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Brazilian Foundations and the Responses to COVID-19

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Introduction

The COVID-19 pandemic has engendered a generalized crisis in Brazil, impacting its social, economic, health care, and welfare systems. It has caused hundreds of thousands of deaths, put unparalleled pressure on the country's Unified Health System (Sistema Único de Saúde), and has had devastating effects on the economy and the well-being of Brazilians.

The first cases in China and the media coverage of Italy's calamity in April 2020 were not enough to prompt a coordinated response to the anticipated COVID-19 outbreak in Brazil. Acknowledgment of the disaster by public institutions came later, after many people had already lost their lives to the virus. However, it could have been worse. From the beginning, Brazil was able to count on the many social actors that mobilized their networks and resources to offer financial resources and lend social expertise to public welfare services.

Despite huge socioeconomic inequalities and a severe economic crisis, Brazil saw civil society mobilize en masse to support causes and nonprofits to mitigate the negative health, social, and economic consequences of the pandemic. The number of social initiatives rose to levels never seen before (Associação Brasileira de Captadores de Recursos [ABCR, Brazilian Fundraisers Association], 2021). Almost 80% of all initiatives were designated to support the vulnerable groups most exposed to the negative effects of the pandemic, 65% of initiatives involved nonprofit organizations, and a significant percentage of social initiatives supported small local businesses as well as local

Key Points

- This article aims to systematically analyze the contribution of corporate and family foundations in the fight against COVID-19 in Brazil, one of the countries most affected by the pandemic. Despite its resultant economic and social crisis, the pandemic has sparked an unprecedented wave of philanthropy in Brazil. It is estimated that more than \$1.2 billion has been raised and donated by corporations, corporate and private foundations, crowdfunding, and fundraising campaigns.
- Foundations, in particular, have played an important role in financing relevant scientific work, supporting public policies, and assisting nonprofit organizations and vulnerable communities. And while there is increasing knowledge about the activities of Brazilian foundations, systematic analysis is lacking. Our analysis is based on general data from the Brazilian COVID-19 Donation Monitor, reports and websites of the main foundations, and insights from seven in-depth interviews with key figures in Brazilian philanthropy.
- This article suggests that foundations have been subject to three major innovations: use of social intelligence for the provision of donations and social goods, new technology that can coordinate fundraising campaigns and mobilize civil society support, and shifts in the modus operandi of foundations. This article contributes to the literature on philanthropy by providing an analysis of the role of Brazilian foundations and their innovations during the COVID-19 pandemic.

and state administration (ABCR & Grupo de Institutos, Fundações, e Empresas [Group of Institutes, Foundations, and Enterprises] (GIFE, 2021). Certainly, these results came alongside a broader shift in the way the philanthropic sector and corporate and family foundations operate in the country.

More than a year after the COVID-19 outbreak, we explore the role of Brazil's philanthropic foundations in response to the pandemic and reflect on the main innovations in foundations' organization and operating strategies. We begin with an overview of the role of family and corporate foundations in Brazil, locating their increasing centrality among social entrepreneurs in supporting government efforts and civil society needs. Then, we present data regarding Brazilian foundations from March 2020 to March 2021. Based on our analysis, we underline three key innovations:

1. foundations' use of social intelligence (resources and expertise) for the provision of donations and social goods;
2. the new use of technology to fundraise campaigns and mobilize civil society support; and
3. shifts in the modus operandi of foundations.

Concretely, this means greater horizontal engagement with nonprofit organizations, less-stringent compliance rules and control mechanisms, more trust in the "on the ground" expertise of nonprofits, and more agile decision-making.

Foundations in Brazil: An Overview

The Brazilian philanthropic sector dates to the founding of the country, with the opening of the first Holy House (Santa Casa) in 1543 to assist the sick in the coastal city of Santos, one of the first Portuguese settlements. Until 1930, the philanthropic sector was the only provider of public health, education, and social services to the poorest Brazilians, while the state tended to economic matters and the army protected the borders.

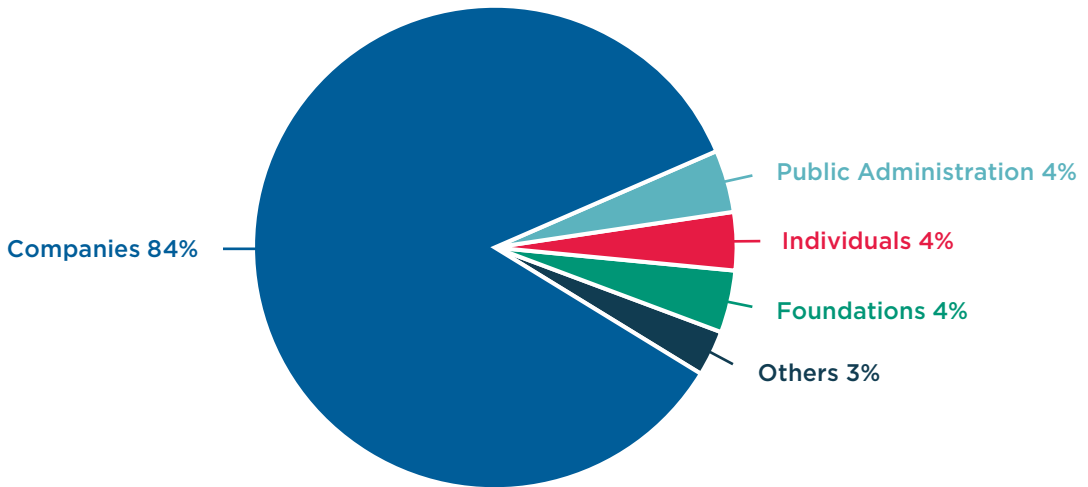
It was only after our most recent federal constitution, in 1988, that the sector saw outstanding growth and development. Currently, there are approximately 780,000 nonprofit organizations in Brazil, 72% of which are less than 33 years old (Instituto Brasileiro de Geografia e Estatística [Brazilian Institute of Geography and Statistics], 2019). The philanthropic institutions occupy an important role in the management of public resources of the Unified Health System, with responsibility for 47% of its total hospital admissions and 59% of more complex admissions (Fórum Nacional das Instituições Filantrópicas [National Council of Philanthropic Institutions], 2018). This role makes Brazil one of the biggest and most diverse philanthropic landscapes in the world.

Brazil's philanthropic sector is organized into two types of legal entities: associations, the traditional form through which individuals and legal entities — usually labeled foundations or institutes — pursue a specific purpose; and foundations, which dedicate endowments to specific causes and are more strictly regulated. A foundation-like structure similar to the U.S. model collects endowments and distributes grants to nonprofits, and is employed by both foundations and institutes.

Despite the large number of organizations, the coordination of the nonprofit sector is something relatively new. Created only 25 years ago, GIFE, equivalent to the Council on Foundations in the United States, congregates philanthropic organizations and is driven by the corporate social responsibility movement that followed the redemocratization of Brazil in 1985. Most foundations and institutes in Brazil are linked to corporations and operate with annual budgets funded by companies, generally running their own social projects. Only over the past decade has Brazil seen a growing number of family-based and independent foundations, as well as greater use of the grantmaking model of operation.

The Increasing Role of Foundations

Over the past few years, foundations have increasingly been framed as part of social

FIGURE 1 Sources of COVID-19-Related Philanthropic Donations in Brazil from March 2020 to March 2021

Source: ABCR, 2021

innovation groups in Brazil. This means that their activities and services are being understood as motivated by meeting a social need (Mulgan, Tucker, Ali, & Sanders, 2007; Jessop, Moulaert, Hulgård, & Hamdouch, 2013). The rise of movements such as the Giving Pledge¹ have led billionaires all over the world to invest part of their fortunes to social causes during their lifetime. As a result, more money, professional staff, and management tools are being used in the field of philanthropy than ever before. Trends like this have transformed the way foundations operate, making them much more collaborative, strategic, and metric-oriented (Draimin, 2016). The social and economic catastrophe of COVID-19 led foundations in Brazil to engage with the maintenance of intensive care units, field hospitals, and the supply of important services and products. These actions had a significant impact on the general organization of local governments in managing the crisis.

In terms of the total numbers, donations from foundations represented more than 4% of the total of COVID-19-related donations in Brazil from March 2020 to March 2021. (See Figure 1.) Although the donations of corporate and family

foundations in Brazil constitute only a small share of total COVID-19 donations, foundations play a crucial role in the overall donation scenario. A quick analysis of the available donation data does not quite reflect the real importance of foundations — both family and corporate — in the pandemic donation process and in directing philanthropy in the country more generally. Even if most of the donations in Brazil are corporate and do not come from the budget of corporate foundations, we cannot conclude from this that the role of foundations is secondary: a large part of corporate donations involves the support and expertise of their staff, many of which will have experience in donation processes. However, when we look more closely at the destination of these donations, we notice an important pattern: family and corporate foundations reserved more than half of their total donations to finance other nonprofit organization activities. (See Table 1.)

Throughout the COVID-19 crisis, a group of family and corporate foundations were at the center of philanthropic innovation and social initiatives. (See Table 1.) Around 55% of the 20 family foundations analyzed donated financial

¹ See <https://givingpledge.org>

TABLE 1

Donations From Corporate and Family Foundations and Philanthropic Funds: March 2020 to March 2021 (n = 64)

	Family Foundations (n = 20)	Corporate Foundations (n = 18)	Institutes, Foundations, and Philanthropic Funds (n = 64)
Donation Value (in U.S. dollars)			
Total	~ \$12 million	~ \$15 million	~ \$37 million
Average	~ \$0.5 million	~ \$1 million	~ \$0.5 million
Primary Gift			
Financial Assets	55%	78%	64%
Products	20%	17%	19%
Purpose			
Health Assistance	25%	22%	27%
Social Assistance	25%	28%	33%
Other	1%		1%
Recipient			
Nonprofit Organization	45%	67%	60%
Donation Campaign	10%	11%	9%
Philanthropic Funding	1%	17%	11%
Individuals	15%		5%

Sources: ABCR (2021); currency exchange in March 2021.

assets; almost 78% of the 18 corporate foundations analyzed prioritized financial aid. In both categories, most donations were designated for legal entities: 45% of family foundations and 67% of corporate foundations destined their financial resources for nonprofit organizations. Health care and social assistance were the chief purposes for foundation support.

Comparisons based exclusively on these values do not reveal the overall impact foundations had on the support and maintenance of nonprofits, because foundations invest in social welfare activities directly and indirectly. In Brazil, several large companies — many of which have been listed as major donors during the COVID-19 pandemic (ABCR, 2021) — appear to have corporate social responsibility (CSR) departments as well as their own foundations or institutes, which are an ultra-specialized arm of corporations and usually enjoy some autonomy within the corporate structure.

Corporate institutes are usually responsible for carrying out the tasks set out by CSR agendas and have their budgets defined annually by executive boards that comprise high-level management, relevant shareholders, and outside experts. However, it is important to note that many of the major corporate donations and initiatives in Brazil not only involved company CEOs, but also their board members and owners. This means that the line between family donations and corporate donations is not so simply drawn, and support for donations among business owners, their families, and shareholders is often decisive. There are important cases where corporate donations are combined with those of its institute or foundation.

Nevertheless, there are important distinctions between family and corporate foundations in Brazil. While most corporate foundations are aligned with the CSR agenda of the companies from which they originate, executing actions

that can be understood as strategic philanthropy, family foundations usually have their own agendas, detached from corporate commitments. Consequently, these foundations can play an important role in social innovations, making higher-risk decisions or involving nonconsensual agendas — for example, gender, racial, and human rights issues — as well as adopting innovative methods, guidelines, and techniques in the various stages of operation.

The analysis to follow suggests that foundations played an important role in innovation during the studied period, not only contributing to new methods of fundraising and donation, but also nurturing a culture of charitable giving in the country. Corporate and family donations made during the pandemic are in large part a result of the expertise and knowledge that Brazilian foundations and institutes have accumulated over the years.

To investigate our object of study, we use a data triangulation approach with both primary and secondary data that enables us to scrutinize the role of different foundations in detail and from various angles. Secondary data are taken from the COVID-19 Donation Monitor (Monitor das Doações), a platform initiated by ABCR to gather information on pandemic initiatives from corporate and family foundations and institutes and other nonprofit organizations and initiatives, to help mitigate the effects of the pandemic, specifically on vulnerable groups. Some of the data are also gathered from Transparência COVID-19, a joint project by GIFE and ABCR to provide an online platform to document the sources and recipients of pandemic-response philanthropy and aid. Additionally, we rely on GIFE for foundation- and institute-specific data. Primary data were extracted from seven in-depth interviews, conducted between October 2020 and March 2021 with central figures from corporate foundations, family foundations, and institutes operating projects and programs across Brazil.

Innovations in Foundation Practices

The COVID-19 crisis represented a major challenge to Brazil's nonprofit sector, and subsequently to foundations. We argue that these

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foundations have been a central part of Brazil's civil society response to the social consequences of COVID-19, and that this was largely possible due to a silent social transformation. Of the changes we witnessed, three were considered central:

1. Foundations supported the activities of the field with resources and provided their expertise to company CSR projects;
2. The innovative use of digital crowdfunding platforms has increasingly been used to raise money, while the use of public data to support resource allocation decisions has become usual practice; and
3. Changes to patterns of collaboration between foundations and other nonprofit organizations are underway, allowing for more horizontal and trusting relationships and improving the agility and effectiveness of social projects.

Social Intelligence

During the pandemic, foundations and institutes played a particular and significant role by providing social intelligence to organizations and the public sector, which benefited greatly from the expertise of institutions and their actors. Examples of social knowledge sharing abound, and vary in terms of areas and modes of interaction between foundations and other social actors.

We can observe, for example, foundations' contributions in the health sector. The Oswaldo Cruz Foundation (Fiocruz), which is linked to the Brazilian Ministry of Health and promotes public health, played a fundamental role in responding to health care challenges and supporting research related to the coronavirus. Its United Against COVID (Unidos Contra COVID) campaign² raised around \$85 million and enabled Fiocruz to support health care assistance and the expansion of testing capacities. A number of companies engaged in the campaign, including ABInbev, B3, Banco Votorantim, Elopár, Stone, United Health Brazil, and Itaú, as well as family and corporate foundations such as the Lemann Foundation, the Telefônica Vivo Foundation, and the Behringer Family Foundation. Additionally, Fiocruz signed a contract with AstraZeneca for a technology transfer to begin national production of its vaccine, which will have a significant impact on the country's ability to control the pandemic (ABCR, 2021). With its capacity to conduct research on drugs and vaccines, its ability to attract and engage other private players in the health industry, and its expertise in negotiating and managing contracts, Fiocruz led an important initiative that amplified the impact of collective efforts on health care assistance and the national institutional arsenal to combat COVID-19.

Foundations were also essential to programs addressing poverty and hunger. The aggravation of economic crises put millions of Brazilians on the edge of the poverty line, making social support vital. A noteworthy initiative was launched by Telefônica Vivo, a corporate foundation with over 20 years' experience managing social projects for greater socioeconomic inclusion, as well as student and teacher training. The foundation donated a significant amount of money to health care centers and vulnerable communities to guarantee food security. It also contributed funds to Fiocruz and to public health care

facilities across the country, and created a digital education platform and an online platform to encourage volunteering.³ These resources were in addition to Telefônica Vivo's annual budget for grants in education, which it not only continued to provide but also did so unconditionally, enabling its partners to use the resources as necessary in response to new demands from communities.

The main contribution of corporate foundations and institutes to the COVID-19 donation process cannot be identified only quantitatively. The organizational and social knowledge that these institutions have accumulated over the decades has been central to the success of the donation processes during the pandemic. Among the plentiful examples, however, two stand out. The first is the Votorantim Institute — the social intelligence branch of the Votorantim Group, one of the largest industrial conglomerates in Latin America. In March 2020, the institute, which generates shared value in the communities where the Votorantim Group operates, reviewed and reconfigured 300 existing projects to better address local needs in light of the pandemic. It also managed and distributed an additional \$10 million donated by the Votorantim Group. To leverage the efficiency of social work already being carried out in the communities in which it was operating, the institute created a crisis committee that comprised various stakeholders, including the Beneficência Portuguesa Hospital and the Brazilian Development Bank, which coordinated their actions to enhance the ability of small cities to respond to the crisis. The institute's relationships with communities were key to the success of its response.⁴

Foundations and institutes also facilitate the use and management of funds in a number of crucial ways. Itaú Unibanco Bank, for example, was responsible for Brazil's largest COVID-related donation, which was administered through its own institutes and CSR programs.

² See <https://unidos.fiocruz.br/transparencia.html>

³ <https://fundacaotelefonicavivo.org.br/a-fundacao/nossas-acoes-frente-a-COVID-19/>

⁴ <http://www.institutovotorantim.org.br/votorantim-promove-iniciativas-para-combate-aos-efeitos-do-COVID-19-e-anuncio-doacao-adicional-de-r-50-milhoes/>

After donating approximately \$200 million, the financial group created the All for Health (Todos pela Saúde) initiative,⁵ which was managed by its foundation, Itaú Social. The resources donated were managed separately and with a specific board of well-known Brazilian health care specialists, who established guidelines for the foundation to use its capacity and grantmaking expertise. The initiative has already supported collective funds against the spread of COVID-19 and assisted nonprofits and several other public initiatives by expanding infrastructure and equipment for hospitals, facilitating large-scale coronavirus testing for civil servants, and training public-sector managers to set up crisis committees.

These examples show that initiatives headed by foundations have contributed to the alleviation of hunger and poverty and strengthened public responses to the health care and immunization needs of Brazilian society. Foundations used their institutional capacity to manage contracts, engage communities, and enable collective initiatives.

Use of New Digital and Social Technologies

Considering the challenges and scale of a pandemic, it was clear that foundations employed new methods to mobilize more resources, reallocate existing budgets to leverage donations, and nurture a culture of charitable giving. Raising funds through online platforms is recognized as an important frontier in the operationalization of donations (Agrawal, Catalini, & Goldfarb, 2014). The practice has changed the landscape of donation methods and scaled up the potential of donors enrolled in fundraising campaigns.

Of the many innovations in fundraising practices, crowdfunding is one of the most important. It has been shown as a good way to finance services due to its ability to amplify the legitimacy of projects, alert greater audiences to social needs, and engage the community

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in campaigns (Lehner & Nicholls, 2014; Liu, Suh, & Wagner, 2018). As in many other parts of the world, the crowdfunding method is also transforming financing practices in Brazil. Once exclusively oriented to finance business ventures, such as in the construction sector, crowdfunding practices have rapidly become relevant in areas as diverse as the arts and organized protest (Belleflamme, Omrani, & Peitz, 2015).

Raising money is a challenge at the best of times, let alone during an economic crisis (Meyskens & Bird, 2015). Raising money through crowdfunding platforms was instantly adopted by civil society actors. Platforms such as Benfeitoria's Matchfunding Enfrente,⁶ created by the Tide Setubal Foundation — a family foundation that is dedicated to social justice initiatives and the sustainable development of urban peripheries — have helped to amplify the reach of potential donors and made donating easier by improving the process of choosing and collaborating with different campaigns. The platform had the added incentive that each Brazilian real donated online would be matched by two reais, and was able to mobilize and distribute resources to almost 200 grassroots initiatives. This adaptation contributed to the resilience efforts of the nonprofit sector (Pape et al., 2020), as well as allowing Brazilian society to see the growing number of donations all over the country (ABCR, 2021; ABCR & GIFE, 2021).

⁵ <https://www.todospelaude.org/>

⁶ <https://benfeitoria.com/canal/enfrente>

Given their essential role in organizing and financing public services amid the pandemic, certain Brazilian foundations were elevated to quasi-public institutional status in 2020, regarded as social entrepreneurs able to transform and leverage social change by using planning and executing capacity to promote social goods.

Another crowdfunding example set up through the Benfeitoria platform is Families Help Families (Família Apoia Família).⁷ Created by the family foundation Instituto ACP, the campaign encourages families to support nonprofits that deliver food parcels to low-income families around the country. The foundation selected the projects, promoted their fundraising campaigns, and called on another four family foundations and other companies for support. The platform raised money from more than 6,000 supporters that was distributed to 86 nonprofits, ultimately benefiting over 71,000 families. The Banco do Brasil Foundation, a corporate foundation, also created a digital platform to encourage donations from individuals and private organizations; and used the funds for projects to assist citizens in need and help small-business owners and micro entrepreneurs to generate income (ABCR, 2021).

New digital and social technologies were also applied in official initiatives, such as COVID campaigns organized by the government of São Paulo state and Brazil's federal government that have relied on the social expertise of foundations. The São Paulo campaign established a

commission to organize donations from both the private and public sectors, and collected over \$300 million. The federal government was able to collect over \$2 million with its donation initiative by encouraging civil volunteering (ABCR, 2021). Of Brazil's 5,570 municipalities, about 120 across the country engaged in digital and offline donation campaigns.

These campaigns were approached in a number of ways. Donation efforts led by nonprofit organizations and citizens used crowdfunding to collect smaller sums of money from a larger number of donors. Campaigns carried out by more significant economic actors, such as corporate and family foundations, collected and donated larger amounts from fewer donors. There were also government-organized campaigns, which introduced a new form of public funding. In this way, all the various economic sectors used these technologies.

Trust and Horizontal Relations

Based on the insights of secondary data and the interviews with key figures in Brazilian philanthropy, we further argue that the pandemic altered the modus operandi of Brazilian foundations. Given their essential role in organizing and financing public services amid the pandemic (Fernandez & Hager, 2014), certain Brazilian foundations were elevated to quasi-public institutional status in 2020, regarded as social entrepreneurs able to transform and leverage social change by using planning and executing capacity to promote social goods (Lehner & Nicholls, 2014; Quinn, Tompkins-Stange, & Meyerson, 2014). Examples include the foundations' engagement in collective efforts to fund and purchase hospital supplies, equipment, and drugs, as well as their pivotal role in funding local nonprofits and projects addressing poverty and hunger.

We attribute such shifts in the way foundations operate to two main factors:

1. The complex nature of the pandemic challenged so many aspects of daily life, taxing

⁷ <https://benfeitoria.com/canal/familias2020>

the health care system and increasing poverty and food insecurity. All were the result of an ongoing economic crisis, which necessitated quick decision-making in order to reach as many projects, citizens, and vulnerable communities as possible.

2. The struggle among nonprofits for resources, especially from larger donors, during the pandemic led to a restructured relationship between foundations and nonprofit organizations with “on the ground” expertise. Nonprofits often lack institutional capacity because of lean teams or informal accounting and compliance practices.

These two factors laid fruitful ground for innovative thinking and the acceleration of antecedent changes in the way foundations operate. It is clearly noticeable that so far, most foundations were able to lower bureaucratic barriers to nonprofit organizations and collaborative practices, such as simplifying formal requirements for grant applications and providing support for reporting and accounting responsibilities. The debureaucratization of these practices also eased the execution of on-the-ground projects and led to faster, more efficient decision-making (GIFE, 2021). As reported by the Brazilian philanthropic community (Lucca-Silveira, Jerabek, Rodrigues, Vergueiro, & Woods, 2021), COVID-19 catalyzed institutional trends, behaviors, and innovations in collaborative philanthropy (GIFE, 2021), and expanded the understanding, at least among large donors, that financing nonprofits and other social actors is an efficient investment in maximizing the social benefits of philanthropy.

Loosened compliance rules and control mechanisms for partner nonprofits with on-the-ground expertise (GIFE, 2021) led to more horizontal relationships between corporate and family foundations, increased the trust between partnering institutions, and improved access to resources for social initiatives. Nevertheless, as Lucca-Silveira et al. (2021) emphasize, those foundations that had resources and knowledge before the pandemic were better able to engage

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with innovative, collaborative projects than those with less institutional expertise.

In addition, the sector’s thematic focus became more diversified. Before COVID-19, most foundations and organizations (61%) were focused on projects to increase socioeconomic inclusion and improve the quality of public education in Brazil (GIFE, 2019). The pandemic called attention to inequalities in other areas, such as health, income, and working conditions, which underscored the importance of basic social assistance. In Brazil, a country with extremely high rates of economic inequality (Barbosa, Ferreira de Souza, & Soares, 2020), foundations and

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other philanthropic institutions were required to expand their priorities. Nevertheless, educational inequalities have remained important; the pandemic highlighted the socioeconomic inequalities that affect learning outcomes, such as a lack of computers and internet access among poorer households (Lemann Foundation, 2020).

Discussion and Conclusion

This article has argued that the COVID-19 pandemic triggered changes in the relationships among business, foundations, and nonprofit organizations in Brazil. Where differing views of the country's social development needs had prevented closer interaction between foundations and other nonprofits (Sklair, 2020), the pandemic can be seen as a catalyst for major change in the field, altering a historical pattern of hierarchical relations between foundations and nonprofits. The increasing number of foundations and institutes taking on the role of grantmakers can already be observed, particularly through family foundations and institutes (GIFE, 2019). However, since the expertise of civil society actors was also urgently required, the pandemic not only accelerated this process among the large donors but may also have stimulated trust and horizontality across the wider sector.

Foundations played a key role in three major areas of Brazilian philanthropy during the coronavirus outbreak:

- *We observed foundations' use of social intelligence to manage donations.* Foundations

and institutes provided their expertise to the development of projects related to the COVID-19 crisis. As noted, many large donations made by corporations were managed by corporate institutes and foundations. This brought a new perspective to project management, which in turn became more professional and accountable. As a result, public policies and both CSR and philanthropic activities have benefited from synergies with the administrative, resource, and logistic capacity of business and leading foundations.

- *The use of new technologies for fundraising campaigns and donation-matching initiatives is a notable adjustment.* The pandemic obliged nonprofits to be more creative when raising funds to finance their work and payrolls. Digital crowdfunding platforms, in particular, are an important innovation we observed across many relevant campaigns. Consequently, this new method of fundraising is producing another new middle player, the social-digital industry, as well as such modes of collaboration as joint crowdfunding campaigns.
- *Foundations shifted their modus operandi.* This resulted in more horizontal engagement with nonprofit organizations, less stringent compliance rules and control mechanisms, more trust in their "on the ground" expertise, and greater agility in decision-making.

Brazil is experiencing a shift that has already been seen in the developed world, whereby foundations are being viewed as more qualified to lead projects in critical situations. The role of civil society agents in providing social goods has been crucial to Brazil's collective response to COVID-19. As the philanthropic field continues its trajectory of development, we promote a learning agenda. Follow-up research may provide important information on whether any of the initiated changes are sustained and under which conditions social innovations become embedded in the philanthropic ecosystem.

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