Confío (México): An emerging market experience

Javier García
May 23, 2014
Mexico: its society and NGOs (CSOs)

2005:
Poverty: 47% living in poverty, 18% in extreme poverty.
Wealth: 10% of the population with the highest income holds 40%, 20% with the lowest holds 3.8%.

NGOs in Mexico (Census Office)
- 15,000 – Yr. 2000
- 40,000 – Yr. 2008

Population of around 120 million habitants
## Evolution of NGOs in Mexico

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colonial 1523–1800</td>
<td>Charity organizations funded by the Catholic Church</td>
</tr>
<tr>
<td>Independence 1821–1875</td>
<td>Estate expropriation of Catholic Church property, virtual ruin of the charities.</td>
</tr>
<tr>
<td>Dictatorship 1876–1910</td>
<td>Return of the Catholic Church, government creates lottery to fund charities.</td>
</tr>
<tr>
<td>Post revolution 1921–2000</td>
<td>PRI in power, inhibit of philanthropy, corporatism of all governmental and civil structures, changes in the 1990s.</td>
</tr>
<tr>
<td>Political alternation 2000–present</td>
<td>New sources of public and private funds became available for Civil Society Organizations. Changes in regulation, not all for good. Legal and fiscal framework for civil society organizations is restrictive and cumbersome.</td>
</tr>
</tbody>
</table>
## Mexican non-profit sector 20 years ago...

<table>
<thead>
<tr>
<th>Income sources</th>
<th>In Mexico</th>
<th>Other Latin American countries</th>
<th>Total of 22 included countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees and charges</td>
<td>85.2%</td>
<td>74%</td>
<td>49.4%</td>
</tr>
<tr>
<td>Philantropy</td>
<td>6.3%</td>
<td>10.4%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Public Sector</td>
<td>8.5%</td>
<td>15.5%</td>
<td>40.1%</td>
</tr>
</tbody>
</table>

Salamon, 1999
Nonprofit employment – comparison

Nonprofit share of total employment

Netherlands
Ireland
Belgium
Israel
U.S.A.
Australia
U.K.
Germany
France
22-Ctry Average.
Spain
Austria
Argentina
Japan
Finland
Perú
Colombia
Brazil
Czech Rep.
Hungary
Slovakia
Romania
México

Nonprofit employment, with and without volunteers

Salamon, 1999
## Civil Society Organizations

### Federal government funding

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

Verduzco, 2013
# Civil Society Organizations

## Federal government funding

<table>
<thead>
<tr>
<th>Gov. Budget for CSOs</th>
<th>Growth of CSOs federal registry</th>
<th>% of CSOs covered in 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 2005: 15 million USD</td>
<td>• 2005 – 2009: More than 100%</td>
<td>• Of federal registry: 24%</td>
</tr>
<tr>
<td>• 2009: 25 million USD</td>
<td></td>
<td>• Of total universe: about 6.5%</td>
</tr>
<tr>
<td>• 64% increase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Average support: $13 thousand USD</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Tax – exempt: a convenient status (but complicated) to obtain funds from the private sector (Authorized grantees)

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

- High administrative costs for achieving and maintaining status
- Administrative expenses limited to 5% of received donations
## Tax – exempt: Distribution of grants received

### Authorized grantees in 2008: 6,364

<table>
<thead>
<tr>
<th></th>
<th>5 CSOs (.078%)</th>
<th>60 CSOs (1.1%)</th>
<th>3,071 CSOs (58%)</th>
<th>895 CSOs (14%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash donations received</strong></td>
<td>19.7%</td>
<td>47.2%</td>
<td>7.80%</td>
<td>0</td>
</tr>
<tr>
<td><strong>USD (Millions)</strong></td>
<td>344.1</td>
<td>824.4</td>
<td>135.6</td>
<td>0</td>
</tr>
<tr>
<td><strong>In kind donations received</strong></td>
<td>74.4%</td>
<td>92.7%</td>
<td>NA</td>
<td>0</td>
</tr>
<tr>
<td><strong>USD (Millions)</strong></td>
<td>58.7</td>
<td>731.3</td>
<td>NA</td>
<td>0</td>
</tr>
</tbody>
</table>

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

Natal, 2013
Mexican foundations and other donor institutions

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

Gave 515 million USD:
91% of all donations

Of those:

<table>
<thead>
<tr>
<th>% of total donations</th>
<th>1 donor</th>
<th>10 donors</th>
<th>32 donors</th>
<th>118 donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Given to CSOs</td>
<td>82%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Given to Gov. Prog.</td>
<td></td>
<td>16%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

49% had a web page

Layton, 2013
Mexican confidence on Civil Society Organizations

Preference in giving support and donations

- Needy: 60%
- CSO: 10%
- No preference: 20%
- Didn't know / answer: 0%

Layton, 2010
Mexican confidence on Civil Society Organizations

Institution confidence

Layton, 2010
Misión:
"Build trust in civil society organizations to create a greater social participation by promoting their transparency".
Confío, first years of operation

More than:

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

Workshops and conferences in 10 states
Principal learnings...

**CSOs interested in transparency and assessment**

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

**Donors**

- Friendly to model but very cautious, others prefer to wait
MA Javier García Gutiérrez
Executive Director

www.confio.org.mx

contacto@confio.org.mx

+ 52 (614) 306-2205