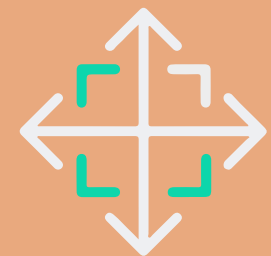




SOCIO-ENVIRONMENTAL FUNDS IN SOUTH AMERICA INSIGHTS ON LOCALIZATION IN PRACTICE

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Background

Increasing number of funders are seeking to support local activism – often through intermediaries, at the intersection of good governance, environmental rights and/or climate. The Transparency & Accountability Initiative (TAI) members want to better understand the operation, scope, and main challenges of funding at the grassroots. To this end, we turned to the experiences of funds with a strong track record in this regard. TAI conducted interviews with representatives of five South American socio-environmental funds supplemented by desk research and follow up conversations.

Between 2015 and 2016, representatives of the socio-environmental movement in South America and in Africa decided to replicate Casa Socio-Environmental Fund of Brazil (Fundo Casa)'s successful model of operation in their own countries. The model is framed within the philanthropy for social justice or community philanthropy approach, which aims to support community organizations advancing social, economic, and environmental justice.

The objective of these Funds is to promote environmental conservation, sustainability, socio-environmental innovation, and addressing climate change through financial and technical support to local civil society initiatives.

This note describes the current operations and challenges faced by Casa Fund in Brazil, Semilla Socio-Environmental Foundation in Bolivia, Emerger Fund in Colombia, Ñeque Fund in Ecuador, and the Peruvian Socio-Environmental Fund. It also presents the progress in the consolidation of the Socio-Environmental Funds of the Global South Alliance, an initiative launched in 2021 that brings together nine socio-environmental funds from Latin America, Asia and Africa.

We hope this is useful for those looking to build up other local funding intermediaries. We focus on the model: funding processes, how funds are allocated and challenges faced. We do not look at the impact of funded projects.

Origin of the socio-environmental funds in South America

In the 1980s, civil society in Brazil started to reflect on the scarcity of resources reaching community-based organizations and activists working on socio-environmental causes. It became clear that large international funders had challenges understanding local context and funding locally led initiatives. As a result, in 1994 Brazilian social leaders founded the Francisco Foundation, the first Brazilian socio-environmental fund and the precursor of Casa Fund. After the Francisco Foundation ceased its activities in 1999, and with the understanding that socio-environmental challenges and biomes are transboundary, Casa Fund began operating in 2005 as the first socio-environmental fund for South America, with the support of the Global Greengrants Fund (GGF), CS Mott Foundation and Both ENDS.

After 10 years of operation, Casa Fund reflected with its partners on their experiences to date. They decided that instead of Casa Fund expanding its operations regionally, a better approach would be to create independent national funds in countries

that share the Amazon Forest, and follow Casa Fund's model. In 2019 and 2020, four national funds were established: Semilla Socio-Environmental Foundation in Bolivia, Emerger Fund in Colombia, Ñeque Fund in Ecuador, and the Peruvian Socio-Environmental Fund.



Vision and model of operation

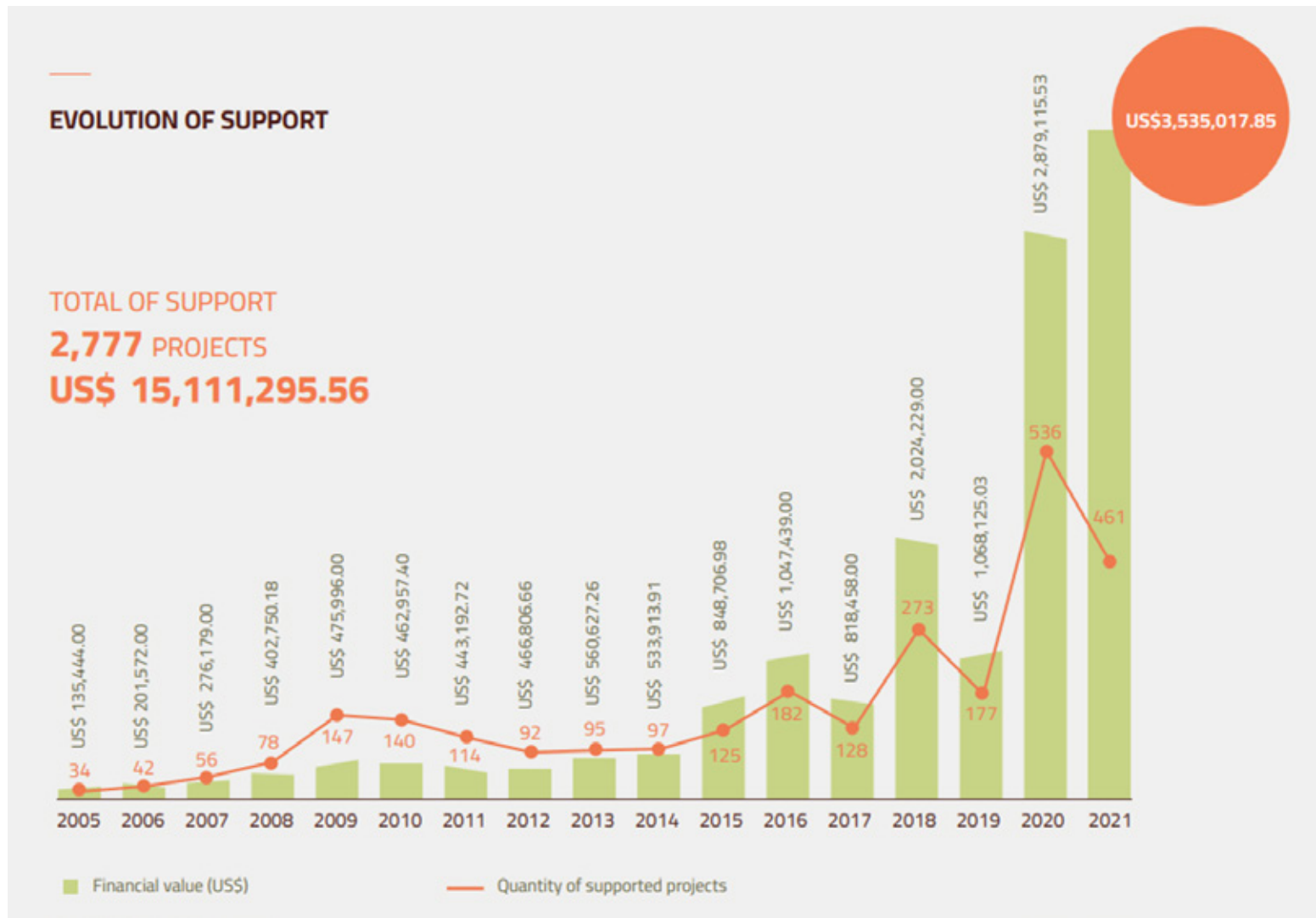
The Casa Fund approach ensures that philanthropic funds reach grassroots communities. They believe that the only way to generate changes and protect the biomes is by supporting grassroots organizations and communities that protect their territories, and investing in strengthening the capacity of each community to be the protagonist of their own lives and solutions. They prefer not to further consolidate financing in a few large INGOs, whose results have been very limited when compared to the amount of resources they have absorbed in the last 30 years.

The staff of the Funds are activists of the socio-environmental movement, committed to the causes that their beneficiaries defend, and do not act as traditional intermediaries. They work with networks of organizations and grassroots groups that know the languages, culture and needs of a territory and its communities. They are aware of the dangers those communities face and the care they need.

The funding model is flexible and adaptable. For example, when threats to environmental defenders in Brazil increased,

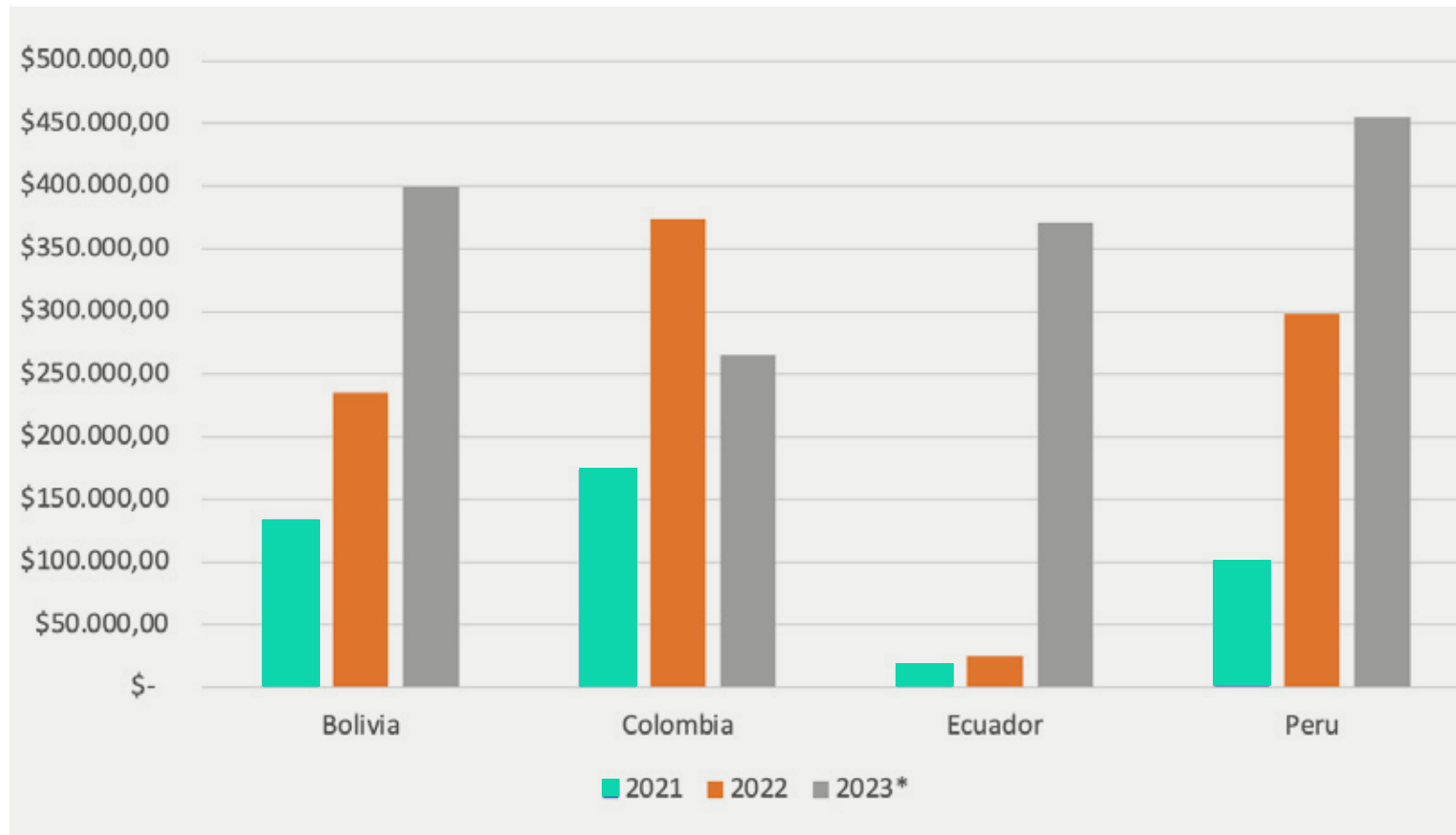
Casa Fund created an efficient emergency fund for defenders. Thanks to the networks and relationships of trust they have built with grassroots organizations, they were able to respond quickly and adequately. Large INGOs willing to support the Funds decided to co-create a pooled fund with and hosted by Casa Fund. Through this pooled fund, resources safely reach the defenders whose lives are threatened. Since 2019, Casa Fund has directly supported more than 250 environmental defenders.

Where does the money come from? Casa Fund evolution of support 2005 – 2021 (in USD)



Source: Casa Fund,
Annual Report 2021

Socio-environmental funds annual budget 2021 - 2023 (in USD)



*2023 projection

Funding distribution (in %)

Country	% for funds' own operation	% for locally led initiatives grants
Brazil	30%	70%
Bolivia	33%	67%
Colombia	32%	68%
Ecuador	51%	49%
Peru	30%	70%

Funding sources

100% of the financing of the four new Funds comes from international sources. Casa Fund has secured a small funding from a national private bank and a family foundation in Brazil. In the case of Bolivia and Ecuador, international donors have provided funds to explore national or local funding sources, with the hope of securing at least one national or local funder in the coming year. Colombia's goal for the coming years is to secure at least 30% funding from national and/or local sources.

Country	Donor
Brazil	More than 25 donors, including INGOs, philanthropic foundations and embassies, including Mott Foundation, Both Ends, Climate and Land Use Alliance, Global Greengrants Fund, Open Society Foundations. In addition, Casa received a Mackenzie gift in 2022 (multi-year, unrestricted fund).
Bolivia	Global Fund for Community Foundations, Inter-American Foundation (IAF), Both ENDS, Charles Stewart Mott Foundation, OAK Foundation, Panta Rhea Foundation, Climate and Land Use Alliance
Colombia	Open Society Foundations, Charles Stewart Mott Foundation, Inter-American Foundation (IAF), Climate and Land Use Alliance
Ecuador	Global Fund for Community Foundations, Panta Rhea Foundation, Climate and Land Use Alliance, with the Inter-American Foundation (IAF) funding is under discussion
Peru	Open Society Foundations, Charles Stewart Mott Foundation, Climate and Land Use Alliance

In 2023 the funds secured a significant funding from the Forest, People and Climate (FPC) collaborative hosted by the Climate and Land Use Alliance (CLUA). This will support the Socio-Environmental Funds of the Global South Alliance. USD 8 million over 3 years will be delivered to the nine funds that make up the alliance in Latin America, Africa and Asia; approximately USD 800,000 per fund. 70% will be used for grants for local initiatives.

Financial support to locally led initiatives

Country	Number of projects supported	Amount per project in USD	Thematic areas
Brazil	2005-2021: 2,777 projects (over \$15,000,000)	\$3,900 - \$11,600 Pilot in 2020: \$29,000 - \$96,700	In 2021: climate emergencies caused by forest fires, territorial rights strengthening, mitigating impacts of the Covid-19 pandemic, urban sustainability
Bolivia*	2020-2022: 35 projects	\$2,500 - \$7,500	Sustainable management of natural resources, climate change, gender and climate change, communities affected by extractive projects, strengthening sustainable livelihoods of indigenous communities in the Amazon to cope with Covid-19
Colombia	2020-2022: 42 projects	\$5,000 - \$10,000 (COP 22 - 48 million)	Sustainable management, conservation, protection and community defense of ecosystems, post-Covid 19 food sovereignty, vulnerability and responses to climate change in urban Amazonia, institutional strengthening for Amazonian organizations
Peru	2020-2022: 40 projects	\$5,000	Environmental conservation, climate change and sustainable cities, public policies and human rights, women and gender
Ecuador	2021-2022: 7 projects	\$3,000	Cultural heritage conservation, socio-environmental capacity building and training, livelihood and health support post-Covid-19

* Due to the difficulty Casa Fund had in transferring resources to other countries (25% tax to be paid), Semilla Foundation has been acting as an intermediary, receiving the funds from Both Ends, a Dutch donor, and transferring them to Paraguayan civil society organizations.

Type of beneficiaries

- Non-profit organizations (institutionalized associations)
- Informal groups and movements: they must partner with an institutionalized association that acts as their fiscal sponsor
- Individuals: environmental defenders and indigenous leaders

Outreach process to potential beneficiaries

Outreach is made through open calls for proposals published in social networks, email, Whatsapp diffusion lists. Based on their wide network of contacts, sometimes they make direct contact with referred organizations to reach grassroots organizations and marginalized groups. Some Funds have organized workshops to teach potential

Project selection procedure

The Funds have extensive local networks and conduct consultation with social organizations and communities to learn about their needs, and to inform the Funds decision on thematic areas of their Calls for Proposal. Once proposals are received, there is an established procedure for scoring proposals based on predefined criteria. This first assessment is usually done by the funds' technical team. Pre-selected proposals are then evaluated by an advisory council or technical evaluation committee, composed of external experts linked to the socio-environmental sector. It's important to note that most of the funds are finalizing their own manuals and procedures, based on sample documents shared by Casa Fund.

Follow-up mechanisms

Socio-environmental funds try to avoid replicating traditional forms of funding. However, they are bound by the accountability demanded by their donors and also by the legal requirements of their countries. Beneficiaries must submit financial and narrative reports and there are regular monitoring meetings and field visits to evaluate results. The strategies for alleviating the administrative burden on organizations receiving funding are diverse:

- Provide information and capacity building programs so that beneficiaries know how to account for the use of funds in a straightforward manner.

- Make their requirements as easy as possible, while still complying with all legal requirements.
- Design easy-to-use proposal forms and templates for narrative and financial reporting.
- Foster trust-based relationships with their local beneficiaries, which facilitates follow-up.
- Grantees can have a fiscal sponsor to receive financial resources.
- Allow the use of part of the resources for administrative expenses, without a previously established ceiling. On some occasions, the resources have even been used for the administrative strengthening of the grantees.

Use of transparency, participation and accountability tools

transparency, participation and accountability (TPA) approaches are not a requirement in the projects submitted to the funds. That said, some funds have financed projects that use TPA approaches. For instance, some of the projects seek to make extractive industry companies more transparent and accountable to the communities in which they operate. Depending on the calls for proposals, they may also require that the community participates in the conception and development of the project or that they focus on the needs, proposals and leadership of specific groups, such as women.

Beyond funding support

The Funds offer various technical trainings to their grantees on topics such as networking, financial and administrative management, accountability, and institutional strengthening to help them achieve organizational sustainability. The Funds also facilitate networking among their grantees to expand their network of local contacts and coordinate common agendas in specific locations. To this end, they have created WhatsApp groups and organized meetings with grantees to stay connected and share information. In some cases, they also support income-generating projects to help groups become self-sufficient.

Through their communications, the Funds have been building narratives to describe the importance of working with communities and the local socio-environmental movement to improve ecosystem protection and promote social justice.

Perception of the funds in their countries

So far, no funds report any negative perceptions about their actions in their countries for receiving and channeling foreign funding. Rather, they are perceived as a space for multi-stakeholder collaboration in the socio-environmental field, with the capacity to serve as a bridge between the different

actors involved: donors, executors, experts, decision-makers, communities, etc. They want to position themselves not only as funders, but also as strategic partners of the socio-environmental movement, not imposing any agendas, but financing and supporting relevant initiatives proposed by grassroots organizations.

Challenges

The main challenge of the funds is financial sustainability and the difficulty of raising local and national funding. Even Casa Fund, after more than 15 years of experience, has managed to secure very little in country support. This is indicative of the state of national philanthropy in Latin America and the poor relationship between the private sector and civil society. Casa Fund leaders believe that the problem lies in the lack of awareness among local elites and the colonialist cultural structure that prevents people with financial resources from understanding (or having any real interest) on Casa's mission. This is described in this article by Amália Souza, co-founder of Casa Fund: [Where are Brazil's civil society funders?](#) - Alliance magazine. Fundo Casa stopped using the term "small grants" because it minimizes the importance of these grants. They are currently reworking their narratives to ensure it resonates with target audiences.

Although the philanthropic sector in Latin America is very limited, some of the funds expect to be able to obtain support from this sector in the future and see some emerging opportunities. In Bolivia, for example, they are confident that the corporate social responsibility law passed in 2014 will open a window of opportunity. In Brazil in 2012 the [Comuá, Network](#)

[of Philanthropy for Social Justice](#) was created, to bring together community funds, foundations and other grantmakers that mobilize resources to support groups, collectives, movements and civil society organizations working in the fields of social justice, human rights, citizenship and community development.

Compared to the other Funds, Ecuador's fund has found it more difficult to obtain financing because there are not many international donors willing to work in the country. Being a middle-income country, international cooperation resources have been reduced. Yet, poverty and inequality rates remain high in the country and there are significant socio-environmental challenges.

In the case of Colombia, the 2018-2019 tax reform created a special tax regime for social organizations to receive grants, making the operation of the funds very difficult, as they must now hire an accountant, have a website and submit reports to the National Tax and Customs Directorate (DIAN), among others. It was expected that the new tax reform approved in December 2022 in Petro's government would eliminate the special tax regime, but it didn't happen.

The goal of the funds is to allocate most of the budget to initiatives proposed by local civil society, keeping administrative costs low. Currently the challenge is that the new funds are spending more on administrative costs than on grants. While this is normal at an initial phase of the initiative, the question is whether the balance will shift and how quickly. What is a reasonable level for long term sustainability? It is also important to consider that these admin costs are not simple overhead, as the funds are not simple re-granters, but are also covering advocacy, coordination, technical support, capacity building and communications costs.

Socio-Environmental Funds of the Global South Alliance

The Socio-Environmental Funds of the Global South Alliance was officially [launched](#) at the end of 2021. It is a new initiative that brings together nine socio-environmental funds from Latin America (Brazil, Bolivia, Central America, Colombia, Ecuador, Mexico and Peru), Africa (Mozambique) and Southeast Asia (Philippines). Casa Fund has helped to consolidate several of these socio-environmental funds, sharing its experience and model of support for community-based groups.

The Alliance works to mobilize resources for all funds together, expanding their ability to respond to socio-environmental justice agendas in the regions where they operate. The Alliance emphasizes the narrative that the best way to protect biomes is by strengthening the guardians of these spaces and make international philanthropy aware of the capacity of local funds to efficiently allocate resources. It seeks to inspire other activists in southern countries to form similar structures to provide resources to grassroots communities.

The Socio-Environmental Funds of the Global South Alliance is in the process of defining its governance structure and does not yet have a legal status. They recruited a Global Coordinator in 2023. Despite its nascent status, all the Funds have high expectations about the opportunities that will be opened up by belonging to the Alliance, in terms of increasing their sustainability and the exchange of experiences. In 2022 the Alliance managed to obtain funding from CLUA for a joint project between Brazil, Colombia and Peru. In addition, the

Peruvian and Colombian funds will receive support from Casa Fund for organizational strengthening. Finally, as noted above, just recently FPC provided a grant of USD 8 million for the Alliance to help consolidate the global network.

CONCLUSION

The social justice philanthropy approach used by socio-environmental funds in South America aims to modify the traditional North-South international cooperation practices, establishing a bridge between large international donors and grassroots communities working on the protection of the environment and the promotion of sustainable development. These Funds are created by local activists, with deep knowledge of the realities and needs of their territories, who can ensure that resources reach grassroots groups with greater agility and precision and foster the building of relationships of trust and networking.

The four new socio-environmental funds in South America are still in a consolidation phase but making steady progress. The funds in Bolivia, Colombia and Peru have significantly increased their funding between 2021 and 2022, although Ecuador's lags. All funds struggle with the common challenge of securing national or local funding and continue to rely on international funding. A further shared challenge is to find the right balance of administrative costs to enable more funds to go direct to communities. Increasing the number of small grants to grassroots organizations is essential to demonstrate their role as a channel or bridge between different actors in the socio-environmental arena and thus facilitate the search for more local funding.

International donors can support them in structuring a strategy to strengthen partnerships, volunteerism, and fundraising at the local/regional level in the country. In addition, donors could include them in national, regional, and global networks

to give them visibility and position them as strategic socio-environmental partners in their countries and showcase the value of working with grassroots organizations.

This model contains factors that could be generalized to funding in other regions and sectors to reach local communities. In fact, the model is already being replicated in Africa and Asia to support grassroots organizations working on environmental protection. It's a model that may be of interest to funders seeking to channel funding through local organizations committed to the cause they champion, ensuring that funds actually reach the grassroots and support local needs.

KEY SOURCES AND RESOURCES

- Interview with Juan Camilo Mira, Emerger Socio-Environmental Fund Coordinator, September 19, 2022
- Interview with Maria Amália Souza, Casa Fund Founder and Strategic Development, September 27, 2022 and follow up conversation in early 2023
- Interview with Ñeque Fund team, September 29, 2022
- Interview with the Peruvian Socio-environmental Fund team, September 30, 2022
- Interview with Eduardo Franco, President of Semilla Socio-Environmental Foundation, October 12, 2022
- www.casa.org.br
- www.fundacionsemilla.org
- www.emerger.org
- www.nequefundacion.ec
- www.fondoperu.org.pe
- www.redefilantropia.org.br
- [Human Rights Funders Network - How Global South](#)

[funds are evolving the field of international philanthropy \(hrfn.org\)](#)

- [Local socio-environmental funds: Exporting social technology to preserve life - Alliance magazine](#)
- [Local socio-environmental funds - Exporting social technology to preserve life - GFCF : GFCF \(globalfundcommunityfoundations.org\)](#)
- [Fondos socioambientales locales: el caso del Fondo Socioambiental CASA - RACI](#)