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The 2022 Global Philanthropy Environment Index Uruguay

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QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Cooperative, Foundation

Five main social issues addressed by these organizations: Basic Needs, Early Childhood Education through High School, Housing and Economic Development, Human Rights, Youth and Family

Average time established by law to register a philanthropic organization: More than 90 days

Average cost for registering a philanthropic organization: USD 500

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

Much of the work of the concerned organizations is local, and the fact that procedures were centralized and filings had to be done with the central government in Montevideo used to put a heavy burden on small, resource-deprived grassroots civil society organizations. This situation has improved in recent years since delegations of the Ministry of Education and Culture (MEC) have been established in various locations across the country.

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	4.00	3.00	3.00	4.00	4.00	4.00	3.67
2018 GPEI	4.33	3.00	3.50	4.50	N.A.	4.00	3.87

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?

Score: 3.0

Individuals in Uruguay are free to form organizations, and there are no restrictions on the types or purposes of philanthropic organizations as long as they are nonprofit. The country however lacks a unified legal framework for all civil society organizations. Instead, the legal framework is made up of a collection of laws, decrees, and government agencies' internal regulations issued at various times, which apply different criteria to a variety of philanthropic entities (such as civil associations, foundations, cooperatives, trade unions, etc.). It is worth noting that the current regulatory framework emphasizes bureaucratic control over the promotion of civil society activities.

The registration process is somewhat demanding, typically requiring a moderate amount of time and resources. Most importantly, these processes are not established by law, and therefore no one trying to form an organization and seek legal recognition can be sure how long the process will take, and consequently how much they will need to spend on it. Although lack of appropriate and integral regulation means there is room for arbitrariness, this has translated into bureaucratic inconsistencies rather than political favoritism or the exclusion of certain groups for ideological reasons.

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

Score: 4.0

Uruguayan laws (all of which apply nationally) require that certain provisions regarding the operation and governance of a philanthropic organization be stated in the organization's bylaws. In fact, approval of a civil association's request for legal recognition seems to be dependent upon the use of the existing bylaws template (*estatuto modelo*), which is available free of charge on the website of the MEC's General Direction of Registry. This is not legally mandatory, but according to civil society sources, the state bureaucracy has increasingly relied on the bylaws template to make decisions to approve, reject, or request additional information. For civil associations, in principle there are no reporting requirements towards the state, financial, or otherwise. Annual reporting requirements on the organization's membership do need to be enshrined in the organization's statutes. No organization can be legally recognized unless their bylaws include this reporting provision. This requirement is generally easy to comply with.

However, regulations introduced in 2018 established that organizations that surpass a specified level of income are bound by the Comprehensive Anti-Money Laundering Law (Law No. 19.574 (2018)), which will entail additional reporting obligations. Organizations implementing public projects or with state contracts also have multiple reporting obligations towards the state as donor or partner. The

situation is different for foundations and cooperatives, which are legally bound to report to state agencies; requirements for these entities are clearer and more consistent, but require considerable resources for completion.

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

Score: 5.0

POs' bylaws are required to include provisions for voluntary self-termination. Most organizations typically apply the provisions included in the already mentioned bylaws template. Regarding involuntary termination, Legislative Decree No. 15089 (1980) designates the MEC as the agency in charge of monitoring civil associations, including their creation, operation, dissolution and liquidation. Nevertheless, there has long been a discussion among experts regarding which state agency has the prerogative to suspend or withdraw legal recognition. Most recently, the most commonly held opinion has been that as the organizations have been recognized through administrative procedures by state agencies that depend on the executive branch of government, their legal personality can be suspended or withdrawn by the executive branch. However, final dissolution can only be determined by the judiciary.

To update existing information regarding POs, in 2018 the MEC organized a mandatory census (Law No. 19535, Art. 137) for civil associations and foundations. All organizations whose bylaws (or reformed bylaws) had been approved before June 2018, as well as those in the process of reforming their bylaws, were under the obligation of registering before April 2019. Non-compliant organizations would have their legal status suspended until they registered, and the MEC would be allowed to cancel their legal status should they not carry out their registration upon notification. According to civil society sources, this was not perceived as an arbitrary decision or an excessive burden, as compliance did not require much effort and the intention behind the requirement was not viewed as punitive or repressive. It is not clear how many organizations were affected by the temporary suspension of their legal status; however, an official communication was posted on the Ministry's website in May 2019 detailing the steps to follow to have such suspension lifted.

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?

Score: 3.0

Only corporations, not individuals, have access to limited income and wealth tax deductions for their donations to philanthropic organizations. Under current legislation, 75 percent of corporate donations to a specific group of philanthropic organizations can be charged as accrued payment for income and wealth taxes. The beneficiary organization must issue receipts that the donating company needs to exchange for credit certificates from the General Taxation Office (*Dirección General Impositiva*). The remaining 25 percent can be charged for tax purposes as company expenses. In addition, the government has the authority to set ceilings on the amounts allocated to the execution of projects

under this tax deductions regime, as well as on individual funds received by each beneficiary entity or groups of similar entities, as well as for donors.

The entities receiving government subsidies need to opt for either these subsidies or the allowed tax benefit. As will be explained next, however, the greatest restriction on donors lies in the selection of the recipients of their donations. There are in fact strict criteria defining which specific organizations (and not only what type of organizations) can become recipients of these donations. Potential recipients are limited to those included in a list of approved philanthropic entities, mostly in the area of culture, education, and social protection.

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

Score: 3.0

POs can apply for tax-exempt status, which entails a relatively lengthy process. POs whose requests are approved are exempted from paying value added tax (VAT) when selling goods or services and enjoy discounts in employer's contributions, real estate tax rebates, and exemptions from certain municipal taxes—and in some cases, import tax rebates. Regulations are intricate, dispersed and do not apply equally to all types of POs. Some that do not enjoy any exemptions are taxed as private companies. In principle, there are no restrictions on funding sources for POs besides those related to money laundering regulations. POs are allowed to raise funds from private sources; however, the sector is most heavily funded by members' contributions, international cooperation funds, state subsidies or contracts for social program implementation, and individual donations -and to a much lesser extent by donations from private companies.

The greatest restriction on private donations concerns recipient selection. Private companies are free to donate to any philanthropic organization (PO) of their choice but can only claim tax credit for donations to approved recipients. 75 percent of the total amount donated to such recipients is exchangeable for credit certificates to be used for payment of taxes, and the remaining 25 percent may be applied as a company expense for tax purposes. In the case of donations to private universities, the above percentages are 40 percent and 60 percent, respectively. The list of approved beneficiary institutions encompasses two wide categories: education institutions and non-governmental organizations (NGOs) providing social services. Within each category, an exhaustive list of potential recipients is provided. The NGO list includes only a few dozen POs, five private universities, and a few tertiary institutes are included in the list of higher education institutions. According to civil society sources, criteria for inclusion in the list of approved recipients are not clear; inclusion seems to depend mostly on connections and lobbying.

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?

Score: 3.0

None of the above descriptions clearly applies. The practice of cross-border donating, unlike receiving foreign funding, is not significantly developed in Uruguay, and no incentives have been in place to foster its development. No tax incentives can be obtained for international charitable donations. As previously mentioned, tax incentives are available only for donations channeled towards a specific group of domestic POs and (mostly public) domestic education institutions.

The process for sending charitable donations abroad is not clear or covered by specific regulations, and is therefore subjected to the same procedures and costs that apply to the export of commercial goods or regular financial transactions. In other words, there is no specific approval, post-receipt or routing procedure, reporting or foreign exchange requirement, or restriction on the types of activities to be supported by these donations. Custom duties on cross-border philanthropic in-kind donations and financial costs on cross-border philanthropic cash are estimated to be low to moderate. None of the consulted civil society sources recognized this as a common practice or identified costs as an issue.

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

Score: 3.0

In principle, there are no restrictions on receiving charitable donations from abroad. POs can and do receive foreign funding. The process for receiving foreign donations is relatively clear, but is not specifically defined for POs. General requirements imposed by anti-money laundering and anti-terrorist legislation apply. Assurances regarding the origin of the funds are required when these exceed USD 9,999. According to interviewed civil society sources, banking fees are often the only costs associated with receiving cross-border philanthropic cash; no additional costs or taxes apply. However, the costs of funds transfers can be steep, and banks also control whether donations can be received or sent to countries classified as at-risk for terrorism. For example, an organization reported that a funds transfer they made or received which involved Cuba was rejected by the bank.

In-kind donations are viewed as more problematic, although the problems identified do not seem to be specific to philanthropic donations but are common to all traffic of goods, including customs costs, red tape, delays, inefficient handling and even corruption (the latter being a common perception rather than the reflection of actual experience). In any case, reception of in-kind foreign donations appears to be uncommon. Certain restrictions apply to in-kind donations to POs. As stated in various Uruguayan consular websites, some categories of goods are not allowed to enter the country as donations, except when destined to the Ministry of Public Health (medicines, vaccines, medical equipment and supplies), the Ministry of Livestock, Agriculture, and Fisheries (machinery and agricultural inputs for livestock farming) and other state agencies in the social area (clothing and shoes). In other words, POs are not allowed to receive cross-border donations that include a wide variety of items. Inquiries about other categories of objects need to be directed to the Donations Unit of the Uruguayan Agency for International Cooperation (AUCI).

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?

Score: 4.0

Spaces for collaboration between government and civil society have proliferated since 2005 under center-left Frente Amplio administrations, particularly within the Ministry of Social Development (MIDES), its decentralized agencies and services, and municipal governments. For 15 years, POs were publicly recognized as agents of social change and the government maintained numerous spaces for collaboration in policy-related processes. However, PO involvement disproportionately focused on policy implementation and the provision of social services. With Uruguay being a middle-income country, international cooperation significantly receded since the 1990s and state funding became a major source of income for POs. Dependence from the state reduced their autonomy, as it rewarded POs that adjusted their roles to provide social services to the detriment of more vocal advocacy civil society organizations (CSOs).

As highlighted by the center-right administration that came to power in early 2020, close partnerships with POs could also entail somewhat opaque allocation criteria and ideological discrimination. Although no major shifts have taken place so far, the new government has shown a less-than-friendly stance regarding the POs that it views as having strong links with its predecessor, affecting the sector as a whole. While discretion in direct contracting with POs has increased as a result of emergency measures passed soon after the new government's inauguration, the official narrative has emphasized that controls over POs engaged in policy implementation under the previous government had been insufficient (which may have been the case) and that therefore irregularities had been widespread (which evidence from a thorough audit of the MIDES failed to prove). Specific policy decisions have affected the new government's relationship with civil society, such as the dismantling of partnerships aimed at implementing policies against gender-based violence. Consulted civil society sources expressed worry that this trend is bound to deepen.

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

Score: 4.0

Over the past 15 years, the government in Uruguay actively promoted philanthropy, volunteering and PO participation in policymaking, and particularly in social program implementation. Notably, however, recent legislation meant to encourage volunteering has been applied to foster citizen engagement with government agencies in the social sector rather than with POs. Additionally, although no obstacles are imposed on POs willing to participate in the myriad of existing consultative and collaborative spaces, material conditions are not always guaranteed so that POs are effectively able to play a role.

Funders in Uruguay and abroad are free to support any philanthropic cause or PO without government pressure; as mentioned, however, tax incentives do not favor the whole sector equally but benefit a rather small subgroup of POs. AUCI plays a coordinating role in supporting philanthropic activities by putting together and disseminating information from third parties regarding funding and other opportunities for POs.

Several institutional voids have been identified regarding government funding of POs. First, no competitive grant funds are available, and no specific regulations have been laid out for POs executing state contracts, resulting in POs receiving the same treatment as private state contractors and are forced to compete with them. Second, every state agency that contracts services with POs uses their own criteria and applies wide discretion. Although corruption scandals are not frequent, civil society informants do complain about limited transparency. Third, there are no programs focused on the strengthening of POs. On top of these issues, many state agencies impose submission and reporting requirements that many small POs cannot fulfill, and therefore discriminate in favor of bigger POs with a longer history of collaboration with the state. Newcomers increasingly feel there is no place for them in the system.

V. Economic Environment

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

Score: 4.0

Classified by the World Bank as a high-income economy, for several years Uruguay has exhibited moderate economic growth and considerable stability, both favorable for the success of philanthropy. Its economy is based on exports of commodities and is closely linked to those of its bigger neighbors Argentina and Brazil, so it is subject to external shocks when major regional economies experience crisis or recession. Economic cycles are more moderate in Uruguay. and downs appear to be less pronounced than those of its neighbors, particularly of Argentina. The tax burden is moderate and property rights are respected, and so are labor laws, which are relatively progressive and sustained by the activity of a powerful union movement.

Markets are free to operate within the boundaries set by price controls for certain goods and services, including electricity, fuel, medicines, and water. The judiciary is characterized by high levels of transparency and independence, although it is usually criticized for being slow. There is a low level of corruption and good control mechanisms are in place; in fact, Transparency International's 2020 Corruption Perception Index ranks Uruguay 21st of 180 countries, with a score of 71/100. Uruguay is currently perceived as the most transparent and least corrupt country in Latin America and the second in the Americas, only behind Canada.

VI. Socio-Cultural Environment

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

Score: 4.0

Uruguay has a philanthropic tradition dating back to its origins as a nation when church POs and hospital support commissions were established. A boost came in the early 20th century with the foundation of the first cooperatives and unions. NGOs originated in the mid-20th century and consolidated in the early 1980s. Both grassroots and human rights organizations grew in numbers and strength under the dictatorship, when more traditional forms of organization were outlawed. As democracy consolidated and international cooperation fluxes shifted, so did POs' profiles and links with the state.

According to available studies, civil society impact on social issues is perceived as being relatively high by a wide range of external observers, including from government, business, academia, and international organizations. Among the general population, trust for women's, charitable, and environmental POs appears to be particularly high. Although donations from individuals still make up a small share of the resources available to POs, willingness to donate appears to be gradually increasing, particularly in the context of emergencies or in yearly fundraising campaigns run by well-known POs such as the Teletón Foundation Uruguay.

Uruguayans pride themselves in having relatively high levels of interpersonal trust and solidarity, an argument that POs use to promote engagement and volunteering. Volunteering energies are partly absorbed by public institutions, notably through the MIDES' National Program for Volunteering and Solidarity Practices in Public Organizations. But effective mechanisms have also developed within civil society to match volunteers with POs through platforms such as Involucrate. Many religious POs have long run their own volunteering programs, often appealing to youth and mixing evangelization and community service. TECHO is the rare example of a PO largely based on the volunteer work of young people, and has done a lot to popularize volunteering among youth.

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

The philanthropic sector in Uruguay is highly institutionalized, publicly recognized by the state as a relevant partner for development, and moderately trusted by the citizenry. Over the past decade and a half, CSOs have participated in a number of institutionalized consultative spaces, such as councils, advisory commissions, and coordination bodies, within various state agencies and particularly in areas focused on social policy. However, their work within those spaces is typically not regulated by law, there is not a single state agency coordinating the growing number of disparate interactions between state and civil society, and no public resources are invested to provide material conditions conducive to sustained and effective civil society participation.

Additionally, CSOs have questioned the criteria by which representative organizations are selected to participate in collaborative spaces. Anecdotal evidence suggests that POs tend to actively participate in every space that becomes available to them, although some participation fatigue has become apparent as POs spend much of their limited resources to be present in such spaces while not seeing enough returns in terms of influence on decision making.

According to civil society informants, support to enhance the sustainability of the sector is clearly insufficient. A commonly heard grievance is that, regardless of its source, funding typically covers project costs but is rarely applicable to organizational learning, growth, multi-stakeholder accountability, and long-term sustainability. Since the new government took over in early 2020, civil society has expressed worries that the public agenda would change and much lower priority would be given to social programs. These fears seem to have been justified, as initial cuts in public spending affecting a variety of social programs—typically delivered in partnership with POs, if not completely delegated to them—proceeded even in the context of the COVID-19 pandemic.

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

1. Rise of conservative faith-based organizations mobilized against women and LGBTQI+ rights, promoting initiatives to repeal progressive laws and pouring abundant funding into public opinion campaigns aimed at questioning the legitimacy of women's and LGBTQI+ rights organizations;
2. Inauguration of right-of-center administration intent on making budget cuts that will likely affect the provision of social services and subsequently the current arrangements that include POs as prominent agents of policy implementation; and
3. Possible implications of the implementation of the Anti-Money Laundering Law. In 2020, the enforcement agency announced that controls on all nonprofit entities would soon begin to ensure compliance with the law, which applies to private companies as well as POs whose income exceeds a certain threshold. The Financial Action Task Force (FATF) recommends targeted and proportionate rules, based on evidence and dialogue with the sector, that do not limit the human rights and legitimate work of nonprofit organizations. The Uruguayan enforcement agency has recognized that it has not yet made a risk analysis but rather automatically applied financial thresholds; however, it has entered dialogue with civil society and has reassured POs that it's not within its jurisdiction or intention to block financial flows.

Future development trends in the philanthropic landscape

Access to funding is a major cause of concern for POs in Uruguay. Shifts in international cooperation fluxes have resulted in sharp role differentiation, which is likely to deepen. State funding is prevalent; as the state interacts with POs mainly as a provider of contracting opportunities for social program implementation, many POs have morphed into (or been created as) service providers and have therefore foregone advocacy work.

Uruguayan POs are having difficulties finding alternative funding, particularly from private and corporate sources. About a decade ago, the surge of CSR initiatives did not result in a much stronger flow of private funds towards POs, as many private foundations and companies ran their own programs and projects instead of funding existing PO activities and structures. More recently, the proliferation of crowdfunding funding systems in the country—which was legally sanctioned by Law

No. 19820 (2019), aimed at the “encouragement and promotion of entrepreneurship”—seem to have worked more to the benefit of the private sector rather than to that of civil society.

Besides the existence of sector-wide platforms channeling donations and linking volunteers with organizations, a large proportion of POs appeal directly to public generosity through their own websites; however, there are no figures available to estimate the amounts of funding flowing into the sector through these channels. Tax regulations do not make the search for funding any easier for Uruguayan POs, as donations to nonprofits are not encouraged outside the limited pool of designated recipients of tax-deductible donations. In the coming years, the reduction of state funding for social programs may prompt further adaptive changes in the sector. The COVID-19 pandemic may have provided POs an opportunity to appeal to individual generosity to fund their emergency actions, but there is no data yet available to support this hypothesis.

Three key recommendations to improve the environment for philanthropy

- Systematize, unify, and update legislation: The current regime is a collection of partial regulations passed at various time in history, which apply different criteria to different subgroups of POs in quite arbitrary ways rather than in ways that show a proper understanding of the different requirements that would be reasonable to apply to organizations of various sizes or with disparate resources. In order not just to survive but also to prosper as an effective actor of democracy and development, the philanthropic sector needs a comprehensive, sector-wide law based on recognized best practice regarding registration and recognition procedures, establishing impartial and uniform criteria for all organizations, and focused on the promotion of the sector and the fulfillment of constitutional rights rather than on merely punitive control.
- Establish uniform and transparent criteria for state funding and provide support services to POs: On top of recognizing their importance and opening up spaces for collaboration with them, the state needs to pave the way for POs to be able to realize their full potential as watchdogs and development actors. At the very least, this requires the simplification of procedures, including a “one-stop shop” for all paperwork concerning POs; the adoption of uniform and transparent criteria to be impartially applied to guarantee equal access of POs to state contracts and other resources; the inclusion of provisions regarding PO transparency, accountability, and long-term sustainability in state contracts with POs; and the distribution of adequate material resources for POs to be able to actually take their seat at the table in each state-civil society collaborative mechanism.
- Amend tax provisions to encourage private funding from a wider range of sources to a wider range of recipients: Legislation should allow individuals and not just corporations to make tax-deductible donations to POs and should allow donors greater freedom to choose their donations’ recipients in order to allow funding to reach a wider range of POs.

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

The nonprofit sector played a particularly relevant role in ensuring access to food and hygiene products by the most vulnerable populations. Research by the United Nations Children's Fund (UNICEF) identified 1,220 CSOs that developed actions to favor access to food and hygiene products in the context of the economic and social crisis caused by the pandemic. Half of those organizations were groups of neighbors, friends, relatives, or coworkers. The majority of groups did not exist prior to the crisis, but emerged spontaneously as the result of the health emergency and viewed themselves as a form of mobilizing social solidarity. Behind these informal organizations, other organizations that provided this kind of support were formal POs (11%), social and sports clubs (10%), *merenderos* and children's clubs (community spaces providing daytime activities and light meals to local children) (8%), unions (7%), education institutions (5%), religious organizations (5%), youth centers and cultural centers (3%) and the rare political organization (1%).

Many existing CSOs working on other policy areas refocused their efforts to respond to urgent needs and typically organized the collection and distribution of packages containing food staples and/or personal hygiene products, as well as boxes with fresh fruits and vegetables, while newly formed groups tended to focus on the organization of soup kitchens. Members of these groups volunteered their labor and donated supplies, while also requesting and receiving donations from both the state and the private sector, particularly during the first two months of the pandemic when some government services, such as school lunches, were suspended. A few CSOs also provided money transfers to families in need. According to a civil society representative, some CSOs also contributed to creating awareness regarding COVID-19, social distancing, and prevention measures, while other organizations focused on safeguarding access to non-COVID-19-related medical services.

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

According to civil society sources, the main innovation, as seen elsewhere, was adaptation to online work. Civil society managed to take much of its work online so that it could continue assisting their target populations, by using contact and communications apps that people could easily use in their cellphones. Organizations working directly with vulnerable populations also established COVID-19 protocols including all necessary precautions so that the kind of work that required personal interaction could continue without danger to any of the parties involved. Many organizations working in education focused on training teachers so that they could continue working virtually and would not lose contact with at-risk students. Community classrooms and alternative pedagogies were tried with varying degrees of success.

The abovementioned report by UNICEF also highlights the existence of strong interactions among the organizations engaged in responding to the crisis and the formation of tight-knit working networks. Networks accounted for much of the synergy that was observed at many stages of the COVID-19 response, from identifying the most vulnerable groups and those with most urgent needs (e.g. people in irregular settlements) and reaching out to them through differentiated actions tailored to their specific contexts (e.g. by providing cash transfers instead of food baskets to families living in small, faraway towns of the country's interior) to organizing the logistics of donations collection and distribution of food and hygiene items. A soup kitchen coordination network was eventually formed and collaborative platforms such as Solidaridad.uy contributed to the promotion of volunteering, giving donations, and to more effectively link volunteers and contributors to recipients.

Impact of COVID-19 on the philanthropic environment

According to consulted civil society sources, many civil society organizations had to lay off staff and downsize their operations. Many organizations typically survive thanks to project-based funding; while those engaged in delivering social programs for the Uruguayan Institute for Children and Adolescents (INAU) tend to have more permanent contracts with the state, others do not enjoy the certainty of long-term funding. As a result, the staff members of these organizations are often offered fixed-term contracts, generally for one year, or hired as consultants without social benefits. Many of those contracts that ended during the pandemic have not been renewed.

The effects of the COVID-19 crisis in Uruguay are difficult to disentangle from those of other simultaneous developments, namely the recent change in government orientation towards social expenditures and public deficit. After the new government was inaugurated in March 2020, the new administration put in place a fiscal strategy to reduce the central government deficit and stabilize public finances and budgetary adjustments ensued, particularly in education and social development. So far, the impacts of the pandemic have been alleviated by the social security system in place, a rarity in the region, that includes unemployment insurance and other benefits. For several months, many organizations suspended some of their staff and had them claim unemployment benefits or resorted to some combination of part-time work and unemployment insurance. This appeared to work but is viewed as unsustainable in the long term.

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

According to civil society experts, the worst impacts of the COVID-19 pandemic, compounded by the new orientation of the government's economic policies, are yet to be experienced and will start to become clear in 2021. It is feared that many smaller organizations will have to drastically reduce their activities or close. Other organizations that are better equipped to survive will continue to struggle to secure alternative funding sources. International cooperation funds for development have long remained at historically low levels, and social organizations have become heavily reliant on government contracts to contribute to the implementation of social programs. If social policy continues to experience cutbacks, as it has already happened with programs for homeless people and a variety of family services, economic impacts on the social sector may be brutal, at least until new fundraising strategies are successfully rolled out.

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