

Colombia

From Prosperity to Purpose

Perspectives on Philanthropy and Social Investment among
Wealthy Individuals in Latin America



Colombia at a Glance

Population

48.32 million

GDP

US\$378.4 billion

GDP growth rate

4.7%

GDP per capita

US\$7,831

Gini index

53.5 (2012)

UNDP Human Development Index

0.711 (98th of 187 countries)

Social Progress Index

67.24 (52nd of 132 countries)

Poverty headcount ratio at US\$4/day

32.8% (2011)

Poverty headcount ratio at US\$2/day

11.3% (2011)

Poverty headcount ratio at national poverty line

30.6%

Unemployment total (of total labor force, national estimate)

10.6% (2012)

All data from World Bank and 2013 unless otherwise noted.

Colombia: Country Context

Following more than half a century of civil war and unrest, during which some 220,000 people perished, Colombia is now a country in dynamic and promising transition. Peace negotiations that started in 2012, while not yet final, have created cautious optimism, and Colombians are proactively steering the nation towards a future of political stability and economic security. The country has the third largest economy in Latin America, with a national GDP of US\$378 billion in 2013,¹ and maintains modest levels of GDP growth, mostly fueled by commodity exports of oil and coal. In 2013, per capita income stood at US\$7,831.²

During 50 years of upheaval, right-wing paramilitary groups, left-wing guerillas, and government forces engaged in armed conflict that centered in large part around control of the multi-billion dollar drug trade. The conflict also caused significant population displacement; millions of Colombians, including many of the country's wealthy families, fled their homes in fear for personal safety, and roughly 8 percent of the Colombian population still lives outside the country.³ Today, the largely-complete cessation of widespread hostilities is helping to steer the nation towards a future of political stability, economic prosperity, and personal security.

The gradual but dramatic decrease in violence has been accompanied by economic growth and the creation of substantial private wealth. According to a WealthInsight report, from 2007 to 2013 the number of millionaires in Colombia increased 39 percent compared with a worldwide decline of 0.3 percent. The country now has more than 35,000 millionaires and 435 multimillionaires (with more than US\$30million in liquid assets), accounting for 22 percent of total individual wealth in the country.⁴ At the end of 2014, Forbes included four Colombians in its ranking of the world's billionaires, with a combined wealth of more than US\$33.6 billion.⁵

While a new generation of wealth holders has emerged, overall societal well-being has not grown commensurately. Despite income growth, poverty persists and inequality has remained largely unchanged. While levels of poverty decreased nearly 10 percent from 2008 to 2012, 32.8 percent of the population still lives in poverty (on less than US\$4/day), and 11.3 percent lives in extreme poverty (on less than US\$2/day).⁶ As such, income inequality in Colombia is persistently high. The Gini index reached 58.9 in 2007 before declining to 53.5 in 2012. This is the highest of any country included in this study and eleventh in the world overall.⁷ And though unemployment has declined over the last decade, it still stands at 10.6 percent for the total population,⁸ and nearly double that for youth.⁹

Philanthropy and Social Investment in Colombia: Key Features and Trends

Long-Standing Traditions of Philanthropy

In Colombia, charity and philanthropy are long-standing practices with deep historical roots in religion, culture, and business. As in most of Latin America, following Spanish colonization, social welfare was primarily the domain of the Catholic Church, and wealthy individuals and families supported Church-provided social services, including schools and hospitals, through *obras pías* (pious works, or individual donations) and bequests. The country's elite also supported Church-inspired private associations such as the *Saint Vincent de Paul Society* and *Caja Social de Ahorros* (Social Savings Bank), which similarly provided direct services to the needy and working class.¹⁰ Wealthy Colombian families continue to provide generous support to the Church and to other programs that provide charitable assistance to the poor.

In addition to Church-related giving, for many decades some families with successful businesses have established foundations – some corporate and some independent – that operate in communities where the business has a presence. Many of these foundations have also historically focused on providing direct services to their employees, their families and their communities.

Scale and Scope of Giving Perceived to be Growing

In Colombia, as throughout Latin America, there is no clear measure of the scale and scope of philanthropy or social investing. The most recent studies with any reliable quantitative data date from 1995 and 1997, and are not likely to accurately depict current levels of philanthropy within the country. Nonetheless, there is general consensus that philanthropy and social investing are increasing and will likely continue to grow. Those interviewed noted several interrelated reasons for this perception: optimism around the peace process, the country's economic growth, the concomitant increase in personal wealth, and Colombians' desire to contribute to a future of sustainable peace and economic prosperity.

Social Investment Strategies Widely Embraced

In Colombia, social investment is viewed as almost entirely distinct from philanthropy. The former is understood to combine investments of resources – financial, social, and personal – that address systemic problems and create positive, lasting, and measurable change, while the latter addresses the immediate needs of the poor, but not the underlying causes of poverty.

Perhaps more than any of the other countries in this study, the practice of social investment appears to be relatively widespread among foundations in Colombia. Many individuals who were interviewed, while emphasizing that the foundation sector itself is quite small, noted that the work undertaken by foundations was in large part professional, strategic, and impactful. Individuals pointed in particular to the *Carvajal* and *Corona Foundations*, which have been working strategically in their communities of focus for decades. After conducting four focus groups with nearly 60 foundation leaders and managers, Carolina Suárez, Executive Director of the *Asociación de Fundaciones Empresariales* (Association of Corporate and Family Foundations or AFE), and Atallah Kuttub, a global philanthropy expert, wrote, "*The dominant approach by these foundations is social investment.*"¹¹

Corporate Sector a Leader in Social Investment

Corporations undertake the majority of visible social investment in Colombia. Importantly, it is difficult and perhaps misleading to make a clear distinction between corporate and private giving because many corporations are family-owned and managed. In addition, it is likely that individual giving is less visible, since many individuals and families carry out their giving privately, and often anonymously, for personal, cultural, and security reasons.

“If you have the means to do it, you have to do it. You have to help the people. You have to help your city. You have to help what matters to you.”

Solita Cohen de Mishaan

Infrastructure to Support Giving and Social Investment

Asociación de Fundaciones Empresariales (Association of Corporate Foundations, or AFE). AFE is a network working to raise the visibility of social private investment, build alliances, and promote accountability and best practices of social investing, particularly among corporate leaders and family foundations in Colombia. In only seven years, AFE has expanded from nine to 57 member foundations: 41 out of 57 are defined as corporate foundations, 14 are family foundations, and two are independent foundations.

Filantropía Transformadora (Transforming Philanthropy Initiative). Spearheaded by financial expert and philanthropy advocate Felipe Medina with the support of existing Colombian philanthropic efforts, the Transforming Philanthropy Initiative was created in 2010 *“to promote a change in the culture of families and prominent individuals from Colombia in such a way to change their approach from charity to one of sustainable, collaborative strategic social investment practices and great long-term impact.”* It works toward this new world of social investing by introducing families and individuals to local and international ideas, trends, and innovations around social impact. It also operates a year-long learning program to prepare next-generation philanthropists to become more effective and impactful givers.

Give2Colombia (G2C). Created in 2003 to encourage international philanthropic giving to support the development of Colombia, G2C has raised US\$19.4 million in the last 10 years and supported 175 projects that focused on economic development, health, education and the environment to help the country’s most vulnerable populations. G2C works with Colombian private philanthropists and corporations living abroad (mostly in the United States) to help them achieve their philanthropic goals and have long-term social impact in the country.

Despite these caveats, there are several reasons for visible corporate leadership in social investment in Colombia. First, as noted earlier, there are highly-respected foundations established by families with successful businesses that have operated for over 50 years, and many others that have been formed more recently. Secondly, over the last decade or more, CSR has grown significantly in the country. Corporate leaders have become aware of the competitive advantage and other benefits of strong CSR programs that include social investing. Thirdly, it is possible that, for wealthy families concerned with personal security, giving through a family-owned business is a way to draw less attention to personal wealth.

Political and Policy Environment Improving

There are conflicting views regarding the political and policy environment for philanthropy and social investment in Colombia, but most see it as progressively favorable. A recent overview of giving in Colombia suggests that the general environment for philanthropy is relatively positive.¹² Beginning in the mid-20th century the government enacted legislation promoting civil society and giving. However, regardless of the policy environment, during decades of violence philanthropic giving became dangerous and difficult. Wealthy individuals and families became the targets of kidnappings and it became dangerous to display wealth in anyway. Many of the country’s economic elite fled the country for security reasons, and several individuals interviewed for this study noted that they had been kidnapped or had a close relative that had been kidnapped or killed.

Today, with optimism around the peace process, many individuals believed that the political environment for philanthropy is positive, and that the national government is once again encouraging private giving and public-private partnerships. Social investors and the government are realizing the potential impact of working together and both parties seem more eager to collaborate. As Carolina Suárez of AFE noted: *“Today there is a greater willingness in the public sector to work with the private social sector, represented by corporate and family foundations, and vice versa.”*¹³

“We have had a very good way of life and we have a responsibility to our country. We have to work to have an impact.”

María Victoria Villa

“For me, it was impossible for us to tell stories of the news and realities of our country without getting involved.”

María López

Others who were interviewed were less optimistic about the environment for philanthropy. Some believed the government (and general public) view foundations as tools for tax evasion because they are relatively easy and inexpensive to establish and are exempt from income tax. Also, several individuals noted that political corruption, particularly at the regional and local levels, is an impediment to philanthropy. Moreover, some believed that the government's pressing need for more tax revenues trumps the creation of more favorable tax incentives for philanthropic giving.

A Solid Infrastructure to Support Private Giving

With the emergence of a stronger economy, new wealth, and increased giving, several organizations have been established to foster and support private giving in Colombia. Described in the text box, these organizations provide opportunities to learn, share experience and best practices, form partnerships, and invest in society.

A Strong Tradition of Civil Society

Despite the many years of conflict and political turmoil, Colombia has maintained a generally strong civil society. As already mentioned, in the mid-1900s, the government took over many of the social responsibilities formerly run by the Church. This action fomented the growth of independent institutions alongside government programs.¹⁴ During this time, unions and community action committees flourished, although they were often politicized and heavily government-funded. Roughly 2,500 NGOs were created between 1961 and 1980,¹⁵ and U.S. foundations supported numerous NGOs that promoted democracy and human rights. Today, there are more than 7,000 registered NGOs in Colombia.¹⁶ As the NGO Law Monitor, published by the International Center for Not-for-Profit Law emphasizes: “Colombia has strong, sophisticated civil society organizations, including human rights organizations, peace building entities, community-strengthening initiatives, women’s rights groups and academic and research centers.”¹⁷

Philanthropic Motivations and Influences

Like their peers elsewhere in Latin America, interviewees in Colombia discussed many reasons for engaging in philanthropy. The two most frequently cited motivations were a feeling of social responsibility and the influence of family values. Similarly, survey respondents rated these as the most important motives for giving. Additional reasons included the influence of peers and role models, a connection to corporate activity and goals, and, critically, the emergence of a level of political stability conducive to civic engagement and private giving.

A Growing Sense of Social Responsibility

Without exception, individuals emphasized their sense of responsibility to give back or contribute to society. The majority passionately described their philanthropy as an expression of duty, obligation, and social justice in the face of persistent poverty and wealth disparities. Interestingly, as described later in this chapter, there was also a strong perception that most Colombians did not share the same sense of moral obligation or social responsibility.

For example, in describing her philanthropic influences, María López, director of sustainability at the independent media organization *Publicaciones Semana* (*Semana Publications*) and founder of *Fundación Semana* (*Semana Foundation*), highlighted economic and social disparities in Colombia. While recognizing some improvement in recent decades she noted, *"There are two Colombias – there is this Colombia"* she said, gesturing at her modern office overlooking downtown Bogotá, *"and there is another Colombia that lives in poverty with many unsatisfied basic needs, no clean water, no opportunities. There is such a huge gap between the richest of the rich and the poorest of the poor. Anyone who can help must help. We have to close the gap."* Similarly, María Victoria Villa, an individual social investor who has engaged in philanthropy for more than 20 years, noted, *"We have had a very good way of life and we have a responsibility to our country."*

Carlos Enrique Cavelier, CEO and Dream Coordinator of *Alquería*, one of the region's largest dairy distributors, and board member of *Fundación Cavelier Lozano* (*Cavelier Lozano Foundation*) echoed this sentiment: *"We really are born by chance. We're only on earth for a little while. We need to make the best of it for all the people around us."*

Vicky Chehebar also emphasized the increasing awareness of social justice needs and the desire of the wealthy to become more engaged. As an individual philanthropist and active volunteer through the work of *Techo* (Roof), a community development organization building homes in impoverished areas, she noted that traditional charitable practices have been changing and that some of her peers want to be part of a larger and stronger social movement.

Giving Reflects and Reinforces Family Values

Because the sense of social responsibility is closely linked with family values, almost all individuals explained that giving was at the core of their family values and that the philanthropic practices of relatives inspired their own activities. Elena Mogollón, founder of *Fundación Granitos de Paz* (*Seeds of Peace Foundation*), spoke of the influence of her grandmother, a full-time philanthropist and one of the founders of the *League Against Cancer in Cartagena* and *Sociedad de Amor a Cartagena* (Society of Love in Cartagena): *"My grandmother's passion was philanthropy. It played such an integral role in her life that it seeped into all of our daily routines. From an early age, I followed her everywhere, and my devotion to her soon parlayed into the same love of social contribution. Granitos de Paz is a continuation of a journey I began at her side."*

Some individuals mentioned other family values that influenced the focus of their giving. For example, Carlos Enrique Cavelier was heavily influenced by his grandfather's passionate commitment to education. He shared the following, *"My grandfather had a huge library – the largest asset the family had – and at his passing, it was sold to educate my mother."* Through the *Cavelier Lozano Foundation*, the family retains this commitment to education by endowing financial scholarships so that others have access to quality schooling.

Need for More Philanthropic Role Models

A large number of interviews referred to non-family individuals or mentors who served as beacons that illuminated their own decisions to engage in philanthropy. In particular, several individuals cited the *Corona* and *Carvajal Foundations*, two of the oldest and most venerable and successful foundations working in Colombia.

“Example is not the best way to teach people – it’s the only way.”

Carlos Enrique Cavalier

“The best encouragement to giving is by example.”

Solita Cohen de Mishaan

While acknowledging the important influence of role models, most believed that there was scant information about the work of many individuals and less well-known foundations. Indeed, among this study’s cohort, many individuals were unaware of one another’s work. Several individuals emphasized that Colombia needed more visible role models in order to create a larger, more vibrant and more effective philanthropic sector in the country.

Nathalie Renaud, former strategic alliance manager of the *Transforming Philanthropy Initiative*, sees emerging philanthropists as some of the best potential role models for future philanthropists. She emphasized how invaluable it is that more prominent individuals are now willing to talk about their philanthropic efforts openly, in hopes of influencing newcomers: “*The Next Generation of philanthropists are setting examples. They’re telling their peers, ‘If I can do it, you can do it.’*”

Corporate Responsibility Motivates Giving

In addition to personal motivations, a number of individuals indicated that philanthropy has long been an essential part of business and that there is a growing expectation from the public that companies should engage in CSR activities, including social investing. Many offered the belief that businesses could not prosper in a failing society. As Elena Mogollón noted, “*Corporate Social Responsibility is essential to the private sector’s continued longevity and prosperity. Such programs provide an opportunity for the private sector to show its commitment and responsibility to the communities and people that sustain them.*”

A leader of the *Bolívar Group* characterized the Group’s long-standing dedication to employee engagement, corporate social responsibility, and philanthropy as core to the Group’s business success. He emphasized that such community support is not only intrinsically worthwhile, but also helped grow the business and bolster the Group’s image. And Fernando Cortés McAllister, vice president of social responsibility for the Group and executive director of *Fundación Bolívar Davivienda (Bolívar Davivienda Foundation)*, talked about how this works in practice. The Foundation operates an extensive employee engagement program, with 21 regional committees overseeing social projects and volunteer initiatives within their territories. In sum, “*The Foundation strengthens the Group internally.*”

“One of the great things that is happening as we move towards a peace treaty is that we’re all thinking about what we can do in Colombia when we no longer have violent conflict. Something great is happening and we have to be part of it.”

Fernando Cortés McAllister

The Foundation brings together not only the family, but the employees. They are proud to be part of the corporation and our community programs.”

As part of a new business venture, María Victoria Villa also considered social investing to be a core business mission of the company and that building it into their culture was essential. As she indicated, “*The first thing Colombians should do, and we’re trying to do it here, is apply philanthropic ideas in their own businesses. We want our employees and the public to know that we as a family are willing to help.*”

Contributing to the “New Colombia”

As economic, social, and political stability continues to improve in Colombia, many interviewees emphasized their desire to play a personal role in Colombia’s transition. Experts, too, viewed the peace process and growing economy as strong stimulants for philanthropy. José Octavio Carrillo, director of *Ashoka Colombia*, explained, “*My perception is that Colombians are very proud of their country and feel very attached to it on a personal level. I think they now recognize that they have a bigger role to play in its social development and are ready to contribute.*” Felipe Medina, founder of the *Transforming Philanthropy Initiative*, acknowledged that Colombia continues to face many challenges, but emphasized that the country is moving towards a tipping point where private philanthropy can truly help to create social change.

Several people noted that there is cautious optimism that the peace process will be successful, the country will continue on a strong, stable path. Fernando Cortés McAllister exemplified many people’s optimism: “*One of the great things that is happening as we move towards a peace treaty is that we’re all thinking about what we can do in Colombia when we no longer have violent conflict. Something great is happening and we have to be part of it.*”

Philanthropic Priorities and Purposes

In light of the motivations identified, and particularly the desire to help build a strong, peaceful, and equitable Colombia, it is not surprising that many individuals focus their social investments on initiatives aimed at reducing poverty and inequity, in addition to building stability and socioeconomic development.

Education Key to Individual Attainment and National Development

Almost all individuals interviewed indicated that education was a top priority for the country. Most people emphasized the role of education in providing individuals with an opportunity for a better life, as well as its critical role as an engine of national development.

For many years, education has been deeply embedded in the work of *Fundación Luker (Luker Foundation)* and Marcela Restrepo, a member of the Foundation's board, believes deeply in its power to create lasting change and richer, more fulfilling lives. By adapting an innovative program designed for children of migrant coffee workers to urban school settings, the *Luker Foundation* discovered some very impressive results. The Foundation has partnered with the local government and now implements the *Escuela Activa Urbana* (Urban Active School) curriculum in 15 schools, directly benefitting 14,261 students in Manizales, and impacting 38 percent of public schools in the area. An independent evaluation of the program found that students in Urban Active Schools outperformed students in Manizales' public schools, as well as the national public school average, in reading, mathematics, and natural sciences. A higher percentage of students also demonstrated satisfactory or advanced levels of civic skills compared to their peers' in public schools.¹⁸ In 2013, the *Corona Foundation* recognized the program as a model initiative. In addition to educational achievements the model has had broader impact on the students. "The model creates a very different kind of citizen," Restrepo said. "It teaches the students how to work collaboratively and to negotiate. Both boys and girls are expressing themselves and participating equally. I think we are helping to shape students to become more engaged and effective citizens."

María Victoria Villa described her family's philanthropic commitment to education through Lumni, Inc., a social investment fund operating in Chile, Colombia, Mexico, Peru and the United States. The Fund provides flexible education loans for low- and very low-income, first generation college students. The objective of the program is to provide students access to college without burdening them with high debt upon graduation.¹⁹ After hearing a presentation, Villa and her husband were inspired by the investment model and decided to partner with them: "It's a very interesting model, it's an investment [and] we want to be part of it. I believe in it."

In another important educational effort, the *Cavelier Lozano Foundation* operates the *Talentos Excepcionales* (Exceptional Talents or TExc) program for high-achieving, low-income students, as well as teacher trainings, scholarships, and additional academic-related activities. In Cajicá, the Foundation has provided institutional support for six schools, including 22 teacher trainings and ultimately reaching more than 8,000 students.

Creating a Laboratory of Peace and Healing

As Colombia emerges from 50 years of violence and conflict, several individuals and families are contributing to the critical and difficult process of peacebuilding and reconciliation, often bringing historical adversaries together in order to solve pressing problems.

Peace and reconciliation is the exclusive focus and driving vision of the *Semana Foundation*, a mission spearheaded by its founder and current chairman of the board, María López. She describes the catalytic moment that defined the Foundation's existence and focus: "The El Salado massacre of 2000 – where paramilitary forces went on an unfathomably brutal slaughter of 66 people – really is the reason the *Semana Foundation* exists. We were astonished that this massacre was barely remembered by the general public and nothing had been done to help the community. It was as if our society had collective anesthesia from all the violence that we see every day in the news. We wanted to move all the emotional fibers of society. We wanted to inspire. We wanted people to believe that change is possible if we act collectively. We made the decision to go to El Salado and make a laboratory of peace to help reconstruct the social fabric of El Salado from a multidisciplinary approach."

“We [private foundations] can do critical things that the government cannot do at this point. We have the ability to take risks, try out new models. Fail, learn, adjust. We can highlight controversial issues and bring together diverse groups to try and solve them. We can engage directly with the communities that have been severely damaged and try and help them heal and rebuild.”

María López

Founded in 2009, the *Semana Foundation* partnered with the *Carvajal Foundation* to develop its approach of “*mixing real needs with cultural needs*” to rebuild infrastructure, health services, education, and economic opportunity in tandem with emotional healing and a cultural revitalization of the community. Based on the success in El Salado, the Foundation was invited by the local government to expand to San Basilio del Palenque in 2012, and it plans to expand to a third village in the Montes de María region.

Another foundation deeply engaged in the reconciliation process is *Fundación Alvaralice (Alvaralice Foundation)*, established by the Garcés-Echevarría family. In a major effort to support peacebuilding, the Foundation operates in four critical axes of intervention: reflection and dialogue, income generation, civic action, and education and culture. In 2005, the Foundation convened the *International Symposium for Restorative Justice and Peace in Cali*, with support from more than 50 partners and collaborators. The symposium featured both Nobel Peace Prize laureate Archbishop Desmond Tutu and Colombia’s then-President Álvaro Uribe, and brought together more than 1,600 diverse representatives of civil society, government, military, business, and religious groups.²⁰ In addition, the *Alvaralice Fundación* has partnered with the Colombian nonprofit *Fundación Paz y Bien (Peace and Good Foundation)* to create three restorative justice centers – Francisco Hope Houses – in Aquablanca, an impoverished community of displaced persons in Cali. The program provides restorative justice alternatives to high-risk adolescents involved in gangs, drugs, or violence and has engaged 150 young people through educational and training opportunities.²¹

A Strong Community Development Approach

While some social investors focus on a specific issue such as education or reconciliation, others begin with a place-based approach that focuses on a specific community in order to promote the well-being of its citizens and the vibrancy of the community. Several active social investors in Colombia employ this holistic strategy.

The *Carvajal Foundation* is one of the largest and most highly respected philanthropic institutions in Colombia and well known for its community development approach. Concentrating its efforts where the *Carvajal Group* and family are based, the Foundation’s aim is to “*promote a better quality of life in the neediest neighborhoods in Cali and in the countryside around the Valle del Cauca Department.*”²² The Foundation works in four complementary areas – income generation, education, housing, and social development – and has provided services to more than 42,000 individuals since its establishment in 1961. Its work embodies the philosophy that success is “*based on the identification and maximization of the abilities in the communities themselves.*” Moreover, the Foundation has received numerous awards and recognitions for its work.

The *Seeds of Peace Foundation* carries out efforts to improve the quality of life in the Rafael Núñez barrio of Cartagena: a neighborhood of 13,000 living in extreme poverty, where the average household income is roughly US\$100 per month.²³ Through its integrated approach and its partnerships, the Foundation has provided early childhood education to more than 1,100 children and health care to 3,000 residents, delivered 300,000 meals to local seniors, and improved 295 inadequate homes through new building materials. Founder Elena Mogollón expressed the importance of the Foundation’s holistic approach of combining different, if related, activities: “*We are not working on one problem. Our model is sensitive to the symbiosis of a community. Should a family engage with us, they will move beyond extreme poverty and be set on the road for a better future.*”

Addressing Child Mortality and Underlying Causes

Catalina Escobar, Founder of the *Fundación Juan Felipe Gómez Escobar (Juan Felipe Gómez Escobar Foundation or Juan Fe Foundation)*, undertook a year-long research process to understand the community issues in Cartagena, explaining, *“If you want to create an impact, you have to know what the worst is. Cartagena had the worst infant mortality rate, not only in the country, but in all of South America.”* She discovered that infant mortality in Cartagena was largely associated with teenage mothers who were trapped in a cycle of poverty. Armed with this knowledge, the Foundation established two primary objectives: to reduce child mortality and to improve the well-being of teenage mothers. To directly address child mortality, the Foundation built a neonatal intensive care unit in the Rafael Calvo Maternity Clinic, established the *Juan Felipe Medical Center* to provide continued medical care to children treated in the neonatal unit, and created an infant development center to support teenage mothers’ infants’ healthy development through their first twelve months. To break the poverty trap leading to infant mortality, the Foundation also started teenage mothers programs to provide emotional and psychological counseling, vocation and life skills training, and links to income-generating opportunities.

Since 2001, the Foundation has invested more than US\$26 million in health and poverty reduction initiatives. According to a 2014 summary, the child mortality rate at the Rafael Calvo Maternity Clinic, which provides half of the deliveries in Cartagena, has decreased by 65 percent since 2002. The Foundation has also attended to more than 122,500 patients through the Medical Center and nearly 3,000 young mothers through its emotional and psychological support programs. While not entirely attributable to the Foundation, it is notable that between 2001 and 2006 the mortality rate of the city of Cartagena decreased by 81 percent.

Bringing Latin American Art to the World

From an early age, Solita Cohen de Mishaan has recognized the power of art to enrich and transform every aspect of life. Driven by a desire to make Latin American art more accessible to the masses and to support the artistic community of Colombia, she created the *Fundación MISOL para las Artes (MISOL Foundation for the Arts)* in 2013. Founded on a combination of personal passion and social consciousness, Cohen de Mishaan elaborated on her hopes for MISOL: *“As an art collector, I have evolved so that I know that my role now is to be a champion of the arts in the social sector, to contribute my knowledge and connections – not only for Colombia, but for all of Latin America.”* The Foundation supports scholarships and artists’ residencies to encourage cultural exchange and showcase Latin American art on the international stage. As part of this effort, MISOL has formed an alliance with *SAM Art Projects*, an initiative supporting dialogue and interaction between contemporary artists from France and those in developing countries, in order to provide Latin American artists with an annual residency in Paris.

Philanthropic Platforms and Strategies

Philanthropists and social investors in Colombia have employed a variety of platforms and strategies to realize their goals and achieve impact, and foundations operating community-based programs have been an important part of the philanthropic landscape for decades. More recently, concepts including social investment, grantmaking, impact investing, and other practices have led to an increasingly diversified sector.

A New, Entrepreneurial Mindset about Philanthropy

Those interviewed made a clear distinction between the concepts and practice of charity, including philanthropy, and social investing. While charity was seen as an important and necessary means to ease the immediate suffering of the poor, social investing was viewed as a strategic long-term commitment to achieve lasting societal impact. Though many individuals found that most giving in Colombia continued to be charitable, they believe there is an important shift taking place with increasing interest and practice of social investing.

Carolina Suárez of *AFE* observed a significant shift in the mindset of younger people: *"They don't connect with the word philanthropy. They see that maybe their parents were philanthropic, but they are looking for more impact. They want to invest in programs that create real change and social transformations through social private interventions."* José Octavio Carrillo of *Ashoka Colombia* was optimistic about this shift and foresees great potential for social investment in Colombia: *"We have the perfect ecosystem for that shift to happen and in a faster way than other countries. Colombians have an entrepreneurial spirit and with the prosperity of the country, you see new families coming in to the action."*

Others emphasized the critical need to accelerate this shift in thinking by changing people's long-standing mindsets about charity and transforming them into social investing philosophies and actions.

Foundations Show Variety of Investment Strategies

As part of this movement towards social investment, many individuals in Colombia have created foundations (or similar structures) to carry out their giving. In Colombia, philanthropic institutions are commonly distinguished as either first- or second-floor foundations. First-floor foundations operate projects and programs directly supported by an endowment or via pass-through funds and donations from other individuals or entities. Second-floor foundations do not operate programs directly, but rather provide resources to third-party entities in the form of grants, scholarships, or other donations. In a survey conducted by *AFE* in 2014, 30 members self-identified as first-floor, 18 as second-floor, and 8 as a mixture of first- and second-floor foundations.²⁴ The strategy that individuals or entities select reflects both practical considerations, such as resource levels and expertise, as well as one's philosophical belief about philanthropy's role in society.

Several individuals involved in operating their own projects noted the limitations of civil society's capacity in some areas. Catalina Escobar found direct implementation to be central to the success of the *Juan Fe Foundation*, as well as personally fulfilling. As a volunteer in a poor Cartagena hospital in 2000, Escobar was shaken after witnessing a newborn die because his teenage mother could not afford preventative medicine totaling just US\$30. Only days later, her own infant son died suddenly. This catalytic moment prompted the launch of the *Juan Fe Foundation*, named in honor of her son. The Foundation created the Neonatal Intensive Care Unit and the Juan Felipe Medical Center, as well as related programs, because, *"There was no infrastructure and no one to provide these services. We had to develop the infrastructure and the systems and the economies of scale to create real change."*

For those who have chosen a second-floor approach, the ability to access the expertise and experience of respected CSOs is highly appealing. Explaining *Bolívar Davivienda Foundation's* decision to provide resources to other organizations, Fernando Cortés McAllister explained, *"We fund in different communities and different issue areas. It does not make sense for us to develop in-house expertise in all these areas. Through grants, we invest in new solutions and also in strengthening the organizations that create them. It's a multiplying effect."*

“We need to encourage social investors to co-create, co-design, and co-invest. With collaboration we can create real and lasting impact, and build a stronger philanthropic community.”

Felipe Medina

Carolina Suárez noted the dominance of first-floor foundations in Colombia. She observed that the majority of social investors within the AFE network have been concerned with seeing the direct impact of their work and that “they want to have direct contact with communities. Sometimes, the grantmaking chain is too long and diffuse.”

Nathalie Renaud of the *Transforming Philanthropy Initiative* emphasized that not everyone has the resources or time to create an institution and/or operate programs: “To start a foundation you have to have a lot of commitment and a long term view. Many people want to effect change, but they don’t always want to commit time to running their own programs or have the capacity to hire the expertise to do it.” Although she recognized grantmaking as a trend among the *Transforming Philanthropy Initiative* network, she also identified lack of trust in the nonprofit sector as a major barrier to its expansion.

Partnership and Alliances Increasing

Moving beyond their capacity to affect change as a family or individual, several social investors noted the importance of partnerships for achieving their goals. Partnerships can include a variety of actors, including other foundations, implementing organizations, government entities, and corporations. They can also take on a variety of forms, ranging from financial support to strategic mission alignment to co-funding. The increased professionalism and transparency make alliances easier to form.

For the *Semana Foundation*, partnerships were essential to the success of rebuilding El Salado. At the outset, the Foundation asked the *Carvajal Foundation* for guidance and employed *Carvajal’s* community engagement methodology. Over time, *Semana* has built an alliance of 140 organizations that bring a strong array of skills, expertise, and resources to its work. Through these alliances and financial commitments, María López asserted that: “Every cent that *Semana* puts into the Foundation is multiplied by 21 through its partners.”

Marcela Restrepo emphasized the importance of partnerships with the public sector. She recalled, “Initially, as a family we were very reluctant about working with the public sector, but we knew we couldn’t replace them. At the beginning, it was very hard. Now, 12 years later, for every Colombian peso that the Luker Foundation puts into its education projects, the local government puts in 1.5 pesos. They are a key partner for us.”

Felipe Medina, founder of the *Transforming Philanthropy Initiative*, also emphasized the critical importance of closer collaboration: “We need to encourage social investors to co-create, co-design, and co-invest. With collaboration we can create real and lasting impact, and build a stronger philanthropic community.”

Interest in Impact Investing on the Rise

Both the interest and practice of impact investing in Colombia appears to be expanding rapidly. According to a Bain and Company report of impact investing in Latin America, Colombia, along with Brazil and Mexico, is a hub of impact investing in the region with approximately US\$50 million invested in the country.²⁵ A 2014 report by LGT Venture Philanthropy indicates that there are at least 21 funds now operating in the country.²⁶ As another indicator of interest, both Acumen, a global nonprofit that uses charitable donations to invest in entrepreneurs tackling poverty, and Bamboo Finance, a commercial firm that actively supports and invests in business models that benefit low-income communities, have recently opened offices in Bogotá.

Not surprisingly, impact investing is of particular interest to some social investors who possess business backgrounds. Several social investors praised its ability to support entrepreneurs and strengthen small social enterprises. Investors often complement their financial investment with support for capacity building, training, and/or leadership development.

Fundación IC (IC Foundation) entered the impact investing space about seven years ago, and Alberto Carrizosa, chairman and co-founder, explained that this was a natural complement to the family business, which includes ownership of a mortgage bank and a 40-year history of making credit accessible to as many people as possible. As he described: *"The Foundation is providing credit – very high risk loans at low interest rates – to communities that are not accessing the financial market yet. We're also trying to strengthen their social capital through financial and entrepreneurship training, to promote local leadership."* Carrizosa also stressed that multi-national entities need to adapt their approaches and practices to local contexts. *"This sector is very open to international participation, but impact investors will have to reevaluate their criteria. There's a huge gap between the micro-lenders and impact investors, and that's where we are."*

Fernando Cortés McAllister's business background influenced *Bolívar Davivienda Foundation's* decision to enter the impact investing space. In 2010 the Foundation, together with 13 partners, was a founding member of *Inversor*, which provides investment capital to small and medium enterprises, as well as technical assistance and expertise for capacity building. To date, the fund has provided support for four enterprises, with investments ranging between US\$500,000 and US\$1.5 million each.²⁷

Looking Ahead: Challenges and Opportunities

Based on the interviews, there is a sense of genuine excitement about the role of private giving and social investment in Colombia. People point to highly effective and long established foundations, more recently established private and corporate foundations, and the philanthropic activities of many prominent Colombians as indications of philanthropy's increasing potential. AFE's growing membership and the *Transforming Philanthropy Initiative's* well-attended programs and courses are further evidence of the philanthropic sector's energy and dynamism. Experts at the *Transforming Philanthropy Initiative*, AFE, Give2Colombia, and Ashoka all shared enthusiasm about the potential impact of philanthropy in the country. At the same time, Colombians acknowledge that all parties need to surmount a number of formidable hurdles in order to accelerate the sector's development and ultimately realize its full potential.

Fostering Social Responsibility and Solidarity

Social divisions have characterized Colombian society for centuries, with geographic, economic, ethnic, and political distinctions all contributing to the chasms. Social circles are often exclusive and intimate, a pattern reinforced by an environment of mistrust during periods of political violence.²⁸ More than a few individuals spoke about the insular nature of Colombia's wealthy families, and one described the "crystal bubble" in which many wealthy reside: *"The wealthy minority often don't even look at the challenges that the majority face. There are too many people with no conscience and no interest."*

However, a number of individuals also spoke about the importance of "changing hearts and minds" to encourage a more socially-conscience and compassionate view of the world. Many individuals stressed the need for a concerted effort to expose economically-advantaged youth to the harsh realities of poverty and to reinforce the values of community and caring through the educational system. As described earlier, a majority of individuals in this study referred directly to their own upbringing and family values as catalysts for their philanthropic interests and activities.

Some are already passing this heritage to a much younger generation. As an example, Vicky Chehebar described her first-hand experiences as a step toward creating a more united and generous society. She volunteers with her young children in poor neighborhoods, helping community members to build homes, and has noted an increasing interest among her friends and peers who are eager to do the same. She views this as a strong catalyst for philanthropy. *"One of the most effective ways to promote more giving is to expose people to the problems, to see how the poor really live. When you plant the seeds when they're young, half the work is done."* Through exposure to social issues and engagement in civic action, more families – particularly future wealth-holders – may be prompted to give and act more generously.

Partnerships Perceived as Critical but Limited

While several interviewees asserted that partnerships with government were much more challenging than exclusively private or nonprofit alliances, many acknowledged the importance of collaborating with government to scale projects. However, even those who had a generally positive working relationship with the national government believed that government corruption at the regional and local levels was so pervasive that social organizations could barely operate and that partnerships were difficult at best. Yet some individuals reported encouraging examples of cooperation. As mentioned earlier, the *Luker Foundation* partnered with the local government of Manizales to implement the *Urban Active School* curriculum in 15 schools, reaching nearly 15,000 students in Manizales. María López found that the influence of *Semana Publications* played a significant role in fostering cross-sector collaboration with private funders, NGOs, and government: *"The corruption at the regional level is huge and creates an impediment for social organizations to work. We are a media group that gives the social work the credibility of transparency and the political world the pressure of accountability. That is a privilege that we have to use."*

“We have to expose people to what philanthropy can achieve anywhere and everywhere.”

Solita Cohen de Mishaan

Efforts to Build Confidence in the Nonprofit Sector

Although the nonprofit sector in Colombia is often described as stronger and more robust than those in other Latin American countries, many individuals remarked on the lack of trust in individual NGOs. While these comments sometimes reflected a concern about honesty and integrity, more often they were related to a perception that NGOs, with many notable exceptions, often lack capacity and professionalism. Some indicated that this view is a key reason that individuals choose to create first-floor or operating foundations rather than providing grants or other support to CSOs. The dominance of operating foundations may reinforce the lack of confidence in NGOs, since there is limited support for building either capacity or transparency in the nonprofit sector. Unfortunately, that could preclude or undercut the building of collaborative efforts that could lead to higher degrees of trust.

Despite this situation, there are a few cases that highlight the important role philanthropy can play in strengthening NGO capacity and improving cooperation between funders and recipients, particularly those active in impact investing. Alberto Carrizosa of the *IC Foundation* said, “*There are a lot of grassroots business models living in very precarious situations and struggling to make ends meet. We want to strengthen the communities and social capital within them to promote local leadership and invest in early-stage businesses to develop their full potential.*” Fernando Cortés McAllister shared this view: “*We feel that the social sector is really important for the economy and the country. Foundations and philanthropists should give a lot of support to local governments and local NGOs to make them stronger. Those are organizations that will make an impact in this country.*” By investing in the infrastructure and leadership of the NGO sector, these cases and others like it can help expand the impact of their philanthropy, as well as create lasting establishments that promote social benefits and well-being.

Need to Demonstrate Philanthropic Impact

A common theme among interviewees and survey respondents was the need for more information about the scope, activities, and – most importantly – impact of private giving and social investment in Colombia and beyond. Many suggested that demonstrating impact would be the most compelling factor

in motivating them to personally give more, as one of the key strategies for developing more philanthropy and social investment in the country.

Solita Cohen de Mishaan remarked, “*We need to share our experiences. People need to learn what is happening in Colombia, but also elsewhere in Latin America, and in Asia, the donor nations, and the rest of the world. We have to expose people to what philanthropy can achieve anywhere and everywhere.*” Nathalie Renaud of the *Transforming Philanthropy Initiative* described several ways support organizations could respond to this need, including: promoting effective communications, peer-to-peer learning, role modeling, and storytelling.

AFE's Carolina Suárez also emphasized the need for the philanthropic sector to demonstrate more openness, transparency, and accountability in order to counter concerns that foundations could be used to avoid tax payment or secure favorable contracts and other kinds of agreements with government entities. Encouragingly, a good number of foundations included in this study have taken steps toward transparency, for example, by publishing a public annual report with financial information and programmatic outcomes, or engaging independent evaluators to better understand and improve their social return on investment. In addition, *AFE* is working to make the funding initiatives of its member foundations available to the public and to share best practices in transparency and accountability with its members and other social sector organizations. The *AFE* website now includes an interactive map that provides detailed information on the projects and initiatives of its members.

This study has highlighted many examples of innovation, as well as the impacts of private giving and social investment in Colombia. It has also shown the ingenuity and innovation, commitment and compassion, and civic engagement and social solidarity of many of Colombia's wealthy individuals and families. With continued peacebuilding, political stability, and economic growth, combined with deliberate efforts to bring more visibility to the sector, to create a community of social investors, and to engage the next generation more actively, private giving and social investment will become an inextricable part of the country's social fabric.

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