Brazil's Endowment Funds Law: Building a Strong Legal Framework for Sustainable Giving

TIER 2

Catalyser

Why this case matters

Brazil shows how governments can enable long-term, sustainable philanthropy by creating a legal framework for endowment funds. The 2019 law introduced governance, transparency and legal certainty, helping build donor confidence and unlock long-term financing for public-interest causes.

Brazil's story of change

After nearly a decade of advocacy by a coalition of social sector organisations, Brazil passed Law 13,800/2019 in January 2019, establishing its first legal framework for philanthropic endowment funds. The law introduced rules on governance, transparency and fund management, helping ensure that endowment resources are used responsibly and that public trust is built. While not all funds fall under the law, it applies to public-interest causes and provides additional incentives for cultural institutions.

Relevant EE Guide recommendations

This case illustrates the following recommendation in practice:

- **Rec. 6:** Encourage long-term philanthropic vehicle

Policy lever

Legal recognition of endowment funds as formal financial vehicles supported by governance and transparency requirements, along with selective tax incentives.

Country snapshot: Brazil

Country overview	▶ Upper-middle-income country with a complex civic and philanthropic ecosystem, combining elements of openness with significant regulatory and trust-related constraints ▶ Global Philanthropy Environment Index (GPEI) Score (2025): 3.38/5 ▶ The enabling environment for philanthropy is evolving but remains constrained relative to the country's economic scale and social needs ▶ Philanthropy is active but continues to face regulatory and institutional challenges ▶ There is a general lack of public trust in non-governmental organisations (NGOs) and the government ▶ Since 2023, the federal government has demonstrated more openness to dialogue; however, recent tax reforms have raised concerns about potential impacts on the social sector
Intervention type	▶ Multi-stakeholder advocacy coalition that pushed for legal reform
Outcome type	▶ Introduction of a regulatory framework through a coalition of over 60 actors from the social sector, the private sector and the national government ▶ Establishment of legal rules for the creation, management and use of endowment funds in Brazil
Key challenges/ barriers prior to the intervention	▶ Absence of a legal framework limited the ability to regulate and support long-term philanthropic capital ▶ Lack of clear rules and accountability mechanisms weakened donor confidence and constrained the mobilisation of private capital for public-interest purposes

Introduction: the background

Before 2019, Brazil lacked clear legal structures and regulatory oversight for philanthropic endowment funds. This limited their development, with only a small number established.

Without a defined framework, high-net-worth individuals and families were reluctant to establish endowments, fearing funds could be misused, which led to a lack of confidence in the sector. Limited transparency around how funds were managed also contributed to broader public distrust in philanthropy.

Intervention: the what

Law 13,800/2019 establishes Brazil's legal framework for philanthropic endowment funds, setting out how they can be created, managed and used to support public-interest activities.

Key aspects of the law include:

- **Eligible purposes:** Endowment funds can support a wide range of public-interest areas, including education, research, health, social assistance, culture, human rights, environmental protection and scientific innovation.
- **Who can establish funds:** Funds may be established by non-profits, public institutions or foundations, with contributions from individuals, companies, legacies or public resources.
- **Preservation of capital:** The principal must be preserved in perpetuity, with only investment income used to finance activities. This supports long-term sustainability and financial independence.
- **Governance and accountability:** Funds must be managed by a board of trustees or administrators responsible for investment decisions, spending policies and compliance. Trustees are required to report regularly on fund performance, income distribution and compliance to maintain transparency.
- **Formalised donor arrangements:** The law recognises donor agreements and allows contributions to be formally incorporated as part of the endowment fund.
- **Donor conditions:** Contributions may include donor-specified conditions or restrictions, provided they comply with public-interest objectives.
- **Investment rules:** The law sets parameters for investment, typically requiring a balance between security, liquidity and profitability that supports the fund's long-term sustainability.
- **Link to tax incentives:** While the law primarily focuses on governance, endowment funds may also benefit from existing tax incentives under Brazilian law, supporting philanthropic giving.

Implementation: the how

The 2018 National Museum fire in Rio de Janeiro was a catalytic moment.[1] The catastrophic loss highlighted the vulnerability of public institutions and captured massive public attention, creating political momentum for reform. This moment accelerated the adoption of proposals that the social sector had already spent years advocating for. Instead of starting from scratch, the government fast-tracked a provisional measure based on technical models already prepared by a coalition of over 60 actors from civil society, the private sector and the government.

A broad coalition of civil society, government and institutional actors played a central role in shaping, advancing and formalising the Endowment Funds Law.

1 On 2 September 2018, a fire destroyed most of the 200-year-old National Museum in Rio de Janeiro and its 20 million artefacts, with officials blaming chronic underfunding. That catastrophe strengthened political support for the endowment fund law.

Category	Actor	Role
Lead institutional actor	Institute for the Development of Social Investment (IDIS)	▸ Led the effort as both convener and technical advocate. Their work began nearly a decade before the law passed ▸ In 2012, published Endowment Funds, Creation and Management in Brazil with support from the Vale Foundation and the Ford Foundation, introducing the concept of endowment funds and explaining how these funds could provide long-term sustainability for public-interest institutions ▸ Developed technical models and draft legal proposals in collaboration with government stakeholders ▸ Engaged with government actors, including the Executive and the National Congress, providing expert input during the drafting and review of Provisional Measure (MP) 851 and Law 13,800/2019
Federal government actors	President and Ministers of Finance, Culture, Education and Minister of Science, Technology, Innovation and Communication; The National Congress	▸ Initiated reform through MP 851 in September 2018 ▸ Ministries collaborated with the coalition, contributing to consultations and incorporating technical recommendations ▸ Converted MP 851/2018 into Law 13,800/2019, with legislative leadership from Deputada Bruna Furlan
	President	▸ Enacted the law on 4 January 2019, formally establishing the legal framework for endowment funds ▸ Vetoed certain provisions due to concerns around conflicts of interest and fiscal implications, including: ▸ rules equating university-supporting foundations with fund managers ▸ provisions allowing existing associations to reclassify as endowments ▸ tax benefit clauses for endowment funds and management entities
Philanthropic and ecosystem support actors	Vale Foundation, Ford Foundation, GIFE, and other Brazilian and international foundations	▸ Funded IDIS's foundational research, supported convening and study groups, and joined the Brazilian Endowment Coalition
Other actors	President and Ministers of Finance, Culture, Education and Minister of Science, Technology, Innovation and Communication The National Congress	▸ Over 60 organisations, including foundations, non-profits and legal experts, joined the Coalition established by IDIS ▸ Media, legal specialists and the public contributed to momentum, particularly following the National Museum fire ▸ Cultural and educational institutions acted as both beneficiaries and advocates for long-term funding solutions

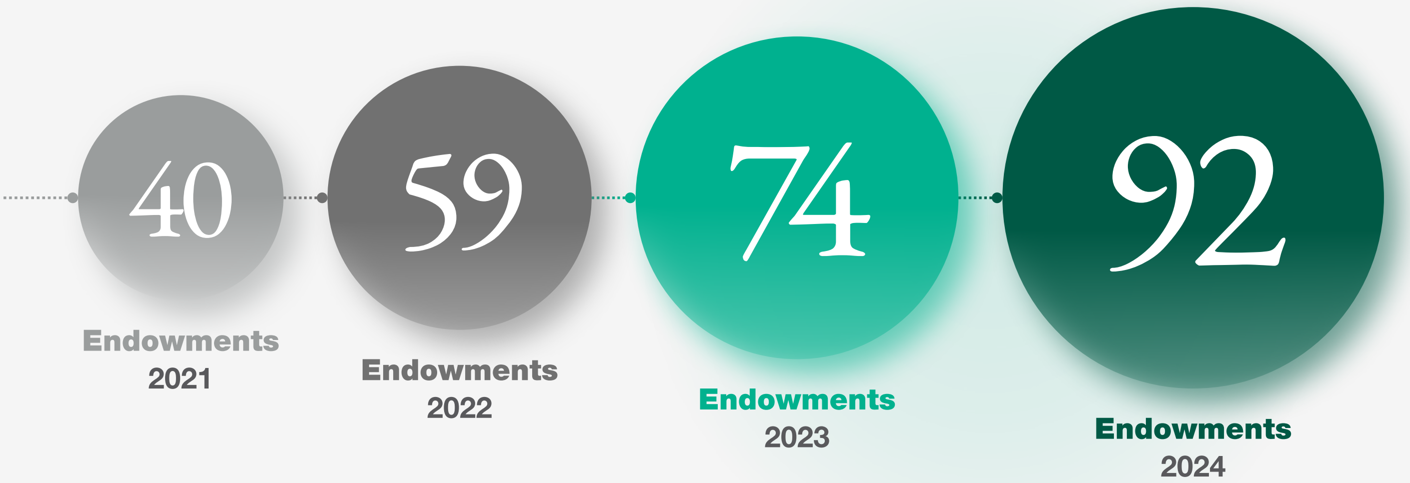
Drivers of change

Several factors helped build momentum for reform:

- Growing need for long-term funding: There was an increasing recognition of the need for sustainable financing mechanisms to support culture, science, education and social programmes.
- Learning from international models: Comparative examples highlighted how endowments could strengthen institutions and generate lasting social impact.
- Social sector advocacy: Within Brazil, the social sector pushed for modernised philanthropic infrastructure and increased financial stability for public-interest institutions.
- Coalition-building and knowledge sharing: IDIS played a central role in convening study groups, workshops and dialogues, helping build a shared understanding of challenges and potential solutions.

Outcomes and early signals of impact

Growth of endowment funds in Brazil
(Source: 2024 Endowment Performance yearbook)



Early evidence suggests that the introduction of Law 13,800/2019 has strengthened Brazil's philanthropic ecosystem in several ways:

- **Created first formal framework for philanthropic endowments:** The law defined endowment funds, clarified who can establish and benefit from them, and introduced rules on governance, transparency and fiduciary management. The norm also provided a clear pathway for philanthropists, institutions and the broader social sector to create and manage long-term funds for public-interest purposes.
- **Growth in endowment funds:** The number of **endowment funds increased from around 40 in 2021 to 92 in 2024**, with total assets estimated at approximately **USD 25 billion**. Data from the Brazilian Endowments Outlook (2022) showed that 23% of active funds had been created after the law's enactment, indicating early uptake. The Endowment Fund Monitor demonstrates that this number continues to grow.
- **Increased fundraising and allocation:** Fundraising has expanded significantly, with **BRL 770 million** (**~ USD 140 million**) **raised in recent years** and **BRL 2.6 billion** (**~ USD 473 million**) **allocated** to public-interest causes.
- **Greater visibility and strategic use:** Endowments are increasingly recognised as a strategic financing tool. In the 2020 GIFE Census, they accounted for around **26% of the budgets** of the surveyed philanthropic institutions.
- **Structural ecosystem development:** The law enabled universities, museums and civil society organisations to access long-term financing tools for the first time. It also contributed to the development of a supporting ecosystem, including legal, financial and investment services.

Caveats for policymakers

While the law has increased awareness and use of endowments, the broader environment remains only partially enabling. Stakeholders highlight several ongoing challenges:

- **Complex and fragmented taxation:** Financial and social sector professionals have highlighted complex taxation and variations in state donation taxes – including Imposto sobre Transmissão Causa Mortis e Doação (ITCMD), a tax payable upon receiving a donation – as barriers to larger philanthropic flows. Despite the success in passing the Endowment Funds Law, it did not create incentives for individuals or corporations to contribute to domestic endowments serving broader public-interest causes. It also did not remove existing barriers to international giving. As a result, some Brazilian families continue to use offshore structures, creating legal uncertainty and potential disputes with tax authorities.
- **Limited tax incentives:** Law 13,800/2019 did not include robust federal tax breaks for endowments. Several tax-related provisions were vetoed at the time of enactment, including benefits for organisations managing or donating to funds. Without a compelling tax offer, governments risk limiting participation to a narrow base of large, institutionally sophisticated donors.
- **Low legal adoption undermines impact:** As highlighted in the IDIS 2024 Endowment Fund Performance Yearbook, only around 20 of 92 respondents reported operating under the law, suggesting gaps in incentives and regulatory clarity.
- **Limited donor awareness:** Donor awareness remains limited, especially when compared to countries with mature philanthropic incentives (e.g., US, UK, Canada).

- **Structural inequities:** Many funds still face challenges in fundraising, particularly smaller organisations. Funds are geographically concentrated in the Southeast (over 80% in São Paulo and Rio de Janeiro) and investment committees lack diversity, with only 10% of members identifying as Black, mixed-race or Indigenous.

- **Balancing growth and resource deployment:** While endowments can provide long-term sustainability and institutional resilience, policymakers and philanthropic actors should also consider debates around capital accumulation, payout expectations and the balance between preserving assets in perpetuity versus deploying resources to respond to urgent societal challenges.

Recent regulatory developments

In response to these challenges, several regulatory developments are underway:

- **Tax exemptions:** In 2025, Brazil passed Complementary Law 214/2025, introducing tax exemptions for philanthropic endowment funds: Imposto sobre Bens e Serviços (Tax on Goods and Services) and Contribuição sobre Bens e Serviços (Contribution on Goods and Services). This is widely seen by the social sector as a major milestone in strengthening the culture of donation and long-term giving, as it reduces the tax burden on funds and increases incentives to contribute.

- **Further regulatory improvements:** Another ongoing reform is a key legislative proposal moving through Congress (PL 2440/23), which aims to establish a clearer and more favourable federal tax regime for endowment funds. The proposal includes provisions to clarify donor deductions, align rules with income tax limits and strengthen legal certainty around activities such as equity investments and cross-border applications. If adopted, it could address some of the most persistent fiscal barriers to philanthropic growth.

Lessons for policymakers

Brazil's experience shows that legal frameworks are necessary but not sufficient to enable philanthropy. Progress depends on the combination of policy design, civil society leadership, institutional capacity and public trust.

Key lessons include:

- **Civil society can propose, but governments must lead:** For years, IDIS developed technical guidance, built coalitions and raised awareness on endowment funds. Yet without government action, scale remained out of reach. The lesson is clear: civil society can propose and pilot solutions, but only government leadership can deliver the regulatory certainty required for national impact.

- **Prepare for windows of opportunity:** The 2018 National Museum fire, which destroyed millions of cultural artefacts, created the political momentum that led to legislative action. However, that momentum could only be acted on because the technical groundwork had already been laid. Governments benefit from investing in policy development in advance, so they are ready to act when opportunities arise.

- **Use legal and regulatory clarity to build donor confidence:** Before the law, universities, museums and research centres lacked a clear endowment framework. This created hesitation among donors and institutions due to uncertainty over governance and fiduciary responsibility. Clear, enforceable rules help build trust, reduce risk and enable the mobilisation of long-term philanthropic capital.

- **Work with coalitions to strengthen policy design:** Multi-stakeholder coalitions can enhance both the credibility and technical quality of reforms. Governments can achieve more effective policy outcomes when working in partnership with expert stakeholders who help design feasible, evidence-informed solutions.
- **Take a whole-of-system approach:** Countries should pair legal recognition with clear, consistent tax incentives, avoid fragmented regulatory regimes, and invest in donor awareness.
- **Address mistrust early on:** Strengthen transparency, governance and inclusive, proportionate oversight to build trust and broaden participation in philanthropy.
- **Navigating the tensions between preservation and deployment:** While endowments can provide long-term sustainability and institutional resilience, policymakers and philanthropic actors should also consider debates around capital accumulation, payout expectations and the balance between preserving assets in perpetuity versus deploying resources to respond to urgent societal challenges.

Final reflections

Brazil's experience shows that legal frameworks are most effective when combined with tax incentives, strong governance, donor awareness and a supportive philanthropic ecosystem, rather than being introduced in isolation.

More broadly, mobilising private wealth for public good requires more than a single piece of legislation. It depends on regulatory coherence, strong institutions and an enabling environment that supports collaboration between government and philanthropic actors.

Clear policy signals can give private actors the confidence to commit capital to long-term public-interest causes.

Annex

Timeline of events

Year	Event
Pre-reform	
Early 2010's	▸ Social sector and philanthropy actors identified the absence of a legal and institutional framework for endowment funds
2012	▸ IDIS published the first book in Brazil on endowment funds, explaining their purpose and potential ▸ A multi-stakeholder group was convened to develop and discuss a draft bill based on international models
Reform period	
Between 2012 and 2018	▸ A coalition of over 60 organisations was formed ▸ The coalition developed guidance materials and a draft law, engaged in dialogue with government stakeholders, and promoted endowments as tools for public-interest purposes
Turning point	
2018	▸ In September, a fire at the National Museum in Rio de Janeiro drew widespread public and political attention ▸ The Federal Government introduced Provisional Measure 851, creating a temporary legal framework for endowment funds ▸ Drawing on coalition work, the government was able to fast-track the measure
Passing of Law 13,800/2019	
2019	▸ On 4 January 2019, Law 13,800/2019 was enacted, establishing the legal framework for endowment funds

Post-2019 law enactment

2019-2026	▶ Visibility of endowments increased, with more organisations establishing endowment funds ▶ Following the law's enactment, 43 active funds in Brazil were created, bringing the total to 92 active funds with endowment assets estimated at BRL 139 billion (~USD 26–27 billion) ▶ The Endowment Fund Monitor, a continuously updated database and initiative of IDIS and the Coalition for Philanthropic Funds, continues to expand, with 128 active funds as of April 2026
Ongoing developments	▶ Increased donor confidence and larger commitments ▶ Continued challenges, including lack of tax standardisation across states, legal uncertainty and concentration of funds in major cities ▶ Ongoing reforms aimed at addressing fiscal and regulatory barriers

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