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# The 2022 Global Philanthropy Environment Index Barbados

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## QUICK FACTS

**Legal forms of philanthropic organizations included in the law:** Association, Company Limited by Guarantee, Corporation, Foundation, Limited Liability Company, Society, Trust

**Five main social issues addressed by these organizations:** Arts and Culture, Basic Needs, Environment, Religion, Youth and Family

**Average time established by law to register a philanthropic organization:** 0–30 days

**Average cost for registering a philanthropic organization:** USD 125

**Government levels primarily regulating the incorporation of philanthropic organizations:** Central/Federal Government

## Philanthropic Environment Scores:

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
2022 GPEI	4.67	4.50	3.50	4.50	2.00	5.00	4.03

**Source:** Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

## Key Findings

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

*The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.*

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

<b>Score: 4.0</b>
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Individuals are free to form a variety of types of organizations and charities through the Corporate Affairs and Intellectual Property Office (CAIPO) and there is no interference from the government or political bodies. However, the process is quite bureaucratic and takes a long time. The office is short-staffed and therefore difficult to deal with. For this study, the country expert has not been able to reach anyone at the CAIPO office, as everyone was then working from home due to the COVID-19 pandemic.

Since a new government administration was sworn into office in 2018, somewhat more oversight has been given to the regulation of philanthropic organizations (POs). However, the new administration undertook a restructuring of government departments, called the Barbados Economic Recovery and Transformation (BERT) program. The CAIPO office has experienced reduced staffing making the process of registration and other requirements more difficult. This office also regulates business registration, and enabling that environment has also been under pressure.

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

<b>Score: 5.0</b>
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It is easy to set up and operate any sort of PO in Barbados with no government interference, the exception being that it can take a long time for the process to be completed. The process is guided by the 1985 Charities Act. POs are free to communicate through all mediums and are quite vocal on a range of social issues. The new administration, from 2018, has tried to have more oversight of the sector by attempting to enforce the requirements that are mandated for POs as it refers to reporting and filing of documents. In 2019, the government published a list of POs that were in violation of these requirements, but to date, no further action has been taken.

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

<b>Score: 5.0</b>
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There are no issues in being able to shut down POs. There are rules set out in the 1985 Charities Act that govern what arrangements are to be made around remaining funds and property belonging to the PO. Any funds or property remaining at the time of the dissolution of the charity must be gifted to another registered charity, which must be decided by the PO's board and agreed by resolution.

## II. Domestic Tax and Fiscal Issues

*The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.*

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

<b>Score: 4.5</b>
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It is easy to receive tax benefits through charitable donations in Barbados. The process is transparent and it is easy to apply through the annually submitted tax forms. An individual can claim a deduction up to 10 percent of their annual income. However, these tax benefits are not widely known and are rarely viewed as a key driver for giving.

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

<b>Score: 4.5</b>
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There is no tax on money given to POs from donors, so donations can be received tax-free. This applies to all POs. Value added tax (VAT) exemptions on imports are available for some organizations, but this is not automatic and has to be applied for through the Ministry of Finance, Economic Affairs and Investment. The criteria are decided by the ministry based on the worthiness of the social problem the PO is dealing with. VAT exemptions for services are generally more complicated to deal with.

## III. Cross-Border Philanthropic Flows

*The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.*

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

<b>Score: 3.0</b>
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Sending cross-border donations does not accrue any tax relief or benefit in Barbados, or within the Caribbean region. Foreign exchange sent out of the island, whether it be charitable or not, is subject to a 2 percent government tax. Anti-money-laundering rules are enforced so any amounts above USD 10,000 require declaration forms.

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

<b>Score: 4.0</b>
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There is generally a light touch on incoming donations, and they are not taxed. Amounts above USD 10,000 are subject to the same anti-money-laundering rules as private transfers and require declaration forms.

#### IV. Political Environment

*The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.*

Question Eight: To what extent is the political environment favorable for philanthropy?

<b>Score: 5.0</b>
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There has always been a constructive and favorable environment between the government and the third sector in Barbados. The government recognizes how important the sector is to social development in the country. The new administration, in collaboration with the Caribbean Policy Development Centre (CPDC), published a white paper on the Legislating NGO's as Social Partners: Best Practice in Global Governance on the way forward for new legislation for POs.

The following is the conclusion statement of the document:

*"This White Paper has highlighted that NGO-specific legislation is the best option available to Barbados and CARICOM maximizing the developmental contributions of NGOs on a long-term basis at the national and regional levels. The paper has shown that many approaches have been tried but these lacked an overarching framework that gave permanence and predictability while inspiring public confidence. All of the initiatives are relevant and can be implemented in a more sustainable manner if governed by the force of law which transcends political regimes.*

*There is precedent for using law to establish a firm foundation for select NGOs. It is critical at this juncture of our post-independence re-visioning to treat the NGO sector as a resource of national import."*

Developed in consultation with the third sector in 2019, this has been developed into a cabinet paper, though is still awaiting parliamentary review. This review was a promise in the platform of the incoming government in 2018. The Prime Minister's office has since worked directly with POs on environmental and energy projects, as this is recognized as a growth area for the economy.

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

**Score: 4.0**

The government does promote philanthropic values and facilitates equal access to national and international resources and opportunities. However, it falls short in its capacity to coordinate between government agencies, ministries, and POs. As mentioned previously, there is a white paper that was drafted in 2019, which identified a number of ideas for moving forward and regenerating the sector. Unfortunately, nothing yet has been ratified. The delay has been exacerbated by the COVID-19 pandemic, with government resources being redirected to tackle the pandemic.

## V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

**Score: 2.0**

The economic conditions in Barbados are unstable, due in large part to the COVID-19 pandemic. This is an obstacle to the success of philanthropy, although there is no formal data on giving to substantiate this. Barbados is highly reliant on tourism, and both businesses and individuals have experienced dramatic reductions in income. Many POs are supported with a subsidy from the government, which often offsets their running costs including a salary for an administrator. Even before COVID-19, this practice had been severely reduced, with some subsidies being cut by as much as 50 percent. This decline in subsidy revenues continues. In many cases, POs are either not receiving their payments or having their payments severely delayed. This makes it very difficult to plan properly.

However, the pandemic has forced the third sector to regroup and retool. New opportunities for social investment have developed, and therefore new avenues for philanthropic giving have emerged. However, there are some organizations that will not survive the crisis. In a survey carried out by the CPDC on the impact of COVID-19 on NGOs, 74 percent of the sample expressed a high level of concern about the survival of their NGO.

While the economy is challenged, corruption is not a major factor. According to the Transparency International's (2021) 2020 Corruption Perception Index report, Barbados is rated as the least corrupt country within the Caribbean, and 29th globally among 180 countries.

## VI. Socio-Cultural Environment

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

**Score: 5.0**

Barbados has a high level of community identity and a social history of being supportive of fellow Barbadians. This is rooted in a strong religious-based society and a tradition of helping others where possible. In addition to this informal helping, there are many church groups that address basic needs,

and women play strong roles in the communities and church organizations. There are over 1,000 registered POs in Barbados, and businesses tend to be among their most active donors.

This base of community development and support allows for a very favorable environment for philanthropy.

## VII. Future of Philanthropy

*These questions are used to provide a general picture of the future of philanthropy in this country as well as recommendations to improve the philanthropic environment.*

### Current state of the philanthropic sector

Philanthropy may be considered to be at a crossroads at this time. The COVID-19 pandemic has forced a rethink of what is important and relevant. It has enabled more people to become givers, and for Barbados that has included a number of high net worth individuals (both local and those from other countries) who have made significant COVID-19 related investments. Hopefully their giving will continue. The diaspora has also become more engaged and enabled to help. There is greater awareness of the inequality in Barbados and the region, with the realization of how precarious many people's lives are. There is evidence of a need to rethink the traditional model for POs of relying solely on receiving grants and delivering projects. There is greater openness to the idea of social enterprise as a method of funding and enabling social good. Younger generations are more inclined to look at social enterprise as a career path over traditional jobs such as working in an office or bank.

Three major recent events affecting the philanthropic landscape between January 2018 and December 2020

1. The new government in 2018 and subsequent interest and recognition of the importance of the third sector, along with the Barbados Economic Recovery and Transformation Program (BERT);
2. The Black Lives Matter (BLM) movement that put a spotlight on inequality and encouraged diaspora engagement in Barbados and the region; and
3. The COVID-19 pandemic in 2020 resulted in the destruction of the Barbadian economy and resulting impact on POs.

### Future development trends in the philanthropic landscape

Bitcoin has an emerging role in Barbados, but how this and other digital shifts will help philanthropy remains unclear. Social enterprise and social finance are new areas of developments in the sector, with future potential. But the economy and philanthropic sector must stabilize from the COVID-19 pandemic first. Then it can reemerge and help rebuild, with new ideas and cadre of social investors.

### Three key recommendations to improve the environment for philanthropy

- The development of social enterprise and social finance models that can diversify traditional revenue streams;
- Reducing grant restrictions on funding salaries and running costs, to provide greater operational support for POs to do their work; and
- Encouraging more connectivity and partnership among POs to avoid duplication and navigate limited and diminishing talent pools.

## VIII. Philanthropic Response to COVID-19

*These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.*

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

- Feeding families and providing immediate and direct support to those affected;
- Providing funding for personal protective equipment (PPE) and other medical resources; and
- Helping in the education sector by provisioning laptops or other resources to help children learn at home.

Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

There are few new identifiable trends yet. The philanthropic sector is still reeling from the economic fallout, dealing with the impact of the pandemic crisis, providing food, shelter, educational and health supplies, and safely navigating program and service delivery.

Impact of COVID-19 on the philanthropic environment

The COVID-19 pandemic has had a severe impact on the environment for philanthropy mainly in the loss of income for POs generally, but also around the inability to provide services to their beneficiaries. Many POs are small and have relied on one or two people, often volunteers, to keep running; when the pandemic began, those people themselves have been impacted and lost paid employment. The performance of the Barbados economy going forward will be a key determinant of the future for many in the sector, and the availability of funds for running programs.

Anticipated impact of COVID-19 on the philanthropic environment in 2021

Some positive impacts are anticipated, as more people are prepared to share their personal wealth or make investments in social enterprises. There is risk that some POs may not survive, but there is opportunity for others to make new waves. It is hoped the government will be able to implement some of the recommendations in the white paper, once the pandemic is contained and attention and resources can be redeployed.

## References

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