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The 2022 Global Philanthropy Environment Index Region Report: The Caribbean

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SUMMARY

The Caribbean is a diverse region that reflects strong cultures of generosity and helping one another. There is a supportive environment for philanthropy in many ways, but government bureaucracy has been identified as a major barrier for philanthropic organizations (POs). The nonprofit sector is not well funded or professionalized, making harnessing opportunities and driving innovation challenging. While there are some tax incentives for giving, they are relatively modest, not widely known, and rarely viewed as major drivers for giving. The economic environment across the region is challenged, and this has been compounded by COVID-19, which decimated tourism and related industries, leading to reduced employment and revenues. While there is no substantiating data, this economic pressure is believed to have negatively impacted giving by individuals and businesses. The pandemic did result in some new donors (local and those from other countries) stepping up with major gifts, and there is potential to harness their generosity in the future. The digital shift and mobile money transfer also present new opportunities for POs, as do new exploring models of social enterprise and social finance to augment traditional philanthropy.

KEY FINDINGS

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

To what extent can individuals form and incorporate the organizations defined?

To what extent are POs free to operate without excessive government interference?

To what extent is there government discretion in shutting down POs?

- Regionally, there are few barriers to establishing new POs, to the degree it may be too easy, although the process is highly bureaucratic and may take a long time. Many more helping organizations and societies are informal and do not register or incorporate.
- Organizations are free to operate without government interference, but the government maintains discretion to shut down POs when warranted.
- There is a push to strengthen compliance with current regulatory requirements.

II. Domestic Tax and Fiscal Issues

To what extent is the tax system favorable to making charitable donations?

To what extent is the tax system favorable to POs in receiving charitable donations?

- Charitable tax incentives in the form of deductions (of 5-10 percent of income, for example) are available but are not well known and are rarely viewed as major drivers of giving.
- Data on charitable donations made and incentives claimed are limited and not widely available across the region.
- Donations are received tax-free by POs, which also benefit from VAT exemptions.

III. Cross-Border Philanthropic Flows

To what extent is the legal regulatory environment favorable to sending cross-border donations?

To what extent is the legal regulatory environment favorable to receiving cross-border donations?

- Contributed funds sent out from the region may be subject to local government taxes and are not eligible for local tax incentives for giving.
- It is more common for funds to flow into the Caribbean region than to flow from the region, both in terms of charitable donations from international and corporate donors, and remittances from the diaspora. This is especially true of Haiti, which receives billions each year (Congressional Research Services, 2020) but is not represented in this study.
- Generally there are no restrictions on funds coming into the region other than anti-money-laundering disclosure requirements.

IV. Political Environment

To what extent is the political environment favorable for philanthropy?

To what extent are public policies and practices favorable for philanthropy?

- Governments across the region are generally favorable toward philanthropy and POs.

- Burdensome bureaucracy and poor coordination across government ministries is often cited as a frustration among POs.
- Outdated regulatory environments and policies need to be revised to reflect the modern needs and diversity of the philanthropic sector, and varied organizational capacity. While Jamaica adopted a new Charities Act in 2013 (which already needs to be updated), the Charity Act of Barbados is from 1985.

V. Economic Environment

To what extent is the economic context favorable for philanthropy?

- The economic environment across the region has been debilitated by COVID-19 with a drop in tourism and related unemployment. Even before COVID-19, many countries in the region navigated economic challenges, requiring them to turn to international funding bodies to access financing and take on long-term debt.
- Widespread fiscal pressures impact the ability of local donors (individuals and businesses) to give, and make government subsidies to POs unstable and uncertain, often reduced or delayed.
- There is anecdotal evidence that giving has defaulted to informal giving, helping family and neighbors, as opposed to supporting established POs.

VI. Socio-Cultural Environment

To what extent are socio-cultural values and practices favorable for philanthropy?

- There is a culture of generosity and helping your neighbor across the region (Hale, 2015), where what is now coined ‘crowdfunding’ has been long practiced when a community member is in need. This informal helping is more culturally widespread than institutionalized practices of giving to POs, with the exception of churches.
- Religion has played a significant role in giving through tithing, services to help the community and its members, and the role of women in leading and organizing these responses.
- Businesses across the region tend to be the most active donors, with gifts often driven by marketing and branding priorities.
- There remain disparities between rural and urban communities in the region, where urban centers have greater wealth and social/community infrastructure, including POs.

VII. Future of Philanthropy

Summary of the future development trends in the philanthropic landscape

- There is a palpable sense this is a time of social change and upheaval, with greater awareness of issues of inequality and movements such as Black Lives Matter.
- The digital shift in the region was amplified as a result of COVID-19. This may translate over time to greater adoption of online giving and the use of mobile money transfer, as well as regional collaboration and communication.
- Given the generous response of international donors to COVID-19 in the region, there is opportunity to more proactively cultivate and support private philanthropy from those outside the region.

- There is increasing exploration of social enterprise and social finance by those wanting to identify new capital for the philanthropic sector.
- Efforts to organize and professionalize formal philanthropy will continue, reflected by organizations such as ASPIRE Barbados and the Caribbean Philanthropy Alliance.

Key recommendations to improve the environment for philanthropy in the region

- Build confidence in the philanthropic sector by updating regulatory frameworks and ensuring compliance. This helps build a baseline of standards to which POs and the donor community would be accountable.
- Build capacity in the philanthropic sector by governments and donors prioritizing core funding and the professionalization of POs. This helps POs better deliver on their missions and demonstrate impact in their communities.
- Build knowledge by supporting research, and collecting and sharing data on philanthropy across the region. Greater understanding about who gives, why they give, how much they give, and how frequently, and barriers to their giving, as well as data on POs themselves (such as how many, budget size and funding models, mission focus, and staffing), would strengthen the philanthropic sector and unearth new opportunities for investment.

VIII. Philanthropic Response to COVID-19

What are the areas where the nonprofit sector and philanthropy play a role in responding to COVID-19 in the region?

What are the innovations and new trends in the nonprofit sector and philanthropy related to COVID-19 responses?

What have been the main impacts of COVID-19 on the philanthropic environment in the region?

What are the anticipated impacts of COVID-19 on the philanthropic environment in 2021?

- POs responded to COVID-19 by tackling the immediate needs with food and shelter for those impacted by loss of income.
- The severe economic impact of COVID-19 reduced donor and government revenues, but also impacted volunteers who are often relied upon by POs to deliver core programs and services.
- A range of collaborative fundraising campaigns emerged early on in the pandemic to harness people's desire to help and respond in whatever way they could.
- A number of major individual and corporate donors (local and international) responded with significant philanthropic gifts to purchase personal protective equipment, sanitizer, ventilators, iPads for children's educational access, and even vaccines. Engaging their support going forward is a tremendous opportunity for the region.
- Some POs in the region will not survive the impact of COVID-19 but new POs will emerge, adapt, and flourish.
- It will take many years for the region and philanthropic environment to recover financially and be able to look at greater financial investment in the sector.

References

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