the ex-colonies in Africa and Asia and in non-aligned countries. However, as the country expanded and certain internal social policies took shape, the government began to receive requests to share experiences and good practice with partner countries (IPEA, 2010). Thus, from 2000 onwards, several federal government institutions in Brazil, including ministries and related organizations, began to implement activities in the international cooperation arena. Currently, the country is recognized as an emerging actor in ITC, or Technical, Scientific and Technological Cooperation (TS&TC), as it is known by the IPEA (IPEA, 2010). The principal type of technical cooperation is horizontal, also known as South-South cooperation. Government activities in Brazil currently have a mission to intensify relationships with developing countries.

According to IPEA data (2010), the technical assistance provided by Brazil totalled approximately 252 million dollars over five years, equivalent to 13% of the total invested by Brazilian cooperation. The numbers demonstrate an upward trend, which was 73 times greater in 2009 than in 2002. The main areas for the application of funds from technical cooperation were agriculture, with 22% of projects; health, with 16%; and education with 12% (CEAPG & ARTICULAÇÃO D3, 2013).

Chart 1, below, presents a summary of the main results for Public-Official Cooperation for Development:

Public-Official Cooperation for Development

- The flow of government cooperation provided by Brazil corresponds to **0.02% of GDP** (INESC, 2011).
- ODA of DAC-OECD countries fell over a fifty-year-period; in 1961, this represented **0.5%** of *per capita* GDP, while in 2008, the percentage was **0.3%**.
- In terms of multilateral cooperation, the country received approximately **634 million Brazilian Reals** in external investment over 16 years, but contributed approximately **4.8 billion Reals** in counterpart funding over the same period.
- The countries that constitute Brazil's five main donors are Germany, France, Japan, the United States and Spain.
- The main sectors of operation for the cooperation received are the Environment, Agriculture, Livestock, Fisheries, Social Development and Health.
- Despite an upward trend, it is possible to perceive a fall in total donations between 2008 and 2010.
- In respect of Brazilian donations, in the five-year period between 2005 and 2009, the country received **1.48 billion dollars**, while it donated **1.88 billion dollars**, with **400 million more dollars donated** than received (IPEA, 2010).
- Brazilian cooperation registered an increase of almost 50%, rising from **384.2 million Reals** in 2005 to more than 724 million Reals in 2009.

Chart 1: Principal results for Public-Official Cooperation for Development. – **Source:** Author's own.

The data on Public-Official Cooperation for Development is highly revealing for an analysis of Brazil's growing importance in international geopolitics. As well as attaining the status of donor country, with growing investment in ICD, Brazil has focused on so-called South-South cooperation, conducted between developing countries. The internationalization of the Brazilian economy has also led Brazilian businesses with offices outside the country to increase their investment in ICD.

It is worth noting that there is little transparency regarding this information, and little participation by civil society movements or organizations in decision-making, implementing or monitoring cooperation activities, as revealed by the INESC study (2012). Although Brazilian CSOs have also participated in official cooperation government delegations, principally in humanitarian aid activities, as in the case of the Pastoral da Criança, the exact volume of funds transferred and the selection criteria used by public bodies remains unknown. An IPEA research study is currently examining data related to transfers to CSOs from public-official cooperation.

By analysing the multilateral technical cooperation provided by Brazil, we can also identify a new flow of ICD funds. As well as transfers from the Brazilian government to international bodies, funds are also allocated to the capital contribution of regional banks. According to the IPEA and the ABC (2010), between 2005 and 2009, such contributions corresponded to three quarters of the total funds applied. The IPEA study (2010) features not only Brazil's growing participation in transferring funds to international bodies, such as the UN and WHO, but also its contributions to the Mercosur Fund for Structural Convergence and Institutional Strengthening (*Fundo de Convergência Estrutural e de Fortalecimento Institucional do Mercosul*: FOCEM), which received a total of R$430 million, equivalent to 30% of total contributions to international bodies over the study period (CEAPG & ARTICULAÇÃO D3, 2013).

Cooperation by Private Businesses

The business sector has intensified its activities within the framework of international cooperation (INESC, 2012). Its modes of intervention may be classified into two types. 1. **Multi-stakeholder initiatives (MSIs)**, certificates or seals (Fair Labour Association – FLA, Forest Stewardship Council – FSC, ISO 26000 Corporate Social Responsibility, Rugmark Seal); indicators for accountability and to disseminate good practice (the UN's Global Reporting Initiative – GRI, Global Compact); codes (Clean Cloth Campaign – CCC, Ethical Trading Initiative – ETI); and international framework agreements between unions and transnational companies. 2. **Global Social Public-Private Partnerships (GSPPPs)**, which involve transnational companies or their foundations, UN organizations and civil society organizations. Examples include the global movement Education for All (EFA), the Global Alliance for Vaccines and Immunisation (GAVI Alliance), the Global Alliance for Improved Nutrition (GAIN), the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) and the International Programme on the Elimination of Child Labour (IPEC) (INESC, 2012).

Nevertheless, investigating International Private Cooperation has proved to be a complex task, since few of the documents consulted referred to this type of cooperation, and the data regarding investments was only able to indicate trends in the field. Frequently, the data did not make a clear distinction between national and international private investment, which is the focus of our analysis. Some of the data obtained referred to Private Social Investment, also known as Corporate Social Investment, which nowadays refers to social investment practices made by businesses, directly by a department, or through its institutes and foundations.

One of the documents consulted in the study highlighted the advantages and disadvantages that private business investment may bring to the field of social activities (INESC, 2012). Featured amongst these is the fact that business cooperation may bring more resources, new technologies and new solutions to tackle social problems and support certain activities to achieve scale (INESC, 2012). Disadvantages include the subordination of public interests to private ones; changes to the global public agenda aimed at prioritizing regions with more chance of success, rather than those that are most in need; an increase in the political influence of transnational commercial companies; the dispersion of global governance, through the multiplication of instruments and activities, without due public coordination; and treating social problems as if they were technological, using solutions from the field of technology (CEAPG & ARTICULAÇÃO D3, 2013).

According to the INESC study (2012), the near future should see increased investment by business cooperation in Brazilian CSOs, since the main transnational companies have centres in Brazil and seek both political and social legitimacy, as well as new markets. The Fundación AVINA's Index of Donors to Latin America reveals some significant figures. In 2010, US$ 10.3 billion was invested in the region, registering an increase of 23%, compared to US$ 8.4 billion invested in 2009. Of the 2010 total, 3% came directly from companies, while of the 10.5% classified as "Private Donor" some was of corporate origin (institutes and foundations) (CEAPG & ARTICULAÇÃO D3, 2013b).

The AVINA research also revealed that, in 2010, Brazil received 5.5% of the total funds for the region and Brazilian organizations were responsible for donating 8.4% of the region's funds, once again placing Brazil in the position of international funding donor. The United States is one of the major donors to the region, representing 42% of the total value. A list of the 30 major investors in the region contains six donors from Brazil, all of corporate origin. Data from the Committee Encouraging Corporate Philanthropy (CECP) study **Giving in Numbers**, demonstrates that there has been a growth in international philan-

thropy amongst both industry and service companies and that 14% of total investment was allocated to countries other than the United States. Brazil has proven to be an important destination for international corporate investment (CEAPG & ARTICULAÇÃO D3, 2013b).

The Foundation Center's Cross Border Giving database only allows for searches by selecting corporate donors. Thus, of the US$ 343 million donated during this period, 29 businesses and corporate foundations donated US$ 22.7 million to Brazil. This data reveals the same trends as those presented by the AVINA and Inter-American Development Bank (IDB) databases, that is, that corporate philanthropy priorities are different from those of the sector as a whole. The main programme areas for donations made to Brazil are investment in the environment, Human Rights and international affairs (CEAPG & ARTICULAÇÃO D3, 2013b).

Certain studies provide more data and periodicity, but there are duplications (some donors are probably present in four or five of the studies analysed) as well as gaps (a large number of donors lack transparency in detailing their priorities, partners and modes of operation). Establishing a more precise comparison, therefore, remains a challenge. Corporate investment is clearly different from other forms of investment. Analysis allows us to confirm what specialists have been saying for a long time: the priorities are different (with a clear focus on education), the modes of operation are different (they prioritize the execution of their own projects) and their governance and management – including financial – are closely linked to those of the parent company (CEAPG & ARTICULAÇÃO D3, 2013b).

Philanthropic-Solidarity Cooperation[2]

This involves cooperation undertaken by NGOs, ecumenical cooperation and independent foundations. In the United States, between 1998 and 2008, international donations from this sector doubled – this included business and independent foundations, as well as individual donations. In 2007, private donations from the United States for development programmes totalled approximately 37 billion dollars. In the same period, the World Bank allocated approximately 25 billion dollars to the same type of programme (KHARAS, 2007). Kharas (2007) emphasizes that data about total donations is dispersed. It is estimated that approximately 18 thousand NGOs from the United States have operations abroad, while the number

(2) During the research, we observed that two terms were used: International Solidarity Cooperation and International Philanthropic Cooperation. Throughout the report, therefore, we adopted both terms in order to refer to the same phenomenon.

of foundations in Europe has also rapidly expanded and is currently higher than that of the USA.

When it describes solidarity cooperation, the INESC study (2012) draws attention to the lack of consensus between specialists regarding the cooperation received from international non-governmental agencies. Once again, we reach an impasse due to the lack of systematic data sources on the theme. Two hypotheses have been put forward to explain the trend in international NGO funding: the first posits that such funding is decreasing; while the second asserts that a change has occurred to agency content, associated with foreign exchange (CEAPG & ARTICULAÇÃO D3, 2013).

The Instituto Fonte study focused on a series of investments made between 2008 and 2010 by international organizations in the Brazilian social arena and relied on a sample of 41 international organizations that work in the Brazilian social field. The study conclusions demonstrate an increase in the volume of investment between 2007-2008 (7.55%) and 2008-2009 (30.04%), with a significant drop (49.42%) in the funds planned for/supplied to Brazil in 2010. The main reasons given for this reduction, or withdrawal, of investment in Brazil were the 2008 and 2009 economic crises; changes to the prioritization of global regions towards the African continent; and changes in organizational strategy. Also worth noting, is the observation in the study's final considerations criticizing the lack of systematic data about the operations of international organizations in Brazil (CEAPG & ATICULAÇÃO D3, 2013).

The 2008 ABONG study **An Overview of Organizations in the Brazilian Association of Non-Governmental Organizations** provided data about the movement of international solidarity and cooperation funding within the budgets of their associates. In 2003, 35.2% of their associates received from 81% to 100% of their funds from cooperation and solidarity, while 22.5% of these obtained between 61% and 80% of their funding from the same origin. In 2003, the proportion of international solidarity and cooperation in the overall budgets of their associates was high, however, by 2007 (four years later), a significant change had occurred, with a decline in importance. In 2007, 20.6% of associates received up to 20% of their funds from international solidarity and cooperation (in 2003 this percentage was 7%); 20.6% received from 21% to 40% from the same source; 18.5% received from 41% to 60% of their funding in this way; 21.7% received from 61% to 80%; and 18.5% received from 81% to 100% of their funding from international solidarity and cooperation (ABONG, 2010). Table 1 presents the 2007 budgetary distribution (CEAPG & ARTICULAÇÃO D3, 2013):

Distribution of funding sources in organization budgets

	up to 20%	21% to 40%	41% to 60%	61% to 80%	81% to 100%
International solidarity and cooperation	20.60	20.60	18.50	21.70	18.50
Businesses, institutes and business foundations	57.40	21.30	12.80	4.30	4.30
Multilateral and bilateral agencies	83.40	16.60	0.00	0.00	0.00
Associate contributions	94.10	5.90	0.00	0.00	0.00
Public federal funds	80.00	5.70	8.60	2.90	9.80
Public state funds	80.00	5.70	8.60	2.90	2.90
Public municipal funds	71.40	14.30	11.40	0.00	2.80
Individual donations	90.90	0.00	2.30	2.30	4.50
Commercialization of products and services	79.20	14.60	2.10	4.20	0.00

Table 1: Distribution of funding sources in the budgets of ABONG associates in 2007.
Source: CEAPG & ARTICULAÇÃO D3, 2013 *apud* ABONG, 2010, p. 68.

The variety of data sources used did not permit a wider analysis of International Philanthropic-Solidarity Cooperation in Brazil. For official cooperation, one may search for data in official research institutes regarding solidarity cooperation, however, no single institution performs this role. Although the Instituto Fonte proposed to carry out a study with a wider sample of organizations, the sample total

of 40 organizations is relatively small, given that the Ministry of Justice list of foreign organizations authorized to operate in Brazil[3] contains 84 organizations[4], for example (CEAPG & ARTICULAÇÃO D3, 2013).

Throughout the research study, several attempts were made to contact the international organizations that fund CSOs in Brazil. However, data collection did not achieve the desired results, due to a lack of updated contact information for the organizations and even the refusal by certain organizations to provide the study with funding data. Firstly, from the list of initial organizations constructed by the research team, searches were made for activity reports on the institutional websites of several international organizations operating in Brazil. The aim was to demonstrate changes to the quantity of financial investment in Brazil over recent years and survey data was obtained from five organizations: Ashoka Brasil, Development and Peace, Action Aid, Brazil Foundation and the Kellogg Foundation. The data obtained by analysing the activity reports of these international organizations demonstrated a serious decline in investment, particularly from 2009 onwards (CEAPG & ARTICULAÇÃO D3, 2013).

Given that data from activity reports published on the internet was only obtained for five organizations, the research team decided to make direct contact with the organizations. To this end, they firstly used a contact list of organizations available from the Instituto Fonte, the same the institution used in its 2011 research. Following this, the Ministry of Justice also supplied a contact list of 116 foreign organizations in Brazil. However, the team only managed to contact a minority of the organizations on these two lists, through telephone contact and e-mails containing a questionnaire (CEAPG & ARTICULAÇÂO D3, 2013).

One of the organizations where contact was successful was KNH, which supplied information via e-mail about its main areas of operation and the downward trend of funds invested. Another organization contacted by telephone that sent an e-mail response was the Ecumenical Coordination of Service (*Coordenadoria Ecumênica de Serviço*: CESE), the first organization to reveal an increase in investments in 2011. Despite this increased investment, a funding reduction was planned for 2012 and 2013, due to the international cooperation crisis. The Agronomes et Vétérinaires Sans Frontières (AVSF) stated via e-mail that in 2008 it invested 500 thousand euros, while in 2012 this value was 150 thousand euros –

(3) List available at <http://portal.mj.gov.br/main.asp?ViewID=%7BB1934FB9-EDDF-4D0B-9221-B2D14520D5CF%7D&params=itemID=%7B2B58E9D9-AE21-4CD1-94B8-68AA34300D89%7D;&UIPartUID=%7B2868BA3C-1C72-4347-BE11-A26F70F4CB26%7D>.

(4) Although the list supplied by the Ministry of Justice included 116 foreign organizations, the list on their website only contains 84 foreign organizations.

evidencing a serious reduction. Despite this reduction in investment, however, the number of projects increased and the role of the organization changed from a proponent organization to an associate of Brazilian partners. Project funding has therefore begun to appear within the budgets of their partner organizations (CEAPG & ARTICULAÇÃO D3, 2013).

A further three key organizations from the field of international solidarity cooperation were Oxfam, CARE and the Rosa Luxemburg Foundation. Oxfam evidenced a reduction in funds from international cooperation. The explanation for this stemmed from an illusory external view about Brazil as a country of full political openness, benefiting from the participation of social movements and civil society organizations, although mention was also made of the international economic crisis. Despite relying on secure funding, Oxfam's partner organizations in Brazil face a situation fraught with the difficulties and challenges of having to increasingly manage on less. At the outset of CARE's operations in Brazil, funding was obtained via international cooperation, principally through USAID, CARE North America and the European Union. However, from the start, CARE Brazil has experienced difficulties in fundraising. Most organizational funding is currently obtained through international cooperation (principally CARE North America and the European Union), government funding and private companies. In the Rosa Luxemburg Foundation, the volume of funds is around 800 thousand euros, with about half allocated to infrastructure and the organization's employees, and the rest redistributed between 16 official partners and their activities. The financial security of this organization is guaranteed by funding transferred by the Social Democratic Party of Germany (CEAPG & ARTICULAÇÃO D3, 2013).

The research team made another attempt to collect data through a request to the Banco Central for information about the movement of funds from international solidarity organisations in Brazil. This request was made via the Electronic System of Information to Citizens (*Sistema Eletrônico do Serviço de Informação ao Cidadão*: e-SIC), set up by the federal government to centralize and standardize the supply of information to citizens. The institution's response confirmed that they required more information about the organizations and that, even if data were supplied, it would not permit inferences about individual situations (CEAPG & ARTICULAÇÃO D3, 2013).

The principal conclusions about International Philanthropic Cooperation are summarized in Chart 2:

Philanthropic Solidarity Cooperation

- Of the 11 organizations consulted in the research, 10 presented future prospects for a reduction of investment in Brazil;
- The only organization that did not evidence a reduction in investment was the Rosa Luxemburg Foundation, which is funded by the Social Democratic Party of Germany;
- Only one organization, CESE, demonstrated an increase in investment in 2011, but with future prospects for reduction;
- All the consulted organizations mentioned the reduction in international investment as a consequence of the international crisis;
- Some of the consulted organizations made observations about the difficulties they face regarding the sustainability of CSOs in Brazil.
- One of the organizations emphasized an aspect that could become a future trend. This refers to changes to the type of partnership with CSOs in Brazil, whereby fundraising support is provided and the organization is now registered within the budgets of partner organizations.

Chart 2: Principal conclusions about Philanthropic Solidarity Cooperation. – **Source:** Author's Own.

Our analysis of International Philanthropic Cooperation in Brazil also encountered problems related to a lack of data and, where data was available, to its reliability. While the official cooperation data is very well organized and tabulated according to time series, almost no real overview of the private sector was provided. The research had access to three different lists of international organizations that operate in Brazil, but these differed in their composition. Where contact data existed on institutional websites, it did not always permit a search for information about organizations and their missions, or the projects they implement in Brazil.

However, funding clearly is transferred from international philanthropic and solidarity organizations to Civil Society Organizations in Brazil, and is significant. Historically, this type of cooperation was responsible for funding a range of CSOs, however, in recent years, changes have occurred to the pattern of funding by international organizations. Various explanations for this phenomenon were addressed in the

research, through documents and by talking to the principal actors. One of the reasons attributed to the significant loss of funding for Brazilian NGOs is the relatively high value of the Brazilian Real, coupled with the devaluation of the Euro and the Dollar. Another reason was a tendency to concentrate funds in a smaller number of projects, without reducing the total amount of funding, alongside potential political reconfigurations within the international NGO's country of origin, which have restructured the activity and allocation of funds.

The CSO actors we consulted argued that there was an illusory external view of Brazil as a country of full political openness, benefiting from the participation of social movements and civil society organizations that raise funds internally. Others confirm that development in Brazil may be one explanation, leading to an assumption that it no longer needs resources, or even a notion that Brazil already provides sufficient funds through social policies. Although all these explanations are important to our understanding of the context, they are mere impressions, since we were not able to view the entirety of organizations that invest in Brazil, nor the amount and flow of their funding. Greater transparency in reference to international philanthropic cooperation is therefore essential for a better understanding of the field. It is not our intention to suggest that an analysis of the context and economic circumstances is not important, rather that it is just as important to ensure the availability of accessible information regarding this field.

Thinking about the institutional architecture of ICD

Kharas (2007) attempted to analyse the flow of donations from International Cooperation for Development (ICD) and develop a model containing both the principal actors and a description of the donation pathway. Firstly, the author presented a model that outlined the prior architecture of ICD funding, up to the beginning of the 1990s, in which there were less donors and recipients. In this model, donations always flowed through multilateral agencies. They started out with rich individuals, passed through rich governments, then through multilateral agencies to arrive at poor governments and, finally, at poor individuals. From observations of the research data, we can see that this model is no longer applicable, since multilateral institutions account for a smaller share of both offered and received cooperation in Brazil. The model is presented in Figure 1 below:

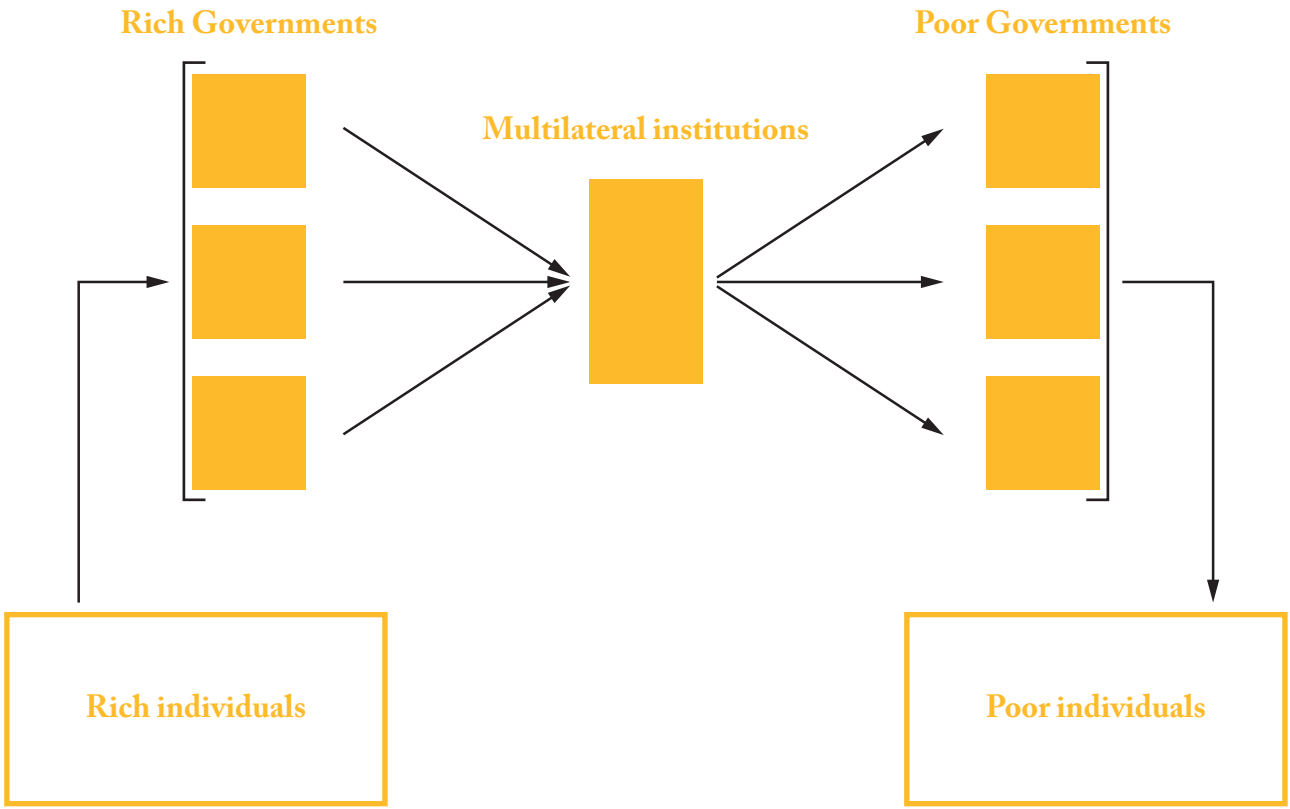

Figure 1: A simple representation of the architecture of donation. – **Source:** Kharas, 2007, p. 4.

However, in order to represent the current complexity of the flow of funds from international cooperation, Kharas (2007) developed a model that more adequately depicts this institutional architecture. There are currently many more bilateral donors, including Brazil and China, for example, as well as more aid recipients. Only 37 donors provide accounts to the OECD's DAC. There are more multilateral agencies than donors or recipients, since new agencies were set up between 2000 and 2005. The number of international NGOs that received money from bilateral and private donations has significantly increased. Given the extent of this complexity, Figure 2 presents a more adequate representation of the funding architecture for international cooperation.

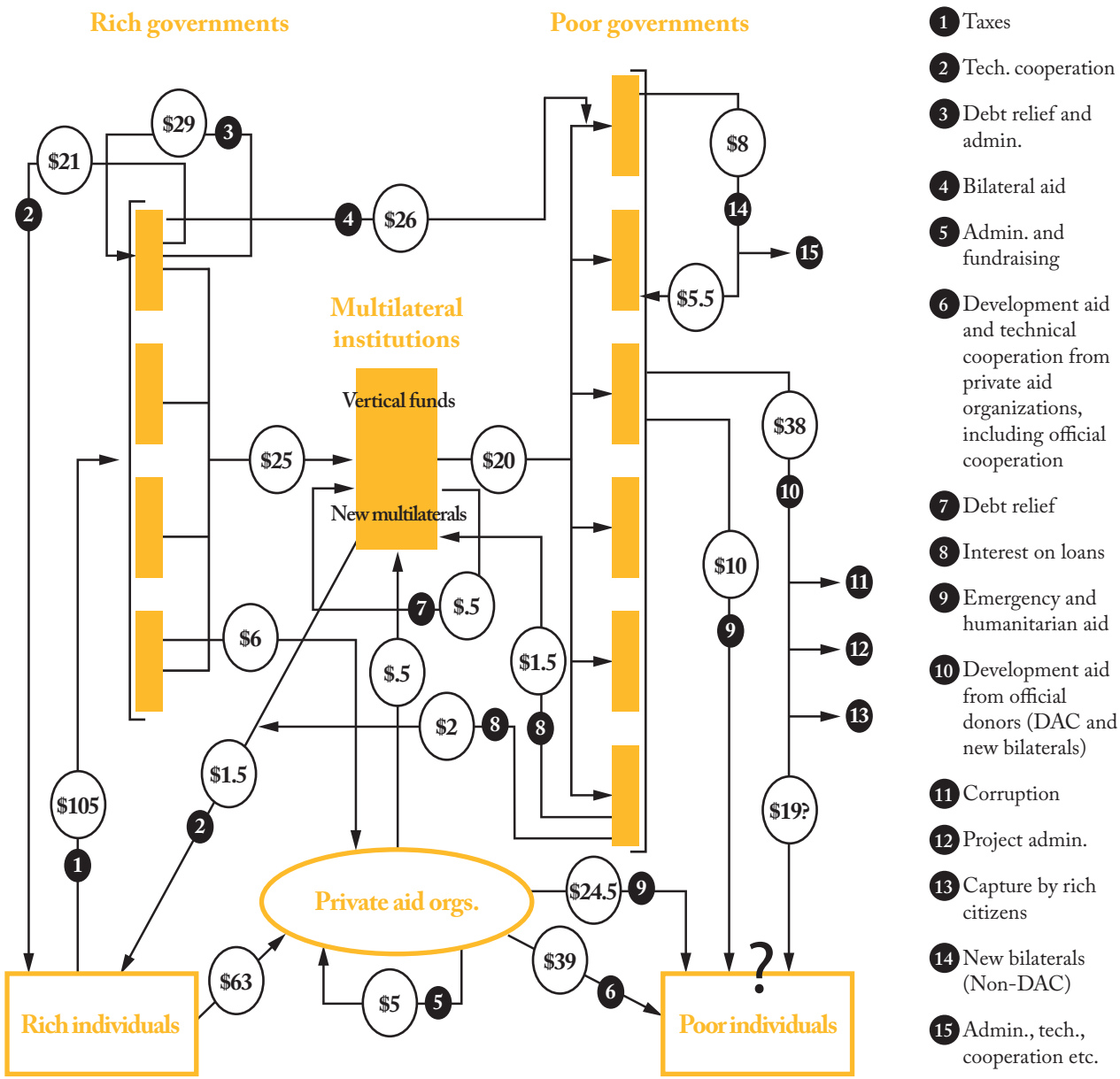

Figure 2: New aid architecture for International Cooperation. – **Source:** Kharas, 2007, p. 16.

The figure created by Kharas (2007) reveals that funding from international cooperation, which traditionally flowed through multilateral organizations, no longer functions in this manner. In the new architecture of support, individual donors not only donate to governments in their own countries, but also directly to international NGOs, which, in turn directly implement projects for their target audience. Governments of rich countries have begun to make donations directly to international NGOs and to poor countries. Governments of poor countries have, therefore, begun to receive donations not only from rich countries, but also from other poor countries, which have become donors. Donations from poor countries are allocated to International Humanitarian Aid and to technical cooperation, as well as to poor individuals. Multilateral agencies, for their part, have been structured into vertical funds in order to make donations, and new agencies have emerged. Finally, within the current complexity of international cooperation funding flows, funding is not only aimed at poor individuals, but also at new, not previously considered, destinations, such as technical cooperation, debt relief, humanitarian aid, development aid and other modalities, such as the South-South cooperation aimed at social development and extending economic relations.

Institutional Architecture in Brazil

The model for the institutional architecture of funding for International Cooperation proposed by Kharas (2007) has inspired us to consider the pathways of some of the funding flows reported in the study. Unlike the first model developed by Kharas (2007), in which only a few donation flows existed, an analysis of the study data identifies several flows, despite only referring to a single country.

Over the last 15 years, the Brazilian government has received donations from countries on the OECD's DAC averaging 184 million dollars per year. However, if we analyse the cases of the Spanish Cooperation Agency and the British Embassy, we can observe flows that differ from traditional, country-to-country bilateral transfers. In the case of the Spanish Cooperation Agency, direct work was recorded with two Civil Society Organizations of Public Interest (*Organização da Sociedade Civil de Interesse Público*: OSCIPs), with funding transferred to each of the Brazilian administering organizations. We should note that, in order to preserve cooperation between the Spanish and Brazilian governments, the Brazilian government selected and recommended these projects.

In the case of the British Embassy, its activities in cooperation projects in Brazil utilize British government funds. Projects are approved through annual competitive rounds and published in several forms by the government. The selected project may be implemented directly or indirectly. In the direct form, projects are imple-

mented bilaterally, between the Embassy and the Brazilian government. Indirect work occurs when a third party, such as a private organization, a CSO or an International Organization, makes a project application and receives funding to implement the project in partnership with the Brazilian government.

Multilateral Technical Cooperation, conducted through international cooperation technical agreements, represents incoming and outgoing flows of funding. The cooperation received by Brazil from various international bodies demonstrates that, over the sixteen-year period from 1995 to 2011, Brazil contributed a much greater amount of counterpart funding than it actually received from external sources. Corporations most frequently fund their own corporate foundations, be they national or international, although funding from corporations and corporate foundations to CSOs does occur.

It is also important to record the flow of South-South cooperation between developing countries. Brazil sends International Humanitarian Aid to countries such as Peru, Nicaragua, Ecuador and others. Brazil also provides International Technical Cooperation aimed at the dissemination of public policies to countries in the South. Brazil, classified as a poor country in the current context, donates more that it receives in donations. Moreover, this distinction between rich and poor countries has become a point of disagreement in reference to the Kharas (2007) model, since we believe that such distinctions are increasingly tenuous in the face of the current global economic context. In this context, emerging countries, such as China, India and Brazil, provide a significant amount of funding for cooperation purposes.

Conclusions

In order to attain the principal objective proposed by this work – to analyse the role of International Cooperation for Development within the institutional architecture of funding for Civil Society Organizations in Brazil – attempts were made to collect data about the different forms of cooperation existing in Brazil. However, in two of the types of international cooperation studied, Business Cooperation and Philanthropic-Solidarity Cooperation, we encountered a lack of reliable, systematic and transparent data regarding this field. General and time series data was obtained for Public-Official Cooperation, so that it was possible to achieve a more precise portrait of the field and to analyse trends. An investigation of financial data also revealed that organizations treat this in a confidential manner. In other words, it is easier to find information about implemented projects than to access their financial reports.

This gap in data leads us to a series of questions. In relation to Business Cooperation, it is possible to conclude that the published research presents duplications, since donors are present in four or five of the studied

analyses, while gaps also exist, since there remains a lack of donor transparency in detailing priorities, partners and modes of operation. In other words, more precise comparison remains a challenge. Nevertheless, it is possible to assert that corporate investment is different from other types, since it manifests differences in priority, mode of operation, governance and management practices, which remain very close to those of the parent company.

In reference to Philanthropic-Solidarity Cooperation, the relative lack of data is also a huge challenge. We know that this type of cooperation was historically responsible for funding a number of CSOs in Brazil, although funding from international cooperation has declined in recent years. While the explanations provided are important for understanding the context, we were not able to view all the organizations that invest in Brazil, nor the amount or flow of their funding. We would therefore underline the urgent need for greater transparency in relation to International Philanthropic Cooperation and Business Cooperation. It is important that such organizations declare their activities and investments and either a public or civil society institution could be appointed to oversee and promote such transparency in the sector.

We would like to highlight another aspect arising from a careful analysis of Public-Official Cooperation: the need for greater social participation and transparency with regard to determining Brazilian foreign policy for international cooperation. When the subject is international cooperation, it appears that the legacy of participation in the 1988 Constitution has been forgotten. This is why we would like to take this opportunity to highlight the Brazilian foreign policy proposal published in 2010 by the Brazilian Network for the Integration of Peoples (*Rede Brasileira de Integração dos Povos*: REBRIP) regarding the creation of a National Council on Foreign Policy with participation by representatives from all the sectors and interests involved in the formation of foreign policy. We believe that this would enable greater transparency and lead to a cooperation policy that better serves the aspirations of civil society and its organizations.

Inspired by the Kharas (2007) model for the architecture of support, we believe that the first steps have been taken in thinking about how funding flows for international cooperation in Brazil are configured. However, gaps in data mean that only a few international cooperation flows have been mapped in Brazil. One could say that we have not yet obtained a more generalized picture of these flows in order to better understand the institutional architecture for the funding of civil society organizations in Brazil. Finally, it is important to note that several flows do include Brazilian CSOs. It is therefore necessary to make a more in-depth exploration of the derivation of these flows and establish the point at which it is possible to set up partnerships with, as well as funding for, CSOs. This is a task for future research.

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Chapter 3

International cooperation for development and Brazilian NGOs: funding and political autonomy

Carlos R. S. Milani

Introduction

International cooperation for Development (ICD) can be defined as: a system that coordinates the policy of States, non-governmental organizations and, increasingly, companies and their foundations; a series of norms disseminated (or, in some cases prescribed) by international organizations; and the belief that promoting development based on solidarity is a desirable solution to the contradictions and inequalities generated by capitalism at an international level. Given that it involves such an institutionalized and complex system in the construction of discourse and world views, ICD engages a number of actors, from both donor countries (traditional or emerging) and beneficiaries (normally low income, or in certain rare cases, middle-income countries). Each actor has their own identity, preferences, interest and objectives and the motivations for their actions may be based on policy or national security considerations, humanitarian or moral reasons, or economic and environmental purposes.

However, we should not forget that the relationships between the two types of actors (donors and beneficiaries) are also a reflection of international political economy, in other words, of the asymmetries and hierarchies that exist between the centre and the periphery, between the North and the South, within the international system. Furthermore, situated between donors (traditional and new) and beneficiaries are the "mediating actors" (non-governmental organizations, social movement networks, media agents, academics and experts working in

think tanks, etc.) who play a significant role in disseminating agendas, legitimising ideals and, less frequently, organizing protests and defining mechanisms for monitoring and control. A range of non-governmental organizations, social movements, political activism networks, the international media and some research centres operate in this way when they publish reports, systematize data and indicators, or organize campaigns to complain about excesses or abuse committed in the ICD field.

Although no single architect is responsible for the foundation, maintenance and evolution of ICD, the current cooperation system had its origins, for the most part, in North American initiatives immediately following the Second World War. It was at this time that the logic of one-off aid to nations in emergency situations was abandoned for an increasingly more permanent and institutionalised cooperation dynamic to transform the production, administrative, social and cultural structures in beneficiary societies through funding and technical assistance projects. With the Cold War, the multilateralism of development cooperation became institutionalized and legitimized. Carol Lancaster asserts that, "at the end of the Second World War, foreign aid, as we know it today, did not exist (…). If there had been no Cold War threat, the United States (…) might never have initiated programmes of aid" (LANCASTER, 2007, p. 1-3).

Furthermore, the antecedents of ICD, related to colonial enterprise, to African and Asian political emancipation, as well as to East-West ideological disputes, confirmed that notions of "international cooperation" and "development" evolved in parallel with the history of the capitalist economic system, the universal project for the modernization of societies, of multilateral liberalism in international relations and a belief in progress. Gilberto Dupas recalls that the pursuit of progress justified political actions based on the assumption that we were turning into a better, fairer, if not to say "more civilized", society. However, progress became a myth that signalled an onward march, a forward movement in a specific direction, ordered development for the realization of a world ever closer to perfection, without elucidating the meaning of such a movement, or explaining the perspectives of those who governed it or were governed (DUPAS, 2006).

In this brief chapter, we summarize some of our positions on this theme (MILANI, 2008 and 2012) and discuss the critical limitations suggested by historical experience and the more recent North-South Cooperation agendas (NSC), in order to ask certain questions about the dilemmas that Brazilian NGOs are tackling, in the light of changes to the system and of the South-South Cooperation (SSC) strategies conceived and developed by countries such as Brazil, Mexico, India, China, Turkey or South Africa[1].

(1) A more detailed description of our current research project, supported by the IPEA, "South-South Cooperation and Foreign Policy Agendas in

Recent trends in the NSC business agenda

The 1990s were characterized by the end of international polarity, the acceleration of globalization processes and the democratization of the State-society relationship within several national contexts, which heralded the arrival of a more peaceful world, in which cooperation for development would be a priority. At least rhetorically, this was where two of the main reports produced by then Secretary-General of the United Nations, Boutros Boutros-Ghali converged: the Agenda for Peace (1992) and the Agenda for Development (1994)[2]. In this context, the following aspects began to receive greater attention on the ICD agenda: combating the spread of pandemics (Ebola, SARS, avian influenza), protecting biodiversity and the phenomenon of climate change, decentralization and local development, partnerships between the public and private sectors (including activities in the so-called Third Sector), poverty alleviation programmes and the dissemination of micro-finance[3].

No less relevant were programmes related to managing interdependence in a globalized world, such as the acceleration of economic convergence policies between developing and industrialized countries, "good governance" policies, as well as those for macroeconomic equilibrium and foreign debt relief. OECD countries began to redirect their funding, as a priority, to Eastern Europe and the so-called "transition economies". As a result of these priorities, defined by the main bilateral and multilateral donors, food aid projects reduced in number, while sector and programmatic funding increased. Greater emphasis began to be placed on policy dialogues, the selectivity criterion (which focused on economic policies) and capacity-building programmes. It is evident that the free market and minimal State ideologies served as a backdrop for this new cooperation agenda.

The ICD agenda therefore expanded demonstrably: instead of one-off projects and interventions, the main donors began to favour programmes (with targets and strategies) and policies, significantly increasing the thematic scope and range of cooperation for development activities. From "international aid", the logic began to be one of cooperation and partnerships (DEGNBOL-MARTINUSSEN; ENGBERG-PEDERSEN, 2008). While the agenda spectrum expanded, moving towards issues of State reform, the strategic orientation was to "focus" projects on groups of beneficiaries (the most vulnerable, the poorest, etc.).

Comparative Perspective: South Africa, Brazil, China, India, Mexico and Turkey" may be found at <http://www.labmundo.org>.

(2) C.f. United Nations Assembly General, "An agenda for development", document A/48/935, 6 May 1994. See also: <http://www.undemocracy.com/A-49-665.pdf>.

(3) In reference to the dissemination of agendas relating to microcredit, see KRAYCHETE, Elsa Sousa, Banco Mundial e o Desenvolvimento das Microfinanças em Países da Periferia Capitalista. Salvador, Universidade Federal da Bahia, Tese de Doutorado, 2005 (available at: <http://www.adm.ufba.br>).

Furthermore, one could say that the focus of ICD attention concentrated on three main themes. In the first place, following decades of the dominance of **per capita** income as an exclusive development indicator (which, in fact, measures economic growth), the UNDP launched the Human Development Index (HDI) as a new parameter integrating health and education with the logic of growth (UNDP, 1990). Considered fundamental to the construction of the HDI were longer life expectancy and improved health, literacy and access to the various levels of formal education, as well as the availability of economic resources (income) in order to have a dignified life. One could say that, despite its limitations (for example, it ignores ecological-environmental issues) and the distortions it produced (such as the fierce competition between States for a better HDI global ranking), the HDI triggered a structural trend that appears to have been crucial to cooperation agendas, since it significantly contributed to the institutionalization of a multidimensional discourse and the dissemination of comprehensive views of development. However, it is also true that it endorsed a more nationalized and individual (based on each person's abilities) notion of development, that set aside the structural and political debate about inequalities between countries and regions, or about social class differences of an international nature.

In second place, certain global themes revealed significant trends in the 1990s/2000s. A number of UN conferences highlighted education (Jomtien, 1990), environmental protection (Rio de Janeiro, 1992), human rights (Vienna, 1993), reproductive and demographic rights (Cairo, 1994), women's rights and gender issues (Beijing, 1995), social development (Copenhagen, 1995), urban management and the internationalization of cities (Istanbul, 1996), as well as racial discrimination (Durban, 2001). These enabled debate about a mosaic of positions and realities in the North, South, East and West, between diverse cultural and religious worlds, and disseminated these agendas across different geographical areas across the globe. As well as being wide-ranging, and frequently hostage to the need to produce an excessively comprehensive consensus about sensitive and profound themes from a cultural, philosophical and political perspective, these UN conferences contributed to the expansion of monitoring strategies, providing an opportunity for the creation of transnational networks, including the engagement of social movements and non-governmental organizations, which began to function as a compass for cooperation for development.

A third aspect to feature on ICD agendas in the 1990s/2000s refers to the Millennium Development Goals, popularly known as the MDGs. These are a series of targets accompanied by monitoring and evaluation indicators, which have become a focus for the attention of governments, international and non-governmental organizations, philanthropic bodies and personalities from the media world, such as Bono Vox, Brad Pitt or

Angelina Jolie[4]. Furthermore, for all the mediatization, which even led to MDG shopping centres, these have been legitimized by UN conferences, for example the one held in Monterrey, Mexico in 2002, when governments from the global North and South recognized that the amount allocated to ICD still fell short of the amount required to overcome the negative effects of underdevelopment. They were also reiterated at the launch of the "Global Compact", a programme for partnership between States, intergovernmental organizations (UN) and transnational companies. One crucial aspect of the MDGs, and one closely related to the concept of human development presented above, is that the cooperation agenda they represent principally aims to improve conditions for the development of the individual. Increasingly, the focus is no longer the national, structural and collective sphere, but one aimed at individual well-being, in full agreement with liberal ideology.

Following the September 11 terrorist attacks in 2001, major changes have occurred to ICD policy: many governments and agencies, driven by the decisions and needs of the United States government, began to prioritize strategies for security and tackle the different manifestations of transnational terrorism. Security policies gained a great deal of prominence, in contrast to the notions of technical, economic, intellectual and cultural cooperation, threatening the very idea of multilateralism. With the implementation of a more repressive agenda and greater control, certain issues correlated with ICD, for example, the remittances made by migrants to their communities of origin, began to be interpreted and regulated not only through a cooperation and development perspective but also through the realistic perspective of the security of national borders. All this despite the significance of the amounts involved: migrants working in Europe alone sent approximately 10 billion euros per year to the North African region (SEVERINO; RAY, 2009, p. 14). It is estimated that the total remittances of migrants to developing countries rose from 74 billion US dollars in 2000 to approximately 200 billion in 2007, with a particular emphasis on countries such as Mexico, the Philippines, India, Egypt, Turkey and Bangladesh. In 2010, developing countries alone received 325 billion while the World Bank has forecast that by 2013 this will total approximately 404 billion[5].

In parallel with the securitization of agendas, the quality and effectiveness of international aid began to be the object of growing donor concern. Two declarations (Paris 2005 and Accra 2008) emphasized

(4) An institutional presentation of the MDGs may be found at <http://www.undp.org/content/undp/en/home/mdgoverview/> or at <http://www.unmillenniumproject.org/goals/>.

(5) Data from the World Bank (Outlook for Remittance Flows 2011-2013) published in May 2011 by the Migration and Remittances Unit (Migration and Development Brief 16). See also the data available at: <http://www.migrationinformation.org>.

the notion of effectiveness in international aid for development, seeking to analyse its impact in relation to what is conventionally called "phantom aid". In general terms, what both declarations stated was that, for ICD to be effective, it must give priority to the development of national capacities by: guaranteeing **ownership** by developing countries; coordinating programmes and projects from a range of bilateral and multilateral donors in alignment with the public policy objectives of beneficiary countries; strengthening **mutual accountability**; implementing management tools for **results**; and, finally, **harmonizing** the practices and strategies of donor States.

In relation to the emergence of the so-called "new actors", the monopoly of ICD states was definitively broken. Klein and Harford (2005) refer to a real "aid market" (KLEIN; HARFORD, 2005), since private actors and mechanisms have brought the traditions, ethics and practices of the market into the world of cooperation. It is evident that non-governmental actors (North American foundations, European agencies such as NOVIB or OXFAM) have worked in ICD at least since the 1950s. However, at the end of the 1980s, the place of non-governmental organizations in the scheme of international cooperation seemed to change; paradoxically, gaining greater visibility and increasing in number, while also starting to adhere more directly to government agendas and market interests. Funding increased and became more visible in the 1980s and 1990s, but allowed less freedom for local and national experiments, since it came with less political autonomy and greater dependence on government funding.

In the case of foundations related to large corporations[6], we note the significant role of the Bill and Melinda Gates Foundation, which has 70 billion dollars in capital, with an annual planned budget of 6 billion dollars, and which has become a key player in the governance of global health problems (for example, vaccines). Furthermore, new funds and mechanisms have developed: the Global Alliance for Vaccines and Immunization (GAVI), the Global Fund to Fight Aids, UNITAID (created in 2006 to combat the spread of HIV/AIDs, malaria and tuberculosis), the Clean Development Mechanism (under the Kyoto Protocol), the Global Environmental Facility (GEF) established within Rio-92, and others. State donors are also emerging with SSC discourse and projects, seeking to differentiate their practices from those of NSC.

(6) Private companies are increasingly operating beyond investments in the field of cooperation, either in partnership with governments and NGOs, or at the level of social and environmental responsibility strategies. Our focus here is exclusively the operation of foundations (including corporate foundations) that function through grants and donations, rather than the companies that make the investments themselves. Although the fields of investment and cooperation are in reality very close, we consider that this conceptual distinction serves to provide a more precise outline of each sector.

In summary, the cooperation situation is highly complex and multifaceted. The borders between public and private solidarity have become increasingly blurred. Beneficiary countries have also begun to define their agendas as donor countries, as seen in Brazil, South Africa, India, Mexico, Turkey and China. Fragmentation is also a potential criticism: 80 thousand new projects per year, funded by at least 42 donor countries, through 197 bilateral agencies and 263 multilateral organizations (KHARAS, 2010, p. 4). Another result of this situation is an even greater need for coherence and coordination; Cambodia alone receives, on average, approximately 400 donor missions per year, while Nicaragua has received 289 missions and Bangladesh 250 (SEVERINO; RAY, 2009, p. 6). No less relevant is Kharas' (2010) criticism that good experiences at project level do not, automatically or necessarily, have repercussions at macroeconomic level. There is another problem with the current agenda – official development assistance (ODA) and trade, investment and migration policies have all generated an interdependence that remains under-analysed in academic studies and political debate. It is in this context, critical of NSC (and of capitalism), that the relevance of SSC within international cooperation for development has become increasingly evident.

International cooperation for development, the motivations and funding of Brazilian NGOs

Why do States, companies and NGOs cooperate in the international field of development? There is no consensus of perspective about cooperation for development. There are both favourable and more critical views of its nature, goals and results, as well as of the economic, technological, social, cultural, environmental and political effects thus engendered. Liberals claim that agents cooperate because of a moral duty to help less developed countries, since cooperation contains a social justice ideal and an openness to the "other", founded on a truly ethical development (GOTTSBACHER; LUCATELLO, 2008) or on the growing need for States, companies and NGOs to respond to problems generated by "complex interdependence" (KEOHANE; NYE, 2000) and thus to produce global public goods (KAUL *et al.*, 1999 and 2003). The defenders of sociological and constructivist approaches tend to stress that ICD is essentially a phenomenon that results from relationships of socialization between States. Shared knowledge is generated through cooperative interaction, while institutions and rules are created that facilitate practice and learning in cooperation for development (LUMSDAINE, 1993).

Set against this way of thinking, a more realistic view of ICD tends to stress that not all forms of cooperation are inherently and necessarily benign, making it important to distinguish between cooperation as a particular form of instrumental interaction and the ends it pursues. When they cooperate, the States are rational,

opportunist and strategic, in order to improve their own circumstances; acting differently would not only be naïve, but prejudicial to their survival and well-being (NELSON, 1968). Furthermore, the ICD rules do not clearly or mandatorily define sanctions for unpunished agents; the effective gains of the cooperation promoted may be even higher than those arising from the option not to cooperate (an emphasis on absolute gains), however the distribution of such gains is unequal (an emphasis on relative gains). As Huntingdon stresses (1970, p. 175), the moral obligation refers to helping the poor of a less developed country, but not their governments, which, in the author's opinion, means that cooperation programmes channelled through private organizations may fulfil this moral duty more effectively than public bureaucratic structures, which tend to be moved by foreign policy interests.

Another counterpoint to the liberal interpretation of the role of ICD in international relations originates from Marxist thought, from certain theories of dependency and defenders of critical theory (AMIN, 1976; HALLIDAY, 2007; HARVEY, 2005; HAYTER, 1971). Such authors remind us that ICD may be explained in the light of historic materialism as an attempt to preserve capitalism, serving as a tool to maintain and legitimize the hegemony of countries central to the international system. Old colonies, now emancipated, may be maintained in dependent relationships, so as to guarantee the functioning of the international economy. Any aid supplied is conditional on respecting the broader grammar of capitalism: neither to nationalize foreign companies without defining compensation measures, nor to establish rigid rules about the repatriation of multinational profits but to actively implement structural adjustment policies, to follow international standards for macroeconomic stability, and to ensure (material and immaterial) property rights are respected, etc. Such criticisms provide evidence of the unedifying practices of several ICD actors such as: so-called "tied aid", according to which the beneficiary must purchase the goods or services of the donating country; food aid, where the effects of substitution depress the local production sector; or technical assistance, which may fatten the bank accounts of selected consultants in detriment to real national development needs.

Another aspect mentioned in the critical literature is the heterogeneity of ICD funding flows, which hampers any evaluation of its effectiveness. Different types of foreign aid have, albeit improbably, similar economic effects. The comparison between donor countries is difficult because the amounts are not, or only infrequently, disaggregated (by sectors or countries); for example, the struggle against the spread of HIV/AIDs directly influenced the allocation of resources, but the same did not occur with primary education. This means that it is not enough simply to make promises and undertake commitments to increase foreign aid, given that it is es-

sential to focus on sectors and regions (MAVROTAS; NUNNENKAMP, 2007, p. 591). Focusing on primary education makes sense for low-income countries, but does not appear to be a priority for middle-income beneficiaries or those with a more advanced human development index ranking. In the same way, the Multilateral Debt Relief Initiative, proclaimed in 2005 at the G8 in Gleneagles (in the United Kingdom) did not produce the same tax effects across all developing countries. Projects designed by external consultants, excessive operational expenditure, weakening a developing country's capacity by withdrawing or co-opting experts, a lack of continuity, ignoring the local context – these and other aspects have been considered problematic in the design and execution of ICD projects (CORREA, 2010, p. 212-221).

In a recent publication about the aims of actors in the ICD field, Maurits Van der Veen (2011, p. 2) argues that "ideas about the goals and purposes of aid policy shape its formulation and implementation". Different goals lead to different political choices; a State's cooperation policy may evoke security, trade, humanitarian aid, etc. as its purpose. The author starts out with the concept of "aid frames", which he defines as interpretative frameworks explaining the purposes of state agents in cooperating with other countries at an international level. These are grouped into seven different aid frames, each associated with specific bilateral ICD objectives and with distinct arguments in their favour: **(I) security:** cooperating is a less costly alternative than military expenditure to guarantee the physical security of the State and society providing cooperation; **(II) power and influence:** cooperating helps to increase power in relation to other actors, to gain allies, to obtain positions of influence (international leadership); **(III) wealth and commercial interests:** cooperating serves to defend the economic interests of those providing cooperation (promoting exports, creating employment, guaranteeing key imports); **(IV) enlightened or indirect self-interest:** cooperating to promote global public goods (peace, stability, population control, environmental protection), to strengthen institutions such as the UN or to prevent global instability; **(V) self-affirmation and prestige:** cooperating to express a new identity, gain prestige or improve one's status on the international scene; **(VI) obligation and duty:** cooperating is guided by the need to fulfil one's role and responsibility at international level, in respect of norms and standards; **(VII) humanitarianism:** cooperating to promote the well-being of the more vulnerable (moral duty, faith-based charity, human rights, international solidarity).

In the particular case of NGOs, it is supposed that the aid frames which most support an understanding of their purposes are (iv), (vi) and (vii) above. The justification for the international activities of NGOs, be they secular or religious, is based on a narrative of rights (norms), in solidarity between individuals from distinct

national societies (moral duty) and in the notion that we all share a common humanity. One of the main difficulties of such NGO activity, as evidenced by the research report presented in this volume, refers to the nature of relationships between both the State and civil society, and the market and civil society. Out of the public-private tensions that characterize such relationships a broader grammar of meanings for participation and the struggle for rights may emerge, containing contradictions and ambivalence. Participation may have different political meanings, as we have discussed in previous works (MILANI, 2008); one of the problems with participation refers to how it relates to representation. The struggle for rights, similarly, may involve active citizenship, but one cannot ignore classic political participation, through voting and representation.

Final considerations: in search of political autonomy

We conclude this article with two brief reflections. In the first place, many of these critical interpretations and readings, including those made by intellectuals and researchers from developing countries themselves, are based on the history of the effects and unfulfilled promises of North-South Cooperation and have pointed out that development and underdevelopment are, in fact, two facets of the same global and historical process for the development of capitalism. Nowadays, with changes to the international order, and the "emergence " of new States promoting the banner of South-South Cooperation, a more careful, analytical and empirical perspective seems to have imposed itself on the most recent ICD context. What will change in South-South Cooperation in terms of the economic, political and cultural relationships between developing States and societies? What are the roles of Brazilian NGOs within this process? What are the needs, in present day terms, for the participation of Brazilian NGOs in defining Brazil's SSC strategies? Recent events have shown that Brazilian democracy may be able to advance the debate about the establishment of institutional mechanisms for dialogue between political institutions (the presidency, ministries, and congress) and civil society organizations.

In second place, we know that ICD may play a central role in defining participative strategies within local and national contexts (MILANI, 2008). Several documents published by international agencies have placed participation at the centre of the debate about development practices: this was the case, for example, of the Human Development Report, published by the UNDP in 1993, and the Voice of the Poor published by the World Bank in 1999. Both had significant repercussions in the world of international cooperation and contributed greatly to the dissemination of participative practices in development projects, as well as to their mystification. For example, many of the participative techniques preached by international cooperation

encourage individuals to work together with the help of a monitor or mediator and assume that their mere participation in a "participative exercise" will, over the short term, necessarily lead to the transformation of consciousness and the creation of bonds of sociability. Such practices illustrate perfectly the naivety of the expectations of certain project managers regarding the authenticity of the motivations and behaviour of individuals in so-called "participative workshops". If one of the greatest challenges for public policy in Brazil is the need to democratize the process of decision-making for the formulation of public policy and to make this process more effective, what role could Brazilian NGOs play in the autonomous coordination of rights and policy networks? How can we guarantee their political autonomy and participation in this process, without risking co-optation by companies and governments, instrumentalization by international agencies, or simply that their activities are irrelevant?

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Chapter 4

New challenges for Brazilian civil society actors within the changing context of international cooperation[1]

Kees Biekart[2]

The research conducted by the FGV about international cooperation and the architecture of funding for Brazilian Civil Society Organizations (CSOs) (CEAPG & ARTICULAÇÃO D3, 2013) generated significant results. These provide us with a better understanding about the national and global changes that have rapidly affected the development of civil society organizations in Brazil. The results broadly confirm the findings of research conducted a few years ago into changes, over past decades, in the direction of non-government aid flows within Latin America (BIEKART, 2005). We should note that, compared to its neighbouring countries, since the 1980s, Brazil has been recognized as the country that receives the most funding from all the private European aid agencies, followed (at some distance), by Peru (and, after 2002, by Bolivia). This finding serves to support the belief that the current retraction of international non-government aid flows to Brazil is actually a relatively recent phenomenon.

This chapter intends to comment on the results of research about "international cooperation", primarily by providing a brief overview of the changing international context within which such results should be ana-

(1) In the Portuguese version of this book this chapter was translated form the English by Prof. Dr. Elizabeth Reis Teixeira.

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lysed. For a better understanding of the global context, we will identify a series of current trends in debates about global policy and international cooperation. These developments also have implications for international donor NGOs, which we will discuss in the second part of the chapter. The third section explores the implications for Brazilian civil society organizations and considers how this so-called "retraction" affects future prospects. Finally, we present some suggestions about the potential future challenges for Brazilian civil society organizations within their current context.

We would like to start by providing a more general commentary regarding one of the central problems encountered by the researchers: the difficulty of finding reliable data about the flow of non-government aid. It is true that official flows of aid are generally well documented, for example, in statistics from the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) at the Development Centre in Paris. The efficiency and reliability of this data set is surprising, given its age, and the fact that it is frequently aggregated. We have only estimated aid flows aggregated to NGOs, since there are no authorized centres for the control of NGO statistics. We will provide two examples from previous years: the level of non-government aid flows and the total number of NGOs.

The total flow of aid to NGOs rose from 4 billion US dollars in 1989 to 10 billion in 1998 and 23 billion in 2004 (in other words from 5% to 12%, and then to almost 33% of total official development assistance or ODA) (RIDDELL, 2007). However, these estimated totals are based on gross figures from the OECD, combined with figures from the coordination agencies of national NGOs. These percentages remain quite problematic, given that ODA fell after the middle of the 1990s and then rose again in the 2000s and we advise extreme caution in interpretation. The second example of the estimated total number of NGOs is also very difficult to establish. Firstly, there is no consensus about what we understand to be an NGO: should unions, cooperatives and other associative organizations be included? Do we consider a wider group of non-profit organizations, or even the confusing category of Civil Society Organizations (CSOs)[3]? While UN estimates in 2000 accounted for approximately 35,000 NGOs, we would venture that the number of (relevant) international donors is between 800 and 1,000, of which only 150-180 have

(3) The term CSO – also frequently used in this study – is quite problematic, in part because the term "civil society" has not been clearly defined, but also because it is generalized to refer to highly varied organizations. If we defined civil society as "all the interested organizations between the state and the family (the private sphere), which are autonomous in relation to the state and generated voluntarily to serve and promote the interest of their members", this would provide something quite different from the generally accepted definition of an NGO ("a non-profit organization, not owned by its members, providing development services for the poor and marginalized") (BIEKART, 1999: 40). However, we agree that the term "Third Sector" is even less appropriate.

played an internationally important role over the last two decades. In fact, the word "relevant" is crucial here, given that we also know of a great many small activities conducted by private transnational donors.

The researchers approached NGOs in the Global North via e-mail, in order to request information, after navigating their websites (and frequently not finding the required information). In fact, international NGOs in the area of development did not provide many responses and/or were not very transparent. Should a researcher wish to obtain more detailed information about their budgets, the number of partner organizations, priority policies or views about changes, they need to knock on doors and ask directly. In our experience (when conducting a summary of changes to aid flows in Latin America in the middle of the 2000s), a great deal of valid and reliable information may be generated through this approach (BIEKART, 2005). Further, such an approach has recently become easier, since most NGOs in the Global North are moving their offices to the Global South, facilitating accessibility by local researchers.

Trends within the international cooperation context

It is evident that the global socio-economic context of 2013 is characterized by an increasingly polarized world in which the economic growth of many Asian and emerging economies is taking place alongside economic stagnation and crisis in the "old world", particularly in Europe (specifically in the south). This has put pressure on the international monetary and financial infrastructure. Furthermore, we face limitations in our ecological and social systems: we are using more natural resources than the planet is capable of generating, while two billion people live on less than two dollars a day. In other words, we are exploiting the world, yet a considerable portion of the global population does not benefit from its surplus. Added to this, the growth of the global population has accelerated, due to a combination of increased life expectancy combined with a decline in fertility rates, expected to result in 9 billion inhabitants on Planet Earth by 2050 (KANBUR and SUMNER, 2012).

These changes to the international scene have been reflected in international cooperation practices – which have clearly also affected civil society organizations in both the Global North and South. Below we present a brief outline of the identified trends:

– Economic change towards "new" or emerging economies

Besides economic growth, BRIC countries have also experienced a relative reduction in their share of ODA compared to Foreign Direct Investment (FDI) and remittances. However, this varies by country: many

of the poorer countries still depend heavily on ODA – in 10% of the lowest income countries, ODA still represents 20% or more of GDP. However, remittances from immigrants from the South to countries in the South have also grown, and represent half of the total flow of remittances (UNDP 2013:15).

– Changes in poverty condition, from low-income country to middle-income country (BRICS – Brazil, Russia, China, India and South Africa)

Contrary to expectations, poverty has, in fact, become a more pressing problem in middle-income countries. Over the last 15 years, more than 75% of the world's poor have begun to live in middle-income countries, principally in emerging economies such as India (34%), China (15%) and other BRICS (Nigeria, Indonesia, Pakistan and the Philippines). Kanbur and Sumner (2012) estimate that between 800-950 million people, the "new bottom billion", are primarily located in these BRICS, with the remaining 25% (between 300-350 million) distributed across 35 low-income countries, mostly in Bangladesh, the Democratic Republic of Congo, Tanzania and Ethiopia.

– Growth in inequality in BRIC countries

Economic growth is associated with decline in both health and education inequalities, but an increase in income inequality, although differences between countries may also be observed. In Latin America over the last decade, inequality has become a more significant policy matter and has consequently grown more slowly (although it remains significant). As a consequence of this, BRIC country governments have been under pressure to institute measures against the growth of income inequality.

– The crisis in Global Public Goods requires an integrated approach

Many global problems can only be dealt with outside the national context. Problems such as climate change, financial instability and the exhaustion of natural resources are undermining efforts to reduce poverty and achieve social equity, since they affect the world's poorest. These are very closely linked to standards of consumption, food prices and demographic growth and therefore require changes to standards of consumption and production, central to the post-2015 agenda.

– New forms of international cooperation with many new actors emerging

The BRIC countries are emerging as new donors ("in the network"), particularly in South-South

cooperation. Over the last decade, most BRIC countries (China, India and Brazil) have evolved from recipients of the international cooperation network (including in food aid) to donors. They have also endorsed the "Busan principles" for Effective Development Cooperation, although this occurred voluntarily in order to deal with domestic challenges. As the BRICs have grown in importance, the G20 has also become a more prominent participant on the global scene. Nevertheless, funds from BRIC donations remain limited, at an estimated annual 1.8 billion dollars – relatively small compared to the 133.5 billion US dollars in ODA (2012) for OECD countries. Moreover, although the BRICs remain unrepresented in the Bretton Woods institutions and at the United Nations, this is beginning to change. Within the BRIC countries, other international actors, such as private foundations, local businesses and bilateral civil initiatives have also assumed new formats through new standards.

– Traditional OECD donors are losing their prominent role

Despite the large share of the total flow of international DAC-OECD aid, bilateral programmes are increasingly stagnant and under pressure, particularly in traditional donor countries, such as Canada, Germany, Holland, Denmark, Sweden and Norway. More prominence is given to supporting a variety of multilateral projects and providing incentives to the private sector, particularly to open up new markets. NGOs from the Global North (the "bilateral civil channel") in particular have been left with the role of working with fragile states and emerging economies.

– The importance of Information and Communication Technologies (ICTs) for Development (ICT4D)

Between 2000 and 2010, internet use grew by 30% in all 60 developing countries, with Brazil, the Russian Federation and China demonstrating the most spectacular growth (UNDP, 2013: 50). In addition, the Arab revolutions accentuated the importance of social media within change processes. ICT4D is therefore seen as an instrument able to rapidly expose the existence of inequality and disempowerment. ICT4D also facilitates North-South and South-South cooperation in education and research, where "open access" and "open data" can be key instruments in overcoming monopolies dominated by large institutions based in the North.

The transformation of private international "solidarity" agencies

The implications of these trends for non-government donor agencies from the North and their (traditional) partners in the South are quite diverse, as we shall see below. The categories "North" and "South" are

inherently inadequate, since differing development cases influence one another. We would also distance ourselves from the idea of a rich "Global North" and a poor and marginalized "Global South". Instead, what is emerging is a series of countries that were recipients of Official Development Assistance (ODA) but have rapidly become middle-income. These have now become donors both to "developing countries" and (via their governments) to social development organizations within their own societies. Policies and activities by NGO donors from the North (or private international aid agencies) have experienced quite dramatic changes over the last decade. Since these processes are complex and inter-related, we need to dissect them carefully.

The first change is a gradual one in the composition of funds from donors. Many private international aid agencies started out with private donations and these still represent an important share of their revenue as a whole (see BIEKART, 1999). During the golden age of international cooperation in the 1980s and 90s, agency budgets increased significantly through government subsidies, frequently as part of high ODA allocations and strong International Cooperation ministries, but also through the larger budgets of NGOs from the European Union. In Northern Europe (the United Kingdom, Holland, Belgium, Norway, Sweden, Denmark and Finland), allocations to intermediary NGOs reached their high point at the end of the century, followed by an overall decline at the beginning of the new decade. The same process took place in Southern Europe some years later; this region was thus particularly affected by the onset of the financial crisis in 2007-8. With the decline in official international aid investment, new funding avenues were explored. These grew, in part, out of the emergence of populist lotteries (see FOWLER, 2011), as well as through new fundraising campaigns following the international humanitarian emergencies in the African Great Lakes, Haiti and Southern Asia (in the aftermath of the 2004 tsunami). Campaign messages were generally populist in nature, and there was a gradual sense of the de-politicization of non-government donor aid. This translated into a shift from values based on solidarity towards values focused on charity.

A second reversal relates to the allocation of aid flows from international NGOs. In the past decade, there has been a gradual withdrawal of donor NGOs from middle-income countries, particularly in Latin America (see BIEKART, 2005). Over recent years, donors have tended to classify recipient countries according to various categories. The most recent Dutch international cooperation policy, for example, distinguishes between four different areas of non-government aid to recipients in the South: (i) low income countries, where the focus is on poverty reduction and traditional service provision programmes; (ii)

fragile states, where the focus is on the establishment of peace and human rights conflicts; (iii) middle-income countries, with a focus on income distribution and Corporate Social Responsibility (CSR); and (iv) more global programmes focused on advocacy, which deal with climate change, natural resources and financial instability. For Brazil, this obviously involves paying less heed to the flows of traditional international aid from NGOs, since their focus is now on the first two categories. This does not necessarily mean that all donor NGOs have withdrawn from Brazil, as we will explain later, since a series of new organizations have begun to initiate activities here.

A third repositioning involves a (lack of) accountability or responsibility amongst private international aid agencies. In the past, this was not a major issue, but as the agencies grew and criticisms of official agencies intensified, private international aid agencies also came under the spotlight. From the 1990s onwards, the results and impact of private international aid agencies (which, in fact, were largely financed by public funds) began to be inspected (see BIEKART, 1999; JORDAN and VAN TUIJL, 2006). Politicians, journalists and public servants believe that private international aid agencies must demonstrate greater responsibility, specifically through a more detailed demonstration of the results they achieve. This saw the beginning of a wave of results-based monitoring, which came about through the need to demonstrate aid effectiveness. Log frames and staff training in PME (planning, monitoring and evaluation) were introduced. One disadvantage of these developments was a fixation on short-term results and less concern about more long-term ones, which are likely to be more sustainable.

A fourth change to non-government agencies involved in international cooperation can been observed in growing competition between the international development actors who have since emerged on the global stage, such as citizen initiatives and corporate foundations. Smaller initiatives on the part of citizens, often as a result of personal relationships established during trips or through professional networking, are generally considered by donor NGOs to be complementary activities. Some NGOs may advise such initiatives or facilitate contact and local support, in order, for example, to set up a primary school or community health centre. On the other hand, some observers have been critical of private citizen initiatives, accusing them of a lack of professionalism and of negatively affecting the image of international cooperation in its country of origin (see KINSBERGEN and SCHULPEN, 2009). Another new competitor comes from the private sector, in the form of a new generation of corporate foundations: small and local foundations that operate in health and education, and larger foundations, such as the Bill Gates Foundation. Such foundations have also become more active in Brazil; this is examined in greater detail in another chapter.

A fifth point relates to the changes that have taken place in the internal organization of a number of private aid agencies over recent years. This has occurred in response to the persistent demands of new donors for greater effectiveness and more tangible results. All these changes within "solidarity agencies" from the North have profoundly affected relationships with "partners in the South":

- Due to a reduction in government subsidies to private international aid agencies, a greater share of funds now derives from the "charity market", leading to short-term populist strategies;
- Agencies have begun to decentralize their operations and organizations aimed at the South and, for reasons of efficiency, have increasingly begun to contract more local teams, while terminating the work contracts of teams from the North;
- The largest private international aid agencies (such as Oxfam, CARE, Save the Children and World Vision) are increasingly organized transnationally, in order to maximize fundraising based in the South (especially in the BRIC countries) and centralize global advocacy activities;
- Due to technocratic influences, an "accountancy culture" predominates, in which short-term tangible results are preferable to long-term, less tangible, but more significant, ones.

Overall, these trends have contributed to the de-politicization of the agendas of many NGOs from the North and this seems to have affected Brazilian partners (generally, more politically oriented) in a negative way, as we shall see below. Support from international cooperation to a number of Brazilian NGOs terminated (after decades of intense partnership) in the middle of the 2000s, while existing funds, for example those aimed at rights activities, have been reallocated to activities guided by the market, corporate social responsibility and environmental issues.

As a consequence of these trends, NGOs from the North have been confronted by a series of crucial choices. If they want to survive as private donor agencies, they have to invest more in raising public funds (which many already do), although they increasingly compete for the same funds with their partners in the South. Furthermore, they have to acquire the technical capability for quantification and evaluation. Another option is to reject this de-politicization and pursue other alternatives. Agencies such as Action Aid, Hivos and those that are more campaign-oriented (such as the Clean Clothes Campaign) prefer to extend their agendas towards generating transformative changes. Their focus has moved from an emphasis on service provision and sub-contracting for the implementation of cooperation policies to the exploration of new approaches, such as knowledge generation or training a support base in how to deal with global public issues within their countries of origin. The Dutch agency Hivos, for example, is now engaged with new develop-

ment actors, such as hackers, member of the digital generation and other activists, in order to explore new forms of global citizen action. Instead of establishing "projects", the new role of the agency is to develop partners and "exploratory laboratories" focused on knowledge exchange and the development of new visions for the future of international cooperation[4]. This work is chiefly funded by a broad spectrum of private sector foundations based in the USA, as well as by the Dutch government.

Implications for civil society recipients in the South (e.g. in Brazil)

The implications for partner organizations in the South and, by extension, for Brazilian partners, are quite drastic. After all, for more than two decades partnerships between international solidarity cooperation agencies were crucial to maintaining a political agenda focused on advocacy policy, rights-based approaches and training. This "golden age" has come to an end and it is unclear who will now take on the responsibility for funding such activities.

Before we enter into this question further, however, we should stress that international support (particularly from Europe and Canada) to Brazilian NGOs (largely linked to political opposition) was a critical element in the 1980s and 90s and contributed to fundamental political changes in the years that followed (see WILS and SCHUURMAN, 1991; LANDIM 1997; DAGNINO, 2008). This came about because of the relatively peaceful end to the military regime, the approval of the new Constitution and the electoral period that eventually led to the Lula presidency.

Compared to similar NGOs in other Latin American countries, what Brazilian NGOs did particularly well was to provide critical support to transformative social movements, which formed the basis for socio-political change in the new millennium. One key example is the organization of several, highly successful, "World Social Forums" in Porto Alegre. The relationship between these movements and NGOs is not straightforward, since they also created a great deal of tension, particularly in relation to the legitimacy of Brazilian NGOs "representing" such movements (DAGNINO, 2008; THAYER, 2010). Equally, a number of lessons were learnt about how to support social movements without creating dependency on external funds. From the 1990s onwards, this matter was also discussed in several Dutch documents about international aid policies (see WILS, 1999; DE KADT, 1997). The most important point, however, was that

(4) For information about this knowledge programme see the Hivos website: <http://www.hivos.net/Hivos-Knowledge-Programme/Themes/Civic-Explorations>.

Brazilian NGOs had a new role in relation to these movements, something also addressed by Dagnino (2008). The new context of international aid required a new policy agenda, as well as new forms of funding, although frequently the NGOs themselves categorically denied this, since they were unable to see that the political scenario was fundamentally different to the one 15 years earlier.

It came as a shock for many Brazilian NGOs to learn that the entire spectrum of private international aid agencies (from Oxfam to Christian Aid; from Bread for the World to the ICCO) had decided to "withdraw" their support to long-term Brazilian partner organizations. The partner agencies perceived this "withdrawal" as weakening the international solidarity relationship, yet for the international agencies this was a logical movement towards new political priorities. As some of the ICCO project agents expressed it:

> It is no longer power (based on a strong relationship with the ICCO and other donors) that will be important, but their ability to **influence** other stakeholders in the change process. This transformation from dependence on power to active influencer is a profound change, which has generated insecurity and resistance amongst certain partners (DERKSEN and VERHALLEN, 2008, p. 237).

It seems that a strong bond was established over the years, and breaking this bond was not easy for either party. The end of the FASE-ICCO relationship generated a wide-ranging discussion, about which we made the following comments:

> [...] at a certain point, there is probably a natural end to any partnership. Sometimes, this comes about after a decade, or as is the case of FASE, after many decades. It is clear from their emotional reactions that both partners considered the partnership to have absolute importance, which is accentuated by the levels of energy, transparency and innovation they invested. However, despite the various stages of "reinvention", the two parties have been incapable of extricating themselves from a certain, fundamental logic. We believe that this refers to an internal (and probably quite comfortable) standard implicit in all donor-recipient relationships, which becomes unstable as soon as funds are no longer the driving force (BIEKART, 2009).

What became clear was that both the donor and the recipient were paralysed by the relationship; both were incapable of handling the changing situation.

As previously discussed, the end of such partnerships is part of a wider trend whereby many Canadian and European solidarity aid agencies have decided to reduce, or even totally close, their aid programmes in Latin America. This trend for the "withdrawal" of European agencies had been feared for a decade, but it actually materialized much more slowly than expected. In fact, instead of an effective withdrawal, what has occurred is a reorientation to other countries and sectors (BIEKART, 2005). However, the speed with which this process has been recently implemented has led to concerns across the entire Latin American region: will programmes in poorer countries, such as Bolivia, Honduras and Haiti, also be "deactivated"? The fact that many partners were surprised by this "withdrawal", has also raised concerns that new forms of "civilateral" international cooperation are probably not emerging automatically.

This points to an interesting question that has emerged from the current discussion: why are Brazilian (and Latin American) NGOs not more active in the field of international advocacy? The social movements (such as, for example, the Landless Workers Movement – *Movimento dos Trabalhadores Sem Terra*: MST, and Unified Workers' Central – *Central Única dos Trabalhadores*: CUT, etc.) are truly active at global level, yet Brazilian political NGOs appear to have ceased global expansion at the World Social Forum and in ABONG activities within the ALOP (the Latin American NGO Network). Why is there such a modest Brazilian NGO presence in global campaigns and political advocacy networks? This matter requires a more in-depth discussion, given that there are many opportunities for the development of a joint Euro-Latin-American agenda for international cooperation "beyond dependency aid", for example. New international funding to support a more international role for experienced Brazilian civil actors is certainly available (as evidenced by NGOs in India, the Philippines, and South Africa), which leads us to the following question: are they really interested in getting involved?

Meanwhile, at a global level, changes are occurring to the way that the urgency of development aid is perceived; furthermore, in certain countries drastic changes are taking place. For example, the gradual imposition to demonstrate "visible results" (and frequently short-term ones) through the structural process of long-term change (which is practically impossible) has strongly influenced the strategies adopted by international solidarity agencies. Brazilian NGOs criticized this position twenty years ago, when they discovered that agencies in the North were not resolute in combating such pressure, although, at the time, private international aid was still in its heyday (see POELHEKKE, 1996). It is therefore cru-

cially important that Brazilian "partners" demonstrate more specifically the results they have attained over these thirty years. If we accept that structural changes occur slowly, we must also visualize how, and to what extent, – after decades of supporting social organization for the excluded – a new generation of effective social and political leaders will emerge. If Brazilian NGOs (as well as their donors) do not manage to demonstrate the relationship between their efforts and the results they attain, it will be very difficult to counter the neoliberal prophets of the "cooperation industry", who continue to press for short-term tangible products.

This, often antagonistic, ending to the solidarity partnerships of Brazilian NGOs is, in some ways, a little surprising. After all, as we have described above, over this period Brazil has experienced spectacular economic growth compared to other Latin American countries. We would therefore expect much more favourable conditions for the development of new forms of international partnerships, no longer based on the transfer of funds, but rather supported by mutual learning, knowledge generation and transnational advocacy strategies. One could question, therefore, whether the end of solidarity partnerships was really so dramatic. After all, opening new avenues and allowing new opportunities to emerge may lead to new encounters and partnerships.

The challenge in the short term is to adjust to a new situation, in which Brazilian NGOs press for, and design, their own co-funding system and thus possibly (but not necessarily) incorporate lessons learnt from Europe. This new co-funding system will have to be funded partially by the Brazilian government and partially by funds from other sources, with funding raised by Brazilian NGOs from a variety of international donors and corporate foundations, as well as from other local sources (as suggested by other studies in this volume). The greatest challenge, in our opinion, is to prevent Brazilian NGOs from repeating the same mistakes as their solidarity partners from the North, who ended up committing to a co-funding system which almost strangled them at birth. There are valuable lessons to be learnt in terms of governance, accountability and fundraising, as well as more political and strategic lessons related to the construction of coalitions and advocacy campaigns. However, Brazilian NGOs should also focus on transnational South-South cooperation, systematizing the lessons learnt from Latin American (and/or Brazilian) efforts to deliver successful activities that combat exclusion and disempowerment. These lessons are still not accessible to African actors or other social transformation agents, since many evaluations and studies are not designed to incorporate such analyses. However, given that many former members of Brazilian NGO teams are now participating in evaluations of in-

ternational aid interventions in Africa, the systematization of such lessons and a guarantee that they are used to improve South-South cooperation should not be a complex matter.

Challenges for Brazilian civil society actors

All these trends have had an impact on the position of Brazil within the international donor community, as well as in relation to Brazilian civil society actors who previously depended on international aid. The FGV-Articulação D3 research project encountered numerous Brazilian confirmations of the above-mentioned trends, such as a drastic reduction in flows of solidarity aid; a trend to support Brazilian organizations in becoming more financially sustainable; the trend that reveals limited private sector resources to support more "politicized" civil society organizations; and the lack of a clear government policy to fund groups that operate in the defence of civil rights. These findings demonstrate the need to explore new pathways, so that Brazilian civil society organizations are able to reposition themselves and develop new long-term prospects. To this end, we believe that new pathways could be explored in line with the directions set out below.

In the first place, a reduction in international philanthropic and/or solidarity funding is considered likely to weaken many organizations over the short term; however, over the long term this should be considered a real opportunity. As has been mentioned, instead of a shared, long-term political agenda, the agendas of partners from the South were often defined by those from the North, leading to a substantial loss of autonomy and little focus on technical information. As evidenced in many countries in the North, a gradual reduction in NGO budgets leads to a substantial reorientation of positions and priorities, which in turn frequently leads to an innovative (and quite healthy) debate about future prospects. It is clear that "solidarity or political funding" is necessary, but this should be derived from sources involving few ties, and could, in the near future, come from local sources.

In second place, we find the challenge to connect more horizontally and, therefore, collaboratively, with political/activist organizations based in both the North and the South, as well as with international networks. The aim is to promote a joint global agenda, supported by a clear division of labour in terms of the issues to be addressed in each country, in this case Brazil (in respect of climate change, water, energy, sexual and reproductive rights, etc.). This "Global Division for an Activist Agenda" may already be observed in global forums such as CIVICUS or the Busan Global Partnership for Effective Development and an Enabling Environment, although very few Latin American organizations participate in them. Overloaded agendas

mean that NGOs in the South are often absent from such meetings, despite the availability of travel grants. Exposure to "transnational advocacy networks" and global partnerships will encourage Brazilian civil society actors to recognize that they can play an important and strategic role in an agenda that is post-international aid and post-2015.

In third place, it is no longer helpful to write, as researchers tend to in their reports, about "rich-poor", "North-South" and/or "public-private". Over the last decade, such distinctions have become much more specific and subtle, leading to more productive forms of strategic alliance. The last Human Development Report (UNDP, 2013) clearly explains how the Global North has grown and expanded into countries such as Brazil, India and China, and that the post-2015 agenda will, in large part, be defined by these new emerging global powers. Are Brazilian NGOs prepared to participate in this? Do they have a vision about how to intervene at government and/or corporate level? The growing Brazilian agenda about Corporate Social Responsibility, for example, came about as a result of the continuous support provided by international aid agencies, although it is true that many local organizations still have their doubts about the real impact of the long-term practices of transnational companies. Today, a vibrant agenda certainly exists – only ten years ago, many believed this to be extinct. Brazilian civil society groups have an important role to play, alongside similar foreign organizations, in monitoring the international performance of Brazilian corporations. This is a relatively new agenda, in which African NGOs (for example, in Nigeria in relation to Shell) as well as Indian ones (in relation to Monsanto), are already constructing highly valuable experiences.

In fourth place, the era of international cooperation is no longer dominated by funding flows but increasingly by flows of information and knowledge, due to the revolution promoted by the above-mentioned ICTs. The future format of cooperation is probably, therefore, one of transnational knowledge networks dealing with the generation and sharing of strategic knowledge, rather than one of private transnational aid agencies. The interest here, therefore, is not a connection with "aid agencies", but rather with transnational knowledge networks and new forms of research of global relevance and with information systems in real time. In this sense, this FGV-Articulação D3 research project selected a central topic, which is expected to constitute the beginning of crucial changes to Brazilian international cooperation strategies.

Finally, our conclusion is that the conditions and context for international cooperation will change dramatically over a generation. Brazil is starting to occupy a leadership position at the G20, yet every-

thing indicates that Brazilian NGOs are not aware that they also need to readjust their role dramatically. Many opportunities exist, particularly because other Latin American organizations are closely watching how Brazilian civil society actors make their choices. Moreover, such choices are highly strategic, since they revolve around a world in which Brazil will play an increasingly dominant role, a role similar to that occupied by Europe when Brazil simply did not exist as a country. This is truly a great responsibility.

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PART II
New Formats

Chapter 5

Funding Civil Society Organizations through Individual Donations: a relatively unknown scenario in Brazil

Sofia Reinach

Brazil has experienced a series of transformations in recent years, some of which have affected the field for the promotion and defence of rights, which has in turn witnessed the emergence of "new" types of organizations and "new" fundraising mechanisms. These transformations are closely connected to Brazil's economic and social development over the last decade, in which numerous demands from social movements have started to permeate various areas of public management and public policy, while social policies have affected a greater proportion of the population, giving rise to new demands and changes to the way civil society organizations are funded.

"New" formats and fundraising mechanisms are evident in Brazilian society. Some of these are not necessarily new, but while they have historically been used in other countries, they are only now in systematic use by some Brazilian Civil Society organizations. Such is the case of fundraising by individuals, who have diversified their strategies, making use of the funding provided by new technologies and rethinking fundraising modalities. Initiatives based on micro-donations and face-to-face approaches are examples of this. Certain formats and mechanisms, such as crowdfunding, are actually new and have arisen from the possibilities inherent in communication tools and social networks.

This work aims to present existing debates about the use of individual donations to fund the activities of civil society organizations. On the one hand, donor behaviour and culture vary across different countries and

are determinants for the development of such strategies. On the other, one sees a range of fundraising formats and the architecture for individual donations. We will present some of these experiences and the contexts in which they have developed.

Individual donations in Brazil

The habit of making a donation from the family budget is common in several countries. Wojciechowski (2009) indicates that donations have become an important and growing part of the global economy. The Giving USA Study (2012) demonstrated that between 2010 and 2012 there was an increase of 4% in donations made in the USA, reaching US$ 298.42 billion. However, the data existing in Brazil is not very reliable and contains contradictions, preventing a detailed analysis of how and for whom individual donations are made. Existing research either does not contain significant samples or does not present disaggregated and detailed data on this subject.

When we examine donations and civil society organizations, we observe that a lack of data and research studies with representative samples is a Brazilian reality. Several studies have attempted to fill this gap; all of these, however, contain analytical limitations. To make the situation worse, we are dealing with research that utilizes different methodologies, each with their own limitations, so that their results may cause confusion, instead of supporting an understanding of Brazilian behaviour. This confusion across research studies, their limitations and, particularly, the contradictions contained in their conclusions are presented below.

The Institute for the Development of Social Investment (*Instituto para o Desenvolvimento do Investimento Social*: IDIS) conducted a study in which they applied a questionnaire about donation habits to more than 900 people. However, the sample was restricted to four municipalities in the inland region of the State of São Paulo, which does not permit an analysis of Brazilian behaviour. The data does, however, present a reality that might be repeated across several regions of the country (SCHLITHLER, KISIL, 2008).

The study results focus on the fact that 52% of people who said they make donations gave to churches, while 43% gave to Civil Society Organizations. Between 70% and 80% of these donations were made monthly, demonstrating regularity of contribution. In other words, according to this study, a significant section of this population made frequent donations linked, in most cases, to religious institutions. The average amount donated varied from 10 to 50 Brazilian Reals, with an average annual cash value of R$ 388.00.

These donations were not only of a religious nature, but were also centred on social welfare activities (as classified by 63% of the respondents) and those that support children and adolescents (72% of cases); the data derived from multiple-choice questions. Despite the fact that the data was based on donors 'impressions' about

the institutions to which they contribute, preventing confirmation of the typology of initiatives, donor intention is possible to establish. For these donors, it was important to donate to religious institutions that provide social welfare services to children and adolescents. In other words, the donation was made to help vulnerable people, something which is, by its very nature, a recognized form of charity, exemplifying the traditional way that religious institutions have supported social causes.

In 1998, a study was conducted in Brazil by the Institute of Religious Studies (*Instituto de Estudos da Religião*: ISER) based on methodology from Johns Hopkins University about individual donations and voluntary work (LANDIM, SCALON, 2000). The work involved a national survey, with a stratified and representative sample, to provide an analysis of the behaviour of the Brazilian population. In their book *"Doações e trabalho voluntário no Brasil: uma pesquisa"* (Donations and voluntary work in Brazil: a study) Leilah Landim and Maria Celi Scalon presented the results of the research, in which 1200 questionnaires were applied to people aged 18 or over, who lived in a city of more than 10 thousand inhabitants.

To some extent, the results of this work correspond to those from the IDIS research in the state of São Paulo. According to the ISER, 50% of the Brazilian population donated money or goods to an institution. Of these, 20.6% donated money and 49.7% donated goods. Another 30% of the population made donations directly to people rather than to institutions. Donations to institutions demonstrated an average value of R$ 158.00 per year, significantly lower than that found in the survey from the state of São Paulo.

The studies concur that 50% of the Brazilian population makes donations and that, in the main, this money is given to religious and social welfare institutions. According to the ISER, the amount donated was greater for religious institutions, which received 50.6% of the total donated, while social welfare institutions received 46.6%. However, when we examine the quantity of donations, we see that this logic was reversed. The average annual amount donated to religious institutions was R$ 197.00, while for social welfare this was R$ 76.60. Other types of institution were mentioned in the questionnaire, but only institutions that worked in health, education and the defence of rights demonstrated sufficiently high values to appear in the ranking, totalling 2.8% of the value donated. The ISER research sample therefore demonstrates that when Brazilians donate they give to religious or social welfare institutions.

Another study about donations derives from an analysis of data from the Household Budget Surveys (*Pesquisas de Orçamentos Familiares*: POF) and censuses conducted by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*: IBGE). The POF includes a question about donations; however, it does not separate types and provides the following examples, "donations to organizations, religious

groups, churches, pensions and allowances". In other words, by incorporating such diverse donation modalities, we cannot draw conclusions about the destination of donated funds with any accuracy. Nevertheless, the results of this analysis clearly demonstrate that about 9% of the population (17 million people) make donations, totalling R$ 5.2 billion. This total differs significantly from the 1.7 billion from the ISER study. Considering that variation in the inflation index was approximately 112% between 1998 and 2010, if the ISER data were updated it would yield a donation total of R$ 3.6 billion, compared to the R$ 5.2 billion indicated by the POF. Due to a lack of specification regarding the type of donation declared to the POF, however, these values may not be compared. One could conjecture that the volume of donations made in this country is rising, although, such a conclusion would not correspond to the study below, presented by the Christian Children's Fund (*Fundo Cristão para Crianças*) in analyses conducted on the POF itself.

In 2011, the Christian Children's Fund (affiliated to ChildFund International), and the RGarber consultancy, cross-referenced information arising from the POF question regarding donations with census population, and compared changes to the amounts donated between 2000 and 2010, establishing that a fall in donations occurred over these 10 years[1]. The study was also based on non-specific data about donations taken from the POF; when these donations were disaggregated by social class, they concluded that there was a reduction in the amount donated by people from all classes, except Class C, where donations increased by 14%. Nevertheless, this increase was not sufficient to compensate for reductions in other social classes. In other words, contrary to what the other research suggests, this study posits that donations in Brazil are falling.

The analyses presented in these documents also diverge from the ISER study in relation to donor profile. The first posits that "the lower the income, the greater the proportion dedicated to donations" (CHILDFUND; 2011, p. 39). Meanwhile, the research conducted by ISER reveals the contrary: the higher the income, the larger the donation. The data is distinct in nature and depicts different moments in time; however, this divergence demonstrates the low level of reliability of what was measured.

In 2012, the British NGO, Charities Aid Foundation (CAF), published its study, 'World Giving Index 2012: a global view of giving trends', containing results from research about donating practices across the world. The question was simple: respondents could say they donated money, undertook voluntary work or helped someone they did not know in each month of that year. Brazil ranked 83rd out of 146 countries analysed.

(1) The results may be seen at <http://www.slideshare.net/flac2011/perfil-doadores-brasil-child-fund-brasil-gerson-pacheco> e <http://issuu.com/fundocristaoabc/docs/relatorio_anual_final>.

According to the study, 24% of the Brazilian population made monthly cash donations, a figure well below that presented in previous studies. Due to the size of the Brazilian population, Brazil was fifth in terms of the number of donors, but considering the proportion of its total population, it ranked lower in the general ranking. Another assertion the study made was that, over the last five years, donations have risen in Brazil, once again revealing contradictions in data from different studies. In 2009, the same institution published a study about donations made in BRICS, which revealed that Brazilian donations have a strong welfare-related nature: about 40% of funds went to social organizations and 39% stated that they donate directly to people on low incomes[2].

This picture demonstrates the lack of accurate information about individual donations to civil society organizations in Brazil. The few existing indices exhibit a heavy concentration of individual donations to religious or social welfare institutions. This reveals the strong welfare identify of donations and the lack of a tradition in Brazil of making donations to organizations that work in the defence of rights or advocacy. However, when such donations are made, who donates and how this has evolved over time has not been measured in national research. Thus, a significant gap is evident, which could lead to mistaken and contradictory interpretations, such as those presented above. One of the main observations of the studies presented in this work, therefore, is the urgent need for Brazil to obtain accurate, reliable and frequent data about the population's behaviour in donating to civil society organizations. The situation we have presented above provides a mere summary of the difficulties encountered when analysing the potential of individual donors or the volume of funds already in circulation through such donations.

Fundraising for Causes – the case of Greenpeace Brazil

An interesting case study, and one that is still unfolding, is the experience of Greenpeace Brazil. Greenpeace is an international organization with a central tenet to receive funding donations from individuals. When the Centre for Public Administration and Government Studies of the Getulio Vargas Foundation (*Centro de Estudos em Administração Pública e Governo – Fundação Getulio Vargas*: CEAPG-FGV) carried out its research into the "Institutional Architecture of Support to Civil Society Organizations in Brazil" (2012), it conducted case studies with a number of organizations, including Greenpeace Brazil. From the data published in its annual reports and through interviews conducted with its managers, Greenpeace provided our study with interesting information, which illustrates the reality of an institution in Brazil seeking to support itself through individual donations.

The organization came to Brazil 20 years ago, setting itself the challenge to establish operations based on the

(2) Accessed via <http://www.idis.org.br/acontece/noticias/pesquisaanalisapraticas-de-filantropia-nos-paises-do-bric/>.

same funding model that it uses in countries where a donation culture is already well established. Over the last two years, it has intensified its activities and become increasingly reliant on its ability to extend its individual donor base.

Greenpeace focuses on issues related to environmental protection and began its operations in Brazil 20 years ago, when it participated in Eco-92 in Rio de Janeiro. Prior to this, Greenpeace had been involved in specific causes in Brazil, but had no ongoing operations. In 1992, the institution came to Brazil with a plan to concentrate on reducing deforestation in the Amazon. Some years later, its operations expanded to include genetically modified crops and energy, and it first began to discuss toxic gas emissions and then the increasingly relevant cause of genetically modified crops. Later, other specific activities began to expand and Greenpeace launched larger campaigns, such as the campaign for the Oceans. Today, Greenpeace Brazil has five campaigns: the Amazon, Climate and Energy, Nuclear Power, Oceans and Genetically Modified Crops.

In order to financially support their activities, Greenpeace Brazil still relies on significant support from Greenpeace International. However, one of its current challenges is to increase the independence of the national office. The Director of Marketing and Fundraising for Greenpeace Brazil, André Bogsan, stated in an interview, that the percentage participation of Greenpeace International at the time of the interview was around 40%, while the 2013 target was for 100% independence.

Funds are partly used to maintain office activities and structures and partly to invest in fundraising to attract more supporters. Greenpeace only works with funding from individual donors. Since the institution is active in the defence of rights, one of its stated values is not to work with government funding or funding from private initiatives; this only happens with very few projects and in very specific cases.

Its advocacy work is 100% funded by individual donors, thereby guaranteeing neutrality and freedom in the use of funds. In the interview, André Bogsan described the difficulty of relying on donations in Brazil, particularly since, as has already been stated, it does not have a donation culture, nor does it offer tax incentives for this type of donation. The country's tax on donations is 7%, although in São Paulo, a specific type of donation may be deducted from declared profits; however, the limit is 50 thousand Reals, which is considered low. The Director of Marketing and Fundraising for Greenpeace also stated that NGOs pay the same bank rates as companies, so that, according to Greenpeace, for each 20 Reals raised, between 3.5 and 4% is used for banking costs.

Greenpeace has 50 thousand supporters in Brazil, of which 35 thousand are donors. According to Bogsan, most of these are teachers or students, class C and D "intellectuals", who donate on average 20 Reals per month, although higher value donations do occur. Further, Bogsan states that the number of donors is extremely low compared to other countries, such as Argentina, where donors number between 300 and 400 thousand.

As previously noted, Greenpeace fundraising in Brazil is expanding and is expected to achieve 100% financial independence from Greenpeace International. In 2011, the increase in funds raised was 17%; in 2012, the target is set to increase by 32%, with a further 25% in 2013. To this end, they are investing in a range of fundraising methods, such as street fundraising, door-to-door, face-to-face, via the internet, telemarketing, etc.

Greenpeace's structure and capacity to publicize its activities in order to attract new donors are more extensive than the average Brazilian Civil Society Organization. In other words, Greenpeace already has a strong brand, as well as receiving funds from Greenpeace International, in order to establish operations in Brazil through a portfolio of significant donors. Nevertheless, the interview with André Bogsan makes clear the difficulty of maintaining an institution via individual donations in this country.

Greenpeace is an interesting case, since it has a modern and ambitious strategy to fundraise from individuals in Brazil. However, it has received international funds to help it achieve this, and is able to rely on its substantial and well-known identity. Such a context differs from the average profile for this type of institution in Brazil, and should not therefore be used as a blueprint. Brazilian Civil Society Organizations generally have less access to funding to invest in this type of strategy, nor do they have brands as strong as that of Greenpeace.

Other organizations that invest in fundraising via individual donations are ABRINQ Foundation/Save the Children and UNICEF. Both institutions have a significant capacity to invest in modern fundraising strategies and may be compared to Greenpeace Brazil. Equally, they are very different from most Brazilian civil society organizations.

In 2013, Greenpeace Brazil ran three offices: one in Manaus, one in São Paulo and one in Brasilia, with approximately 100 employees (GREENPEACE, 2012). It also has supporters – volunteers who work sporadically on campaigns, events or in face-to-face fundraising. Whilst this is only one indicator of an organization's structure, it is useful to illustrate how Greenpeace's situation and capacity to fundraise from individual donations are quite different from those of most similar Brazilian institutions.

New Ways of Donating: Individual Micro-donations[3]

New ways to make donations have emerged in recent years. In general, these are linked to technological advances, which have enabled new forms of fundraising to be considered. When we explore internet resources or new payment methods, we see that some initiatives have proposed alternative ways of fundraising through so-called micro-donations.

(3) The information in this section was taken from the website of each initiative.

Certain international examples are striking in the way they illustrate these increasingly significant experiences. There are also some interesting, albeit still incipient, examples in Brazil.

One such case is the "Flattr" portal (<http://www.flattr.com>), which aims to facilitate decision-making in relation to donations. On registering, an individual defines how much they would like to donate on a monthly basis. This money is then sent to the "Flattr" administration. The donor now has "credit" with the site and may allocate donations to causes they select while surfing the internet. For their part, projects that are registered with "flattr" may add a "flattr" button to certain internet pages. When the donor clicks on this button, they are saying that they would like to send some of that month's total donations to that particular project. At the end of the month, "flattr" divides the total donated between all the donor's "clicked" projects.

The types of project supported by "flattr" vary widely. One may select several categories, including "music", "games", "blog", "photos", "charity" and others. The charity category includes institutions such as Greenpeace, WWF and Save the Children and other, smaller, organizations for child protection, government transparency or societies for sufferers of specific diseases.

Another, similar, initiative is "pennies.org.uk", which proposes to recreate the circumstances whereby small change is donated at the point of purchase, transferring this to a situation where the transaction is made by electronic card. In other words, pennies.org.uk recognizes that small change can no longer be donated when paying by card and has come up with a way of donating 'pennies' even when not using cash. The money raised by pennies.org.uk is distributed across seventeen institutions, mainly linked to cancer treatment (often for children), Alzheimer's, other age-related diseases, for the benefit of children who have suffered burns, etc.

Alongside these initiatives, one finds <http://smallcanbebig.org/>, which raises micro-donations to support families on low incomes or experiencing other social problems, such as domestic violence. After two years of operation, the website announced that it had raised 200 thousand dollars, which prevented 200 families and 400 children from becoming homeless. This initiative operates through partnerships with institutions that work with families in need and assesses families at high socio-economic risk who would substantially benefit from a single donation, putting them in a position to rebuild their lives. Supporting institutions also generally provide these families with other forms of assistance.

In Brazil, a new institution, with a similar intention, is in development. The Instituto Arredondar, set up in 2011, is a non-governmental non-profit organization that proposes a new form of fundraising for civil society organizations. The institute aims, by "rounding up" (*"arredondar"*) the value of purchases, to encourage people to make micro-donations. The idea is that on making a purchase for R$ 19.90, for example, the purchaser has the

option to round this up to R$20.00, thereby donating R$ 0.10 to the Instituto Arredondar.

The institute emerged when its President read a book about innovative funding methods, "Financing Future – Innovative funding models at work", written by Maritta Koch-Weser and Tatiana van Lier. The idea of bringing such an initiative to Brazil arose from this reading and led to a search for more information and the funding required to set up such an enterprise.

Since the institute's activities are in their initial stages, it is still selecting organizations to receive funds when practice commences. To this end, it is funding a selection process in which 15 organisations, out of the 330 registered, will be supported. To enter the selection process, an institution simply needs "to be aligned with the UN Millennium Development Goals and have a 2011 budget of up to R$7 thousand. For the first tendering round, they must operate either in Rio de Janeiro or São Paulo, be secular, non-partisan and reputable" (INSTITUTO ARREDONDAR, 2012).

The selected organizations will receive an annual amount of up to 10% of their previous year's budget, capped at R$ 150 thousand per year. Partnerships will be established for three years and funding may be used for any purpose that the organization's managers deem proper. In other words, the funding does not have predetermined goals.

The institute has entered into partnership with a company that works with a system of trade payments that will enable all their 10 thousand clients (at 88 thousand points of sale) to round up their *centavos* (or cents). Furthermore, large retail chains (physical shops and e-commerce), have already expressed an interest in offering this option to their clients. Initial activities to set up Arredondar are being financed through a fund utilizing individual and company donations. At the outset, however, 10% of raised funds will be used to cover the Institute's costs.

We can see, then, that Brazil has begun to set up its own micro-donations initiatives. Other experiences, such as the <http://catarse.me> and <http://www.vakinha.com.br/> websites also work with the concept that via small donations from a great many people it is possible to fund the activities of organizations that have problems obtaining funds in other ways. Today, the Catarse website is held up as a Brazilian example and, according to data on its website[4], has already raised R$ 7,759,518 and supported 526 projects, although there is no data about the kinds of initiatives funded or their donor profile. It is, however, a good example of the emergence of this type of initiative in Brazil; one that has already achieved results.

(4) Accessed on 26 May 2013.

Final Considerations

Civil society organizations in Brazil have their own particular history, which has had a decisive effect on the kinds of funding that have supported them over the last 30 to 40 years. In the 1970s, while European countries were holding in-depth discussions about the defence of rights and substantial organizations were involved in such activities, Brazil was emerging from a military dictatorship. The context in Brazil was very important for the way discussions about the operation of organized civil society developed. The context of political struggle led to the establishment of new groups, with their own identities and causes, nevertheless united by a common goal – the struggle against the dictatorship (GOHN, 2005; SCHUMAHER; VARGAS, 1993).

In this context, several international development agencies set out to interfere in and establish the Brazilian agenda. International cooperation agencies usually supported groups and organizations that worked within the policy and development experiences of democratic countries; the debates therefore centred on the aspirations of a country in which the government was elected by a democratic regime.

During the period of Brazilian democractic consolidation, funding from international organizations was fundamental for sustaining initiatives that remained, out of both preference and need, disconnected from government structures. The 1970s in Brazil were therefore defined by the emergence of organized groups that worked towards and debated changes to the status quo of the state plan (GOHN, 2005). Social movements became bigger and stronger, since they were seen as acts of resistance and civil disobedience in fighting against the regime (GOHN, 2005).

This context has changed, with the development of democracy and the economic growth that Brazil has experienced over recent decades. International organizations have reduced their funding for activities in Brazil or altered the form and nature of initiatives that receive such funding. At the same time, the Brazilian government is now a potential project funder, since, despite its anomalies, it is no longer a symbol of authoritarianism and violence. Alongside the government and international cooperation, the private sector has strengthened its social responsibility activities and invested significant amounts of funding in certain projects via foundations and institutes.

The funding scenario for civil society organizations in Brazil has changed rapidly. However, a significant number of organizations, which have historically worked in the field of the defence of rights, are not suited to the funding formats that have gained the most prominence. These have therefore begun to pursue alternative forms of support, ones that do not necessitate ties with either the government or private companies.

While it is possible to discern weaknesses and specificities in Brazilian experiences, there is insufficient data

for a more in-depth analysis about this kind of initiative. Individual donations made in this country cannot be precisely measured. However, studies about Brazilian behaviour correspond in their diagnosis of the welfare nature of Brazilian donations and of fewer ties to organizations that seek autonomous and independent operations. In other words, although it is hard to ascertain the potential for fundraising via individual donations, we can confirm that the donation profile needs to change or new donor audiences need to be reached so that non-welfare organizations may benefit from this source.

Both new funding formats and the stimulation of individual donations could confer a certain amount of autonomy on organizations for the defence of rights. Receiving funds from the private sector or the government means that certain organizations are not able to put forward demands independent of the interests of these sectors. The same necessity that prevailed during the dictatorship, when many organizations expanded by relying on forms of funding that enabled them to maintain their independence, continues to this day. However, perhaps because of the nature of their causes and the way in which the country is organized today, funding that confers autonomy is a complex and challenging pursuit for Brazilian civil society organizations. We should note that, in order to maintain a foundation whose earnings sustain an organization, a large amount of funding must remain immobilized in a financial institution. Moreover, convincing people to make donations requires a complex and expensive strategy to attract donors as if they were clients. For most Brazilian organizations, this goal remains unattainable.

In this sense, micro-donations have emerged as an alternative to the two scenarios described above. These guarantee autonomy, while depending neither on an expensive complex structure, nor on a large amount of accumulated funds. This form of fundraising is still underdeveloped in Brazil, although its potential is evident. Furthermore, the amounts donated remain small and occur neither continuously nor regularly. In other words, it is still unusual to encounter micro-donations capable of sustaining an institution, despite their huge potential to fund projects and initiatives.

Individual donations may therefore be considered a possibility for civil society organizations in their pursuit of funding to finance activities autonomously and independently. However, this requires greater knowledge of the characteristics of the situation in Brazil, with accurate and reliable data about donation habits. Furthermore, institutions need to find ways to interact with different audiences and to mobilize them, using modern, low cost tools.

Today, individual donations with such characteristics remain relatively unknown in Brazil. Despite this, we have a sense of their great potential for funding civil society organizations.

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Chapter 6

New relationships are hard work: the adoption of new fundraising formats by civil society organizations in Brazil[1]

Ladislau Dowbor
Monika Dowbor

Introduction

Between 1990 and 2005, the universe of non-profit foundations and associations in Brazil grew from 106 to 338 thousand civil society organizations (CSOs) (CEAPG & ARTICULAÇÃO D3, 2013b: 14). The international funding bodies that had supported them for decades began to change direction and focus, while the social policies for which civil society organizations had fought in the 1980s reached a phase of implementation, in which CSOs began to participate as proponents and administrators. Within this change scenario, the inadequate nature of traditional forms of fundraising has become evident. Indicative of the impact of these changes are, variously, the emergence of a set of "new fundraising formats"; the inclusion of the figure of donor, consumer or social investor in the funder sphere; and the emergence of bodies that organize and facilitate access to such funding sources through global connectivity. In this chapter, we start by examining the profile and operation of such organizations, which we will call intermediary organizations, since in our view they most clearly represent the trends and transformations taking place within the new forms and sources of funding. In this sense, they provide evidence of the challenges faced

(1) We would like to thank Michel Freller for his valuable contributions to our reflections on this theme.

by CSOs for the defence of rights[2] in attempting to adopt new formats. Out of this reflection, we will argue that, rather than focusing on the "donation culture", it is more productive to interpret the relationships established between both existing and emerging funders and recipients.

Our initial premise, which could, nonetheless, be regarded as provocative, was that CSOs shaped their modes of organizational operation not only according to the political agenda of the rights they defend, but also in line with traditional funding sources (SKOCPOL, 1995). Their discourse was adjusted to that of international or government agencies, as well as to modes of external communication, while networks of relationships were established in dialogue with certain types of actors, including public administrators and bureaucracies. Now, "new fundraising formats" involve the establishment of new relationships with the players that have started to emerge onto the scene – the donor, the client, the social investor, which previously were absent or non-existent, at least within the sphere of CSOs for the defence of rights. Moreover, such new relationships entail hard work and necessitate changes to CSO modes of communication and operation.

The text begins with a presentation of the three types of organization that we call intermediary, because of the position they inhabit between local CSOs and funders, in order to construct and facilitate relationships between them. We then turn our attention to the new funding relationships for organizations for the defence of rights, including ones of donation, consumption and social investment, indicating the challenges involved in establishing or strengthening these.

Intermediary organizations: connectors and facilitators of new relationships

The repertory of "new funding formats" consists of a limited set of formats available to CSOs, most of which already exist. Some formats are already used both frequently and widely, while others are only used preferentially, by a specific type of social actor. What here we call "new formats" are not, therefore, unprecedented. The concept of the individual donor is a traditional one in Brazil, the first community institutions date back to the 19th century – but their use by CSOs for the defence of rights has been secondary or non-existent. A sizeable portion of such novelty, however, is real, and principally lies in the

(2) The heterogeneous world of civil society organizations may be classified into several analytical types. In this text, the reflection is guided by a specific category of organizations for the defence of rights, which were the focus of the research into the Institutional Architecture of Support to Civil Society Organizations in Brazil. The IBGE defines these as, "associations that are established to work in causes of a social nature, such as the defence of human rights, the defence of the environment, the defence of ethnic minorities, etc."; in 2005, this represented 13% of the CSO sphere in Brazil (CEAPG & ARTICULAÇÃO D3, 2013b, p. 14-15).

importance such formats have begun to acquire, enabled by new communication technologies and the global connectivity the internet permits organizations, groups and individuals.

Given their similarity to funding from international organizations or government agencies, which are considered traditional, in theory, such new formats are within the reach of individual CSOs. However, their effective use depends on CSO organizational, relational and discursive capacity, previously adapted to other forms of funding. That is, the new formats introduce new complexity, new expertise, and new relationships. This complexification is expressed through the emergence of organizations, which we will here call intermediary, due to the position they inhabit between the local CSO and the funder/donor, as well as the role they play in connecting CSOs dedicated to working with communities with those that wish to fund them. Such intermediary organizations provide a privileged viewpoint from which to capture ongoing changes, and certain key elements prompt critical questions for CSOs: how does one reach thousands of individual donors? How does one convince them? What strategies are required to maintain a relationship with them? We will consider these questions in the second part of the text, but for now let us approach the sphere of intermediary organizations and observe their dynamics and trends.

On the one hand, intermediary organizations perform, or are responsible for, fundraising, while on the other, they channel funding to those who transform it into projects and activities. Constituted as CSOs, consultancies or companies, they benefit from expertise in how to use fundraising tools and execute fundraising strategies. They provide services geared to the profile and needs of CSOs, provide updated information on this theme and can assure funders of the suitability of social initiatives. They are able to establish these relationships because of their capacity for appropriate connectivity, using new communication technologies and financial management tools, as well as through their networks. In a preliminary classification, based on research into this sphere (CEAPG & ARTICULAÇÃO D3, 2013a), one may distinguish three types of organization: one that makes a particular tool (crowdfunding, telemarketing etc.) available to CSOs; one that provides specialized financial services; and, finally, one that specializes in fundraising for local CSOs. We will concentrate on the latter, due to its potential for new funding relationships.

Intermediary organizations that organize crowdfunding exemplify the first type. This form of fundraising consists of a project to obtain donations up to a specific amount required to achieve a specific objective. The organizations that host such initiatives, on specific crowdfunding websites, help interested

parties prepare material, provide some guarantees of the suitability of initiatives and control the flow of funds (see the Brazilian example <http://www.comecaqui.com.br>). The crowdfunding profile is not restricted to social projects and is used by a variety of actors, including initiatives that seek funding for a specific surgical procedure, or a project to release a record or stage a play. Its use tends to be sporadic rather than regular, is aimed at specific campaigns or individual donors, and campaign publicity is partly supported by the social networks of the person, company or organization.

The second type of intermediary organization functions within the circulation and management of financial resources, based on the principle of solidarity lending aimed at funding social initiatives, without profiting from the transaction. The purpose is to substitute banks (but not banking activities) and the basic idea is to collect a community's savings and pass them on to those in need, be that a community itself, or an individual, literally on the other side of the planet, charging administrative costs but not bank rates. This takes place within the structure of the Brazilian financial market, which is highly specific and remunerates depositors at a rate of 8%, while charging companies 60% and individuals 110% for loans; overdraft charges are 160%, while credit card charges are 238% per year (DOWBOR, 2012). Large credit companies add further costs to this process of extracting savings, impoverishing the population rather than supporting the activities of those that require funds, by charging between 100% and 200% in interest. Financial intermediation substitutes bank operations, appropriating existing savings for social ends. This is practiced by around 103 existing community banks in Brazil – the Banco Palmas being one of the best-known examples.

The Charities Aid Foundation (CAF), which has worked for more than 80 years in connecting CSOs and donors, is an organization that provides a series of fundraising tools and specialized banking services aimed at the CSO sphere. It directs individual and company donations received via its website and provides banking, savings and investment services to CSOs. The CAF clearly expresses that its intermediary role is to economize individual efforts and build bridges between donors and recipients: "For charities, we provide not only financial services and advice but also donation processing, freeing them up **to concentrate on the real work of making a difference**" (our emphasis)[3]. The CAF's Brazilian correspondent is the Institute for the Development of Social Investment (*Instituto para o Desenvolvimento do Investimento Social*: IDIS).

(3) Available at: <https://www.cafonline.org/about-us.aspx>. Accessed on: 20 Apr. 2013.

Research shows that Brazilian businesses concerned with social responsibility are more likely to administer their own projects than to fund those of other civil society organizations (CEAPG & ARTICULAÇÃO D3, 2013c: 10). This trend has changed slightly through the emergence of "community foundations", the third type of intermediary organization discussed here. This denomination does not correspond to any legal entity in Brazil, but indicates a new function that certain organizations have begun to adopt and whose main area of action is fundraising or financing CSO projects that operate within a territory described as the foundation's "community". Here, community may be understood in terms of a shared cause, or restricted to a specific territory.

The role of community foundations is to establish connections between donors and recipients and construct close relationships between them. On the one hand, they make use of and/or construct networks of relationships with donors, while on the other, they establish and develop closer relationships with recipient CSOs. Their members often include activists and militants with long-term knowledge, experience, careers and relationships, which constitutes the basis of their fundraising legitimacy. At the same time, such elements are crucial for identifying projects worth funding, assessing an organization's capacity and the relevance of its themes (Seminário Arquitetura Institucional de Apoio às OSCs, 2013).

Community foundations tend to promote relationships of trust and legitimacy. If the definition of the community depends on the context and reading of the actors involved, the notion of a well-known territory, close relationships, collective action and care towards a common good are fixed traits. For example, where the community itself monitors the activities of a welfare organization in a small inland city. Another example is the *"Criança Esperança"* initiative, recognized by the Brazilian population and supported by the largest television broadcaster in the country. CSOs that defend rights do not enjoy such immediate capital. A community foundation can circumvent the fragmentation and lack of connection, communication and relationships between CSOs and funders, and establish a frame of reference for both sides. Beyond their expertise in financial management and fundraising, community foundations may therefore establish relationships between donors and CSOs relatively quickly, based on trust and legitimacy.

In terms of fundraising tactics, foundations are able to make use of a range of existing fundraising tools. The Global Fund for Women, for example, which works with the broad notion of a "community" of women, offers a wide range of donation options on its website, which clearly take into consideration variation in donor profile. These options include donations made online, by telephone, e-mail, fax, gift

donations, inheritance and others[4] and "has experienced a significant increase in individual donations over the last 10 years, rising from 9% to 50% of the total received by the organization" (CEAPG & ARTICULAÇÃO D3, 2013a: 26). Community foundations are recent initiatives in Brazil, as witnessed by the eight community foundation members of the Network of Independent Civil Society Funds, and the volume of funding is still not large. However, they already have a presence on Brazilian territory, in the form of accumulated knowledge, experience and publicity channels, meaning that potential exists to replicate this institutional format.

The commonality between these three types of intermediary organization is their role of connecting, through tools and/or services, CSOs that require funds and those in possession of such funds. They facilitate the establishment of new relationships, which would involve high financial or organizational costs, if pursued by an individual CSO.

The next step in our reflection is to look at relationships with one of the new and potential funders of organizations that defend rights, namely, the donor. In analysing this figure, we also highlight what we can learn from it.

The relationship with the donor

The new fundraising tools, such as crowdfunding, special events and charity auctions, endowments/funds, micro-donations, face-to-face tactics, click to call, mobile phone text messaging and telemarketing[5], all have in common the figure of a donor, someone who needs to be convinced, or whose adherence to a cause, via donation, needs to be maintained. However, to do this, traditional forms of dialogue, such as projects and reports, are ineffective, and CSOs need to use a different set of tactics, in which communication and transparency occupy an important role. The relevance of such tactics may be gathered from that we know about existing donor relationships in Brazil.

A national survey conducted at the end of the 1990s indicated that 50% of adults make donations in Brazil (Landim; Scalon, 2000, p. 26 and 33). This data could be construed as either demonstrating a key opportunity for growth in the number of donors, or, the inverse, that is, the inadequacy and precariousness of "donation culture". Brazil occupies a distant 85th position in the global ranking of donating countries.

(4) Available at: <http://www.globalfundforwomen.org>. Accessed on: 20 Apr. 2013.

(5) See Table 1 (in the chapter appendix) for definitions of these tools.

Rather than focus on the half-empty glass, we believe that a more beneficial analysis reflects on the 50% who do make donations and, particularly, on those that donate to CSOs. This provides us with some idea about how to construct relationships between donors and recipients in this country. Of the 50% of Brazilian adults who make donations, less than half (21%) donate money to institutions[6], while 97.2% of donations were aimed at religious or social welfare organizations.

These traditional organizations have a long history of operation in this country and enjoy recognition and legitimacy in the communities in which they operate and with wider society (DOWBOR, 2009). For decades, their operations have been aimed at the most vulnerable members of society, whose needs are easily understood by the wider public. The relationship between donors and recipients was based, therefore, on the trust and legitimacy of the cause. On the one hand, for community members the organizations local operations were visible to the naked eye, and this monitoring sometimes constituted their mechanisms for oversight and transparency. On the other hand, operations were considered socially relevant and were easily decoded as such, particularly in a country in which the State was either considered absent or failing in its provision of basic social protection services[7].

Today, the conditions required to establish such relationships have been profoundly altered by new communication technology and connectivity, but the principles on which they are based remain valid: donors need to trust the initiatives they decide to support and, in turn, recipients and/or their specific causes need to have a degree of legitimacy. The question is: How do we guarantee this? What, within the CSO's current operation, is aimed at setting up a relationship with donors? If we studied a civil society organization with a history of about twenty years, for example, we would find an organizational structure prepared for and focused on certain types of fundraising, including funding from international cooperation or via government tender. It would contain people specialised in preparing documents, filling out forms and producing projects according to the demands and objectives of such tenders. The organization would be represented in several civil society forums and councils and would take part in events that could strengthen its network of relationships and contacts with government representatives and multilateral agencies. Its website would be aimed at the communities with which it works and the discourse in its leaflet

(6) In the USA, 69% of family units donate to institutions; this amount is, on average, five times greater than in Brazil (LANDIM; SCALON, 2000, p. 26 and 33).

(7) The same principle of a direct association between donations and the cause to be remedied is seen in cases of catastrophe: donation beneficiaries are concrete, real and visible.

would correspond to the language of those who support it. If the alignment of this discourse makes the dialogue intelligible and more fluid and enables action to be taken more rapidly, the question we now ask is whether such an organizational profile and structure is capable of reaching and mobilizing new funders, including individuals who may be unaware of this cause. This question is rhetorical and the answer we anticipate is negative.

In the same survey of donation profiles in Brazil, in which the lion's share went to philanthropic and religious organizations, the amount of donations sent to organizations for the defence of rights did not exceed 1% (LANDIM; SCALON, 2000, p. 26 and 33). This data does not necessarily indicate a lack of support, but rather the insignificant place that the individual donation has occupied in such organizations until recently. One could say that this relationship has not yet been engaged. In other words, it is not only a lack of "donation culture" that explains the absence of donations to CSOs that defend rights (if this were the case, no donations would be made to religious or welfare causes), but also a failure to establish either this relationship or the conditions of trust and legitimacy required for the act of donation to take place.

Beyond an analysis of existing donor relationships in Brazil, another approach is to examine the new fundraising tools aimed at the individual donor, as presented in Table 1 (in the chapter appendix). The donation relationship may be sporadic, unique, regular or continuous, but it always involves an act of convincing. "Face-to-face" street-based contact, undertaken by an activist in an area of high pedestrian circulation, is highly personal contact in which the donor perceives the involvement and dedication of the activist representing that cause. The importance of establishing such personal contact, in which powerful psychological mechanisms operate, may be illustrated by the case of the United Kingdom, a country that occupies a high donor country ranking, yet where only 15% of donations are made online[8]. This demonstrates that direct and, thus, more personal, contact is considered more effective for donations to take place and be maintained.

Telemarketing services, for their part, renounce the "face-to-face" relationship, but maintain contact based on exchange and the possibility of dialogue, and consequently on arguing and convincing. They place the potential donor in a situation in which their attitude is made explicit during a conversation and which is, to some extent, assessed by the interlocutor, increasing the chance that the reputational effect results in an attitude considered "correct" within the parameters of that relationship. When we donate, we acquire a new status, that of someone aware of the suffering of another, for example, or of someone en-

(8) Available at: <http://www.guardian.co.uk/voluntary-sector-network/2012/jul/10/telephone-fundraising-crucial-campaign>. Accessed on: 20 Mar. 2013.

gaged in a political action. The importance of this status will obviously depend on the social recognition of the act of donating. Finally, another more extreme example of the type of relationship established between the donor, the organization and their cause, is one that functions via a text message sent to the potential donor's mobile phone. This communicates but does not create a relationship, and, to be convincing, relies on the presence of an excellent symbolic frame of reference.

Usage of such tools may also be assessed in terms of the profile of the donor one seeks to reach. A prior socio-economic, political and cultural analysis made by a CSO is an important stage in selecting the target audience with the greatest likelihood of identifying with its cause, and a tool may subsequently be chosen in line with this definition. Further, if we reverse this approach, the **a priori** choice of tool, before examining the target audience, may reduce the likelihood of relating to a potential group of donors. For example, older people may prefer direct contact that allows them to fill their free time, while a telephone call may be a poor strategy for people in their 40s, at the height of their professional career, whose diaries are filled with domestic and family tasks.

The conditions required for new relationships: communication, information and transparency

By analysing the relationships between funders and recipients, and the types of fundraising tools in use, we may observe the importance of establishing relationships of trust and legitimacy, and an understanding of the social action objective to be funded. Whilst it may not seem useful to try to convince people who reject same-sex marriage to contribute to a CSO focused on the defence of sexual minority rights, the pursuit of donors should not be restricted to those who already support the cause. Through effective communication efforts, which marry an accurate framework to diagnose the situation with a prognosis of the action required (thus demonstrating the usefulness of the CSO operation), it is possible to reach a wider audience. Greenpeace, for example, is acclaimed for its capacity to create campaigns that grab the media's attention and promote the legitimacy of its cause.

Since CSOs are accustomed to applying for funds through tendering processes and projects, as well as to accounting to traditional funders through reports, when faced with new forms of sources and tools, they find the need to reformulate their strategies and communication channels to be a challenge[9]. Clearer, more

(9) Here, information from press officers and communication professionals have increasing importance within the organizational structure of CSOs (Seminário Arquitetura Institucional de Apoio às OSCs, 2013).

direct, messages, in line with current issues and problems, are important for establishing communication channels with new donors. As well as developing permanent strategies and channels, CSOs may have recourse to windows of social and political opportunity when those with whom they work gain media prominence, making them either relevant from a political point of view or particularly valued by society at a certain time. The *"mensalão"* crisis was a significant moment to raise awareness about issues of ethics in politics and thus a window of opportunity for organizations that work with political rights. Further, the Rio+20 event was an important showcase for environmental CSOs, just as organizations that focus on education may take advantage of research results demonstrating the poor school performance of Brazilian school children. By utilizing innovative fundraising tools within these windows of opportunity, CSOs increase their chances not only of obtaining donations, but also of connecting new donors to their causes.

Another communication aspect involves making management structures and project activities transparent to donors. In principle, this is both an ethical value and a necessary counterpart to the act of donation. The recently approved Access to Information Law, through which any citizen may request information about government activities, could easily also be applied to CSO operations, since these function under a similar set of principles and demands, which include public finance, the use of individual funds and public interest status. The perception that CSOs are necessarily "good" has passed (GURZA LAVALLE, 2003). In recent years, scandals have rocked their reputations and wreaked equal damage on reputable initiatives and those that make illicit use of public funds under the guise of public interest. Transparency has thus become an increasingly important ingredient in the operation of CSOs.

From the donor relationship to the consumer relationship, social investment and consultancy

New fundraising formats not only place individuals in the position of donor. It is possible to discern new relationships that have resulted in funding, including consumer relationships. The sale of products and services by CSOs and cause-related marketing (CRM) highlight the relationship between consumption and social cause funding. On buying the Droga Raia Magazine, *Sorria*, which focuses on health and beauty, the consumer is funding two social enterprises, the Support Group for Children and Adolescents with Cancer (*Grupo de Apoio ao Adolescente e à Criança com Câncer*: GRAACC) and the Instituto Ayrton Senna. The magazine is sold in 450 Droga Raia branches, and, once project costs have been discounted, the funds raised are transferred to these two organizations. Almost 11 million Reals were donated over

the five years between its first and thirtieth edition[10]. This kind of tool is known as cause-related marketing and requires the CSO to establish relationships with the company and draft a connection strategy between the company's product, the organization's cause and the company's social responsibility profile. Well-designed CRM can guarantee a stable source of funding (FRELLER; DOWBOR, 2013).

The commercialization of products and services by CSOs also falls within this relationship; the funder here is the consumer. As with organic food or fair trade items, CSOs products may be associated with their cause and commercialized fairly, in social and economic terms, although the product or service must also add value and prove useful to the consumer. For a certain type of organization, the sale of social technology, understood here as expertise in a given social activity, may become an interesting source of funding or exchange with other organizations. A CSO in São Paulo, which works with the hearing impaired, has transformed its expertise into training services for those companies that, under pressure from the law, need to incorporate people with this impairment into their staff teams. Often marginalized in Brazil, this kind of income generation is increasingly associated with the communities with which CSOs work, rather than with the CSOs themselves. Experiences from other countries, however, demonstrate that this modality is far from secondary: in Canada, for example, income generation is the only form of CSO fundraising that is growing, while other forms remain static (Seminário Arquitetura Institucional de Apoio às OSCs, 2013).

Alongside the CSO funder as consumer, new tools have led to the establishment of the funder as social investor. In this case, the CSO is transformed into an intermediary between those who have available savings and want to make social use of them (sometimes, but not always, through dividends), and those who, in distant places on the globe, have sought in vain for funds from conventional banks to develop their small businesses. Thanks to new communication technology, such funds can travel easily across the world, and, unlike the volatile trillions in financial markets, can connect people with real experiences of work and income generation. This is the premise of Kiva, which started out by raising a million dollars in funds per year and which today raises a million every ten days. Through this CSO, every donor, from a total of almost a million, lends 25 dollars to thousands of enterprises across 67 countries[11].

Finally, the actual community with which the CSO works may become the organization's funder. Since

(10) Available at: <http://revistasorria.com.br/site/o-projeto/prestando-contas.php>. Accessed on: 30 Apr. 2013.

(11) Available at: <http://www.kiva.org/about>. Accessed on: 22 Apr. 2013.

no concrete examples are available, this is only a hypothetical possibility in which the community served by the CSO becomes its client and starts to fund an activity that it receives without charge. This is similar to a social consultancy. At the risk of antagonising the reader, who may be indignant at the dissemination of business ideas within this chapter, we would like to point out two fundamental shifts taking place at a global level that have radically changed the employment and income possibilities of the communities with which CSOs work and, therefore, the relationship between them. The first refers to the principal production factor, which today is knowledge. This resource is never scarce, nor does its usage exhaust stock (unlike petroleum, for example). Excluded populations' access to the knowledge existing on the planet, made feasible through technology, may result in production activities in line with changing needs, as a result of never previously experienced planetary connectivity. This is the second shift to which we refer: it is no longer necessary to be physically present in the places where services are administered. Both knowledge and connectivity, when appropriated by communities, become factors for their empowerment and long-term independence. At the same time, the fragility and dependence of poor communities resides in the fact that they are deprived access to, or do not know how to access, knowledge.

Peasant workers in Kenya were subject to business intermediaries who negotiated their harvest and resold it, profiting from this transaction. This situation changed drastically when the peasants connected to the internet via mobile phone and installed software to access a funds-transfer system and buy and sell online. In this way, they consulted prices and negotiated the sale of their production, setting aside the intermediaries. Initially, agricultural production did not change; what altered was access to knowledge via connectivity on a global scale. These two principles radically increase the opportunities to generate work and income for communities previously dependent on local markets.

What is the role of the CSO in this context? It may organize the necessary knowledge to install connectivity in the community. It may assist in the appropriation of such knowledge by the community, which it later transforms into work and income. The community itself may fund such CSO empowerment work, aimed at community independence, via, for example, solidarity/social lending made through a CSO that provides intermediary funding. This new form of relationship between the CSO and the community may thus become more egalitarian, to the extent that the community positions itself as the applicant, rather than the recipient of ideas generated elsewhere, seeking out what it considers useful and enduring.

The appropriation of previously unused fundraising tools, the need to understand the donor relationship, the production of and adjustments to communication and transparency channels, the inclusion of

new funder figures, all constitute tasks that every CSO needs to face in order to incorporate new forms of fundraising. Such efforts are essential, since the pursuit of and connections with a new funder (be they individual or business), require serious investment, both in terms of communication and accountability mechanisms, as well as when adopting a new tool (such as donations via telemarketing). They may also be demanding in terms of learning and connections (as is the case with cause-related marketing).

A less onerous method of adopting such new tools is through intermediary organizations, as discussed. These are important, because they specifically reduce the social costs that the formulation of new strategies and communication channels necessitate for each CSO. They may also support the establishment of creative forms of transparency and accountability, to be used collectively by the CSOs linked to them. Such creative forms seek to construct a community of shared meanings and values without spending large amounts on brand creation.

Relationships with donors, consumers and investors based on transparency and accountability are the necessary ingredients for trust and legitimacy. While setting up a monitoring and certification system is quite a complex and costly operation on a regional or national scale, at community or local level it is more feasible. For this reason, the idea of community foundations that obtain donations and raise funds appears to be a highly practical design, based on the operation of social capital (CEAPG & ARTICULAÇÃO D3, 2013a: 26).

Conclusion

In using new fundraising modalities, CSOs seek to establish new relationships with an audience, in contrast to their traditional funders. The Brazilian expression "this relationship is hard work" applies to this context.

The novelty of "new fundraising formats" relates to two aspects. On the one hand, CSOs have begun to use this repertory, which has been freely available for some time, although only used by a specific type of organization. Previously unused modalities involve the establishment of a set of new relationships, hitherto undervalued, or considered to belong to another sphere of operation, such as business or philanthropy. The second aspect refers to the potential engendered by harnessing global connectivity to fundraising tools. The donor has global reach and, once convinced, may contribute to causes anywhere on the planet. Connectivity has also made it clear that the donation, as a means of funding CSO activities, may be aggregated to other forms, such as solidarity lending, social investment, or the sale of CSO products

and services. These forms and tools are not for the exclusive use of CSOs but may be used by a range of actors on behalf of heterogeneous interests. It is not as if we have only just realised that technology in itself is neither good nor bad, but depends on how we use it as an instrument to either support individual or collective well-being, or not. We are at a point at which new fundraising modalities have begun to be incorporated into CSO practices, a crucial and sensitive moment for their use as a foundation for the principles and values that we defend.

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Appendix

New fundraising tools for civil society organizations in Brazil

1. Direct fundraising from an individual or business donor			
Type of tool	**Definition**	**Specialized intermediary organizations**	**Example in Brazil**
Crowdfunding	Collective fundraising from financial donations made over the internet	Organizations with websites that guide, host and certify advertisements; platforms that certify the advertising websites	<http://www.comecaki.com.br>
Own income generation/social businesses	Sales of services, technologies and expertise, etc. that the organization makes available, as well as of products manufactured by the organization	Consultants; funding obtained through social organizations aimed at social businesses; social investors	
Special events and charity auctions	Charitable events with fundraising and sales made by auctioning valuable objects; such fundraising is aimed at social projects		
Endowments/funds	Capital that generates remuneration through financial applications to cover the organization's operational costs		
Micro-donations	By rounding up small change from purchases, the consumer automatically donates the difference to causes and projects	Organizations responsible for the campaign and for distributing funds	<http://www.arredondar.org.br>
Face-to-face	A personal and direct approach by individuals in places where there is a high circulation of people		Greenpeace
Cause-related Marketing (CRM)	A tool that aligns business-marketing strategies with the needs of a social organization. A percentage of revenue from the sale of goods is allocated to the social organization	Consultants	Havaianas and Ipê – the Institute of Ecological Research (*Instituto de Pesquisas Ecológicas*)
Mobile phone messaging	Potential donors receive a voice or text message	Companies that sell the broadcast messaging service	
Click to call	The potential donor chooses to be contacted by telephone by clicking an icon		

2. Fundraising through grant-making foundations			
Type of tool	**Definition**	**Specialized intermediary organizations**	**Example in Brazil**
Funding through "Community Foundations"	The social organization has recourse to the funding of this new type of foundation, which accrues the donations it raises	Foundations known as "community foundations", which specialize in obtaining donations and funding the activities of social organizations that carry out social projects	<http://www.institutorio.org.br>
3. Fundraising through solidarity lending			
Type of tool	**Definition**	**Specialized intermediary organizations**	**Example in Brazil**
Person-to-person (P2P) lending	Direct lending from one person to another		
Social lending	Transactions conducted within a closed group of friends or colleagues		
Social investments	Investment in new project activities that generate future dividends	Organizations or companies that make a connection between the enterprise/social project and investors. They operate in a niche between direct donors and conventional banks	<http://www.idis.org.br>

Source: Compiled by the authors.

Chapter 7

Transforming philanthropy in Brazil: the phenomenon of the Network of Independent Funds for Social Justice[1]

Candace ("Cindy") M.A. Lessa
Graciela Hopstein

Departure points

In 2011, as we planned to carry out research about social organizations in Brazil, our focus was centred on analysing the transformations that have occurred between the process of democratization and the present day, in order to map the progress, impasses and main challenges these organizations have confronted since their emergence and formation.

Originally, the study aimed to find out about social organizations' strategies and mechanisms for institutional sustainability and innovation, both in the sphere of institutional management and in the coalitions and relationships established with public and private strategic actors on the contemporary scene, specifically in reference to fundraising, an aspect we consider crucial to such analysis.

We initiated our work by conducting a series of interviews with strategic actors[2] linked to civil society, which enabled us to identify several historic cycles that characterize the operation of Brazilian social orga-

(1) The first version of this article was published in the Journal RETS (Journal of the Third Sector), available at: <http://www.rets.org.br>.

(2) Interviewees: Carlos Afonso (Instituto NUPEF and Advisor to CGI Brasil); Amalia Fischer (Executive Director of Fundo Social Elas); Rubem Cesar (Executive Director of Viva Rio); Jaílson de Souza (General Coordinator of the Observatório das Favelas), Jurema Werneck (Coordinator of Criola) and Mario Simão (Executive Coordinator of the Observatório das Favelas).

nizations. These not only involve the establishment of transformative dynamics (in the broadest sense of the term), but also the emergence of new concepts, roles, movements, operational and organizational modalities, and innovative types of relationship between public and private actors.

When we assess the current situation, we must recognize that the political, economic and social reality of Brazil has changed radically in recent years. Today, the country has an established democratic and institutional system, with a production dynamic that places it amongst the seventh largest economies in the world (in terms of GDP) and which has managed to visibly reduce social inequality. Its Gini Coefficient (measured between 0 and 1, where the closer a country is to 1, the greater its inequality) was 0.5190 in January 2012; 0.5377 in 2010; and 0.5957 in 2001[3].

In this context, it is important to recognize the undoubted role of social organizations within the social transformation process, in establishing participative democracy, and in the struggle for universal access to citizenship and human rights in order to combat inequality and, particularly, empower minorities.

However, despite visible progress, Brazilian society still needs to confront a number of challenges, principally in relation to access to citizenship rights (in the broadest sense of the term) and the struggle against social inequality, linked to "old" standards of patrimonialism and the system of slavery.

In its first report about human development in Latin America and the Caribbean[4], the United Nations Human Development Programme (UNDP) stated that this was still the most unequal region in terms of income distribution. The study, published in July 2010, states that Brazil has the third worst inequality index in the world, with one of the most unequal distributions of income on the planet. Of the 15 countries with the greatest differences between rich and poor, 10 are in Latin America and the Caribbean. Women (who receive lower salaries than men), black and indigenous people are most affected by social inequality. In Brazil, only 5.1% of white people survive on the equivalent of 30 dollars per month (approximately R$ 60), but when we consider indigenous and black people this percentage rises to 10.6%.

It is true that, over the last 10 years, the Brazilian government has invested significantly in programmes aimed at reducing social inequality and extreme poverty[5], by executing transverse and universal public policies aimed at

(3) Miséria e a Nova Classe Média na década da desigualdade. Centro de Políticas Sociais da Fundação Getúlio Vargas (FGV). Rio de Janeiro, 26 Sep. 2008. Available at: <http://www.cps.fgv.br/ibrecps/pn/RCM_Texto_fim3.1.pdf>.

(4) Human Development Report, 2010, United Nations Development Programme (UNDP). Available at: <http://hdr.undp.org/>.

(5) We refer here to the Ministry for Social Development Programmes, the Family Grant (Bolsa Família), Brazil without Poverty (Brasil sem Miséria) and Brazil that Cares (Brasil Carinhoso), which involve not only policies for the distribution of direct benefits (income) to target families, but also the development of transverse programmes linked to education, health care and food security. For more information, see: <http://www.mds.gov.br/bolsafamilia/beneficios>.

the inclusion of large (historically excluded) population groups, with a particular emphasis on income distribution programmes. This change in the State role and its intervention has also created a need to rethink the place and dynamics of the operations of social organizations in Brazil, which, as we have mentioned, have had since their origin a strong commitment to the establishment of democracy and the struggle against social inequality.

Contrary to previous decades, the State has begun to take on the role of promoter of social investment, which has involved reformulating its relationship with organized civil society, so that many current public policies are administered in partnership with social organizations, which also assume a prominent role in the inspection and monitoring of activities. In this context, there are varying views about the relationship between the State and social organizations. For some, this involves the establishment of an open arena for dialogue between actors; for others, it involves withdrawal or even the State's co-optation of organizations and movements. However, what is certain is that many social organizations continue to occupy a prominent place in the empowerment of groups, collectives and movements historically excluded from citizenship rights.

In this new scenario, due mainly to the conditions for growth and economic stability and the transformation of State operations, particularly in the social arena[6], an idea has gained credence amongst international agencies (particularly of international cooperation) that Brazilian society is now capable of meeting its social agenda needs endogenously.

Clearly, the issue of funding aimed at social organizations is a central aspect that requires careful analysis. In the 1990s, international funding represented 80% of the funds administered by social organizations and it is evident that these have suffered a significant reduction, since today cooperation programmes, international bodies and funding agencies prioritize geographical regions in other parts of the planet (such as countries in Africa, for example) or have reallocated funds to specific areas (health and prevention campaigns, etc.).

These changes in fundraising have created new challenges for civil society organizations, particularly in terms of their financial sustainability and, consequently, their operational strategies. Although significant quantitative growth has been observed in the sector[7] since the 1980s, the problem of the scarcity of funds has

(6) Pubic social development policies certainly involve the significant investment of funds, principally in the areas of education and welfare.

(7) According to the FASFIL study (2002), between 1996 and 2002, the number of non-profit organizations rose from 107 thousand to 276 thousand organizations. This increase of 169 thousand new organizations corresponds to 157%. Source: Private Foundations and Non-profit Associations (*Fundações privadas e associações sem fins lucrativos*: FASFIL) in Brazil, 2002. The study was undertaken by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*: IBGE) and the Institute for Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada*: IPEA) in partnership with the Brazilian Association of Non-Governmental Organizations (*Associação Brasileira de Organizações Não-Governamentais*: ABONG) and the Group of Institutes, Foundations and Companies (*Grupo de Institutos, Fundações e Empresas*: GIFE). Available at: <http://www.gife.org.br/publicacao-as-fundacoes-privadas-e-associacoes-sem-fins-lucrativos-no-brasil-(fasfil)-d23543a904f46f80.asp>.

consequences for the survival of social organizations, not only small and medium-sized, but also large-scale organizations (so-called "traditional" NGOs), which have a solid track record in the social arena. However, it is the small and medium-scale organizations, many of which are community-based, implement human rights and social justice activities, and operate on the frontline from which social transformation processes originate, which have been most affected by this lack of funds.

For their part, social responsibility programmes, which began to gain ground at the end of the 1990s, specifically since ECO 92, have established new dynamics within this social mosaic, and social investment programmes have begun to emerge. In most cases, these are run by corporate institutes and foundations, which aim to add value to their brands and consider corporate social performance to be an essential competitive imperative.

However, despite the significant growth in private social investment – the members of the Group of Institutes, Foundations and Companies (*Grupo de Institutos, Fundações e Empresas*: GIFE) invested R$ 2,347,527,117 in 2012 – it is evident that a important gap exists on the funding map for Brazilian social organizations. Funds aimed at the social arena from private initiatives are rarely administered in partnership with or through the transfer of funds to community organizations, or to those based within the company's operational territory. This, despite the fact that many have expertise and a recognized track record within a range of areas within the social sphere, including an ability to reach specific audiences (i.e. the most vulnerable).

On the other hand, we should remember that, according to the 2012 GIFE census[8], the majority of business investment conducted in the social arena is aimed at education (followed by programmes to generate employment, income and sport), with a target audience of children and young people. It is interesting to observe that this research does not contain information about funds invested in human rights or racial and/or gender equality programmes[9]. Although the report suggests that investment in the defence of rights has risen over recent years, such lines of action are not implemented within programmes linked to social justice, but to "awareness-raising campaigns, knowledge production and dissemination, human resources training, the referral of complaints and legal guidance".

(8) Censo GIFE 2012. Instituto Paulo Montenegro, November de 2012. Available at: <http://www.gife.org.br/arquivos/publicacoes>.

(9) The 2009 GIFE Census indicates that education remains a priority (82% of associates invest in this area); in second place they receive separate but equal amounts of investment for culture, arts and employment training (60% of associates), followed by the environment (58% of associates). From 2007 to 2009, the latter grew by 26%. Areas such as social welfare and sport are growing, while others, such as the defence of rights, support for Third Sector Management and community development fell at varying rates between 2007 and 2009. Source: Censo GIFE 2009-2010, São Paulo. Censo GIFE 2009. Available at: <http://www.gife.org.br/arquivos/publicacoes/22/Censo%20GIFE%20(baixa).pdf>.

Thus, to complete our analysis of the current scenario, we should add that, according to the FASFIL 2010 study, "from 2006 to 2010, organizations for the defence of the rights of groups and minorities lost momentum (in terms of quantitative growth) remaining at the same level and totalling 87 thousand organizations; that is, they represented 1.9% of FASFILs"[10].

Beginning with these initial ideas, we ask ourselves this: what are the alternatives for sustainability and what course of action will social organizations adopt within such a scenario? What are the main sources of funding for small and medium-sized organizations aimed at the defence of rights and the promotion of social justice? What are the principal changes that must be introduced to create innovative philanthropic dynamics? What are the lines of operation and who is the target audience for social funding?

These initial reflections have led us to think about the current philanthropic scenario in Brazil and the need for a reliable legal framework to promote a continuous and fluid dynamic of donations aimed at the social arena. In our opinion, the idea of "modern" philanthropy involves thinking about the establishment of new concepts and dynamics, changes in focus – moving beyond traditional forms of welfare donation – and relying on a legal framework that mobilizes a multiplicity of actors: individuals, governments, private sector bodies and/or groups interested in contributing to activities aimed at social transformation.

This work aims to present certain trends within the philanthropic scenario in Brazil, by analysing the impasses and adversities that social organizations confront in order to raise funds and attain sustainability, and pointing out opportunities and innovations. We will emphasize the phenomenon of so-called independent funds and community foundations currently united under the Network of Independent Funds for Social Justice. This network principally aims (through direct and indirect transfer) to fund small and medium-sized social groups and organizations that contribute to social transformation and empowerment in several thematic areas and regions of the country, and which serve vulnerable populations, in other words, those populations excluded from accessing their citizenship rights.

The concept of social innovation is central to this analysis. This is often confused with the idea of invention, which refers to an isolated incident, the product of individual or collective inspiration. However, we set out with an idea of invention as the result of a social process, that could be placed within a context of waves of small changes, finally crystallizing into a specific event. From this perspective, social innovation

(10) As Fundações Privadas e Associações sem fins lucrativos no Brasil 2010. IBGE, IPEA, ABONG and GIFE. Available at: <ftp://ftp.ibge.gov.br/Fundacoes_Privadas_e_Associacoes/2010/fasfil.pdf>.

must be conceived as the result of a process, an event that bursts onto a given scenario, generating a transformation. Innovations depend on transformation processes conceived in the context of a specific culture, and their originality lies in their capacity to introduce specific changes. Thus, innovation is more a process than a fact or a result, which values the praxis that produces this transformation, so that it may be sustained over time[11].

In the following pages, we will analyse the innovative elements within the dynamics created by the independent funds and community foundations brought together in the network, in relation to organizational modes, donation modalities, thematic operational foci, and commitment to transformation processes to achieve social justice.

The philanthropic scenario in Brazil and the Network of Independent Funds for Social Justice

As discussed, the philanthropic scenario in Brazil has visible limitations and impasses, both in the funds available to social organizations and the policies and norms linked to tax breaks and exemptions aimed at promoting donations, particularly in the social arena.

The concept of exemption must be understood as a "favour" conceded by infra-constitutional laws[12], through which certain entities (individuals or companies) or initiatives are exonerated from paying tax. Incentives, whether by charging less tax or through exemption, form part of a public policy to facilitate the contribution of capital and/or funds, and are aimed at the development of an area of operation, region, target audience etc.

In Brazil, non-profit philanthropic organizations linked to education and welfare are exempt from income tax and social security contributions on net income[13], while social institutions are exempt from tax on income (for example, IRPJ – company income tax and ITCMD – gift, estate and inheritance tax), property (e.g. IPTU – property tax and IPVA – vehicle tax) and services (ISS – service tax). Further, social welfare organizations are also exempt from social contributions[14] (INSS – employer social security).

(11) RODRÍGUEZ, Adolfo; HERNÁN, Alvarado. Claves de la innovación social en América Latina y el Caribe. Comisión Económica para América Latina y el Caribe (Cepal). Santiago de Chile, Nov. 2008.

(12) This is the term used to refer to any law not included in a constitutional norm, which, according to the legal system, is available at a level below the Federal Constitution.

(13) Article 150 and Article 195, Paragraph 7 of the Federal Constitution: "Benevolent social assistance entities, which meet the requirements established in law, shall be exempt from social welfare contributions".

(14) These exemptions do not directly benefit the organizations that are part of the Network, or organizations that work in human rights in general.

Brazil has highly restricted tax incentive policies, which are a fundamental aspect in the promotion of fundraising. Although the incentives aimed at donations to the Fund for Children and Adolescents (*Fundo da Infância e da Adolescência*: FIA), and the Statute of the Child and Adolescent (*Estatuto da Criança e do Adolescente*: ECA) are worth mentioning, these establish tax incentives for projects approved by National, State and Municipal Councils for the Rights of Children and Adolescents[15].

We should also mention the donation and sponsorship incentives established through the Rouanet Law[16], the Audio-visual Law and the Sports Incentives Law, which confer a direct discount or deduction on actual income (with certain limits), a benefit enjoyed by both individuals[17] and companies[18], independent of tax regime.

From this scenario, we can confirm that the overall tax incentive possibilities for social (non-profit) organizations in Brazil are not conducive to the implementation of a fluid and continuous fundraising dynamic. There is a mismatch between the activities of social organizations, the transformation processes that they implement and the current legal framework, which is certainly not aimed at creating a "modern" philanthropic culture in this country.

As a result of the movement and transformations established by groups that have operated on the Brazilian scene since the democratization process in the 2000s, however, "new types" of group have emerged. These have started to operate in the field of philanthropy for social justice, not only implementing alternative and innovative forms of financing through direct and indirect donations to small and medium-sized civil society organizations (via funding transfer and in developing skill training programmes), but particularly operating in human rights, contributing to the empowerment of minorities and populations who exist on the margins in terms of access to rights.

The concept of philanthropy for social justice is essential to our analysis and, in our understanding, means the development of support work linked to social transformation, equality of access to human and civil rights, the redistribution of all aspects of well-being for all; and the promotion of diversity and equality

(15) This incentive establishes a direct discount of payable tax – the benefit involves the total value donated and is enjoyed by both individuals and companies, regardless of tax regime. Limits: up to 1% (company) or 6% (individual) on tax due.

(16) Lei Rouanet or Rouanet Law – legislation introduced in 1990, which created specific tax incentives for the arts and artistic events.

(17) 60% of sponsorship and 80% of donations.

(18) 30% of sponsorship and 40% of donations, with a limit of 4% on tax due.

between the categories of gender, sexual orientation, race, ethnicity, culture and disability status[19].

In 2012, the eight main social investment funds and community foundations[20] came together in a network aimed at promoting and diversifying a culture of philanthropy that guarantees and extends funds for social justice. The Network of Independent Funds for Social Justice member organizations are: Fundo Baobá (for racial equity); Fundo Social Elas (exclusively aimed at promoting the central role of girls, as well as young and adult women); Fundo Brasil de Direitos Humanos (which aims to support the promotion of human rights in Brazil); Fundo Socioambiental CASA (which acts in environmental promotion, conservation and sustainability); Brazil Foundation (whose mission is to promote the development and transformation of social realities); as well as three community foundations: Instituto Rio (which works in social development in the Zona Oeste, or West Zone, of Rio de Janeiro and focuses on the empowerment of local communities); the Instituto Grande Florianópolis (which operates in community and institutional development in Florianópolis); and the Instituto Baixada Maranhense (which supports civil society social and production projects in Baixada Maranhense, the lowlands of Maranhão).

The funds and community foundations in the network are non-profit organizations with independent governance structures based on both deliberative and/or consultative direct councils; these bodies are responsible for their strategic decision-making processes and include a wide range of actors: activists, business people, intellectuals, opinion formers, members of civil society institutions, foundations, national and international funding bodies, etc.

The initiative also focuses on promoting donations and strategic social investment, and increasing funding for human rights, racial and gender equity, socio-environmental law and sustainable development. These organizations donate funds to formal and informal groups and organizations at local, regional, national and/or international level (specifically in the Southern Cone), which operate across a range of thematic and geographic areas, all serving different audiences, but with a common concern for the transformation of the social reality of Brazil. As well as promoting qualified donations that have a social impact, they provide training for those they support, promoting skills development. At this juncture, we

(19) RUESGA, Albert; PUNTENNEY, Deborah. Filantropia para a justiça social. Um arcabouço inicial para iniciar este trabalho. Philanthropy for Social Justice and Peace Working group. 1 Mar. 2010. Available at: <http://www.p-sj.org>.

(20) Community foundations are non-profit institutions that raise and invest technical and financial resources with the aim of improving the population's quality of life within a specific location. Some of the characteristics of this concept are: operating within a specific geographic location; having a council that reflects the range of actors present in the community; making donations to other civil society organizations; having a broad base of social investors; and seeking to develop sustainability strategies, through the formation of permanent or endowment funds.

should mention certain information, which will enable us to describe the work developed by the Network's member organizations.

In an internal study[21], conducted within the network and aimed at mapping the profile of member-institutions, it was evident that all the organizations allocated between 30% and 70% of their budgets to donations and training activities for their grantees.

While the majority of organizations have strong links with social movements, they do not represent groups for the defence of rights, nor do they operate exclusively as administrators of service delivery programmes. All implement activities in the field of philanthropy for social justice, providing infrastructure and funds for grassroots movements and organizations – including some set up by activists – and, for this reason, they differ significantly from the corporate organizations (corporate foundations and institutions) that operate in the social field. Although there is a huge difference between the strategies and operational modalities of these funds and those of the grant-making organizations from Europe and the United States, the latter represent a frame of reference for the Brazilian organizations and most have relied on funds from international foundations since their outset. In fact, according to the information surveyed by our internal research, it is evident that 60% of the funds raised and donated come from international organizations (principally from funds and foundations).

The scale of the work developed by independent funds and community foundations is significant, not only in quantitative terms (projects supported and funds raised), but also in relation to their impacts. According to the research, all rely on effective systems to monitor projects and evaluate results, and all are profoundly committed to social causes, while 80% base their activities on social change models.

Some relevant information should be considered here: the Fundo Social Elas supported a total of 200 groups, raising 1.5 million Reals; the Fundo Socioambiental CASA transferred 1.6 million Reals to 347 projects; the Brazil Foundation invested a total of 7 million dollars in 227 projects; and the Instituto Rio transferred a total of 1.2 million Reals to 187 projects. However, as previously mentioned, funding donations are not limited to direct transfers, since 70% of network organizations invested in training programmes for their grantees.

The network functions by strengthening funds and community foundations in order to incorporate the theme of social justice into investment made via donations from individuals, businesses, foundations and

(21) This information refers to 2011 and 2012.

institutions. Certainly, the concept of social justice is related to the other complex concepts discussed and debated in the network connected to issues of structural injustice; universal human rights; the equal distribution of resources; the rule of law; empowerment; shared values; multiculturalism or cultural diversity; and sustainability.

The network's member organizations are linked to movements, forums and national and international networks. According to information surveyed in the internal research, 43% of these organizations maintain partnerships with private initiatives (with another 43% doing so partially); 60% with the various levels of government (although some only partially); 70% with civil society institutions and 28% with universities and academic centres (and 30% partially). Furthermore, the network recently began to participate in a global network called 'Philanthropy for Social Justice and Peace' and is now working to establish this collective in Latin America.

The Brazilian network's member organizations invest significantly in communication strategies: 86% to raise the profile of activities and raise funds, all have a website and most produce publications, bulletins and annual reports (71%). Eighty-six percent focus on attracting donations from national and international foundations, as well as from the private sector (corporate and individual donors).

Certainly, one of the greatest challenges for network organizations is financial sustainability and, while some may have endowment funds, 70% invest in fundraising and rely on structured fundraising plans, with teams engaged in and trained to this end.

This network of funds has emerged as an authentic movement out of other networks, national and international events and because of initiatives promoted by the Instituto Synergos, which began by informally encouraging such enterprises. Over the last two years, the Fundo Social Elas has played an essential role in shaping the network, promoting gatherings and meetings and contributing to the network's organization.

Simultaneously, other circumstantial factors were determinants for the creation of the network, such as work to ensure these initiatives are more closely connected to the GIFE associates, the foundation of the Articulação D3 and the Legal Framework Working Group, which promotes changes to the legal framework for non-profit organizations.

The network of funds aims to provide support by extending efforts to create a favourable and dynamic infrastructure for the non-profit sector. It seeks to do this by increasing local (Brazilian) funds for human rights, and racial and gender equality through the formation of a philanthropic model, an increase in the number of individual and family donors and the diversification of the fundraising culture for social justice causes.

Its task is not simple. It is impossible to imagine that a consolidated democracy such as Brazil, with a strong and dynamic civil society and an active business sector, with exemplary social responsibility activities (it is one of the 10 richest nations in the world), has not generated independent investment for social justice and human rights. Given the recent decline in international funds, on the one hand, and an increase in Brazil's economic capacity on the other, now is the time to create a new scenario. The new Brazilian actors in the philanthropic sector are in a good position to work towards a dynamic in which local funds are invested in social justice causes.

Given this analysis, what we ask ourselves is this: what are the innovative elements within the activities of the Network of Independent Funds?

In the first place, we should emphasize the notion that the network of funds is the result of an historic process. Its functioning should be understood as an event that burst onto the Brazilian social scene, generating a transformation. Its originality resides in its capacity to introduce specific changes to the culture of philanthropy, with a focus on human rights, equality and social justice. It is significant that the work developed by this network of organizations (by grant-makers and grantees) is founded on ways of life, establishing an authentic dynamic of bio-production, a concept directly linked to the dynamics of non-material work[22]. Within the sphere of cognitive capitalism, work involves the production of subjectivities, culture and communication, whose product is entirely relational and inseparable from production. It is a dynamic for production and coalition through networks spread across the social fabric. As well as providing a cognitive and relational content, the notion of non-material work positions subjective and public cooperation as a principal productive force, acquiring the characteristics of political action, constituted independently in an autonomous process of subjectification.

Independent funds and community foundations seek dialogue with all the actors on the Brazilian scene, establishing an authentic dynamic for the construction of the common good, overcoming "old" dichotomies and dualities (public vs. private, State vs. market, centre vs. periphery, etc.). Constructing public space involves, on the one hand, establishing dynamics to promote the circulation of knowledge and experience, while on the other, developing greater potential for the establishment of communal living spaces, for exchange and mutual recognition, guided by the production of the ordinary, where all actors are recognized for their ability to produce and participate in decision-making processes.

(22) See LAZZARATO, M.; NEGRI, A. *Trabalho imaterial*. Rio de Janeiro: DP&A, 2001, for an in-depth analysis of this issue.

Certainly, the work undertaken by the network involves the establishment of an authentic movement, which, as Badiou[23] asserts, refers to a collective action with the capacity to burst onto the political scene, charting new pathways, constructing new times and spaces. It is a force capable of producing the original and the unique and of establishing an authentic process of rupture and transformation.

(23) BADIOU, A. Movimiento social y representación política. Revista *Acontecimiento*, n. 19-20, Buenos Aires: 2000.

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PART III
Public Funds

Chapter 8

The space for Civil Society Organizations that defend rights in the government-society relationship in Brazil[1]

Catarina Ianni Segatto

Introduction

Publications about the relationship between government and civil society suggest that different degrees of proximity exist between these actors. In the Brazilian case, the relationship may be vertical and more repressive, as well as more cooperative. Despite this, there is a great deal of heterogeneity in Civil Society Organizations (CSOs) in Brazil and distinct forms of relationship between CSOs and the government. Funding mechanisms strengthen and improve such relationships, while different types also exist at each government level – federal, state and municipal. Such characteristics have resulted in a relationship trajectory between CSOs and the government, starting with the institutional changes that took place principally during the Fernando Henrique Cardoso (FHC) Government, and in line with public policy trajectories.

With this in mind, this chapter is based on the "Research Report into the Institutional Architecture of Support to CSOs in Brazil: Public Policy Axis" (CEAPG & ARTICULAÇÃO D3, 2013), which sought to map the different types of relationship between CSOs and the government, and the trends related to the transfer of public funds to CSOs. It focused particularly on federal funds, since funding from the states and

(1) We would like to thank Mario Aquino Alves and Anny Medeiros for their contributions.

municipalities is not published in a systematic manner. It specifically sought to identify the principal funding flows for the implementation of activities related to the defence of rights. To this end, the empirical research involved a survey of primary and secondary data. Primary data came from semi-structured interviews conducted in 2012 with approximately 15 federal public administrators and CSO managers. Secondary data came from the Federal Government Budget and existing reports and studies, featuring the systematizations conducted by the Institute for Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada*: IPEA) over the previous five years.

This chapter is divided into three principal sections. In the first, we briefly analyse the literature dealing with the government-CSO relationship, especially where categories are created to explain this relationship. In the second, we present the Brazilian trajectory of the government-CSO relationship, starting out with the main institutional changes and how these have, or have not, altered the organizational field. In the third, we present an empirical analysis that covers two topics: mapping the types of relationship between governments and CSOs in Brazil and the principal forms of public funding for organizations that defend rights.

A brief presentation of the literature about the government-CSO relationship

In international publications, a number of authors have created models to explain the different relationships between governments and CSOs (NAJAM, 2000; YOUNG, 2000; COSTON, 1998; FISHER, 1998; COMURI, 1995; CLARK, 1991). All these models include categories, varying from extreme government repression of CSOs to cooperation, coproduction and support for their autonomy.

Coston (1998) presents eight government-CSO relationship categories, namely: **repression and rivalry**, where the government represses CSOs; **competition**, where the government and CSOs compete for the same funding sources and/or to provide services; **acceptance of institutional pluralism**, where the government accepts the existence of CSOs without repression or incentive; **contracting**, in which operational activities are delivered by CSOs; **third-party government**, where there is a division of labour between CSOs and the government, although in this case it is the government that sets priorities and funds organizations, which in turn produce goods and services, and these operations are discretionary; **cooperation**, where there is a sharing of information, funds and joint activities; **complementarity**, where CSOs function in a more institutionalized manner, with a public body that administers this relationship and where funds are used to strengthen organizations' institutional skills; **collaboration**, which includes the sharing of information, funds and joint activities seen in cooperation, although, in this scenario, co-production also occurs, in other words, responsibilities are shared.

Young's (2000) model presents three government-CSO relationship categories: supplementary, complementary and adversarial. In the first, the CSOs meet the demands not met by the government; in the second, the organizations are partners with the government, which, in this case, funds them; in the third, the CSOs work in advocacy and seek to change public policies and strengthen accountability. The author analyses government-CSO relationships according to these categories in four countries: the USA, the UK, Israel and Japan. His analyses indicate that government-CSO relationships in these countries are multivariate and dynamic. In other words, they change over time, and contain similarities, despite variations in line with each country's history and traditions.

It is important to stress that the authors – Young (2000) and Coston (1998) – point out that more than one type of relationship may be found in each country, meaning that the existence of one category does not preclude that of another.

The literature about multilevel governance deals with relationships between different levels of government and non-state actors. It asserts that public policies are formulated and implemented at multiple levels, in other words, they involve various actors (state and non-state), thus blurring the lines between the state, and the private and public non-state sectors. According to this line of thought, public policy authority flows upward to supranational institutions, downward to regional and local governments and outward to private companies, corporate foundations and institutes, non-governmental organizations and international bodies (HUPE & HILL, 2006).

In addition to the above-mentioned authors, Hupe and Hill (2006) have also developed two models of multilevel governance. In one of these, the relationships are more vertical, with less non-state actor participation, the presence of more compartmentalized and hierarchical relationships and less crossover between jurisdictions. In the other, we find more horizontal arrangements between government and non-state actors that generally involve discussions about a specific problem that concerns them. There is also greater integration between actors, and the boundaries cross and overlap.

Chart 1 aims to summarize the types of government-CSO relationship mentioned above. Note that these types are not mutually exclusive.

Types of government-CSO relationship

Repression	The government represses CSOs
Competition	The government and CSOs compete for the same funds and/or to provide services
Supplementary	CSOs receive government funding to provide services and meet the demands not served by the government
Contracting	CSOs receive government funding to provide services, conduct operational activities or activities that require greater discretion in service provision
Cooperation	The government and CSOs operate jointly, sharing information and resources
Collaboration	The government and CSOs operate jointly, sharing information, resources and responsibility
Complementary	The government funds CSOs to increase their institutional capacity and there is a body responsible for this relationship
Advocacy	CSOs carry out advocacy activities

Chart 1: Types of government-CSO relationship – **Source:** Based on Coston (1998) and Young (2000).

In summary, through comparative analysis, the literature presents different models of the government-civil society organization relationship. In some countries the models are more horizontal, organizations participate effectively and actively in public policies, with greater integration between state and non-state actors, and government support to strengthen their organizations. In others, the relationships are more vertical and may even be repressive. As pointed out, such models form a typology; it is possible, therefore, to find more than one type of relationship within a given country, which, as we will demonstrate in the following sections, is a feature of the Brazilian case.

The recent trajectory of the government-civil society relationship in Brazil

The government-civil society relationship has experienced profound changes in recent years, with important landmarks, such as the 1988 Federal Constitution and the first FHC Government (1995-1998). The previous regulatory framework, created in 1930, was considered inappropriate for the new model of partnership between the government and CSOs, in that certain instruments had been created to regulate the relationship between the federal bodies, while others were restrictive and corporatist (ALVES, 2002). This resulted in two movements of discussion on this topic: one linked to State reform, in which CSOs were service providers and which included the creation of other CSO models, such as Social Organizations; and another linked to the Solidarity Community, which sought changes to CSO regulation and government funding. Furthermore, after the promulgation of the Federal Constitution in 1998, the role of public oversight by CSOs gained prominence, particularly during the Lula Governments, through Conferences and sector councils.

In the model proposed by the Ministry of Administration and State Reform (1995), the government would be responsible for regulation, inspection, promotion, public security and basic social security; its function would therefore be more strategic, concentrating on the formulation of policies. Universities, hospitals, research centres and museums would be run by non-state public organizations, while private companies would execute policies related to production for the market.

> It is important to emphasize this point, that the Ministry uses the expression "non-state non-profit public organizations" in the place of "civil society" or "Third Sector". In an interview given for this thesis, the ex-Minister explained that he preferred the expression "non-state public sector" precisely because it was different from "civil society", which has wider characteristics (and also involves types of profit-making organizations) and "Third Sector" a category that also includes organizations that defend the interests of groups. What he wanted to emphasize was service provision (BRESSER PEREIRA, 2001, *apud* ALVES, 2002, p. 278).

The other movement sought changes to the regulatory framework resulting from the debates of the Fundação Esquel, the Group of Institutes, Foundations and Companies (*Grupo de Institutos, Fundações e Empresas*: GIFE) and the Solidarity Community Council (*Conselho da Comunidade Solidária*) (PIRES, 2006). According to Alves (2002), the Brazilian Association of Non-Governmental Organizations (*Associação Brasileira de Organizações Não-Governamentais*: ABONG) agreed to participate in the Solidarity Community Council; however, as government funding in the social arena weakened, ABONG withdrew. Despite this, it participated in meetings with the government to discuss the regulatory framework. This reflects differing internal views in ABONG regarding the relationship with the government at that time. Alves (2002) describes the result of this debate in the following passage:

> […] according to Caccia Bava, following the various discussion forums for Political Dialogue, they arrived at a design, but, when the Law was presented, it contained a surprise: "the consultations did not correspond to the final product of the Law of Civil Society Organizations of Public Interest (*Organizações da Sociedade Civil de Interesse Público*: OSCIPs)[2]" (BAVA, 2001). What is assumed to have happened is that a design emerged very similar to the institutional one proposed by the ex-Minister for State Reform, Bresser Pereira.
>
> "You have policies for oversight, policies for inspection, policies for outsourcing State services, in other words, you have a complete design that comes from the Bresser Pereira blueprint, but which categorically does not contemplate the other side of the discussion, which is the perspective of strengthening these civil society organizations, of funding such bodies […] (p.296).

OSCIPS were created, but they did not resolve the problem of the legal framework due to the new model's lack of legitimacy, evidenced by the retention of the previous one and resistance from actors within the field (ALVES, 2002; ALVES& KOGA, 2006). As a result of this, the 1995 changes to the legal framework, with the creation of the OSCIPs and the institution of the Partnership Agreement, did not meet the demands of CSOs,

(2) OSCIPs are private, non-profit, legal entities, which have social objectives in at least one of the following fields: social welfare; culture, the defence and conservation of historical and artistic heritage; free education; free health promotion; the defence, preservation and conservation of the environment and the promotion of sustainable development; the promotion of volunteering; the promotion of economic and social development and combatting poverty; non-profit experiments with new social production models and alternative systems of production, commerce, employment and credit; the promotion of established rights, the construction of new rights and free legal assistance; the promotion of ethics, peace, citizenship, human rights and democracy; studies and research, the development of alternative technologies, the production and dissemination of information and technical and scientific knowledge related to the above activities (BRASIL, 1999).

particularly those that worked in the defence of rights. Most CSOs decided not to transform into OSCIPs and the Partnership Agreement did not become the most common contractual form between the government and CSOs. Covenants[3] continued, therefore, as the most utilized instrument within this relationship, despite problems with the rigid way that funds were applied.

The organizations were anxious for a new regulatory framework that strengthened and funded not only service provision but also institutional structures. However, this was not the object of change: the Partnership Agreement eased, or de-bureaucratized, the nature of contracts between government and civil society but did not modify the final funding object. Despite this inadequacy, progress was made in relation to covenants within the Federal Government sphere. The selection and processing of contracting became more transparent during the FHC Government and, particularly, during the Lula Government, with the creation of the Portal for the Management System of Federal Government Covenants (*Portal dos Convênios* – SICONV).

The debate continued and, in 2011, a new discussion group about the regulatory framework was established by ABONG, Caritas Brazil, the Confederation of Brazilian Foundations (*Confederação Brasileira de Fundações*: CEBRAF), the Fundação Equel, GIFE, the Movement of People Affected by Dams (*Movimento dos Atingidos por Barragens*: MAB), the Landless Rural Workers' Movement (*Movimento dos Trabalhadores Rurais Sem Terra*: MST), the National Union of Family Farming and Solidarity Economy Cooperatives (*União Nacional de Cooperativas da Agricultura Familiar e Economia Solidária*: UNICAFES)/Social Pastorals, the Latin American Council of Churches and the Instituto Ethos. At the end of 2011, as a result of complaints about corruption in the Federal Government contracting of CSOs, an institutionalized arena of parity dialogue was set up between the Federal Government and this group of organizations in order to discuss the framework (ZAVALA, 2011).

The funding model not only includes covenants and Partnership Agreements, but also tax exemptions and immunities, which, for the most part, benefit the organizations that deliver services to the population. These include: the Federal Public Interest title, one of the requirements of which is the promotion of education, or the exercise of scientific research, artistic culture or philanthropy activities; the State and Municipal Public Interest title and the Philanthropic Organization Certificate, which requires benefit organizations to adhere to the Organic Law on Social Assistance, be registered on the National Council of Social Assistance and administer any of the following activities: promoting the protection of the family, maternity and ageing; protecting and sheltering children and adolescents in

(3) These covenants regulate the obligations and rules that govern the relationships between two or more participants with an interest in attaining a common goal. One of the participants transfers funding to cover the expenses related to the intended object and the other executes the covenant goal, providing a tranche of resources – financial, human, goods or services (in counterpart) (CONTROLADORIA-GERAL DA UNIÃO, 2005).

need; the prevention, habilitation, rehabilitation and integration into community life of disabled people; inclusion in the job market; educational assistance or health care; and/or the care and counselling of the beneficiaries of the Organic Law on Social Assistance and the defence and guarantee of their rights. However, according to the Private Social Welfare Network Department of the Unified Social Assistance System (*Sistema Único de Assistência Social*: SUAS), linked to the National Department of Social Welfare of the Ministry of Social Development and the Fight against Hunger, only a small portion of the funded organizations actually conduct activities for the defence of rights.

Other aid includes capital transfers derived from the budget law to meet the liens or charges assumed by the Federal Government, generally alongside funds from abroad. In addition, there are contributions, in other words, current or capital transfers granted by law, without consideration of services, and subsidies for social welfare, medical or educational services, registered at the National Social Assistance Council (ALVES, 2002; FERRAREZI, 2001).

The multiple forms of government-CSO relationship in Brazil

Mapping government-CSO relationships demonstrates that distinct types of relationship exist between these actors in Brazil. These may include: a contract, with funding for service provision or the joint implementation of public policy; advocacy and public oversight, pressure and lobbying for topics to be included on the government agenda; the defence of rights and CSO participation in decision-making arenas; tax exemptions and immunity, whereby the government does not tax certain institutions according to a legal determination, in other words, it carries out an indirect transfer of funds; and aid, contributions and subsidies, as explained above.

Figure 1: Map of government-civil society organization relationships in Brazil – **Source:** Author's own.

According to the interviews, most government funding of CSOs is conducted through: (i) the voluntary transfer of funds; (ii) contracts via covenants; and (iii) exemptions, subsidies and aid. Transferred funds may be linked to specific public programmes or funding[4] through tendering processes, public calls for proposals by Ministries and Departments or parliamentary amendments. Nevertheless, the interviews confirmed the wide variation in the amounts transferred and in project content across the various ministries, which we will explore later. As indicated in Figure 1, these relationships may involve more than one organization and more than one funding mode.

Given the heterogeneity of the field, different arrangements exist between the government and CSOs and between the CSOs themselves. There are government bodies, such as the National Development Bank (*Banco Nacional de Desenvolvimento*: BNDES), which transfer funds to CSOs, and/or large-scale Foundations and Corporate Institutes which transfer funds to smaller CSOs that work directly with beneficiaries and are often located in the place of the intervention. This type of funder includes the Fundo Amazônia, created in 2008 and managed by the BNDES with funds from Petrobrás and the Norwegian and German Governments. Since 2010, the Fundo Amazônia has transferred funds to the Sustainable Amazon Foundation (*Fundação Amazonas Sustentável*: FAS)[5], which in turn transfers funds to local organizations in the Amazon through its Forest Grant (*Bolsa Floresta*). Another example of this type is the Fundação Telefônica, which funds projects implemented by CSOs working locally, such as the Projeto Saúde & Alegria (the Health and Joy Project).

In other government bodies, such as the Ministry of Agricultural Development, funds are transferred via covenants directly to CSOs that work to defend the rights of the target audience of a federal programme. The Directorate of Policies for Rural Women funds a production organization (that provides support for production, commercialization and management), the holding of markets for commercialization, and the organization of networks, as well as specialized technical support. For the first of these, the Ministry makes transfers to CSOs and Municipalities and for the last to CSOs and the Technical Assistance and Rural Development Companies (*Empresas Brasileiras de Extensão Rural*: EMATERs).

The Special Secretariat for the Promotion of Racial Equality (*Secretaria Especial de Promoção da Igualdade Racial*: SEPIR), the Secretariat for Human Rights (*Secretaria de Direitos Humanos*: SDH) and the Secretariat

(4) We refer here to fund-to-fund transfers.

(5) The FAS is a non-profit institution, set up in 2007. The main objective of its partnership with the Fundo Amazônia is to contain deforestation and improve the quality of life of traditional populations resident in the Amazon State Conservation Units via the Forest Grant (*Bolsa Floresta*) Programme. The FAS has benefited 35 thousand people through this programme (FAS, n.d.).

for Women's Policies (*Secretaria de Políticas para as Mulheres*: SPM) have a similar history in relation to CSOs. According to the interviewees, the Secretariats have had strong and close relationships with CSOs since their creation, particularly with those that work in the defence of rights. It is worth noting that the profile of these organizations varies: funds are transferred to groups of women, quilombolas[6], agrarian reform settlers and others. However, the Secretariats' most recent operations have also prioritized the institutionalization of state and municipal government agencies, such as the establishment of the National System for the Promotion of Racial Equality and the Human Rights Centres of Reference. A trend is also evident for the decentralization of funds to CSOs, linked to the decentralization of the policies themselves.

As indicated, there are multiple ways for the government to relate to civil society in Brazil, many of which are also evident in other countries. These different types are influenced by the strategies and objectives of public policies and by their trajectories, as well as by the trajectory of the government-CSO relationship. According to Alves (2002), "the response comes from the habit of origin: considering the Third Sector as if it were composed of homogenous social formations (groupings and organizations)" (p. 302). However, one may observe from this mapping that the funding modes prioritize service provision and the administration of programmes formulated by the government, in other words, few activities actually involve sharing responsibilities and joint action.

The public funding of CSOs

By reconstituting the trajectory of the government-civil society relationship and by mapping the different patterns of relationship between them, one may observe the variety of public forms for funding CSOs, particularly those that work in the defence of rights. We have opted to make an in-depth analysis of voluntary transfers and, consequently, of covenants, which are the most common and transparent forms of funding and thus facilitate access to data.

Existing research on the topic indicates that public funding is one of the main sources of CSO funding. In 2005, there was a rise in the federal, state and municipal government funding of ABONG associates. In 2003, 16.7% of associates had between 41% and 100% of their budgets funded by the Federal Government; in 2007, this was 37.4%. In 2003, only 2.4% had between 41% and 100% of their budgets funded by the state government, in 2007, this had reached 14.5%. Municipal funds demonstrated steady growth:

(6) Quilombolas: inhabitants of quilombos, communities that were created by fugitive slaves during slavery (1500-1888).

in 2000, 22% of associates accessed such funds, while by 2007 this had reached 30.2% (GOUVEIA; DANILIAUSKAS, 2010).

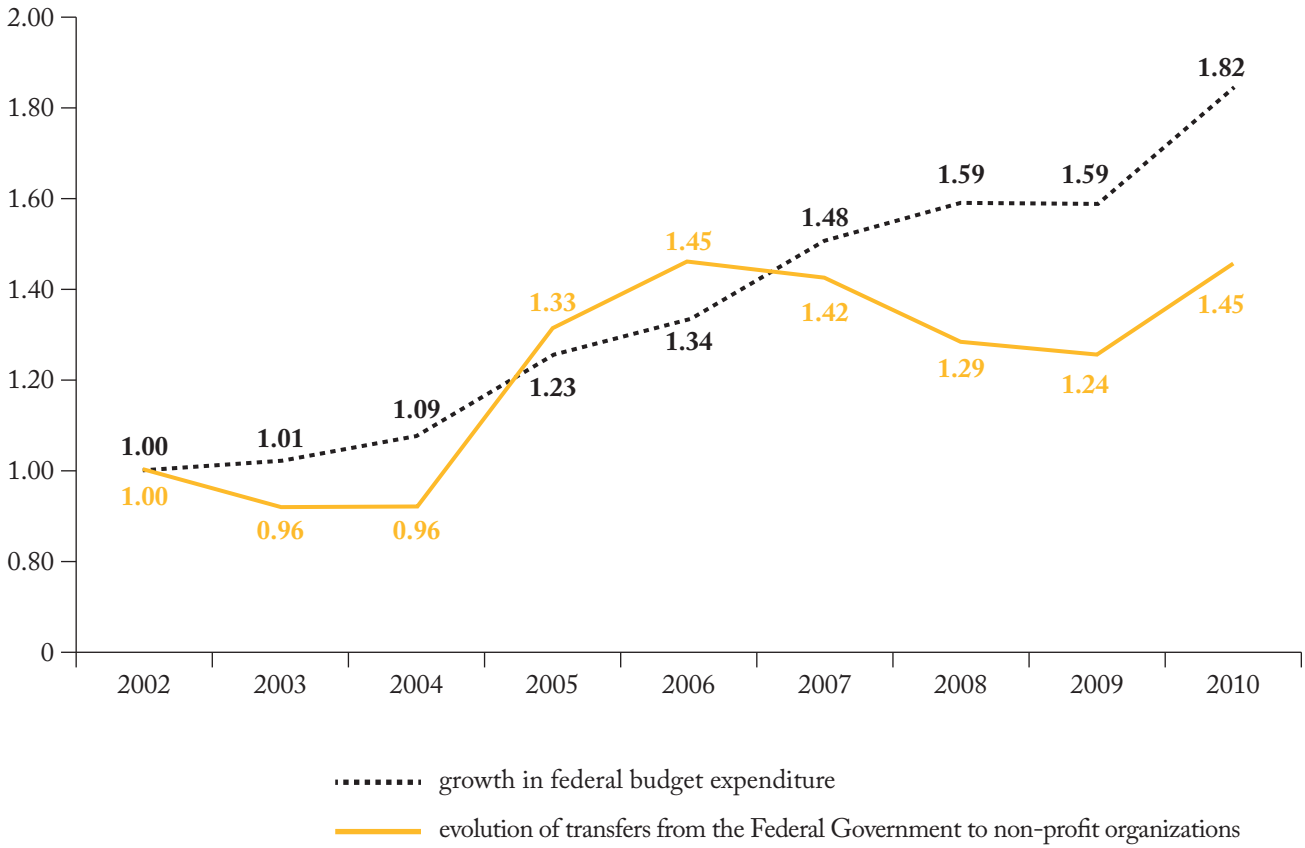
In the GIFE study (2010)[7], out of 102 respondent associates, only two stated that more than 50% of their funds came from the government in 2009. Despite this, many had certification: 44% were OSCIPs, 43% were declared to be of Federal Public Interest, while 30% were of State Public Interest. According to GIFE (2010), this is due to the greater agility and accessibility of tax incentives. As well as certification, 46% received funding via tax incentives; of these, 58% (27 of respondent associates) obtained up to two million Reals. As GIFE points out, the Rouanet Law and the Statute of the Child and Adolescent (*Estatuto da Criança e do Adolescente*: ECA) are the incentives most frequently cited by the respondents, while some accessed more than one form of incentive.

According to the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*: IBE), 55.7% of non-profit social assistance organizations receive some form of public funding – 84.9% of which is municipal funding, 39.5% state funding, while 40.5% comes from the Federal Government. Furthermore, for 32.6% of these organizations, public funding constitutes their principal source of funds (JUNIOR, 2007).

If we restrict out analysis to transfers to non-profit organizations, there is an evident increase over time. In 1999, the total value of federal transfers to non-profit organizations was R$ 2.2 billion, while in 2010 this was R$ 4.1 billion. However, it is worth noting that although voluntary transfers have grown, the Federal Government Budget[8] has grown even more rapidly, as seen in Graph 1. Transfers to CSOs were proportionately lower than growth in the Federal Government Budget. Between 2002 and 2010, the actual value of the government's global budget – excluding financial expenditure – grew more than 80%, while growth in the budget allocation for NGOs was 45%. According to the IPEA, if we consider compulsory and voluntary transfers, transfers to CSOs have never been responsible for more than 2.5% of total transfers and totalled 1.8% in 2010.

(7) Out of 134 associates, 102 responded to the GIFE Census (2010). The majority of these were of corporate origin (88); of these, 25 were companies and 63 were classified as a corporate association or foundation. The others (14) were family, independent and community foundations and associations (GIFE, 2010).

(8) The Federal Government Budget consists of the administration budget directly linked to the Federal Government.

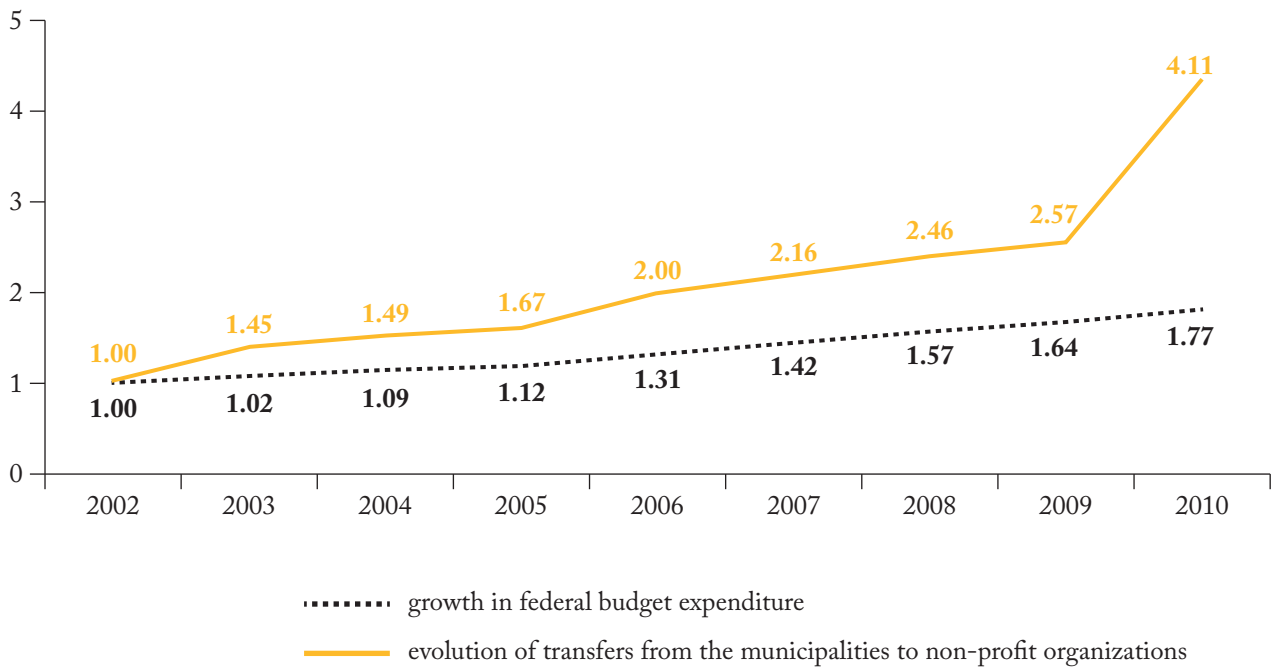


Graph 1: Comparison between the Federal Government Budget and the amounts transferred to non-profit organizations from 1999 to 2010. – **Source:** IPEA (2011).

Notes: Spending amounts deflated by the National Consumer Price Index Broad (*Índice Nacional de Preços ao consumidor Amplo*: IPCA). Annual budget spending, not including financing costs, was calculated using expenditure groups (*Grupos de Natureza de Despesa*: GND) 1 (personnel costs and social security), 3 (incidental expenses) and 4 (investments), i.e., not taking account of financial investments and spending on public debt. For non-profit institutions, transfers via modality 50 were considered.

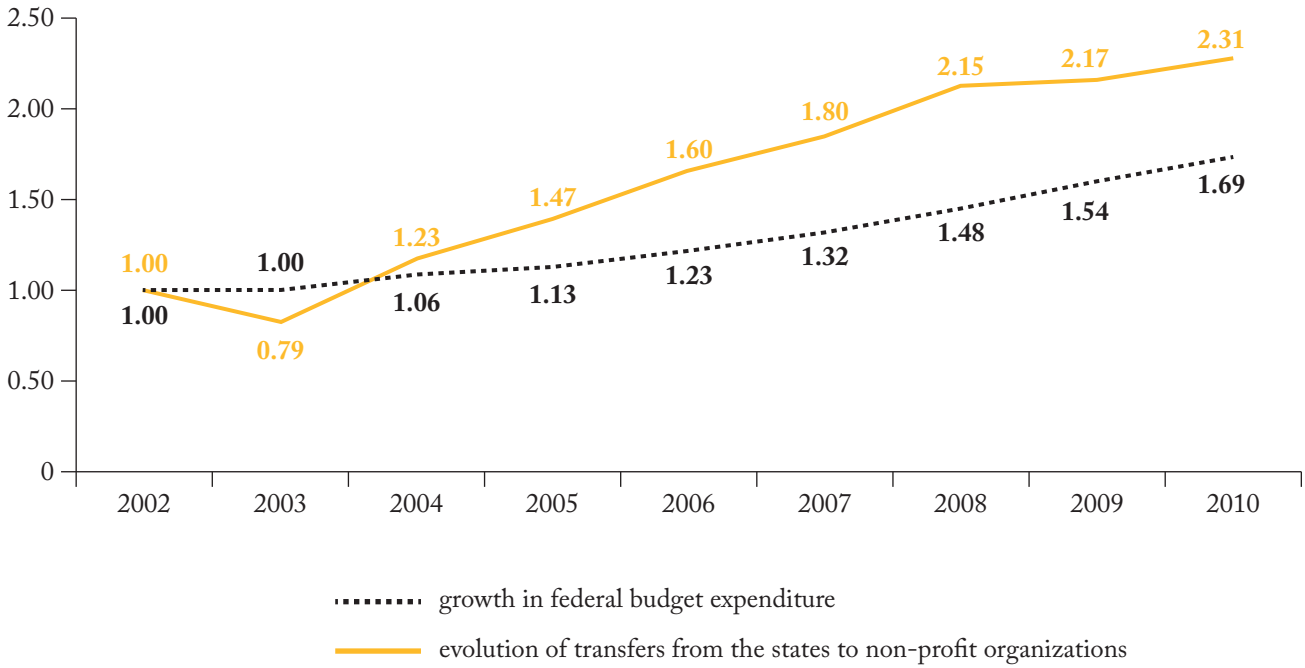
When we analysed the origin of federal transfers, we were able to ascertain that most of the funds transferred to private non-profit institutions originate from only a few Federal Government bodies. Transfers made by Health and Education are significant, as are those made by the Ministry of Agricultural Development, the Ministry of Tourism, the Ministry of Sport and the National Fund for Culture. This indicates that a relationship for the joint administration of public policies has prevailed over recent years (SIGA BRASIL, 2003-2011).

At the local level, transfers from the states and municipalities to non-profit organizations demonstrated proportionately more growth than those from the Federal Government. According to Lopez and Barone (2012), from 2006 onwards, the portion of annual federal budgets sent as voluntary transfers to the states and municipalities demonstrated slight growth (Graphs 2 and 3)[9].



Graph 2: Comparison between municipal budgets and the amounts they transferred to non-profit organizations between 2002 and 2010 (spending values deflated by IPCA). – **Source:** Lopez; Barone (2012).

(9) The research did not make an in-depth analysis of transfers from the states and municipalities, since this data is rarely published systematically, but it acknowledged that such an analysis is fundamental to a more complete understanding of the theme.



Graph 3: Comparison between state budgets and the amounts they transferred to non-profit organizations between 2002 and 2010 (spending values deflated by IPCA). – **Source:** Lopez; Barone (2012).

Transfers may also come from public foundations. Twenty-nine national public foundations were mapped by this research, as well as by research carried out by the Fundação Esquel (2013) and that of the General Secretariat of the Presidency of the Republic (2013). Funding for the majority of these foundations comes from the Federal Government, donations (international cooperation, individuals and companies), various types of contribution, income and investment. Some foundations receive funding from specific sources, such as the National Fund for the Environment, which receives funding from fines for environmental violations; the Fund for the Defence of Common Rights, from fines, damages and court convictions; and the National Fund for Culture, from lotteries. These transfers are undertaken through covenants, Partnership Agreements, accords, adjustments, and others.

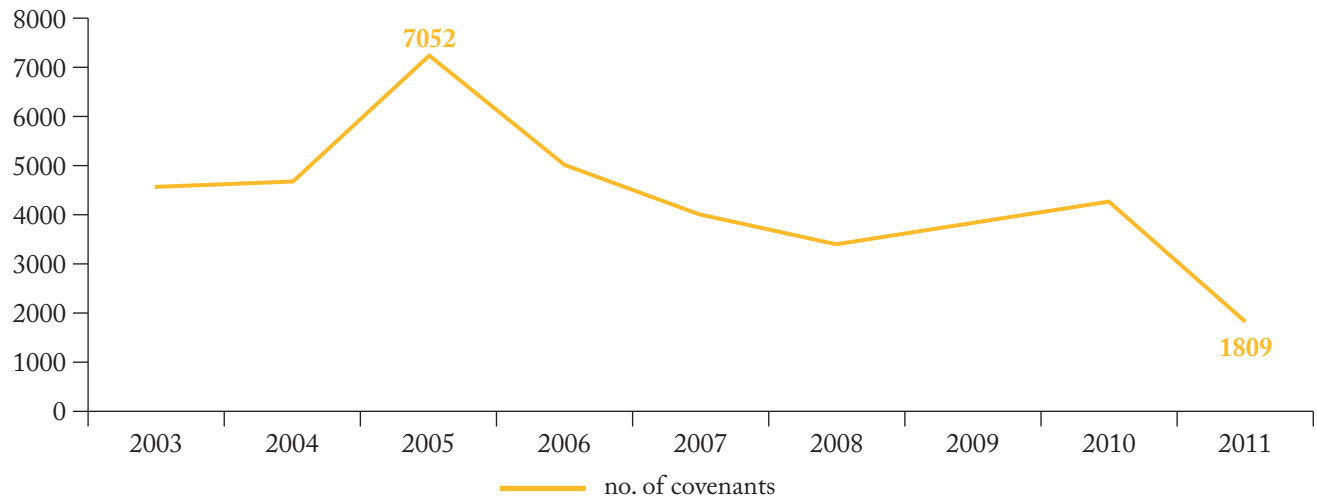
It is worth noting that, according to an analysis of the Federal Government Budget, the foundations that transfer the most funding are the National Fund for the Development of Education, the National Health Fund, the National Fund for Scientific Development and Technology and the National Fund for Culture.

State and municipal foundations receive funding via fund-to-fund federal transfers and from companies (exemptions), and transfer them through covenants to CSOs. Magalhães Júnior and Teixeira (2002) demonstrated that non-government local funding varies a great deal according to financial source and approach to CSOs funding. For example, within the Child and Adolescent field, the more pronounced influence of private initiatives is evident, which sometimes even reflects government "deresponsibilization": the more the private initiatives invest, the more the government reduces its investment in the fund. In Social Welfare, the scarcity of funds creates competition between organizations; in Health, political centralization is reflected in spending priorities, in other words, Federal Government priorities are reproduced in the way local government funding is used.

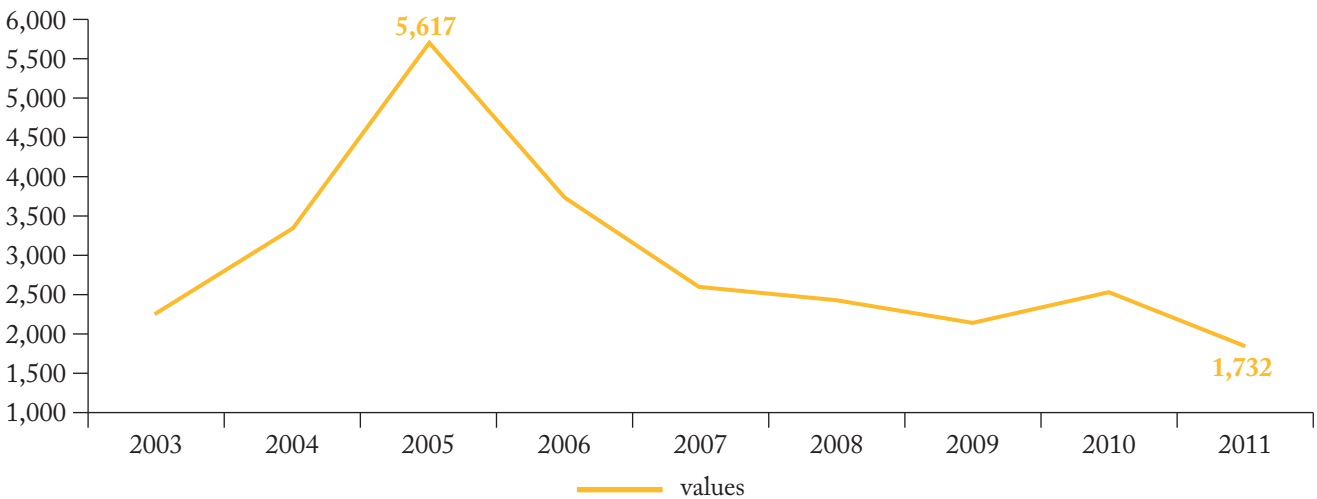
Furthermore, these foundations are linked to sector or transversal policies and the councils related to each area, which set spending priorities and control and inspect the use of funding. They may be also be linked to statutes, such as ECA, or policy systems, such as the Unified Health Service (*Sistema Único de Saúde*: SUS) and the Unified Social Welfare System.

The structure for the governance of such foundations also varies. In those foundations linked to social policy, such as the National Fund for the Development of Education and the National Health Fund, decision-making arenas are directly linked to the relevant Ministry or Public Policy Council. In other cases, such as the Fund for the Defence of Common Rights, wider participation is sought, with representatives from civil society and the Department of Public Prosecutions (*Ministério Público*: MP).

In specific regard to the covenants, we present secondary data from the Lopez and Barone research (2012, in press), and primary data from the qualitative interviews conducted for this research. In Graphs 4 and 5, there is an evident reduction in the number of covenants established by the Federal Government with non-profit organizations.



Graph 4: Number of covenants for non-profit organisations set up between 2003 and 2011 through the direct administration of the Federal Government. – **Source:** Lopez; Barone (2012).



Graph 5: Amount transferred to non-profit organizations from 2003 to 2011 via covenants directly administered by the Federal Government (millions). – **Source:** Lopez; Barone (2012).

Lopez and Barone (2012) demonstrate the wide variation in the type of non-profit organization that establish covenants with the Federal Government. If one only accounts for associations[10], the number of covenants between 2003 and 2011 was 20,095, while the amount of funds was approximately 12 billion Reals. As well as variation in type of organization, there are also different types of covenant objective: these may aim to establish partnerships, fund projects, provide services, offer grants/promotion etc. In this case, the majority, in terms of both quantity and amount transferred, was allocated to partnerships and to fund projects.

According to the FASFIL classification of organizations (from research conducted by the IBGE regarding the profile of non-profit foundations and associations), only 4.8% of covenants in this sphere were with organizations that defend rights, and were allocated to partnerships and funding.

Several problems relating to covenants were considered in the interviews, such as restrictions on paying staff, the primacy of the implementation of projects and excessive bureaucracy. When analysing funding for HIV/AIDS policy, Campos (2008) highlights the project implementation approach as a significant funding problem, since the majority of funding is allocated through project approval. However, a number of activities performed by these organizations are continuous in nature. In Social Welfare, according to the Private Social Welfare Network Department of SUAS, continuity in service, which is not compatible with the project approach, prevails.

For Ferrarezi (2001), the covenant modality presents problems, such as rigid funding application plans, the absence of project selection processes and the impossibility of paying costs and remunerating employees with covenant funding. These problems arise from the fact that covenants were created to standardize the relationship between the government and private companies, and between federal bodies. In the funding of organizations within the networks of the Ministry of Agricultural Development, organizations must demonstrate measurable results for internal bodies of control (Comptroller General and the Federal Court of Audit). Requiring this type of quantification may present a problem for organizations that defend rights when they account for their activities, since many of them carry out procedural work, which is difficult to translate into indicators.

This form of funding has influenced, or even reproduced, a specific organizational model: one based on project implementation and service provision. Furthermore, organizations have begun to seek funding from

(10) We have excluded research and other foundations, OSCIPs, hospitals, '*Santa Casa*' charities, non-classified organizations, social organizations and foreign foundations or associations.

a variety of sources – government, international cooperation, companies, individuals and others – in order to maintain their activities. Such a framework fragments the way that funding is used and requires a range of expertise, for example, in how to render accounts.

Final considerations

When we assess Brazil in line with the categories created by the authors discussed, we can see that, according to Coston's (1998) model, the government-CSO relationship in Brazil varies from one of contracting to one of complementarity. In Young's (2000) model, the Brazilian case seems to be closest to the supplementary and complementary categories. Significant variation is therefore evident in the forms or relationships between Ministries/Secretariats and CSOs, according to the specific characteristics and trajectories of each body or policy, since they have specific demands in terms of services and consultation for social organizations, as well as varied relationship histories with them.

Federal, state and municipal transfers to CSOs have increased, but not at the rate of their respective budgets. Covenants, despite being considered inappropriate for such transfers, remain the most predominant form of funding. In the covenant data analysis, we found wide variations in the types of organization that receive funds and varying covenant aims, while few covenants were established with organizations that work in the defence of rights. It is clear, therefore, that despite the changes that have taken place since 1995, the previous trajectory has not significantly changed.

In summary, in the Brazilian case one may find more vertical government-CSO relationships, in which the government establishes priorities and the CSOs provide services (often for demands not met by the government); and more horizontal ones, in which the CSOs formulate and implement jointly with the government. It is important to point out that the funding analysis demonstrated limited incentives to strengthen CSOs that work in the defence of rights or conduct advocacy work.

This research sought to construct a map of the main types of relationship between the government and CSOs in Brazil and the way these are funded, particularly for those that work in the defence of rights. The issues presented in this chapter were not examined in-depth and further study is required for a better understanding of the theme, in order to answer such questions as: How does the relationship between local government and CSOs operate? What about the relationship between CSOs, particularly between Corporate Institutes and Foundations and other CSOs? How much is transferred through exemptions, subsidies and aid, and which organizations benefit?

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Chapter 9

Agendas to improve public support to CSOs in Brazil

Eduardo Pannunzio

Introduction

In November 2012, the Articulação D3 and the Centre for Public Administration and Government Studies (*Centro de Estudos em Administração Pública e Governo*: CEAPG) at the School of Business Administration of the Getulio Vargas Foundation (*Fundação Getulio Vargas*: FGV). presented the preliminary results of their research into the institutional architecture of support to Civil Society Organizations (CSOs). One aspect of this research refers to public-state support, and its findings are described in the Final Report of the Public Funds Axis (CEAPG & ARTICULAÇÃO D3, 2013).

This is a doubly meritorious work. In the first place because, although the transfer of funds to CSOs involves a significant portion of the public budget (R$ 26.4 billion between 2003 and 2011, as recorded in the Report), comparatively few initiatives exist which map, understand and analyse the mechanisms through which this process takes place. Furthermore, the research succeeded in producing a reasonably complex diagnosis, setting out valuable recommendations to improve public support to CSOs in Brazil – a fundamental objective for the formation of the Rule of Law and democracy in this country.

This chapter aims to present three considerations arising from a reading of the Report, as well as signalling an area – public support through tax breaks –, which could be more thoroughly examined in future investiga-

tions. It finishes with a conclusion in which we present a brief summary of the considerations and suggestions formulated throughout the text[1].

Three Reflections stimulated by the research

The research results for the "Public Funds" axis are relevant not only for the data they provide, but also for the reflections they stimulate. Within the limits of this article we will explore three of these: (1) the fact that the state architecture of support favours a specific CSO profile: those that operate in areas where there is a tradition of community involvement (social welfare, education and health), notably when they deliver services to the population; (2) the absence of a coordinating agency for the various channels of public support existing in the federal sphere; and (3) a hypothesis that the problems related to the role of the State as a supporter of civil society are more institutional than strictly legal and, if this is the case, a rethinking of the institutions responsible for application, supervision and development must be an agenda priority for improvements to the regulatory framework of CSOs in Brazil.

Inequalities reinforced by public support

The 1988 Federal Constitution not only fully secured freedom of association as a fundamental right (Article 5, XVII-XXI), guaranteeing the conditions for the organization of civil society, but also envisaged a significant role for society and its organizations in various aspects of public life. This occurs, for example, in health, which the Constitution declares open to private enterprise, thus enshrining the participation of private enterprise, preferably "philanthropic and non-profit entities" (Article 199, heading and paragraph 1), in the public system; in the environment, whose defence and preservation the constitutional text attributes to the Public Authorities and to the "collective" (Article 225); or in childhood and adolescence, where "society" figures alongside the family and the State as an actor responsible for the promotion of the rights of children, adolescents and young people (Article 227).

However, the Constitution does not adopt a similar approach in the chapter referring to the national system of taxation. On the contrary, it retains norms dating back to the 1946 Constitution[2], which confer tax immunity

(1) We should note that the ideas discussed here were presented, discussed and refined in a seminar organized by Articulação D3 and CEAPG, on 4th and 5th April 2013. We would like to express our thanks to the event organizers and participants. Special thanks are due to the General Coordinator of the research, Patrícia Maria E. Mendonça, for her generous invitation to include this collection of texts in the seminar.

(2) See the 1946 Constitution of the United States of Brazil, Article 31, V, "b"; the 1967 Constitution of the Federal Republic of Brazil, Article 20, III, "c"; and the 1967 Constitution, with wording amended by the 1969 Constitutional Amendment no. 1, Article 19, III, "c".

only on organizations "of education and social welfare" (Article 150, VI, "c"). These are the same organizations – of "social welfare in its broadest sense", that encompass social welfare, education and health – which, in line with the 1988 Constitution, enjoy immunity in relation to social security contributions (Article 195, paragraph 7), such as the employer's share of social security.

In reality, Brazilian civil society has changed significantly since 1946, both in quantitative and qualitative terms. According to the most recent edition of the study "The private foundations and non-profit associations in Brazil", based on data from 2010, there are c. 290,700 non-profit organizations in the country (IBGE, 2012, p. 26). Of these, only 18.7% work predominantly in social welfare, education or health, with a rise in the number of CSOs aimed at the defence of rights and the interests of citizens, amongst others (IBGE, 2012, p. 31 *et seq*).

This renewed diversity in Brazilian civil society was officially recognized over a decade ago, when Law no. 9790/99 (the Law of Civil Society Organizations of Public Interest – *Organizações da Sociedade Civil de Interesse Público*: OSCIPs) considered organizations to be "of public interest" if they worked on a range of themes well beyond social welfare in the strictest sense. To give a few examples, this category includes organizations that aim for: the "defence, preservation and conservation of the environment and the promotion of sustainable development" (Article 3, VI); the "promotion of established rights, the construction of new rights and free legal advice of supplementary interest" (Article 3, X); or the "promotion of ethics, peace, citizenship, human rights, democracy and other universal values" (Article 3, XI).

In principle, all these CSOs merit similar treatment in terms of taxation, given the assumption that they operate in a similar way on behalf of the public interest. However, the Constitution continues only to guarantee more beneficial treatment – i.e. immunity – to social welfare organizations in the broader sense, while the others are either burdened with taxes and other contributions, or depend on occasional "legal favour" (exemption granted by law). This generates arbitrary inequality and causes tensions within the group of public interest CSOs.

The Final Report of the Public Funds Axis, which we are analysing here, adds another component that further reinforces this inequality:

> [...] a large proportion of the total [public funds] transferred to non-profit private institutions comes from a few Federal Government bodies and **the transfers made by Health and Education are significant**. [...] what has prevailed in recent years is a relationship of the joint administration of public policies. (CEAPG & ARTICULAÇÃO D3, 2013, p. 23, our emphasis).

In fact, as the table on page 33 of the Report evidences, over the 2003-2011 period most (both in number and value) of the Federal Government covenants established with non-profit organizations were made with precisely those organizations that work in **social welfare** (4922 covenants, approximately R$ 1.8 billion), **education and research** (6102 covenants, approximately R$ 7 billion) and **health** (5661 covenants, approximately R$ 3.4 billion). The sum of these amounts corresponds to 46.2% of the total R$ 26.4 billion federal funds transferred to non-profit organizations over this period. Meanwhile, the amount allocated to organizations for the **defence of groups and minorities** and **other forms of development and the defence of rights** – or simply "organizations that defend rights" – represented only 4.8%.

Social welfare organizations are therefore doubly favoured compared to other public interest CSOs. Firstly, because they do not suffer the burden of taxation, in that the State is prevented from charging them for taxes and social security contributions[3]. Secondly, because they are the greatest beneficiaries of the transfer of public funds.

The research also signals that, although it remains very low, the transfer of federal funds to CSOs that defend rights may be rising. A symbolic example relates to the way in which the proportion of federal funds within the funding budgets of associates of the Brazilian Association of Non-Governmental Organizations (*Associação Brasileira de Organizações Não-Governamentais*: ABONG) has risen, given that the predominant profile of these associates is precisely that of the defence of rights. "In 2003, 16.7% of associates had between 41% and 100% of their budgets funded by the Federal Government; in 2007, this was 37.4%" (CEAPG & ARTICULAÇÃO D3, 2013, p. 20). Although we can confirm this hypothesis, we must bear in mind that the legal instrument widely used for this type of transfer (the covenant[4]) is principally aimed at forming cooperative links for the administration of government programmes, rather than supporting the autonomous initiatives of civil society itself.

> **This form of funding [covenant] has influenced or even reproduced a specific organizational model: one based on project implementation and service provision.** Furthermore, organizations have begun to seek funding from a variety of sources – government, international cooperation, companies, individuals and others – in order to maintain their activi-

(3) The legislation imposes a series of demands for the privilege of immunity from social security contributions, such as possession of the Certificate of Charitable Organizations for Social Assistance (*Certificação das Entidades Beneficentes de Assistência Social*: CEBAS), c.f. Law no. 12101/09. Thus, although many social welfare organizations in the broader sense are immune from taxation, they still make social security contributions.

(4) See the section entitled 'Legislation is not the great villain', below.

> ties. Such a framework fragments the way that funding is used and has to rely on a variety of expertise, for example, in how to render accounts (CEAPG & ARTICULAÇÃO D3, 2013, p. 37-38, our emphasis).

There is no doubt that social welfare, education and health organizations, particularly those that deliver services, appear to be large, or even the largest, recipients of public funds – after all, they are priority partners of the State in the execution of universal public services. However, there is a need to promote greater equality within the sphere of public interest CSOs, either by extending the taxation immunity regime to all or by promoting greater diversification in the transfer of public funds, including funding for projects genuinely aimed at strengthening civil society.

The absence of a coordinating agency for public support

The Final Report of the Public Funds Axis reveals a multiplicity of bodies and mechanisms that transfer funds to CSOs – the National Development Bank (*Banco Nacional de Desenvolvimento*: BNDES), for example, the various Ministries and no less that 29 national public foundations – while the arrangements used to make these transfers also vary (CEAPG & ARTICULAÇÃO D3, 2013, p. 29 *et seq*).

In itself, such diversity is natural, both expected and welcome. What is noticeable, however, is the absence of a coordinating agency for these various fronts; an agency that can integrate and optimize them within the sphere of a real policy of support to CSOs in Brazil. In this context, diversity becomes synonymous with dispersion, increasing the chance of a mistaken or distorted allocation of public funds, as observed in the previous section.

In truth, such dispersion does not only apply to the transfer of funds. It is also present in the regulatory activity of the State itself. Symptomatic of this is the fact that the country currently has four certificates to recognize public interest CSOs and their regulation, concession and control are distributed across a plurality of Federal Government bodies.

Thus, we have the **Public Interest** title (the oldest of the certificates, dating from the 1930s), granted by the Ministry of Justice; the **Certificate of Charitable Organizations for Social Assistance** (*Certificação das Entidades Beneficentes de Assistência Social*: CEBAS), which previously came under the remit of the National Social Assistance Council but which, through Law 12101/2009, is now shared between the Ministries of Social Development and the Fight Against Hunger, Education and Health; qualification as a **Civil Society Organization of Public Interest** (OSCIP), also under the umbrella of the Ministry of Justice; and the **Social Organization** qualification, which falls to various Ministries, depending on the CSO's area of operation.

Analysing this scenario, a recent study by the Centre for Applied Legal Research (*Centro de Pesquisa Jurídica Aplicada*: CPJA) of Direito GV (the FGV Law School of São Paulo), which only focused on the first three certificates mentioned above – precisely those most in use, given the small number of CSOs in the federal sphere -, was emphatic in its conclusion that:

> […] created at different historical times, the three main certificates in this country have their own logic and little dialogue exists between them. There is no coherent State policy that integrates and coordinates the different certificates and legal provisions in order to promote the development of the sector in this country." (DE BONIS, 2013, p. 14).

It also reports that CSOs are obliged to register their governing documents at a notary's office and register themselves at the National Business Registry (*Cadastro Nacional de Pessoas Jurídicas*: CNPJ), as well as at the National Social Security Institute (*Instituto Nacional do Seguro Social*: INSS); they must present annual information to different government bodies: the Federal Revenue Secretariat, the Statement of Economic and Tax Information of Legal Entities (*Declaração de Informações Econômico-Fiscais da Pessoa Jurídica*: DIPJ), the Ministry of Work and Employment (should they have employees), and the Annual Social Information Report (*Relação Anual de Informações Sociais*: RAIS); and must also provide monthly information to the INSS, and via the Payment and Social Security Information Form of the Mandatory Fund for Unemployment Benefit (*Guia de Recolhimento ao Fundo de Garantia do Tempo de Serviço e Informações à Previdência Social*: GFIP) (DE BONIS, 2013, p. 8).

The confusion this regulation generates, which is also reflected in the State's support activities (as demonstrated in the CEAPG research), suggests that it is time to reconsider the institutional architecture of regulation and support to CSOs.

Several foreign experiences demonstrate the feasibility of such an undertaking, as reported in the CPJA-Direito GV study, cited above (DE BONIS, 2013, p. 3-7). For example, more than 150 years ago, the United Kingdom created the Charity Commission, a non-ministerial public department that operates independently as a regulatory body for the non-profit sector. The Philippines has an unprecedented system of self-regulation (run by the Philippine Council for NGO Certification, which began operations in 1999), which is recognized by the State and guarantees benefits to donors to certified organizations, such as a total deduction of the amount invested and exemption from taxation on donated amounts.

In Brazil, the creation of such an "institutional arena to regulate the sector in the form of a collegiate body with a role for dialogue, and the regulation and supervision of non-profit civil society organizations" (DE BONIS,

2013, p. 3-7) would represent an important step towards improved organization and assessment of the relationship between the State and organized civil society, specifically in reference to granting public benefits, such as the transfer of funds or the enjoyment of tax immunity/breaks.

Legislation is not the great villain

The vast majority of public fund transfers to CSOs are made via **covenants** (CEAPG & ARTICULAÇÃO D3, 2013:31). As the Final Report of the Public Funds Axis highlights, "various problems" are associated with the use of this legal instrument (initially conceived to govern the relationship between federal bodies) to establish contracts between the State and CSOs: "restrictions on paying staff, the primacy of project implementation, excessive bureaucracy, and others" (CEAPG & ARTICULAÇÃO D3, 2013 p. 34).

It is not our intention here to conduct an extended analysis of the countless inadequacies of the covenant. Suffice it to say that its great failing is based on a formal-bureaucratic logic, whereby **how** public funding is spent is more important than the **results** achieved for society – a form of logic partly due to the governing legislation and partly to the way that the controlling bodies interpret and apply it. In the final analysis, this excessively limits the autonomy of CSOs as organizations capable of deciding what is in the best interests of their project, as well as involving them in a complex and endless web of control incompatible with the profile of a non-profit private body, particularly those of small size or structure.

What is curious, however, is that for over a decade Brazil has enjoyed the benefits of a law that allows the State to establish relationships with CSOs through an instrument other than a covenant: the 1999 OSCIP Law.

This legal certification represents a highly important movement towards the modernization of the CSO regulatory framework. It recognizes as public interest not only organizations that operate in the traditional areas of social welfare, education and health, but also those that work in more contemporary areas, such as the environment (Article 3, VI) or human rights (Article 3, X and XI). Furthermore, it has stimulated the adoption of good governance and management practices[5], opening up pathways for the more professional administration of CSOs[6]. Moreover, and of particular interest to this chapter, it has created a new instrument to regulate the

(5) This is the case, for example, with the mandatory adoption of mechanisms to avoid conflicts of interest and restrict the accruement of benefits or personal advantages to their directors, in the constitution of their oversight committees or equivalent bodies and in the publication of the organization's activity reports and financial statements, which must be available for examination by any citizen (c.f. Law no. 9790/199, Article 4, II; III and VII, "b" respectively).

(6) In this sense, provisional measure no. 66/2002 (Article 37), subsequently converted into Law no. 10637/2002 (Article 34), enables organizations qualified as OSCIPs to remunerate their directors, without involving a loss of tax benefits.

contracting of such organizations by the State – the Partnership Agreement, endowed with more appropriate oversight and transparency mechanisms than the covenant[7] and supported by a results-based logic[8], which tends to demonstrate greater respect for the autonomy of the partner CSO.

Why, then, does the covenant continue to predominate, with such a wide margin of advantage over the partnership agreement, as an instrument for the transfer of public funds to CSOs?

There are clearly several answers to this question and we suggest one here: a failure to create or attribute a body with specific jurisdiction and structure to apply, supervise and develop the OSCIP Law and its regulation. On the contrary, this is referred to the same body responsible for the old Public Interest title – the current Department of Justice, Ratings, Titles and Qualification in the Ministry of Justice – with the highly restricted role of "inspecting" (decree no. 6061/07, Annex I) and "instructing the qualification" of CSOs as OSCIPs (decree no. 6061/07, Annex I and ordinance no. 10/11). Further, this occurs in parallel with such disparate Department activities as registering organizations that provide microfilm services; dealing with ratings for audiences of radio and television programmes, films for cinema release etc.; monitoring television programmes and recommending age limits and programming times; and supervising and coordinating activities to tackle human trafficking (decree no. 6061/07, Annex 1 and ordinance no. 10/11).

In this context it is clear that, however well-intentioned and prepared the professionals that have worked or currently work there, the Department is not able to perform this role of supervising, applying and developing the Law and its regulation. To do this, one has to go beyond the task of notary and oversight, towards a central role in disseminating the Law, clarifying the scope and direction of its various provisions (particularly by systematizing related administrative jurisprudence), filing adjustments and additions to the Law and the legal instruments that regulate it and, above all, valuing public interest OSCIPs and civil society in general.

The current precedent of the OSCIPs is, therefore, educational, in that it discusses a new raft of improvements to the CSO legal framework. The legislation may, and should, undergo improvements, but promoting institutional innovations to the Brazilian State may be just as, or even more, important than changes of a legal nature.

(7) Witness the need for the organization to adopt and make public its norms for purchasing and employment contracts using funds from the Public Authorities and the need for an evaluation commission to analyse the results of this partnership, as well as for the mandatory publication of statements relating to the physical and financial implementation of the organization's object (c.f. Law no. 9790/1999, Article 14; 11, paragraph 1; and 10, paragraph 2, VI, respectively).

(8) As evidenced through the need for the partnership agreement to include "a stipulation of the goals and results to be attained and the respective deadlines or schedule", with "the express provision of the objective criteria to evaluate performance using results indicators" (Law no. 9790/1999, Article 10, paragraph 2, II; and III, respectively).

This consideration applies particularly to the legislation that governs the transfer of public funds to CSOs. The Final Report of the Public Funds Axis rightly draws on the OSCIP Law, which emerged from a debate at the end of 1990s and concentrated, precisely, "on the matter of the forms of relationship between the State and civil society" (CEAPG & ARTICULAÇÃO D3, 2013, p. 11). This same debate is present in current discussions about improvements to the CSO regulatory framework, as attested in the fact that the Working Group set up jointly with the Secretary General of the Presidency of the Republic has prioritized the issue of how to establish contracts within this relationship (BRASIL, 2012). However, this agenda's great enemy may not be the legislation, but instead the Brazilian State's institutional architecture. Perhaps we do not need a new legal instrument to achieve this relationship, since, if properly used and improved, the partnership agreement may be capable of overcoming the problems presented by the covenant. Instead, what we need are new institutions.

This discussion about institutions, however, occupies an insignificant place in the public debate. We seem to nurture a belief that changing a law is sufficient for the magical transformation of reality. Life is more complex than this, however, and it is always difficult for legislation to help institutions realize their potential if the institutions themselves are not well-designed and structured.

One aspect for debate: tax breaks

The Final Report of the Public Funds Axis contained a specific section dealing with "tax breaks" (CEAPG & ARTICULAÇÃO D3, 2013, p. 41 *et seq*), apparently considering them to be a form of indirect transfer of public funds through tax relief. The findings presented there are primarily anchored in data from the Ministry of Social Development and the Fight against Hunger, which conducts research into organizations registered with the Municipal Councils of Social Assistance.

Whilst this is an important theme, perhaps the study approach was not the most appropriate. This is because social welfare CSOs generally enjoy tax immunity, but not tax exemption. This is more than mere semantics: in terms of immunity, the State is prevented, in principle and under the constitution, from imposing any tax and it is, therefore, problematic to characterize immunity as tax breaks, given that the State cannot waive or relinquish a right that it does not retain. For the purposes of research, therefore, it may be more promising to measure the volume of tax exemptions granted to organizations that operate within the social assistance fields.

That said, we would like to emphasize another feature related to this point. This concerns the fact that any mapping of the sources of public support to CSOs in Brazil cannot fail to consider **tax breaks**, in other words, benefits not granted to the organization itself, but to the individual or business that transfers funds, directly or

through a public foundation, in donation or sponsorship.

There are three types of incentives in the federal sphere that result in support to CSOs: (1) the incentive to donate to public foundations that fund CSO projects, as is the case in the Funds for the Rights of Children and Adolescents (*Fundos dos Direitos da Criança e do Adolescente*: FDCAs) or the National Fund for the Elderly; (2) incentives for donations/sponsorship to **CSO projects endorsed by the Federal Government**, as occurs, for example, in the areas of culture, sport, and more recently, the prevention and combating of cancer and the care of people with disabilities; and (3) **free donations to CSOs** which have the Public Interest title or are qualified as OSCIPs.

In principle, tax breaks should be instruments to stimulate the directing of **private** funds to initiatives or organizations of public interest. In Brazil, however, a large proportion of these incentives constitutes the mere directing of **public** funds, whereby the donor or sponsor may obtain a refund of up to 100% of the funds transferred. We will provide two examples where this occurs: in donations to either FDCAs or cultural projects that serve the sectors indicated in Article 18, paragraph 3 of the Rouanet Law. Here, an individual may discount the total amount donated up to a limit of 6% on Income Tax, while a company may do the same up to 1% (FCDAs) or 4% (Rouanet Law) of their Income Tax.

However, it remains extremely difficult to identify the actual amount of tax relief promoted by the Brazilian State through incentives. This aspect could be incorporated into a possible second edition of the research.

In truth, for a long time, the theme of tax breaks has merited more in-depth analysis, aimed at combating something that we have elsewhere called the "irrationality of tax breaks in Brazil" (PANNUNZIO, 2011).

The greatest example of this is the fact that only certain areas benefit from tax breaks, as noted above. The importance of culture, childhood and adolescence, sport, the care of the elderly, the prevention of and combating cancer or the care of disabled people, is indisputable. Why, however, do other equally important areas, such as human rights and the environment, not benefit from specific incentives? If it is not possible to extend benefits to all, for reasons of fiscal balance, which specific areas should be prioritized at any given moment? If we had intended to have a coherent policy on the subject, issues such as these could easily have been debated rationally. Yet this has not happened, what has prevailed is the law of the politically strong: the sectors that have the greatest power to coordinate and put pressure on the Government and National Congress receive tax breaks.

Further, incentives are created or maintained without a clear definition of the goals they intend to achieve,

which would allow the Government and society to assess whether they are effectively fulfilling the aims for which they were created. For example, certain incentives originally designed as transitory instruments to promote a specific area are still in use.

Additionally, there is a clear predominance of incentives for donations/sponsorship to projects endorsed by the Government: these are not only more numerous, but also more attractive than those aimed at stimulating free donations to CSOs. On the one hand, this demonstrates the Public Authorities' insistence on maintaining (excessive) control over how organizations should apply the funds thus raised, and, on the other, it ensures that the functioning of incentives leads to the same problems as those identified in the covenants, particularly those linked to "project implementation" and the impossibility of directing funds at institutional strengthening (CEAPG & ARTICULAÇÃO D3, 2013, p. 37).

What is required, therefore, is greater transparency in the way current tax breaks operate, improvements to these, and their inclusion within the framework of a policy to support CSOs.

Conclusion

This chapter set out to develop three reflections based on the findings described in the Final Report of the Public Funds Axis.

The first refers to the fact that the architecture of public support disproportionately favours organizations that work in the traditional fields of social welfare, education and health, particularly those that deliver services, reinforcing inequality of treatment within the group of public interest organizations. We have therefore argued for greater equalization in the benefits granted to this sphere, both in relation to the tax and social security system and to public support mechanisms, including those that fund activities to strengthen civil society organizations not necessarily attached to government programmes.

The second relates to the lack of a coordinating agency to work with the various bodies and public support mechanisms that currently exist within the federal sphere. We have observed that this dispersion reflects a more profound regulatory fragmentation in the field of public interest organizations, highlighting the need to rethink the institutional architecture of the regulation of and support to CSOs.

Finally, our third reflection sought to emphasize that, contrary to common sense expectations, a large portion of the problems with the so-called CSO regulatory framework are institutional, rather than legal, in nature. The experience with the OSCIP model provides a clear example of this and further reinforces the need to incorporate the institutional dimension into the public debate related to this agenda.

Furthermore, the chapter has identified an aspect, which, although tangentially referred to in the Final Report, deserves a more profound examination: tax breaks. This is because, in practice, many tax breaks serve as mechanisms to direct public, rather than private, funds to specific areas. National aspirations must therefore refer to increased transparency and improved tax breaks, located at the heart of a genuine policy to support CSOs.

The time has come to confront these and other challenges to the agenda to improve the regulatory framework of CSOs. The 2010 creation of the Platform for a New Regulatory Framework for CSOs, and the 2011 joint establishment, with the Secretary General of the Presidency, of a Working Group on this theme are clear signs that it has gained prominence in both the civil society and Federal Government sphere. Guided by cogent diagnoses, innovative proposals and serious political commitment, this movement could have the necessary requisites to generate concrete changes in the near future and create a legal and institutional environment favourable to the organization and operation of Brazilian civil society.

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Chapter 10

State-Society Relationships in Brazil: institutional architecture, accountability and coproduction of the public good

Paula Chies Schommer

Between 2012 and 2013, the Articulação D3 and the Centre for Public Administration and Government Studies (*Centro de Estudos em Administração Pública e Governo*: CEAPG) conducted a research study regarding the Institutional Architecture of Support to Civil Society Organizations in Brazil. In the light of the results of this significant and timely research, it is now time to compile the comments made about the data from the Public Funds Axis (one of four in the study), taking into account the debates held during the April 2013 seminar, while supplementing data and analytical frameworks.

The Public Funds Axis investigated the institutional mechanisms for the transfer of state funding, principally funds from the federal sphere, to civil society organizations in the field of the defence of rights. Some notable findings are:

- The difficulty faced by researchers in delineating the field of the defence of rights and obtaining information about public funds invested in the work of civil society organizations (CSOs). Very little data is available and what is available is incomplete, out-of-date and disconnected; most comes from the federal government sphere; and accessible data about the transfer of state or municipal funding to CSOs is practically non-existent.
- Public funding is concentrated in the federal government sphere and rarely accessed by CSOs (representing 1.8% of the federal budget in 2010). Furthermore, it evidences a downward trend, since, despite an increase

in total volume, transfers from the federal budget have grown more slowly than revenue:

> In 2011, the Institute for Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada*: IPEA) conducted a study of federal transfers to non-profit organizations, indicating a constant upward trend between 2002 and 2010. However, growth in these transfers did not accompany growth in the federal budget's total volume. In 1999, the total value of federal funding to non-profit organizations was R$ 2.2 billion, while in 2010 this was R$ 4.1 billion. Transfers to CSOs were proportionately smaller in relation to Federal Budget growth. Between 2002 and 2010, the real value of the global Federal Budget – not including financing costs – grew more than 80%, while growth in the amount allocated to NGOs was 45%. According to the IPEA, if one considers mandatory and voluntary transfers, the transfer to NGOs has never been responsible for more than 2.5% (the 2005 peak) of total transfers and in 2010 represented 1.8%.
>
> According to the IPEA, between 2002 and 2010, federal transfers to non-profit organizations grew by 3.49%. The growth in state transfers to non-profit organizations was 4.97%, while for municipal transfers this was 9.33% (CEAPG & ARTICULAÇÃO D3, 2013, p. 7-8).

• Transfers from only a few ministries to only a few CSO (larger ones, which occasionally then transfer to smaller ones) or through the mediation of the states and municipalities.

• Stagnation in the third sector's regulatory framework, resistance to extending partnerships between the government and CSOs, and attachment to homogenized and centralized standards, which discourage the active and creative attitude of civil society within the public sphere.

All this appears to contradict the expected outcome of increased CSO participation in public policies and the production of public goods and services. We have therefore developed arguments about (i) rights and changes in how to defend them; (ii) historical characteristics, progress and stagnation in the State-Society relationship in Brazil, which interfere in the institutional architecture of support to CSOs; (iii) the relevance of information and accountability in advancing this relationship; (iv) the coproduction of the public good and new possibilities for the State-Society relationship; (v) pathways for the construction of an architecture of support to CSOs, including diversity, decentralization, combining and coordinating between actors, funding and mechanisms.

Rights and changes in how to defend them

When dealing with the defence of rights, we need to ask which particular rights we are talking about and who we expect to be responsible for guaranteeing them. Which roles fall to the State and which to the Citizenship (all citizens and their multiple ways of organizing) in the production of the public good (a set of democratically defined values)?

We should consider universal rights as laid down in international treaties, as well as in Brazil's Federal Constitution, in which Article V defines individual and collective rights and responsibilities, ensuring the inviolability of the right to life, to liberty, to equality, to security and to property (BRASIL, CF 1988, 2013). This guarantee for all has been challenged by the contradictions inherent in Brazilian history. Despite the country's territorial, natural, socio-cultural and economic[1] riches, we are seemingly incapable of guaranteeing Brazilians even the right to life, since our daily lives are subject to various forms of violence. Beginning with inequality of property, income and access to opportunities to improve well-being, we are subject to a violent historical legacy that continues to reassert itself in new and creative ways. Although the country has made progress in terms of health, education and income, extreme differences persist in how this progress is distributed across the population.

On a daily basis, we are exposed to the reality of appalling violence against women, children, young people, homosexuals, prisoners, tourists, and immigrants, in short, anyone who passes through Brazil. Road traffic violence kills and mutilates thousands of people annually, with incalculable social and emotional consequences and extremely high costs in terms of health and social security. Our perennial "civil war" means that approximately 50 thousand people are murdered every year (about 26 per 100 thousand inhabitants) (WAIZELFISZ, 2013)[2] and there is little likelihood of criminals being punished[3]. We still live with the "*jeitinho*" (the so-called "Brazilian way") and, its close relative, corruption, manifest in the frequent misuse of resources and the low quality of public and private services, which charge consumers exorbitant prices, as well as the extremely high tax burden imposed on our citizens[4].

(1) In 2012, Brazil ranked sixth amongst the largest economies in the world in terms of Gross Domestic Product (GDP), ending the year in seventh place (VEJA, 2013).

(2) *The 2012 Map of Violence Report – New standards of homicidal violence in Brazil* presents data and analysis covering the last 30 years. To give a comparison, between 2004 and 2007, 192,804 people were homicide victims in Brazil, while over the same period 169,574 people were victims of the 12 principal armed conflicts around the entire world (WAIZELFISZ, 2013).

(3) The indices for solved murders in Brazil vary between 5 and 8% of total deaths (FOLHA DE SÃO PAULO, 2013).

(4) In assessing the current stage of Brazilian democracy, João Ubaldo Ribeiro (2013) pronounced, "We continue to be subject to Benjamin Franklin's two certainties in life: death and taxes. Opportunities for death are extensive and diverse – from a stray bullet to dengue fever. With regard to taxes, we are on our way to becoming world champions".

In parallel with such huge challenges to guaranteeing basic rights is a growing recognition of the specific rights of vulnerable groups or those living in comparatively unequal conditions. Moreover, new topics are now on the agenda, such as the right to abortion or same-sex marriage. The challenge is to guarantee both old and new rights of a universal nature (for all) and to meet those specific to each group, without reproducing a culture of privilege.

Historically, certain groups have achieved goals, which may, to some extent, be legitimate, but do not represent equality in terms of opportunities and benefits, since it is impossible to extend them universally. We begin with the working conditions and benefits attained by certain strata of the civil service, at levels far above most of the Brazilian population, including in other civil service categories, workers in private companies and the huge contingent of informal workers.

Over and above access to funds or benefits, the fundamental right of citizenship is the sovereignty to exercise power, the right to participate actively in the life of the *polis*, and to define the course of the nation and State. This is something not granted by decree or guaranteed *a priori* by the democratic ideal, even when recorded in the Constitution or in formally secured participation arenas. It is something that has to be achieved daily, by each citizen, by each community and by society as a whole.

It is precisely this sense of the right to inform oneself, to interact and defend oneself that could have the greatest potential to transform this country. There has been a visible change in political attitudes and activities and these are increasingly interconnected. Following on from the so-called "third sector boom" in the 1990s[5], more and more examples emerge every day of the potential to transform realities through existing resources, by combining them in different ways.

As well as news about violence and impunity, we are witnessing multiple possibilities for the production of public goods and services by citizens, in their communities, connecting up with other communities with similar problems, sharing solutions, with or without the direct involvement of governments or formal organizations. More challenging, however, are institutional frameworks and traditional organizational formats.

Instead of expecting someone else to defend your rights, citizens have understood that this role falls to them. That is not to disqualify the activities of the governors, but to question their dominance in defining and constructing the public good, and to increase the direct participation of citizens and CSOs within the public sphere.

(5) In 2005, 41.5% of the 338,000 foundations and associations existent in Brazil were founded in the 1990s (IBGE, 2009).

Amid this social vitality and citizen dynamism, which is evident in the sharing of information and power, the concentration of knowledge, public and private funds and political power endure, both in the federal government sphere and amongst those political groups that have maintained power for decades. This refers to a peculiar feature in Brazilian history – the combination of the archaic and the modern in State-Society relations.

Relations between the State and Society in Brazil – progress and stagnation in the historical features that interfere in the institutional architecture of support to CSOs.

Considering the Brazilian history of economic, social and political inequality, recent decades have witnessed important progress in the guarantee of rights and democracy. However, euphoric democratic expectations exist alongside dismay at archaic values and practices that insist on reproducing themselves, sometimes through the connivance of those who are dismayed or the indifference of the majority[6].

In State-Society relationships, there is evidence, on the one hand, of an active and dynamic process of enthusiastic coalition around common challenges, and the opening up of dialogue and cooperation. On the other, are the striking features of a typical state-centric pattern of State-Society relationship, opposed to the socio-centric pattern that could emerge in Brazil (KEINERT, 2000). The "old" features of Brazilian political culture, such as formalism, the centralization of power and the protection of citizens by the State, which we wish to dismantle, appear to have been reinvigorated. Brazilian political culture and public administration are characterized by fluctuations and a combination of the traditional and the new[7] (FARAH, 1996; PINHO and SACRAMENTO, 2009; ALMEIDA, 2007).

Some of the progress made in the State-Society relationship in Brazil that has affected the defence of rights is revealed in Table 1, while the persistent archaism is presented in Table 2.

(6) In an article about the *Mensalão* judgement, Roberto Pompeu de Toledo (2012) asks whether the significant step that the unprecedented judgement and punishment of so many and such notable defendants represents for our democracy "is sustainable?" During the judgement, a lawyer approached the highest court in the country and declared that it was "normal" to maintain a slush fund. Just as it is "normal" to bribe the traffic police, or for a liberal professional to ask whether or not a client wants a receipt (a form of slush fund), to carve a ministry up between vested interests or to satisfy the greed of political allies by offering them profitable state directorships, to discuss, during the second round of elections, positions and benefits rather than convergence programmes, and to let funds diverted from public coffers leak away, even when crimes are exposed. When all this stops being "normal", it will be sustainable.

(7) This is also seen in the third sector's legal framework, which appears to go "one step forward and two steps back", or around in a circle, without achieving anything.

Progress in State-Society relationships that tend to affect the defence of rights

Human Development Index	Brazil has made progress in the indicators of education, health and income. Over the last two decades, our Human Development Index (HDI) has risen 24%, reaching 0.730[8] in 2012 (considered High Human Development), 85th out of 187 countries (PNUD, 2013). Although this is modest, given our conditions, this position does tend to generate effects for the exercise of citizenship, improving basic conditions so that people recognize and defend their rights.
Expansion of channels for citizen participation in public administration	Since the 1988 Constitution, a number of mechanisms for citizen participation in dialogue with the State have expanded into different thematic areas and government spheres, for example, through public policy councils, conferences, public audiences, participative budgeting, forums etc.
Innovation and citizenship in local government	In the wake of the democratization and government decentralization initiated in the 1980s, multiple innovations have taken place in local government based on strengthening both citizenship and the quality of public administration, as evident, for example, in the database of the Public Administration and Citizenship Programme (CEAPG, 2013).
Social mobilization against corruption, improvement in quality of life in the cities and in public administration	New forms of social mobilization have emerged across the country, seeking to influence government activity in terms of: transparency and accounting, reducing corruption, quality in expenditure and public services, and well-being and quality of life indicators in the cities. Some examples of this are the Social Observatory Network of Brazil (*Rede Observatório Social do Brasil*: OSB) for Public Oversight, the Amarribo Network of Public Oversight (<http://www.amarribo.org.br>) and the Brazilian Social Network for Fair and Sustainable Cities (<http://www.nossasaopaulo.org.br/portal/cidades>), which may be found in municipalities of all sizes and in all regions (SCHOMMER, NUNES and MORAES, 2012; TREVISAN *et al*, 2003); there is also a range of social movements and networks that promote mobilizations on the streets, the internet and in institutional arenas.
Mobilization for changes to the electoral process	Sections of society have managed to mobilize and exert political pressure on the authorities, demanding changes to institutional rules within the electoral process. One example of this is the Movement to Combat Electoral Corruption (*Movimento de Combate à Corrupção Eleitoral*: MCCE) and its partners, which, amongst other things, has led to the approval of the so-called Clean Record Law, which envisages additional criteria regarding candidature for elected office (DOIN *et al*., 2012).

(8) The closer the value is to 1, the higher the country's HDI.

Transparency and Access to Information	Several mechanisms have encouraged transparency in public administration and access to information: the Transparency Law (Law 131/2009), which sets out the minimum content for the electronic portals of public bodies; the Access to Information Law (Law 12527/2011), which regulates access to public information as part of a national and international agenda for the right to information and accountability (ANGELICO, 2012); the 1st National Conference on Transparency and Public Oversight (*Conferência Nacional sobre Transparência e Controle Social*: CONSOCIAL), in 2011/2012 (CGU, 2013); the International Open Government Partnership (OGP, 2013); and radio and television channels that broadcast the daily activities of the Judiciary and the Legislature (TV Justiça, TVs Câmara, TVs Assembleia).
Information technology providing services to citizens	Dissemination of the use of information and communication technology has facilitated the circulation of information, public oversight, the expression of opinions, connections and coordinated action around common interests. Such initiatives include Cidade Democrática (<http://www.cidadedemocratica.org.br/>), AVAAZ (<http://www.avaaz.org/en/>), and others (<http://webcidadania.org.br/>), as well as mobilization via social networks on the internet and initiatives to participate in government, such as participative budgeting via the web.
Contextualized, connected and entrepreneurial political action	Examples of local initiatives have proliferated, initiated by leaders or social entrepreneurs who, from simple ideas, by acting in connection with others and making resources available, promote important transformations in people's lives[9], galvanizing networks and coproducing public goods and services.
Strengthening institutional and public oversight	Strengthening and integration has taken place between institutional control bodies, such as the Comptroller General, the Department of Public Prosecutions, and the Federal Court of Audit, as well as through internal control within the municipalities, which have extended their relationships through public oversight mechanisms (exercised by society in relation to the governors).

Table 1: Progress in State-Society relationships that tend to affect the defence of rights. – **Source:** Author's own.

(9) Examples of this may be seen in the video and report of the O Sonho Brasileiro (The Brazilian Dream) (<http://www.osonhobrasileiro.com.br>) research study and in the documentary Quem Se Importa (Who Cares) (<http://www.quemseimporta.com.br>).

Archaic features in the State-Society relationship in Brazil that affect the defence of rights

Paternalism	The State as tutor, not believing in its citizens' capacity or in organized civil society, assuming responsibility for defining the course of the Nation and for the production of public services and goods; concentrated power; citizens as the tutored, expecting the State to solve their problems (CAMPOS, 1990), at most occupying citizen arenas regulated by the State.
Concentrated political and economic power	Political and economic power is concentrated in the federal government[10] and the private sphere[11] [12] with close relationships between the economic power of certain groups or families and the political authorities of the municipalities, states and nation. Such concentration favours inefficiency and corruption, and compromises democracy.
Distance between who decides and who is located within the activity context	Those with decision-making power about whether or not a resource will be applied usually do not know the context in which it will be applied, the history or work of the organization that requires it, or the specific rights vulnerabilities and potential solutions of each location. Such authority may be located in a municipality, but is usually found in the federal sphere, where decisions, resources and the definition of rules are concentrated.
Complexity of the processes to access funds	Complexity, anachronisms, fragility and incoherence in the regulatory frameworks and procedures for CSOs to access funds. Rules are usually homogenous, defined without the participation of those who have to submit to them, ignoring the specificities of the context and the nature of the projects in question, concentrating power in the hands of the state technocracy. Not only CSOs, but municipalities also suffer from the concentration of resources at federal level and a complexity of processes (CONEXÃO PÚBLICA, 2013), since they rarely have specialized teams or the capacity to design projects and provide accounts sufficient to the requirements of the ministries or the federal funds.
Formalism	A belief prevails within this country that the formal and detailed definition of a "perfect" rule or law is sufficient for behaviour to change; we are subject to an infinity of rules that are formal, detailed, sometimes contradictory and not usually obeyed, whose relevance is judged according to the context and subjects involved, generating the injustice associated with a casuistic standard for the application of rules (PINHEIRO, 2009; ALMEIDA, 2007).

(10) Totalling the taxes in Brazil, the Federal Government collects approximately 70%, the States 25% and the Municipalities 5%. Following transfers between federal bodies, the revenue available for the Federal Government is approximately 57% of the total collected, while for the States this is 27% and the Municipalities, 16% (AFONSO; RAMUNDO; ARAUJO, 2013).

(11) In recent years, Brazil's Gini coefficient, which indicates the degree of social inequality (the index varies between 0 and 1; the closer a society is to zero the more equal it is) has fallen, measuring 0.519 in January 2012, meaning that Brazil is still amongst the 12 most unequal countries in the world (NERI, 2012; UOL, 2013).

(12) In Brazil, property equivalent to 42% of Gross Domestic Product (GDP) is concentrated in the hands of five thousand families (POCHMAN *et al.*, 2004).

Priority given to accounting, difficulties in execution and lost learning	One of the effects of formalism, the bureaucratization of processes and the centralization of funds is that this preoccupation with providing accounts is bureaucratic, prioritizing conformity to norms and procedures and not to results or the direct interests of citizens (ROCHA, 2011; ABRUCIO and LOUREIRO, 2005). When results are provided, they are rarely analysed comparatively, although this would support learning, changes to rules and the redesigning of programmes and public policies. A number of funds not in the hands of the federal government are no longer administered, as a result of bureaucratic and political obstructions and the alleged incapacity of local governments and CSOs to fulfil access requirements. Also evident is the difficulty project managers and local organizations have in administering funds according to all the rules imposed, attempting to avoid punishment by a sophisticated control system, which still prioritizes bureaucratic accounting.
"*Isms*" and privileges	Alongside paternalism and formalism, Brazil still suffers, on a daily basis, from patrimonialism, corporatism, nepotism, favouritism, authoritarianism, populism, privilege, casuistic political parties, and the exchange of votes for public office (PINHO and SACRAMENTO, 2009).
From the "*jeitinho*" (the "Brazilian way") to injustice	There is wide social acceptance of the "*jeitinho*", which, given its close relationship with corruption, creates space for violence and injustice in relationships (ALMEIDA, 2007).
Reforms and the "urgent-slow"	Reforms considered to be essential, such as the political reform or the tax reform, have either stagnated or proceed slowly, sliced up into pieces not always linked together, deepening distrust of institutions.

Table 2: Archaic features in the State-Society relationship in Brazil that affect the defence of rights. – **Source:** Author's own.

Tables 1 and 2 demonstrate a certain paradox. On the one hand, Brazil has made progress in several indicators, we value citizen autonomy in (co)producing public goods and services based on mutual trust, and we rely on a diversity of solutions, including the strengthening of CSOs. On the other, the mistrust between government bodies and spheres, between citizens, and in the State's relationship with its citizens and their organizations, is reproduced in the standardization of processes, the concentration of funds, excessive rules and controls defined from the top down, and the prioritization of form over content.

One of the effects of this mistrust is the so-called **criminalization of NGOs**, condemned a **priori** and homogeneously due to the poor performance of some. This is evidence of our recurring difficulty in recognizing merit, punishing demerit and differentiating between those who do good work and those involved in corruption or providing low quality services[13].

The general climate of mistrust also inhibits innovation in the ways CSOs are supported. The research report provides the example of the *Programa Cultura Viva* (Living Culture Programme) of the Ministry of Culture, which sought to move away from traditional forms of support to CSOs, decentralizing cultural policies and supporting less structured organizations. However, this ran into difficulties related to bureaucratic, oversight and accounting demands, which hampered its institutionalization (CEAPG & ARTICULAÇÃO D3, 2013, p. 14).

In analysing this concoction of progress and stagnation, with a sprinkling of setbacks, we refer to Farah (1996), who observes that both the new and the reiteration of the traditional are coexisting movements within Brazilian public policies, either deliberately or as a non-structured adaptation to contextual changes, mutually connecting and influencing each other. A study conducted by Almeida (2007), which referred to the entire country, provided evidence of the combination of archaic and modern values, while Nunes (2003), who analysed the different grammar of relationships between the State and Society in Brazil – clientelism, corporatism, bureaucratic insulation and universal procedures – observed that these have coexisted across different historical periods, since the presence of one does not necessarily preclude that of another. Keinert (2000) considers this situation to be normal when attempting to enlarge the public sphere, since such attempts are not usually linear, and combine progress and setbacks, moments of crisis and moments of stability.

This attempt to enlarge the public sphere brings us to the themes of accountability and coproduction of the public good, which, given their potential relevance to the institutional architecture of support to CSOs, will be considered below.

(13) One example of this occurred in 2011, when all federal government funding transfers to CSOs under current covenants or contracts were suspended pending an investigation into complaints about corruption involving one of the Ministries and certain organizations. Details may be found in the Open Letter published in 2011 from member organizations of the Facilitating Committee of the Platform for a New Regulatory Framework for Civil Society Organizations (GIFE, 2011).

The importance of information and accountability for the construction of democracy

"Accountability: now can we translate it into Portuguese?" is the question posed in the title of a text by Pinho and Sacramento (2009), which alludes to another, published 20 years previously by Campos (1990), which asked "Accountability: when will we be able to translate it into Portuguese?"

The authors' concern is not the existence, or otherwise, of a Portuguese word that translates a concept (complex, multidimensional and challenging in any language). Rather, it deals with the presence of the notion of accountability in Brazilian political culture, in the sense of responding to expectations (HEIDEMANN, 2009) or obliging a person or group to provide an account of their conduct in terms of a responsibility they have assumed in relation to others (KLUVERS and TIPPET, 2010). Alternatively, it is the continuous process of the accountability of governors for their acts and omissions in relation to the governed (ABRUCIO and LOUREIRO, 2005), involving subjective and objective responsibility, assessed by instruments of transparency, oversight and justification regarding what has, or has not, been done and the consequent punishment or reward (PINHO and SACRAMENTO, 2009).

At the end of the 1980s, Campos (1990) examined how long it would take for this notion to be commonly incorporated into Brazilian daily life. At the end of the 2000s, having analysed progress and stagnation in political culture and Brazilian democratic institutions, Pinho and Sacramento (2009) concluded that, although important steps had been taken and we were closer to a translation, "the journey promises to be long"; we were still "very far from constructing a real culture of accountability"; principally because, in Brazil, "[…] the emergence of a new value does not necessarily involve the extinction of a traditional one." (p. 1364-5).

Several of the archaic features observed by Campos (1990) in the 1980s remain visible today; nevertheless, they have transmogrified and now confront the new positioning of civil society and the state apparatus. Although we have overcome an authoritarian regime and made progress in social, economic and political aspects, authoritarianism has the capacity to reinvent itself in the face of changes towards greater accountability and this may involve bypassing the legal order. It is difficult to attain significant changes in the relatively short period of 20 years, "[…] when faced with conservative forces and cultures that have been entrenched for centuries, which have the capacity to adapt and adjust to new realities" (PINHO and SACRAMENTO, 2009, p. 1365).

Returning to the research about the investment of public funds in CSOs, we refer to the three dimensions Schedler (1999) proposes in order to analyse accountability: information, justification and sanction (rewards or

punishments for meeting, or not meeting, expectations). The study demonstrates that Brazil remains weak in all of these areas. It starts with the scarcity, dispersal and irregularity of data about the public funds allocated to CSOs, seen at all levels of government, as well as in studies on the subject, which are conducted sporadically and rarely integrated with each other.

What do justification and sanction mean, particularly in reference to results? Neither governments nor CSOs are used to providing accounts, still less to accepting sanction. Changing this pattern requires the Citizenship to be proactive and to demand information, justification and sanction, of both governments and CSOs.

Koppell (2005) sets out certain questions pertaining to five conceptions of accountability that could guide reflections by governors and CSO managers.

Conceptions of accountability

Dimension	Key question
Transparency	Did the organization reveal facts about its performance, successes and mistakes?
Liability	Did the organization face consequences for its performance, or was it liable to punishment or reward for its actions?
Responsibility	Did the organization follow the formal or informal rules that relate to it?
Controllability	Did the organization do what the principal desired (for example, the legislative authorities in relation to voters, or the association in relation to associates)?
Responsiveness	Did the organization fulfil the substantive expectation it should meet?

Table 3: Conceptions of accountability. – **Source:** KOPPELL (2005, in DENHARDT, 2012 – Francisco Heidemann's glossary).

As Rocha (2011) observes, the conception of accountability that still prevails in Brazil is of a hierarchical nature, demanding conformity to standardized, defined, top down processes, and with a deficit related to the accountability of results. Different needs and abilities are ignored and learning is lost, which is typical of a centralizing and hierarchical State. Abrucio and Loureiro (2005), analysing accountability in public finance, demonstrated that municipalities, which depend on federal funds, are more preoccupied with providing accounts to ministry bureaucrats and public fund managers than to the local population. This reinforces centralization and technocracy, to the detriment of policy and results accountability.

We certainly need more information, control and accountability. **But what for?** For the defence of which rights and values? It is desirable to have information and control, but not as ends in themselves, with power remaining concentrated in the hands of those that define them, including the controllers. Control, not only from the government to CSOs or citizens, but rather control in all its various meanings and directions, to increase and qualify the provision of accounts, dialogue and learning (between CSOs and their various audiences and partners – associates, communities, councils, funders; between governments and CSOs; between the actual governors; and between citizens). Information and control to improve the quality of decisions, policies and services, to make those involved accountable, to decentralize power and advance democracy and the guarantee of basic rights to all (ABRUCIO and LOUREIRO, 2005; ANGELICO, 2012; ROCHA *et al.*, 2012).

Accountability is one of the foundations of democracy, of good quality public administration and the relationship between the governors and the governed (this is also applicable to a company's relationship with its stakeholders or a civil society organization with its target audience). If we understand accountability as a system, it is evident that the performance of each part affects the performance of the others and of the system as a whole. A number of actors and mechanisms must perform their roles well and interact in the production of information, in justification and in applying sanctions. Thus, continuous and dynamic interaction between the more and less institutionalized forms of control is potentially more effective in promoting accountability than when state and public oversight mechanisms act in isolation, since such interaction forges mutual engagement between governors and citizens in the coproduction of goods and services, generating learning and improving results (ROCHA *et al.*, 2012).

The range of innovative ways through which citizens and governors influence each other and coordinate to exercise control reveals new possibilities for accountability – hybrid, diagonal (GOETZ and JENKINS, 2001), transversal, social (CIDER, 2011; HERNANDEZ and HERRERA, 2013) or systematic (ROCHA *et al.*, 2012), going beyond the classic division between horizontal (involving state authorities) and vertical (from the

people to the governors) accountability. In so-called monitory democracy, mechanisms relating to the power to monitor and oversee expand in different directions, permeating the entire political order (KEANE, 2009). Accountability is seen as something complex, localized and coproduced by several actors in open and innovative processes, overcoming hierarchical accountability based on conformity and the separation of policy and administration, typical of the so-called Old Public Administration, and going beyond accountability guided by the market and the interests of specific groups, typical of New Public Management (BEHN, 1998; DENHARDT and DENHARDT, 2007; ROCHA, 2011).

In the (re)design of the institutional architecture of support to CSOs in Brazil, it is worth considering what processes currently exist for the production of information, justification and sanction and what these could become, both for institutionalized bodies of control and for CSOs and their partners, as well as in open initiatives for the oversight of public agents. The distribution of power moves towards the distribution of resources and the co-accountability of governors and citizens for the quality of public services, the defence of rights and the oversight of processes and results. This leads us to the concept of the coproduction of the public good.

The Coproduction of the Public Good

To produce the public good – a set of social values democratically defined, "embodied" in the form of public goods and services – it is customary for every society to construct a state apparatus, conferring on it responsibilities and powers. The existence of this apparatus does not mean that the Citizenship (a group of politically connected citizens) is no longer responsible for the public good. Citizens should actively participate in the life of their country, city and public sphere, expressing their views of the world through dialogue, coordinating interests, making decisions, overseeing the exercise of power conferred on governors, securing constructed goods and services and, above all, mutually engaging with other citizens and state public services in the coproduction of goods and services through organizations and networks.

In Bovaird's (2007, p. 847) definition, coproduction refers to the provision of public services through regular and continuous relationships between professional service providers and users, or other members of a community, in which all parts make substantial resource contributions. The author highlights the role of coproducer for users, volunteers and community groups.

In several countries, particularly European ones, the coproduction of public services has stimulated a great deal of interest, particularly as a result of the current crisis in the economy, in management and in the legitimacy of state and market models. Given the potential for social innovation through the coordination

of technology, knowledge, resources and modes of political action, we understand that engagement and connection between people enables them to solve individual and collective problems, to deal with crises, produce services and generate innovation.

Some of the fundamentals of the coproduction of the public good are:

I) The **human being** as a multidimensional being (RAMOS, 1983) who fully realises their human potential (ARENDT, 1987), in that they participate politically in the life of their community, cooperate (SENNETT, 2011) and act consciously in the world to transform it (ARENDT, 1987; FREIRE, 1987). Such a being is capable of developing and expressing opinions or views about the world and positing them in dialogue with others, and is also capable of listening, opening up perspectives and learning. This is someone who defends their interests and occasionally gives up immediate and individual benefits in favour of the common good. It is someone capable of understanding that if the public interest or the *res publica* is prioritized, each citizen has a better life. Someone capable of making better choices, by obtaining information and entering into dialogue with others.

II) The **citizen** as the holder of rights and obligations, co-responsible (with other citizens and public servants from the state apparatus) for the production of the public good. The **Citizenship**, as a group of citizens – is responsible for the destiny of a nation alongside its elected representatives and public servants, and this requires their continuous involvement in the process of administering society.

III) The **State** as an instrument of citizenship, whose primary role is facilitator of the exercise of citizenship, of enabling citizens to be citizens (DENHARDT and DENHARDT, 2003; HEIDEMANN, 2009; ROBERTS, 2004). More than a regulator, controller, service provider or guarantor of market relations, the State is a coordinator and mediator of views, resources and actions.

IV) The **public servant** as a facilitator of citizenship, not an employee who provides services; a citizen on the side of their fellow citizens in order, to solve problems, helping the citizen to be a citizen and exercising public administration on their behalf (CONEXÃO PÚBLICA, 2012).

V) **Trust** is an essential element in the construction of the social fabric, of social capital, the networks that support relationships in the community and the wider systems of civil society, the market, the state and its inter-relations. This starts from an assumption that the other is trustworthy, someone who should be punished when trust breaks down, but not **a priori**.

VI) **Sharing resources** (financial, technical, human, informational, political etc.) as a condition for the better distribution of power and so that all feel capable of participating in the production of the public good, through decentralized systems of public governance.

VII) **Regular and continuous interactions** between the different participants in the production of goods and services, where all invest something and all benefit, interacting through networks and a range of public governance structures and strategies, emphasizing the role of leaders and organizations for coordination and mediation that facilitates the engagement of all.

Contrary to this proposal for the coproduction of the public good, what the CEAPG research found was a concentration of financial, institutional and technical resources in the hands of governments, particularly in the federal sphere; the occasional nature of the transfers of public funds to CSOs; the prevailing logic of project design; and the sporadic and incomplete nature of available information. In government sectors, there is also a high level of resistance to public service provision by CSOs. All of this generates dissatisfaction and waste, which has led us to systematize potential pathways to transform these circumstances.

Diversity, decentralization, combination and coordination

Based on the report, on debates centred on the research (CEAPG & ARTICULAÇÃO D3, 2013), and on what we have highlighted here about the defence of rights, State-society relationships, accountability and the coproduction of the public good, we have systematized certain elements in order to guide the construction of an institutional architecture of support to CSOs in Brazil, particularly in the Public Funds Axis and for the defence of rights (Table 4).

Pathways for the construction of an institutional architecture of support to CSOs

Diversity • In defining rights; • In modes of operation for the defence of rights and the exercise of power; • In public governance strategies; • In forms of oversight and accountability, involving the availability of open data regarding invested funds and results, and including the systematization and comparison of data in several ways, by a range of interested parties; • In incentives to test innovative and complementary models of public service provision and government support to CSOs.	**Decentralization** • Of funds – including tax reform, reducing the tax burden and increasing the amount of funds generated by municipalities and CSOs; • Of the capacity to produce public goods and services, with citizen engagement in public matters, tax breaks and greater approximation between governors, citizens and CSOs; • Of information and control, including access to public information, simplifying processes, disseminating open data and through society (observatories, universities, networks of civil society organizations) systematically producing information to qualify, counter and enter into dialogue with official data, encouraging co-responsibility for oversight and accountability.
Combination • Of common bases (universal rights and procedures, simplified and integrated oversight) with diverse ways for people to act and exercise power within their context and communities (defined by multiple identities), controlled locally; • Of standardized, aggregated and regular data at different levels and in different areas of government, with information and analysis produced by those engaged in activities or themes.	**Coordination** • Of available information, subject to systematization, comparison and analysis; • Between governors, CSOs and citizens in the coproduction of public goods and services; • Of public governance structures and strategies; • Of public and private funds, of local, national and international origin; • Of knowledge – scientific, formal, managerial, and within the context of each community, advancing in terms of technical competence, transparency and the capacity to demonstrate results, without losing their connection to the cause and with substantive content for action; • Through local organizations, such as community foundations, social observatories and city movements, producing indicators, promoting debates and helping to transform the institutional context.

Table 4: Pathways for the construction of an institutional architecture of support to CSOs. – **Source:** Author's own.

Another way of expressing pathways for change is seen in Table 5, which aggregates the macro (cultural and institutional), mezzo (organizations and managers) and micro levels:

Possible changes at macro, mezzo and micro levels

Institutional framework and state apparatus

- Reduction of the tax burden
- Decentralization of government funds
- Tax breaks for donations
- Legal framework for CSOs
- Decentralization of political and technocratic power
- Simplification and clarity of criteria and processes
- Provision of accounts that prioritize the essence rather than formal norms
- Integration, systematization and publication of existing data
- Regular production of new data
- Trust in relationships and the application of sanctions when trust breaks down

Networks and intermediary organizations

- Systematization, coordination and analysis of information
- Training CSOs
- Debate and pressure on institutional rules, helping to transform them within the local (for example, councils) and national context
- Mediation between investors and CSOs
- Stimulating environments and activities that build mutual trust and engagement between governments, civil society organizations, businesses, councils and citizens

CSOs in their context of operation

- Attention to trust, collaboration, transparency and providing accounts (particularly of results) within their relationships
- Diversification of funding sources
- Training in how to deal with institutional rules, without losing the connection to the cause
- Networking with other CSOs, citizens, governments and partnerships and encouraging mutual engagement around common objectives

Table 5: Possible changes at macro, mezzo and micro levels. – **Source:** Author's own.

We conclude by reiterating the significance of the research conducted by the Articulação D3 and CEAPG, in the hope that efforts continue to map and reflect on the institutional architecture of support to CSOs in Brazil. Works such as this help to build solid foundations for the diverse ways through which society can organize itself and produce well-being for all. Amongst the challenges for the next steps of investigation are: the definition of what should, or should not, be included within the field of the defence of rights and the diverse means and agents responsible for promoting it; extending research at municipal, state, federal and international level, pressurizing governments and CSOs to make information available; and the continuous production of analyses, involving a range of data, organizations, resources and methodologies, and encompassing various elements, not only financial, for the institutional architecture of support to CSOs.

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PART IV
Private Corporate Social Investment

Chapter 11

Corporate Social Investment and how it works with Human Rights in Brazil: a challenging trajectory

Fernando do A. Nogueira

New dynamic – businesses and society

In recent years Brazil, along with the other middle-income countries known as the BRICS (Brazil, Russia, India, China and South Africa), has become an emerging global leader and one consequence of this is a heightened expectation of its capacity for growth allied to equity and social justice.

In the Brazilian context, this expectation also emerged from the process of redemocratization that began in the 1980s. However, as Vilhena (2005) points out, in sectors such as human rights, such predictions are still a long way from being fulfilled: "There was a widespread perception that with the transition to democracy, human rights violations would diminish, especially for the poor and most vulnerable, but this did not happen". (VILHENA, 2005).

Serious problems persist in the field of rights. In the view of Amnesty International, some of the challenges in Brazil are:

- Unacceptable treatment of residents of *favelas* and poor communities;
- Inhuman and degrading conditions in prisons;
- Land conflicts in rural areas;
- Violations of the rights of workers, principally in the agricultural sector.

As a response to these and other challenges, over this period Brazilian society has experienced dual development. In respect of Civil Society Organizations (CSOs), there has been a significant growth in the number of organizations and the diversity of their themes, modes of operation and reach of activity. At the same time, businesses are getting more and more involved in social issues, extending the traditional scope of their philanthropic activities and incorporating concerns about the social and environmental impact of their businesses into their management practices.

Part IV of this volume – including this introductory chapter and two others, based on interviews with renowned experts and activists in the area – deals with the way these two trajectories intersect. The emergence of what is currently called Private Social Investment (PSI) marks an important advance in the solidarity practices of businesses and their foundations and institutes, which have progressed alongside the development of CSOs in Brazil, through partnerships, funding and networks.

At the same time, this chapter also features some of the challenges encountered along the way, particularly when the focus is on organizations that defend rights. The passages below, from a 2005 article by Oscar Vilhena, anticipate many of the topics we will discuss later:

> Human rights organizations were traditionally funded through volunteer action, the contributions of committed individuals, churches, international foundations and international cooperation. All were rooted in a community based on a common cause, and very few had the professional capacity to raise funds.
>
> Many corporate foundations tend to be operating rather than grantmaking foundations, which means that they are using money for their own projects rather than providing much-needed funds to grassroots groups.
>
> In a society with high levels of crime, where human rights activists are seen mainly as defenders of criminals, it is difficult to convince the private sector to fund human rights activities. Private funds more often go to areas like education and poverty alleviation. Moreover, social justice and human rights present particular problems in a society where wealth is built on extreme inequality.

The aim of this introduction, therefore, is to discuss the relationship between corporate PSI and organizations that defend rights (using data collected for the PSI Axis of the CEAPG/D3 research) and set out some of the authors' reflections and theories in addressing these themes.

From Philanthropy to Social Investment

To begin, we should define some of these concepts. PSI is defined by the Group of Institutes, Foundations and Companies (*Grupo de Institutos, Fundações e Empresas*: GIFE) as the voluntary transfer of private funds in a way that is monitored, planned and systematic for social, environmental and cultural projects of public interest. Three points feature in this definition: the origin of the funds (private and voluntary), the form of activity (planned, systematic and monitored) and the purpose of the investment (projects of public interest) (NOGUEIRA and SCHOMMER, 2009).

This concept was created in the 1990s by the founders of GIFE to differentiate their mode of operation from other concepts and practices, in particular those of philanthropy and corporate social responsibility (CSR). Philanthropy is a much older concept, with roots in human antiquity and in its essence is defined as "love for humanity", the practice of a charitable activity for others.

In Brazil, from the outset, this practice has been connected to religious orders, who founded the country's first non-profit organizations (specifically in the areas of health, education and social welfare). However, over time, the expression has gained a negative connotation in Brazil, both because of a sense that philanthropic activities are not efficient in promoting positive results, and due to scandals related to the misuse of donations – leading to use of the pun "*pilantropia*", denoting false philanthropy[1]. In this sense, PSI has sought to differentiate philanthropy on two fronts – by seeking social results and by working ethically and for public ends.

CSR, on the other hand, is a concept associated with the Instituto Ethos and has a wider purpose than PSI: it is concerned with the way the company is managed as a whole, seeking to operate ethically and in constant dialogue with all interested audiences, or stakeholders. While PSI focuses on social projects and the relationship with the community outside the company, CSR also includes relationships with suppliers, the government, consumers etc.

PSI – what studies reveal

Although there is a distinct shortage of studies and corresponding data about PSI in Brazil, some studies do exist, enabling us to outline an overview of the sector and its organizations. For this study, we consulted the following research:

(1) Which combines *pilantra*, Brazilian slang for dishonest, with the Portuguese word *filantropia* or philanthropy.

- 2010 GIFE Census – a survey of 102 GIFE associates (businesses; and corporate, independent, family and community foundations and institutes) (GIFE, 2010);
- The 2010 Benchmark of Corporate Social Investment (*Benchmark de Investimento Social Corporativo*: BISC) study of 23 institutions (representing 200 businesses, 29 corporate foundations and 1 independent institute), based on the methodology of the Committee for Encouraging Corporate Philanthropy (CECP) (COMUNITAS, 2012);
- Social Action – Institute for Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada*: IPEA) – a 2006 research study of 9978 businesses, as a representative sample of 870 thousand private companies with more than one employee (IPEA, 2006);
- Fundación AVINA's index of donors to Latin America and the Caribbean – a 2010 study of donors active in Latin America (foundations, NGOs, corporate donors and cooperation agencies) (FUNDAÇÃO AVINA e BID, 2010, 2012);
- Research conducted in 2011 by the Committee Encouraging Corporate Philanthropy (CECP) on 214 large international corporations (CECP, 2012).

A survey was also made of primary data from the Foundation Center's Map of Cross-Border Giving, as well as a research study based on overseas donations made by American foundations and companies associated with the Foundation Center, which focused on Brazil (data from 2003 to 2012) (FOUNDATION CENTER, 2013).

In summary, PSI in Brazil has features that differentiate it from similar sectors in other countries (where it is known as corporate or strategic philanthropy). Investments of corporate origin and the direct execution of projects predominate. Further, there are different degrees of PSI maturity and different operational priorities. Finally, it is important to note the relevance of domestic PSI compared to philanthropy from abroad. These points will be examined below.

Predominance of corporate governance

Investment of corporate origin is the most common PSI in Brazil, followed by that of independent origin (funds dedicated to causes which have open governance, for example), and lastly of family or community origin. The characteristics of corporate PSI are: less financial and administrative independence, more short-term horizontal investment and a tendency to align operational themes with the company's business, although this does not always occur. In Europe and the USA, independent and family, rather than corporate, investment tend to predominate.

Project execution is more common than funding third parties

This characteristic also differentiates Brazil from the Europeans and Americans: here it is more common to execute one's own projects than fund third party ones. The typical Brazilian PSI profile – and in particular, the corporate – is of a mixed investor, who develops some of their own projects (alone or in partnership with CSOs) while funding some third party ones. Overall, more funds are dedicated to the company's own projects.

Different degrees of PSI maturity exist

PSI is principally practiced by medium-sized and large companies, since micro and small companies generally make isolated donations motivated by humanitarian or religious sentiments. However, even amongst large donors, there is a notable diversity of styles, maturity and consistency of activity. This is also reflected in the difference between some investors' discourse – strategic, effective, transforming, of clear public benefit – and practice – low impact, linked to private interests, welfare in nature.

Local and international philanthropy: both important in different ways

Studies demonstrate that international philanthropy is important to Brazil, in particular in certain areas, such as the environment, human rights, and philanthropy and volunteerism (an area that supports the development of CSOs and the infrastructure of civil society). However, the numbers also demonstrate that, in terms of volume of funds, Brazilian PSI involves much larger sums than funds that come from abroad[2]. Some specialists also note that the country is undergoing a period featuring the withdrawal of international investment in Brazil and the expansion, albeit still nascent, of social investment by Brazilian companies abroad (mainly in Latin American countries and in Portuguese-speaking countries in Africa and Asia) (NOGUEIRA *et al*, 2009). More studies are required for a better understanding of the historical contribution of international philanthropy in this country.

Different investors have different thematic priorities

There is a clear distinction of operational priorities according to type of social investor. Micro and

(2) We should note, however, that a significant portion of large corporate investors associated to GIFE are foreign multinationals based in Brazil, whose invested funds come from local operations.

small companies prioritize humanitarian and social welfare causes. Large corporate investors prioritize investment in education, employment and income generation, culture and community development. Finally, independent and international investors prioritize the environment, human rights, health and international affairs.

The observations highlighted here make clear the circumstances which dictate that investment in the defence of rights is not a priority for Brazilian PSI. Across the globe, this area is a major focus for independent foundations, from large ones (investing in several areas within the defence of rights, such as the Ford Foundation) to small (with a clear focus on a specific area, such as the Astraea Lesbian Foundation for Justice, and a tendency to focus on minority rights). The sector characteristics of PSI in Brazil – corporate, executing projects, with different levels of institutional maturity – make any attempt to include the defence of rights on the investor agenda an even greater challenge. The next section provides a more detailed overview of the current situation, according to the few existing studies.

PSI and Human Rights

The relationship between general Philanthropy and Human Rights has an important history, featuring (i) investments from independent American foundations in the 1960s and 1970s and (ii) activist organizations and ones that defend rights. But what does investing in Human Rights actually mean?

According to the International Human Rights Funders Groups (IHRFG), a group containing hundreds of Human Rights funders, investment in Human Rights should seek (IHRFG, 2010):

- To build bridges between different fields: on introducing a Human Rights perspective it is possible to achieve goals in different areas, including housing, work, health, justice and education;
- To utilize varied strategies: Human Rights objectives have been achieved through legal action, public advocacy, community organization, education, research, data collection and reporting, and training;
- To achieve different results: to increase funding for the fulfilment of rights, for better legislation to guarantee rights, to increase the requirements and standards of rights, to prevent the violation of rights or ensure restitution/compensation when rights are violated.

Finally, how does investment take place in this field by companies in Brazil, and what difficulties are encountered along the way?

PSI and the Defence of Rights: an analysis of data and discussions on the theme

Our analysis of the studies mentioned above brings us to Table 1, below. The difficulty of gathering accurate information about the amount invested in a specific area is evident. Furthermore, the theme is clearly not a priority for Brazilian investors, especially not corporate ones. This is hardly surprising, given that the defence of rights is not a priority for companies in the rest of the world.

As well as systematized data from reports, we interviewed specialists and social investors. Respondent discussions focused on two points:

- Companies tend to be more receptive to the defence of rights when they are expressed positively. It is hard to engage a company by merely demonstrating the negative. Complaints should be complemented by the presentation of alternatives[3].
- A number of obstacles occur in the daily life of investors that prevent them from increasing operations in the defence of rights, principally the challenge of combining public and private interests, or conceptual inaccuracies and confusion, as well as practical matters, such as limitations to what or how they can donate.

Finally, when specifically talking about company responsibility, they are also expected to incorporate Human Rights concerns into their management practices. In a publication dedicated to this issue, the Instituo Ethos (2011) presented five concrete commitments that corporations should undertake:

- Promoting gender equity in the work place;
- Promoting racial equity in the work place;
- Eradicating slave labour in their value chains;
- Ensuring the inclusion of disabled people;
- Supporting the promotion of the rights of the child, adolescent and young person.

The report demonstrates progress made and interesting projects in a number of companies, but there is much room for improvement, including the linking of Social Investment with business management issues.

Recommendations

The general picture described in this study allows us to set out certain recommendations aimed at three different audiences: social investors, organizations that support investors and CSOs that defend rights.

(3) One example is the rehabilitation of prisoners. Companies find it difficult to support a CSO that concentrates on complaints about prison conditions, but a range of initiatives exist to support the qualification and rehabilitation of ex-prisoners.

Summary of the main figures related to corporate social investment and Human Rights in Brazil

Research	Profile	Data time period	Geographical Area
GIFE Census	102 GIFE associates (companies, foundations and corporate institutes; independent, family and community foundations)	2009 & 2010	Brazil
BISC	23 institutions (representing 200 companies, 29 business foundations and 1 independent institute)	2011	Brazil
IPEA	9978 companies in Brazil, representing a total universe of 870 thousand private companies with more than one employee	2004 & 2000	Brazil
Fundación AVINA's Index of Donors to Latin America	Donors who operate in Latin America (foundations, NGOs, corporate donors and cooperation agencies)	2010	Latin America
CECP	A database of 214 large international corporations	2011	Global
Map of Cross-Border Giving – Foundation Center	A database of donations made outside the US by American companies and foundations associated to the Foundation Center	2003 to 2012	Global, with specific data for Brazil

Table 1: Summary of the main figures related to corporate social investment and Human Rights in Brazil.

Source: Adapted from GIFE, 2010; COMUNITAS, 2012; FUNDAÇÃO AVINA and BID, 2012; CECP, 2012; FOUNDATION CENTER, 2013.

Total value / Brazil	Value of Corporate PSI in Brazil	Works with Human Rights or similar?	Observations
R$ 1.9 bi / R$ 1.9 bi	R$ 1.7 bi	29% of associates operate in the defence of rights	It is not possible to estimate the amount donated to the area
R$ 2 bi / R$ 2 bi	R$ 2 bi	3% of total invested (approx. R$ 60 million) in the defence of rights	Of the amount reported, R$ 252 million was transferred to CSOs, including 31 for the defence of rights
R$ 4.7 bi / R$ 4.7 bi	R$ 4.7 bi*	No specific mention of Human Rights, priority for social welfare activities	At current GDP (2012), the value of corporate social activities is estimated at between R$ 6 and 10 billion
U$ 10.3 bi / U$ 566 mi	U$ 309 million (Latin America)	11.1% of total value (Latin America)	It is not possible to estimate the proportion of companies that operate in Human Rights, but they confirm that this is not one of their priority areas.
U$ 19 bi / Between U$ 85 and 15 mi	Between U$ 85 and 15 million (estimated)	5% of total value in public and civic affairs (globally)	It is not possible to estimate values for Human Rights in Brazil
U$ 3.38 bi in 2011 / U$ 26 mi in 2011	U$ 22.8 mi from 2003 / U$ 1.6 mi in 2011	U$ 62.8 mi for Human Rights in general; U$ 216 mil by companies and corporate foundations (both since 2003)	2011 is the most recent year with complete data

*Conceptually, the total for social action cannot be considered PSI, but it is not possible to estimate how much of this is PSI and how much traditional philanthropy.

Social Investors

In the first place, we need to emphasize the importance of Human Rights and the role that companies could have in terms of both their management practices and their social investment. This is even more important when we consider the changes to the way such organizations are funded that have occurred in Brazil over recent years. One of the main ways by which investors may initiate their involvement is in seeking to incorporate Human Rights perspectives and practices into other investments.

Organizations that support PSI

For organizations such as GIFE, the Institute for the Development of Social Investment (*Instituto para o Desenvolvimento do Investimento Social*: IDIS) and other specialists, consultants and researchers it is essential to redouble efforts in training, events, peer-learning arenas and data collection and research. Such activities will not only help to overcome conceptual barriers, but also to stimulate the development of a larger and more empowered community of investors in human rights.

Human Rights Organizations

It is essential for these organizations to contribute to the development of a culture of investment in Human Rights through three strategies. The first is to apply pressure, by continuing to monitor the activities of social investors and companies in this area. As has been seen, it is also important to have a positive agenda. For this reason, the second suggestion is to help train investors. Finally, they should consider partnerships that create dialogue and provide alternatives, so that companies really are able to get involved in the area.

Reflections and Matters for discussion

To conclude this introduction, we propose certain reflections, based on the literature, which relate to the discussion and data presented above.

PSI, the Defence of Rights and Social Justice

The first point is about the supposedly low number of investors who prioritize issues linked to the defence of rights, human rights or social justice. In the words of Azzam (2012), "foundations can no longer isolate development from humanitarian policy". What, however, is the right pathway to broaden their vision and modes of operation? Although it is unlikely that such issues will dominate the investor agenda, it is vital that a small

number of philanthropists assume a clear position in relation to these issues. By doing so, not only do they provide more visibility for the area, but they also encourage other investors to begin to consider social justice and the defence of rights in both their discourse and practices:

> I have argued here that social justice has become an orienting discourse in philanthropy, providing a common language for foundations dedicated to grant making for progressive change. Though discussions of social justice remain fairly uncommon, the emergent use of this collective action frame may be a harbinger of greater foundation involvement in policy. […] These foundations serve as models for other foundations that may be willing to support activities besides direct services, and they also pressure the broader philanthropic community to reassess the appropriate limits of strategic grant making (SUÁREZ, 2012, p. 273-274).

Given the change scenario in Brazil, this reflection is even more timely. If this role of demonstrator and activist has historically fallen to foreign funders, the time appears ripe for it to be taken up by Brazilian companies and foundations.

Corporate PSI and the Defence of Rights

One particular challenge for the Defence of Rights in relation to companies is a lack of connection with the business of the vast majority of corporations. One of the points most often discussed by authors and specialists (for example, URRIOLAGOITIA and VERNIS, 2012) is that social investment tends to produce more results and be more institutionally sustainable when it relates to themes correlated to the company's core business.

It is therefore important to turn to the two alternatives proposed above: if the company's investment strategy prioritizes investments linked to their business, attention should still be paid to the human rights approach, so that it guides their activities in education, health or the environment. The other route is one in which the company reserves a portion of its social operations for investment in areas not related to its business. In other words, it prioritises social and public benefit above a possible synergy between social action and financial return for the corporation.

Local and international philanthropy

Finally, an issue increasingly discussed in the philanthropy literature is the relationship between local and international philanthropy. The argument in defence of the importance of local investors is well summarized by Axelrad (2011), when analysing the contribution of American foundations worldwide:

> Though it has done much good domestically and abroad, the realities and shortcomings of private U.S. foundations' development work must be appreciated. Indigenous contributions can and ultimately must help sustain essential social work and strengthen civil society in the developing world. The influence and importance of such contributions may prove to result less from the monetary values of their grants than from their capacity on the ground, their local knowledge and their willingness to innovate to local context (AXELRAD, 2011, p. 152).

Mistrust of the effect of international philanthropy and of what some call the "industry of development and international aid" has increased over recent years. When Cueto (1990) analysed the 1940-50 operations of the Rockefeller Foundation in Latin America, which sought to disseminate a model for research and medical education similar to the American one, he pointed out the difficulty that philanthropic foundations may have in "exporting" a model to another country, mainly due to cultural and institutional differences:

> The notions of replication and change carried out by external agents, which were the basis of Rockefeller Foundation policies, revealed little regard for the social, political and cultural conditions of scientific work in Latin America (CUETO, 1990, p. 248).

Although international philanthropy is today more aware of these issues of context than previously, we suggest that the Human Rights and Defence of Rights agenda in Brazil also suffers from resistance, since it is a fundamentally international, and predominantly North American, proposal. Thus, although local philanthropy is strong and growing in number and relevance, this area is potentially seen as "foreign territory", with no repercussions for Brazilian investors.

As a final summary, it is clear that it will be difficult for investment in Human Rights or the Defence of Rights to become a priority for large-scale corporate investors in this country (just as it is not a priority in

other parts of the world). If we wish this area of civil society to develop on a more sustainable basis, we need to combine efforts in order to seek more investments from such investors. This should include a Human Rights approach to other projects and initiatives as well as attempts to involve a larger base of national donors that goes beyond companies to institutes and foundations of independent, family or community governance.

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Chapter 12

Fad or trend?
A conversation about social investment with Anna Maria Peliano[1]

In recent times, businesses have increased their social investment, promoting more structured activities and recognizing the various benefits of supporting civil society organizations. However, several obstacles and challenges remain. Small and medium-sized businesses still conduct one-off activities, while large ones restrict themselves to supporting projects rather than institutional strengthening, not understanding that organizations are often not able to be self-sustaining. Sociologist and consultant Anna Maria Peliano stresses the need to establish an arena for better dialogue between private companies and civil society organizations. A postgraduate in Social Policy from the University of Brasilia (*Universidade de Brasília*: UNB), Peliano has been the Director of Social Policy at the Institute for Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada*: IPEA) and Executive Secretary of the Comunidade Solidária Programme. She has coordinated some of the prinicipal research studies related to corporate social action, such as the IPEA study and research into the Benchmark of Corporate Social Investment (*Benchmark de Investimento Social Corporativo*: BISC), conducted by Comunitas.

(1) Text by Adriana Wilner, from a June 2013 interview with Anna Maria Peliano.

What is the extent of private social investment in Brazil?

The most recent national study of corporate social action in Brazil, conducted by the IPEA in 2006, forecast that voluntary business investments would total 6.750 billion Reals by 2011. A more recent study, launched in December 2012 by BISC, a group of 200 large companies, indicated that in 2011 they invested around 2 billion Reals. Comparing these two research studies, we observe that a sizeable amount of investment is concentrated in large companies. These are significant contributions, which became increasingly prevalent in Brazil in the 1990s. Previously, an occasional humanitarian donation was the norm, but today, it is companies, and especially large companies, that organize and structure such significant programmes.

What caused this phenomenon to emerge in the 1990s?

Several factors simultaneously. In the first place, with the democratization of the country, Brazilian civil society started to reorganize and put pressure on companies to behave differently. For example, Betinho's campaign against hunger[2], which called on companies to get involved. Secondly, during this period, the Brazilian economy was becoming more international in outlook and companies were seeking to demonstrate behaviour compatible with international standards. A series of discussions, such as that about combating child labour, brought the theme of social responsibility to the table. Finally, companies began to realise that what they already did for altruistic or humanitarian ends, might be good for business. The effect therefore was three-pronged: social pressure, economic demands and the view that humanitarian matters might provide a business return.

Have large, medium and small companies developed similar forms of investment?

In terms of company operation, the picture is highly differentiated according to size, region and sector, so we should beware of generalizations. Sporadic, one-off activities of a welfare nature prevail amongst small and medium-sized companies and such activities are not usually linked to their sphere of business. As they grow, companies tend to create structures for programmes and institutes, and move away from a uniquely welfare approach to another, more structured one, which prioritizes education and culture.

Why are education and culture priority themes for large companies?

In the BISC research, we asked companies about the criteria they use to define their focus of operation.

(2) A large-scale, national solidarity campaign coordinated by the sociologist Herbert de Souza, or "Betinho", in 1993.

They confirmed that they choose to become involved with social causes and that education is a large-scale social problem, much debated in Brazilian society and considered an obstacle to the country's development. It also has direct repercussions for companies, due to its relationship with the quality of the workforce. As for culture, this is where most tax breaks are concentrated.

In terms of its private social investments, how does Brazil compare to the rest of the world?

The BISC research, conducted by Comunitas, was the result of a partnership with the Committee for Encouraging Corporate Philanthropy (CECP), the largest international forum for business leaders involved in corporate philanthropy, based in New York. If we compare BISC data with CECP data, we observe that the behaviour of large Brazilian companies in recent years has been similar to those from North America. In fact, between 2009 and 2011, investments by BISC companies grew a little more than American investments, although, in absolute terms, the USA clearly invests a much greater amount. With one adjunct: tax breaks in Brazil have a much lower impact than in the USA. In the USA, the total amount invested is subject to tax breaks, while in Brazil this only represents 22% or 23% of total investments by large BISC companies. In 2011, 454 million Reals was subject to tax breaks. In 73% of companies, the amount thus incentivized was no greater than 30% of the amount invested in the social arena. One third of companies did not utilize tax breaks, while one third reported that they used the total amount to which they were entitled.

Why are tax breaks so often underutilized in Brazil?

In the first place, because tax breaks in Brazil are still relatively small and bureaucratic. Secondly, the lack of knowledge about how to use them and, finally, the tradition in Brazil of using one's own resources. When tax breaks are used, they are channelled, as a priority, towards culture. Almost half of the total tax breaks go to culture. It is interesting to note that an important portion of these go to cultural projects in communities, rather than to sponsor large-scale events. The amount of incentivized funding allocated to sport is also growing; this now totals 76 million Reals per year. Further, most companies (80%) allocate funding to foundations working for the rights of children and adolescents, where the amounts transferred are much smaller, only corresponding to 12% of total incentivized investments.

Will the trend for investments in Brazil continue to grow at a faster rate than those in the USA?

One indicator that we use systematically is the proportion of investments in relation to company profit. In

2007, median percentages in Brazil were 0.62%, while these were 0.92% in the USA. In 2011, this indicator was 1.18% for Brazil and 0.95% for the USA. Brazil has therefore moved from a position well below that of the USA to one above it. BISC group investment grew from 1.2 billion Reals to 2 billion Reals. This is not isolated behaviour, since the median investment in Brazil also rose, from 28.4 million Reals to 31 million Reals. If we look back, investments were growing, but what happens when we consider the future? The most recent data demonstrates that the economic climate influences investments. The trend is stable. However, if we compare the year of the crisis with the year in which investments decelerated, we find a discrepancy. In 2009 and 2011, growth in Brazil was poor. However, the percentage of corporate social investment in relation to profit grew, since the social investment budget of the previous year was maintained, while profit fell. The effect of the economic circumstances is only reflected in the following year; we find a discrepancy because the budget is planned during the previous year.

In the year following the unfavourable economic circumstances, did the companies reduce their social investment budgets?

So far, they have not reduced their budgets, which is surprising. There is less growth and investment is stabilizing. Today, the budgets of previous years have considerable weight in company decision-making. Companies are creating structured and committed projects with communities and social organizations. It is very debilitating to interrupt projects and cut budgets. Companies have increasingly realised that social investments are connected to their business strategies – that it is good to have more committed employees, clients and other stakeholders, that it is advantageous to have better relationships with communities. To some extent, this neutralizes the effect of the economic climate, although this is, doubtless, reflected in the amount of investment.

Is private social investment in Brazil made directly or via institutes?

In the IPEA study only 3% of companies in Brazil state that they directly administer their own projects. The vast majority operate by making direct donations to communities or social organizations. As the companies grow, their profile changes and then it is common for them to set up institutes to administer their social projects. However, we have observed that they continue, in parallel, to make a sizeable part of their investments directly 59% of funds are invested directly by companies, while the rest is invested via their institutes. This is explained by the fact that a large portion of investment is allocated to culture, the dominant area in direct corporate transfers to third parties. Although they may be engaged at a deeper level, companies continue to work

with fund transfers. However, the trend is for projects to be run by the companies themselves. They design, select and monitor projects and then contract someone to administer them, since they often have neither the staff nor the expertise to do so. Institutes also tend to administer projects directly.

Is there an alignment between investments via the company and via the institutes?

Foundations and institutes have significant activities in education, which demands qualified personnel and expertise. Companies have diversified to some extent, but the trend is to concentrate on culture. In other words, the behaviour of the two types of investment is quite different. The median company investment is higher, at 15 million Reals, while that of the institutes is 8 million Reals.

When companies design a project, do they align it with their business?

Not yet. In BISC, we asked companies what influenced them when they made this decision. Only 7% stated that they select social activities with greater links to their business. When they operate in the development of a territory, there, I would say there is a greater relationship with the business. Although they might be working in education, if the social investment is based in the community surrounding their enterprise, it ends up having closer affinity to their business strategy. In the USA, the link is clearer. In fact, most funding goes to health, the sector in which most of the companies in the CECP study worked.

What weight does voluntary work have in company operations?

The IPEA studied observed relatively little. In 2006, less than a third of companies involved their employees in social activities. However, this participation grew as the company grew. In the IPEA study, 76% of large companies involved their employees in social work, while 83% of BISC companies have a formal volunteering programme. This aspect is worth exploring, since the movement has grown considerably. From 2009 to 2012, companies maintained their funding allocation for volunteering at 16 million Reals, but the number of volunteers grew from 29 thousand to 55 thousand, and the median number of volunteers went from 1674 to 3562. When we talked to the companies, they said that this greater mobilization might be attributed to young people joining their staff teams, since these days they leave university with an interest in doing voluntary work. For this generation, issues related to values and identifying with the company have significant weight when choosing where to work. We have this platform of young people, but we need a better understanding of the results the companies expect from volunteering activities. There are indications that

employees who volunteer are more satisfied and develop useful career skills, which increase productivity and lead to better relations with management.

In the future, will this generation come to transform private social investment?

Yes. Comunitas itself has worked with young leaders in the corporate arena to discuss such involvement. Years ago, people questioned whether this movement was a fad or here to stay. My view is that it relates to a commitment to society that is likely to remain. Perhaps the themes will change, but companies will no longer be able to operate without taking account of what is happening in society, since this is becoming better organized and making more demands.

How do companies support civil society organizations?

Companies consider partnership with civil society organizations to be essential. In the BISC research, they said that such support improves their relationship with the community, improves social investment and improves the company's relationship with organizations. The 2012 BISC study was the first to survey this theme and companies declared that they supported 1110 organizations directly and 646 through foundations, such as the one for children and adolescents, although there are strong indications that these numbers are underestimated. Most funding goes to project administration. Only 11% is allocated to institutional support for organizations. This data is striking, particularly now, when we are discussing the institutional architecture for the funding and strengthening of social organizations. If companies are limited to contracting out project administration, organizations will find it difficult to survive, since, in the end, they have other permanent expenses to sustain.

Is this beginning to change?

It could be, yes. We have initiated a debate with the BISC companies and they recognize that there is a need to increase funding for organizations' institutional development. The more that we extend this debate, the more likely this relationship is to improve. Today we have observed that, in general, transfers are provided for small-scale support: 43% of organizations receive up to 30 thousand Reals per year and only 34% receive more than 100 thousand. We have also observed that organizations have access to a restricted number of companies, since only 6% of them receive funding from more than one company in the BISC group, and of these, two thirds receive funding from only two companies. However, the BISC data did reveal one surprise: a quarter of these organizations have been supported for seven years or more. This is surprising because the corporate discourse is for short-term projects, with a beginning,

middle and end. We know, however, that this creates difficulties for social organizations, since their projects have to continue and they have to pursue other forms of funding. If there is now beginning to be a certain amount of stability and support is maintained over a longer period, this is very significant for the strengthening of organizations.

The corporate discourse also revolves around economic sustainability, does it not?

Yes and the problem is that many social organizations deliver services and activities that are not reimbursable. What does it mean to be sustainable? It often means seeking funds from the government or from other companies. We need to discuss this issue in greater depth. What needs to be sustainable is the community served and not necessarily the organizations, which provide free services, or defend rights, an activity that is usually not reimbursable.

What difficulties do the companies identify in supporting civil society organizations?

There is not a great deal of consensus about what the greatest difficulties are. When one asks about the greatest benefits, yes, one finds a consensus. They clearly indicate three benefits: society benefits with improved quality in projects, the social organizations are strengthened and the companies improve their relationship with the community. There is more recognition about whether there was some kind of return or whether the organization was strengthened, although one third of companies could not provide any information about this aspect. When the question touches on difficulties, things get more complicated. The BISC companies gave some emphasis to a lack of qualified human resources and the organizations' difficulty in providing accounts. They then indicated a lack of qualified organizations, delays in the organizations' decision-making processes and manager turnover. These difficulties lead us to consider what needs to improve within the organizations for them to receive more support.

How is the issue of human rights included in the corporate agenda?

Currently there is a general concern that human rights are not on the corporate agenda. I would say that they do not feature in corporate discourse, but that companies are investing in education, which is one of the priorities of the national human rights policy. If they invest in education, culture, leisure, they are investing in human rights, even though the logic that drives them is not related to human rights. However, we need to distinguish between the promotion of human rights and the implementation of activities that defend rights, specifically the issues of advocacy, public oversight and combatting the violation of rights. When one asks, for

example, what percentage of funds is invested specifically in the defence of rights, the response is very low, equating to just 3% of total social investment. However, a large group of companies say that they support organizations whose main purpose is to defend rights. Indeed, the greatest number of organizations supported by companies are those that defend rights, corresponding to 28% of the total. Education organizations are in second place, representing 23%. This theme requires greater exploration, because the support does not necessarily go to an activity for the defence of rights. It may be allocated to an organization that defends rights in order to fund an environmental education activity, for example. This possibility becomes more evident when we analyse the profile of activities supported by companies from the group. For example, 87% of them mentioned that they support organizations to implement educational activities and 43% activities for the defence of rights, which ranked behind themes such as the environment, culture and sport.

Nevertheless, is the issue of the defence of rights discussed in companies today?

It seems to me that the debate is becoming increasingly internalized. However, if the theme does not feature in most of their discourse, it is reflected, to a certain extent, in their practices, as mentioned above. One could argue that they need to incorporate the perspective of the defence and promotion of rights into company activities. How would this happen? In education, for example, is it enough to incorporate human rights content into educational practices? Alternatively, is it necessary to internalize an understanding that this corporate activity represents an ethical commitment to the guarantee of the right of citizens beyond the interests of the company or the humanitarian principles of its directors? I think this is the view that should prevail. Today, the logic of operations is increasingly aimed at confronting educational problems and improving the quality of the workforce rather than attending to universal rights. This debate requires further exploration and examination, which could strengthen the role of companies in the social arena.

What are the challenges in strengthening corporate support for social organizations?

Within companies, the challenge is to extend the debate about the definition of their role in strengthening organizations. Today there is no orchestrated policy of support to social organizations. The transfer of funds takes place because it is the best way to administer projects. Companies should take on this type of activity as a commitment to the democratization and strengthening of Brazilian society, incorporating human rights issues and the role of rights in strengthening the community. This could improve and facilitate the work of social organizations. Companies should invest in institutional strengthening and not only in supporting projects. As

for the organizations, they need to improve their management skills and establish goals and clear results. We know that this is complicated for the social arena. They also need to adopt technology that is more appropriate to the local context, to improve their communication strategies with companies and their provision of accounts, as well as improving communication between the different parties, since these have different languages and involve different working periods. Dialogue is essential and each party should strive to take into consideration the perspective of the other.

What is the role of intermediary organizations, such as GIFE, Ethos, Comunitas, and ABONG, within the process to strengthen relationships between private companies and civil society organizations?

One of these is the production and dissemination of knowledge. This requires investment in studies, research, evaluation and the exploration of themes fundamental to the area, such as, for example, defining the goals and measuring the results of social investment. In addition, since they are intermediaries, they should seek to demonstrate the importance of both corporate and civil society operations. They should set up arenas for debate and reflection and act as the link between these two chains. Particularly because such intermediary organizations are generally linked to one group or another and such groups may struggle to speak the same language. It is important to promote mechanisms for collective work, including that of the State. There is work to do in training and information, but another aspect that should not be ignored is that of mobilizing opinion formers and decision-makers. The intermediary organizations cited above have access to government leaders and businesses and if this access were well utilized, matters could advance significantly. They could influence public policy and take a lead in guiding relevant issues, such as policies for tax breaks, policies to stimulate donations, and policies to encourage voluntary work and promote the defence of rights.

Chapter 13

The features and challenges of social investment in Brazil: a conversation with André Degenszajn[1]

The Social Investment sector in Brazil has developed a great deal over the last twenty years, although much remains to be done. Challenges include the lack of a donation culture or of tax breaks for the growth of such practices, a corporate tendency to prioritize a company's projects instead of supporting civil society organizations (CSOs) and the small number of family or independent foundations, which could potentially create more diversity in a sector dominated by corporate institutions. When one talks specifically of support to organizations that defend rights, the obstacles appear to be even greater, although, according to Andre Degenszajn, General Secretary of the Group of Institutes, Foundations and Companies (*Grupo de Institutos, Fundações e Empresas*: GIFE), it is possible to discern progress. Andre Degenszajn has both a Bachelor's and a Master's degree in International Relations from the Pontifical Catholic University of São Paulo (*Pontifícia Universidade Católica de São Paulo*: PUC-SP), a subject he taught at the Santa Marcelina Faculty, between 2007 and 2011. Since 2001, he has worked in civil society organizations; he was a founder, and is currently a member, of the Administrative Board of Conectas Direitos Humanos. We present his analysis of the principal aspects of social investment in Brazil and around the world below.

(1) Text by Adriana Wilner, from an August 2013 interview with André Degenszajn.

What are the main elements that characterize private social investment in Brazil today?

Social investment is defined by GIFE as the **voluntary contribution of private funds to public interest activities**. The fundamental issue, therefore, is established through the public-private relationship, which defines both the social investment and GIFE itself. Founded at the beginning of the 1990s, GIFE emerged in a context of intense growth in Brazilian civil society, which tripled in size over 10 years (FASFIL 2005). Many organizations and associations were established over these years, following the opening up of democracy and the promulgation of the 1988 Constitution, which strengthened the civil society infrastructure in this country.

Throughout that same decade, the movement for corporate social responsibility gained momentum, in a context in which the private sector was beginning to reflect on its role in the country's development. The structuring of a social investment field aligned with corporate social responsibility is a principal characteristic of GIFE's own composition; approximately 70% of its associates are of corporate origin. Although it does not represent all Brazilian social investors, GIFE has about 140 member organizations, which is highly representative of investors in this country.

Although still small, compared to the percentage of corporate organizations, the participation of family and independent investors has grown. The former is principally motivated by company capital becoming publicly available and a tendency to institutionalize family investment. Independent investors have developed, for the most part, from a recognition of the need to establish institutions that have the capacity to invest in the financial (and political) sustainability of the field of the defence of rights.

Of the main elements that characterize this sector, perhaps the most significant is the high concentration of investment in education. More than 80% of GIFE associates invest in this area, and for many this is their main area of operation. This is also the field in which investment is most integrated, with significant examples of coordination with public policies in order to scale up practices developed by private investors.

Several factors may explain the high concentration in education. To start with, there is a broad consensus in society that investment in education is probably the main factor required to stimulate the country's development. Lack of investment has been an obstacle to ensuring both economic and social development and has contributed to the maintenance of high indices of inequality. In this sense, it is a field in which public acceptance overrides the need to justify a priority. Furthermore, there is a more utilitarian, and perhaps more relevant, argument that investment in education may represent a financial saving for companies, since the more well-trained workers there are on the market, the less companies need to invest their own resources in training employees.

Another striking aspect of investment is the low percentage of resources allocated to funding CSOs – which

in the Anglo-Saxon market is defined as grantmaking. While this is the principal strategy for the operation of foundations in the United States, in 2012 in Brazil only 29%, of a total R$2.35 billion funds, were invested in donations. In practice, this means that these organizations have contributed little to the strengthening of civil society organizations. At the same time, it is true that a significant volume of funding is transferred to CSOs, but a sizeable part of this occurs within the context of contracting service providers.

Another feature of this field, particularly given the concentration of corporate investors, is that approximately 60% of the GIFE associates invest (albeit not exclusively) in activities linked to their business (in the case of companies) or the business of their holding company (institutes and foundations). This trend has gained force, both because of a recognition of the role social investment plays in constructing a company's reputation and, particularly, for its importance to the business itself. This is manifest, for example, in the construction of the **social licence to operate**, whereby the company needs to develop a sustainable relationship with the communities affected by its business. In this context, the company negotiates the operation conditions with the community, making the business feasible, while attempting to construct a positive social legacy.

Has social investment increased in recent years? In what way does the economy influence the amount of investment?

Taking inflation into consideration, according to data from the GIFE Census, the amount of investment has grown between 1% and 3%. This variation suggests that social investment has remained stable, without significant growth. The economy or economic prospects have certainly influenced social investment. However, the financial crises at the end of 2008 provided another interesting interpretation of this relationship. There was a genuine reduction in the amount invested by GIFE associates, to the tune of 5%, but this fall was accompanied by cuts in other areas in the company. It was widely expected that, faced with a crisis, social investment would be the first area to suffer cuts, but this did not generally happen.

Another important feature, which contributed to the low impact of the financial crisis, is the fact that few institutions operate through revenue from endowment funds, meaning that the sector is less bound up with variations in the financial market – as occurred in the United States, where the loss of assets was almost 30%. At the same time, investments were subject to annual budget transfers from their sponsors (business or family), reducing the predictability ensured by an endowment fund.

Nevertheless, logically, "philanthropy" only exists where there is surplus. With a country in crisis, the trend is for investment to contract accordingly. We are coming out of a euphoric period of Brazilian growth, which

has had an impact on the way social investment is conceptualized. We are now entering a less optimistic phase and there are no indications for exponential growth in the coming years.

In your view, what are the main contributions of the research regarding the architecture of civil society funding? Does sufficient data and research exist to construct an overview of this sector?

Data regarding the non-profit sector in Brazil is in extremely short supply. The most significant research, given its comprehensiveness, is the Private Foundations and Non-profit Associations (*Fundações privadas e associações sem fins lucrativos*: FASFIL) study, conducted by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*: IBGE) in partnership with the Institute for Applied Economic Research (*Instituto de Pesquisa Econômica Aplicada*: IPEA), GIFE and the Brazilian Association of Non-Governmental Organizations (*Associação Brasileira de Organizações Não-Governamentais*: ABONG) (see FASFIL, 2010). This study collected data about the number of associations and foundations, their geographic distribution, areas of operation, employees, education levels, and other aspects, but did not contain financial information. Our portrait of the sector is therefore incomplete. Other studies, such as the GIFE Census (2010), the IPEA study about corporate social action (2006), or the BISC (2011), have contributed to an understanding of the field by providing more specific profiles. From these, we are able to indicate trends and characterize the operation of such organizations, but we have no official information about this group of organizations in Brazil.

The principal contribution of the study regarding funding architecture is the way it facilitated an arena for discussion about civil society funding. The term "architecture" already appears to have entered the sector lexicon to describe a group of organizations and mechanisms, public and private, to fund non-profit organizations. The study has made an important contribution in its systematization of the existing research and in its attempt to establish relationships between studies with distinct methodologies and profiles, since it did not propose to generate primary data.

The research could have been extended to propose models or systematizations that support our understanding of how the system works and the role of the different actors that operate within it. However, the research was not able to elaborate on these aspects. Another feature that merits exploration refers to the organizations' mechanisms to generate revenue. Given the enormous financial challenges, these need to include strategies to generate their own funds, although we recognize the limitations of this model for certain institutional profiles. It is unreasonable to expect an organization that works in public oversight, for example,

to be able to construct a business model to sustain its activities. A significant group of institutions depends on external funds as a necessity and there is nothing intrinsically wrong with that. It is precisely to guarantee their operations that research such as this has such consequence.

The study about the architecture has a specific focus on the defence of rights. What is your view of the social investor relationship with this field?

The first aspect that we would emphasize relates to the investors' mode of operation, with a low percentage of investment allocated to donations, as I have already said. Any analysis of the private sector funding of human rights organizations must consider this contextual element. It is hard to define the factors that contribute to such a configuration. To some extent, there is a negative view of the operational capacity of CSOs, or a lack of (mutual) trust between these organizations. On the one hand, there is a series of stereotypes about the lack of management and institutional capacity, the lack of transparency and the absence of consistent evaluations. On the other, there is a perception that investors do not understand the social context and are high-handed in their treatment of these organizations. Moreover, one cannot forget the political dimension that exists within these relationships.

There is a paradox, however, in this investor-organization relationship. Despite an expectation for organizations to improve their management practices, project funding still prevails at the expense of institutional support. This creates a distortion between the demand for greater capacity and the availability of resources. If this relationship was established in order to strengthen both the sector and the autonomy of organizations, then the current strategy needs to change. However, this assumes that the investors recognize that their role is to strengthen civil society, and there is no evidence to suggest this.

At the same time, a view is developing that investors should concentrate on dealing with problems themselves, rather than investing in organizations. To do so, they must utilize all available resources in the direct operation of projects and advocacy or investment in businesses of social impact. This view is clearly, even excessively, expressed in **Catalytic Philanthropy**, by Mark Kramer (Stanford Social Innovation Review, Fall, 2009). For the author, foundations must assume responsibility for achieving the desired results. In this sense, they must be direct **operators** and not act through **traditional philanthropy**, which, according to the author, merely involves selecting supported organizations and setting the value of the donation. All of this is sustained by the view that CSOs do not have the capacity to solve large-scale social problems.

When considering human rights, an additional challenge exists, since they deal with "non-hegemonic" or non-consensual agendas. If we consider that corporate investment contains a significant component for the

construction of image and reputation, it is clearly more difficult to connect it with certain themes or social agendas. However, visible progress has been made, particularly in relation to women's rights. Data from the 2012 GIFE Census points to a significant increase in the number of organizations that invest in the defence of rights. However, there remains the challenge of reaching a clear understanding of the concept of the **defence of rights**, and we know this affected the research responses. We can assume that there is little conceptual alignment and few identified examples of support to human rights initiatives, however, the research results suggest that there is greater acceptance of the theme, which at least creates space for dialogue about the role of private investors in funding this field.

Furthermore, there is the challenge of how to make the rights agenda positive for the corporate field, since it is often viewed more as a liability than a strategy to strengthen society or an instrument to reduce inequality. Assuming a more positive position, although capable of generating significant progress, has not actually helped to expand funding for the sector.

Is it, therefore, feasible to suggest that prospects exist for this relationship to progress?

In this sense, certain opposing trends are evident. The first contextual element may be extracted from the most recent FASFIL research. While the group of private non-profit foundations and associations grew by 9% between 2006 and 2010, the group for the defence of rights shrank by 0.1% – the only area that recorded negative growth. This was possibly a result of the sharp growth over the previous period, or of the current financial crisis, either way, the number of organizations that operate in the area did not increase.

On considering the recent trend for greater alignment between investments and business (for corporate investors), such organizations may be distancing themselves from the role of funder. A number of institutes and foundations are beginning to have a more strategic business function, from the perspective of either **shared value** ("Creating shared value", M. Porter and M. Kramer, Harvard Business Review, 2011) or social licence to operate. Curiously, it is precisely amongst these corporate investors that we have witnessed (according to data from the 2012 GIFE Census) increased growth in investment in the defence of rights. However, we will only be able to confirm this trend during the next stage of the research.

Given a greater apparent openness towards this subject, the challenge is therefore to construct new strategies to unite the interests of investors and the activities of rights organizations. The recent street protests throughout Brazil may provide a pathway for such a reflection. This task is not simple, but we consider it necessary.

Which areas of social investment present potential for growth?

In 2010, the GIFE launched its 2020 vision for private social investment, combining an analysis of trends with what we would like to see happen. In this, we clearly express that, in order for social investment to be able to cope with a multiplicity of social demands, it must be accompanied by greater diversity in investment arrangements. In other words, reducing the heavy concentration of corporate social investment by stimulating family, independent and community foundations, which are still in their infancy in Brazil. This trend has been observed, given the growth in the number of independent foundations with an agenda explicitly aimed at the field of rights. There remains a very significant challenge related to training, and assets are small, but this is the beginning of a process that needs to be strengthened. The increase in family investment suggests positive prospects for the future, since family investors have greater liberty in allocating funds. They are not bound in the same way as companies, either to provide accounts to shareholders, align activities with business, or preserve a corporate image. Our hypothesis was that, with an increase in family investment, there would be a greater flow of funds to civil society and to topics linked to human rights. With the data we have today, we cannot claim that this perception has become a reality. We still assert that it will happen, but for now, this is a trend not tranformed into practice.

Another important field for expansion is that of individual donations. When we look to the United States, where more consistent information is available, a little over 300 billion dollars is invested in the philanthropic sector. More than 70% of these funds consist of individual donations. In Brazil, we do not know what such donations represent, but they do not appear to have the same weight. We speculate that this volume will grow, through the establishment of more systematic fundraising, through crowdfunding mechanisms, which create "channels" through which funds can flow, as well as other solutions, such as the rounding up of payments and donations through tax receipts. These are micro-donations, but when we think of them as hundreds of millions of donations, they can have a significant impact. Two challenges exist in Brazil today that relate to individual donations: one is the legislation, which does not favour donations; and the other is a cultural assumption, sustained by the notion that a donation culture does not exist. It is hard to ascertain whether this issue is, in fact, cultural or whether enough has been invested to establish the capacity to request and receive donations. Either way, there are evidently great expectations for growth and innovation in this field.

Final Considerations

CSO sustainability: the difficult architecture of autonomy

Domingos Armani

The research condition of possibility

The completion of the research study "Institutional Architecture of Support to Civil Society Organizations (CSOs) in Brazil", proposed by the Articulação D3 and carried out by the Centre for Public Administration and Government Studies (*Centro de Estudos em Administração Pública e Governo*: CEAPG) of the Getulio Vargas Foundation (*Fundação Getulio Vargas*: FGV), represents an historic landmark. It demonstrates the maturation of a convergence process for CSOs for the defence of rights into a collective actor, capable of thinking about itself and the complex context in which it is immersed, and of proposing joint strategic initiatives.

The separate historical, legal, identity and political circumstances of each sector of civil society have tended to prevail over the possibility and need for both coordination and joint action in the field of CSOs as a whole. Regular dialogue amongst the principal sector representatives within the field of Brazilian CSOs, to construct commonalities and establish initiatives of mutual interest, is a comparatively recent phenomenon.

Hypothetically, one could credit this new movement of Brazilian CSOs to four main factors: (i) changes to the sustainability conditions of CSOs since the middle of the 1990s; (ii) the opportunity

to propose and negotiate changes to the current CSO legal framework (under the Lula government in 2003-04 and under Dilma between 2011 and 2013); (iii) the projected growth of private social investment within the country and its importance for both the sustainability of CSOs and in proposing a new regulatory framework; and (iv) the general perception, expressed by the principal civil society actors committed to the defence of rights and the public interest, that their relevance to democracy and to fair and sustainable development has lost legitimacy in public opinion (ARMANI, 2013).

It is also not unreasonable to argue that the virtual exhaustion of the developmentalist model, promoted by the Lula and Dilma governments (2003-2013), in the face of social inequalities, the low quality of public serves and (un)sustainable development, has underlined the importance of a coordinated civil society, with its own voice, capable of autonomous initiatives.

Together these factors have favoured a movement towards inter- and multi-sector convergence within the CSO field. Two important expressions of this process for the coordination and joint action of CSOs are the Articulação D3 and the Platform for a New Regulatory Framework for Civil Society Organizations. This study represents one of the strategic initiatives to have emerged out of this process.

Some results and lessons learnt from the research

One important result, and one of the virtues of the research, was the establishment of a process for constructive dialogue between institutional actors in the CSO field and academia. This in itself is not unprecedented; its pioneering quality lies in its proposal for structured dialogue between a coalition of representative social subjects from the CSO field (the Articulação D3) and the research institution in question (the FGV), with the aim of investigating the sustainability conditions for this field of organizations.

Other potential learning points have emerged here. The first is that this movement should only be seen as the first step in a long process. For an initial undertaking, the size and complexity of this theme are considerable. The second learning point, which derives from the previous one, is that the research about the architecture of institutional support to CSOs involves and requires the engagement of a multiplicity of research institutions, those already investigating this or correlated themes and those disposed to invest in it. The third learning point refers to the need for both social and research institutions to become sufficiently organized to promote regular and productive dialogue. This involves availability and resources, as well as integrated inter-institutional dialogue aimed at knowledge production in their respec-

tive strategic plans. The fourth learning point, perhaps both a warning and a challenge for exploration, is the need to reflect on the desirable level of involvement and autonomy of social institutions within the investigation process. The hypothesis here is that knowledge will advance more rapidly with improved dialogue between the social subject and the researchers, although the quality and validity of such knowledge resides in the independent nature of its production.

Perhaps the research study's greatest virtue has been to identify, systematize and propose reflections on existing data and information about the current institutional architecture of support to CSOs in Brazil. Some Brazilian research centres are working on themes inherent in or correlated to the institutional architecture of support to CSOs, but these tend to operate independently and do not necessarily describe their theme as an institutional system related to CSO sustainability.

We now have a better notion of the principal components of the institutional system related to CSO sustainability, with information about the institutions, the principal mechanisms in place, the relevant legislation, funding sources, the scale of the funds involved and related elements.

Perhaps because of the research's unprecedented nature, due to its complexity, scope and operational contingencies (particularly its schedule), it should be understood as an exploratory field study. This is not a limitation, but should be understood as a necessary move towards a conceptual and methodological approach to the theme. This fundamental step has now made it possible to delineate the strategic reach of research on this theme.

Another positive aspect of the research was its identification of where the main information gaps are located in relation to the various funding flows within all the institutional fields studied (official international cooperation, non-governmental international cooperation, public funding, private social investments, individual contributions, etc.). This alone can contribute to potential agendas for negotiation with public bodies regarding the standardization of existing research and new studies. The same is true of private social investment.

In this way, another significant feature were its indications about the conceptual and/or methodological discrepancies between the various existing information sources and of conflicting tendencies arising from different data sets.

The research systematized a set of highly revealing analysis about the difficult conditions in which CSOs find themselves in terms of institutional sustainability (CEAPG & ARTICULAÇÃO D3, 2013). Some of these may be reiterated as follows:

- There are limited sources of official and non-official data and information about funding directed to CSOs, particularly in the public sector, at federal level and in the states and municipalities. Representative data in relation to individual donations is also extremely limited. There is also a general dispersal and a scarcity of regularly produced data;
- The current institutional architecture of support to CSOs is undergoing a rapid process of change, in all institutional fields;
- The figure of the "project" and the modality of service provision dominate;
- CSO access to public funds is proportionately tiny; transferred funds are concentrated in a very few ministries and are, as a rule, allocated to traditional areas such as education, health and social welfare;
- International funds channelled to Brazilian CSOs are very small compared to funds from official cooperation;
- The volume of funds sent abroad by Brazil is much higher than that received through official cooperation for development. Brazil has become a donor country;
- Companies invest a significant amount in the social arena, but relatively little in human rights and the strengthening of CSOs;
- Traditional forms of fundraising represent inadequate strategies to sustain CSOs;
- The challenge is not only the lack of a "culture of donation", but a lack of the relationships and conditions required for trust and legitimacy between the population and CSOs, which are necessary to make the act of donation feasible;
- The existence of new forms of fundraising (e.g. crowdfunding) in civil society, and of institutions that support CSOs (independent funds and foundations), which have come to be pillars of the new institutional architecture;
- The analysis demonstrates the extremely limited nature of incentives to strengthen CSOs that work in the defence of rights and carry out advocacy activities.

An unfolding horizon

At the end of this extensive study of the relevant institutions and their relationships to support CSOs, certain new challenges have emerged and these are worth identifying. The first of these is the appearance of conceptual progress in relation to what the research achieved.

The research request presented by the Articulação D3 proposes:

> The systematization of data, information and knowledge to characterize the current institutional architecture of support to CSOs in Brazil, through an investigation of the relevant legislation, funding institutions and existing supporters, of (national and international) funding flows, of the different sub-fields and types of civil society organization and of the existing relationships for strategic partnerships[1].

The research proposal was based on a reference to the "institutional architecture of support" to CSOs. This term is far from precise and makes no reference to what this architecture actually constitutes.

The notion of institutional structure or institutional framework has been widely used in knowledge areas to refer generically to the legal and institutional framework that regulates and organizes a specific institutional system. As seen, for example, in the case of debates about the best institutional architecture for the European Union, or about the proposed institutional architecture for the management of climate change at a global level.

The research was able to identify and analyse the main institutions that fund CSOs and sought to characterize their *modus operandi*, but did not manage to "characterize the current institutional architecture of support".

A merely generic understanding of an institutional architecture of support as an institutional system is not sufficient to define the relevant variables that characterize such an institutional architecture, and the research did not limit itself in this way. This is presumably why the Terms of Reference indicated that in each relevant institutional field (official international cooperation, non-governmental cooperation, federal public funds, independent funds, and so on) it was necessary to investigate and describe: (i) the existing institutional sphere: legislation, institutions (how many, which, governance, modes of operation etc.), and the pattern of constructed relationships, etc.; (ii) the total volume of funds, their origins and the amount of funding available to support CSOs in Brazil (preferably with data related to the last five years); (iii) modes of operation and conditions; (iv) general challenges, sustainability and future trends; (v) the ability of CSOs (and, more specifically, those for the defence of rights) to access funds; (vi) the

(1) D3 – Dialogue, Rights and Democracy. Research on the Institutional Architecture of Support to CSOs. Terms of Reference, p.01.

existence, or otherwise, of a line of support, or the extent of such support, for CSO institutional development and sustainability; and (vii) relevant bibliographical references.

The current challenge is to advance a definition of the term "institutional architecture of support" and to conceptualize as an institutional system the group of institutions, laws, norms, access modalities, procedures, flows, patterns of relationship and relative weight of each field of supportive relationships.

A further conceptual and methodological challenge for future consideration is the issue of "CSOs for the defence of rights". Since the middle of the 1990s, with the emergence of new actors onto the Brazilian social scene and the dissemination of the term "third sector", NGOs and other CSOs committed to a rights perspective have been concerned about losing their unique characteristics, as ethical and political subjects, autonomous and committed to the strengthening and general development of democracy. From this standpoint, one can see that any research about the sustainability conditions of CSOs in Brazil must devote attention to this sub-field of organizations. However, from a conceptual and methodological point of view it is not at all easy to establish a clear division between those that do and those that do not defend rights. Reading the report enables us to confirm that the researchers were concerned about this issue. For each research axis, particular attention was paid to support for the defence of rights, while the partial reports contain crucial information about the limited nature of direct support for human rights within the current institutional architecture of support to CSOs.

For example, it questions why the IBGE/IPEA FASFIL research did not consider social welfare, education or health organizations to be organizations that defend rights. Are organizations that work in advocacy the only organizations that defend rights? Why is it important to make such a distinction within the current context? Why are other ways of achieving rights, such as the provision of care guided by a human rights perspective, or public oversight through public policy councils, not relevant to the promotion and defence of rights? Moreover, in the investigation about support for rights from private social investment, it is worth reflecting whether the field that the GIFE Census described as "human rights" encapsulates everything of interest to support for the defence of rights.

Herein lies an enormous challenge for future research. One important dimension is both conceptual and methodological. Nevertheless, we should recognize that another challenge is political and refers to

the social process of constructing identification categories, which always establish a system of differences. Recognition of this process provides further evidence of the importance of dialogue, with mutual autonomy, between CSOs and academia.

This leads us to another conceptual consideration. It may be possible to view, through the window opened by the institutional architecture of support to CSOs, another possibility for investigation, with a wider scope and reach, complementary to that which has just taken its first steps. This involves thinking about what one could call the institutional architecture of support to rights within Brazilian institutions. The aim would be to investigate and reflect on the extent to which the Brazilian legal and institutional system and State-society relationships ensure the achievement of citizenship rights, and to what degree CSOs contribute to this. The hypothesis implicit here is that the legitimacy and sustainability of CSOs and, in particular CSOs that defend rights, is fundamentally related to the sustainability of the rights perspective within society.

Finally, it may be beneficial for research into the current institutional architecture of support to CSOs to work alongside the design of a new institutional architecture. In the first place, because imagining and proposing a desirable institutional model is a requirement for the advancement of dialogue with both the federal government and society in general. In second place, because a consideration of both the necessary and desirable is advantageous for freedom of thought and for an appropriate valuation of what already exists and could strengthen a new model. Synergy between an analysis of the current institutional architecture and the design of a new one would enable the points of greatest interest to research and innovative proposals to emerge.

It is difficult to believe that Brazil will one day propose and approve a new, systematic and integrated, institutional architecture of support to CSOs. However, if we set out with a conceptual horizon of the desirable – the image of a new institutional system of support – it is easier to envisage proposals and negotiations for the approval of specific components for a new model or architecture.

One way forward may be to consider how a new architecture could make use of a network of institutions and intermediary foundations in civil society in order to provide funds, skills and support to small organizations and/or those that are less institutionally developed.

Another possibility is to design a proposal for the functioning and governance of large-scale foundations to support CSOs with public and private, national and international, funding, aimed at strengthening the emancipatory fabric of civil society, with shared intersectoral governance.

We must ensure that in any new design, either systemic or partial, mechanisms exist to strengthen the sustainability of CSOs and allow for their recognition as democratized autonomous subjects of society, which generate initiatives of social value and public interest fundamental to raising standards within the society and democracy in which we live.

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