



Argentina

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1.1 Historical

(a) General

Argentina, which covers almost 3 million square kilometers, is not quite one third of Canada's size but, with nearly 35 million citizens, exceeds it in population. The vast majority of Argentineans—86%—live in urban areas. Adult literacy is virtually 100%, but the infant mortality rate as of 1996 was exceedingly high at 20%, a figure that reflects some of the social problems facing this emerging economy in which the per capita annual gross domestic product (GDP) is US\$8,000.¹ In terms of purchasing power parity (where the United States ranks at 100), Argentina ranks no more than 31.

After centuries as a Spanish colony, Argentina achieved independence in 1810. Since then it has had a mixed history of democratic governments interspersed with military juntas.

(b) Private Philanthropy

To understand the situation now faced by Argentine not-for-profits, an extensive look into history is essential.

Two seminal sources of information about private philanthropy in Argentina have recently appeared. The historical roots of Argentine philanthropy from colonial times through the middle of this century have been traced and documented in *El tercer sector en la historia Argentina*.² The ongoing work of CEDES (the National Center for the Study of State and Society, coordinated by the Johns Hopkins Comparative Nonprofit Sector Project) is to produce reports and documentation that help to lay the groundwork for a solid civil society.

During the 250 years previous to the declaration of independence in 1810, the Catholic Church was the main protagonist in the social welfare services field. The concepts of charity

¹ The Argentine peso has been pegged at parity with the U.S. dollar.

² Andrés Thompson and María Andrés Cametellea, *El tercer sector en la historia Argentina* (The third sector in Argentine history) (Buenos Aires: CEDES, 1995).

and spreading the faith guided all of its actions. Projects aimed toward the poor, beggars, and outcasts as well as educational and cultural programs were carried out by the religious orders of the church. For example, the Society of Jesus (Jesuits), which established schools and universities, was the first volunteer organization in Argentina. These religious orders were also the recipients of wills and donations from members of the community, funds from which were used to create lay organizations—that is, managed by the congregations—that were involved in education and health. This type of Christian charity, *filantropía señorial* (seigniorial philanthropy), was carried out by distinguished citizens who were guided by a belief in the religious superiority of the rich over the poor.

The revolution of May 1810 began a shift in power and emphasis from charitable religious organizations to secular ones that were still guided by Christian values but with greater state control.

The richest period for the creation and development of not-for-profit organizations was between independence and the end of the nineteenth century. Even though the main concern of the contemporary elite was how to channel state support into welfare work, the charity field still continued to grow rapidly.

The year 1823 saw a historical landmark: the creation of La Sociedad de Beneficencia (The Association for Goodwill) by the Argentine government; it was built on a private sector model to carry out the main duties of social welfare. One of its continuing characteristics was the involvement of well-to-do women in the moral education of the poor. This female involvement in philanthropic duties thus became one of the distinctive properties of the third sector in Argentina.

The financial resources for La Sociedad De Beneficencia came mainly from the government. It is important to note that other sources of funding, such as private and business donations and inheritances, continued. There were also public collections, special charity events, and even collection boxes on trains and trolleys.

This same period saw the creation of La Sociedad de San Vicente de Paul (The Saint Vincent de Paul Society), which was the Catholic Church's principal vehicle for social action. It was created to fight "revolutionary rationalism and social materialism." Felix Frias, its main ideologist, maintained that philanthropy was complementary to state-sponsored social welfare programs and defended philanthropic organizations' independence from state involvement.

These Catholic charitable organizations were dedicated to providing housing for widows and the homeless, running geriatric institutions, and feeding the hungry. This secular movement was financed through private donations and monthly subscriptions; nevertheless, the state many times offered its support through special contributions or with proceeds from the national lottery.

It was during this period that debate began on the role of public sector financing and participation in philanthropic and welfare organizations. The increasing numbers of such organizations toward the end of the nineteenth century was due more to state support and initiative than to any sense of commitment or responsibility on the part of the wealthy. Philanthropy in Argentina was showing a strong institutional growth, increase in government support, and important individual involvement but not a concomitant increase in private resources.

The tension between the charitable activities of the state and those of independent philanthropic organizations continued to grow as the former assumed even greater responsibility in the area of social welfare. The creation of the Eva Perón Foundation in the

mid 1940s as an official institution caused responsibility for social welfare to be taken even further away from the independent third sector.

The Eva Perón Foundation was a state initiative created to fulfill defined duties: (1) management of large institutions (geriatric homes, schools, hospitals, and tourist centers) and (2) delivery of material goods or financial help to those in need. The foundation's financing came mainly from state funds collected through a tax on gambling; as well, 3% of the workers' yearly bonus was dedicated to the foundation. The private sector contributed cash or in-kind donations. In 1950 the government allowed the foundation to take full responsibility for social tourism for workers and employees throughout the country and to take control of any institution that could serve this purpose, all of which was justified as necessary for social justice. This philosophy was in contrast with the idea of moral duty, held by the aristocratic (but nongovernmental) leaders of Argentine society, who supported more traditional "classical giving."

As a result, social assistance is now seen as a right, and the state remains the main provider of public welfare in Argentina.

(c) Economic Place in the World

During the 1970s and 1980s, Argentina went through a profound economic and social crisis. A military dictatorship began in 1976 during which recurrent human right violations took place (as can now be acknowledged without fear of reprisal). At that time, third-sector organizations polarized society: On the one hand were protagonists of civil resistance and political opposition, and on the other were instruments of the authoritarian government looking to support its projects.

In the context of a severe internal crisis in 1982, the military junta forcefully attempted to reclaim las Islas Malvinas, or the Falkland Islands, which were then under British rule. The Argentine defeat accelerated the junta's downfall.

In 1984, Dr. Raul Alfonsín was elected president through democratic elections. The new government inherited a huge external debt, equivalent to 55% of the gross national product (GNP), and an economic crisis with hyperinflation that reached 688% in 1984 and then 803% in 1985.

The Argentine economy in the 1980s was characterized by persistent and pronounced macroeconomic imbalance in a context of strong government intervention and scarce opportunities for international market goods and capital. The high levels of government debt made any attempt to stabilize prices futile as each devaluation of the currency was matched by compensating price adjustments, and the continuously changing economic policies created high levels of uncertainty that severely affected the production of goods and services. Between 1980 and 1989, the GNP fell by more than 10%.

In 1990, the government of Dr. Carlos Menem began a profound transformation of the economy through the privatization of a large part of the productive state sector. By the middle of that year, a process of deregulating the economy and leaving the establishment of prices, interest rates, and exchange rates to supply and demand had begun. In an effort to reduce debt, generate funds, and increase efficiency, a program for privatizing state services corporations was put into effect. *El Plan de Convertibilidad* (the Economic Conversion Plan), set up by the minister of economics, forbade the central bank to finance the debt by printing money. Instead, the debt had to be reduced by selling public services,

reducing tax evasion, and cutting public spending. This led to steadily falling inflation and interest rates, which in turn stimulated a recovery of credit credibility. Tariffs on imports were significantly reduced, which opened the economy to the world market and contributed to a more realistic alignment between local and international prices.

These structural reforms led to strong growth in productivity that allowed sustained economic growth between 1991 and 1994, averaging 8% annually. Annual inflation was maintained at historically low levels of about 5%. However, growth was abruptly interrupted in 1995 by the same crisis that led to the Mexican devaluation, and the GNP fell 4.6%. Significantly, the exchange rate managed to survive without devaluation and remains at parity with the U.S. dollar.

Beginning in 1996, the renewed confidence in the Argentine economy stimulated local and foreign investments. Fueled by this surge in investments, more than 27% above previous years, the GNP grew 8.4% and inflation fell to 0.5%, making the Argentine economy one of the most dynamic and, arguably, the most reliable in South America.

At the same time, this economic program has had severe social costs for much of the population. Structural adjustments aimed at controlling inflation and stimulating economic growth resulted in the unemployment rate rising to 20% at one point. The process of privatizing the economy has also concentrated the distribution of wealth in the hands of even fewer people, leading to a wider gap between the rich and the poor. The middle class has been profoundly hurt; giving rise to the term “new poor”; this group is differentiated from the “old” poor in that, until recently, its members were considered middle class. International organizations such as the World Bank and the International Development Bank continue to express their concern about the high social cost of economic adjustment programs throughout Latin America.

1.2 *Legal and Fiscal Practices*

(a) **Legal System**

Argentina is a civil code country, and its not-for-profit organizations can be classified as civil associations and foundations, nongovernment welfare organizations, or welfare societies.

As in most other civil code countries, the main differences between Argentine associations and foundations lies in their forms of governance and the configuration of their assets. For associations, the law imposes a governance structure with members, a general assembly, and a management committee; for foundations, all that is necessary is the creation of an administrative unit. Assets are less important for associations than for foundations, in which far greater initial capital is required. In both cases, the benefit obtained by the organizations must be to increase the assets so as to fulfill the underlying mission.

An association is legitimized either by a general inspectorate of the Department of Justice or, in the case of what are known as simple associations, through a simple notarized statement that specifies its constitution and officers. Because of the evolution of associations, these codes may not be enough to cover the legal requirements for all the activities covered. To fill the gaps, the government developed a set of rules and criteria.

Although the general norms and principles regarding foundations originate in the same civil code, a specific law covers them. This law deals with the basic fundamentals of

foundations' constitution, functions, and by-laws as well as the makeup of assets, responsibilities, rights and obligations of the executive branch, and so on. The general inspectorate of the Department of Justice oversees this as with associations. Nongovernmental welfare agencies (another kind of civil association), which have as their fundamental goal helping the needy maintain (or attain) physical and financial well-being and are not-for-profit in nature, fall into this category. After having been registered with the general inspectorate of the Department of Justice, they are then registered with the Department of Human Welfare. As failure to register carries no penalty other than disqualification from receipt of public subsidies, a large number of these organizations go unregistered. About eight thousand welfare agencies had been registered by 1993, most of which were based within the City or Province of Buenos Aires.

The origin of mutual societies is closely linked to the arrival of Italian immigrants at the end of the nineteenth century, with their growth having expanded and consolidated ever since. Current law defines a mutual society to be "an association that is based on free will, without the goal of making a profit, by people inspired by solidarity, with the objective of giving reciprocal help in the presence of possible risks, or to add to their material and spiritual well-being through regular contributions." Mutual societies fall into five categories: (1) economic: providing housing loans, for example; (2) health: providing medical assistance, medicines, lab work, and so on; (3) education and cultural: providing help to schools, professional training, publications, and so on; (4) insurance and retirement plans for members; and (5) special activities: providing recreational centers, training centers, cafeterias, sports, parking lots, funeral services, and tourism.

In 1990, 5,000 mutual societies had been established throughout the country, with a total membership estimated at about 5.7 million (one sixth of the population, or at least half of all Argentine households).

(b) Fiscal / Taxation Systems

Donations made to foundations and other kinds of not-for-profit organizations are tax deductible up to 5% of net income as long as the Argentine Internal Revenue Service recognizes the recipient as tax exempt. Donations must be made through bank transfers to the accounts of recipients. The taxpayer's tax declaration must include photocopies of deposit receipts certified by the recipients including the recipient's name, address, and tax identification number.

Beginning in March 1995, as a result of refinements made to the tax code, donations to not-for-profit organizations could be counted as tax deductible only if they provided the following services:

- Not-for-profit medical assistance, including activities such as the care and protection of infants, the elderly, and the handicapped
- Scientific investigation and technology when applied at academic or faculty activities
- Scientific investigation into subjects such as economics, politics, and sociology
- Regular education and degree programs that are officially recognized by the Ministry of Culture and Education as well as sponsorship programs for the

promotion of cultural values and free courses at public or private institutions recognized by the Ministry of Education or similar institutions.³

Mutual societies enjoy significant tax benefits, for example, exemption from income tax and import taxes for goods used in the execution of their missions (medical equipment, medicines, and so on).

1.3 Not-for-Profit Sector

(a) General

The Argentine third sector has not yet reached the degree of maturity or professionalism that would allow for accurate data on its dimensions, finances, or impacts. However, a number of developments are promising, including these:

- The third-sector area within CEDES has been created.
- The President's Office has also created CENOC (the National Center for Community Organizations) to offer training and undertake surveys with the aim of creating a working relationship between national policy and not-for-profit activities.
- The Social Sector Forum, modeled on the Independent Sector in the United States, brings together the disparate elements of the third sector.
- The Fund Raising School of the Indiana University Center on Philanthropy began a permanent program in Argentina.
- Various third-sector media (the magazine *The Third Sector* received the Community Service award of the Argentine Journalist Association in 1997) are increasing the third sector's visibility.
- The Johns Hopkins Comparative Nonprofit Project Studies is building up research from within the country and comparing it with similar data from around the world. The preliminary results of the study, developed together with CEDES under the leadership of Mario Roitter and examining the economic dimension of the third sector in Argentina, will be published in July 1999. Notwithstanding, some data indicate differences between the most important finance resources for the third sector in our country and in the international community.

Although fees for services are the dominant element in the financial base of the international not-for-profit sector, accounting for 48% of total revenue, its dominance is considerably greater in Argentina, where such fees account for 73% of all not-for-profit revenue. By contrast, private philanthropy and the public sector provide much smaller shares of total revenues. Donations from individuals, corporations, and foundations combined account for only 7.5% of Argentinian not-for-profit income while public sector funding accounts for 19.5% compared with 52% in the United States, 53% in Italy, 48% in the United King-

³ Law 24.475 (March 1995).

dom, and 59% in France.⁴ However, the overall pattern of not-for-profit finance changes dramatically when religious institutions, such as churches and synagogues, are taken into account. Such institutions account for approximately 12% of total revenue. Therefore, by including religious organizations, the philanthropic share of total not-for-profit revenue rises from 7.5% to 18.6%. The pattern of not-for-profit finance in Argentina is quite similar to that found elsewhere in Latin America.

(b) Education

(i) *Preschool, Primary, and Secondary*

The education sector as a whole, with the exception of higher education, bases its annual fund-raising strategies on special events through which business sponsors and in-kind contributions are obtained. Income generated by ticket sales is an important resource.

(ii) *College and University Level*

Universities have more advanced and diversified fund-raising strategies. Private colleges have made significant progress in annual and capital campaigns. Parents from the business sector are invited to participate in fund-raising programs; however, few universities currently have professional development programs. Nevertheless, higher education is expected to show the most rapid development in fund raising in the future.

(c) Health and Welfare

Most public hospitals have an association formed by doctors and community members that develops resource programs centered around special events, some of which have become models for other organizations. One example is *La Feria de las Naciones* (The Nations' Fair), which is held at an exposition center where it attracts thousands of people during several weeks to buy products from around the world at reduced prices. The funds raised buy medical equipment for municipal hospitals. Another is Casa Foa (sponsored by FOA, La Fundación Oftalmologica Argentina, or Argentine Ophthalmologic Foundation), in which renowned architects and designers decorate a building or historical site. The funds raised from ticket sales and sponsors are donated to an organization that cares for vision problems.

Formal gala dinners and auctions attended by the president of Argentina and other distinguished personalities also raise funds through ticket sales.

(i) *General Welfare*

The most prestigious institution in this category, Caritas, which is run by the Catholic Church, carries out a national public fund drive. In 1998 it collected US\$2.1 million. In contrast to previous years, it has begun a strong communication campaign, securing free time from media. Its most well-organized chapter, Caritas San Isidro, has an annual program that includes direct mail, face-to-face solicitation, and special events. Even so, it has not developed a strategy for securing large donors.

⁴ Lester Salomon and Helmut K. Anheier, *The Emerging Not-for-Profit Sector: An Overview* (Manchester/New York: Manchester University Press, 1996).

Another organization falling under this rubric is the Red Cross, which, like Caritas, bases most of its financing resources on the public sector. The rest is obtained through special events and membership.

UNICEF is the program with the best resource development in Argentina. Its annual program is widespread and sophisticated. Through many agreements with private corporations, it has developed very successful cause-related marketing and has significant media presence as well. Its annual fund-raising campaign has an excellent telemarketing structure, including a marathon called "*Un sol para los niños*" (A sun for the children) in which pledges are solicited from the public.

(ii) *Environment*

Greenpeace and La Fundación Vida Silvestre (World Wildlife Fund, or WWF) have a public fund drive with a strong preference for telemarketing; asking for donations over the phone is standard procedure. Such techniques require an extensive media support campaign. Major-gift donors have not been sufficiently solicited yet.

1.4 *Sources of Funding*

Although the underlying data are elementary and incomplete, CENOC undertook a pioneering study from 1995 through 1996 to ascertain the kinds and levels of financial support of over three thousand different not-for-profit organizations; the results are summarized in Exhibit 1.1.

(a) *Corporations*

The recently published (1998) study *Estudio de filantropía empresarial* (A study of corporate philanthropy) undertaken by Gallup Argentina and San Andres University on behalf of IRSA, a company affiliated with George Soros, sampled 150 of the 500 largest companies in the country. Forty percent gave not-for-profit organizations more than US\$100,000 in 1996;

EXHIBIT 1.1. Sources of External Income, 1992–1994

Source	1992 Donations		1993 Donations		1994 Donations	
	US \$	%	US \$	%	US \$	%
International	7,194,713	25.2	7,246,103	19.4	7,913,305	
16.1						
Government	10,460,943	36.6	16,300,464	43.6	23,999,486	
48.8						
Not-for-Profit						
Organizations	616,735	2.2	932,904	2.5	1,339,368	
2.7						
Financial Institutions	161,751	0.6	332,188	0.9	352,349	
0.7						
Individuals	3,458,203	12.1	4,091,974	10.9	5,058,129	
10.3						

19% gave US\$500,000 or more. Another analysis of the same sample focused on amount given as a percentage of profits: 26% of the companies gave 2% or more of pretax profits.

The findings of this study, which compare favorably with those of studies undertaken in countries with longer traditions of corporate philanthropy, indicate that Argentine business is participating heavily in the development of a civil society.

Corporate foundations are not foreign to Argentina although not as prevalent as in the United States. For example, in Argentina in 1994, 16% of companies had corporate foundations as compared with 41% in the United States.⁵ Another, more recent study clearly indicates the ongoing commitment that companies have in building the country's infrastructure through the use of corporate foundations.⁶ The list of those foundations as shown in Exhibit 1.2 (with foreign-owned companies in italics) with assets of US\$500,000 and more is impressive, even if most experienced a decrease in 1995 and 1996 attributable to the same crisis that led to the Mexican devaluation.

EXHIBIT 1.2. The 20 Largest Corporate Foundations in Argentina: Assets and Philanthropic Expenditures, 1994

Foundation	Assets (US \$)	Philanthropic Expenditures	Assets Expenditures
Pérez Compac	642,545,489	7,951,681	1.2
Renault	70,427,147	1,037,567	1.5
Banco Galicia	44,798,146	2,318,782	5.2
Pedro Mosoteguy	14,491,855	1,045,474	7.2
Bunge y Born	5,461,997	1,016,350	18.6
Banco Mayo	4,302,377	2,413,005	56.1
Cargill	3,950,490	254,516	6.4
ESSO	3,246,390	429,571	13.2
Fortabat	2,983,646	5,115,890	171.5
Acindar	1,956,520	775,890	39.7
Antorchas	1,947,126	6,287,250	322.9
Banco Ciudad	1,799,093	288,225	16.1
Banco Patricios	1,572,058	729,286	46.4
Banco Roberts	1,379,592	465,703	33.8
Banco de Boston	1,326,853	2,753,547	207.5
Banco Francés	853,128	1,198,474	140.5
Hermanos Rocca	745,553	3,493,887	229.8
Banco de Crédito Argentino	734,354	326,024	44.4
Noble	646,980	351,109	54.3
Tim	629,167	231,064	36.7
Totals	805,797,961	38,483,315	4.8

Source: Roitter, *La razon social*, 63.

Philanthropic expenditures include donations and activities related to the institution's mission.

⁵ The Foundation Center, *Foundation Giving Yearbook of Facts and Figures on Private Corporate and Community Foundations* (Washington, DC: 1994).

⁶ Mario Roitter, *La razón social de las empresas. Una investigación sobre los vínculos entre empresa y sociedad en Argentina* (Social reason of corporations: A research study on the relation between business and society in Argentina), Document 115. (Buenos Aires: CEDES, 1996).

(b) Grant-Making Foundations

The oldest Argentinian grant-making foundation is La Fundación Antorcha, created with funds left by Mr. Mauricio Hochschild. It was started in 1985, contributing US\$7 million per year; 30% is earmarked for the arts, 50% for higher education, and the remaining 20% for social programs.

A large number of company foundations have been created recently, including La Fundación IRSA (of George Soros), La Fundación YPF (petroleum), La Fundación Arcor (a multinational project with Argentine capital that operates throughout South America, La Fundación Minetti, and so on. Many of these came into being in the last three years. An association of grant-making foundations, El Grupo de Fundaciones Empresarias (the Group of Corporate Foundations) has been created to pool information and combine criteria and future efforts.

La Fundación Arcor (Arcor Foundation)

Arcor is one of the world's largest producers of sweets and candy. It has 36 plants in Latin America: 28 in Argentina, 3 in Brazil, 2 in Chile, and 1 each in Uruguay, Paraguay, and Peru. The foundation was created six years ago to "return with concrete acts to the community that permitted us to grow" in the words of Luis Ulla, the foundation's manager. Each year it allocates 1 million pesos (dollars) to finance 130 social projects managed by national not-for-profits in the areas of nutrition, growth, and development of 10,000 children ranging from newborns to 16 years of age.

In addition to donations made through the foundation, each individual Arcor plant has social investment programs that add up to another US\$1.5 million, which does not include the value of food collected by employers for the poor.

Techint: Siderca and Siderar

Siderca produces 7% of the world's steel. For nearly forty years it has invested in education and health programs for those who live near its Campana City industrial plant. During the 1997 fiscal year, it invested US\$6,390,000 in those programs. Moreover, in 1997, it and two other local organizations contributed the knowledge of its managers to save 120 small and medium-sized enterprises in the area from going under; had they closed down, about four thousand people would have been without jobs.

Within Techint, the companies are independent and so are their donations. Siderar, another company of the Techint Holding group, donated 8,836,000 pesos for housing, health, the arts, culture, and the humanities during 1997.

Bemberg Foundation

The Bemberg Foundation was created in 1989 in honor of the founders of the Quilmes malt and beer company. In 1997 it allocated 700,000 pesos for donations in the areas of health, education, social assistance, culture, and the arts. Unlike other corporate foundations, the Bemberg Foundation does not have a fixed budget and depends on the benefits of the group's sponsoring companies, Quilmes and Arfinsa.

La Fundación YPF (YPF Foundation)

In 1998, the YPF Foundation donated 4 million pesos, including 1 million pesos to be divided among 10 innovative educational projects in eight provinces of the country; 500,000 pesos for improvement of museums; 500,000 pesos for postgraduate scholarships; and 600,000 pesos to assist schools, libraries, and universities.

Macri Foundation

"The Socma group, with 38,000 employees, created the Macri Foundation out of a sense of the company's social responsibility," said Jorge Aguado, director of the companies Sideco and Socma Americana and also of the foundation, which donates a million pesos yearly, sponsoring 60 schools all over the country. In the area of social promotion, it donates hospital equipment and subsidies to national not-for-profits that work with children with learning disabilities.

McDonald Foundation

On December 15, 1998, the first Ronald McDonald House of Latin America was inaugurated, making it the 181st in the world. Located a block and a half away from the Italian Hospital, it serves as a home away from home, where children from the interior of the country who are undergoing cancer treatment can live with their families while staying close to the hospital. The total cost was 2 million pesos, of which the company donated 500,000 and conducted campaigns to raise the remainder.

(c) Private Individuals

Gallup Argentina was commissioned in 1997 by the Social Sector Forum to undertake the first general survey of personal donations. Fifty-seven percent of households claim to make some kind of contribution; of these, 15% make contributions only in money, 62% make in-kind donations, and 23% combine of money and in-kind contributions. Furthermore, 68% of respondents stated that they had not been asked during the previous year to make a donation; given that 57% gave anyway, donations could increase considerably. More complete and reliable information regarding patterns of private philanthropy in Argentina is forthcoming.

(d) Public Authorities

By looking at the data shown in Exhibit 1.1, one can see the importance of public resources, which represented 36.6% of funding for not-for-profits. However, one must take into account that the majority of the organizations surveyed are dedicated to welfare. When we consider all the not-for-profits, the average drops to 19.5%. The relationship between the not-for-profit sector and the Argentine state has long been complicated. An important priority for the future is to build a firmer cooperation between them.

1.5 *Fund-Raising Practices*

(a) **General**

In general, the development level of fund-raising programs for not-for-profit organizations lacks an adequate methodology, and work is now starting on the creation of a professional code shared by the different organizations of the third sector.

Notwithstanding, the last five years have brought a significant growth in fund-raising activity as evinced by increased demand for training and the public appearance of numerous campaigns.

(b) **Techniques**

(i) *Direct Mail*

The Argentine postal service's inefficiency and relatively high costs have historically kept direct-mail fund-raising techniques from being used effectively. However, the introduction of private postal services pushed the government to privatize the state service in 1997, and hopefully in the coming years direct mail will be a feasible tool. Combining tele-marketing and direct mail will be the key to success for any such fund-raising campaign in Argentina because nobody works with direct mail only.

Caritas San Isidro has achieved excellent results in its campaigns based on monthly donations ranging from US\$10 to US\$50, obtaining in the first year a 7% rate of response; 85% of contributors continue to donate year after year.

The Sales Foundation (dedicated to cancer research), Greenpeace, and UNICEF have also had very good results with direct-mail campaigns.

(ii) *Major Gifts*

To date, few Argentine not-for-profit organizations have designed strategies to identify and approach individuals capable of making major gifts. The process of soliciting major gifts is based on a corps of volunteers backed up by professionals. Although few organizations have developed these kinds of programs, those that did have been successful.

(iii) *Special Events*

Special fund-raising events have built many not-for-profit organizations in Argentina and are today responsible for funding their operating budgets. The entire range of imaginable events is used, depending on the size and kind of community, the kind of organization to be benefited, and the target group(s) for the benefits. They continue to be largely volunteer inspired and volunteer driven.

(iv) *Telethons*

The horrors of the Argentine telephone system are legendary, which explains in large part why telethons have not been used for fund raising. However, with the introduction of modern telecommunications, some organizations have coupled immediate media response with direct mail and telethons.

(v) *Annual Funds*

The concept of an annual campaign is considered by many as a vehicle instead of a strategy. The influence of the U.S. model has, on the one hand, stimulated annual fund creation, and on the other, created negative reactions due to a knowledge transfer scarcely adapted to the cultural particularities of the country.

Annual funds require specialized knowledge and skill to operate, which have been notably missing in Argentina. Some of the leading international organizations present in Argentina such as the WWF, UNICEF, and Greenpeace have developed this technique successfully. It is only a matter of time (and expertise) before locally based organizations take this on.

(vi) *Capital Campaigns*

First introduced by immigrant groups in the past century—notably by Italians, Spaniards and Jews—organized appeals for specific needs have been successful and have since been adopted by organizations such as the universities. A recent example is the campaign for the new Austral University campus, which received a single gift of US\$40 million, the largest on record.

Capital campaigns count on professional assistance and knowledge, but volunteers are responsible for the solicitation success. These are not yet very prevalent, but the few campaigns that are carried out have goals ranging from US\$500,000 to US\$5,000,000.

(vii) *Other*

Contribution boxes have been traditionally a major fund-raising technique—Caritas Argentina raises about US\$2.1 million a year (significantly lower per capita than in other nations in which Caritas operates)—but general public distrust that funds collected in this manner actually end up going to charitable causes has decreased their effectiveness.

On the other hand, telemarketing has gained a stronghold, usually in connection with appeals on cable TV, where access is cheaper than on public TV. By dialing a special number, donors make a contribution (usually between US\$3 and US\$5) that is added to their telephone bill.

(c) *Registration and Ethics for Fund Raising*

Neither individual fund raisers nor organizations wishing to embark on a fund-raising campaign must register with any government body or agency, and no law regulates the compensation system for those who work in fund raising for not-for-profit organizations.

A contract by commission is usual except in organizations that have achieved a certain level of development; most organizations that operate with telemarketing offices have a commission contract that works on a sliding scale according to the results of the fund-raising campaign.

Consultants operate according to international standards, establishing fees in relation to the service rendered to the organization.

(d) *Coordination*

There is no coordinating body like the United Way in the United States as of this writing.

(e) Professional Bodies

Two efforts have recently begun to professionalize fund raising in Argentina. AEDROS (the Association of Executives for the Development of Funding for Social Organizations) has held a number of meetings in order to build its membership.

The inclusion of programs from the Fund Raising School of Indiana University Center on Philanthropy within CEDES should ensure that training programs of the highest calibre will be adapted to the national milieu.

(f) Guide for the Foreign Fund Raiser

Speaking Spanish is certainly a great advantage for those who are interested in Argentine fund raising, but it is far more important to understand the cultural differences. A cultural as well as a linguistic translator may prove invaluable to any seeking to enter this field.

Experts who are familiar with important differences in the perception of certain matters will avoid been seen as being out of touch with reality. For example: Foreign experts usually speak of donations in terms of millions of dollars; this would provoke an immediate negative reaction from members of an Argentine not-for-profit who do not think that such things happen in their country. And not just experts but also institutions will find the fundamental value of having a "cultural interface" as a guide. This will allow them access to a country in which everything in philanthropy is just beginning.

1.6 References

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(b) Useful Addresses

CEDES (Center for Study of State and Society)
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 1173 Buenos Aires
 Phone: 1 54-11-4861-4568
 Phone: 1 54-11-4861-5204
 Phone: 1 54-11-4861-2126
 Fax: 1 54-11-4862-0805

The Fund Raising School (CEDES)
Sanchez de Bustamente 27
1173 Buenos Aires
Phone 1 54-11-4866-3542
email: fundraising@arnet.com.ar

Foro Del Sector Social
Maipú 972. 1er. Piso
1006 Buenos Aires
Phone/Fax: 1 54-11-4311-5001
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CENOC (National Center for Community Organizations)
Tte. Gral Peron 524
Pta. Baja
1038 Buenos Aires
Phone/Fax: 1 54-11-4334-3957
Phone/Fax: 1 54-11-4334-3962
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Fundación Kellogg's
Arenales 1952. 3rp. "B"
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Tercer Sector magazine
Fundación del Viso
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