

# Mexico Community Foundations: A Comprehensive Profile

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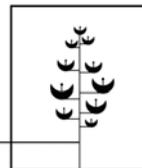
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Copies of the report, in English and in Spanish, are available at the following websites:

[www.sfteamworks.com](http://www.sfteamworks.com)    [www.alternativasociales.org](http://www.alternativasociales.org)

## Preface

Community foundations began emerging as philanthropic institutions in Mexico less than two decades ago. As Mexican civil society flourished, many leaders with strategic vision realized that institutions needed to be created in order to effectively gather and channel local resources to various social development initiatives. In this, they were guided by a conviction that, in most cases, local-level institutions can be more responsive to community needs than ones from beyond the community, particularly over the long term.

Early in 2008, the C. S. Mott Foundation, Ford Foundation, the Inter-American Foundation, and the Global Fund for Community Foundations joined together to commission a broad study of the state of community foundations in Mexico. Our objective was to establish a current overview of Mexican community foundations, describing their main characteristics as well as the support system for their development. We intentionally chose to fund a study rather than an evaluation. The views and/or opinions expressed in this report represent those of the authors, and statements made herein do not necessarily reflect the views or policies of the organizations that provided funding for this study.

The goal for the study was for it to be informational, constructive, and forward-looking rather than retrospective and judgmental. Our belief was that the study could help increase the visibility of Mexican community foundations and create awareness of their importance in the development of local civil society. We also felt that it would be useful to researchers, existing and potential donors, and groups providing technical assistance and other support, both now and in the future. But most of all, our hope was that the study would be of use to community foundations by placing them within a broader context of philanthropy development in Mexico and in the context of global community foundation development.

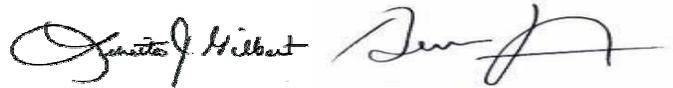
The team that prepared this report combined both Mexican and international expertise in community foundations. We are grateful to them for their hard work, as well as for the generous participation of staff and board members of Mexican community foundations and various other experts.

This report has ably met our objectives, and thus we recommend this study to all stakeholders interested in the further development of community foundations, philanthropy, and civil society in Mexico. The findings show that the community foundations are seeking to strengthen civil society organizations, foster sustainability through economic development in hard to reach rural areas, and are addressing a range of education needs, particularly for young people, to provide opportunities for their future. Crucially, the community foundations are playing diverse bridging roles bringing together nonprofits, business, and government, essential for sharing knowledge and for potentially improving the use of resources.

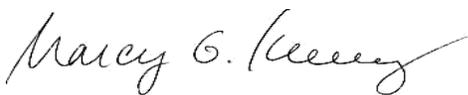
While several funders have supported this work over time, some may not continue, but we anticipate others, both Mexican and U.S.-based donors, will become engaged. It is also our hope that this study will be beneficial to those engaged in community foundation development around the globe that are dealing with many of the same issues that face Mexican community foundations.



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### Acknowledgment

This study was made possible through the invaluable participation of board members, executive directors and staff of participating community foundations. We are grateful for their agreeing to our interviews, responding to the electronic survey, providing us with financial information, and responding to our multiple questions. They were generous in sharing their time, expectations and learning experiences in the field. We express our admiration for their inspiring work and commitment to improving the lives of people in their regions.

We thank also the experts interviewed, who contributed to the analysis presented in this report through their insights, opinions and experiences with community foundations and civil society. We are especially grateful to Jorge Villalobos and Lourdes Sanz from the *Centro Mexicano para la Filantropía* (Cemefi) who graciously shared their reflections and information on the sector.

Special mention is deserved by the funders of this study for their foresight and interest in strengthening community foundations in Mexico. They include Nick Deychakiwsky from the Charles Stewart Mott Foundation, Marcy Kelley from the Inter-American Foundation, Vadim Samorodov from the Global Fund for Community Foundations, Mario Bronfman and Linetta Gilbert from the Ford Foundation, and Cristina Galíndez, Ford Foundation consultant. These funders supported this study, saw the wisdom of establishing a bi-national study team, and offered us wise counsel along the way, for which we are enormously grateful.

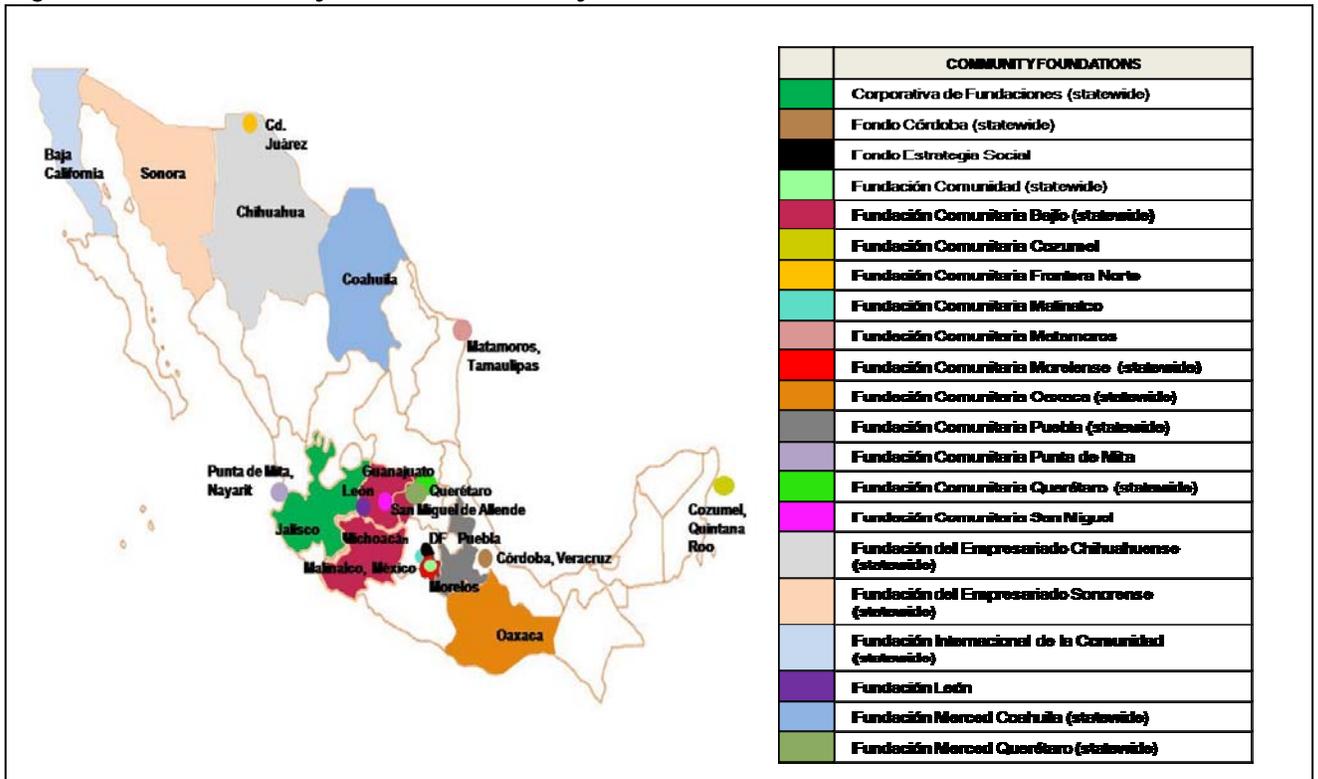
### Report Summary

Mexico is Latin America's leader in the development of community foundations (CFs), institutions that join activists from the grassroots and nonprofit communities with business people, educators, and other civic-minded citizens to strengthen civil society, encourage local philanthropy, build bridges across public and private sectors, and address critical community needs. This summary provides highlights of the first comprehensive study of Mexico's CFs, the purpose of which was to provide a detailed picture of their organizational, financial, and programmatic characteristics, ascertain how they meet their own institutional development needs, and identify the obstacles the CFs face in fulfilling their goals. Extensive data was made available by the CFs for a period covering 2005 through 2007. This summary provides a snapshot of key findings and recommendations.

Worldwide there are an estimated 1,500 CFs and Mexico is one of the newest frontiers. Most Mexican CFs are young and comparatively small, though there are some that date back to the early 1990s and there are a few that could be considered large. Despite their youth and the difficult environment they face for institutional development, the study's findings offer evidence that they have made notable strides creating a new type of bridging and transparent organization, and are opening avenues for community philanthropy, cultivating civic leadership, and joining hands to meet local needs.

The project defined a CF as a nonprofit organization that focuses its work in a specific geographic area, serves the diverse needs of its community, works toward generating a broad range of local resources, is or clearly is seeking to become a grantmaker, and is striving for permanence. A total of 21 CFs participated in the study and generously provided extensive information about their organizations. Figure 1 lists the CFs and shows the areas in which they target their work.

Figure 1. Area Covered by Mexican Community Foundations



The foundations were organized into three groups based on their breadth and depth of experience. In total, 17 of the 21 CFs participated in an electronic survey, 14 submitted financial data, and a total of 34 interviews of board and staff were conducted covering 15 foundations. In addition, 11 interviews were done with experts in the topics of community foundations, philanthropy and civil society in Mexico.

Below we first endeavor to orient the reader by providing an overview of Mexico's socio-political context, which is then followed by a discussion of key findings and recommendations. This study was commissioned by the Charles Stewart Mott Foundation, the Ford Foundation, the Inter-American Foundation (IAF), and the Global Fund for Community Foundations. It was conducted by a bi-national team, the U.S.-based consulting firm, Teamworks, and a Mexican capacity building organization, Alternativas y Capacidades.

### The Mexican Context

In Mexico, there has always been an underlying culture of solidarity and generosity that expresses itself through personal philanthropy. Mexicans prefer to give directly to individuals and to volunteer through churches and religious groups. In general, Mexican citizens place little trust in most types of organizations. Historically, society and business have not felt compelled to organize and invest their own time and money for advancing the common good. Government and the church have been the main actors assumed responsible for meeting the social needs of the population.

Mexico Statistics
• Population (2005): 103 million
• Poverty (2005): 47% (18% live in extreme poverty)
• Concentration of wealth (2007): 40% of total income is held by 10% of the population

The civil sector is very small with only 5,280 nonprofit organizations incorporated that have tax-exempt status (*donataria autorizada*) as of 2007.<sup>1</sup> The donor sector is especially small for a populous nation where there is considerable wealth, albeit in the hands of relatively few. In 2002 it was estimated that there are only 125 donor institutions.<sup>2</sup> Nevertheless, there is great diversity in terms of legal frameworks for nonprofits and funding mechanisms, as well as strong divisions regarding ideological values, political culture and focus. Essential to acknowledge is the presence of many informal organizations, for which estimates exceed 20,000 but the true scale is unknown.

Civil sector organizations (CSOs) of all types have started to access public resources at the federal level, through calls for proposals and similar procedures that depoliticize the process. But, federal funding programs are fragile, depend upon the political will of public servants, and often have inflexible regulations that frustrate accomplishing goals. Politically, there is a lack of support for CSOs and appreciation of philanthropy as exemplified in 2007 by the Calderón administration's proposal to introduce a flat income tax that would not have allowed tax-deductible donations by nonprofits and would have taxed their goods and services.<sup>3</sup> Though ultimately rejected, the public

<sup>1</sup> Information based on the *Directorio de Donatarias Autorizadas* published by the *Servicio de Administración Tributaria* (SAT) in 2007.

<sup>2</sup> See *Directorio de fundaciones y entidades donantes en México* (Cemefi, 2006), p. 127.

<sup>3</sup> The law that was passed continues to allow for tax deductibility (and goods and services will not be taxed). Also, tax deductibility for nonprofits that have tax-exempt status is included in the federal income tax law, which co-exists with the flat income tax.

debate surfaced a lack of knowledge about philanthropic institutions and CSOs, as well as deeply rooted suspicions about donations, seen by some as a means of tax evasion or for buying favors.

The laws, rules and practices that regulate the civil sector in Mexico are extremely complex, with both duplication and loopholes present that create obstacles and costly paperwork for CSOs. Tax deductibility does not recognize the full range of activities carried out by civil society, and nonprofits still have to pay value-added tax (the equivalent of sales tax in the U.S.) on any goods and services they purchase. Maintaining the tax-exempt status requires that organizations carry out a costly annual external audit, and establishes that only 5% of donations received can be used for administrative expenses. Also, there is a general lack of knowledge and expertise on the part of accountants and attorneys in the workings of the nonprofit sector. There are no adequate standards for reporting financial information, which makes it difficult for organizations to demonstrate transparency and impact. New legislation — which in some cases contradicts pre-existing regulations— requires organizations to be accountable to different government entities and has thus increased the costs of fulfilling their legal and fiscal obligations.

### Emergence of Community Foundations

Against this complex backdrop, CFs have begun to take root in Mexico. They are committed to carrying out a needed set of roles as bridge builders, conveners, promoters of philanthropy, and capacity builders for the civil sector. Similar to the evolution in other countries, each of Mexico's CFs has its own unique origin and did not necessarily identify initially as such, in part because the concept was not known within Mexico during the early years of development. The first entities were Fondo Córdoba (1986), Fundación del Empresariado Chihuahuense (FECHAC, 1990), and Fundación Cozumel (1991), which were formed by civic-minded business people to address critical needs in their communities, with Córdoba and Cozumel focusing on improving educational opportunities and FECHAC on rebuilding infrastructure after devastating floods.

Mexico's first major meeting on CFs, with the stated purpose of introducing the concept, was held in 1993 and organized by the *Centro Mexicano para la Filantropía* (Cemefi). Cemefi is a national nonprofit organization with a diverse membership of foundations, associations, individuals, and businesses and has a mission of promoting the culture of philanthropy, social responsibility, and the participation of the civil sector. There was a rapid growth of community foundations in the late 1990s, catalyzed, in part by a set of international funders with interests in promoting the development and professionalization of community foundations. Key among them were the Mott Foundation and IAF. In 2002, the U.S.-Mexico Border Philanthropy Partnership (BPP) was launched, an initiative sparked by the Ford Foundation to address quality of life issues for low income families and communities along the border, through strengthening community foundations on both sides of the border. The Synergos Institute, a U.S.-based nonprofit that has international experience in growing philanthropy, worked closely both with Cemefi and the BPP in the effort to advance the capacities of CFs.

The identity of Mexican CFs still is evolving and there is no formal legal category for them as foundations. CFs view themselves as intermediary organizations (*organizaciones de segundo piso*) that in the case of Mexico, either directly operate projects and/or award grants to organizations. The role of intermediary organizations can seem superfluous in a context where people are accustomed to carrying out philanthropy by giving directly to the needy. Consequently, it is very difficult for CFs to fundraise. Other issues still under debate have to do with board

expectations in regard to composition and roles, as is often characteristic of developing sectors. Placed in a broader context, though Mexico like other nations has its unique issues, it is not uncommon for a developing CF sector to encounter environmental challenges and lively debate over the foundations' fundamental characteristics.

**Mexico's CFs:  
A New Frontier in Latin America**

- CFs are growing local philanthropy. In 2007, domestic private donations accounted for 85% of funds raised.
- The total assets of the 14 reporting foundations are over \$336.3 million pesos.
- CFs, while building their own capacities, have dedicated themselves to assisting CSOs to become more professional.
- All of the CFs in the survey group are doing grantmaking.
- Grantmaking budgets are very modest.
- CFs are young, with 86% under 12 years old.
- CFs are thinly staffed, nearly ½ have fewer than 2 staff or only volunteers.
- CFs are developing working boards with written policies and members involved in fund raising.

### **Finding 1. Considerable Progress in Institutional Development**

Mexican community foundations have achieved considerable progress in their institutional development, even though the field still is new. This finding provides highlights of CFs' boards, staff, and programs. The data shows that they are mostly young organizations, have small staffs, have developed requisite board structures, and have written governance policies. Nearly all reported that their activities focused on strengthening civil society organizations, including those at the grassroots, while building their own capacities and having grantmaking budgets that are generally quite modest (i.e. below \$1.5 million pesos<sup>4</sup>). Efforts to foster philanthropy are evident in patterns showing increases of total assets and income.

#### *Developing Working Boards*

Most of the foundations (18) participating in the study are under 12 years old. All have incorporated as nonprofits and with the exception of the two most recently established ones, all have tax-exempt status. In general, boards of CSOs in Mexico have a limited role and are not particularly active in regard to overall governance, i.e. carrying out financial oversight, developing policy direction. It is noteworthy that the CFs in this study report evidence of many of the key characteristics of working boards, which include the following:

- written policies for endowments (12), grantmaking procedures (13), evaluation of grants or programs (14), personnel (9) and conflict of interest (8);

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<sup>4</sup> During the study period, the average exchange rate was around 10.5 pesos per U.S. dollar.

- a high level of board participation to promote the foundation in the community (17), take part in financial decisions (14), facilitate relationships with community leaders (15), and approve financial reports and annual budgets (16);
- a high degree of board involvement in fundraising, both through their own donations (16) and through cash, shares, investments, land or buildings (74% in 2007) and in-kind support (33%); additionally, 10 of the 17 foundations participating in the survey have office space donated by board members; and
- almost half of all board members (45%) participated very actively in fundraising activities, while one-fourth (23%) participated more or less actively and one-third (32%) did not participate.

Another important element of working boards is diversity. Several of the CFs were founded by civic-minded business people and their boards continue to have a majority representation of the business sector. A number of CFs have strategically diversified membership to bring differing perspectives and knowledge to the organizations. Overall 66% of members come from the business sector, with the remaining being representatives from CSOs (14%), academia (8%), education (4%) and other sectors (12%). Boards have an important percentage of women (39%), who mostly come from business.

#### *Staff: Challenging Work Conditions*

Key aspects of a professional organization include capable staff and working conditions that foster stability. In Mexico, CFs represent a new kind of organization with different work demands, where staff require skills in the areas of bridge building, fundraising, and grants management for which they seldom receive training or acquire from previous jobs. Most staff are hired through *nómina*, which reflects a commitment by foundations to have more stable staff and invest in better benefits.<sup>5</sup> The majority of participating foundations are small, with well educated executive directors that often bring considerable experience and seem to remain on their jobs, despite pay levels that appear modest in light of their tasks. Nevertheless, the challenges they face are taking their toll, and they express a feeling of isolation and a desire for more support, in spite of boards that are in many ways supportive.

#### Challenging Work Conditions

- Total staff of all 17 reporting CFs in study is 136, of which 127 are full-time
- CFs are thinly staffed, nearly ½ have fewer than 2 staff or only volunteers, 59% have fewer than 6 staff
- 81% of full-time staff is hired through *nómina*, reflecting a commitment to stability, however, pay levels appear to be low

Consistent with other organizations in the public or private sector, much of the responsibility for the CFs lies on the shoulders of executive directors. The executive director of a community foundation must have multiple skills and talents, which include working well with CSOs, being at ease cultivating potential donors, knowing how to motivate board members and obtain their commitment, and having the vision, as well as the practical skills, to operate the foundation. Executive directors report high educational levels, with four of them holding graduate degrees, and the rest holding bachelor's degrees. Considering the levels of training and expertise of many executive directors and the fact that they carry out unusual and demanding jobs, their remuneration seems low: eight

<sup>5</sup> *Nómina* is a type of employment that includes salary and comparatively broader benefits than other forms of hiring in Mexico, where employees are often hired as independent professionals (*honorarios*), with the main implication that they are personally responsible for paying into their own social security.

of the 17 CFs participating reported their net monthly salaries at \$20,000 pesos or less, seven between \$20,000 and \$40,000 and two reported salaries over \$40,000 pesos per month.

In general, turnover among executive directors is low, although there are exceptions. Nine of the 17 directors answering the survey have been on the job for more than three years. Executive directors express feelings of isolation, which can be attributed to performing and defining a new professional role in a developing field, having few peers with whom to share similar experiences, and being geographically spread out throughout the country. Beyond the executive directors, staff is often young, with low remuneration levels and few resources to invest in their development. Social service (*servicio social*), a federal requirement for obtaining a bachelor's degree, plays a strategic role in bringing people into the sector.<sup>6</sup>

### *CF Program Activities*

There are three overarching themes that characterize the work of the CFs that we studied. They are that CFs seek to strengthen the civil sector, foster a culture of organized philanthropy, and address the needs of vulnerable and low income populations. Nine of the 17 foundations answering the survey focus their work at the state level, one at the municipality level (the city and surrounding countryside), six concentrate on the city where they are located, and one focuses on specific neighborhoods within the city.

The CFs' main areas of interest are youth (12), women (11), families (11), children (10), and health (10). Others frequently noted were the elderly and people with disabilities (7 each), rural development (6), and addictions, environment and nutrition (5 each). Their work embraces both the civil sector's formal organizations and grassroots groups, and they focus on development (*desarrollo*) rather than charitable aid (*asistencialismo*). Below are key findings about the CFs' convening activities, grantmaking and operating program activities, financial status, and efforts to promote visibility.

### Convening to Foster the Civil Sector

CFs use two types of resources to advance their goals. One may be broadly conceived of as reputational, which is using their abilities to promote capacity building, create networks, facilitate bridging across sectors and foster civic-conscious leadership. The other resource is financial and takes the form of making grants and/or operating programs. The information provided here should be viewed within the context that most CFs are still emerging and building their own reputations—and— financial resources for grantmaking or operating programs are generally quite modest. The status of the CFs' progress in growing philanthropy is discussed in the financial part of this summary.

A strong civil society is one of the pillars of building a democracy. One of the most powerful aspects of CF activities is that, while they are still developing their own capacities, they place a priority on providing capacity building services to civil society and grassroots organizations. The CFs' top four activities in 2007 were providing capacity building (100% of the groups responding), promoting voluntarism, promoting networks and shared interest groups, and providing capacity

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<sup>6</sup> *Servicio social* is a requirement of the federal education ministry. It mandates 480 hours of work without pay or with a small stipend in an organization or institution with a social purpose and in an area related to the field of study.

building services for community or grassroots groups. The number of foundations reporting each of these activities increased during the three year period under study.

Using largely their reputation to convene, the CFs have developed four core strategies toward strengthening civil society: 1)

promoting and supporting capacity building programs – some administer their own programs, others act as conveners for training, still others provide funding to attend training; 2) creating networks among organizations with common interests to promote joint work, research, and advocacy; 3) building bridges across sectors by endeavoring to create neutral, nonpartisan spaces where concerned citizens can participate in fostering good government and promoting social change; and 4) fostering civic-conscious leadership through the engagement of people from different sectors and backgrounds, be it as board members, staff, or grassroots organizations and their program beneficiaries.

#### Developing Networks

Querétaro CF reports playing a central role in the creation and ongoing facilitation of CSOs on statewide capacity building, income generation and human rights networks, with responsibilities that include convening, taking minutes, and conducting follow up. Puebla CF also played a role in creating the Network for Children and Adolescents, and has recently assisted groups in the network by providing workshops (e.g., on fundraising) and with an organizational assessment to determine their strengths and weaknesses.

#### Grantmaking and Operating Programs

All foundations who responded to the survey reported being involved in grantmaking. Almost since their inception, there has been debate around whether CFs in Mexico should concentrate exclusively on grantmaking, or if there is room to consider a “hybrid” model where CFs both operate their own projects and act as grantmakers<sup>7</sup>. The picture we find is that the CFs are already a hybrid.

- All 15 foundations answering the question responded that in 2007 they made grants, passed-through funds (*canalización*) and identified projects for donations carried out by other organizations.
- In general, budgets for grantmaking are quite modest. Nine of the 17 foundations responding had grantmaking budgets of \$1.5 million pesos or less in 2007, while three had grantmaking budgets between \$1.5 and \$5 million pesos, and five over \$5 million pesos.
- An important part of grantmaking is the process, which often models inclusiveness, fairness and transparency, all essential in building the credibility of these institutions and strengthening the culture of philanthropy.

Foundations reported operating programs in community development (7), education (6), health (2) and social services (1).<sup>8</sup> Their activities under this rubric may include overall implementation

<sup>7</sup> The definition of grantmaking still is evolving in Mexico, with some foundations defining it as a process of applying specific selection criteria to applications solicited for competitive funding. The term, operating programs, describes when a foundation utilizes a portion of its income to administer its own programs. In this role, foundations become a direct service provider and incur expenses for those services.

<sup>8</sup> The term community development encompasses economic development and microfinance projects.

responsibility, serving as coordinators or facilitators, assisting with fundraising, and otherwise advocating for program success. In most of the cases cited, the CFs obtained funds from foundations such as the Ford Foundation and the Inter-American Foundation to implement activities that include convening, assessing needs, regranting, and follow up.

### Financial Characteristics

The following information is based on the analysis of financial statements provided by the CFs, most of which had been audited, and also through data gathered in the electronic survey and from additional surveying. The study surfaced problems associated with the fact that Mexico lacks consistent standards for reporting information from foundations. Philanthropy is a new field for accountants and auditors, who learn much about the accounting needs of CFs from the executive directors and board members of foundations who themselves are learning the same. Highlights are as follows:

- Total assets have grown over the last three years. For the 14 foundations reporting in 2007, the cumulative amount is \$336.3 million pesos, representing a 28% increase from 2005. FECHAC alone accounts for 67% of these assets, while the second largest in assets is San Miguel (10%). In total, 10 foundations have under \$10 million pesos in assets.
- Total income (including donations received) for CFs reporting in 2007 was \$233.7 million pesos, 41% higher than in 2005. FECHAC accounts for 60% of this income and Corporativa for 10%. Nine foundations reported income of less than \$10 million pesos.
- Total donations (public and private sources) received for the 11 CFs that provided information showed a 45% increase in 2007 relative to 2005. FECHAC accounted for 73% of these donations. Private donations from Mexican sources amounted to \$142.4 million pesos in 2007, representing a 55% increase in relation to 2005. In 2007, FECHAC obtained 77% of all private donations reported.<sup>9</sup> In most cases, private donations have been steadily increasing.
- 11 foundations reported having an endowment, nine of which participated in an endowment building program sponsored by IAF and coordinated by Cemefi. At a combined \$27 million pesos, endowments in 2007 were more than double those in 2005. Cozumel represents 45% of all endowment monies reported.
- Within the group of respondents, the amount of international funding received by CFs has largely remained stable since 2005, ranging from a low of \$12.4 to a high of \$14.6 million pesos. In 2007, three foundations accounted for most of the international donations received: FECHAC, with 47%; Oaxaca, with 29%; and FIC, with 14%.
- Government support in 2007 amounted to \$10.3 million pesos for reporting foundations with 75% of that support from local government, 25% from federal government, and state funding being practically absent.

### Visibility

Gaining visibility is an essential ingredient for CFs' success, given that they are young and are performing a new role in a society where philanthropy is weak, the work of the civil sector is not well known and the role of intermediary organizations even less so. All foundations responding to the survey (17) produce newsletters or reports at least once a year, and six of them produce them

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<sup>9</sup> Most of FECHAC's funds come from a surcharge on the state payroll tax and are collected through the state tax system. They are treated as private because the source is businesses in the state that voluntarily agreed to this mechanism in order to promote contributions from the business sector.

either monthly or every four months. Most (15) have websites, and many of these (11) were updated more than twice during 2007. In terms of broadcast media, 10 out of 17 foundations reported radio presence at least once a year, and eight of these reported having it at least four times during the year. Six foundations reported using television, with four of them doing it twice or more times during the year.

Most of the foundations focus on growing their local visibility, commenting that there is little national visibility of their work. Foundations focus their communication efforts mostly on current donors, board members, and other CSOs. Efforts directed at potential donors, government, and the general public is low.

## **Finding 2. Striving to get Developmental Needs Met: A Mixed Picture**

The overall picture of how groups are meeting their developmental needs is mixed. The bright spots are the drive shown by the CFs, board and staff, to generate core operating monies, their commitment to further their institutional development, and their stepping, although gingerly, into the policy arena. Over the past handful of years to a decade Mexico also has seen the emergence of training programs for CSOs and individual trainers and consultants.

### Operating Support is Scarce

Like other CSOs, Mexican CFs have few sources, public or private, from which to obtain funds to cover operations. Attracting such support is challenging, given that CFs are new, unfamiliar organizations in a society that has low overall levels of trust in institutions, and where giving through a third party is rather unusual. Support received from government monies can only cover staff and office-related expenses incurred by a specific project. Those that obtain funding from foundations, corporations and/or individuals are legally limited to utilizing a maximum of 5% of these donations for administrative expenses. Fund development options such as endowment building and donor development require long lead time and are generally not viewed as viable solutions to the immediate demands for funding. Executive directors routinely expressed uneasiness that they have maximized board members' generosity and board members also occasionally shared feelings of donor exhaustion.

### Limited Training Opportunities for CFs

Despite the relative youth of the civil sector, a spectrum of organizations and individuals has emerged to provide training and technical assistance to CSOs. CFs report taking advantage of general programs for CSOs (e.g., in management and legal/fiscal obligations), which are occasionally offered by local universities and conveners. Training designed for CFs has been available through the *Grupo de Fundaciones Comunitarias* (GFC), an affinity group of Cemefi, the Synergos Institute, and the Border Philanthropy Partnership. These CF-specific programs were carried out roughly over the last eight years, and embarked largely on new territory.

As CFs either began or progressed to different stages of development, available training frequently did not fit their diverse needs. For example, the CFs stated that the GFC's skill-related offerings were most valuable during their early stage of development and less so as they matured. There are limited to no materials in Spanish with local context to provide immediacy and relevance, e.g., for program design/grantmaking, donor education and philanthropy promotion. There is a lack of resources available for CF staff/board to attend training programs or to hire technical assistance providers.

Training expertise is mainly concentrated in Mexico City and a few regional centers, like Chihuahua, Guadalajara and Oaxaca, leaving many places to choose from less experienced consultants or trying to find the funds required for paying often prohibitive travel-related costs. There is no formal, ongoing process for systematizing and sharing knowledge among the CFs. Within foundations, staff turnover and low levels of documentation hinder the effectiveness of capacity building and training.

#### Modest Involvement in Public Policy

In Mexico, the political context is freighted with recent history where, for government and the elites, civil sector-driven policy change suggests left-wing movements. Yet, within this highly charged context, some Mexican CFs have started to participate in public dialogue about social issues, usually at the behest of government. While minimal action as a group has occurred, the interviews revealed occasions where the CFs have been or are involved in public policy at the state or local levels, taking small and incremental steps in informing local and state dialogue on social issues. This is noteworthy because state and local politics are notoriously partisan and polarized and evidently CFs are attempting to provide safe, nonpartisan spaces for public dialogue to occur.

The advocacy work CFs have carried out has been more reactive than proactive, stimulated by requests for their opinions, policy changes proposed by government, or legislation that could affect them negatively. With a focus on their own survival, it is unrealistic to expect the foundations to devote much time to public policy advocacy unless it is integrally related to their mission as exemplified in their joining in the fight to allow tax-deductibility under the new flat income tax that took place early in the Calderón administration.

#### **Recommendations**

With the goal of building the field in mind, we have organized the study's recommendations in five areas essential to developing a more robust and effective CF sector.

##### **1. Building a Sense of Community among Community Foundations**

It is crucial for CFs to come together on a national level to identify common ground in terms of purpose and shared experiences, build relationships and trust among foundations, address differences within the sector, and create their own agenda for the future. With a critical mass of CFs now in place, the time is ripe to foster dialogue among CFs and develop a national identity, building ownership for the concept of CFs and in a hybrid model that both operates programs and awards grants. As an initial step in this direction, it may be useful for CFs to tackle a concrete task, such as working with accountants to establish standards for reporting financial information that can foster the experience of working together on a pressing issue and provide an early collective accomplishment.

##### **2. Fostering the Ability to Articulate Impact and Increase Visibility**

Community foundations need to better articulate how their role in the civil sector distinguishes them from other organizations, what their value to society is and to lift their national visibility. Communication efforts that focus both at the individual and sector level could help foundations talk more effectively about impact on their own terms and raise their local and national visibility. At the individual CF level, this might include developing an overall program and grant reporting systems that provide good data and track stories, and establishing their own expectations for performance.

At the sector level, CFs could engage in developing their own framework for talking about success, which includes defining what success looks like and identifying performance indicators, and update materials that help them promote their work and the understanding of what they do with different audiences.

### 3. Fostering Professionalization and Institution Building

In order to build on the early accomplishments of Mexican CFs and to ensure impact and permanence of the sector, ongoing efforts are needed to deepen their level of professionalization and strengthen their institutional capacity. The needs are threefold: 1) identify best practices in capacity building by promoting knowledge management and documentation within foundations and capturing what has and has not worked in the Mexican context; 2) advance professionalization, devising learning strategies that are appropriate for different stages of organizational development, providing consulting grants, fostering opportunities for peer learning and dialogue with experts, incorporating a global perspective of philanthropy, and promoting ongoing staff development and more favorable working conditions; and 3) grow the expertise and reach of capacity builders, especially at the local and regional level, and create documents and manuals utilizing technology to overcome geographical and travel constraints.

### 4. Increasing Resources

If Mexican CFs are to scale their work and achieve greater impact, they must obtain the support of greater society. To that end, there is a need for growing the donor community through challenge grants; sharing lessons learned in raising operating support; lifting the profile of CFs through local events and enlisting high profile leaders to champion CFs; and promoting sustainability planning.

### 5. Creating a More Favorable Systemic Environment

There is a need for a more favorable fiscal and legal framework that recognizes the value of the civil sector, in general, and the unique role of foundations. On the fiscal front, and in conjunction with raising the visibility of CFs, a strategy is needed to educate policy makers and other key leaders on the need to update and simplify the income tax laws (*Ley del Impuesto sobre la Renta* and *Ley del Impuesto Empresarial de Tasa Única*) to make them consistent with the *Ley de Fomento a las Actividades de las Organizaciones de la Sociedad Civil* (Law to Promote the Activities of CSOs).<sup>10</sup> Also, procedures governing nonprofit organizations, such as obtaining tax exemption and accreditation, need to be simplified and streamlined to encourage compliance. For donor institutions in particular, laws that currently forbid the awarding of grants to organizations that are not tax-exempt (specifically, *donataria autorizada*) need to be relaxed.

From the legal perspective, the civil sector in general would benefit from an effort to work with policy makers and other key leaders to improve the legal framework and how government funds are allocated to nonprofit organizations. In Mexico, a more favorable environment would make reporting more efficient, encourage transparency, streamline the process of registering CSOs at all levels of government, and give nonprofits sufficient time to expend government funds. Also

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<sup>10</sup> The *Impuesto Empresarial de Tasa Única* or IETU is a federal tax paid according to the income obtained by a person or company, regardless of how it was generated (whether through the sale or rent of assets or the provision of independent services). It is supposed to take the place of the income tax (*Impuesto Sobre la Renta*) in a few years. The *Ley de Fomento a las Actividades de las Organizaciones de la Sociedad Civil* is the law passed at the end of 2003 which recognizes the public interest purpose of the work of CSOs and its eligibility for federal funding.

essential to facilitating a more favorable environment is the generation of knowledge about the work and impact of nonprofits as well as a system of standardized reporting. And finally, trained accountants and lawyers who specialize in the civil sector are important to its advancement. An effort to inform their practice through the creation of materials and specialized university curricula would be most beneficial to CFs and nonprofits alike.

In closing, the data shows that Mexico's community foundations have established their organizational structures. They are becoming important promoters of community philanthropy, launching diverse efforts to strengthen civil sector organizations, and are implementing programs focused on social and economic development. While the road traveled at times has been a difficult one, the report provides evidence that there is now infrastructure to build upon.

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# Mexico Community Foundations: A Comprehensive Profile

March 2009

## I. Introduction

Community foundations (CFs) are locally-based organizations that are distinguished by their efforts to promote the development of a locally-grown philanthropic culture. They stretch across the globe from Osaka (Japan), to the South Sinai (Egypt), to Tauranga (New Zealand), and to Rubtsovsk (Russia) among other places. They are in cities large and small, locations that are urban and rural, and routinely demonstrate that despite vastly different cultures, political and economic contexts, CFs play needed roles as bridge builders across sectors, becoming forces for raising awareness of the civil sector, strengthening its organizations, and addressing critical social needs. As they take on these unique roles, CFs also are engaging their communities in identifying their assets and in learning to become stewards of long-term resources.

According to the 2008 Community Foundation Global Status Report (Sacks, 2008), there are now nearly 1,500 CFs worldwide, and while the majority of them are located in the U.S., Germany (now with 190, the second largest number outside of the U.S.), Canada and the U.K., they are rapidly taking root throughout eastern and central Europe, the Middle East, and Asia. Amongst the newest frontiers is Latin America, and Mexico stands at the forefront of this development.

Similar to the evolution in other countries, each of Mexico's CFs has its unique origin and did not necessarily identify initially as a CF, in part because the concept was not known within Mexico during the early years of development. The first entities were Fondo Córdoba (1986), Fundación del Empresariado Chihuahuense (FECHAC, 1990), and Fundación Cozumel (1991), which were formed by civic-minded business people to address critical needs in their communities, with Córdoba and Cozumel focusing on improving educational opportunities and FECHAC on rebuilding infrastructure after devastating floods. All were established before the formal concept of a community foundation was introduced and assimilated into Mexico's philanthropic vocabulary.<sup>11</sup>

Mexico's first major meeting on CFs, with the stated purpose of introducing the concept, was held in 1993 and organized by the *Centro Mexicano para la Filantropía* (Cemefi). Cemefi is a nonprofit organization with a diverse membership of foundations, associations, individuals, and businesses and has a mission of promoting the culture of philanthropy, social responsibility, and the participation of the civil sector. In 1995, the Charles Stewart Mott Foundation began providing support to Cemefi for it to promote Mexican philanthropy, a dimension of which included community foundations. Other high profile national organizations, such as DEMOS and Vamos F.D.S., also were carrying out efforts to create and strengthen Mexico's philanthropic community. In late 1998, the *Grupo de Fundaciones Comunitarias* (GFC) was formed through a partnership between Cemefi and the Synergos Institute. Synergos is a U.S.-based nonprofit that has international experience in growing philanthropy and is familiar with the model of community foundations.

Roughly simultaneously, representatives from the Ford Foundation, MacArthur Foundation, Rockefeller Foundation, and the International Youth Foundation and business people from Mexico City and Oaxaca, concerned about the political and social unrest in the southern part of Mexico, began meetings that resulted in the formation of the Fundación Comunitaria Oaxaca (1996)—the first entity in Mexico that was conceived from its outset as a community foundation.

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<sup>11</sup> FECHAC was initially established as a trust and was incorporated as a foundation in 1996. Familiarization with the concept of a CF resulted in Fundación Cozumel changing its name to Fundación Comunitaria Cozumel, I.A.P. in 2001.

Soon after, as this study documents, there was a rapid growth of community foundations. This was catalyzed, in part, by a set of international funders with interests in promoting the development and professionalization of community foundations and willing to commit multi-year support. Key among them were the Ford Foundation, Mott Foundation and the Inter-American Foundation (IAF). In 2002, the U.S.-Mexico Border Philanthropy Partnership (BPP) was launched, an initiative sparked by the Ford Foundation to address quality of life issues for low income families and communities along the border, through strengthening community foundations on both sides of the border. The Synergos Institute, which had already been working with CFs in Mexico, was invited to act as the BPP's managing partner, with responsibility for its implementation.<sup>12</sup>

Recognizing Mexico's rapid growth of community foundations and their promise, the Charles Stewart Mott Foundation, Ford Foundation, Inter-American Foundation, and the Global Fund for Community Foundations, commissioned this study, the purposes of which are to produce a detailed picture of the institutional, programmatic and financial characteristics of Mexico's community foundations, and to provide a baseline from which to track future developments. While there have been prior studies of Mexico's CFs, many of which provided useful background to this project, there was no comprehensive one. The report begins with a description of the study's methodology, which is followed by a discussion of key aspects of Mexico's culture and political environment that provide a backdrop for the findings. The report closes with a set of recommendations that are designed to further build the field of community foundations in Mexico.

## II. Methodology

The goal of this study was to present a comprehensive picture of Mexican community foundations and their work, as well as to identify the needs and obstacles they face and explore how their institutional development is supported. For the purpose of the study, a community foundation was defined as a nonprofit organization that focuses its work in a specific geographic area, serves the diverse needs of its community, works toward generating a broad range of local resources, is or clearly is seeking to become a grantmaker, and is striving for permanence.<sup>13</sup>

The funders viewed this study as a critical opportunity to gather solid data and they took an inclusive approach to identify the cohort of community foundations for this study. With the broad definition stated above, we prepared a list of 21 foundations.<sup>14</sup> For the purposes of maximizing information gathering, the 21 CFs were organized into three groups based on those that had the most breadth and depth of experience, to those that had a more modest track record. The funders also were vested in having a bi-national team carry out the study to provide both an in-depth understanding of Mexico and an international perspective in strategic philanthropy and in building the capacity of community foundations.

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<sup>12</sup> This history is intended to highlight key thresholds in the development of Mexico's CFs and is based on document review and interviews (Tapia, forthcoming, pp. 15-17 and Cemefi, 2005, pp. 2-3).

<sup>13</sup> This definition was articulated at the funder/consultant meeting in Mexico City on January 16, 2008.

<sup>14</sup> The list of 21 foundations is included in Appendix 1. This grouping was based on initial guidance from the funders at the funder/consultant meeting convened in January and follow up research carried out by Alternativas y Capacidades. It does not imply that these are the only CFs that exist in Mexico, as there might be other organizations that could potentially fit under this broad definition.

The information gathering process involved three groupings of community foundations. This included 1) requesting financial information from foundations in Groups A and B; 2) interviewing in-person the director, a board member, and staff person for each of the Group A foundations; 3) interviewing by telephone the directors of the Group B foundations; and 4) inviting all 21 foundations to participate in an electronic survey that gathered organizational, operational and financial information. The team also carried out 11 interviews with experts in the topics of community foundations, philanthropy and civil society in Mexico.<sup>15</sup> The instruments designed for gathering information are included in Appendix 2 and the list of persons interviewed is provided in Appendix 3.<sup>16</sup>

The foundations were open to providing information and very generous with their time. In total, 17 of the 21 foundations participated in the electronic survey, 14 submitted financial information for our review, and 15 foundations were interviewed for a total of 34 foundation interviews. Despite having already participated in a number of previous studies on community foundations, the CFs welcomed this study, commenting that it would be a good opportunity to provide a picture of the scope of community foundation activity in Mexico.

As is common in research, this CF study comes with limitations, the key ones being 1) uneven financial information and lack of comparability due to a lack of accounting standards and/or common understandings about how they should be interpreted; 2) self-reported information gathered in the electronic survey and interviews, which risks bias; and 3) documents such as written personnel and board policies (e.g., conflict of interest) were not requested because the scope of this study did not call for the examination of individual foundations and to minimize the burden on the CFs.

Adding to these limitations is the small size of the study group. We were careful in balancing the use of absolute numbers and percentages (that can swing significantly in small groups) to provide the most accurate description. Despite these limitations, we found an abundance of information with high levels of internal consistencies that helps us provide a credible picture of Mexico's community foundations.

### III. The Mexican Context

Mexico covers an area of 1,964,375 square meters. The latest population count, carried out in 2005, reported a total of around 103 million inhabitants. Statistics for that same year revealed that about half of the population (47%) was living in poverty, with close to one-fifth (18%) in extreme poverty (Coneval, 2007). In terms of the concentration of wealth, 10% of the population with the highest income holds 40% of the total national income and 20% of the population with the lowest income holds 3.8% (Coneval, 2007). These percentages have remained more or less steady for the past decade.<sup>17</sup>

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<sup>15</sup> Site visits and in-person interviews were carried out in May 2008. The electronic survey was open from mid-June to mid-July and financial instruments were requested at the beginning of May and received through mid-July. The rest of the interviews, including those with experts, was started in May and completed in August.

<sup>16</sup> These instruments include the electronic survey, interview questionnaires for directors, board members, staff members and experts, and a format for reviewing financial information. They were all reviewed by the study's funders.

<sup>17</sup> According to a recent report by the Organization for Economic Cooperation and Development, Mexico has the highest income inequality of the group's 30 member nations. (OECD, 2008, p. 24).

To summarize the context in which community foundations operate, we address four major topics: the philanthropic history and culture of Mexico; Mexican civil society and the nonprofit sector; the political, legal and fiscal environment of the country; and the work of community foundations.

### Philanthropic History and Culture

In Mexico, there has always been an underlying culture of solidarity and generosity that expresses itself through personal philanthropy. It is rooted in the Catholic belief in helping others, but can also be traced to pre-Hispanic traditions of communal assistance. Mexicans prefer to give directly to individuals, placing little trust in organizations in general (ENAFI, 2005).<sup>18</sup> They also prefer to volunteer through churches and religious groups, becoming involved mainly in manual activities, such as planting trees, building homes or wrapping gifts, and care giving to vulnerable populations (Butcher, 2008).

Throughout history, government and the church have been the main actors in charge of meeting the social needs of the population. Even today, the belief that the government is responsible for satisfying social needs and bringing development is deeply rooted in Mexican political culture. Traditionally, citizen initiatives have been weak, as society and business have not felt compelled to organize and invest their time and money for advancing the common good. The main difficulty, however, is that government has not filled the void, nor is it viewed as responsive or trusted by the people. Consequently, civic participation as a way to resolve societal problems remains a low priority (ENCUP, 2005).<sup>19</sup>

These circumstances have limited the growth and development of organized philanthropy in Mexico. According to information prepared by the Project on Philanthropy and Civil Society of the *Instituto Tecnológico Autónomo de México* (ITAM), there were 5,280 organizations with tax-exempt (*donataria autorizada*) status in 2007, of which approximately 2,000 were hospitals, schools and universities.<sup>20</sup> Information from this study further shows that these organizations are highly concentrated in Mexico City, which has 30% of the total. Another 24% are located in the states of Nuevo León, Jalisco, Mexico and Chihuahua, while the other 46% is divided among the remaining 27 states of the country.

In 2002, it was estimated that there were approximately 125 donor institutions in Mexico (Cemefi, 2006). While there are no formal mechanisms for tracking the number of foundations or the amounts of money being invested in social causes, these have presumably grown, as donating and volunteering become more common activities and more companies consider corporate philanthropy and social responsibility as part of their civic role.

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<sup>18</sup> According to this survey, 79% of respondents said they prefer to give money directly to a needy person, while only 13% preferred giving it to an organization.

<sup>19</sup> According to this survey, 59% of the population believes that citizens have little or no influence in the political life of the country, and to resolve a problem affecting them directly, only 39% of Mexicans have organized with others and just 33% have complained to the authorities.

<sup>20</sup> Information based on the *Directorio de Donatarias Autorizadas* published by the *Servicio de Administración Tributaria* (SAT) in 2007. *Donatarias autorizadas* are nonprofit organizations authorized to issue tax deductible receipts for donations. These receipts are required for individuals or corporations to deduct such donations from their income tax.

## Civil Society and the Nonprofit Sector

Civil society in Mexico, like in many other countries in Latin America, still is developing. For decades, nonprofit organizations have evolved and found creative ways to thrive, despite the many obstacles they have encountered. The sector is small in size, both in relation to the percentage of people employed in civil society organizations (CSOs) and in relation to the resources it obtains from public sources and philanthropy (Salamon *et al.*, 2003). Traditionally, this has resulted in nonprofit organizations having low pay levels and a high percentage of self-generated income.<sup>21</sup>

Three movements have contributed to the diversity of the sector with regard to the types of organizations that co-exist today. The first one relates to charitable-aid types of organizations (*organizaciones asistenciales*), which originated from church-related institutions and their benefactors, since colonial times (1500s-1800s). Traditionally, these organizations have built and operated hospitals, children's homes, schools and pawn shops to provide financial resources to the poor (Fuentes, 1998). With the secular reforms of the XIX century and the 1920s, these organizations came to be supervised at the state level by the *Juntas de Asistencia Privada* (JAPs), and to have some government intervention in their supervision and governance. These organizations usually have been incorporated as *Institución de Asistencia Privada* (IAP) and have easily obtained tax-exempt (*donataria autorizada*) status to receive donations that are tax deductible. They are somewhat accustomed to requesting donations from individuals and businesses, although they rely more on the goodwill and personal contacts of their board members than on the submission of funding proposals.

The second movement —social organizations based on membership or self-benefit— arose after the Mexican Revolution (1920s) with the goal of channeling public favors under a clientelistic framework.<sup>22</sup> Leaders and organizations that supported the state party (PRI) enjoyed greater access to government programs and resources, while independent organizations were excluded and frequently harassed and oppressed by the government. Political allegiances were of utmost importance, and many organizations depended solely on public resources for funding projects and on their government connections to obtain these resources, frequently exchanging votes and political control for government support (Fox, 1992).

The third movement —civil organizations and those oriented towards the defense of human rights and to community development— originated in social movements in the 1960s and 1970s, becoming stronger in the decade of 1980 (Hernández and Fox, 1995 and Reygadas, 1998). These organizations emphasized principles of solidarity and social justice and opposed *asistencialismo* and charity in favor of human development strategies referred to as *desarrollo*.<sup>23</sup> They also rejected public funding, which was usually given in return for subordination and the unconditional support of government. As seen in other Latin American countries that transitioned from authoritarianism,

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<sup>21</sup> Examples of self-generated income include selling goods, such as publications, and charging fees for providing certain services. According to Salamon *et al.*, 2003, self-generated income represents 85% of total income for CSOs in Mexico.

<sup>22</sup> Clientelism involves granting public resources in exchange for political favors, such as supporting a particular government official or voting for a specific candidate or political party (Rouquié, 1986).

<sup>23</sup> *Asistencialismo* implies the understanding of philanthropy as charity and responds to immediate needs without addressing their causes (e.g., feeding the poor or housing street children). *Desarrollo* implies the framing of philanthropy as a tool to empower beneficiaries to participate in their own development, responds to the causes of the problems and not just their symptoms, and looks for solutions to poverty with a medium and long-term perspective.

these organizations were essentially anti-regime, which explains their informal character and the alternative development philosophy they embraced. Many worked with the support of international funders and decided against incorporating legally. Subsequently, they incorporated as *Asociación Civil* (AC), which allowed more autonomy than the IAP status. During the 1980s and 1990s, this sector led the defense of the vote, competitive elections, equitable media coverage for electoral campaigns and the struggle against the political use of social programs. Work is ongoing in such areas as government accountability, citizen participation, organizing, and community development with a grassroots approach.

Today, these three types of organizations co-exist, resulting in a highly fragmented civil society, with great diversity in terms of legal frameworks and funding mechanisms, as well as strong divisions regarding ideological values, political culture and focus. In the mid-1990s, when international funding for projects in Mexico began diminishing, development organizations were hit the hardest, suffering cuts in programs, and in staff and salaries (Shepard, 2003, for Latin America). Many of these organizations did not have tax-exempt status and were not accustomed to fundraising campaigns or requesting individual donations. They considered these as strategies of the charity-oriented (*asistencial*) sector that succeed only when pity-inspiring messages are used, which in their view belittled the dignity of their causes.

With time, the number of CSOs has increased, but the scarce funding available to develop and professionalize their work has resulted in short organizational life cycles. There is a general lack of visibility of CSOs and a low level of awareness about their activities, which are frequently misunderstood as having business or political orientations. CSOs also have had a hard time collaborating with government, which sometimes competes with the nonprofit sector by offering their own programs and otherwise supplanting the work of these organizations. Frequently, the design of public policies and programs is modeled after projects initiated by CSOs, and governments often solicit donations from local businesses to implement and operate them.<sup>24</sup> Unfortunately, the results can be highly bureaucratic programs that stymie the delivery of services and also foster dependency on government.

Lately, CSOs —including both the more progressive and development-oriented as well as the more assistential and clientelistic— have started to access and work with public resources at the federal level, through calls for proposals and similar procedures that depoliticize the process. This has become common practice, providing an alternative source of funding and promoting a shift in the relationships with government. Consequently, CSOs have begun to leave behind the usual confrontational attitude towards government (and vice versa) in favor of fostering more cooperative relationships. Nevertheless, federal funding programs are fragile and not well institutionalized. They still depend on the political will of public servants and have very inflexible regulations that limit the impact of the funded projects (Tapia and Robles, 2006 and Campillo *et al.*, 2008).

### Political, Legal and Fiscal Environment

The legal and fiscal framework for CSOs is restrictive and cumbersome. Politically, the lack of support for CSOs and appreciation of philanthropy was exemplified by the Calderón administration's 2007 proposal to introduce a flat income tax that would not have allowed tax-

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<sup>24</sup> In a recent study on Mexican corporate philanthropy, more than half of participants (56%) said that they give donations to government agencies, which in Mexico are tax deductible (Carrillo *et al.*, 2008).

deductible donations by nonprofits and would have taxed their goods and services.<sup>25</sup> This opened a national debate about philanthropy in Mexico, which showed deeply rooted biases against donations, philanthropic institutions and CSOs, and little understanding among society, public opinion leaders and policy makers as to how these organizations can contribute to the solution of social problems. The biases against donations are based on beliefs that such support is used to evade taxes or to gain favors such as votes or government funds. The recent difficult socio-economic climate also has hindered philanthropic activity. Prevailing insecurity along the border and in northern states has led some people to move to the United States and has discouraged giving, since people fear they could become targets for kidnappings.

The laws, rules and practices that regulate the civil sector in Mexico are extremely complex, with both duplication and loopholes present, implying obstacles and costly paperwork. The incorporation process is carried out by a notary public, takes approximately three months and costs around \$7,000-8,000 pesos.<sup>26</sup> If an organization wants to obtain tax-exempt status, this can take anywhere from three months up to a few years. Nevertheless, tax deductibility does not recognize the full range of activities carried out by civil society, and nonprofits still have to pay value-added tax (the equivalent of sales tax in the U.S.) on any goods and services they purchase. Maintaining the tax-exempt status requires that organizations carry out an annual external audit, which can cost up to \$30,000 pesos, and establishes that only up to 5% of donations received can be used for administrative expenses.

The legal system also affects the governance and operation of organizations. For those incorporated as ACs, having a board is not obligatory, although most organizations have some type of board or assembly. Nevertheless, board members are not liable for the actions of the organization. Only the person(s) designated as legal representative(s), usually the executive director or one of the board members, is liable for the organization's actions. In order for board members to be reflected in the legal documents of the organization, minutes of the board meetings where they were elected or removed must be notarized, a procedure that takes approximately a month and costs around \$2,500 pesos each time.

Finally, the legal and fiscal landscape lacks general knowledge and expertise on the part of accountants and attorneys in the workings of the nonprofit sector. There are no adequate standards for reporting financial information, which makes it difficult for organizations to demonstrate transparency and impact. New legislation — which is not consistent with pre-existing regulations— requires organizations to be accountable to different government entities and has thus increased the costs of fulfilling their obligations. There also are multiple government registers for CSOs that are not coordinated among themselves, each adding a distinct set of requirements for organizations.

### The Work of Community Foundations

Against this complex backdrop, more CFs have emerged in Mexico than in any other country in Latin America. As can be seen in Figure 1, they are dispersed throughout the country,

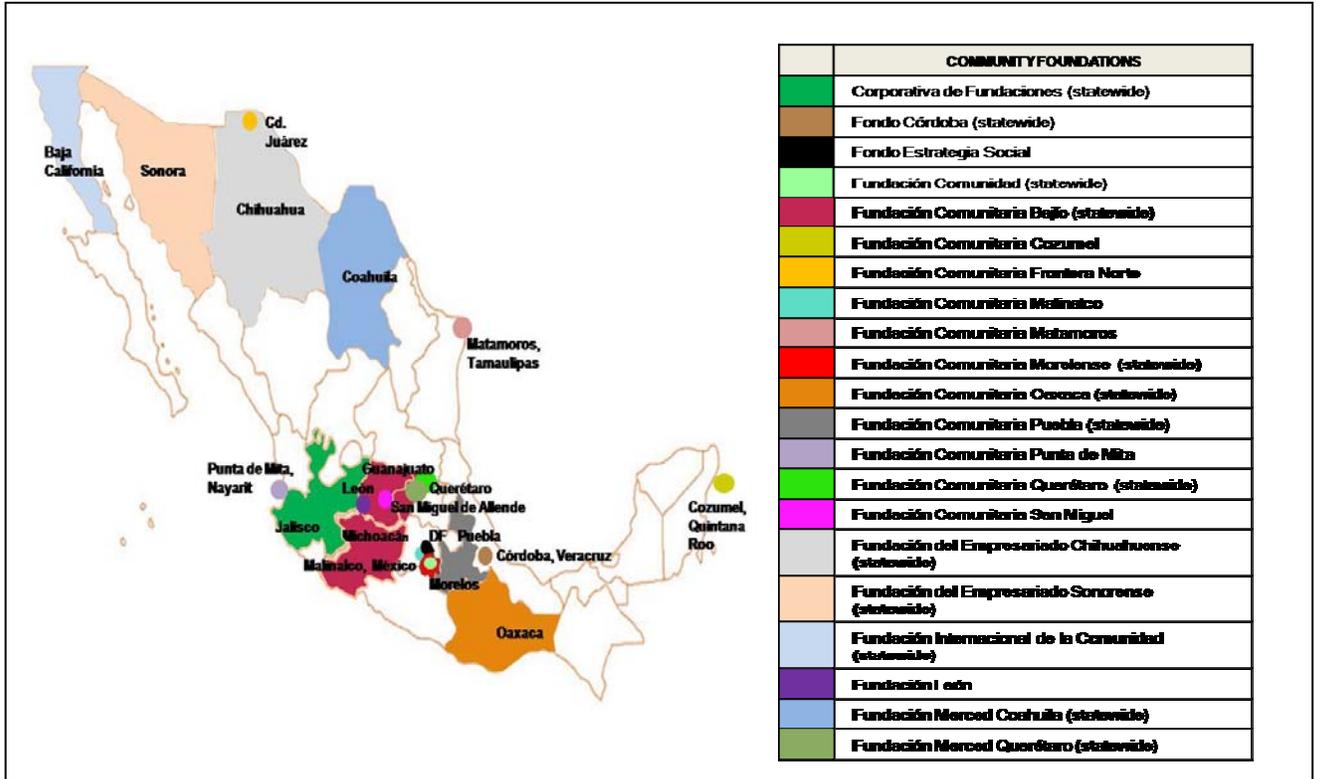
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<sup>25</sup> The law that was passed continues to allow for tax deductibility (and goods and services will not be taxed). Also, tax deductibility for nonprofits that have tax-exempt status is included in the federal income tax law, which co-exists with the flat income tax.

<sup>26</sup> During the study period, the average exchange rate was around 10.5 pesos per dollar.

concentrated mostly in the central and northern region. Their histories and origins are very different, as are their operations. Many of them were started by civically minded individuals or business leaders, and most did not start off as community foundations *per se*. As has happened in other countries where CFs have formed, Mexico is still trying to define an approach that works best within its context and culture. Central to the approach, which CFs are struggling to articulate, is their role as bridge builders, conveners, promoters of philanthropy, and capacity builders for the sector. These are relatively new roles in the Mexican civil sector and the CFs are understandably formulating how to best articulate them to larger society.

Figure 1. Area Covered by Mexican Community Foundations



The identity of Mexican CFs is still evolving. A fundamental debate exists centering on two possible courses of action for CFs which to date has been framed as an either-or option. CFs identify themselves as either directly operating projects or involved in grantmaking. In a context where people are accustomed to carrying out philanthropy by giving directly to the needy, the role of intermediary organizations appears superfluous. To differentiate themselves from other CSOs called foundations,<sup>27</sup> CFs emphasize that they are an intermediary organization (*organización de segundo piso*). This concept, however, is difficult to grasp in the Mexican context. There is generally a lack of understanding about the need for this kind of organization and it is very difficult for CFs to fundraise, since donors prefer funding service providing organizations or beneficiaries directly. This has moved some foundations closer to the operational model, one that is more understandable to CFs and donors and easier to fundraise for. Other issues still under debate have to do with board diversity, as is characteristic of developing sectors. Placed in a broader context,

<sup>27</sup> In Mexico, any organization that was created to “help” can be called a foundation, even if it does not give grants.

though Mexico like other nations has its unique issues, it is not uncommon for a developing CF sector to encounter environmental challenges and lively debate over the foundations' fundamental characteristics.

#### IV. Findings

The funders of this study were interested in obtaining a snapshot of the status of the community foundation sector. The findings address three research questions: 1) What is the financial and organizational status of community foundations?, 2) How are they getting their developmental (e.g., capacity building, funding) needs supported now?, and 3) What are their needs and what key obstacles do they face in serving their communities and promoting social change? Finding 1 is divided into two parts, covering the current organizational and financial status of Mexican community foundations. Finding 2 addresses both the ways in which CFs are meeting their developmental needs as well as the question concerning the needs and obstacles they face in achieving their goals.

##### F1. Considerable Progress in Institutional Development

Mexican community foundations have achieved considerable progress in their institutional development, even though the field still is new. The data shows that they are mostly young organizations, have small staffs, have developed requisite board structures, and have written governance policies covering key areas such as endowment, conflict of interest, and personnel. Nearly all or significant majorities reported that their activities focused on strengthening civil society organizations, including those at the grassroots, while building their own capacities and having grantmaking budgets that are generally quite modest (i.e. below \$1.5 million pesos). Efforts to foster philanthropy are evident in patterns showing increases of total assets and income.

##### A. Organizational Status

In this section of the document, we describe the organizational structure and activities of the foundations studied, covering their legal structure, board and staff characteristics, programmatic work, visibility, and the activities they carry out to strengthen civil society.

##### Institutional Structure

As a group, Mexican community foundations are young. This is a new field in Mexico, where the civil sector is still emerging. Most of the foundations (18) participating in the study are under 12 years old. A sizable number (11) were incorporated between 1996 and 2000, a period when international funding was made available to help them start up and there was a push to promote the community foundation concept. Before 1986, when Fondo Córdoba was established, the only community foundation existing in Mexico was the San Miguel Community Foundation, which is somewhat of an anomaly having been incorporated as a 501(c)(3) in the United States. The youngest foundations among study participants are Punta de Mita and Malinalco, both incorporated in 2007.

The majority of these organizations did not necessarily conceive of themselves as community foundations when they were started, as this concept was not a familiar one within Mexico. Many were founded by civic-minded business people, while others began as local or community development organizations. Of the 17 foundations answering the electronic survey, 15 are incorporated as *Asociación Civil* (AC), the legal status used by many nonprofit organizations in Mexico, which allows for greater flexibility in their activities. The remaining two are incorporated as

*Institución de Asistencia Privada* (IAP) and *Institución de Beneficencia Pública* (IBP), legal variations that must comply with an additional layer of regulations issued by state governments. All foundations responding to the electronic survey, with the exception of the two most recently incorporated are *donatarias autorizadas*. Most of the foundations obtained their tax-deductible status within two years of incorporation.

A majority of the foundations report having written policies, key components of professionalizing their operations. Respondents said that they had written policies for endowments (12), grantmaking procedures (13) and evaluating grants or programs (14), as well as personnel (9) and conflict of interest policies (8). The fact that many of the organizations have these policies could be one of the effects of participating in the *Grupo de Fundaciones Comunitarias* (GFC), an affinity group of the *Centro Mexicano para la Filantropía* (Cemefi). As part of an endowment program funded by the Inter-American Foundation (IAF), Cemefi carried out a certification process for community foundations in 2004, which included an institutional strengthening component. We note that some of the foundations that were not part of the Cemefi process also reported having policies in place.

Boards predominate, but they are not always part of the legal structure of the organization, unless they are part of the assembly of associates. Participating foundations incorporated as IAPs or IBPs (2) are required by law to have a board of trustees (*patronato*), which is legally responsible for the organization and usually participates in all decision making. Those incorporated as ACs are only required by law to have an assembly of associates, who are the people actually identified in the incorporation papers. They are not responsible for the organization (only the person designated as legal representative is responsible), and they may or may not participate actively in its decision making. As was explained in the context section, this relates to the fact that changing the legal status of board members implies spending money and time, since documents have to be notarized. Of the 15 other foundations responding to the question about whether or not they have a board, eight have a board of directors (*consejo directivo*) to guide the foundation, five have a board of directors and assembly of associates and two more combine the assembly of associates with an executive committee, or with a board and advisory committee.

### Board composition and participation

In Mexico, the concept of a working board is quite new. The tradition is staff-led organizations where boards play a limited role and there is no expectation of their involvement in governance-related decisions. For the most part, board members' principal role has been to add the cachet of their good name to an organization. But as the civil sector has matured and grown, board members are taking on more significant roles and developing a greater understanding of their responsibilities and of the competencies they need to become more effective directors.

Most participating foundations have in place the essential elements that constitute a working board. The first is a highly active core of participants from among a larger group of board members. In general boards allow for up to 20 members, with most reporting that they have between 11 and 20. Most foundations also have term limits for their board members. Of the 16 foundations responding to this question, two reported lifelong terms (*consejeros vitalicios*), while 13 reported having term limits of two, three, or four years, and one reported terms of six years. Nevertheless, five of the foundations with term limits allow board membership to be renewed indefinitely.

The second element of working boards is board diversity. Given the role to be played by a CF, desirable characteristics of board members include an interest in the community's civic needs, willingness to promote philanthropy, and a range of skills and competencies in understanding the law, finance and other aspects that are important to the workings of a CF.

Figure 2. Board diversity by background and gender for 17 foundations surveyed.

Board member background	Total	%	Men	% Men	Women	% Women
Business	138	66%	94	45%	44	21%
CSOs	28	14%	12	7%	16	8%
Academia (researchers and university professors)	17	8%	11	5%	6	3%
Education (teachers and specialists in elementary, high school and technical education)	8	4%	4	2%	4	2%
Other sector	7	3%	2	1%	5	2%
Volunteering	6	3%	2	1%	4	2%
Government	4	2%	1	0%	3	1%
Total	208	100%	126	61%	82	39%

The diverse beginnings experienced by Mexican community foundations evidently influence their connections and the composition of their boards, since patterns are often established at the earliest stages of development. Several of the CFs were founded by civic-minded business people and their boards continue to have a majority representation of the business sector. This is the case of at least seven of the foundations, some of which maintain their close links with the business sector to this day. Nevertheless, CFs have increasingly turned to other sectors, such as academia and civil society, for board recruitment in order to gain a perspective and understanding of issues related to their communities. As can be seen in Figure 2, boards include an important percentage of women (39%), who mostly come from business, and CSOs.

A number of the CFs have attempted to diversify board membership and to be strategic in the process. Some with strong representation from the business sector, for example, have attempted to balance the board with representatives that bring knowledge of the nonprofit sector and conditions in target communities. We learned from interviews that having representatives from CSOs has proven difficult in some cases, mainly for two reasons: first, they sometimes advocate for the benefit of their own organizations; and second, their tendency to focus on short-term community needs sometimes hinders activities that would benefit the foundations' long-term planning and sustainability. This highlights the need to ensure there are proper safeguards in

place, such as conflict of interest policies and sustainability guidelines to facilitate the participation of members from different sectors.

The third element of working boards is a high level of board participation. According to survey responses, board members help to promote the foundation in the community (17), participate in financial decisions (14) and facilitate relationships with community leaders (15). They also approve financial reports and annual budgets for 16 out of 17 foundations. Still, many executive directors mentioned they would like to see more involvement on the part of board members, especially with increasing visibility and with making connections for fundraising, apart from their own donations, which is further discussed below.

The fourth element is a high degree of board involvement in fundraising, both through their own donations and through their participation in fundraising activities. Sixteen (16) of the 17 foundations surveyed reported that their board members donate to the foundation. Of total board members in these foundations, 74% gave cash, shares, investments, land or buildings in 2007, and 33% gave in-kind support. Eight of these foundations reported that the percentage of board members who make cash or land donations increased from 2005 to 2007, and nine of them said that the percentage that give in-kind donations increased in this same period. Only one foundation reported the percentage going down for in-kind donations. The Cemefi/GFC certification process mentioned earlier emphasized the participation of board members in mobilizing resources for the foundation, as did Synergos and the BPP, and might have influenced the level of donations on the part of board members.

Board member donations vary in size and form. Fundación Comunitaria (FC) Puebla,<sup>28</sup> for example, has 29 founding members, each of whom contributed approximately \$50,000 pesos upon joining the foundation. Since 2006, FC Oaxaca has asked each of its board members to contribute approximately \$100,000 pesos to the foundation, which they can donate themselves or raise for the foundation. Fondo Córdoba mentioned that in its beginnings, each of the businessmen that helped found the foundation contributed \$1 million pesos.

In terms of in-kind donations, 10 of the 17 foundations participating in the survey have office space donated by board members. The value of these donations ranges from less than \$5,000 pesos to more than \$15,000 a month. One more foundation reported receiving a rent subsidy from one of its board members, for a monthly value of around \$1,500 pesos.

Beyond their direct donations, all foundations surveyed reported that board members help raise funds for their foundation. Almost half of all board members (45%) participated very actively in fundraising activities, while one-fourth (23%) participated more or less actively and one-third (32%) did not participate. Moreover, nine foundations reported that the percentage of board members participating in fundraising activities has increased since 2005, while seven reported that it has remained steady.

The fifth and final element of working boards is having strategic plans, which nearly all of the foundations (14) reported having completed. Strategic plans are a good indicator of an

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<sup>28</sup> The Spanish names of community foundations are used in this report. Refer to Appendix 1 for a list of participating foundations.

organization setting priorities and establishing a path for accomplishing them. Most of these plans have been approved recently: 10 of the 14 foundations that have them said they were approved in 2007 or 2008. Foundations typically cover the cost of these strategic plans through donations from board member or from a grant. During the interviews with FC Oaxaca and FC Querétaro, for example, we observed that board members had marked-up copies of their strategic plans, indicating they were being used. In other cases, we heard board or staff refer to their strategic plans. Oaxaca has long included strategic planning as a means to chart its course, while FECHAC's most recent strategic plan helped it select areas of focus, such as education, preventive health and the development of social capital. In the course of interviews we also heard foundation board members and staff comment about the need for developing a strategic plan or for updating one as part of their organizational practices.

### Staff profile and working conditions

Key aspects of a professional organization include capable staff and working conditions that foster stability. In Mexico, CFs represent a new kind of organization with different work demands, where staff require skills for which they seldom receive training for or learn on other jobs, such as bridge building, fundraising and grants management. The majority of participating foundations are small, with well educated executive directors that often bring considerable experience and seem to remain on their jobs, despite pay levels that appear modest in light of their tasks. Nevertheless, the challenges they face are taking their toll, and they express a feeling of isolation and a desire for more support, in spite of boards that are in many ways supportive.

Most participating foundations, with few exceptions, are thinly staffed. Total staff in the 17 foundations responding to the survey is 136, of which 127 are full-time. FECHAC is the largest organization, with a staff of 50, while Corporativa and Merced Querétaro are the second largest, with staffs of 12. As Figure 3 shows, almost two-thirds (59%) have fewer than six staff and close to one half (47%) are very small, with only one or two staff or only volunteers. Most full-time employees (81%) are hired through *nómina*,<sup>29</sup> which reflects a commitment by foundations to have more stable staff and invest in better benefits and working conditions. The Cemefi/GFC certification process, which encouraged hiring staff through *nómina*, may well have influenced this outcome. Also, IAF requires that its grantees hire through *nómina*.

Figure 3. Foundations by number of full-time staff in 2007.

Full-time staff	Foundations
0	2
1 to 2	6
3 to 5	2
6 to 10	4
11 to 15	2
16 to 20	0
More than 20	1
<b>Foundations responding</b>	<b>17</b>

<sup>29</sup> *Nómina* is a type of employment that includes salary and comparatively broader benefits than other forms of hiring in Mexico, where employees are often hired as independent professionals (*honorarios*), with the main implication that they are personally responsible for paying into their own social security.

Executive directors are well educated with experience principally in business (11), followed by experience in CSOs (9), and other foundations (6). There appears to be a pattern of executive directors coming up through the ranks, or at least from other positions within the foundations (some were previous board members or program officers). This was the case for eight of the participants. Executive directors also report high educational levels, with four of them holding graduate degrees, and the rest holding bachelor's degrees.

Consistent with other organizations in the public or private sector, much of the responsibility for the CFs lies on the shoulders of executive directors. The executive director of a community foundation must have multiple skills and talents, which include working well with CSOs, being at ease cultivating potential donors, knowing how to motivate board members and obtain their commitment, and having the vision, as well as the practical skills, to operate the foundation. Moreover, he or she must be able to build alliances and work with the board to identify the skills that members need to become more effective leaders for the foundation, and to actively recruit these skills through new board members (Synergos and VBA 2007, p.15). This document further explains that "executive directors play a decisive role in the consolidation of a community foundation" (p. 15).

Considering the levels of training and expertise shown by many executive directors and the fact that they carry out unusual and demanding jobs, their remuneration appears to be low. As can be seen in Figure 4, the executive directors of eight of the 17 community foundations participating in the survey reported their net monthly salaries at \$20,000 pesos or less.

**Figure 4. Net monthly salary of executive director (after taxes or withholdings).**

Net monthly salary of executive director	Foundations
Less than \$10,000	2
\$10,001 to \$20,000	6
\$20,001 to \$30,000	2
\$30,001 to \$40,000	5
More than \$40,000	2
<b>Foundations responding</b>	<b>17</b>

Since there are no studies in Mexico on salaries in the nonprofit sector, as a rough proxy, we compared the salaries of executive directors with middle management pay levels in the government of three states in Mexico, which range from \$37,000 to \$56,000 pesos.<sup>30</sup> The net salaries of 15 of the 17 executive directors are below the high end of the range, and 10 of them earn lower salaries than the low end of the range. It is not surprising that nonprofit sector staff would leave their positions for jobs in government or the private sector.

In terms of benefits, the most common are a year-end bonus (*aguinaldo*), a flexible work schedule and access to the package of public benefits, which include the public health insurance system, support for home buyers and savings for retirement. While they receive benefits and they seem to enjoy the flexibility afforded by their jobs, the remuneration that community foundation executive directors receive does not seem to be well aligned with the level of work they perform. This is

<sup>30</sup> Government pay levels correspond to the title of *Director General*, which is similar to a sub-director in a state agency. The states reviewed were Puebla, Sonora and Veracruz. One of the difficulties was the lack of comparability even in the information reported by state governments, since some report gross salaries and others report net salaries.

related to the fact that pay levels in the Mexican nonprofit sector are traditionally low, due to the difficulties these organizations face in raising funds and to the common perception that nonprofit work is largely volunteer work.

In general, turnover among executive directors seems low. As can be seen in Figure 5, nine of the 17 directors answering the survey have been on the job for more than three years. While the remaining eight have been in their positions for a shorter period, some of their foundations are new institutions and other foundations by chance were experiencing leadership changes.

Notwithstanding, we learned through the interviews that some foundations have definitely experienced high turnover. One, for example, mentioned having had three directors in five years, and another reported nine directors in 11 years. This may suggest that community foundations still are forming and learning to manage expectations of the position of executive director.

**Figure 5. Foundations by starting year of executive director.**

Starting year of current executive director	Foundations
1996 – 2000	2
2001 – 2005	7
2006 – 2008	8
Foundations responding	17

In interviews with executive directors, we repeatedly heard them express feelings of isolation, which can be attributed to different factors. These include performing and defining a new professional role in a developing field, having few peers with whom to share similar experiences, and being geographically spread out throughout the country with few opportunities to come together.

It is not surprising that fundraising is a key activity to which executive directors and other staff dedicate a considerable amount of time. The importance of fundraising is twofold. Executive directors are raising money for their own organizational stability, as well as for the purpose of fostering philanthropy which is central to their mission. Fundraising is challenging under most circumstances and, as was mentioned earlier, particularly so in the difficult context in Mexico. Referring to Figure 6, the survey indicates that 13 of the 17 executive directors spend more than a quarter of their time fundraising, including four who report spending more than three-quarters of their time in this activity. In addition to executive directors, 30% of full-time staff (33) also dedicates time to fundraising, half of which spend more than three-quarters of their time fundraising and 24% of which spend more than a quarter of their time.

**Figure 6. Foundations by percentage of time spent by the executive director in fundraising.**

Percentage of time spent by executive director in fundraising	Foundations
25% or less	4
26 – 50%	6
51 – 75%	3
76% or more	4
Foundations responding	17

Throughout the interviews, executive directors expressed the challenges they face in raising funds and the desire to obtain more support from their board for this activity. In some cases, we detected mutual dissatisfaction, with directors feeling thinly stretched and not supported sufficiently by their board, and board members feeling that directors were not doing enough to obtain resources.

Interviews also surfaced the importance of local idiosyncrasies in fundraising, especially in tight-knit communities that are unwelcoming of outsiders. In some places, participants mentioned the need to be part of the local elite to be accepted into potential donor circles. This is especially the case with fundraising from individuals of wealth and from family-owned businesses, which is common in states such as Jalisco, Puebla, Querétaro, and Sonora where donor communities are tightly connected.

Beyond the executive directors, staff is often young, with low remuneration levels and few resources to invest in their development. The survey gathered a limited amount of information on other staff since the emphasis was on exploring the working conditions of executive directors. Through site visits and interviews, however, we learned that oftentimes staff is young and inexperienced, and that social service (*servicio social*), a requirement for obtaining a university degree, plays a strategic role in bringing people into the sector. In many cases, especially for those coming through *servicio social*, staff receive their early professional experience through their work at the CF.

In terms of staff pay, the study collected information from 12 foundations on the lowest and highest pay levels, excluding executive directors. For nine of these foundations, the lowest monthly pay levels for full-time staff ranged between \$3,000 to \$6,000 pesos. With regard to the highest salaries for full-time staff, six foundations reported levels between \$8,000 and \$16,000 pesos monthly. Once again, pay levels seem low, largely related to the difficulties of attracting experienced staff, as well as retaining them.

Even though we did not study turnover at the staff level below the executive director, we obtained anecdotal information that presents a mixed picture. Through the interviews, we learned that some foundations have more stability than would be expected, while others have high turnover. At one foundation, for example, staff has been working for an average period of 4.7 years and the administrator for 12 years. At another foundation, we met two program people who had been on staff from four to five years. We are aware of other cases, however, where there has been high staff turnover, with people leaving in less than a year.

Throughout the interviews, it was evident that hiring experienced staff is one of the main hurdles facing CFs. Much of this is due to insufficient remuneration. CFs reported a lack of resources and time to invest in training staff. Staff training is expensive, and becomes even more so with high turnover. Several foundations mentioned the need for educational programs that train young people to work in the sector and for increased resources for staff development, for which only some of the foundations have explicit programs.

## Programmatic Work

There are three overarching themes that characterize the work of the CFs that we studied. They are that CFs seek to 1) strengthen the civil sector, 2) foster a culture of organized philanthropy, and 3) address the needs of vulnerable and low income populations. Though the approach to their work varies, in part a function of their unique origins and the diversity of their local and state contexts, these three themes provide a common thread. The CFs embrace the civil sector's formal and grassroots organizations and the evidence shows that they are growing a base of financial support within Mexico. As a group, they see themselves as focusing on *desarrollo*, rather than on projects that would be considered *asistenciales*.

Briefly, before proceeding, it is important to note that in present day Mexico the notion of a sense of community is largely limited to family circles that tend to be closely knit. Rapidly growing cities, intensive urbanization and substantial migration have contributed to a society in which lack of trust is pervasive and where striking class divisions persist, strong countering forces to engendering a sense of community. CFs do not always explicitly state that they are trying to foster this sensibility. Yet the evidence is in their actions which center on nurturing a wide range of relationships within sectors and across them around common issues. They cover vast areas and diverse landscapes, and show openness to a broad range of potential stakeholders. They are focusing on the essentials of relationship building, for example, through creating and participating in formal and informal networks, which is a precondition to developing a sense of community.

This section of the report starts with a brief description of the geographic areas covered by the CFs, discusses how they build their knowledge about their communities, and then sheds light on the programs they design to address the needs that are identified. CFs use two types of resources. One may be broadly conceived of as reputational, which is using their abilities to promote capacity building, create networks, facilitate bridging across sectors and foster civic-conscious leadership— strategies that often are integrated in how they implement specific programs. The other resource is financial and takes the form of making grants and/or operating programs. The information provided here should be viewed within the context that while there are some mature foundations, many are still emerging and building their own reputations —and— financial resources for grantmaking or operating programs are generally quite modest. The status of the CFs' progress in growing philanthropy is discussed in the financial part of this report (see page 29).

### Areas Served by the CFs

Consistent with the definition of a CF utilized for this project, all of the groups have established a geographic area for their work. Nine of the 17 foundations answering the survey focus their work at the state level, one at the municipality level (the city and surrounding countryside), six concentrate on the city where they are located, and one more on specific neighborhoods within the city. Working statewide gives foundations the potential for a larger donor base but adds complexity, because it includes urban and rural areas, long distances across varied topography and sometimes indigenous populations that speak different languages. For example, in the state of Oaxaca, there are 17 ethnic groups, 16 indigenous languages, and 570 municipalities. Going from the city of Puerto Angel to Tuxtepec is 590.5 kms and takes about seven hours, and reaching the communities in the middle of the mountain region might take more than 10 hours of traveling. The situation is similar in the states of Sonora, Chihuahua, and Puebla. Nevertheless, in each, the

statewide foundation has reached out well beyond its major cities to work with isolated indigenous communities. For the CFs that focus their work in a city, such as Frontera Norte in Ciudad Juárez, suffice it to say that they, too, encounter the challenge of grave poverty and its devastating consequences.

### Fostering Understanding of Needs

CFs strive to deepen their understanding of their communities through a variety of approaches. They often invite experts from universities to speak to their boards, review studies and conduct site visits to proposed and existing programs. Foundations also mentioned serving on boards of state or local government authorities or participating in consultations about community needs. Other fertile sources of information for CFs are the local CSO networks in which they participate, their calls for proposals (*convocatorias*), and the use of methodologies such as asset-based community development.<sup>31</sup> CFs also look to their board members for knowledge of their communities, many of whom bring experience from serving on the boards of other organizations.

#### *Understanding Community Needs*

FC Querétaro conducted focus groups with participants from different sectors as a means of informing its strategic plan. Punta de Mita conducted a survey with people from the community, local nonprofit organizations and business owners, to identify community needs and help determine the foundation's priorities. Frontera Norte determined that central to the work of a CF is the promotion of citizen participation and growing a corps of future youth leaders committed to the practices of philanthropy. The board and staff were deeply concerned about a growing lost generation of youth who neither work nor go to school. After reviewing a number of studies, Frontera Norte reached out to CF networks in Michigan and in Canada to identify interventions that were used to shape their Youth and Philanthropy program. Both FC Oaxaca and FC Bajío stated that they utilize a structured assessment methodology that involves gathering extensive local input that informs their work in rural communities.

### An Emphasis on Strengthening Civil Society

A strong civil society is one of the pillars of building a democracy. It is essential to fostering civic participation, making government more accountable, improving governance and public policy, promoting social innovations and improving quality in services to vulnerable groups. One of the most impressive aspects of CF activities is that, while they are still developing their own capacities, they place a priority on providing capacity building services to civil society and grassroots organizations. Referring to Figure 7, the top four activities in 2007 were providing capacity building (100% of the groups responding), promoting voluntarism, promoting networks and shared interest groups, and providing capacity building services for community or grassroots groups. Moreover, the general pattern is that the number of foundations reporting each of these activities increased during the period under study.

<sup>31</sup> Asset-based community development is a research approach that focuses on a community's strengths, not its deficits, and looks to mobilize these capacities to address local needs (Kretzmann and McKnight).

Figure 7. Activities carried out during 2005-2007.

Activities	2005	2006	2007
Provide capacity building services for CSOs (consulting, training, workshops, etc.)	11	12	15
Promote voluntarism in the community	7	12	14
Promote networks and shared interest groups	6	10	13
Provide capacity building services for community or grassroots groups (consulting, training, workshops, etc.)	9	10	11
Organize fora to discuss issues of interest to the community	4	5	9
Convene local experts and/or people from the community	6	10	8
Advocate for issues of interest to the nonprofit sector and CSOs	4	6	8
Promote local philanthropy and recognize local philanthropists	8	8	7
Educate the community or the public in general on local issues (including conferences or talks)	3	5	7
Inform and influence the elaboration of public policies	4	6	6
Advocate for issues of interest to the community	4	6	6
<b>Foundations responding</b>	<b>13</b>	<b>15</b>	<b>15</b>

Earlier we mentioned that CFs have been using resources that we characterized as based on their reputation. The following describes four strategies used by CFs that are associated with this type of resource:

- Promoting and supporting capacity building programs:* Some foundations have their own capacity building programs, others act as facilitators or conveners of training opportunities and still others provide funding for organizations to acquire capacity building services. Corporativa, for example, carries out needs assessments to identify the components of its capacity building program, and requires grantseekers to go through training and coaching in order to be eligible for funding. FES supports selected organizations in building their capacity with the help of consultants. And FECHAC partnered with *Tecnológico de Monterrey* University to create the Centers for Capacity Building for Civil Society Organizations (*Centros de Fortalecimiento de Organizaciones de la Sociedad Civil*), where organizations can access materials, coaching and training. Several foundations also have served as local conveners for Indesol's *Profesionalización* Diploma,<sup>32</sup> and others, including Fundación Internacional de la Comunidad (FIC), Frontera Norte, Fundación del Empresariado Sonorense (FESAC), FC Oaxaca, FC Querétaro and FC Puebla, reported having programs to assist grassroots groups with building their capacity. (See Finding 2 of this report for additional detail about the role of CFs in building the capacity of the civil sector.)

<sup>32</sup> Fundación Comunitaria Querétaro, Fundación Merced Querétaro, Comunidad, Fundación Comunitaria Morelense, Fundación Comunitaria del Bajío and the *Centros de Fortalecimiento de la Sociedad Civil* in Chihuahua.

- *Creating networks:* CFs capitalize on their position within the local civil sector to promote the formation of thematic networks of organizations. These networks foster joint work and partnership building, carry out research and public policy advocacy, and frequently incorporate a capacity building component. Some examples include the Network for Children and Adolescents which FC Puebla played a role in creating. Recently the foundation has assisted groups in the network by providing workshops (e.g., on fundraising) and with an organizational assessment to determine their strengths and weaknesses. FC Querétaro also reports playing a central role in the creation and ongoing facilitation of networks of CSOs on statewide income generation and human rights activities, with responsibilities that include convening, taking minutes, and conducting follow up.
- *Building bridges:* During the interviews, many foundations talked about building bridges among sectors, through communication, coaching and alliances. Several board members highlighted the importance of CFs as neutral, nonpartisan spaces where concerned citizens can

participate in fostering good government and promoting social change. This is a crucial role for Mexican CFs, particularly in the current context of social and political polarization. Some foundations have become a reference point in the community, having seats in public-private decision-making bodies or in advisory committees for government agencies. Most commonly, bridging occurs among the private, public, academic and civil sectors, but also between the rich and the poor, between local

*Building Bridges across Sectors*

Working cross-sector is central to how FC Bajío does its work. All of its projects are designed to bring CSOs, business, government, and academia to work together on the issue of migration in rural areas. The foundation enters into a community only if it has a commitment from all four sectors to work together around a specific project. With income-generating projects, for example, the foundation gets a private company to “adopt” a community for three years. Purina has done this, advising on infrastructure, supporting the commercialization of products and volunteering time in the community, in addition to providing a monetary donation. Other examples include community centers, which are built by the government, equipped by a private company, and run by a CSO or a university.

and migrant communities, between expatriates and local communities. As referenced above, many of the CFs have established productive relationships with universities to provide capacity building for CSOs. Others have established partnerships with local government to operate programs as is the case with FC Querétaro’s Education for Life project, which includes training teachers and providing students with life-related skills, such as teen pregnancy and drug abuse prevention. The project was designed by both the CF and the state government and the foundation operates it jointly with government, certain schools and the teachers’ union. Building bridges is particularly challenging in Mexico, where there are low levels of civic participation and trust in institutions, and where the cross-sector work of foundations is not a particularly common experience.

- *Fostering civic-conscious leadership:* CFs help incubate civic or community-conscious leadership through the engagement of people from different sectors and backgrounds, be it as board members, staff, or grassroots organizations and their program beneficiaries. Interviewees often stated that through their participation in the CF they had learned about the social needs of their community, the work of CSOs, and what they could do to help address local problems. For young people fresh out of school, collaborating with the foundation, for example through their *servicio social*, sometimes helps define a career in public service. Although not a comprehensive list, in the course of the interviewees we learned that FC Querétaro, Puebla, Oaxaca, and Fondo Córdoba, have had or currently still have students fulfilling their *servicio social*. For business people (who presently constitute upwards of 66% of the board membership), it often opens up new horizons and deepens their understanding of the places where they live and work. In this sense, CFs play an important role in engaging people, bringing them together, and promoting the public good.

*Promoting Citizen Involvement*

*Frontera Norte* has creatively worked at the grassroots level to blend objectives of growing leadership, philanthropy, and citizenship in two of its programs, as a first step in what it sees as a long-term commitment to changing attitudes about civic responsibility. The foundation's Sustainable Community Development program seeks to change the predominant "negativity" and "exploitation" in favor of "a change in paradigm where community development grows from the inside out and is based on assets and embracing a positive vision of the community (our translation)." The goal of this program is to engage people at the ground-level and to form grassroots groups that identify and develop projects to address critical needs in their communities. The program's intention is to foster participation, seen as a precursor to citizenship. While groups work on issue areas they define (e.g., environment, health), its essence is its emphasis on networking (among individuals and with nonprofit organizations) and role modeling.

Again referring to Figure 7, the data also shows that a substantial number of foundations are working on promoting local philanthropy, convening experts and people from the community, and discussing, informing and advocating on issues of local interest. For example, FIC and FC Puebla hold annual events to celebrate philanthropy that raise both money and visibility. Fondo Córdoba participates in an annual music marathon to raise funds and awareness of its health programs. Foundations have occasionally created spaces for dialogue to promote shared understanding.

The electronic survey also inquired into whether the CFs had specific areas of interest. These areas are a product of the CFs own efforts to identify priorities as in the case of *Frontera Norte* focusing on youth, FC Oaxaca on economic development, and FC León on education and the environment (potable water and reforestation). They also are a function of donor interests, well highlighted in the case of FC Puebla which operates upwards of nearly 30 funds, including for the needs of disabled children, street children, and for economic development programs in indigenous areas. The main areas of interest identified by the CFs are shown in Figure 8. Only one foundation reported not having specific areas of interest.

Figure 8. Number of foundations by thematic area of focus.

Thematic areas	Foundations
Youth	12
Education	11
Families	11
Women	11
Children	10
Health (excluding nutrition)	10
Elderly	7
People with disabilities	7
Rural development	6
Addictions	5
Environment	5
Nutrition	5
Disasters	4
Cultural promotion	4
Indigenous populations	4
Microcredit/income generating projects	3
Housing	3
HIV/AIDS	2
Human rights	1

#### Grantmaking and Operating Programs

Almost since their inception, there has been a debate around whether community foundations in Mexico should concentrate exclusively on grantmaking, or if there is room to consider a “hybrid” model that operates its own projects and acts as a grantmaker at the same time. Similar kinds of discussions have emerged in other countries. In Germany, for example, the CFs tend to operate programs, which is consistent with the history of their philanthropic institutions. This pattern, however, is beginning to change as a number of community foundations there have recognized that the grantmaking role gives them the potential for greater impact.<sup>33</sup> In Mexico, interviewees noted that operating programs can be a preferred approach where there is little experience with grantmaking, an underdeveloped civil sector, and urgent and unmet community needs.

The debate around grantmaking and the operation of programs has been particularly heated in Mexico and has manifested itself within the *Grupo de Fundaciones Comunitarias* (GFC), the CF affinity group of Cemefi. In January of 2000, the GFC approved a document called “Nature and Purpose of a Community Foundation”, which expressly states that “It is inherent to a community foundation to be a tool for channeling resources, mainly financial, and not for operating projects directly” (our translation). Among the characteristics of a community foundation described in the document, it is mentioned that they “do not operate service projects directly for the population, but help those who do.” This demarcation reportedly led a few community foundations to leave the GFC and it remains a lively though divisive topic of conversation. The programmatic activity of the CFs, however, is far richer and more nuanced than the debate allows. Some CFs are doing both grantmaking and operating programs. And, some of the operating programs include grantmaking.

<sup>33</sup> Email communications between Renee Berger and Eleanor Sacks, October 20, 2008 and November 15, 2008.

The CFs are already a hybrid, shaping themselves to the conditions that fit local and regional circumstances in Mexico.

The definition of grantmaking still is evolving in Mexico, with some foundations defining it as a process of applying specific selection criteria to applications solicited for competitive funding. Using this definition, in Mexico, the channeling of grants is not considered by some to be a grantmaking activity since the donor designates the purpose and recipient of the grant. Of the 15 foundations that answered the question posed in the electronic survey about their activities over the previous three years, all responded that in 2007 they made grants, channeled funds, and identified projects for donations carried out by other organizations. As indicated in Figure 9, during that same year seven foundations were operating community development programs and six were operating educational programs.

Figure 9. Number of foundations by activities carried out in the previous three years to achieve their objectives.

Activities	2005	2006	2007
<b>Number of foundations responding</b>	13	15	15
Grantmaking for projects or organizations	11	12	15
Channeling (passing through) funds for other organizations or individuals	10	14	15
Identifying projects or organizations for donations carried out by other organizations or individuals	9	12	15
Making in-kind donations (materials, equipment, etc.)	12	13	13
Granting scholarships to individuals	4	7	9
Funding microcredits and income generating projects	3	4	3
Operating community development programs	5	5	7
Operating educational programs	4	5	6
Operating health programs	1	3	2
Operating social service programs (children's homes, homes for the elderly, etc.)	0	1	1

### *Grantmaking*

The term grantmaking conjures up notions of these organizations being well resourced with total discretion about to what and to whom they can award funds. The reality is that they are generally not well resourced and have limited flexibility in their funding. CFs primarily raise money for grantmaking from donor funds and by submitting proposals for regranting in their communities. As shown in Figure 10, most foundations reported having designated (12) or donor-advised funds (10), and a fair amount reported field-of-interest funds (9). In the case of donor funds, the CFs must follow donor wishes and therefore have limited discretion to address priorities they have identified in their communities. FECHAC is an unusual case, because it has large amounts of money from the tax surcharge and the flexibility to establish its own grantmaking priorities.

Figure 10. Foundations with different kinds of funds for grantmaking.

Type of funds	Number
Designated	12
Donor-advised	10
Issue area (field-of-interest)	9
Unrestricted	9
Family	1
Co-investment funds with government, business and individuals	1
No funds	2
<b>Foundations responding</b>	<b>16</b>

Despite the debate about grantmaking versus program operations, in 2007 the majority of CFs (12 of 17) raised funds specifically for grantmaking purposes. As can be seen in Figure 11, half of them raised more than a million pesos, and the other half raised less.

Figure 11. Foundations by amount fundraised specifically for grantmaking (in pesos).

Amount fundraised specifically for grantmaking	Foundations
More than \$5,000,000	3
\$1,000,001 to \$5,000,000	3
\$100,001 to \$1,000,000	5
Less than \$100,000	1
<b>Foundations responding</b>	<b>12</b>

In general, budgets for grantmaking are quite modest. Figure 12 shows that nine of the 17 foundations responding to the survey had grantmaking budgets of \$1.5 million pesos or less in 2007, while three had grantmaking budgets between \$1.5 and \$5 million pesos, and five over \$5 million pesos. Most foundations (13) responding to the survey give 80% or more of their contributions in cash. This can conceivably be interpreted as an important signal of growing trust in CFs, given the tendency in Mexico to provide in-kind contributions rather than cash and a preference to fund directly, rather than through an intermediary.

Figure 12. Foundations according to size of grantmaking budget in 2007 (in pesos).

Grantmaking budget	Foundations
More than \$10,000,000	2
From \$5,000,001 - \$10,000,000	3
From \$1,500,001 - \$5,000,000	3
From \$700,001 - \$1,500,000	2
From \$200,001 - \$700,000	3
Less than \$200,000	4
<b>Total foundations</b>	<b>17</b>

For the majority of foundations (10), most grants fall within the range of \$30,000 to \$300,000 pesos, but there is a lot of variation in grant size. There have been grants of less than \$500 pesos and of more than \$1,000,000. This broad range also is apparent in the number of organizations or

projects funded in 2007. Four foundations funded five or less organizations or projects; five others reported funding more than 40.

An important part of grantmaking is the process, which often models inclusiveness, fairness and transparency, all essential in building the credibility of these institutions and strengthening the culture of philanthropy. In regard to identifying projects and organizations to support, most foundations reported relying on recommendations of their board members and site visits (15), having meetings with CSOs (14), inviting previously supported organizations (12), or issuing public calls for proposals (10). Another five of the 17 foundations incorporate local experts into their decision making processes, and four more involve donors. Through public calls for proposals and clearly defined criteria for selecting funding projects, CFs contribute to the creation of an open and transparent philanthropic culture that promotes joint work for the common good. A good example of the latter is FC Puebla, which manages the Volkswagen fund, issuing a public call for proposals and involving company executives and labor union representatives in the decision making process for granting funds. Other outreach and allocation mechanisms are used as well. For example, donor-designated funds include provisions established by the donor to direct support to organizations that they specify.

Besides grantmaking, CFs also pass-through (channel) financial and in-kind resources to other organizations. Examples of this are FESAC's rounding up campaigns,<sup>34</sup> through which the foundation receives the funds raised and manages the awarding of the funds to local organizations, and Corporativa serving as a clearinghouse for in-kind donations to local nonprofit organizations.

### *Operating Programs*

Foundations also reported operating community development (7), educational (6), health (2) and social service (1) programs. Their activities under this rubric may include overall implementation responsibility, serving as coordinators or facilitators, assisting with fundraising, and otherwise advocating for program success. CFs often take this path because they see themselves as well positioned to address an urgent need. Some stated that they feel more control over such programs and it gives them the opportunity to more clearly define desired impact and related indicators.

The examples of programs operated directly by CFs are rich and varied. While it still manages several donor funds, FC Oaxaca's principal focus is in three micro-regions, where it is working hand-in-hand with impoverished rural and indigenous communities on projects related to income-generation and community development. FC Puebla has a donor fund that supports similar development work in outlying communities, for which they also receive funding from the federal government, for example, in the hills lying beneath the Popocatepetl volcano where they operate a community center. There, the foundation has provided computers and access to the Internet, and it supports income-producing projects associated with crops and animal breeding (sheep and cattle). The goal of both foundations is to minimize the economic incentives for migrating north and to ultimately keep families intact, by fostering economic self-sufficiency. FC Bajío also works with

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<sup>34</sup> The English term, pass-through, is roughly equivalent to how the word *canalización* (channel) is used in Mexico. Rounding up campaigns are implemented by cashiers in participating stores, by asking customers if they want to "round up" their purchase to the next whole peso amount. Stores add up the cents donated by customers and channel the funds to nonprofit organizations.

migrant communities and has recently developed a program of cooperation with organizations in the United States. For example, students from the University of North Carolina raised funds and in some cases also became directly involved in education, human development and sports related projects. FECHAC has focused part of its work on the indigenous populations of the *Sierra Tarahumara*, which are among the poorest in the country, creating and spinning-off a center where they can barter their products. FESAC and FIC work with grassroots organizations, helping them get organized, providing training, and funding small projects.

These examples of operating programs demonstrate that the line between grantmaking and operating is less bold than would seem from how it is characterized in the debate. In most of the cases cited above, the CFs obtained funds from foundations such as the Ford Foundation and the Inter-American Foundation, to implement activities that include convening, assessing needs, regranteeing, and follow up. All of these activities parallel the types of tasks associated with managing donor funds or other assets, and thus the activities of a grantmaker.

In closing, interviewees expressed lively interest in determining how to best track the progress and impacts of their work. We distinguish here between the administrative responsibility to record the progress of grants through reports prepared to board members and/or funders from independent evaluations conducted by organizations or individuals with appropriate technical expertise and experience. Data from the electronic survey found that all 17 foundations reported doing follow up on grants or scholarships. Most CFs require written reports from grantees (16), or carry out visits and request an accounting of expenses (*comprobación de gastos*) (14).

External evaluations require additional resources, and several CFs either raised funds or designated that a portion of funding received be set aside for commissioning an evaluation. FC Oaxaca has long valued evaluation, drawing upon the services of *Procura*, *Espiral* and occasionally experts from academia.<sup>35</sup> Findings from these evaluations were critical to FC Oaxaca's decision to narrow its focus areas and work more deeply in a limited number of regions instead of spreading itself thin. Frontera Norte retained *GESOC* to do an evaluation of its Sustainable Community Development and Youth in Philanthropy programs. Such independent evaluations, however, are rare because of lack of resources and experienced evaluators. Also, CF staff are generally not knowledgeable about what to expect from an evaluation, nor do they have the experience to assess the viability of a proposed methodology, or know how to manage the relationship with an evaluator.

### Visibility

Interviewees repeatedly stated that gaining greater visibility is a priority. Given that CFs are young and that they are performing a new role in a society where philanthropy is weak, the work of the civil sector is not well known and the role of intermediaries even less so, gaining visibility becomes an essential ingredient for their success. CFs have the significant challenge of having to communicate their message to diverse groups, including prospective donors, grassroots and nonprofit organizations, business and government. Interviewees also mentioned that there are

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<sup>35</sup> *Espiral* was one of the pioneer capacity building organizations in Mexico from 1992 to 2002. It created a self-assessment methodology that is still being used by capacity builders in Mexico. *Procura* is a nonprofit organization, founded in 1995 to train CSOs. It focuses on fundraising, though also addresses other institution building issues (Carrillo *et al.*, 2005).

minimal resources available for advancing their communications technology (computers, websites, video), or for chronicling and disseminating information about their work even through annual reports.

CFs use different tools for communicating their activities, such as newsletters, websites, and broadcast media. All foundations responding to the survey (17) produce newsletters or reports at least once a year, and six of them produce them either monthly or every four months. Most (15) have websites, and many of these (11) were updated more than twice during 2007. In terms of broadcast media, 10 out of 17 foundations reported radio presence at least once a year, with eight reporting a frequency of at least four times a year. Six foundations reported using television, with four of them having this exposure twice or more times during the year.

Most of the foundations focus on growing their local visibility, commenting that there is little national visibility of their work. Fundación Comunidad and FC Querétaro report regular participation in radio programs to educate and disseminate information about the civil sector, in general, and also to discuss specific themes such as human rights, women’s issues, and economic development. During its early years, FC Oaxaca, with support from the Kellogg Foundation, commissioned a study of the status of social responsibility in the state. The study found that the knowledge people had of the civil sector was largely limited to the Red Cross and little else. As a result, the foundation created alliances with newspapers that included placing inserts that highlighted the work of CSOs. The work was supplemented by weekly radio programs and open forums to raise knowledge about the leaders and the groups’ strategies. The foundation reports that the visibility of the civil sector has grown significantly evidenced by routine newspaper and radio coverage.

Foundations focus their communication efforts mostly on current donors, board members, and other CSOs. In contrast, as can be seen in Figure 13, efforts directed at potential donors, government, and the general public seem low, especially considering the need to increase the visibility, understanding and fundraising potential of Mexican CFs.

**Figure 13. Foundations by audiences addressed by communication efforts.**

Audience	Always	Almost always	Occasionally
Board members	14	2	0
Current donors	12	4	1
CSOs, their staff and board	12	4	0
Beneficiaries of the foundation’s programs	10	4	1
Potential donors	6	4	4
Government agencies and public officials	4	7	5
Other (media and the general public)	3	0	0
Relatives and friends of foundations staff	2	6	5

Thus, CFs have been exploring a wide variety of communication methods and have made strides increasing their visibility. Their efforts also are evident in staff and board participation in

international settings sponsored by the Synergos Senior Fellow program and the Border Philanthropy Partnership (BPP). Nevertheless, visibility remains an ongoing challenge for these organizations because of the intrinsic complexities of their work, the uneven participation of their board in promoting the CF, and their limited resources and expertise in this area.

## B. Financial

One of the key purposes of CFs is expanding philanthropy, particularly local philanthropy. Indicators commonly used to assess their success include growth in assets and funding from local sources. The findings presented in this section point to a considerable growth in philanthropy in Mexico, with significant domestic participation. While we acknowledge the limitations of the data gathered, this study represents the first effort to systematically report financial information, establish trendlines in several critical categories, and identify weaknesses in the data.<sup>36</sup>

Presenting a financial picture of Mexican community foundations is difficult, primarily due to lack of standards and inconsistencies in reporting financial information. These inconsistencies in the information not only affect the analysis of the data, but more importantly, they affect the ability of CFs, individually and as a sector, to track their progress, determine whether or not they have accomplished their goals, and gain visibility for their achievements. The lack of reliable data hinders the foundations' ability to act strategically. The primary reasons for inconsistent reporting are that nonprofit accounting is a new field, without a trained cadre of specialized accountants, and that existing regulations are incomplete and appear to be subject to widely varying interpretation. Frequently, essential financial information is held by an external accountant rather than being housed at the CF. As a result, executive directors do not always have this information readily available, and when they do, it is usually not presented in a format that makes it useful for fundraising, accountability and transparency purposes. Nevertheless, with the cooperation of participating CFs and their accountants, the study was able to gather substantial information about their finances.<sup>37</sup>

## Assets

The assets for the foundations shown in Figure 14 were obtained directly from their financial statements (*Balance General* or *Estado de Posición Financiera*). The only adjustment made to the information was to clarify if funds held by the foundation, such as donor-advised or issue-area funds, were included as part of assets.

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<sup>36</sup> Vivian Blair & Associates gathered financial information from the Mexican CFs participating in the Border Philanthropy Partnership and three other CFs (Synergos and VBA, February 2007). Also, Cemefi gathered data from member CFs that relied on their self-reporting and included such variables as income, expenses, endowment and staffing.

<sup>37</sup> Section B presents the analysis of information from the electronic survey, financial statements and responses to our interview questions. For most of the CFs, we reviewed audited financial statements for 2005 and 2006, and unaudited statements for 2007 (received before formal audits were completed in mid-2008). Audited financial statements have been reviewed by external auditors presumably independent from the accountants. In the case of the San Miguel Community Foundation, which is incorporated in the United States, we reviewed the IRS-990 forms for 2005, 2006, and 2007, which were accessed through Guidestar. Self-reported information was not verified.

Figure 14. Assets by foundation for 2005-2007 (in Mexican pesos).

Total assets	2005	2006	2007
Comunidad	1,122,633	1,047,626	1,052,956
Corporativa	4,830,174	4,476,647	24,320,672
FECHAC	190,501,857	225,931,192	226,666,084
FES	-	7,815	90,179
FESAC*	8,463,819	14,420,310	12,394,715
FIC*	5,566,756	7,317,965	8,290,963
Fondo Córdoba**	1,454,290	2,064,630	2,003,969
Frontera Norte*	5,430,803	9,232,845	9,486,630
León*	868,238	1,243,283	1,834,484
Matamoros	NA	NA	176,176
Merced Querétaro*	4,115,200	3,943,709	4,335,208
Oaxaca	7,659,570	4,250,452	6,065,616
Puebla	2,866,332	4,590,255	4,799,592
San Miguel	29,195,866	34,297,341	34,788,387
<b>Total assets</b>	<b>262,075,539</b>	<b>312,824,070</b>	<b>336,305,632</b>

Key: FES was incorporated in 2006; "NA" means not available.

Notes:

\* FESAC, FIC, Frontera Norte, León, and Merced Querétaro do not consider foundation-held funds to be part of their assets. In these cases, we added those funds to assets to obtain a comparable number.

\*\* We were not able to clarify if Fondo Córdoba includes its foundation-held funds in assets.

Source: Audited (2005 and 2006) and unaudited (2007) financial statements.

Figure 14 shows that total assets have grown over the last three years. For the 14 foundations reporting in 2007, the cumulative amount is \$336.3 million pesos, representing a 28% increase from 2005. FECHAC alone accounts for 67% of these assets, while the second largest in assets is San Miguel, accounting for 10%. In total, 10 foundations have under \$10 million pesos in assets. This landscape is consistent with the development of CFs in other countries where initially most CFs are small and there are one or two large ones which were founded under unique circumstances, such as receiving a sizable gift from an initial donor.

Of the 14 foundations that provided financial information, the assets of 12 were higher in 2007 than they were in 2005.<sup>38</sup> Eight of these foundations showed increases in all three years of the period analyzed. Only two foundations showed smaller assets in 2007 than reported for 2005, which does not represent a downward trend, but rather a decrease followed by a smaller increase in 2007.

Even though there are some accounting guidelines regarding restrictions in assets, only five foundations report assets by restriction in their financial statements. As mentioned earlier, the reporting of donor funds is an issue, since they are usually not presented explicitly in a foundation's

<sup>38</sup> The total of 14 foundations includes San Miguel (incorporated in the U.S.), which has a mission of providing support to organizations in San Miguel.

financial statements. In the study sample, only two foundations reported their funds separately. However, according to electronic survey responses, 15 foundations have established donor funds (other than an endowment).

### Endowments

As a financial tool, endowments foster long-term thinking and sustainability. Efforts to create and build endowments in CFs outside the United States have met with mixed results. Common obstacles encountered include the absence of a philanthropic culture, the lack of familiarity and legal recognition of endowments as financial instruments and the pressures of meeting immediate societal needs. In Mexico, there is no culture of endowments in the third sector and people often find it hard to understand the concept.

In 2002 the Inter-American Foundation (IAF) established a program to support the creation and expansion of endowments, channeling funds through Cemefi for the GFC members. Over five years, this program supported 13 foundations through training on fundraising, coaching on the design and implementation of fundraising programs and matching funds of up to a total of \$400,000 pesos each to build endowments. All participating foundations succeeded in approximately matching the funds one to one. According to the program's findings, the most important aspects of the experience, apart from having raised the money, were developing skills in fundraising and having the benefit of dedicated staff and training for this purpose. While all organizations developed endowments, as of 2008, only three of the participating foundations continue growing them (Frontera Norte, FESAC and FECHAC).

For the CFs participating in this study, obtaining information about endowments required, first of all, the clarification of terms. Since accounting for nonprofits in Mexico closely follows for-profit accounting practices, some organizations or foundations have substituted capital for the term *patrimonio* in their financial statements.<sup>39</sup> Therefore, we made a distinction between *patrimonio* and *fondo patrimonial* (endowment). From our review, we could not always determine when numbers referred to *patrimonio* and when they referred to *fondo patrimonial*, as endowments are usually not reported in financial statements. Only in one case (Frontera Norte) did we obtain from financial statements a number consistent with the one the foundation had reported in the electronic survey. Therefore, in the case of endowments, we limited our analysis to the information self-reported by foundations through the electronic survey.

As demonstrated in Figure 15, 11 foundations reported having an endowment, nine of which participated in the IAF/Cemefi program. At a combined \$27 million pesos, endowments in 2007 were more than double those in 2005, with Cozumel representing 45% of all endowment monies. All other foundations reporting information have endowments of less than \$5 million pesos. Endowments increased during the period for seven foundations. In total, we were able to account for 13 foundations with endowments, out of 21.<sup>40</sup>

<sup>39</sup> In the for-profit framework, capital includes income minus expenses at year end and this figure is added to capital carried over from previous years. However, this is not necessarily an endowment fund.

<sup>40</sup> Besides Puebla, which did not provide this particular information, four foundations did not participate in the survey. We know that two (Comunidad and FC Querétaro) had participated in the endowment building program. Based on the review of financial statements, we ascertained that Comunidad and San Miguel also have endowments. We know from interviews that FIC, León and Oaxaca spent their endowments to meet operating needs and for land acquisition. Four other foundations responded that they do not have an endowment (Bajío, Matamoros, Punta de Mita and Malinalco).

Figure 15. Endowments for 2005-2007 (in Mexican pesos).

Foundation	What was the amount of your endowment for the period 2005-2007?		
	2005	2006	2007
Corporativa*	NA	NA	1,500,000
Cozumel	6,928,501	6,946,621	12,272,172
FECHAC*+	NA	1,482,557	1,912,804
FES	-	0	52,688
FESAC*	1,710,150	1,812,759	2,534,150
FIC*	935,000	935,000	4,188,000
Fondo Córdoba*	NA	NA	800,000
Frontera Norte*	1,297,446	1,403,511	1,524,143
Merced Coahuila*	257,386	400,000	1,008,438
Merced Querétaro*	600,000	900,000	1,300,000
Puebla*	NA	NA	NA
<b>Total endowments</b>	<b>11,728,483</b>	<b>13,880,448</b>	<b>27,092,395</b>

Notes:

\* Indicates the foundation participated in IAF/Cemefi endowment program.

+ Does not reflect a loan fund of USD \$261,000 that was deposited into the endowment under a memorandum of understanding with IAF.

Source: Responses from electronic questionnaire

In general, interviewees talked about facing huge obstacles for building endowments. One of the foundations, for which donors give on a membership basis, mentioned that its members simply will not give to endowments. Nevertheless, there has been some measure of success in creating and increasing endowments, even within an unfavorable context.

### Income and sources of funding

As indicated in Figure 16, total income (including donations received) for foundations reporting in 2007 was \$233.7 million pesos, 41% higher than total income in 2005. FECHAC accounts for 60% and Corporativa, 10% of this income. In total, nine foundations reported income of less than \$10 million pesos. While 11 foundations reported higher incomes in 2007 than in 2005, only three reported lower incomes at the end of the period.

Figure 16. Total income for 2005-2007 (in Mexican pesos).

Foundations	2005	2006	2007
Fundación Comunidad	1,968,928	2,053,640	1,583,166
Corporativa	19,248,157	18,009,605	23,376,875
FECHAC	97,379,515	154,000,587	139,104,552
FES	-	120,000	1,154,972
FESAC	7,172,125	10,755,053	12,076,008
FIC	2,903,842	7,979,578	10,091,414
Fondo Córdoba	1,650,861	1,770,674	1,228,836
Frontera Norte	4,836,774	7,768,510	5,221,147
León	630,292	687,375	2,188,083
Matamoros	NA	NA	329,369
Merced Querétaro	6,443,439	4,211,972	6,994,081
Oaxaca	8,222,663	7,080,523	8,092,397
Puebla	8,482,470	8,303,967	8,975,954
San Miguel	7,070,863	9,484,778	13,299,915
<b>Total income</b>	<b>166,009,929</b>	<b>232,226,261</b>	<b>233,716,769</b>

Source: Audited (2005 and 2006) and unaudited (2007) financial statements.

The electronic survey inquired about the most important funding sources for the three-year period, asking foundations to identify the main three sources in order of importance. For those indicating an order of importance, 2007 clearly shows increased reliance on individuals as the main source of funding.<sup>41</sup>

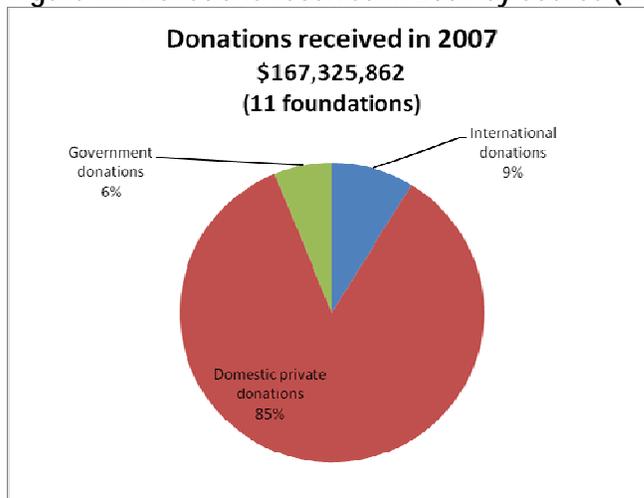
The study also explored the geographic origins of the foundations' resources. Information provided by executive directors through the electronic survey showed that, for the most part, resources have local origins, with eight out of 15 foundations reporting that 90% or more of their resources come from the city or state where they are located. Reliance on resources at the national level is lower, as eight out of 15 foundations said that none of their resources comes from the national level, and one said that less than 10% comes from this source. Finally, only two foundations reported a high dependence on international resources: Malinalco, with 100% of its resources coming from

<sup>41</sup> In most cases, however, the question was misunderstood, and foundations selected all applicable sources of funding.

abroad, and Punta de Mita, which reported 60% of its resources from international sources.<sup>42</sup> The latter is understandable, since the foundation was set up to capture donations from foreign citizens building second homes in the region. The remaining 13 foundations reported that 30% or less of their resources have international origins, with four of them reporting that they do not receive international funding.<sup>43</sup>

Regarding the geographic origins of donations received by CFs, it was necessary to create a supplemental instrument to obtain this data directly from the foundations, since they do not reflect it in their financial statements.<sup>44</sup> In the aggregate, as shown in Figure 17, the bulk of the donations come from domestic private sources. These constitute between 80-85% of all donations received by the reporting foundations in the past three years. The remainder of the funding comes from international donations, which has been relatively stable in the aggregate though declining as a percentage of total donations, and from government.

Figure 17. Donations received in 2007 by source (in Mexican pesos).



Source: Information reported by the foundations according to the supplemental instrument prepared for the study.

Total donations for those reporting information, shown in Figure 18, amounted to \$167.3 million pesos in 2007, a 45% increase relative to 2005. FECHAC accounted for 73% of these donations. For foundations providing information for more than one year, seven show higher donations received in 2007 than in 2005, with two of them showing a sustained increase. Only one foundation reported lower donations at the end of the period.

<sup>42</sup> San Miguel also relies on international funding, since it is financed through an endowment established in the U.S.

<sup>43</sup> León, FES, Matamoros and Merced Coahuila.

<sup>44</sup> Eleven foundations provided this information, though sometimes incomplete.

Figure 18. Donations received in 2005-2007 (in Mexican pesos).

Foundations	2005	2006	2007
Comunidad	1,929,012	2,005,780	1,517,062
Corporativa	NA	NA	NA
FECHAC*	79,529,602	134,190,633	121,480,258
FES	-	120,000	1,155,000
FESAC	7,040,951	10,234,178	11,345,959
FIC	9,106,104	7,704,411	9,859,705
Fondo Córdoba	NA	893,796	NA
Frontera Norte	4,321,698	5,837,034	4,899,396
Matamoros	NA	NA	307,550
Oaxaca*	5,411,819	6,341,886	8,092,397
Puebla*	8,247,238	8,114,919	8,668,535
<b>Total donations received</b>	<b>115,586,423</b>	<b>175,442,637</b>	<b>167,325,862</b>

Notes:

\*Total donations in the table do not coincide with information from the financial statements.

Source: Information reported by the foundations according to the instrument prepared for the study.

An important source of donations has historically been international funding, which has helped mobilize Mexican funds at the local, regional and national levels. International funding has also provided the means to institutionalize foundations, acquire staff, become more professional, and engage in grantmaking. Through their understanding of the institutional development needs of community foundations and their longer term vision, international funders have provided, for the most part, the means to grow the field. To a smaller degree, some foundations have included in their fundraising strategies the cultivation of individual donors in the United States, oftentimes expatriates and Mexican Americans who have become successful and are looking for ways to make contributions in Mexico. This is the case of foundations located at the border, for example, and of FC Oaxaca, which raises support from the Oaxaqueño community in the United States.

Traditionally, international support has taken three forms: 1) funding for Cemefi, which has been used in diverse efforts to build the field, such as meetings, exchanges and site visits; 2) funding awarded directly to individual foundations, typically for specific projects, such as regranteeing or the IAF challenge grant for endowment building; and 3) funding that has been used directly to retain consultants, such as for capacity building and evaluations. The following table accounts only for monies received directly by CFs. Also, the table accounts for the funds in the period they were received, regardless of the period covered by the grant.<sup>45</sup>

As can be seen in Figure 19, within this group of respondents, the aggregate amount of international funding has largely remained stable since 2005, ranging from a low of \$12.4 to a high

<sup>45</sup> For example, grants for two or more years that are disbursed upfront would be accounted for in the year of the disbursement, with no funds coming in on the later years of the grant.

of \$14.6 million pesos.<sup>46</sup> International support, as a percentage of total funding has declined from 12% (2005) to 9% (2007). Interviews revealed high levels of anxiety among executive directors about a reduction in support from international funders and there is uncertainty regarding the future of this funding source. On the one hand, support for the GFC has declined and the community foundation sector recently lost a major advocate when Synergos decided to refocus its interests in other aspects of philanthropy. On the other hand, BPP's transition into an independent entity received significant multi-year support from the Ford Foundation, IAF, and the Mott Foundation to serve as a resource for CFs along the border and it promises to be a vehicle to attract additional funders.

Figure 19. International donations received in 2005-2007 (in Mexican pesos).

Foundations	International donations			As % of donations received		
	2005	2006	2007	2005	2006	2007
Comunidad	405,699	547,936	355,968	21%	27%	23%
Corporativa*	NA	NA	NA	0%	0%	0%
FECHAC	3,527,873	5,734,968	6,885,391	4%	4%	6%
FES	-	0	0			
FESAC	971,042	707,579	972,993	14%	7%	9%
FIC	6,139,017	2,540,049	2,048,666	67%	33%	21%
Fondo Córdoba	NA	27,175	NA		3%	
Frontera Norte	832,425	1,506,287	109,934	19%	26%	2%
Matamoros	NA	NA	0			
Oaxaca*	2,273,617	1,386,141	4,278,379	42%	22%	53%
Puebla	0	0	0			
<b>International donations</b>	<b>14,149,673</b>	<b>12,450,134</b>	<b>14,651,332</b>	<b>12%</b>	<b>7%</b>	<b>9%</b>

Notes:

\* In the electronic survey, Corporativa responded that 10% of its resources in 2007 came from international donations. Oaxaca responded that 30% of its resources in 2007 came from such funders.

Source: Information reported by the foundations according to the supplemental instrument .

In 2007, three foundations accounted for most of the international donations received: FECHAC, with 47%; Oaxaca, which received emergency support after the conflict of 2006, with 29%; and FIC, with 14%. Of the remaining foundations that reported information, four indicated no international donations and the rest all received amounts of less than a million pesos.

One of the goals of international funding is to spark local interest from domestic funders. As is shown in the following tables, CFs have been successful in mobilizing assets from Mexican sources, primarily from the private sector (businesses, individuals and some foundations), but also from government. The level of these contributions has been significant, with private donations helping offset decreases in international and government funding. As shown in Figure 20, private

<sup>46</sup> Although reporting foundations probably represent the lion's share of international donations received, the information obtained is limited because not all foundations in the study responded to the instrument.

donations from Mexican sources amounted to \$142.4 million pesos in 2007, representing a 55% increase in relation to 2005.

From 2006 to 2007, there was a 5% drop in total private donations, largely due to the decrease in private donations received by FECHAC, which was partially offset by increases in private donations received by other foundations.<sup>47</sup> In 2007, FECHAC obtained 77% of all private donations reported by the foundations, while FESAC, the next largest receiver among those reporting information (Corporativa did not provide this information), obtained 7%. In most cases, private donations have been steadily increasing. Notable cases are FIC, which tripled the amount of private donations during the period; FESAC, which increased these donations by 61%; and Frontera Norte, which increased private donations by 37%.

Figure 20. Private donations from Mexican sources received in 2005-2007 (in Mexican pesos).

Foundations	Private donations			As % of donations received		
	2005	2006	2007	2005	2006	2007
Comunidad	1,033,313	1,084,244	1,161,094	54%	54%	77%
Corporativa	NA	NA	NA	100%	100%	100%
FECHAC	69,743,771	120,434,792	109,356,551	88%	90%	90%
FES	-	120,000	1,155,000		100%	100%
FESAC	6,024,909	9,526,599	9,714,504	86%	93%	86%
FIC	1,828,534	3,014,361	5,708,976	20%	39%	58%
Fondo Córdoba	NA	716,621	NA	NA	80%	NA
Frontera Norte	3,489,273	4,330,748	4,789,462	81%	74%	98%
Matamoros	NA	NA	283,609			92%
Oaxaca	2,988,202	3,464,005	3,464,634	55%	55%	43%
Puebla	6,747,238	6,614,919	6,723,878	82%	82%	78%
Private donations	91,855,240	149,306,290	142,357,708	79%	85%	85%

Source: Information reported by the foundations according to the supplemental instrument.

In general, CFs have mainly sought private support. Reasons for this include their focus in growing private philanthropy and their desire to establish themselves as nonpartisan entities. As shown in Figure 21, government support in 2007 amounted to \$10.3 million pesos for reporting foundations. Overall, this is the smallest source of funding for foundations, and is used exclusively for project support. Government funds come mostly from the local level, which represented approximately 75% of all public funding during the period. While federal funding contributed approximately 25% of public donations, state funding was practically absent at 1% or less of the total. The primary recipients of government funding are FECHAC (51%) and FIC (20%), with mostly local government funds, and Puebla (19%), with only federal funding.

<sup>47</sup> Most of FECHAC's funds come from a surcharge on the state payroll tax and are collected through the state tax system. They are treated as private because the source is businesses in the state that voluntarily agreed to this mechanism in order to promote contributions from the business sector.

Figure 21. Government donations received in 2005-2007 (in Mexican pesos).

Foundations	Government donations			As % of donations received		
	2005	2006	2007	2005	2006	2007
Comunidad	490,000	373,600	NA	25%	19%	0%
Corporativa	NA	NA	NA	0%	0%	0%
FECHAC	6,257,957	8,020,872	5,238,315	8%	6%	4%
FES	-	0	0	-	0	0
FESAC	45,000	0	658,462	1%	0%	6%
FIC	1,138,553	2,150,000	2,102,063	13%	28%	21%
Fondo Córdoba	NA	150,000	NA	NA	17%	NA
Frontera Norte	0	0	0	0%	0%	0%
Matamoros	NA	NA	23,941	NA	NA	8%
Oaxaca	150,000	1,491,741	349,384	3%	24%	4%
Puebla	1,500,000	1,500,000	1,944,657	18%	18%	22%
<b>Government donations</b>	<b>9,581,510</b>	<b>13,686,213</b>	<b>10,316,822</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>

Source: Information reported by the foundations according to the supplemental instrument.

### Organizational Expenses and Grantmaking

Many foundations do not identify grantmaking activities separately in their financial statements, including them instead as part of total expenses. In the cases where this was not explicit, follow up was conducted to ensure that we obtained comparable information.

Figure 22 presents total expenses, including grants awarded, which amounted to \$222.8 million pesos in 2007. FECHAC accounted for 65% of total expenses and Corporativa for 9%. As can be seen, 11 foundations reported higher expenses in 2007 than in 2005, seven of them with sustained increases for all three years. Three foundations reported lower expenses in 2007 than in 2005, but only one shows a downward trend for all three years (Oaxaca).<sup>48</sup>

The amount of donations or grants made by the CFs was harder to obtain because of the way financial information is reported. In the case of 10 foundations, we were able to subtract donations made from total expenses, because they were clearly identified in financial statements or were provided separately. These numbers are presented in Figure 23. In 2007, total donations made amounted to \$142.9 million pesos, with FECHAC accounting for 70% and Corporativa for 11% of the total. For the seven foundations that provided information for more than one year, six gave more donations or grants in 2007 (five of which show a sustained increase), and two reported giving out less.

<sup>48</sup> There was a major political crisis in Oaxaca in 2006. During this conflict, teachers and social groups asked for the governor's resignation. Political and economic instability caused a considerable decline in donations to FC Oaxaca.

Figure 22. Total expenses for 2005-2007 (in Mexican pesos).

Foundations	2005	2006	2007
Comunidad	1,721,242	2,097,244	1,601,887
Corporativa	19,512,716	18,364,371	20,324,491
FECHAC	83,270,999	124,260,089	144,711,272
FES	-	220,636	997,530
FESAC	7,132,414	9,250,004	11,288,150
FIC	2,815,923	3,311,466	3,600,780
Fondo Córdoba*	812,316	1,427,016	1,289,719
Frontera Norte	5,799,180	7,139,833	5,460,137
León**	294,871	551,358	1,571,645
Merced Querétaro	4,175,184	4,444,742	6,596,344
Oaxaca	10,381,782	9,712,982	6,453,479
Puebla	7,720,425	6,550,034	8,824,673
San Miguel	6,596,978	7,589,549	10,165,442
<b>Total expenses</b>	<b>150,234,031</b>	<b>194,919,324</b>	<b>222,885,549</b>

Notes:

\* Did not clarify if donations are included in total expenses.

\*\* Did not clarify if donations are included in total expenses for 2005 and 2006.

Source: Audited (2005 and 2006) and unaudited (2007) financial statements and IRS-Form 990.

Figure 23. Donations or grants made for 2005-2007 (in Mexican pesos).

Foundation	2005	2006	2007
Corporativa	14,728,370	14,514,842	16,350,027
FECHAC	57,287,371	84,919,646	101,254,119
FESAC	5,869,291	7,655,267	8,283,260
FIC	1,843,728	2,038,308	719,475
Fondo Córdoba	NA	98,200	NA
Frontera Norte	4,448,255	5,505,696	3,818,846
León	NA	NA	643,110
Matamoros	NA	NA	240,118
Merced Querétaro	1,843,357	1,954,154	2,823,778
<b>Subtotal donations</b>	<b>86,020,372</b>	<b>116,686,112</b>	<b>134,132,733</b>
San Miguel	5,610,904	6,328,882	8,798,259
<b>Total donations</b>	<b>91,631,276</b>	<b>123,014,994</b>	<b>142,930,992</b>

Source: Audited (2005 and 2006) and unaudited (2007) financial statements and IRS-Form 990.

In general, while CFs seem to have more of the organizational and programmatic aspects of institutional development in place, they appear to be lacking in the area of financial reporting. This

is understandable, since Mexico as a country lacks consistent standards for reporting information from foundations, and there is only a budding culture of transparency that could encourage foundations to improve these practices on their own. This is also a new field for accountants and auditors, who learn about the accounting needs of CFs from the executive directors and board members of foundations who themselves are learning about the same. Setting consistent standards for how the information is reported would help foundations make great advancements in providing current and potential donors useful financial information, thereby increasing their transparency and credibility.

## **F2. Striving to get Developmental Needs Met: A Mixed Picture**

The previous finding shows notable progress being made toward the institutional development of Mexico's CFs. This finding addresses the ways in which they are getting their developmental (e.g., capacity building, funding) needs met and the obstacles they face in achieving their goals.

The BPP and the GFC have been important vehicles through which resources have been channeled for community foundations to advance skills in such areas as fundraising, and board/staff development and to provide opportunities for peer learning. While targeted more broadly to nonprofits, programs such as Indesol's *Profesionalización* Diploma, sponsored by the federal government, have also been an important source for community foundation staff to gain knowledge and sharpen their skills. Also, CFs are endeavoring to be creative and entrepreneurial in meeting their resource needs, particularly in regard to generating monies for general operating support. For example, several have sought to develop businesses for the purposes of generating income that can be used toward operations.

Nevertheless, added to the extremely difficult philanthropic context described earlier in this report, there is deep concern about addressing ongoing developmental needs, a result of transitions in major initiatives that support CFs and uncertainty about future funding for general operating needs and for training/technical assistance. In addition to the obstacles detailed in the context section of this report, the principal issues slowing down the development of the foundations are the lack of flexible resources to cover basic staffing and administrative costs, the unevenness in the scope and quality of training and technical assistance, the challenge of making their work understood and conveying its value, and the lack of an ongoing means through which the CFs can cross-pollinate and shape a sense of community among themselves, establish a common agenda, and raise the visibility of the field.

### **A. Key Ingredients for Strengthening Community Foundations**

Central purposes of CFs are to foster the culture of philanthropy and to strengthen the civil sector as a means for improving the quality of life for people with few resources. There are both external, contextual factors as well as internal ones that influence the ability of community foundations to successfully achieve these purposes. The context section of this report described some of the key external barriers that impede the development of Mexico's CFs, for example, the general lack of trust in institutions, lack of a tradition of organized philanthropy, and a host of fiscal, legal, and bureaucratic obstacles. Given this context, discussion of this finding will focus chiefly on how the CFs are building their capacities so that they can fulfill their missions.

We will be using the term “capacity building” to capture the essential ingredients — operations, skills development, a policy agenda— required to further the development of individual organizations and the field as a whole to achieve goals. In the field of philanthropy the term capacity building often encompasses not just the investments in individual organizations, but involves a strategy to develop a set of organizations that combined with strategic alliances can contribute to bettering society. Compelling patterns already have emerged regarding the key ingredients of capacity building that foster such change.<sup>49</sup> They include

- general operating support at a level and duration to bring to scale multiple organizations,
- a broad range of providers of training/technical assistance dedicated to building the skills of the sector, and
- a set of institutions committed to research, organizing, and advocacy to produce an environment conducive to fulfilling the objectives of CFs, namely increasing philanthropic giving and strengthening civil society.

Below we will look at how those needs are being met.

## B. General Operating Support

General support includes funds to pay for staffing and office needs such as supplies, equipment, and rent.<sup>50</sup> This funding is essential to attract high quality leadership and to keep the proverbial lights on and is a precondition to achieving programmatic objectives. Nevertheless, it is the most difficult money to attract. Put simply in a recent publication of the Ford Foundation in its lessons about the resource mobilization experiences of CFs, “operating support is critical but rare” (Ford Foundation, June 2006, p. 25). It is also well established that raising the initial monies is the most difficult stage, a product of the newness of the institution and the lack of a track record.

Like other CSOs, Mexico’s CFs have few sources, public or private from which to obtain funds to cover operations. Support received from government monies can only cover staff and office-related expenses incurred by a specific project. Such project-based support is intrinsically inflexible. The first finding showed that for the 11 foundations that provided information about the sources of their donations, just 6% of total donations was derived from government sources in 2007, and that 90% of this support was received by just three foundations.

For those who look to the few foundations or corporate sources available, they must contend with a 5% legal limit on donations that can be used for administrative expenses. This also applies to donations provided by individuals. A recent study of how Mexico’s fiscal and legal framework affects the civil sector (often referred to as the fiscal agenda study) explains that this limit is

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<sup>49</sup> These ingredients were central to the capacity building programs of the Ford Foundation that were launched in the 1980s and 1990s to “scale up” the numbers and capacities of community development organizations and community foundations. Other programs, such as for emerging community foundations (for example, sponsored by the Lilly Endowment and The California Endowment), based their approaches, in part, on the model pioneered by the Ford Foundation.

<sup>50</sup> Obtaining good data on operating costs is notoriously difficult. Valid and reliable data on operating costs is presently unavailable for Mexico’s CFs, a product of the inconsistencies in how nonprofit accounting is done. Mexico is not alone in this challenge. In the U.S., data provided in the IRS Form 990 tax returns for program and management costs is well known to lack consistency, a function of the varying ways in which organizations allocate the cost of staff time.

unreasonable, and acts to prevent organizations from developing their capacities, impedes their ability to cover expenses for board meetings, or produce publications that could aid in demonstrating transparency or gaining visibility for their efforts (Incid Social *et al.*, 2007). In the extreme, it becomes a perverse incentive for organizations to contrive proposals and bookkeeping to appear as though they are in compliance.

In addition to these constraints, CFs face other challenges in their efforts to attract general operating support. They are that CFs are new, unfamiliar organizations in a society that has low overall levels of trust in institutions, where people prefer to give directly to individuals than to organizations, and where giving through a third party is rather unusual. CFs need to be able to attract highly experienced staff leaders who are keenly knowledgeable about their communities, have exceptional ability to mobilize resources, and can serve as effective bridge-builders. The scarcity and obstacles to raising general operating support create instability, and slow down the pace at which the CFs can build their capacities and make progress toward fulfilling their missions.

The following describes how CFs participating in this study meet their financial needs for staff and office-related costs.

- The vast majority of the CFs creatively cobble together their operating support from a mix of monthly or annual contributions from board members, in-kind donations, donations from businesses and individuals, galas/recognition events, apportioning a percentage of staff and administrative costs to program grants, membership fees, administrative fees for managing donor funds, interest from endowment, and revenue from the sale of goods and services. The previous finding explained that the CFs generally have small staffs, a means of keeping operating costs low. They also have been creative in minimizing the costs of their offices, with a majority benefiting from board members providing space for free. In the course of interviews we learned that board members, in addition to cash contributions and in-kind office space occasionally provide office supplies and equipment.
- Very few CFs have continuous and reasonably reliable sources of operating support. FECHAC has had a flow of monies from the contributions of upwards of 40,000 businesses in Chihuahua that are collected by the state tax system; Corporativa started with a generous contribution by the founder of Laboratorios Sophía and the company has continued to provide a steady income stream and an office, allowing the CF to gradually diversify its funding sources. While operating money for these two foundations seems stable, there is no guarantee, e.g., the governmental decree for FECHAC's tax surcharge has to be renewed every six years, which in Mexico's polarized political climate implies uncertainty.
- Within the past few years several CFs (FIC, Frontera Norte, Oaxaca, Matamoros, Bajío and Comunidad) have confronted fiscal crises requiring emergency cash injections, often provided by board members. These crises occurred despite steady progress increasing the numbers of donor funds, creating endowments, and receiving contributions from board members. Causes include a combination of growing pains characteristic of new organizations, complicated by being a new type of organization trying to establish itself in a difficult context.

- In the U.S., the tool of creating an endowment is favored by community foundations as a means of generating support for their operations, recognizing that even on fertile ground it is estimated to take 15 to 20 years before an endowment is large enough to support an organization's day-to-day operations. Veterans of initiatives to develop CFs outside of the U.S. underscore that endowments, as conceived in the U.S., have not gained traction and that the strategies for generating income and achieving sustainability are best shaped by each country's own characteristics. We explained that in Mexico there is virtually no experience with endowments, which makes it all the more impressive that the 13 IAF funded groups were able to fulfill the goals of the endowment-building challenge grant. Yet nearly all participants have chosen not to invest time in growing their endowments, preferring instead to focus on generating operating support and to using approaches that they believe hold more promise in the Mexican context. These include Frontera Norte's recent business start-up roughly based on a model developed by Fundación Merced Querétaro and FESAC's previous effort in the state of Sonora to create a tax surcharge on business payroll similar to that of FECHAC.<sup>51</sup>
- Over the past decade a handful of U.S. foundations have made contributions toward funds needed for staff and office costs, largely through project-specific grants though occasionally for general operations. They include the Ford Foundation, William and Flora Hewlett Foundation, Inter-American Foundation, Kellogg Foundation, MacArthur Foundation, and Charles S. Mott Foundation.<sup>52</sup> During the past few years, however, several of these foundations changed priorities and no longer provide direct support to Mexico's CFs. For example, once a generous supporter, the Hewlett Foundation redirected its interests to focus on public policy advocacy to help those most in need. Mexico's *Fundación Gonzalo Rio Arronte* was a contributor in the initial phase of the BPP, though like the Hewlett Foundation changed its priorities and discontinued its support.<sup>53</sup>

In summary, the evidence shows a pattern of diverse efforts on the part of the CFs to raise funds to pay for staff and administrative needs, yet often struggling to achieve goals, and occasionally falling short. Executive directors routinely expressed uneasiness that they have maximized board members' generosity and board members also occasionally shared feelings of donor exhaustion. Worries abound due to the limited and seemingly declining number of U.S.-based or other international funders vocalizing interest in continuing to support the development of Mexico's CFs. The previous finding revealed that international funding is a small part of the overall income of these organizations; however, it brings vitally needed credibility and support for institutionalization and capacity building, needs that Mexican funders rarely fund. These concerns are compounded by the difficulty of obtaining sustained support from national and local sources. Fund development options such as endowment building and donor development require long lead time and are generally not viewed as viable solutions to the immediate situation that CFs face.

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<sup>51</sup> When the Frontera Norte store turns a profit, a percentage (to be determined) of those profits will go to the endowment fund.

<sup>52</sup> The Mott Foundation has not provided support for individual CFs.

<sup>53</sup> Initially, some CFs thought the *Fundación del Empresariado en México* (FUNDEMEX) would become an entity that would channel funds to the states through the community foundations; however, as of the publication of this report, this has not come to fruition.

### C. Training and Technical Assistance to Foster Skill Development

Similar to other CSOs, among the skill sets needed by CFs are executive leadership development, board governance, human resources management, accounting and financial management, information systems management, fund development and donor services, and communications/media relations. Also, to function effectively, CFs need to know how to take advantage of tools such as strategic planning and evaluation. In addition to the fundamentals for operating any organization, CFs must develop a set of special competencies associated with their roles of bridge-building (creating networks, fostering alliances, convening), resource mobilization, program design, and grantmaking.

Figure 24 gives a snapshot of the key needs of CFs and the primary sources that they have turned to for assistance. There are programs that are targeted to civil sector organizations and those narrowly tailored for CFs. Despite the relative youth of Mexico's civil sector a spectrum of organizations and individuals have emerged that provide training and technical assistance for CSOs. Asked about how needs were met, interviewees routinely mentioned the courses offered through the *Profesionalización* Diploma sponsored by Indesol, and also courses at universities. Several of the CFs have launched capacity building programs for CSOs. Some examples are FECHAC, which established an alliance with the *Tecnológico de Monterrey* University, creating two centers for capacity building in the main cities of the state of Chihuahua, and Corporativa, which formed a three-way partnership with the *Instituto Tecnológico y de Estudios Superiores de Occidente* (ITESO) and a well regarded civil sector training organization (IMDEC, or Mexican Institute for Community Development) in the state of Jalisco that offered a one-year training and coaching program.

Sponsored by the federal government, Indesol's *Profesionalización* Diploma has been a national effort to provide free, basic- and advanced-level capacity building training for CSOs.<sup>54</sup> CFs have been involved with the Diploma in two key ways, as participants in the training and as partners in making the training available in their communities. The training providers are often from national capacity building organizations or more experienced CSOs, and were regarded favorably by interviewees who had participated in the program. As the table shows, the Diploma's courses cover a wide range of topics. Moreover, a number of the CFs have positioned themselves as partners with the Diploma's training providers to make the program available to their local CSOs. For CFs, the Diploma has dual purposes; it is a source for staff training and as a partner/convenor it helps to fulfill their goal of strengthening the local CSOs.

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<sup>54</sup> The *Profesionalización* Diploma began in 2003 during the presidency of Vicente Fox, whose administration showed its support for the civil sector by appointing CSO leaders to key positions and by its commitment to this program. Under the present administration there have been funding cuts and the program is no longer a diploma, which requires 120 hours of training. In its current form, the program offers basic capacity building and is geared toward start-up organizations, no longer including modules on communication, advocacy and evaluation, among other essential competencies.

Figure 24. Meeting community foundation skill development needs.

Knowledge/Skill Area	Comments	Principal Sources CFs Have Turned to for Addressing Needs
Communication/Media relations	CFs consistently expressed interest in raising their visibility.	<i>Profesionalización</i> Diploma, Fundación Merced, GFC, local consultants
Community foundations in Mexico and abroad	Program level, and administrative staff knew their organization's work but did not know about the larger sector of CFs	GFC, Synergos, BPP
Community needs assessments	Varying techniques used, e.g., reviews of studies, focus groups, discussions with experts. There is a lack of good documentation, analysis, and sharing of these practices to advance skills.	GFC, BPP, VBA and Synergos, as well as some universities and consultants.
Creating working boards	Some progress made despite no tradition of working boards. Reports about uneven levels participation, e.g., willing to personally contribute but reluctant to play a role in fundraising	GFC, Synergos, BPP, VBA, Fundación Merced
Evaluation/Evaluators	CFs generally lack knowledge, skills in evaluation, resources to hire evaluators (of which there are few that understand the work/context of CFs and their programs), what to expect from and how to oversee an evaluation.	<i>Profesionalización</i> Diploma for training. Few experienced CF evaluators noted are Alternativas y Capacidades, Espiral, GESOC, and VBA
Financial management/Using financial information to plan	High dependency on accountants and auditors with mixed levels of knowledge among CF board members and staff to ensure quality records. Little evidence of ability to use financials for planning.	<i>Profesionalización</i> Diploma, Centro de Fortalecimiento in Chihuahua, GFC, Fundación Merced and Fiscal Agenda Forum
Fundraising	Relatively new skill set in Mexico. Little experience with how to develop fundraising plans, cultivate and track donors development (particularly approaching individuals) and market/communicate effectively with distinct donor audiences	Cemefi, Synergos, BPP, Procura, VBA, Fundación Merced, International Community Foundation, Association of Fundraising Professionals, local consultants, regional universities.
Grantmaking	Much of the learning has occurred on-the-job, using documents and advice from peers. Minimal training or context relevant material is available, e.g. in grants management and assessment, and reporting systems that can provide essential data and transparency.	No specific training noted. CFs stated they have reached out to Brazil, Canada, Colombia, Ecuador and the U.S. for models.
History of Mexican civil sector	Uneven knowledge of the civil sector, gaps more evident with program level staff and among board members	<i>Profesionalización</i> Diploma
Knowledge management/Technology applications for sharing	Little systematization to foster and sustain learning, very limited use of Internet technology to share learning (e.g., teleconferencing).	None noted.
Partnership building/convening	Some skills evidenced in the development of networks. There is a lack of documentation, analysis and sharing of these practices to further advance skills.	CFs have been learning these skills on-the-job. Red Puentes, Synergos

Knowledge/Skill Area	Comments	Principal Sources CFs Have Turned to for Addressing Needs
Policy advocacy/Policy research	Policy research requires funding and a group framework. CFs have connected to the broader CSO sector for research, e.g., fiscal and legal framework.	<i>Profesionalización</i> Diploma, policy research done by ITAM and others on impediments of legal/fiscal framework
Program design	Mostly learned on-the-job and occasional outreach to organizations in Mexico and abroad.	Synergos Senior Fellows, GFC, local consultants, national networks. For grassroots economic development models the CFs look to Latin America. CFs stated that they got ideas from travel sponsored by the Synergos Senior Fellow program and from attending conferences.
Staff leadership development	Deepening management skills, how to work effectively with boards	<i>Profesionalización</i> Diploma, Cemefi, Synergos, BPP, Fundación Merced, local and regional universities.
Strategic planning	Some quality planning; some less so. Very limited resources available to hire strategic planners. Some lack of clarity of what to expect from a strategic planner.	CFs raise resources to pay for consultants. Few consultants have experience working with CFs and generalize from other experience, often from business.

More tailored training designed for CFs has been made available through the GFC, Synergos, and the Border Philanthropy Partnership. Each of these entities relied on a small set of experienced consultants, particularly Vivian Blair Associates (VBA) and Synergos Senior Fellows. These programs were carried out roughly over the last eight years, and embarked on territory largely new to Mexico. As can be seen in Figure 24, the programs facilitated through GFC, Synergos, and BPP covered a broad range of essential knowledge and skill development topics. The programs utilized diverse training methodologies, including peer learning, workshops, and study tours. They also made available technical assistance in several forms including short- and long-term consulting and coaching. Those who participated in the BPP underscored the value of peer learning that took place through annual learning conferences, issue-specific peer meetings, and exchanges developed as a result of the contacts made at these events (Teamworks, 2007). Opportunities for travel exchange were particularly highly valued, with evidence of executive directors making use of ideas and contacts they made.<sup>55</sup>

One of the significant challenges that arose in the training for CFs was that they either began or progressed to different stages of development and the offerings did not fit their diverse needs. For example, the CFs stated that the GFC's skill-related offerings were most valuable during their early stage of development and less so as they matured. The CFs that were relatively isolated and at their earlier stages of development welcomed the opportunities for training or networking that were provided. Better connected and comparatively more mature CFs were more likely to grow restive, expressing that their particular training and technical assistance needs were going unmet. The strengths and weaknesses of the work of Cemefi and the GFC regarding the development of the CFs have been amply documented and analyzed in two independent evaluations (Alternativas y

<sup>55</sup> One excellent example is Frontera Norte's development of a youth leadership and philanthropy program based on exchanges with Canadian counterparts.

Capacidades, 2005; GESOC, 2007). The evaluations are an invaluable source of information from which to derive lessons about training and development.

The process of professionalizing organizations is often aided by the development of indicators and a baseline from which to track progress. We have previously mentioned the certification process. Another tool was developed by VBA to use as a baseline for the Mexican CFs participating in the BPP. Both were occasional sources of contention between and among providers, facilitators, and the CFs. Nevertheless, interviewees that participated in the processes or were familiar with them concluded they aided in focusing on a core set of norms and expectations, noting that the group interaction in the development of the performance indicators for the GFC was especially useful.

The programs targeted for CFs were mainly funded by U.S.-based foundations and as we have stated, concerns have arisen about changes in foundation priorities and the potential impact on funding. Typically CFs cobble together the funds for hiring expertise, by raising money from board members or applying for a grant. Efforts are often made to get services pro bono or ask for concessions in regard to fees. There are also challenges related to geography. Apart from FECHAC and Corporativa and access to the *Profesionalización* Diploma, most CFs do not have their own resources for sending people to training programs or for contracting with consultants.

The interviewees identified a number of impediments to developing their capacities, and among the key ones they stated are

- community foundations are a new type of organization and there are limited to no materials in Spanish with local context to provide immediacy and relevance, e.g., for program design/grantmaking, donor education and philanthropy promotion;
- there is the lack of resources available for CF staff/board to attend training programs or to hire technical assistance providers—and—where they were once available, those resources are diminishing;
- expertise is mainly concentrated in Mexico City and a few regional centers, like Chihuahua, Guadalajara and Oaxaca, leaving many places to choose from fewer and less experienced consultants or to find the additional funds required for paying consultants travel-related costs that can be prohibitive;
- there is no formal, ongoing process for systematizing and sharing knowledge among the CFs through telecommunications, such as web conferencing that would grow a knowledge base and make more efficient use of time;
- staff turnover and low levels of institutionalization and documentation hinder the effectiveness of capacity building and training;
- the recipients and the facilitators and providers of development services are frequently building their capacities/skills at the same time;

- new institutions are extremely dynamic in their early stages of development, with needs that undergo rapid change, thus placing enormous pressure on who is coordinating and/or providing the interventions to be ready to address new needs as they arise;
- the work of community foundations is new and there is a need to develop understandings of how to track progress, measure success, describe impact and gain credibility and visibility;
- certain areas, such as nonprofit accounting rules, are a work in progress resulting in confusion about how to best provide meaningful training/technical assistance; and
- CFs are mostly thinly staffed and board members are often overcommitted and express lacking time for training. As previously noted, Mexico does not have a history of working boards and members often see little reason for skill development.

Finally, at a most fundamental level, training and technical assistance providers find few materials available in Spanish, a matter that is complicated by the fact that there is no ready translation for words common to the language of CFs, such as grantmaking and endowment.

#### D. Promoting Change in Public Policy

The topic of policy is a complex one, in general, and specifically for CFs. In the comparatively salutary environment of the U.S., with its mature philanthropic sector, foundations are wary about getting involved in the public policy arena. A few foundations have jumped into the fray by funding research, advocacy, and courting the news media, but the vast majority have steered clear (*New York Times*, November 7, 2008). The reasons for caution include having to face potential legal challenges and the fear of alienating various constituencies (e.g., government, donors, CSOs). In Mexico, the political context is freighted with recent history where, for government and the elites, civil sector-driven policy change suggests left-wing movements and the threat of social upheaval. Yet, within this highly charged context, some Mexican CFs have started to participate in public dialogue about social issues, usually at the behest of government.

Some of the basics that give rise to policy change are credible data, a group identity, and the ability of that group to work in coalitions. Needless to say, there are many other factors that deal with timing, strategy, and the ability to access and effectively channel political clout. A body of research is slowly developing about Mexico's civil sector, but major gaps in knowledge still exist. For example, there is no information about the scale of its economic role, its workforce or its pay levels, or the scope and characteristics of philanthropy. There is virtually no funding for research, and when analysts, university-based or otherwise, seek to carry out the studies they invariably confront problems of getting information (lack of transparency) and have few means for disseminating their work. There is little word-of-mouth even available because there are few networks, or professional or trade associations in Mexican civil society.

One good example of an effort to foster policy change began with the Hewlett Foundation's support for the fiscal agenda study. The research brought together a network of organizations where CFs participated (Incidencia Social *et al.*, 2007). It also involved extensive outreach to literally hundreds of organizations, and participants across Mexico. While the project embraced the entirety of the civil

sector, CFs played an important part in providing and gathering input from local organizations, disseminating the results of the study, and producing their own monograph about the fiscal/legal impediments to their growth as a sector. The findings were released in 2007 and were credited with being useful in making the case against the Calderón administration's proposal for a new flat income tax that would not have allowed tax-deductible donations by nonprofits and would have taxed their goods and services.

The chief means through which Mexico's CFs come together is the GFC, which has primarily been a vehicle for developing their institutional capacities. To a large degree, conversations about how members could join together in playing a policy role had not taken place and the fiscal agenda study was the first example of collaboration among the group. Evaluations of the GFC have observed that it lacks a shared identity and visibility that affect the ability of the foundations to act as a group to pursue policy change (Alternativas y Capacidades, 2005; GESOC, 2007).

While minimal action as a group has occurred, the interviews revealed that there were occasions where the CFs have been or are involved in public policy at the state or local levels. This is noteworthy because state and local politics are notoriously partisan and polarized, and that CFs are strategically endeavoring to operate within and grow a zone in which issues can be addressed in a non-partisan manner. Indeed, several board members emphasized that what attracted them to the CF model is that they are one of the few avenues through which civic matters can be addressed in a non-partisan manner.

CFs are taking small and incremental steps in informing local and state dialogue on social issues. For example, the networks of CSOs facilitated by a number of the CFs not only increase coordination of their services but also give voice to their issues and concerns. FC Bajío has organized nonprofit networks around the topics of children, disabled, youth, sports, arts and culture, health and drug addiction prevention and has worked on joint projects with public policy aims. CFs are also invited to participate in local boards and commissions and to weigh in on specific social topics. FECHAC, for example, participated in the advisory board to the Federal Register of CSOs and gathered input from local organizations for the promotion of a state version of the *Ley de Fomento a las Actividades de las Organizaciones de la Sociedad Civil*,<sup>56</sup> which has not yet been passed by the state Congress. Another important example is FC Queretaro's Education for Life project, mentioned in the programmatic section of this report, which is designed jointly with state government and implemented with local government. The BPP has recently become a bi-national independent organization and a priority, agreed by its membership from both sides of the border, is to carry out a quality of life study —the intent of which is to use findings toward pushing for policy change.

Over the past year or so the CFs do not appear to have directed much energy toward their common needs, a function of several factors including that some foundations' leaders have had to refocus energies to more pressing matters, such as crises affecting the sustainability of their own organizations. The advocacy work they have carried out has been more reactive rather than proactive, stimulated by requests for their opinions or proposals presented by government that could affect them negatively instead of their working from a planned agenda. With a focus on their own survival, it is unrealistic to expect the foundations to devote much time to public policy

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<sup>56</sup> A law that promotes the activities of CSOs.

advocacy unless it is integrally related to their mission as exemplified in their joining in the fight to allow tax-deductibility under the new flat income tax, that took place early in the Calderón administration and in their involvement with the fiscal agenda. Nevertheless, their potential as non-partisan civic spaces with the goal of involving citizens in the solution of public problems is a first step towards successful advocacy.

In closing, the overall picture of how groups are meeting their developmental needs is a mixed one. The bright spots are the drive shown by the CFs, board and staff, to generate core operating monies, their commitment to further their institutional development, and their stepping, albeit gingerly, into the policy arena. Over the past handful of years to a decade Mexico has also seen the emergence of training programs for CSOs and a group of trainers and consultants. CFs have the unique challenge of building their own capacity and sustainability while dedicating themselves to doing the same for others. Briefly summarizing the main weaknesses that impede the progress of CFs are

- the quality of trainers/technical assistance providers is uneven with few that have knowledge of CFs;
- training does not yet well match the varying stages of development of the CFs;
- there is a scarcity of CF-relevant materials/tools;
- several critical needs key to growing the field are going unmet (e.g., clear accounting standards, a means of systematizing and sharing knowledge, developing tracking and evaluation tools with relevant measures);
- CFs are geographically dispersed throughout the country, while capacity building efforts are highly concentrated in Mexico City and a few other regions.

Finally, at risk of stating the obvious, the lack and instability of funding for staff and operations, for training/technical assistance, and for supporting policy research and advocacy diminishes the abilities of CFs to advance their goals.

## V. Recommendations

Mexican community foundations are rich and diverse in terms of age, experience and the local circumstances in which they operate. The findings in this report show that Mexico's community foundations are making steady progress in their development. Briefly summarizing some highlights, the CFs have established their institutional frameworks, made strides in their professional development, and have launched grantmaking and operating programs. They have made notable progress growing local philanthropy from private sources and are showing a commitment to strengthening local civil society organizations, including both formal and grassroots groups. The CFs also have stepped into playing vitally needed roles of convening and bridge building within and across multiple sectors.

Nevertheless, they share many of the same capacity building needs and encounter similar obstacles that hinder their growth. Individually many of the foundations are fragile and understandably concerned about their ongoing sustainability. As a sector, they need to step up their leadership to develop a national community foundation agenda and to reach beyond their own institutions to engage larger society in advancing their mission. With the goal of building the field in

mind, we have organized the study's recommendations in five areas essential to developing a more robust and effective CF sector. These areas are fostering a greater sense of community within the sector; more effectively conveying impact and raising visibility; continuing to professionalize and build institutional capacity; increasing resources for operations; and creating a more favorable environment in which to grow. To advance the sector, it is necessary to work in each of these areas with a long-term perspective and in a strategically phased manner. Only then will the sector be able to achieve the next level of development, impact and growth.

## 1. Building a Sense of Community among Community Foundations

A sector can only grow when there is a sense of community among its members and consensus about its role in society. Initiatives to build a field can only take hold when the subject institutions assume their responsibility in moving such initiatives forward. In Mexico, the GFC has been the primary national vehicle for developing understanding about the roles and potentials of community foundations, for training, and for relationship building. The GFC has been constructive in many aspects, but it has also been the place in which some fracturing has developed over what characteristics constitute a community foundation, with the debate largely centering on whether or not they are doing grantmaking or operating programs. Rather than focus on commonalities, discussion at times emphasizes differences. It is crucial for CFs to take the space, time and resources to come together on a national level to identify common ground in terms of purpose and shared experiences, build relationships and trust among foundations, address differences within the sector, and create their own agenda for the future. It is not too soon to begin this process, given the time it takes for conversation and trust to be built. The CF sector may want to look to how the CFs that participated in the BPP assumed responsibility and leadership for crafting an action plan that is now being implemented to sustain the vitality of the sector along the border of Mexico and the U.S.

### Fostering Dialogue

- Promote dialogue among CFs through a process that involves several facilitated meetings, with the goal of identifying what is needed to create a greater sense of community and to articulate concrete steps for moving forward. The focus of these meetings would be to create a culture of conversation around the opportunity and the potential of CFs in Mexico, in order to advance the recommendations outlined.
- Create web-based and telecommunications strategies to encourage national networking to overcome geographic distance between CFs in Mexico and the high costs of travel.

### Developing a National Identity

- Build ownership for the concept of CFs in Mexico, so that they are able to develop a national identity that can raise their visibility. This also would allow them to move beyond the prevailing perception that the CF model is an imported rather than home grown model, which has stymied to some degree the sector's vision of a Mexican concept of CFs.
- Obtain input from nonprofit organizations (e.g., through focus groups) and from actors that have participated in promoting CFs in Mexico, such as Cemefi and international donors. An open process provides broad input, generates fresh ideas and perspectives, and potentially engenders more stakeholders for the sector.

- Promote tackling a concrete task, such as working with accountants to establish standards for reporting financial information, which could provide an early accomplishment on a pressing issue.

## 2. Fostering the Ability to Articulate Impact and Increase Visibility

The study suggests that CFs are known by a small but growing segment of local business and individual donors that have sustained their operations in recent years. However, it remains difficult for the larger donor community, government and the nonprofit sector to embrace the concept of a community foundation. As a result, expectations of what CFs can and should do are varied and often unrealistic, shaping perceptions — whether accurate or not— of their impact. Community foundations need to better articulate how their role in the civil sector distinguishes them from other organizations, what their value to society is and to lift visibility to the next level. Fortunately, Mexico has a critical mass of community foundations and experience from which to draw success stories. Communication efforts that focus both at the individual and sector level could help foundations talk more effectively about impact on their own terms and raise their local and national visibility.

### At the Individual CF Level

- Develop overall program and grant reporting systems that provide good data and track stories, so that foundations can talk to others about their work and accomplishments. This would raise foundations' profiles and help them gain credibility.
- Encourage Mexican CFs to establish their own expectations for performance, helping to clarify their role as an intermediary organization whose activities are not well understood.
- Provide self-assessment grants, like the ones used in Russia,<sup>57</sup> to help foundations develop a language and a concept for promoting their work, and strengthen their marketing and promotion practices.

### At the Sector Level

- Engage CFs in developing their own framework for talking about success, which includes defining what success looks like and identifying performance indicators. This would help CFs to increase understanding of their work and to potentially build trust within larger society.
- Update materials, such as fact sheets, fliers or presentations on CFs in Mexico, to help them promote their work and the understanding of what they do, both at the state and national levels.<sup>58</sup> This would include targeting materials for different audiences, such as individual donors, business or government, and allowing for these materials to be customized by CFs for individual use.
- Develop a website on Mexican CFs to make more information available on the sector and individual CFs, and to create links for exchange with each other and with international audiences. The site should build upon Cemefi's work and draw upon websites such as the Community Foundation Network (United Kingdom), Council of Foundations (U.S.), Community

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<sup>57</sup> CAF Russia (the representative office of the Charities Aid Foundation of the United Kingdom) used self-assessment grants to help mature CFs assess their place in the community, carry out impact analysis, and identify the grants that promoted real changes in communities.

<sup>58</sup>The GFC initially developed professional materials for stronger communication purposes, which were valued and used by a large number of CFs.

Foundations of Canada, Transatlantic Community Foundation Network, and Global Fund for Community Foundations.

### 3. Fostering Professionalization and Institution Building

A broad range of competencies are involved in running a successful community foundation. At this point, Mexican CFs find themselves in very different stages in relation to the development of these competencies, depending upon their experiences and the skills of their staff and board. Nevertheless, to play a role in strengthening CSOs while also promoting philanthropy, they need to be strong organizations themselves and to model behavior for others. In order to build on their early accomplishments and to ensure credibility, impact and permanence of the sector, ongoing efforts are needed to deepen their level of professionalization and strengthen their institutional capacity.

#### Identifying Best Practices in Capacity Building

- Structure capacity building efforts around concrete and practical issues, so that foundations can better perceive their value and applicability. BPP coaching on sustainability planning, for example, was an effective board training mechanism because it was carried out in a business-like manner. Specifically, it was concrete, had immediate applicability, required limited preparation, called for the involvement of a small group of people, and required reasonable meeting time.
- Promote knowledge management and documentation of best practices within foundations, by encouraging them to reflect on their work and establish mechanisms for documentation. This helps to preserve and build institutional memory over time. Alliances with universities and research centers, as well as a clearinghouse or website to publish and disseminate practices, would be most useful in bolstering the scarce resources that CFs have for this purpose, as well as their research and documentation skills.
- Capture what has and has not worked in developing CF competencies in the Mexican context, building on the body of documents that have been prepared by consultants and researchers to date.<sup>59</sup>

#### Advancing Professionalization and Institutionalization through a Multi-layered Approach

- Devise learning strategies that are appropriate for different levels of organizational development, which build on the work already developed for start-up CFs and create new opportunities for the more advanced CFs.
- Provide consulting grants so that more experienced CFs can lend assistance to emerging ones,<sup>60</sup> providing an economic incentive for transferring knowledge with the added benefit of documenting practices.
- Foster opportunities for CFs to meet with experts and peers, potentially with travel grants. Many foundations mentioned these mechanisms as important in their development.
- Incorporate a global perspective of philanthropy within capacity building efforts including the role and activities of community foundations in different parts of the world. International

<sup>59</sup> These include the documents Blair *et al.* (2004), Tapia and Carrillo (2005), Carrillo *et al.* (2006), Synergos and VBA (2007), Velasco and Ruesga (2007), Berger and Bermúdez (2007), and Tapia (forthcoming).

<sup>60</sup> CAF Russia also used consulting grants to promote that mature CFs share their expertise with emerging foundations.

exchanges to learn about specific topics could be encouraged and supported, particularly for the more developed CFs, which can in turn transfer their learnings to other CFs.

- Provide funding for ongoing staff development and promote more favorable working conditions, in order to retain trained staff and reduce turnover.

#### Growing the Expertise and Reach of a Provider Community

- Increase the number and depth of professionals and organizations providing support services such as training, coaching, and consulting specifically to Mexican CFs, especially at the local and regional level. Among the most needed areas of expertise are board development, fundraising, evaluation, organizational planning, financial reporting and communications.
- Strengthen a network of local and national capacity builders, perhaps through annual convenings where they could share best practices and experiences in the field of CF capacity building.
- Promote local technical assistance providers, the creation of documents and manuals and the use of technology to overcome geographical constraints and reduce travel costs. Web technologies, virtual convenings and telecommunication tools, for example, could increase access to quality providers and experts at a lower cost.

#### 4. Increasing Resources

An important goal of promoting CFs is growing a local culture of philanthropy that is grounded in the community. The findings provide evidence of substantial domestic support from individuals and businesses for the sector. CFs have had to work hard to achieve this, as they still are relatively young and work within a challenging fiscal, legal and nonprofit environment. They have been entrepreneurial, yet they continue to be fragile given the lack of consistent and continuing support.<sup>61</sup> If Mexican CFs are to scale their work and achieve greater impact, they must obtain the support of greater society.

#### Growing the Donor Community Through Challenge Grants

- Provide challenge grants for operating support to help CFs diversify their funding, particularly from government and the private sector, and thereby grow the community of actors that support CFs. One specific group that merits attention is Mexico's private foundations, a group of institutions whose financial support for CFs could play a vital role in expanding philanthropy and in strengthening the civil sector. Challenge grants also promote the notion of leveraging resources, an important concept in both building philanthropy and achieving greater community impact.

#### Sharing Experiences

- Promote the sharing of practices that have helped some CFs succeed in generating sources of funding for general operating support, such as membership fees, second hand stores and outlet stores. Techniques and tools with low fundraising costs, such as web-based technology for online donations could also be shared.

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<sup>61</sup> Some exceptions are FECHAC, which enjoys a constant flow of income from a state tax surcharge on business payroll; Corporativa, which has received continuing support from a corporate donor, and Merced Queretaro, which generates a meaningful amount of income from its outlet store.

- Promote the development of skills and sharing of lessons related to cultivating donors and providing donor services.

#### Raising the Profile of CFs

- Promote local philanthropy through local events, as some foundations are already doing, such as award ceremonies that recognize the contributions of community organizations, philanthropists and businesses in the region.
- Actively enlist high profile leaders as champions of CFs to raise credibility and attract more resources. For these efforts to be effective, however, it is crucial that CFs effectively articulate their role and communicate their successes to targeted audiences.

#### Promoting Sustainability Planning

- Deepen staff capacity in strategic resource development and communications.
- Support dedicated fundraising staff over multiple years to achieve both short and long term fundraising goals.
- Develop fundraising plans that are consistent with operating plans, so that the latter can be actionable.
- Conduct sustainability and endowment planning, to induce long-term thinking and reinforce a framework of permanence in the activities of Mexican CFs

### 5. Creating a More Favorable Systemic Environment

A sector can only flourish and thrive when there is a supportive environment. In Mexico, there is a need to promote a fiscal and legal framework that recognizes the value of the civil sector for society, and helps rather than hinders the work of CFs. Fortunately, much work has already been done to identify key obstacles that impede growth,<sup>62</sup> and the sector is well poised to take this work to the next level.

#### Improving the Fiscal Framework

- Support the development of a strategy to educate policy makers and other key leaders in updating and simplifying the income tax laws (*Ley del Impuesto sobre la Renta* and *Ley del Impuesto Empresarial de Tasa Única*). This would include
  - ➔ making the tax laws consistent with the *Ley de Fomento a las Actividades de las Organizaciones de la Sociedad Civil*, in terms of the activities that are recognized as tax exempt and tax deductible;
  - ➔ simplifying the procedures to become *donataria autorizada*, by streamlining the processes required by each authority (e.g., the education ministry and social service system, respectively the *Secretaría de Educación Pública* and *Sistema Nacional para el Desarrollo Integral de la Familia*) for issuing activity-accreditation certificates;<sup>63</sup>

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<sup>62</sup> These include the documents by Bolaños and Incide Social *et al.*, as well as the discussions and documents derived from the recent forum *Retos y Perspectivas de las Políticas para el fortalecimiento de la Sociedad Civil, balance a dos años de Gobierno* (Challenges and Perspectives on Policies for Strengthening Civil Society: Assessment after Two Years in Office), organized by *Incide Social*. Spaces for dialogue with the authorities include the Advisory Board to the Federal Register for CSOs and the *ad hoc* working group for discussions with the fiscal authorities.

<sup>63</sup> “To confirm compliance of the activity for which authorization is sought to receive tax-deductible donations, the organization must present a document issued by a government entity in which the entity indicates that it is aware of

- ➔ operationalizing the accreditation process, for donor institutions in particular, and allowing them to make grants to organizations that are not *donatarias autorizadas*.<sup>64</sup>

#### Improving the Legal Framework

- Support the development of a strategy to educate policy makers and other key leaders in updating and simplifying the legal framework for nonprofit organizations and the allocation of public funding to the sector. This would include
  - ➔ improving coordination in the process of registering CSOs at the federal, state and department level, as well as their reporting requirements, to avoid duplication and minimize bureaucracy.
  - ➔ making the allocation of public funding to nonprofits more transparent, simplifying requirements and increasing the timeframe for the use of these funds to make it more reasonable. Currently, this process significantly condenses the timeframe for utilizing the funding and makes program implementation unrealistic.<sup>65</sup>

#### Generating Knowledge

- Collect and track information, for example about the scale of philanthropy in Mexico, salaries in the nonprofit field, the potential for philanthropy, and the sources of funding. High quality research could be carried out by universities, research firms, research institutes and other actors, which would help establish baselines, trends and assess progress.
- Promote within the nonprofit sector transparency and a system of standardized reporting that is publicly available through tools such as Guidestar. This could play a vital role in building trust in and generating knowledge of the sector.

#### Training Accountants and Lawyers Specialized in the Civil Sector

- Create materials that inform current accounting and law practices on the workings of the nonprofit field. Dissemination of these materials should include national professional associations and their local chapters.
- Promote the development of university curricula for accountants and lawyers specialized in the nonprofit field, including continuing education programs.

In closing, we hope that this profile accurately mirrors the work of the community foundations that generously participated in this study. The data shows that Mexico's community foundations have established their organizational structures. They are becoming important promoters of community philanthropy, launching diverse efforts to strengthen civil sector organizations, and are implementing programs focused on social and economic development. A little more than a decade ago there were virtually no community foundations in Mexico, and while the road traveled at times has been a difficult one, the report provides evidence that there is now infrastructure to build upon.

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and affirms that the association or corporation conducts the activities stated as the association's purpose" (*Incidencia Social et al.*, 2007, p. 52).

<sup>64</sup> According to the law, the activity/accreditation certificate for a donor institution is the "agreement entered into with the beneficiary, who must also be an authorized donee" (*Incidencia Social et al.*, 2007, p. 41). Nevertheless, this does not resolve the need of the donor institution to become a *donataria autorizada* before it can give grants to other *donatarias autorizadas*.

<sup>65</sup> Funds are usually released during the summer to be expended by the end of December. Funding is not available early in the year.

## APPENDICES

## Appendix 1: List of Participating Foundations

COMMUNITY FOUNDATIONS	Name/Acronym*	Group**
1. Corporativa de Fundaciones, A. C.	Corporativa	A
2. Fundación Comunidad, A.C.	same	A
3. Fundación Comunitaria Frontera Norte, A. C.	Frontera Norte	A
4. Fundación Comunitaria Oaxaca, A.C.	FC Oaxaca	A
5. Fundación Comunitaria Puebla, I. B. P.	FC Puebla	A
6. Fundación Comunitaria Querétaro, A. C.	FC Querétaro	A
7. Fundación del Empresariado Chihuahuense, A. C.	FECHAC	A
8. Fundación del Empresariado Sonorense, A. C.	FESAC	A
9. Fundación Internacional de la Comunidad, A. C.	FIC	A
10. Fondo Córdoba, A. C.	Fondo Córdoba	B
11. Fondo Estrategia Social, A.C.	FES	B
12. Fundación Comunitaria Matamoros, A.C.	FC Matamoros	B
13. Fundación Comunitaria Punta de Mita, A.C.	FC Punta de Mita	B
14. Fundación León, A. C.	same	B
15. Fundación Merced Querétaro, A. C.	FC Merced Querétaro	B
16. San Miguel Community Foundation	same	B
17. Fundación Comunitaria Bajío, A.C.	FC Bajío	C
18. Fundación Comunitaria Cozumel, I. A. P.	FC Cozumel	C
19. Fundación Comunitaria Malinalco A.C.	FC Malinalco	C
20. Fundación Comunitaria Morelense, I.A.P.	FC Morelense	C
21. Fundación Merced Coahuila, A. C.	same	C

\*These are the names/acronyms of the 21 organizations that are used in this report.

\*\*Groupings of the foundations for information gathering purposes (details are in the methodology section of report).

## Appendix 2: Instruments

### a) Electronic Survey

#### I. Antecedentes organizacionales

1. ¿En qué año se constituyó legalmente la fundación?

2. ¿Cuál es su figura legal?

	AC (asociación civil)
	IAP (institución de asistencia privada)
	IBP (institución de beneficencia pública)
	Otra (por favor especifique)

3. ¿Tiene estatus de donataria autorizada?

	Sí
	No

3a. SI CONTESTA QUE SÍ:

¿En qué año obtuvo el estatus de donataria autorizada? \_\_\_\_\_

SI CONTESTA QUE NO SALTAR A LA PREGUNTA 4.

#### II. Estructura de gobierno y su operación

4. ¿Cuál o cuáles son los órganos de toma de decisiones en la fundación? Puede marcar más de uno.

	Asamblea de asociados
	Consejo directivo
	Patronato
	Otro (por favor especifique)

5. ¿De acuerdo a su acta constitutiva y su reglamento, cuál es el máximo número de personas que pueden conformar su consejo directivo o patronato? \_\_\_\_\_

6. ¿Con cuántos miembros cuenta su consejo directivo o patronato actualmente?

7. ¿Cuál es la procedencia de los actuales miembros de su consejo directivo o patronato? Por favor clasifique a cada uno de los miembros en sólo una de las categorías. Si la persona está retirada, identifique el sector en el que trabajó antes de su retiro:

Procedencia de los miembros del consejo o patronato	Hombres	Mujeres
Sector empresarial		
Sector gubernamental		
Academia (investigadores y profesores universitarios)		
Sector educativo (profesores y especialistas en educación básica, media y técnica)		
Organizaciones de la sociedad civil (OSCs)		
Voluntariado		
Otro sector (por favor especifique): _____		

8. ¿Cuál es la procedencia de los actuales miembros de su mesa directiva? Por favor clasifique a cada uno de los miembros en sólo una de las categorías. Si la persona está retirada, identifique el sector en el que trabajó antes de su retiro:

Procedencia de los miembros del consejo o patronato	Hombres	Mujeres
Sector empresarial		
Sector gubernamental		
Academia (investigadores y profesores universitarios)		
Sector educativo (profesores y especialistas en educación básica, media y técnica)		
Organizaciones de la sociedad civil (OSCs)		
Voluntariado		
Otro sector (por favor especifique): _____		

9. ¿Cuántos miembros de su consejo directivo o patronato viven o trabajan en el área geográfica en la que trabaja la fundación?
10. ¿Cuál es el nivel educativo de los miembros de su consejo directivo o patronato? Indique cuántas personas se encuentran en cada una de las categorías.

	Posgrado (maestría o doctorado)
	Licenciatura o equivalente
	Preparatoria
	Menos de preparatoria

11. Según su acta constitutiva o reglamento, ¿los cargos de los miembros del consejo directivo o patronato son vitalicios o con límite de tiempo?

	Vitalicios
	Con límite de tiempo

- 11a. SI CONTESTA CON LÍMITE DE TIEMPO:

¿De cuántos años?

- 11b. ¿Estos cargos se pueden renovar de manera indefinida?

	Sí
	No

12. ¿Los miembros de su consejo directivo o patronato hacen donativos a la fundación?

	Sí
	No

12a. SI CONTESTA QUE SÍ:

En el 2007, ¿cuántos hicieron donaciones en efectivo, de acciones o inversiones, o de bienes raíces?

12b. Desde el 2005, el número de miembros del consejo directivo o patronato que ha hecho este tipo de donaciones ha:

	Aumentado
	Permanecido igual
	Disminuido

12c. En el 2007, ¿cuántos miembros del consejo directivo o patronato hicieron donaciones en especie?

12d. Desde el 2005, el número de miembros del consejo directivo o patronato que ha hecho este tipo de donaciones ha:

	Aumentado
	Permanecido igual
	Disminuido

SI CONTESTA QUE NO SALTAR A LA PREGUNTA 13.

13. ¿Algún miembro del consejo directivo o patronato dona espacio de oficina para que la fundación no pague renta?

	Sí
	No

13a. SI CONTESTA QUE SÍ:

¿Cuál es el valor mensual aproximado de esta donación (en pesos)?

SI CONTESTA QUE NO:

13b. ¿Algún miembro del consejo directivo o patronato subsidia la renta de la fundación?

	Sí
	No

SI CONTESTA QUE SÍ:

13c. ¿Cuál es el valor mensual aproximado de este subsidio (en pesos)?

SI CONTESTA QUE NO SALTAR A LA PREGUNTA 14.

14. ¿Los miembros de su consejo directivo o patronato ayudan a recaudar fondos para la fundación?

	Sí
	No

14a. SI CONTESTA QUE SÍ:

En el 2007, cuántos miembros:

<input type="checkbox"/>	Participaron muy activamente en las actividades para recaudar fondos
<input type="checkbox"/>	Participaron más o menos activamente
<input type="checkbox"/>	No participaron

14b. Desde el 2005, el número de miembros que participa muy o más o menos activamente en este tipo de actividades ha:

<input type="checkbox"/>	Aumentado
<input type="checkbox"/>	Permanecido igual
<input type="checkbox"/>	Disminuido

SI CONTESTA QUE NO SALTAR A LA PREGUNTA 15.

15. ¿De qué otras maneras contribuyen los miembros del consejo directivo o patronato al trabajo de la fundación? Marque la casilla que corresponda.

Contribución	Muy involucrados	Bastante involucrados	Poco involucrados	No se involucran
Dar a conocer a la fundación en la comunidad				
Ayudar en la toma de decisiones financieras				
Facilitar relaciones con líderes dentro de la comunidad				
Otra: _____				

16. ¿El consejo directivo o patronato aprueba los informes financieros de la fundación?

<input type="checkbox"/>	Sí
<input type="checkbox"/>	No

17. ¿El consejo directivo o patronato aprueba el presupuesto anual de la fundación?

<input type="checkbox"/>	Sí
<input type="checkbox"/>	No

### III. Desarrollo institucional de la fundación

18. ¿Con cuáles de los siguientes cuenta la fundación?

Tipo de políticas	Sí	No
Políticas escritas de uso del fondo patrimonial		
Políticas escritas de conflicto de interés		
Políticas o procedimientos por escrito para dar financiamientos o apoyos		
Políticas o procedimientos por escrito para evaluar sus programas o los que financia		
Políticas laborales escritas		

19. ¿Existe actualmente un plan estratégico para la fundación?

<input type="checkbox"/>	Sí
<input type="checkbox"/>	No

19a. SI CONTESTA QUE SÍ:

¿En qué año se aprobó este plan por parte del consejo directivo o patronato?

19b. ¿Qué periodo cubre dicho plan?

SI CONTESTA QUE NO:

¿Se tiene pensado desarrollar un plan de este tipo en los próximos doce meses?

<input type="checkbox"/>	Sí
<input type="checkbox"/>	No

#### IV. Características del personal de la fundación y su funcionamiento interno

La información sobre sueldos será tratada de manera confidencial y no será reportada a nivel individual, sino que servirá para establecer patrones para las fundaciones comunitarias mexicanas en general.

20. ¿Cuántos empleados de tiempo completo tuvo la fundación en el 2007? (Posteriormente, se pregunta por los empleados de medio tiempo. Por favor, no los incluya en su respuesta.)

21. ¿Cuántos empleados de medio tiempo tuvo la fundación en el 2007?

22. En el 2007, ¿los empleados de la fundación estaban contratados por nómina o por honorarios? Marque el número adecuado en cada una de las casillas.

	En nómina	Por honorarios
Empleados de tiempo completo		
Empleados de medio tiempo		

23. En el 2007, sin incluir a el/la directora(a) de la fundación, ¿cuál fue el sueldo neto más bajo y el sueldo neto más alto que la fundación pagó a sus empleados (en pesos)? Conteste dependiendo de si se trata de un empleado de tiempo completo o de medio tiempo.

	Sueldo más bajo	Sueldo más alto
Empleados de tiempo completo		
Empleados de medio tiempo		

24. ¿Cuál es el sueldo neto (sin considerar impuestos ni retenciones) mensual del/la directora(a) de la fundación (en pesos)?

<input type="checkbox"/>	El/la directora(a) no recibe un sueldo por su trabajo
<input type="checkbox"/>	Menos de \$10,000
<input type="checkbox"/>	De \$10,001 a \$20,000
<input type="checkbox"/>	De \$20,001 a \$30,000
<input type="checkbox"/>	De \$30,001 a \$40,000
<input type="checkbox"/>	Más de \$40,000

25. ¿El/la directora(a) recibe alguna de las siguientes prestaciones? Por favor marque todas las que correspondan:

	Horario de trabajo flexible
	Prestaciones sociales (IMSS, Infonavit, SAR)
	Seguro de gastos médicos mayores
	Ahorro para el retiro
	Vacaciones pagadas
	Aguinaldo
	Otro: _____

26. ¿En qué año inició el/la director(a) actual de la fundación a desempeñar este cargo?

27. ¿El/la director(a) desempeñó otros cargos anteriormente en la fundación?

	Sí
	No

28. En los 5 años antes de asumir el cargo de director(a) de la fundación, la persona trabajó en (marque todas las opciones que correspondan):

	Otra fundación
	Organización de la sociedad civil
	Empresa
	Gobierno
	Otro (especifique): _____

29. ¿Cuál es el nivel educativo del/la director(a) de la fundación?

	Posgrado (maestría o doctorado)
	Licenciatura o equivalente
	Preparatoria
	Menos de preparatoria

30. En el 2007, ¿aproximadamente qué porcentaje de su tiempo invirtió el/la director(a) de la fundación en recaudación de fondos?

	25% o menos
	26%-50%
	51%-75%
	76% o más

31. Además del Director y los consejeros o patronos, ¿cuántos empleados de tiempo completo y de medio tiempo realizan actividades de recaudación de fondos como parte de su trabajo, y qué porcentaje de su tiempo invierten en estas actividades?

Tipo de empleados	Número de empleados según el porcentaje de su tiempo que invierten en recaudación de fondos			
	Menos de 25%	26%-50%	51%-75%	76% o más
De tiempo completo				
De medio tiempo				

**V. Características de las actividades de la fundación**

32. ¿La fundación enfoca sus actividades a ciertas áreas geográficas?

<input type="checkbox"/>	Sí
<input type="checkbox"/>	No

32a. SI CONTESTA QUE SÍ:

¿Cuáles?

<input type="checkbox"/>	Una o varias colonias o barrios determinados
<input type="checkbox"/>	La ciudad en la que está ubicada
<input type="checkbox"/>	El estado en el que está ubicada
<input type="checkbox"/>	Otro: _____

SI CONTESTA QUE NO SALTAR A LA PREGUNTA 33.

33. ¿Cómo identifica la fundación las necesidades de la comunidad? Marque las cinco opciones más utilizadas con los números del 1 al 5, donde 1 es la más utilizada.

<input type="checkbox"/>	Identificación de prioridades por parte del/la directora(a) de la fundación
<input type="checkbox"/>	Discusión de prioridades por parte del consejo directivo o comité
<input type="checkbox"/>	Mapeo de activos y vacíos de la comunidad
<input type="checkbox"/>	Realización de investigaciones
<input type="checkbox"/>	Consultas con personalidades académicas
<input type="checkbox"/>	Consultas con líderes de opinión locales
<input type="checkbox"/>	Consultas con autoridades del gobierno local o estatal
<input type="checkbox"/>	Asistencia a reuniones con organizaciones de la sociedad civil local
<input type="checkbox"/>	Consultas con grupos focales de grupos interesados ( <i>stakeholders</i> )
<input type="checkbox"/>	Organización de foros de discusión
<input type="checkbox"/>	Otro: _____

34. ¿En qué áreas temáticas enfoca sus actividades la fundación? Marque todas las opciones que correspondan.

<input type="checkbox"/>	Adicciones	<input type="checkbox"/>	Indígenas
<input type="checkbox"/>	Adultos Mayores	<input type="checkbox"/>	Jóvenes
<input type="checkbox"/>	Ciencia y tecnología	<input type="checkbox"/>	Medio ambiente
<input type="checkbox"/>	Derechos humanos	<input type="checkbox"/>	Microcrédito/proyectos productivos
<input type="checkbox"/>	Desarrollo rural	<input type="checkbox"/>	Mujeres
<input type="checkbox"/>	Desastres	<input type="checkbox"/>	Niños
<input type="checkbox"/>	Discapacitados	<input type="checkbox"/>	Nutrición
<input type="checkbox"/>	Educación	<input type="checkbox"/>	Salud
<input type="checkbox"/>	Familias	<input type="checkbox"/>	VIH/SIDA
<input type="checkbox"/>	Fomento cultural	<input type="checkbox"/>	Vivienda
<input type="checkbox"/>	Otras (por favor, especifique)	<input type="checkbox"/>	Ninguna

35. ¿Cuáles de estas actividades realizó la fundación en los tres años anteriores para lograr sus objetivos? Por favor marque todas las opciones relevantes.

Actividad	2005	2006	2007
Dar financiamientos a proyectos u organizaciones			
Identificar proyectos u organizaciones para las donaciones de otras organizaciones o personas			
Entregar fondos aportados por otra organización o persona			
Hacer donaciones en especie (material, equipo, etc.)			
Dar microcréditos y financiar proyectos productivos			
Dar becas a individuos			
Operar programas educativos			
Operar programas de salud			
Operar programas de asistencia social (casas hogar, asilos de ancianos, etc.)			
Operar programas de desarrollo comunitario			
Otra: _____			

36. ¿Cómo identifica la fundación organizaciones o proyectos para financiar? Por favor marque todas las opciones relevantes, indicando la frecuencia con que se usan (1 es el más utilizado y 6 el menos utilizado).

Método	Sí	No	Frecuencia con que se utiliza
Recomendaciones de miembros del consejo o patronato			
Recomendaciones de familiares o amigos			
Convocatorias públicas para proyectos			
Invitaciones a organizaciones apoyadas anteriormente			
Asistencia a reuniones con OSCs			
Visita de proyectos			
Otro: _____			

37. ¿Quién participa en la toma de decisiones respecto a los principales financiamientos otorgados o principales fondos que opera la fundación? Marque solamente una opción.

<input type="checkbox"/>	Solamente el/la director(a)
<input type="checkbox"/>	El personal, incluyendo al director(a)
<input type="checkbox"/>	Solamente el consejo directivo o patronato
<input type="checkbox"/>	Un comité conformado por miembros del consejo directivo o patronato
<input type="checkbox"/>	Un comité conformado por miembros del consejo o patronato y el personal

	Un comité conformado por miembros del consejo o patronato, del personal, y expertos locales
	Solamente expertos locales
	Un comité conformado por miembros del consejo o patronato, del personal, y donantes
	Solamente los donantes
	Otro: _____

38. Durante el 2007, ¿la fundación dio asistencia de algún tipo (cursos, talleres, asesorías) a organizaciones que le solicitan fondos?

	Sí
	No

SI CONTESTA SI

38a. Aproximadamente, ¿a cuántas organizaciones ofreció este tipo de servicios?

SI CONTESTA QUE NO SALTAR A LA PREGUNTA 39.

39. ¿La fundación da seguimiento a los financiamientos o becas otorgadas?

	Sí
	No

39a. SI CONTESTA QUE SÍ:

¿De qué tipo? (marque todos los que correspondan)

	<b>Tipo de seguimiento</b>
	Seguimiento telefónico
	Visitas
	Reportes escritos por parte de la organización o becario
	Comprobación de gastos
	Auditoría de fondos utilizados
	Otro: _____

SI CONTESTA QUE NO SALTAR A LA PREGUNTA 40.

40. En los últimos tres años, ¿la fundación ha comisionado una evaluación externa de alguno de sus programas?

	Sí
	No

**VI. Visibilidad de la fundación y relación con la comunidad**

41. ¿A qué públicos se enfoca la comunicación de la fundación y con qué frecuencia?

Público	Siempre	Casi siempre	Ocasionalmente	Nunca
Donantes actuales				

Público	Siempre	Casi siempre	Ocasionalmente	Nunca
Donantes potenciales				
OSCs, su personal y consejos o patronatos				
Beneficiarios de programas de la fundación				
Dependencias de gobierno y servidores públicos				
Familiares y conocidos del personal de la fundación				
Miembros del consejo directivo o patronato de la fundación				
Otros: _____				

42. ¿La fundación tiene presencia en la televisión?

<input type="checkbox"/>	Sí
<input type="checkbox"/>	No

42a. SI CONTESTA QUE SÍ

¿Con qué frecuencia?

<input type="checkbox"/>	Cuatro veces al año o más
<input type="checkbox"/>	Dos veces al año
<input type="checkbox"/>	Una vez al año
<input type="checkbox"/>	Menos de una vez al año

SI CONTESTA QUE NO SALTAR A LA PREGUNTA 43.

43. ¿La fundación tiene presencia en la radio?

<input type="checkbox"/>	Sí
<input type="checkbox"/>	No

43a. SI CONTESTA QUE SÍ

¿Con qué frecuencia?

<input type="checkbox"/>	Cuatro veces al año o más
<input type="checkbox"/>	Dos veces al año
<input type="checkbox"/>	Una vez al año
<input type="checkbox"/>	Menos de una vez al año

SI CONTESTA QUE NO SALTAR A LA PREGUNTA 44.

44. ¿La fundación produce boletines o reportes impresos o electrónicos para comunicar sus actividades a la comunidad, informar sobre oportunidades de financiamiento para organizaciones civiles y/o tratar temas de interés para la comunidad?

<input type="checkbox"/>	Sí
<input type="checkbox"/>	No

44a. SI CONTESTA QUE SÍ:

¿Cuántas veces al año se distribuyen dichos boletines o reportes?

	Mensualmente
	Bimestralmente
	Anualmente
	Otro: _____

SI CONTESTA QUE NO SALTAR A LA PREGUNTA 45.

45. ¿La fundación cuenta con una página de internet?

	Sí
	No

45a. SI CONTESTA QUE SÍ:

¿Cuál es la dirección de la página?

45b. ¿Cuántas veces se actualizó la página en el 2007?

SI CONTESTA QUE NO SALTAR A LA PREGUNTA 46.

46. ¿Cuáles de estas actividades realizó la fundación en los tres años anteriores para lograr sus objetivos? Por favor marque todas las opciones relevantes.

Actividad	2005	2006	2007
Reunir a expertos y/o personas de la comunidad			
Organizar foros para discutir temas de interés local			
Educar a la comunidad o el público sobre temas locales (incluyendo conferencias o charlas)			
Promover la filantropía local y reconocer a filántropos locales			
Promover el voluntariado en la comunidad			
Informar e incidir en la elaboración de las políticas públicas			
Cabildear temas de interés para el sector no lucrativo o de las organizaciones de la sociedad civil			
Cabildear temas de interés para la comunidad			
Dar servicios de fortalecimiento institucional para OSCs (asesorías, cursos, talleres, etc.)			
Dar servicios de fortalecimiento institucional para organizaciones comunitarias o de base (asesorías, cursos, talleres, etc.)			
Promover redes y grupos de intereses afines			
Otra: _____			

**VII. Información financiera**

47. Durante el 2007, ¿de qué región geográfica provinieron los recursos de la fundación? Indique aproximadamente los porcentajes (el total debe sumar 100%).

Procedencia de los fondos	Porcentaje
De la ciudad en la que se ubica la fundación	
Del estado en el que se ubica la fundación	
Nacional	
Internacional	

48. Indique cuáles fueron las tres principales fuentes de financiamiento para la fundación en cada uno de estos años, usando los números del 1 al 3 (1 es el financiamiento de mayor cantidad):

Fuentes de financiamiento	2005	2006	2007
Individuos			
Empresas			
Gobierno federal			
Gobierno estatal o local			
Impuestos voluntarios			
Fundaciones nacionales			
Fundaciones internacionales			
Cuotas por servicios			
Otro: _____			

49. Indique cuáles fueron las tres principales fuentes de financiamiento del gasto operativo en cada uno de estos años, usando los números del 1 al 3 (1 es el financiamiento de mayor cantidad):

Fuentes de financiamiento	2005	2006	2007
Donaciones de individuos			
Donaciones de empresas			
Fondos del gobierno federal			
Fondos del gobierno estatal o local			
Impuestos voluntarios			
Donaciones de fundaciones nacionales			
Donaciones de fundaciones internacionales			
Cuotas por servicios			
Rendimientos de inversiones			
Otro: _____			

50. Durante el 2007, ¿cuál fue el presupuesto con que contó la fundación para dar financiamientos a organizaciones o proyectos (en pesos)?

	Menos de \$200,000
	Entre \$200,001 - \$700,000
	Entre \$700,001 - \$1,500,000
	Entre \$1,500,001 - \$5,000,000
	Entre \$5,000,001 - \$10,000,000
	Más de \$10,000,000

51. ¿Qué tipo de donativos ha hecho la fundación durante el periodo 2005-2007? Indique el porcentaje aproximado (cada columna debe sumar 100%).

Tipo de donativos	2005	2006	2007
En efectivo			
En especie			

52. ¿De qué cantidad es el menor financiamiento que ha otorgado la fundación, en pesos?

53. ¿De qué cantidad es el mayor financiamiento que ha otorgado la fundación, en pesos?

54. Durante el 2007, ¿en qué rango se encontraron la mayoría de los financiamientos otorgados por la fundación, en pesos?

	Menos de \$5,000
	Entre \$5,000 - \$30,000
	Entre \$30,001 a \$100,000
	Entre \$100,001 a \$300,000
	Entre \$300,000 a \$1,000,000
	Más de \$1,000,000

55. ¿A cuántas organizaciones o proyectos les dio financiamientos la fundación durante el 2007?

	1 – 5
	6 – 10
	11 – 20
	Más de 20

56. ¿Con qué tipos de fondos cuenta la fundación? Señale todos los que correspondan.

	Fondo patrimonial
	Fondos irrestrictos (sin restricciones, la fundación decide a qué los dedica)
	Fondos aconsejados (los donantes participan en la asignación de estos recursos)
	Fondos designados (la fundación simplemente canaliza estos recursos a las organizaciones o proyectos designados previamente por el donante)
	Fondos por área de interés (educación, salud, etc.)

56a. SI CONTESTO QUE SÍ TIENE FONDO PATRIMONIAL:

¿Cuál era el monto de su fondo patrimonial durante el periodo 2005-2007 (en pesos)?

	2005	2006	2007
Monto del fondo patrimonial			

57. ¿Durante el 2007, la fundación recaudó fondos específicamente para dar financiamientos?

<input type="checkbox"/>	Sí
<input type="checkbox"/>	No

57a. SI CONTESTA QUE SÍ:

¿Qué cantidad se recaudó para este propósito?

### FINAL DEL CUESTIONARIO

Agradecemos el tiempo que dedicó a responder este cuestionario. Como comentamos en un principio, la información proporcionada por usted será utilizada para producir un reporte sobre el estado de las fundaciones comunitarias en México. Este reporte se publicará tanto en inglés como en español a principios del 2009 y su fundación recibirá por lo menos un ejemplar.

## b) Interview Questionnaires

### Community Foundation Executive Director Questionnaire

#### I. Antecedentes sobre la fundación

1. ¿Cómo se creó la fundación?
2. ¿Cómo se establecieron las prioridades de la fundación y quién participó en definir las?
3. ¿Quiénes han sido los principales financiadores y fortalecedores de la fundación? ¿Cómo le han ayudado a la fundación a consolidarse?

#### II. Relación con la comunidad

4. ¿Cómo define la fundación a su comunidad?
5. ¿Cuáles son las principales necesidades de la comunidad que pretende atender la fundación? ¿Cómo ha identificado estas necesidades la fundación (investigación, análisis de datos, información de OSCs o de la comunidad)?
6. ¿En qué tipo de eventos de la comunidad participa la fundación, o cuáles apoya? ¿Puede dar ejemplos?
7. ¿Qué tipo de cambio social pretende lograr la fundación? ¿La fundación ha organizado reuniones públicas para promover la participación de la comunidad en estos temas? ¿Ha cabildeado para lograr cambios? ¿Ha trabajado para fortalecer organizaciones de base? ¿Puede darnos ejemplos?
8. ¿Hasta qué punto se ve la fundación desempeñando un papel en el desarrollo de la sociedad civil?
9. ¿La fundación colabora con otros actores, como el gobierno, las universidades, las empresas, para implementar sus programas o realizar sus actividades? ¿De qué manera?
10. ¿Qué necesita la fundación para convertirse en un actor más efectivo dentro de la comunidad?

#### III. Consejo y personal de la fundación

11. ¿Cuál fue su experiencia de trabajo y trayectoria profesional antes de entrar a la fundación?
12. ¿El consejo directivo o patronato está estructurado en comités o comisiones de trabajo? ¿Cuáles son y cómo trabajan (son permanentes o temporales, cuántas veces se reúnen al año, tipo de actividades que realizan)?
13. ¿Hay planes para cambiar la composición de su consejo directivo o patronato en el futuro? ¿Cómo? (más mujeres o personas de la localidad, incluir a otras disciplinas o profesiones, etc.)
14. ¿Los miembros del consejo o patronato asisten a conferencias o cursos? ¿De qué tipo? ¿Comparten sus aprendizajes con los demás miembros de la fundación? ¿Cómo?
15. ¿Y el personal, asiste a conferencias o cursos? ¿De qué tipo? ¿Comparte sus aprendizajes al interior de la fundación? ¿Cómo?
16. ¿Quién apoya a el/la director(a) de la fundación en la recaudación de fondos? ¿Qué actividades realiza esa persona?
17. ¿Qué podría hacer el consejo directivo o patronato para ayudarlo a desempeñar mejor su trabajo como director(a)?

#### IV. Fortalecimiento de la fundación

18. ¿Cuáles diría que son los principales obstáculos que enfrenta la fundación para lograr cumplir con sus prioridades (prioridades establecidas en la pregunta 2)?
19. ¿La fundación ha participado o participa en algún programa de fortalecimiento? ¿Cuál? ¿Cuáles han sido los resultados?
20. ¿Cuáles son las tres necesidades prioritarias de fortalecimiento institucional de la fundación? ¿Cómo piensa que se cubrirían mejor estas necesidades (financiamientos, talleres, cursos, asesorías, etc.)?
21. Pensando en los siguientes tres años, ¿cuáles le parece que serán los mayores retos de la fundación en cuanto a su sustentabilidad? ¿Hasta qué punto y de qué manera toma en cuenta esto retos el plan estratégico de la fundación?

#### V. Sobre las fundaciones comunitarias en México

22. En su opinión, ¿en qué estado se encuentran las fundaciones comunitarias en México, respecto a establecer su identidad y su estabilidad institucional?
23. En su opinión, ¿qué papel han desempeñado las fundaciones comunitarias en el desarrollo de la sociedad civil mexicana? ¿Y en promover la justicia social (combatir pobreza y desigualdad)? ¿Cuál ha sido su impacto en estos dos puntos? ¿Qué potencial les ve a futuro?
24. ¿Qué organizaciones conoce que trabajen para fortalecer a las fundaciones comunitarias en México? ¿Qué tipo de trabajo hacen?
25. En su opinión, ¿cuál sería la mejor manera para que éstos y otros actores apoyaran el desarrollo de las fundaciones comunitarias en México (especialmente los donantes)?

## Community Foundation Board Member Questionnaire

### I. Antecedentes

1. ¿Cómo se involucró en la fundación? ¿Quién lo identificó y reclutó como consejero?
2. ¿Qué elementos le dieron en la fundación para empezar a participar efectivamente (capacitación, inducción, manual, visitas, etc.)?
3. Desde su perspectiva, ¿cuál es la misión de la fundación?

### II. Relación con la comunidad

4. ¿Cómo define la fundación a su comunidad?
5. ¿Cuáles son las principales necesidades de la comunidad que pretende atender la fundación? ¿Cómo ha identificado estas necesidades la fundación (investigación, análisis de datos, información de OSCs o de la comunidad)?
6. ¿Qué tipo de cambio social pretende lograr la fundación? ¿La fundación ha organizado reuniones públicas para promover la participación de la comunidad en estos temas? ¿Ha cabildeado para lograr cambios? ¿Ha trabajado para fortalecer organizaciones de base? ¿Puede darnos ejemplos?
7. ¿Qué papel ha jugado el consejo directivo o patronato en identificar este cambio social como uno de los objetivos de la fundación?
8. ¿La fundación trabaja para fortalecer la sociedad civil local? ¿Cómo lo hace? ¿Qué papel ha jugado el consejo directivo o patronato en identificar estas actividades como parte del trabajo de la fundación?
9. ¿La fundación colabora con otros actores, como el gobierno, las universidades, las empresas, para implementar sus programas o realizar sus actividades? ¿De qué manera?
10. ¿Qué necesita la fundación para convertirse en un actor más efectivo dentro de la comunidad?
11. ¿Qué papel tiene el consejo directivo o patronato en la visibilidad de la fundación y su relación con la comunidad?

### III. Desempeño de la fundación

12. En su opinión, ¿cuáles son las tres necesidades de fortalecimiento institucional de la fundación?
13. ¿Qué papel desempeña el consejo directivo o patronato en el fortalecimiento y crecimiento de la fundación?
14. ¿Cuáles diría que son los principales obstáculos que enfrenta la fundación para alcanzar sus prioridades?
15. Pensando en los siguientes tres años, ¿cuáles le parece que serán los mayores retos de la fundación en cuanto a su sustentabilidad? ¿Hasta qué punto y de qué manera toma en cuenta esto retos el plan estratégico de la fundación?
16. Desde su perspectiva, ¿qué cambios o resultados ha logrado la fundación en la comunidad o región en la que trabaja?
17. ¿Qué cambios o resultados deberían lograrse en los siguientes 3 años?

#### IV. El papel del consejo directivo o patronato de la fundación

18. ¿Cuál es su opinión de la composición del consejo directivo o patronato? ¿De dónde vienen los consejeros? ¿Qué visiones y habilidades traen al consejo?
19. Desde su perspectiva, ¿qué papel se espera que desempeñen los consejeros de la fundación y qué tan bien lo cumplen?
20. ¿Qué apoyo han recibido los miembros del consejo directivo o patronato para facilitar y mejorar su participación en la fundación (capacitaciones, facilitaciones, conferencias, etc.)?
21. ¿El comité directivo o patronato está organizado en comités o comisiones de trabajo? ¿Qué comités existen y cómo trabajan?
22. ¿Hay planes para cambiar la composición del consejo directivo o patronato en el futuro? ¿Cómo? (más mujeres o personas de la localidad, incluir a otras disciplinas o profesiones, etc.)
23. ¿Qué papel tiene el consejo directivo o patronato en la recaudación de fondos para la fundación? ¿Qué necesita el consejo directivo o patronato para fortalecer su capacidad para recaudar fondos?
24. En su opinión, ¿qué necesitaría hacer la fundación para tener más consejeros involucrados y comprometidos con el trabajo de la fundación?

#### V. Sobre las fundaciones comunitarias en México

25. En su opinión, ¿en qué estado se encuentran las fundaciones comunitarias en México, respecto a establecer su identidad y su estabilidad institucional?
26. En su opinión, ¿qué papel han desempeñado las fundaciones comunitarias en el desarrollo de la sociedad civil mexicana? ¿Y en promover la justicia social (combatir pobreza y desigualdad)? ¿Cuál ha sido su impacto en estos dos puntos? ¿Qué potencial les ve a futuro?
27. En su opinión, ¿cuál sería la mejor manera para que las organizaciones que trabajan para fortalecer a las fundaciones comunitarias en México y otros actores apoyaran su desarrollo (especialmente los donantes)?

## Community Foundation Staff Questionnaire

### I. Antecedentes

1. ¿Cómo empezó a trabajar en la fundación? ¿Quién lo reclutó? ¿Qué elementos le dio la fundación para que empezara a colaborar efectivamente (capacitación, inducción, manual, etc.)?
2. ¿Cuál fue su experiencia de trabajo y trayectoria profesional antes de entrar a la fundación?

### II. Relación con la comunidad

3. ¿Cómo define la fundación a su comunidad?
4. ¿Cuáles son las principales necesidades de la comunidad que pretende atender la fundación? ¿Cómo ha identificado estas necesidades la fundación (investigación, análisis de datos, información de OSCs o de la comunidad)?
5. ¿Cuáles son los programas actuales de la fundación?
6. De éstos, ¿cuáles son los programas que le ayudan a acercarse o vincularse con la comunidad?
7. ¿De qué maneras promueve la fundación el cambio social? ¿De qué maneras atiende las necesidades de poblaciones de bajos ingresos?
8. En su opinión, ¿cómo percibe la comunidad a la fundación? ¿Cómo es la relación entre la fundación y la comunidad?
9. ¿La fundación colabora con otros actores, como el gobierno, las universidades, las empresas, para implementar sus programas o realizar sus actividades? ¿De qué manera?
10. ¿Cuáles son las principales necesidades de las organizaciones civiles locales? ¿Hay algo que la fundación esté haciendo para cubrirlas?
11. ¿Hasta qué punto se ve la fundación desempeñando un papel en el desarrollo de la sociedad civil?

### III. Desempeño de la fundación

12. En su opinión, ¿cuáles son las tres necesidades prioritarias de fortalecimiento institucional de la fundación? ¿Cómo piensa que se cubrirían mejor estas necesidades (financiamientos, talleres, cursos, asesorías, etc.)?
13. ¿Cuáles diría que son los principales obstáculos que enfrenta la fundación para alcanzar sus prioridades?
14. Pensando en los siguientes tres años, ¿cuáles le parece que serán los mayores retos de la fundación en cuanto a su sustentabilidad? ¿Hasta qué punto y de qué manera toma en cuenta esto retos el plan estratégico de la fundación?
15. Desde su perspectiva, ¿qué cambios o resultados ha logrado la fundación en la comunidad o región en la que trabaja?
16. ¿Qué apoyo ha recibido el personal de la fundación para facilitar y mejorar el desempeño de su trabajo (capacitaciones, facilitaciones, conferencias, etc.)? ¿Qué le ha faltado?

### IV. Sobre las fundaciones comunitarias en México

17. En su opinión, ¿en qué estado se encuentran las fundaciones comunitarias en México, respecto a establecer su identidad y su estabilidad institucional?

18. En su opinión, ¿qué papel han desempeñado las fundaciones comunitarias en el desarrollo de la sociedad civil mexicana? ¿Y en promover la justicia social (combatir pobreza y desigualdad)? ¿Cuál ha sido su impacto en estos dos puntos? ¿Qué potencial les ve a futuro?

## Expert Interview Questionnaire

### I. Antecedentes

1. ¿Qué entiende usted por “fundación comunitaria”?
2. ¿Cuál ha sido su experiencia y relación con las fundaciones comunitarias mexicanas?
3. En su opinión, ¿en qué estado se encuentran las fundaciones comunitarias en México, respecto a su identidad y su estabilidad institucional?
4. En su opinión, ¿qué papel cumplen estas fundaciones en nuestro país? ¿Qué potencial les ve a futuro?

### II. Sobre el sector en general

5. Desde su perspectiva, ¿en qué estado se encuentran las organizaciones de la sociedad civil en México?
6. ¿Qué papel desempeñan las fundaciones comunitarias mexicanas en la relación entre la sociedad y estas organizaciones de la sociedad civil? ¿Cómo lo hacen?
7. ¿Ve usted algún vacío en esta relación que las fundaciones comunitarias puedan llenar y no lo hayan hecho?
8. ¿Qué papel desempeñan estas fundaciones en el fortalecimiento de las organizaciones de la sociedad civil? ¿Cómo lo hacen?

### III. Desempeño de las fundaciones

9. ¿Cuál es su opinión de la composición de los consejos directivos o patronatos de estas fundaciones?
10. ¿Cómo percibe usted las relaciones que estas fundaciones establecen con otros actores, como el gobierno, las universidades, las empresas, para implementar sus programas o realizar sus actividades?
11. ¿Cómo se han desempeñado estas fundaciones como convocantes de distintos actores a nivel local?
12. ¿y como recaudadores de fondos que puedan dirigirse a programas o proyectos que contribuyan al desarrollo social?
13. ¿y como canalizadoras de fondos para proyectos o programas que contribuyan al desarrollo social?
14. En su opinión, ¿qué papel han desempeñado las fundaciones comunitarias en el desarrollo de la sociedad civil mexicana? ¿Y en promover la justicia social (combatir pobreza y desigualdad)? ¿Cuál ha sido su impacto en estos dos puntos? ¿Qué potencial les ve a futuro?
15. Desde su perspectiva, ¿qué necesitan estas fundaciones para convertirse en actores más efectivos dentro de sus comunidades?

### IV. Fortalecimiento de las fundaciones

16. ¿Qué necesidades de fortalecimiento ve usted entre las fundaciones comunitarias mexicanas?
17. ¿Qué opinión tiene sobre las organizaciones que trabajan por fortalecer a las fundaciones comunitarias mexicanas (organizaciones, consultoras, universidades)? ¿Le parece que están atendiendo las necesidades de fortalecimiento que usted ve que existen entre las fundaciones comunitarias?

18. En su opinión, ¿cuál sería la mejor manera para que las organizaciones que trabajan para fortalecer a las fundaciones comunitarias en México y otros actores apoyaran su desarrollo (especialmente los donantes)?

c) Financial Information Instrument

Nombre de la fundación:

Fecha:

1. Tipos de activos:

Tipos de activos	2005	2006	2007	Observaciones
Sin restricciones				
Temporalmente restringidos				
Permanentemente restringidos				
Total de activos	0	0	0	

2. Composición de los activos:

Composición de activos	2005	2006	2007	Observaciones
Efectivo				
Inversiones				
Fondos				
Cuentas por cobrar				
Inmuebles, mobiliario y equipo				
Intangibles o diferidos				
Total de activos	0	0	0	

3. Patrimonio:

	2005	2006	2007	Observaciones
Patrimonio de la fundación				

4. Composición de los ingresos:

Composición de ingresos	2005	2006	2007	Observaciones
Aportaciones de fideicomisos				
Donativos recibidos (totales)				
Rendimiento de inversiones o productos financieros				
Ingresos por servicios				
Ingresos por venta de productos				
Ingresos por eventos				
Ingresos por renta de propiedades				
Préstamos				
Otros ingresos				
<b>Total de ingresos</b>	<b>0</b>	<b>0</b>	<b>0</b>	

5. Composición de donativos recibidos:

Composición de donativos recibidos	2005	2006	2007	Observaciones
Donativos internacionales				
Donativos de fundaciones nacionales				
Donativos de empresas nacionales				
Donativos de individuos				
Fondos del gobierno federal				
Fondos del gobierno estatal				
Fondos de gobiernos locales				
<b>Total de donativos recibidos</b>	<b>0</b>	<b>0</b>	<b>0</b>	

6. Donativos realizados:

Donativos efectuados	2005	2006	2007	Observaciones
Financiamientos en efectivo				
Financiamientos en especie				
Microcréditos				
Becas				
Patrocinios				
Otros donativos				
<b>Total de donativos</b>	<b>0</b>	<b>0</b>	<b>0</b>	

7. Otros gastos organizacionales:

Gastos organizacionales	2005	2006	2007	Observaciones
Desarrollo institucional (recaudación de fondos, comunicación, y otras actividades para fortalecer a la fundación)				
Fortalecimiento institucional de donatarias u organizaciones de la sociedad civil (asistencia técnica, capacitación, asesoría)				
Costo de operación de programas o proyectos propios				
Gastos administrativos (sin incluir gastos en especie)				
Otros gastos (depreciación, impuestos, gastos financieros, pérdida por posición monetaria)				
<b>Total gastos organizacionales</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## Appendix 3: List of Persons Interviewed

### a) Community Foundation Interviews

Foundation Name	Contact	Title
Corporativa de Fundaciones, A. C.	David Pérez Rulfo Torres	Executive Director
	Felipe Herzenborn Jonisz	Board Member
	Ixánar Uriza Soto	Program Coordinator
Fundación Comunidad, A.C.	Andrea García de la Rosa	Executive Director
	Erik B. Friend	Board Chairman
	Orly Mateo	Administrative Assistant
Fundación Comunitaria Frontera Norte, A. C.	Karen Yarza Sieber	Executive Director
	Jorge Contreras	Board Member
Fundación Comunitaria Oaxaca, A.C.	Jaime Bolaños Cacho	Executive Director
	José Manuel Bello Fernández	Board Member
	Julio Córdova	Development Director
Fundación Comunitaria Puebla, I. B. P.	Oscar Hernández Guzmán	Executive Director
	Raymundo Gómez Álvarez	Board Chairman
	Saira Montellano Rivas	Program Director
Fundación Comunitaria Querétaro, A. C.	Elvia Quintanar Quintanar	Executive Director
	Aurora Niembro	Board Member
	Javier Vargas	Board Member
Fundación del Empresariado Chihuahuense, A. C.	Francisco Bohorquez González	Community Development Coordinator
	Adrián Aguirre	Executive Director
	Eduardo Touché	State Board Chairman
Fundación del Empresariado Sonorense, A. C.	Guadalupe Jurado	Finances and Administration Department
	Marco Iván Márquez	State Coordinator
	David Amaya	Local Board Member (Obregon Chapter)
Fundación Internacional de la Comunidad, A. C.	Ana Silvia Lozano de la Rosa	Obregon Chapter Director
	Ma. Antonieta Beguerisse de Beltrán	Executive Director
	Jacinto Astiazarán	Board Secretary

Foundation Name	Contact	Title
Fondo Córdoba, A. C.	María Obdulía Díaz Guadarrama	Executive Director
Fondo Estrategia Social, A.C.	Lorenza Reyes Retana	Executive Director
Fundación Comunitaria Bajío, A.C.	Adriana Cortés Jiménez	Executive Director
Fundación Comunitaria Matamoros, A.C.	Miroslava De la Garza	Executive Director
	Ana De la Garza	Board Member
Fundacion Comunitaria Punta de Mita, A.C.	Erica Martling	Executive Director
Fundación León, A. C.	Guadalupe Chico	Executive Director
Fundación Merced Querétaro, A. C.	Jannette Salinas Franceschi	Executive Director

b) Expert Interviews

Name	Affiliation	Expertise
Deborah K. Acevedo	Consultant	A founder, board member, and former staff director of FC Puebla. Consultant to community foundations.
Sergio García	Incede Social, A.C. Fiscal Reform Project	Long-time involvement in civil society. Expertise in CSOs, capacity building needs.
Rogelio Gómez Hermosillo	<i>Alianza Cívica, A.C.</i> President	Former <i>Oportunidades</i> coordinator. Expertise in Mexican civil society, challenges, needs and social development.
Samuel Kalisch	Businessman	A founder of FECHAC, former president of Cemefi, actively involved in the third sector.
Agustín Landa	<i>Universidad Popular Autónoma del Estado de Puebla</i> Vice President for Outreach and Development	A founder and first president of FC Puebla.

Name	Affiliation	Expertise
Michael D. Layton	<i>Instituto Tecnológico Autónomo de México</i> Civil Society and Philanthropy Program Director	Expertise in fiscal and legal framework for CSOs.
Alejandro Natal	<i>El Colegio Mexiquense</i> Researcher	Expertise in the Mexican third sector and community foundations.
Cristina Parnetti	The Synergos Institute Senior Manager, Networks	GFC consultant. Also consultant to FC-Oaxaca, Fundación Comunidad and FC Puebla.
Carolina Ruesga	<i>Gestión Social y Cooperación, A.C.</i> Social Programs Director	Expertise in evaluation with experience working in and evaluating community foundations.
Alfonso Topete	<i>Fundación Omnillife</i> Director	First director of Corporativa de Fundaciones, A.C. Expertise in fiscal and legal framework for foundations.
Jorge Villalobos	<i>Centro Mexicano para la Filantropía, A.C.</i> Executive President	Expertise in Mexico's civil sector and philanthropy. Knowledge of the history of Mexico's CFs.

Note: Prior to formally launching the study, we interviewed Lourdes Sanz, who had been Cemefi's program coordinator for the GFC and is now its director of Effectiveness and Services. During the course of the study, both for background purposes and to stay current on the activities of the GFC, we corresponded with Ms. Sanz and spoke with Bárbara Torres, Cemefi's officer for Corporate Social Responsibility, and with Ausencio Miranda, its officer for the Promotion of Philanthropy. The funders of this study also provided extensive input, drawing upon their direct experience with community foundations and the civil sector in Russia, Mexico, the United States, and more broadly, in Latin America.

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## Appendix 5: Glossary

**Asociación Civil or AC (Civil Association):** Nonprofit organization legally incorporated with a notary, according to state law. It has an assembly of associates (sometimes formed by staff or board members). Some ACs form a board of directors, referred to as a *consejo directivo*.

**Assembly of Associates (*asamblea de asociados*):** Organizations incorporated as ACs are required by law to have an assembly of associates which constitutes the highest authority within the organization. The associates are the official signators on the incorporation papers yet they are not held legally or fiscally responsible for the organization (only the person designated as the legal representative is held responsible). Members of the assembly of associates are not required to participate in the decision making of the organization, though some may opt to do so.

**Board member terms:** Civil society organizations in Mexico have three types of terms: 1) *vitalicios* (lifelong appointments to the board of directors); 2) terms that can be renewed for a limited number of times; and 3) terms that can be renewed indefinitely.

**Channeling funds (*canalización*):** Funds are occasionally given to community foundations to give (channel) them directly to another organization. This is considered to be distinct from grantmaking because the foundation does not apply its own grantmaking criteria. In essence, the community foundation acts as a pass-through.

**Civil society organization (CSO):** A group of people that comes together to carry out social, civic or humanitarian activities, with a non-lucrative purpose. It may or may not be legally incorporated.

**Community foundation (CF):** A community foundation is a nonprofit organization that focuses its work in a specific geographic area, serves the diverse needs of its community, works toward generating a broad range of local resources, is or clearly is seeking to become a grantmaker, and is striving for permanence.

**Donataria autorizada (tax-exempt status):** The legal status that permits Mexican nonprofit organizations to be exempted from income tax (*impuesto sobre la renta* or ISR) and to issue tax deductible receipts for donations received.

**Donor advised fund:** The U.S.-based Council on Foundations defines this as a fund where the donor, or a committee appointed by the donor, recommends recipients for grants from the fund. According to Cemefi an “advised fund” (*fondo aconsejado*) describes when the donor establishes the grant amounts and is advised by the foundation on the selection of organizations that will be awarded grants. For the purposes of the study, we defined donor advised funds as those funds for which donors offer suggestions that are factored into the decisions regarding the allocation of funding by the community foundation.

**Donor designated fund:** The U.S.-based Council on Foundations defines this as a fund where the donor has specified that its income or assets must be used for the benefit of one or more specific organizations. According to Cemefi, these would be “restricted funds” (*fondos etiquetados o restringidos*), for which the donor chooses the purpose, the organizations to be supported and the

grant amounts to be awarded. For the purposes of the study, we defined donor designated funds as those funds where the foundation channels resources to organizations or projects previously identified by the donor.

**Endowment:** Endowments are a relatively new financial instrument in Mexico. To provide guidance to Mexico's community foundations, Cemefi defined an endowment (*fondo patrimonial*) as a fund that is established by a nonprofit organization for its own benefit. The interest earned is used to create a source of income for the organization, and the principal must remain untouched so it can be reinvested. The definition in the U.S. is similar, where there is an emphasis on utilizing endowments to achieve institutional permanence.

**FECHAC tax surcharge:** A mechanism established in the state of Chihuahua to promote business contributions through a surcharge on the state payroll tax. Businessmen in the state agreed to a voluntary surcharge that became mandatory and requires renewal every six years. The funds are collected through the state tax system and channeled to FECHAC, the foundation responsible for granting the funds within the state of Chihuahua.

**Field of interest fund:** According to the Council on Foundations, and defined similarly in Mexico, a fund that is used for a specific issue area, such as education or health.

**Grantmaking:** The definition of grantmaking still is evolving in Mexico, with some foundations defining it as a process of applying specific selection criteria to applications solicited for competitive funding. Using this definition, in Mexico, the channeling of funds is not considered by some to be a grantmaking activity since the donor designates the purpose and recipient of the grant. Some foundations utilize a process for grantmaking that includes publicly announcing the availability of funds and eligibility criteria for prospective applicants (in Spanish, *convocatoria*). The use of public calls for proposals in Mexico is seen by many as very important in showing transparency.

***Impuesto al Valor Agregado (IVA):*** Value-added tax on goods and services. It is the equivalent of the sales tax in the United States.

***Impuesto Empresarial a Tasa Única or IETU*** (single rate business tax): A federal tax paid according to the income obtained by a person or company, regardless of where it was generated (whether through the sale or rent of assets or the provision of independent services). There is ongoing political debate whether this tax will coexist with the income tax (ISR as defined below) or potentially replace it.

***Impuesto sobre la Renta (ISR):*** Federal income tax.

***Institución de Asistencia Privada or IAP*** (Private Assistance Institution): Nonprofit organization that provides social assistance services, is legally incorporated and must have the approval of and be registered with the state government's *Junta de Asistencia Privada* (JAP) or its equivalent. It is under the supervision of the JAP, which must approve its annual plans and budgets. It is required to have a board of trustees (called *patronato*).

***Institución de Beneficencia Pública or IBP*** (Public Charity Institution): Defined the same as an IAP, though called an IBP by some states.

**Instituto Nacional de Desarrollo Social (Indesol) (National Institute for Social Development):** A Mexican federal government agency attached to the Social Development Ministry (*Secretaría de Desarrollo Social* or SEDESOL), which has a goal of reducing poverty. Support is given to projects presented by civil society organizations and local governments. Indesol has funded the Professionalization Diploma and other training to build the capacity of CSOs.

**Intermediary organization:** An organization that operates in a position between service organizations and those that provide resources, whether knowledge, skills, contacts or finances, to them. Community foundations in Mexico are thought of as intermediaries because they broker, facilitate, and obtain resources on behalf of other service-providing organizations. This role often is referred to as an organization “de segundo piso” (second-tier organization).

**Legal representative:** Sole person designated legally responsible for an organization.

***Ley de Fomento a las Actividades de las Organizaciones de la Sociedad Civil* (Law to Promote the Activities of CSOs):** A law passed at the end of 2003 which recognizes the public interest purpose of the work of CSOs and its eligibility for federal funding. Organizations must comply with certain requirements, such as carrying out one of 17 approved activities and registering in the Federal Register, which requires a process of application and approval. Under this law several agencies were created, including the Commission to Promote the Activities of CSOs, the Federal Register for CSOs, and the Advisory Board to the Federal Register, which are required to support the activities of CSOs with public resources.

**Operating programs:** A term that is used to describe when a foundation utilizes a portion of its income to administer its own programs. In this role, foundations become a direct service provider and incur expenses for those services. In Mexico, foundations that operate programs may or may not choose to also award grants to organizations.

***Patronato:*** Board of trustees for IAPs and IBPs, as required by state law. It is legally responsible for the organization and usually participates in all decision making.

***Servicio de Administración Tributaria (SAT):*** The federal public entity in charge of collecting taxes and enforcing fiscal laws. It is an independent agency of the Ministry of Finance and Public Credit (SHCP).

***Servicio social:*** A requirement of the federal education ministry (department) for obtaining a bachelor’s degree, which mandates 480 hours of work without pay or with a small stipend, in an organization or institution with a social purpose and in an area related to the field of study.

***Sistema Nacional para el Desarrollo Integral de la Familia* or DIF (National System for Comprehensive Family Development):** A government agency that exists at the federal, state and municipal levels, in charge of human services and social assistance programs.