

Mexico Philanthropy Sector

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20 Years ago Box (1985)

The philanthropic sector in Mexico exists from long time ago. The oldest philanthropic institution still is the Lottery System, created in 1770 as the Real Lottery of New Spain. Since those times, many organizations were founded, like the Nacional Monte de Piedad (a National Pawn House that gives part of the earnings to poor people) and some of the State Councils for Charity Organizations (controlled by the Government).

Fifty years ago the Mexican Political System did not show the capacity to include all the society in an efficient and productive way. In the presence of this, the civil society impelled by the Catholic Church created community organizations to facilitate responsible community participation. As a response to this, the cooperatives or coops were born with the idea to generate mutual support amidst persons that share a common need. The coops focused on savings, production and credit are the more numerous, and actually, they attend more than 20 million Mexicans.

After the earth quake of Mexico City in 1985 the great solidarity of the Mexicans came afloat and the number of NGOs rapidly increased like the “Fondo de Apoyo Mutuo” (Mutual Support Fund) and other organizations that fought for political rights that bear in 2000 the real democratization of the country.

The Mexican Government recognized the momentarily need for more NGOs although the process of being chartered as a non-profit organization was long and tedious. In any case, the number and types of NGOs was not sufficient to attend the needs of the Mexicans specifically outside of Mexico City. The number of support organizations was almost inexistent. The few donors or granting organizations were focused on attending the effects of poverty but not the underlying causes. The NGOs were poorly resourced, understaffed and with a welfare approach. Transparency and accountability were not something important. The issue was how to increase the numbers of NGOs and organize the philanthropic sector. That was the reason for the Mexican Center for Philanthropy (CEMEFI) creation in 1988. The apparition of the Zapatistas in Chiapas in 1994 created another sprouting of NGOs. The National Government fearing that this lead to a loss of control campaigned to have power over the NGOs through the creation and modification of local and national laws. In 1994, five NGO networks lobbying the government were able to get in 2004 the promulgation of the National Law for the Promotion for the Activities of Civil Society Organizations formally recognizing the Civil Society Sector and its capacity to influence public policies.

Introduction

Since the colonial times the Mexican philanthropy sector fundamentally laid in a Christian conception of charity which drift in a poor community participation of now days. This was due to a government belief that the participation of the society would create problems and challenges to the colonial and autocratic systems.

The world reality and the neoliberal economic systems of today propose to take away many of the government welfare and social development responsibilities. Therefore is indispensable

that the Civil Society Sector takes a more active role in the care of the community and national destiny.

In order to get this we need a Philanthropy and Civil Society Sectors that in 2025 becomes:

Mexico Philanthropic Sector in 2025:

The Philanthropy in Mexico has come along way in the last 20 years. Once, an activity that was mainly done by the wealthiest people in Mexico through direct giving, the creation of some scare foundations and private corporate giving programs focused on alleviating the most acute needs of the community- food, health, shelter, education - it is now a network of well organized private foundations, corporate foundations, government granting programs, home town associations, religious organizations, cooperative unions, micro-lending banks and primarily community foundations in all the states of Mexico that has the mechanisms in place to facilitate the participation of all members of the community in the development and support of their own community.

Not only now more people can support national causes through the depositing of some money in the bank account but also they can support their own local organizations in the smallest towns. This is not a little advancement if we count in consideration that 20 years ago many States in Mexico where the government control was enormous had zero registered Civil Society Organizations and.

Twenty-five years ago, (2000) Mexico became a true national democracy¹ but for the next eight years, the local politicians maintain a strong grip on local issues not allowing the philanthropy initiatives to flourish. Now days not only philanthropy is a reality in almost all communities but has crossed borders like in the case of the human rights organizations that are securing advancements for the indigenous and emigrants in Mexico and the Unites States of America.

Mexico has received enormous amounts of remittances during the last 20 years. This remittances flow is now the driver for the creation of more organized international-local philanthropy. These funds are truly affecting not only the Mexican communities that receive the resources to build schools, medical clinics, roads and other infrastructure needs that the municipal government cannot afford, but also the American communities were immigrants live by creating funds within their Community Foundations oriented to support their own needs. That way many Community Foundations in Mexico and United States are “Sister Community Foundations”, for examples; the New York Community Trust and The Puebla Community Foundation, or the Triangle Community Foundation in North Carolina and the Bajio Community Foundation in the State of Guanajuato.

The relation between American and Mexican philanthropists started about 40 years ago, is now stronger and more participatory. The Border Philanthropy Initiative initiated by the Synergos Institute in 2002, with funds from Mott, Ford, Hewlett and other American foundations and the Gonzalo Río Arronte Foundation in Mexico has grown to a strong network of Community Foundations along the border of United States and Mexico that creates inter-country solutions.

¹ In 2000, for the first time in over 70 years, the PRI party lost the Presidency elections to the PAN party. However, this national level change was not reflected at the state level where the PRI party still holds an enormous control principally in the poorest Mexican states.

Due in part to the exemplary commitment in the late 90's of the Chihuahua State business leaders that created the "Fundacion del Empresario Chihuahuense, A.C." (FECHAC) many Multinational Corporations (MNCs) are applying the same CSR values and principles those apply in their home countries. MNCs and local companies are promoting their workforce inclusion in the solution of acute community problems, many of them in their own community. The concept of philanthropy is now rooted in the soul of the companies affecting not only the top managers but also all the workers and every person that participates in the creation of wealth. The concept of charity has truly evolved to "love for human kind".

The government is now an equal player with other founders. This has happened by changing its paternal-control and suspicion of fraud approach to a partner in solving problems. Much of this has occurred because it understands that the changes- done by the community, for the community, and with the community - are much more efficient, less expensive, and sustainable in the long term. The government now understands and promotes citizen participation, and the one time unsolvable problems like delinquency, drug addiction, and poverty are diminishing. The amount of public money channeled thru Civil Society Organizations has grown 10 fold.

All this has happened not only because the amount of philanthropy players and their donations have increased but also the quality of their giving. Many of them do not seem themselves as simple DONORS or grantors but much more as Social Investors expecting a social return on long-term investments, which has lead to a more accountable, professional and creative Civil Society Sector and longer time support for changing process and building social capacity. One example is the increasing number of Centers for Civil Society Organizations (CCSO) ² from one in 2005 to 25 now days. Social Investors and CSO that believe in a strong and vibrant Civil Society Sector in order to affect and in some cases change, the public policies for the long-term benefit of the community, support the CCSO. One effect of this burgeoning of CCSO is the more self-regulatory approach fostered by the philanthropy sector. Likewise, the society has more trust on the Civil Society Sector since it has become more accountable and responsive to the social long-term needs. Just to cite an example in 2005³, 79% of the public preferred to give money to a needy person and only 13% to a Civil Society Organization while now in 2025 is the opposite. The Society sees the Civil Society Sector as one that delivers results and achieves structural and social justice changes.

Mexico's Philanthropy Sector today (2005) Box

Strengths

- Numbers of Philanthropy Organizations (PO) and CSO are increasing with an active base of members.
- PO have difficulty in co-operating amongst themselves,
- CSO have created strong networks and alliances on specific purposes.
- CSO are consistent with the values they promote and those they practice.
- The strongest dimension of CSO is that of impact, with greater identification of social needs.

² The CCSO are the equivalent to what in the United States are the Non-Profit Centers. These centers provide statewide support to non-profit organizations in order to strength capacity building, attract volunteers, and advocate for NOPs.

³ **Michael Layton & Alejandro Moreno**, (2005) "Donar o no donar: reflexiones a partir de la Encuesta Nacional de Filantropía y Sociedad Civil", Proyecto Sobre Filantropía y Sociedad Civil, ITAM,

- New mechanisms to grant money have emerged, like the “rounding up” that many supermarket chains and convenient stores have developed in the last years. This enables supermarket customers to round their bill up to the next peso; the collected money goes to the supermarket’s designated CSO. Other case is to grant small amounts of money, one to five pesos, at the ATM.

Weaknesses

- The distribution of CSO and PO is not proportionate throughout the country in accordance with social, environmental and economic needs.
- Concentration of CSO and PO in three main cities and in some south-eastern states.
- There is need for improved distribution of CSO actions as well as the integration of programs on a regional level.
- CSO, Community Foundations and other PO have difficulty in attaining sustainability.
- Philanthropic “culture” in Mexico is only beginning.
- Voluntarism and voluntary service is not clearly defined or understood.
- Cultural and legal aspects have stopped the development of PO, CSO and their actions.
- Space is the dimension considered the weakest by the stakeholders. In Mexico, the spaces for participation by civil society have been defined more by the needs of the population than by the legal recognition of their necessary participation.
- The impact of CSO and PO on the public policy process is weak since participation channels are weak and insufficient. Although the Federal Government has created new rules to allow the participation of Civil Society Organizations in the creation of public policies and laws, due to the strong participation of three networks: CEMEFI, Convergencia de Organizaciones Civiles, Foro de Apoyo Mutuo, the Miguel Aleman Foundation and the Iberoamericana University.
- CSO do not always reflect internal democracy and strict public accountability.

Adapted from Jacqueline Butcher; (2002) “A new perspective of voluntarism and citizen participation in Mexico: Recreating civil society/government relationships”, Fifth International Conference of the International Society for Third Sector Research, July7-10, 2002, Cape Town, South Africa.

Barriers to achieve the desired scenario:

A change of culture from inside the Philanthropy Sector

Philanthropy standards in Mexico are inexistent. Although the government has created some rules, the Civil Society Sector is reluctant to increase self-regulation and disclosure of statistics. It is a belief among the CSO that the government would use the information against the organizations. However, the organizations need to increase the level of trust by the society and the way to do that is to show what they do with the community resources they received.

The Civil Society Sector needs to forget the inside fights, instead the different branches or currents will need to focus in how to strength the sector in order to increase the flow of contributions, volunteers, trust and community good will. The different currents will need to come with an advocacy and lobbying strategy for the creation of more beneficial laws for philanthropy and community involvement.

“What needs to be created in Mexico is a new sense of respect for difference and diversity. The concept of civil society goes beyond CSO concerned about alleviation of poverty. It reaches out into all lifestyles and in the respect of the individual and the right of free association. To acquire in a more ample sense a healthy relationship between citizens and the Mexican government, the concerns must go beyond the alleviation of needs, towards a commitment in building the foundations of citizenship and equality, to then ensure responsible participation that eventually becomes the foundation of a functional democracy”⁴. Therefore, the Civil Society Sector will need to invest in a new relation with the government directed to designing and proposing mechanisms to communicate and value the work of the Civil Society Sector as a promoter of development, and foster the activities and coordination among the private, government and CS sectors.

The approach of centralized-national level activism that many organizations promoted in the last 20 years has not worked. That is why Mexico does not have strong local organizations. The bottom up approach that Fulton, Blau and Kasper propose in their article “Cultivating change in philanthropy” featured on page # also applies to the Mexican context. That is why of all the community foundations in the country none exists in Mexico City. The sense of community is rooted easily in small communities than in large metropolitan areas thus the change will need to come from local to national.

The need for more professionals in the field:

Although the number of philanthropy programs in Mexico has grown in the last couple of years thru the impulse of the Corporate Social Responsibility programs, the impact evaluation and results of their granting is not clear. Many corporations have created CSR programs in order to acquire more community good will than to act responsibly to the long-term needs of their communities where they produce, distribute, and sell their products. This has lead to the hiring of Marketing or Public Relations professionals than philanthropy officers. Thus having a narrower and short-term vision than what is possible to achieve.

The true is also that few philanthropy professionals exist in Mexico and the need to train more practitioners subsists. Some courses have been established in some universities however, they are not enough and should be a part of many bachelor and graduate degrees educational centers provide around Mexico. The professionalism of the sector is necessary in order to gain increased results and contribute to the new approach of accountability and social investment.

The wealthy individuals and new philanthropists should be prepared to change their approach from simple donors to social investors.

The fostering of new leaders is also a key factor that needs to be attained.

The NGOs leaders that surge after the events of 68”, 85”, and 94” are in their late forties and sixties and not many young philanthropists are emerging. The Mexican philanthropy sector needs to provide spaces for the emerging leaders and to foster and support their careers. Foundations and individual philanthropists should create the mechanisms to involve

⁴ **Jacqueline Butcher. (2002)** “A new perspective of voluntarism and citizen participation in Mexico: Recreating civil society/government relationships”, Fifth International Conference of the International Society for Third Sector Research, July7-10, 2002, Cape Town, South Africa.

youngsters in their granting procedures and discussions as board members or granting committees.

Numbers, statistics and new rules

Although in Mexico exists, a specific office in the Treasury Department to grant the non-profit status and receive the annual financial Civil Society Organizations reports the inexistence statistics is outrageous. Data about the number of contributions from the community, Mexican or international foundations, CSR programs or government sources are inexistent.

With out such mechanisms the philanthropy sector and further more the Civil Society Sector can not demonstrate the impact and results of their activities, thus they do not have the facts to convince the private sector to social invest in their communities. The government also loses a formidable way to know what should be foster in order to increase the quality of life among the different communities.

Further more, a clear legislation creating the distinction between grassroots organizations, support organizations, and foundations do not exist. A new legislation should also promote more strongly the granting of resources to the CS Sector and facilitate the creation of CSO business related activities in order to foster economic development, funding sources and CSO sustainability. Specific Civil Society Sector accounting procedures should be developed in order to have more accountable and benchmarking numbers among different CSO. The actual accounting procedures are based on business needs and many times are not applicable to the CSO activities.

New brokers and new granting mechanisms

Since 1999, the number of community foundations has increased from four to 22. In any way, the numbers need to increase many more times. They should also promote among companies, new donors, government, and community as a whole their professional approach and capacity to understand donors and community needs. The CFs will need also to create the relations with their American counterparts in order to facilitate, organize, and use more effectively the remittances or diaspora money that is starting to flow to emigrants' communities.

Actually, there is only one Center for Civil Society Organizations (CCSO) in Mexico. Many more should be created in order to help the emerging of new CSO and philanthropist organizations, build capacity in the CSO, and to strength the sector. That is why some international organizations have started feasibility studies in order to become fiscal sponsors⁵ to emerging CSO in Mexico.

The philanthropy sector should turn and learn from the savings and credit coops work, since them have a strong hold among the needy Mexican population.

Granting mechanisms like the "rounding up" or the ATM (see Mexico's Philanthropy Sector today (2005) Box) are very creative and costly efficient new mechanisms will need to be developed to get resources from all community citizens. With the increasing numbers of bank

⁵ A fiscal sponsor is a registered CSO with tax deductibility status that by charging a small commission provides a tax deductible receipt to the Donor and channels the donation to the non registered or in process of registration CSO. The fiscal sponsor has the supervision responsibility for the money channeled to the non-registered CSO.

accounts and debit cards, the donation of monthly small amounts of money will be more feasible and possible.

Conclusion

Many of these needed changes are happening while we write this article. Many CSO are looking forward to a brighter future for the communities that serve. Many persons are willing to become participants in changing their communities for the better. However if the changes proposed here would not be attained the Philanthropy sector will never provide the benefits that is called to.

The philanthropy sector needs to revise his role and create his own identity with the idea to generate a culture of inclusiveness and participation of all community members. Further more, the Mexican philanthropy sector will need to decide if we move towards an American model or to a more European model where the government participates more in the welfare of the community, which by the way is closer to our history and culture. In any case, the creativity and humbleness should be the seal to create the scenario 2025 we propose here.

This article includes the comments and participation of a group of very distinctive participants in the CSO Sector; Laura Sarvide, Concepción Landa, Michael Layton and Jaime Bolaños.

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