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# The 2022 Global Philanthropy Environment Index Peru

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## QUICK FACTS

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

**Five main social issues addressed by these organizations:** Basic Needs, Early Childhood Education through High School, Environment, Gender, Agriculture, Economic Development

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

**Average cost for registering a philanthropic organization:** USD 400

This cost refers to the average notary-public and registration fees. Registration rights are established at the national level; notary fees are set by each notary public. The cost does not include legal advisory fees, which are governed by supply and demand.

**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	3.67	2.90	3.00	2.90	2.80	3.00	3.04
2018 GPEI	3.33	2.90	3.00	2.90	N.A.	3.00	3.03

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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There has been no change since 2018. For more information, please see the 2018 Peru Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16590>

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

<b>Score: 3.5</b>
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Civil associations have flexible legal regulation. In the case of foundations, founders do not participate in fundamental decisions—they serve only as administrators. Furthermore, decision making is not an agile process, as there is state control over the process through the Foundation Oversight Council (Consejo de Supervigilancia de Fundaciones). In general, there are no limitations for the creation of nonprofits with social purposes, and no approval is required to receive international technical cooperation (CTI).

However, between 2014 and 2016, the topic about the extent and limits of state control over CTI resources received and/or utilized by non-governmental organizations (NGOs) currently registered through the Peruvian Agency for International Cooperation (APCI) was again under discussion. In May 2015, the Executive Resolution (Resolución Directorial Ejecutiva) No. 085-2015-APCI-DE limited registration renewals for national NGOs and Foreign Entities and Institutions of International Technical Cooperation-ENIEX (which includes all foreign POs) through the supervision and recommendations of APCI. This measure was interpreted by several socio-civic organizations as a violation of the freedom of association and freedom of expression guaranteed by the constitution. Similarly, a series of directives were issued by APCI in 2015 that aimed to reinforce its controlling functions with systematic and intensive monitoring, as well as with sanctioning procedures, which, in practice, overflowed APCI's own administrative capacity. These requirements were eliminated by Executive Resolution RDE No. 130-2016/APCI-DE (December 2016), after APCI recognized that they caused a dilation of procedures and challenges in complying with requirements.

In December 2018, Decreto Supremo No. 130-2018-PCM eliminated the renewal procedures in the registries of non-governmental development organizations (called NGDOs, which are defined as local NGOs) and ENIEX (foreign international technical cooperation entities) before APCI and now the registration is of indeterminate duration. ENIEX-NGOs registered with APCI must still present detailed information on their projects, and civil society organizations (CSOs) must submit taxes, as any legal person, to the tax ministry, Superintendencia Nacional de Aduanas y de Administración

Tributaria (SUNAT). In terms of access to the Internet, travel, conferences, and participation in networks, neither associations nor foundations have government restrictions.

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

**Score: 3.5**

There has been no change since 2018. For more information, please see the 2018 Peru Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16590>

## 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**

There has been no change since 2018. For more information, please see the 2018 Peru Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16590>

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

**Score: 2.8**

The Peruvian tax system is not favorable to granting tax exemptions in favor of nonprofit organizations, especially related to income tax. Regulations for income tax exemption are temporary and have been renewed by law (the tax exemptions must be granted by law) until December 31, 2018. Law No. 30898 (December 28, 2018) extended the exemptions through December 31, 2019 and then the Decreto de Urgencia No. 025-2019 (December 2019) extended this exemption until December 31, 2020. Through Law No. 31116 (published December 31, 2020), this exemption in favor of associations and foundations was extended until December 31, 2023.

Law No. 31106 has also established that it must be published the basic information and the sum of the net income of the associations and foundations that are exempt from income tax on the SUNAT website annually, according to the information contained in the organizations' annual income tax returns for the years 2021, 2022, and 2023.

Registration as an income tax-exempt organization requires the qualification of SUNAT and, according to the Income Tax Law, it is not granted to nonprofit organizations in general, but only to those that fulfill certain objectives, such as charity; social assistance; education; sports; cultural, scientific, artistic, literary, political objectives; trade unions; and/or housing, in an exclusive manner. In practice, this makes it difficult for local entities to obtain income tax-exempt status because of restrictive interpretations about social objectives by SUNAT. The Peruvian Tax Court has denounced the restricting criteria nonprofits must fulfill in order to be tax-exempt, as well as the limiting options available to organizations in regard to mission or purpose to be granted tax exemption. SUNAT has

ruled in a restrictive sense about the objectives that a PO must pursue in order to be income tax-exempted and the limitation of this purpose (in case of charity) to only providing free social assistance to people in need.

Through Legislative Decree No. 1120 (July 2012), regulations for income tax exemption for nonprofits were strengthened regarding the distribution—directly or indirectly—of income to associates or linked parties, in particular, costs or expenses not subject to subsequent tax control. SUNAT inspects, verifies, and has the power to exclude the organization from the Income Tax Exemption Registry if it can be verified that the organization distributes income directly or indirectly. Additionally, SUNAT can override the resolution that grants the organization income tax exemption, as well as the registration that deems the organization eligible to receive tax deductible donations. The organization can apply to register again with SUNAT after two years.

Additionally, there are no general tax benefits around property or being exempt from property tax for POs, nor is there tax exemption for operations that pay general sales tax.

### 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**

There has been no change since 2018. For more information, please see the 2018 Peru Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16590>

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

**Score: 3.0**

There has been no change since 2018. For more information, please see the 2018 Peru Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16590>

### 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: 3.0**

In general, there are no established policies to promote mutual trust and partnerships between philanthropic organizations and the different levels of government in Peru. This is particularly evident in the case of NGOs. Since 1990 during the government of Alberto Fujimori, tensions have arisen with NGOs, especially with organizations that could be considered not convenient to government interests, such as human rights organizations, organizations in defense of democracy, and, more recently, organizations associated with environmental issues, as they are considered to be opponents to the interests of the mining industry.

The evidence of this low support is evident in the tax and international technical cooperation regulations. Tax policies and regulations do not grant greater tax exemptions to organizations, and the interpretation by SUNAT regarding the eligibility of institutions to receive income tax exemption is limited. In recent years, the extent of supervision by state agencies over resources given to POs by international technical cooperation agencies has increased tensions between the government and philanthropic organizations. Between 2014 and 2016, new regulations gave greater supervisory powers to APCI and also modified the requirements for registration renewals for NGOs and ENIEX. In December 2016, several discussions between the umbrella organization La Asociación Nacional de Centros de Investigación, Promoción Social y Desarrollo (ANC) and APCI led to the amendment of APCI regulations.

In reference to the participation of POs in public policy implementation, there are no policies or mechanisms that promote or establish permanent or continuous collaborations or any means for the participation of philanthropic organizations in the development and implementation of public policies. However, the structure of the government at local and regional levels provides mechanisms for PO participation in the formulation of the participatory budget. Further, civil society organizations are allowed to participate in the National Agreement, which is a mechanism for CSOs to participate in the analysis and development of public policies. POs are also allowed to participate in special commissions, such as the Anti-Corruption Commission, and the Dialogue Tables, such as the Roundtable on Poverty Reduction.

Supreme Decree No. 168-2020-PCM (published on October 11, 2020) modified the regulation on national policies. This Supreme Decree considered that, in the process of formulating a national policy, the competent ministries should establish coordination mechanisms that include regional and local governments and civil society, depending on the nature of each policy. Therefore, it has been determined that for the formulation of national policies, the competent government Ministries should establish coordination mechanisms (it does not expressly say participation) "...with regional governments, local governments, other entities and civil society, as required or corresponds to the nature of each policy."

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

<b>Score: 2.8</b>
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There is no recent history of the government directly promoting a culture of philanthropy in Peru. The access to public resources is provided through public procurement procedures, and these rules apply to all kinds of organizations and enterprises, including philanthropic organizations. The Fujimori administration (in power in the 1990's) outsourced social programs to NGOs as part of a policy to reduce public expenses. These kinds of contracts were only accessible to NGOs that were

experienced in social mediation and grassroots organizations, which increased the levels of clientelism—the exchange of goods and services for political support.

The Peruvian government still lacks the internal coordinating mechanisms to promote and support philanthropic activity in the country. One of the functions of APCI is to promote the coordination and articulation of public and private initiatives regarding international technical cooperation; however, in recent years, APCI efforts have been mainly focused on supervising NGOs.

Peru’s legal system recognizes the freedom of contracting and does not impose restrictions on receiving donations from foreign sources. However, in the case of non-reimbursable international cooperation donations, in 2015 APCI issued new directives to strengthen monitoring and control mechanisms to ensure the so-called correct and efficient use of grants. As mentioned before, in December 2016 there were amendments made to APCI regulations regarding this issue; prior to APCI, registrations are of indeterminate duration.

## V. Economic Environment

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

<b>Score: 2.8</b>
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The Constitution of Peru recognizes, among other rights, freedom of association, business, work, contracting, and the right to property. The section on Peru’s economic system recognizes as general principles the following: free private initiative within a social market economy; economic pluralism; free competition; small business promotion; and defense of consumers. These principles are more oriented to the business field than to the philanthropic sector.

As mentioned before, there is not a favorable general policy of incentives, such as benefits or tax exemptions, in favor of the philanthropic sector. For example, the income tax exemption is renewed by law for specific periods and social objectives of said exemption are still limited. The current economic context in Peru, particularly as a consequence of the COVID-19 pandemic, is difficult. Challenges are compounded, especially considering that the informal sector comprises 70 percent of Peru’s economy, which has resulted in significant loss of formal jobs, employment suspensions, and business closure. This health crisis that has led to a global crisis also affects the economic sustainability of nonprofit entities in Peru, especially for NGOs receiving international cooperation and, in general, nonprofit entities trying to generate economic resources for their organizational sustainability.

Corruption is a serious problem in Peru and it has spread to the public and private (such as contracting companies) sector, even though a significant number of legal measures have been approved to combat corruption. These include state policy approved by the National Agreement, the National Anti-Corruption Plan 2012–2016, and sectoral plans and amendments to the Penal Code that reinforced penalties for crimes against public administration. Through Supreme Decree No. 044-2018-PCM, the National Integrity and Fight Against Corruption Plan 2018-2021 was approved. To strengthen the specialized anti-corruption agencies, establish a clear policy for the active participation of civil society organizations is still needed.

## VI. Socio-Cultural Environment

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

<b>Score: 3.0</b>
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There is a long-standing tradition of philanthropy in Peru that started in colonial times under the influence of the Catholic Church. According to Béjar (1997), philanthropy was closely associated not only with religion, but also with the upper and oligarchic classes. Philanthropy in Peru has gone through several different stages—from small organizations created to serve urban populations during the 19th century to larger organizations founded at the beginning of the industrialization period to provide diversified human services. The boom of nonprofits occurred in the 1980s, in part due to the presence of international cooperation agencies in the region. Sanborn and Cueva (2014) explain that the economic crisis, political violence, and the government’s inability to address basic needs in the 1980’s allowed philanthropic organizations to assume greater responsibilities in meeting basic needs, such as food, health, housing, and security. According to the APCI electronic newsletter (November, 2021), there are 2,579 organizations registered with APCI: (i) 1576 NGOs; (ii) 168 ENIEX; and (ii) 835 nonprofit private institutions, receivers of assistance or educational donations from abroad (IPREDA).

Peruvians have a general knowledge of the existence of the philanthropic sector and participate in philanthropic activities. The results of the Imasen national survey about NGOs in Peru revealed that 52.8 percent of Peruvians know or have heard about NGOs. Likewise, 51.8 percent would be interested in participating in volunteering at an NGO. According to the Charities Aid Foundation (CAF) World Giving Index, Peru has the following rankings:

In the 2018 Index, Peru ranked 100 out of 146 countries (27% overall score). The country ranked lower in donating money (109th place) but higher in volunteering (65th place); and

(ii) In the June 2021 Index (global pandemic special report): Peru improved its ranking to 57 out of 114 countries (34% overall score), was still ranked lower in donating money (89th place), but was higher in volunteering (56th place).

The mechanisms created by the government to ensure accountability and transparency are among the most commonly perceived constraints for the operation and growth of the philanthropic sector. The aforementioned Imasen survey revealed that 45.9 percent of the surveyed population have a very good/good opinion of NGOs and 33.8 percent of respondents have a fair opinion (79.7% in total). Similarly, 57.9 percent consider that NGOs contribute to the development of low-income populations. The survey also reveals that 28.8 percent of respondents think that providing aid to those in need is the main positive aspect of NGOs; however, 47.9 percent believe that corruption is the main negative aspect.

The Peruvian Constitution recognizes equal rights, and prohibits discrimination based on origin, race, sex, religion, and economic status; therefore, there are no legal or practical limitations for women to participate in philanthropic organizations. There are important organizations involved in advocacy on gender issues (such as reproductive sexual health, violence against women, or civic unions), as well as organizations that seek to support and to empower women. In Peru, the reduction of the

population living in poverty has not led to the reduction of inequality, especially in the rural sector. This is why it is so important to have an organized civil society to support the philanthropic sector, as 70% of CSOs that work on public agenda issues are devoted to the development of the rural sector.

Additionally, in certain schools there are programs to sensitize teenagers to volunteer activities and social support. In relation to academic centers, the Universidad del Pacífico's (UP) research center has developed research on the philanthropic sector. Likewise, the National Association of Research, Social Promotion and Development Centers (ANC), which has member NGOs, carries out an important advocacy role regarding this sector, such support for NGOs (including legal issues), as well as research, events, and roundtables featuring topics of public interest.

## 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

In general, given the flexibility to form associations in Peru (but not to form foundations), the philanthropic sector is very heterogeneous and evenly dispersed. Peruvians can establish business foundations, mothers' clubs, NGOs, and charitable associations, among others. Within the philanthropic sector, the non-governmental development organizations play an important role and still maintain a presence among issues related to social inclusion, human rights, democracy, and anti-corruption initiatives. These organizations are also connected to rural development, citizenship, gender issues, and environmental goals, which are, in turn, associated with the defense of indigenous and rural populations from large-scale mining and/or environmental pollution.

NGOs have problems finding financial sustainability, as their funding is often tied to specific and time-bound projects. Because NGOs are continuously facing self-financing challenges while also redefining their role in society, several NGOs have reduced their activities, and some have even shut down. This situation has worsened as a result of the COVID-19 pandemic that began in March 2020 and continues in Peru, causing serious impacts on the economy and society. The COVID-19 pandemic caused the need for urgent responses by NGOs and other nonprofit entities to social issues, while facing the challenges of their financial sustainability. Since the culture of donating money to philanthropic organizations is not strong in Peru, philanthropic organizations cannot count on private donations as a driving force for sustainability.

Adding to this problem, indigenous communities and rural populations have lately taken direct action in cases related to large-scale mining, without the intermediation of NGOs. Social mining funds have been created as associations involving communities and/or representatives of mining companies, but the low level of professionalization of community representatives have created difficulties in the management of these associations. Important umbrella organizations still remain, such as the ANC ([www.anc.org.pe](http://www.anc.org.pe)), which played an important role in the legal debate concerning APCI's oversight of POs in 2006 and 2007, as well as in the changes made to the APCI guidelines in 2015 around registration renewals. ANC also does important work by training and supporting its members.



Similarly, the Coordinadora de Entidades Extranjeras de Cooperación Internacional (COEEC) has also had an important role in the development of the philanthropic sector in Peru.

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

1. COVID-19: The COVID-19 pandemic has affected the economic sustainability of nonprofit organizations, both national and foreign. POs have been affected in their operations, ability to generate new resources, impacts from staff reductions, and have dealt with organizational issues derived from remote work. At the same time, they have faced new challenges in the development and care of urgent and immediate activities of social support, food distribution, health, and other derived problems such as gender violence, support for children, the elderly and other people in need.
2. Civic participation and massive protests regarding political events, such as the November 2020 presidential vacancy: massive protests in different cities of Peru by citizens, specifically young people, took place against the political situation derived from the vacancy of President Martin Vizcarra in 2020. This situation caused serious concern and pronouncements among national and international human rights organizations, specifically regarding the exercise of the peaceful right to protest versus the excessive use of force by the police authorities. These efforts included Coordinadora Nacional de Derechos Humanos, Instituto de Defensa Legal (IDL), the United Nations, and the Ombudsman of Peru. As a result, President Manuel Merino resigned and according to the constitutional mechanism of presidential succession, Francisco Sagasti was elected interim president by the Peruvian Congress in November 2020 until the completion of the presidential term. In July 2021, a new president, Pedro Castillo, took office for a five year period.
3. New spaces for participation in public policies: Through Supreme Decree No. 168-2020-PCM (published on October 11, 2020) modified the regulation regarding national policies. It was considered that, in the process of formulating a national policy, the competent ministries should establish coordination mechanisms that include regional and local governments and civil society, depending on the nature of each policy. Therefore, it has been established that for the formulation of national policies, the competent ministries should establish coordination mechanisms (it does not expressly say participation) "(..) with regional governments, local governments, other entities and civil society, as required or corresponds to the nature of each policy."

Future development trends in the philanthropic landscape

- Redefinition of the NGO sector's role, especially considering not only the financing crisis coming from international cooperation, but also the global economic crisis as a consequence of the COVID-19 pandemic. At the same time, the challenges of NGOs are to continue to cover new cause areas, adapt to the urgent needs of attention derived from COVID-19 (health, education, gender violence, social assistance), and address other issues such as fight against corruption (Peru ranks 94 of 179 in the Transparency International's 2020 Corruption Perceptions Index), climate change, land management, and environment at the same time.
- Social movements or community organizations focusing on social causes, mainly regarding socio environmental conflicts linked to mining companies. For example, as of October 2021, there are 198 social (65.2% socio-environmental) conflicts, according to the Report of Social Conflicts of the Ombudsman of Peru (Defensoría del Pueblo, 2021). Indigenous and rural communities are

demanding institutional and direct presence without having to rely on intermediary organizations, such as NGOs, especially in cases of mining projects in the country.

- Spontaneous movements of direct participation in civil society, in which social networks have played an important role. An example of this is the November 2020 civic protest that originated in response to the presidential vacancy.
- Hybrid organizations: Under Law No. 31072 (published November 24, 2020), the legal format of Benefit and Collective Interest Companies (BIC company) was created. Although BIC companies are legal figures in the corporate sector, they have a special legal regime of a hybrid nature, in which a new corporate legal type is created. BIC organizations integrate economic activity with the purpose of social and environmental benefit. The board of directors or the legal representative of the BIC company must introduce practices of organizational transparency. BIC companies do not enjoy a regime of tax exemptions or special benefits.

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

- The recommendations of the 2018 Peru Country Report still apply (Indiana University Lilly Family School of Philanthropy, 2018) :
- “Specialization and training to staff working in the nonprofit or philanthropic sector. There is lack of knowledge and experience concerning the application of legal, institutional, and tax frameworks as they relate to the management of philanthropic organizations. This lack increases financial and management issues and produces unnecessary costs. This not only affects the capacity of the public entities involved, such as the Public Registries and tax officials, but also the capacity and skills of the personnel involved in the operation of philanthropic organizations such as accountants, lawyers, managers/directors, and general administrative staff. At the same time, the lack of financial resources in several of these entities prevents them from hiring specialized personnel or accessing specialized consultations. Alternatives to this dilemma include strengthening umbrella organizations and the alliances between these organizations and public entities to build capacity.
- Flexibility in the interpretation of the SUNAT for tax-exemption. Although an ideal scenario would be to expand the objectives of nonprofit organizations that can qualify for income tax exemption, this would imply a legal reform, which does not appear to be in the government's agenda in the short/medium term. Therefore, a more viable alternative would be to engage umbrella organizations—for example ANC and COEECI—in discussions with the Tax Administration (SUNAT) to get to a broader conceptualization of "charity" or "social assistance" that goes beyond the idea of social welfare. The current conceptualization has led the government to grant income tax exemption only to organizations offering free services to populations in need. Philanthropy and charity should also include the promotion of entrepreneurial activities and access to resources. There must be a general understanding that the concept of "nonprofit" does not imply "income loss," and that nonprofits need access to resources from a diversity of funding sources, not just donations. The concept of nonprofit, therefore, must be connected to the idea of "reinvesting" incomes to accomplish social purposes, and not only to the idea of providing free access to benefits, as currently interpreted by SUNAT.
- Legal and social recognition and greater opportunities for citizen participation through CSOs, in the form of participatory budgets, concerted proposals, and the fight against corruption and public policies. At the same time, it is important to strengthen the interactions and collaborations between the government and CSOs. For example, in the field of international technical cooperation, round tables and events have been held between NGOs (represented by the ANC)

and APCI that need to be maintained and strengthened. Likewise, these experiences can be replicated regarding other public entities, for example the SUNAT, to provide recommendations on tax exemption.

- New accountability and corruption control mechanisms demand that philanthropic organizations, especially from the NGO sector, are capable of demonstrating transparency and increasing visibility. It is important to recognize that NGOs are making efforts to demonstrate greater transparency; for example, providing access to information through their websites regarding public events, general background, and public pronouncements.”
- New challenges have arisen for the nonprofit sector as a consequence of the COVID-19 pandemic, specifically: (i) innovation and redefinition of objectives to support and attend to basic social needs; (ii) administrative reorganization as a consequence of remote work; and (iii) exploring funding alternatives to generate resources for financial support.

### 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

- Social support in the health, education, and low-income population sectors in urban and rural areas;
- Support for specific groups such as children, "comedores populares" or communal kitchens run by women's voluntary groups, the elderly, and other vulnerable groups;
- Gender and family violence in general; and
- Protection of indigenous peoples' rights.

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

The new challenges stemming from the pandemic are linked to basic and urgent needs of the population in terms of health, education, and social services, especially for vulnerable groups. These needs require the innovation of the philanthropic sector in terms of its organization. At the same time, POs must address the challenges of their own internal organization as a consequence of remote work, maintenance of personnel, and generation of new financial resources that guarantee economic sustainability.

Impact of COVID-19 on the philanthropic environment

The impact of COVID-19 led to the redefinition of social objectives of the philanthropic sector to attend urgent needs. Additionally, the financial instability caused by the global crisis, especially in the area of international technical cooperation (NGOs that depends on information technology) challenges the operation of many NGOs. Internal organization and management of employees and volunteers became also challenging for POs due to remote work environment. In Peru there has not been any specific policy of innovation in this regard. At the end of the year 2020, the income tax exemption was extended only for three years, but the social objectives of associations or foundations exempted have not been expanded.

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

The same impacts mentioned before in previous sections apply to this section: (i) innovation in the attention of social needs; (ii) restructuring of POs' organization and reduction of personnel; and (iii) economic sustainability.

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