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TECNOLÓGICO
DE MONTERREY.

Confío (México): An emerging market experience

Metodología de:



Javier García
May 23, 2014

Iniciativa de:



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el Fortalecimiento
de la Sociedad Civil

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Mexico: its society and NGOs (CSOs)

2005:

Poverty: 47% living in poverty,
18% in extreme poverty.

Wealth: 10% of the population with
the highest income holds 40%,
20% with the lowest holds 3.8%.

NGOs in Mexico (Census Office)

- ❖ 15,000 – Yr. 2000
- ❖ 40,000 – Yr. 2008



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Evolution of NGOs in Mexico

Colonial – 1523 – 1800, charity organizations funded by the Catholic Church

Independence 1821- 1875. Estate expropriation of Catholic Church property, virtual ruin of the charities.

Dictatorship. 1876 -1910. Return of the Catholic Church, government creates lottery to fund charities

Post revolution. 1921 – 2000. PRI in power, inhibit of philanthropy, corporatism of all governmental and civil structures, changes in the 1990s

Political alternation. 2000 - present. New sources of public and private funds became available for Civil Society Organizations. Changes in regulation, not all for good. Legal and fiscal framework for civil society organizations is restrictive and cumbersome.

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Mexican non-profit sector 20 years ago...

Income sources	In Mexico	Other Latin American countries	Total of 22 included countries
Fees and charges	85.2%	74%	49.4%
Philantropy	6.3%	10.4%	10.5%
Public Sector	8.5%	15.5%	40.1%

Salamon, 1999

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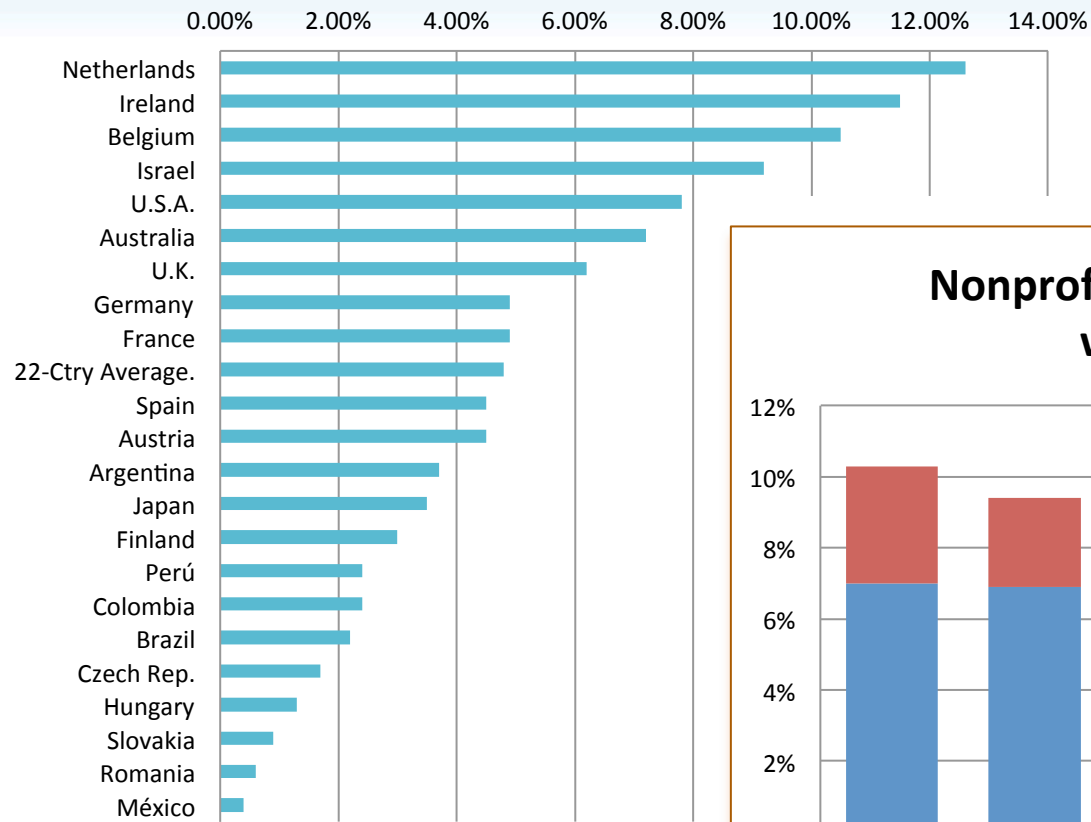


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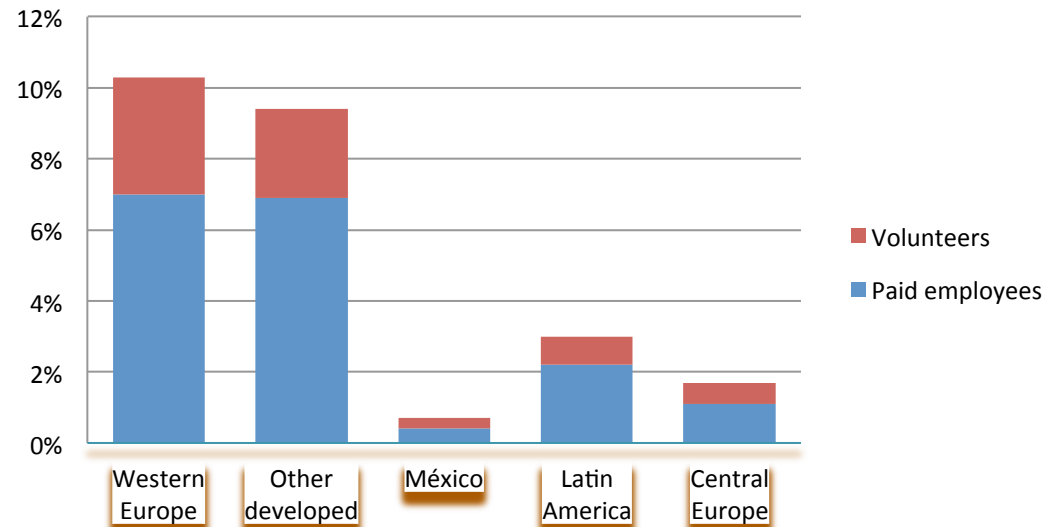
Nonprofit employment – comparison

Nonprofit share of total employment



Salamon, 1999

Nonprofit employment, with and without volunteers



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Civil Society Organizations

Federal government funding

Federal Registry of CSOs and its funding

Year	Number of CSOs registered	Number of NGO that received funds	%
2005	2,958	2,596	88
2006	4,402	1,891	43
2007	6,132	2,876	47
2008	8,436	2,598	31
2009	10,772	2,587	24

Verduzco, 2013

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Civil Society Organizations

Federal government funding

Gov. Budget for CSOs

- 2005: 15 million USD
- 2009: 25 million USD
- 64% increase
- Average support: \$13 thousand USD

Growth of CSOs federal registry

- 2005 – 2009: More than 100%

% of CSOs covered in 2009

- Of federal registry: 24%
- Of total universe: about 6.5%

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Tax – exempt: a convenient status (but complicated) to obtain funds from the private sector *(Authorized grantees)*

**2008: 6,364 tax - exempt CSOs
16% of total universe**

- ❖ High administrative costs for achieving and maintaining status
- ❖ Administrative expenses limited to 5% of received donations

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Tax – exempt: Distribution of grants received

Authorized grantees in 2008: 6,364

	5 CSOs (.078%)	60 CSOs (1.1%)	3,071 CSOs (58%)	895 CSOs (14)%
Cash donations received	19.7%	47.2%	7.80%	0
USD (Millions)	344.1	824.4	135.6	0
In kind donations received	74.4%	92.7%	NA	0
USD (Millions)	58.7	731.3	NA	0

Highlights:

- ❖ 91.3% of donations received by authorized grantees had a domestic origin in 2009
- ❖ Authorized grantees from 5 states of Mexico, which had 33% of the population, received more than 81% of total donations

Natal, 2013

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Mexican foundations and other donor institutions

Analysis of 150 donor institutions with tax-exempt status in 2007

**Gave 515 million USD:
91% of all donations**

Of those:

	1 donor	10 donors	32 donors	118 donors
% of total donations	40%	59%	82%	18%
Given to CSOs		82%		
Given to Gov. Prog.		16%		

49% had a web page

Layton, 2013

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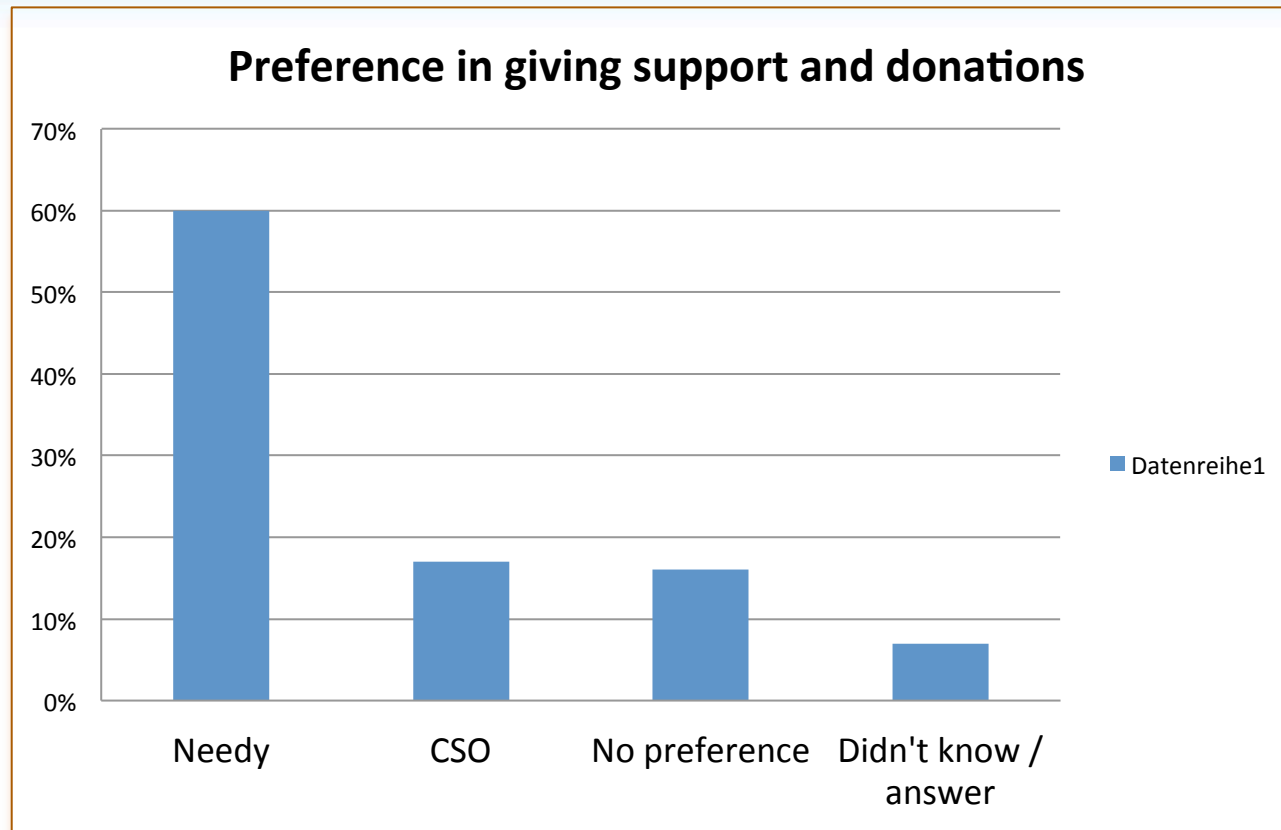
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Mexican confidence on Civil Society Organizations



Layton, 2010

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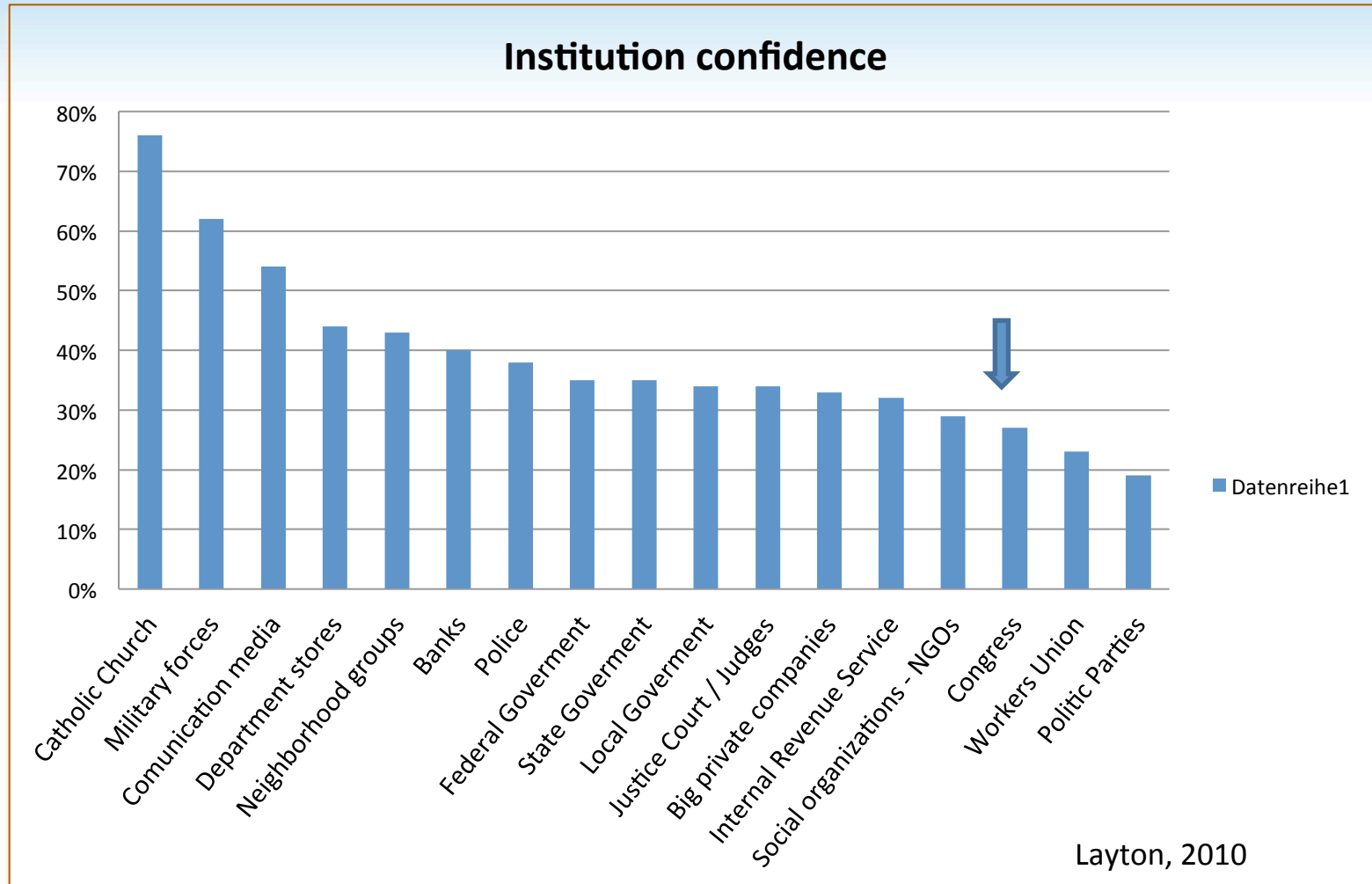
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Construyendo Organizaciones Civiles Transparentes A.C. (Confío)

2009



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LEALTAD

2010



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2011



Construyendo Organizaciones
Civiles Transparentes

Misión:

"Build trust in civil society organizations to create a greater social participation by promoting their transparency".

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Construyendo Organizaciones
Civiles Transparentes

Confío, first years of operation

More than:

- **850** CSOs in conferences about transparency
- **700** OSC diagnosed – 9 Standards
- **30** CSOs assessed + **15** on the way
- **\$18.7 Million USD** of monitored income



Workshops and conferences in 10 states

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confío
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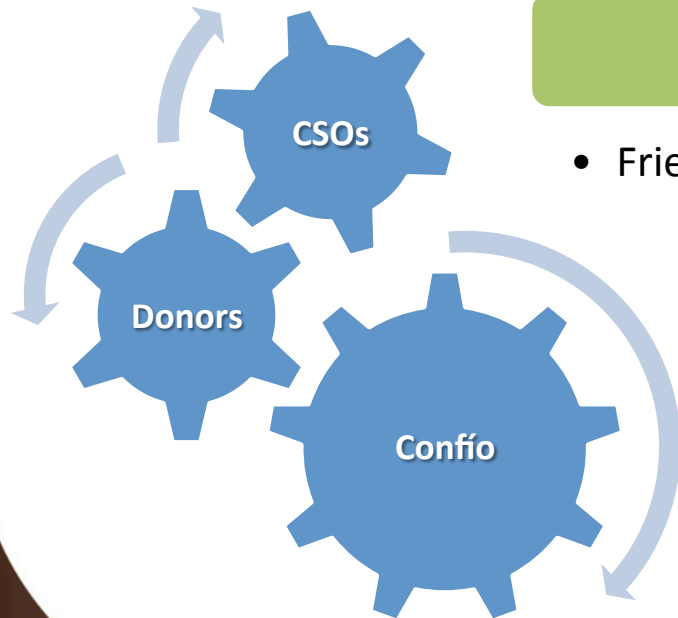
Principal learnings...

CSOs interested in transparency and assessment

- Limited institutional capacities
- Lack of incentives in the environment discourage additional efforts

Donors

- Friendly to model but very cautious, others prefer to wait



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