

Chapter 7

Regulation and Self-Regulation in the Mexican Nonprofit Sector

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I. Introduction

In the second decade of the 21st century, the three major sectors of Mexican society are in the midst of a thoroughgoing transformation: from a semi-authoritarian, one party political system to an electoral democracy;¹ from a government dominated economy to a (relatively) free, globalized market;² and, from a third sector dominated by corporatist, clientelistic confederations of labor, business, and *campesinos* to a more independent nonprofit sector.³ While Mexico's economic opening has proceeded, Mexico's democratic transition has been described as "difficult,"⁴ "frustrated,"⁵ and its democracy as "elusive"⁶ and "interrupted."⁷ An

¹ Roderic Ai Camp, *Politics in Mexico: Democratic Consolidation or Decline?* (New York: Oxford University Press, 2014); Julia Preston and Samuel Dillon, *Opening Mexico: The Making of a Democracy* (New York: Farrar, Straus and Giroux, 2004).

² Russell Crandall, Guadalupe Paz and Riordan Roett, *Mexico's Democracy at Work: Political and Economic Dynamics* (Boulder: Lynne Rienner 2005).

³ Jo Tuckman, *Mexico: Democracy Interrupted* (New Haven: Yale University Press, 2012); Camp, n.1.

⁴ Jonathan Fox, "The Difficult Transition from Clientelism to Citizenship: Lessons from Mexico," *World Politics* 46(2) (1994): 151-184.

⁵ Alberto J. Olvera, "The Elusive Democracy: Political Parties, Democratic Institutions, and Civil Society in Mexico," *Latin American Research Review* 45(Special Issue) (2010): 79-107.

important element of this incomplete transition to democracy is a historically weak civil society.⁸

For most of the 200 years since Independence, the Mexican state has had a contentious relationship with civil society. The legacy of these two centuries is an underdeveloped nonprofit sector and a public that is characterized by low levels of civic engagement, social trust, and confidence in institutions, including nonprofits.⁹ This chapter demonstrates that in moments of regime change, when an independent nonprofit sector has been viewed as a threat, the Mexican state has imposed stricter – at times draconian – regulations. In response to these regulatory waves, the sector has historically mounted a vociferous, even at times violent defense. It is only since the 1990s that these struggles have played out in the legislative arena, and only since 2005 that self-regulatory initiatives have come into play.

In Mexico, the embrace of self-regulation arises from three key influences. First, a fundamental element of the democratic transition has been the demand to fight corruption via increased transparency of public actors: nonprofits have taken a leading role in this cultural shift, prompting them to embrace mechanisms of transparency in both their regulation and

⁶ Alberto J. Olvera, *La democratización frustrada: limitaciones institucionales y colonización política de las instituciones garantes de derechos y de participación ciudadana en México* (Mexico City and Xalapa, Veracruz: CIESAS and Universidad Veracruzana, 2010).

⁷ Tuckman, n.3.

⁸ Michael D. Layton, “Philanthropy and the Third Sector in Mexico: The Enabling Environment and its Limitations,” *Norteamérica Revista Académica* 4(1) (2009): 87-120, and Olvera, n.5.

⁹ Michael D. Layton and Alejandro Moreno, *Filantropía y sociedad civil en México: análisis de la ENAFI 2005-2008* (Mexico: Porrúa, 2010); Alejandro Moreno and Patricia Mendez, “Attitudes Toward Democracy: Mexico in Comparative Perspective,” *International Journal of Comparative Sociology* 43(3-5) (2002): 350-367.

self-regulation. Second, government mandated transparency of nonprofits has not had a significant impact upon this crisis of public confidence in the sector: the regulatory requirement for transparency has come about as part of the more general cultural shift and in part due to nonprofit advocacy. Third, as nonprofits have increasingly turned to domestic philanthropy as a source of financial support, they have had to address the acute lack of public trust in the sector: this lack of public trust has been a key impediment in soliciting donations.¹⁰

Self-regulation has been less a proactive effort to forestall greater regulation than a means of achieving increased visibility and transparency of the sector, generating greater public trust, and thereby increasing public support. The impact of these efforts upon improving levels of public trust in and support for Mexican nonprofits is, as yet, unproven. The means to strengthen the nonprofit sector must be sought in efforts that include, but go beyond, regulation and self-regulation.

II. The Evolution of a Contentious Relationship: From Independence through the Rise of the PRI

Mexico's political history is one of centralized power, from the time of the Aztec empire, the Spanish colony, the dictatorship of Porfirio Díaz in the late nineteenth century, to the emergence of the single party state in the aftermath of the Mexican Revolution of 1910-

¹⁰ Layton and Moreno, n.9, chapter 2.

1920.¹¹ In this context, whenever the state has not been able to control the nonprofit sector, be it religious or secular, it has viewed the sector as a rival and threat, and the regulatory framework has reflected that attitude.

This conflict has become particularly acute during times of regime change, including: the prelude to Independence; the conflict between Liberals and Conservatives in the 19th century; the aftermath of the Revolution (1910-1920); and, the recent democratic transition. Up until the democratic transition, the result of this conflict has been civil war. During the transition, as the state has become more democratic, the struggle is taking place mainly in the public policy arena, although some insurgent movements have remained active.

Throughout Mexico's history, the Catholic Church has played a preeminent role in the provision of charity and poor relief, which at times has brought it into conflict with the state. These tensions are a precursor to the government's relationship to the nonprofit sector today.¹² Throughout the nineteenth century, associations existed largely outside the hierarchies of church and state.¹³ The only major aspect of the nonprofit sector to develop during this time was that of traditional charities aimed at the alleviation of poverty through direct services, such as poorhouses, orphanages, and hospitals. Conflict between the Mexican

¹¹ Camp, n.1; Enrique Krauze, *Mexico: Biography of Power* (New York: Harper Perennial, 1998); Richard M. Morse, "Toward a Theory of Spanish American Government," *Journal of the History of Ideas* 15(1) (1954): 71-93.

¹² Silvia Marina Arrom, "Catholic Philanthropy and Civil Society: The Lay Volunteers of St. Vincent de Paul in 19th-Century Mexico," in *Philanthropy and Social Change in Latin America*, ed. Cynthia Sanborn and Felipe Portocarrero (Cambridge, MA: Harvard University Press, 2005).

¹³ Carlos A. Forment, *Democracy in Latin America, 1760-1900: Volume I, Civic Selfhood and Public Life in Mexico and Peru* (Chicago: University of Chicago Press, 2003), especially chapters 5 and 7.

government and the Church peaked during mid-nineteenth century, when the liberal state struggled to legitimize itself in the face of conservative opposition allied with the Church. From 1859 to 1863 the government passed what came to be known as the “Reform Laws,” confiscating church property, secularizing the provision of social welfare, and establishing the first regulatory framework for private, secular charity.¹⁴

At the end of the nineteenth century, the national government created the first Oversight Board for Private Assistance (Junta de Asistencia Privada, JAP) for Mexico City, which was a semi-autonomous organization whose mandate was to regularize and supervise charitable activities delivered by private, nonprofit organizations.¹⁵ The legislation that established the JAP also created a unique legal corporate form, the institution of private assistance, which today includes about 1,500 nonprofits or five percent of those on major government registries. Today half of Mexico’s states have a JAP or similar organization, and they tend to include traditional charities and some of the largest grantmaking foundations.¹⁶

III. Aftermath of the Revolution, 1920-1960s

¹⁴ Rodney R. Alvarez, “Social Welfare (Mexico): Before 1867” in *Encyclopedia of Social Welfare History in North America*, ed. John M. Herrick and Paul H. Stuart (Thousand Oaks, CA: SAGE Publications, Inc., 2005); José María Serna de la Garza, *The Constitution of Mexico: A Contextual Analysis* (Portland, OR: Hart Publishing, 2013), 14.

¹⁵ “Antecedentes históricos,” *Junta de Asistencia Privada*, accessed December 17, 2015, http://www.jap.org.mx/index.php?option=com_content&view=article&id=15&Itemid=124.

¹⁶ “Directorio,” *Coordinación Nacional de Juntas de Asistencia Privada*, accessed December 17, 2015, <http://conajap.org/index.php/directorio/instituciones-por-entidad>.

The Mexican Revolution (1910-1920) again pitted progressive elements of society against conservatives aligned with the Church. During the post-Revolutionary Period, the state imposed a series of onerous restrictions on the church and both institutions sought to organize key sectors of society, including workers and *campesinos*, setting them upon a collision course.¹⁷ In response, devout Catholics mounted an armed revolt from 1926 to 1928, known as the Cristero Rebellion. During this time a seminary student assassinated the president-elect, Álvaro Obregón, provoking a political crisis that contributed to the formation of the Institutional Revolutionary Party (Partido Revolucionario Institucional, PRI). The PRI constituted a single party state that was the longest ruling party in the history of the world, from 1929 to 2000.¹⁸ The preeminent role of the Church in charitable activities was supplanted by the expansive corporatist state of the PRI, which left little room for independent associations aside from the most traditional charities.¹⁹

From its creation in 1929, the authoritarian, corporatist rule of the PRI systemically suppressed the emergence of an autonomous nonprofit sector, leaving the sector woefully underdeveloped in its ability to participate in the process of democratic consolidation.²⁰ A

¹⁷ Serna de la Garza, n.14, 185-186; Jean A. Meyer, *The Cristero Rebellion: The Mexican People Between Church and State. 1926-1929* (New York: Cambridge University Press, 1976), chapter 2.

¹⁸ Emily Edmonds-Poli and David A. Shirk, *Contemporary Mexican Politics* (Lanham, MD: Rowman and Littlefield Publishers, 2012).

¹⁹ Viviane Brachet-Márquez, "Social Welfare (Mexico): Before 1867," in *Encyclopedia of Social Welfare History in North America*, ed. John M. Herrick and Paul H. Stuart (Thousand Oaks, CA: SAGE Publications, Inc., 2005).

²⁰ Jonathan Fox and Luis Hernandez, "Mexico's Difficult Democracy: Grassroots Movements, NGOs, and Local Government," *Alternatives: Global, Local, Political* 17(2) (1992): 165-208; Daniel M. Sabet, *Nonprofits and Their Networks: Cleaning the Waters along Mexico's Northern Border* (Tucson: University of Arizona Press, 2008).

particular hallmark of the regime was its ability to create popular organizations among workers, *campesinos* as well as business people via a corporatist structure that created channels of intermediation and control, thus precluding the emergence of autonomous associations and coopting them when they did emerge.²¹ The weakness of associational life in Mexico today is the aftermath of the success of these PRI strategies.²²

IV. The Democratic Transition, 1960s to 2000

Since the 1960s, a new generation of nonprofits has emerged, focused on issues such as democracy, community development, human rights, and government accountability.²³ At the same time, the nonprofit sector began to advocate for a more propitious regulatory framework, protesting against unfavorable measures and increasingly proposing more favorable legislation.

A series of events beginning in 1968 shook the public's acquiescence to the rule of the PRI, awakened political activism, and revived associational life.²⁴ These included: the violent repression of the student movement of 1968; the debt default and economic crisis of 1982,

²¹ Fox, n.4; Fox and Hernandez, n.20; Andrew Selee, *Decentralization, Democratization and Informal Power in Mexico* (University Park, PA: Penn State University Press, 2011), and Sabet, n.20.

²² Clara Jusidman, "Transparencia en las organizaciones de la sociedad civil," in *10 años de transparencia en México*, ed. Federal Institute for Access to Public Information (Mexico: IFAI, 2013); Fox and Hernandez, n.20.

²³ Gustavo Verduzco, *Organizaciones no lucrativas: vision de su trayectoria en México* (Mexico: Colegio de México, 2003), chapter 3.

²⁴ Vikram K. Chand, *Mexico's Political Awakening* (South Bend, IN: University of Notre Dame Press, 2001); José Fernández Santillan, *El despertar de la sociedad civil (Con Una Cierta Mirada)* (Mexico City: Océano, 2003).

undermining the PRI's claim of delivering prosperity;²⁵ the devastating 1985 earthquake, to which the government failed to respond thereby prompting citizens to organize themselves and nonprofits to channel foreign aid;²⁶ and the electoral fraud of 1988 that resulted in the election of Carlos Salinas of the PRI as president.²⁷

The net result of these events was to create political opportunities for social movements and organizations to coalesce and challenge the hegemony of the PRI.²⁸ In the process of Mexico's democratic transition, as organizations began to emerge to advocate for free and fair elections and greater governmental accountability, tensions mounted between the organizations and the ruling party. Thus at the end of the twentieth century the regulation of the nonprofit sector took on a newfound importance, both for the state and for the emerging nonprofit sector.

The current cycle of nonprofit regulation began with a fiscal reform package in 1989. Until that time, by virtue of incorporating as a civil association organizations had enjoyed automatic tax exempt status under Title III of the Income Tax Law as nonprofit legal entities, like unions and housing cooperatives. Their exemption occurred by default rather than

²⁵ Rabobank, *Economic Report: The Mexican 1982 debt crisis* (The Netherlands: Rabobank, 2013), accessed December 17, 2015, <https://economics.rabobank.com/publications/2013/september/the-mexican-1982-debt-crisis/>.

²⁶ Rafael Reygadas Robles Gil, *Abriendo veredas: Iniciativas públicas y sociales de las redes de organizaciones civiles* (Mexico City: Convergencia de Organismos Civiles por la Democracia, 1998), 158; Carlos Monsiváis, "No sin nosotros." *Los días del terremoto 1985-2005* (Mexico City: Ediciones Era, 2005).

²⁷ Stephen D. Morris, *Political Corruption in Mexico: The Impact of Democratization* (Boulder: Lynne Rienner, 2009), chapter 3.

²⁸ Fox, n.4; Fox and Hernandez, n.20; Sabet, n.20.

through an explicit legal recognition, thus they were in a “fiscal limbo” without an explicit recognition of their public benefit status.²⁹ At the end of 1989, the Salinas administration put forth its major fiscal reform package, with the overriding goal to increase tax revenue. In the closing days of the legislative session, the treasury secretary proposed reclassifying civil associations as profit seeking entities under Title II, thereby subjecting them to income tax.³⁰ Congress concurred, and the reclassification became law.

Following this hostile change in tax law, in 1990 nonprofits began a movement to seek legal reform that would not only undo the initial damage but would also force the federal government to recognize that the activities of associations were of public interest and to require the provision of public funds to nonprofits. The organizations insisted that this financial support should be handled in a transparent manner in order to avoid governmental cooptation and promote fairness, that is, to keep the government honest and preserve the autonomy of the recipient organizations.³¹ at this time promoting nonprofit transparency *per se* and trust in the sector were not considerations.

The leadership of this movement was comprised of three umbrella organizations (Convergencia de Organismos Civiles por la Democracia, Foro de Apoyo Mutuo, Mexican Center for Philanthropy), a research center (Fundación Miguel Alemán), and the Ibero-American University. During 1994 the organizers held forums in various states and in the

²⁹ Reygadas, n.26, 157.

³⁰ Reygadas, n.26; María Teresa Villareal Martínez, “La participación institucionalizada de organizaciones civiles en la construcción de la gobernanza,” *Revista Legislativa de Estudios Sociales y de Opinión Pública* 3(5) (2010): 121-154.

³¹ Reygadas, n.26, 197.

following years repeatedly presented various legislative proposals,³² but they did not win legislative approval until the first election of an opposition party candidate for president in 2000.

V. Reform and Scandal in the Fox Administration, 2000-2006

With the election of the first opposition party candidate to the presidency in 2000, the nonprofit sector had high hopes of transforming its relationship with the federal government. Encouraged by the campaign statements of the Presidential candidate, Vicente Fox, on the importance of civil society in the consolidation of Mexican democracy, and bolstered by the convening of roundtable discussions between the incoming administration and the sector in the period between the election and the inauguration, the nonprofit sector redoubled its efforts to achieve a more favorable regulatory framework.³³

Mexicans suffer a profound lack of trust in their government and their politicians, and this is a legacy of authoritarianism and the birthmark of Mexican democracy.³⁴ In the wake of Fox's victory, civil society was imbued with a level of moral authority, in contrast to the corruption of the state.³⁵ The Fox administration enlisted the help of civil society to fight corruption, by

³² Reygadas, n.26, chapter 3.

³³ Rubén Aguilar Valenzuela, "La sociedad civil y el gobierno en el tiempo de la alternancia," in *El Estado mexicano: herencias y cambios*, ed. Alberto Aziz Nassif and Jorge Alonso (Mexico: CIESAS, 2005).

³⁴ José Antonio Aguilar Rivera, "El capital social y el Estado: algunas aproximaciones al problema," in *Pensar en México*, ed. Héctor Aguilar Camín et al., (Mexico: Fondo de Cultura Económica, 2006), 102-103.

³⁵ Fernando Escalante, "México, fin de siglo," in Camín, n.34; Morris, n.27, 64.

informing the public, encouraging public vigilance of governmental action, and by promoting ethical behavior within business and NPOs.³⁶

The first reform was the Federal Transparency and Access to Governmental Public Information Act 2002. Formulated by academics and NPO leaders, the law created a federal agency to oversee compliance with the law, but more importantly it initiated a shift in public expectations regarding access to information.³⁷ This shift became a key element both in subsequent government regulation of the nonprofit sector and in self-regulation efforts.

The next step in regulatory reform was the Federal Law for the Promotion of Activities undertaken by CSOs 2003.³⁸ For its advocates, this was the culmination of a campaign that had begun in 1989 and a consequence of the roundtables that the incoming administration had held in 2000. The most important aspects of the law were its explicit recognition that the activities of civil society organizations are of public interest and the consequent mandate it imposed upon the federal government to promote these activities.³⁹

Specifically, the law exhorted federal ministries to provide public funds and fiscal incentives for eligible activities and to create opportunities for organizations to participate in the public

³⁶ Morris, n.27 102-105.

³⁷ Morris, n.27; Federal Institute for Access to Public Information, *10 años de transparencia en México* (Mexico: IFAI, 2013).

³⁸ Villareal Martínez, n.30.

³⁹ Mónica Tapia-Alvarez and María Isabel Verduzco, *Fortalecimiento de la Ciudadanía Organizada: Diagnóstico y reformas para un ambiente propicio en México* (Mexico: Alternativas y Capacidades 2013), 16; Ileri Ablanado et al., *Defining a Fiscal Agenda for the Development of Civil Society Organizations in Mexico* (Mexico: Incide Social, ITAM, and ICNL, 2007).

policy process (Article 6). In order to enjoy these benefits, civil society organizations (CSOs) were required to enroll in a newly created Federal Registry of Civil Society Organizations (Articles 15 to 25). While the registry does disclose federal funding of CSOs, it does not provide any additional financial information from participating organizations. Nonprofit leaders thus tried to balance two competing goals: first, they wanted disclosure of federal funding to prevent governmental manipulation; second, they wanted to preclude the possibility that the government would use its information against organizations in a repressive manner.⁴⁰ At this time nonprofit advocates did not see strengthening public trust in the sector as a priority.

The Promotion Law created two new administrative entities: first, a Commission composed of the secretaries of four key ministries (Interior, Social Development, Treasury, and Foreign Affairs), with the mandate “to facilitate coordination of the design, implementation, monitoring and evaluation of the actions and measures to promote the activities” of CSOs (Article 10); and second, a Technical Council, consisting of nine representatives of civil society, four academics, and two federal legislators, which was described as “an honorific body” whose mandate was “to propose, review and make recommendations regarding the administration, management and operation of the Register, and to work with the Commission to conduct a joint annual evaluation of promotional policies and actions” (Article 26). There were high hopes that the creation of the Council would represent a major advance in providing an institutional forum for the nonprofit sector to interact with the federal government and thereby have input into its regulation. As the Council did not have decision making authority, it cannot be considered an example of co-regulation.

⁴⁰ Alnoor Ebrahim, “Making Sense of Accountability: Conceptual Perspectives for Northern and Southern Profits,” *Nonprofit Management & Leadership*, 14(2) (2003): 191-212.

Although the Council has issued regular evaluations on the implementation of the Promotion Law, it is not seen as an effective and agile interlocutor, and its legitimacy is diminished by the fact that its members are randomly selected and are not truly accountable to their nonprofit constituency. The functioning of both the Commission and the Council has been undermined by a lack of consistency in the participation of governmental representatives and little or no public funding for their activities.⁴¹

During the Fox administration, there were two high profile scandals that affected the public debate over regulation of the nonprofit sector and diminished its previous level of moral authority. They were named for the organizations involved: a prolife organization called the National Pro-Life Committee, to which an irregular government allocation was made,⁴² and Vamos México, a grantmaking foundation created by Fox's wife, which was mired in controversy for its lack of transparency.⁴³ The effect of these scandals, particularly the lack of a regulatory response, was to tarnish the image of the nonprofit sector and help set in motion the demand for greater sectoral transparency via both regulation and self-regulation,⁴⁴ as described below.

⁴¹ Tapia-Alvarez and Verduzco, n.39.

⁴² Helena Hofbauer, "El caso Provida: los alcances del acceso a la información vs. los límites de la rendición de cuentas," in *El poder de la transparencia: nueve derrotas a la opacidad*, ed. Pedro Salazar Ugarte (Mexico, IJ-UNAM-IFAI, 2007).

⁴³ Sarah Silver, "First lady's foundation that finds itself in shaky ground," *Financial Times*, June 15, 2004; Sarah Silver, "Mexican first lady's foundation leaves grey areas," *Financial Times*, February 24, 2005; Sarah Silver, "Marta Fox's charity sees donations fall after exposé," *Financial Times*, May 25, 2005.

⁴⁴ Ablanedo et al.. n.39, 57.

VI. Recent Regulatory Developments

Despite the mandate of the Promotion Law, the next president proposed the elimination of both tax exemption for nonprofits and the deductibility of charitable donations in the fiscal reform of July 2007.⁴⁵ Two months earlier, a group of institutions – Incide Social, AC (an advocacy nonprofit), the Philanthropy and Civil Society Project of the Autonomous Technological Institute of Mexico (a university research effort),⁴⁶ the Mexican Center for Philanthropy, or Cemefi (an umbrella organization), and the International Center for Not-for-Profit Law – had presented their own policy proposal, *Definition of a Fiscal Agenda for the Development of Civil Society Organizations in Mexico*.⁴⁷ They had spent the preceding two years organizing forums with nonprofit leaders, lawyers, accountants, and government representatives across the country, in order to assess the impact of the fiscal framework on the sector and develop a national consensus on a plan for reform.⁴⁸ A remarkably diverse group of approximately sixty organizations and universities endorsed the *Fiscal Agenda* before its publication.

These signatories formed the nucleus of a national coalition that not only opposed the administration's hostile reforms, but also embraced a series of positive measures: expansion of the activities eligible for fiscal incentives; easing onerous registration requirements; and governmental disclosure of the amount donated to tax exempt nonprofits.⁴⁹ The idea that

⁴⁵ Sergio Garcia and Ileri Ablanedo, *Promoción de una agenda fiscal para el desarrollo de las organizaciones de la sociedad civil: sistematización de la experiencia mexicana* (Washington DC: USAID and ICN: 2008).

⁴⁶ The author of this chapter was the director of this Project and coordinator of the coalition.

⁴⁷ Ablanedo et al., n.39.

⁴⁸ Garcia and Ablanedo, n.45.

⁴⁹ Garcia and Ablanedo, n.45, 96-98, Appendix 1.

disclosing financial data and undertaking self-regulation could address the lack of public confidence in the sector were also elements of the *Fiscal Agenda* document.⁵⁰ Thus key actors in Mexico were simultaneously reacting to a wave of governmental regulation and creating the first wave of nonprofit self-regulation: essentially all the nonprofits who later promoted self-regulatory initiatives played leading roles in this coalition.

This advocacy effort succeeded in convincing the legislature to maintain tax exemption of nonprofits and the deductibility of donations, but the debate in the legislature and in the media revealed a shocking level of distrust in the nonprofit sector and a firm if undocumented belief that charitable fiscal incentives were being abused.⁵¹ Congress took the additional steps of mandating that the Tax Administration Service (SAT) develop a mechanism to ensure the transparency of tax exempt nonprofits as well as placing a cap on the deductibility of donations of seven percent of personal income and after tax profits for businesses.⁵²

In 2009 The SAT launched a transparency portal that offered a wealth of information, similar to that found on 990s in the U.S. Unfortunately its limitations soon became apparent, including the difficulty of finding the information on the SAT website, lack of promotion and visibility, and restricted search capabilities. The lack of impact on the part of government mandated financial disclosure was a factor in the launch of at least one self-regulatory initiative, Funds in Plain Sight.

⁵⁰ Ablanedo et al., n.39, 57-58.

⁵¹ Garcia and Ablanedo, n.45, 23-28.

⁵² Garcia and Ablanedo, n.45, 69.

In 2013, when the next administration proposed a fiscal reform package, the nonprofit sector was successful in negotiating the inclusion of two key reforms: the recognition of the right of organizations to undertake nonpartisan lobbying, and an expansion of the list of activities eligible for tax exemption.⁵³ Other damaging proposals were defeated, including one that would have undermined the creation of corporate sponsored and family foundations. This success in defeating these proposals can be attributed to the increasing sophistication of the nonprofit sector in public policy advocacy, its greater legal expertise, and the development of stronger connections to both the congress and the treasury department.

VII. Summary of Regulatory Developments

The period from 1989 to 2013 witnessed significant changes in the regulatory framework for the Mexican nonprofit sector. The hostile fiscal reform in 1989 prompted the sector to begin more than a decade of advocacy for the Promotion Law, and fiscal reform proposals have proven to be a key catalyst for activism. The passage of the Promotion Law in 2003, reflecting Mexico's democratic transition, marked an important step forward in the relationship between the sector and the Mexican state; however, both legislators and regulators have had a mixed record in acting in accordance with its mandate and the administrative bodies it created have fallen short of fulfilling its aspirations.

For the treasury and the tax authorities, the internal institutional imperatives of increasing tax revenue and reducing fraud and abuse have had more weight than what is viewed as the

⁵³ "La Reforma Hacendaria y su impacto en las organizaciones civiles," *Causas Ciudadanas*, September 13, 2013, accessed December 17, 2015, <http://www.causasciudadanas.org/2013/09/la-reforma-hacendaria-y-su-impacto-en.html>.

external mandate coming from the Promotion Law. Now both frameworks require financial disclosure from nonprofits, but this enhanced transparency has not resulted in greater public trust in nongovernmental organizations.⁵⁴ In 2013 when Mexicans were asked how much trust they had in social or nongovernmental organizations, the most popular response was “none,” at 44%, followed by “little” at 25%, “some” at 20%, and “a great deal” at 5% (even “don't know” at 6% came in higher than “a great deal”). Unfortunately these results are all within a few percentage points of those for 2005, and nonprofits suffer the same level of distrust as police and local government, both of which are notorious for their corruption. This distrust reflects a national culture of suspicion,⁵⁵ fomented by extensive political corruption,⁵⁶ and exacerbated by recent scandals in the nonprofit sector.

In the midst of its process of democratic consolidation, the Mexican government has been Janus faced in its approach toward the nonprofit sector, reflecting the tension between its historically fraught relationship with the sector and the newly emerging values and practices of democratic governance. On the one hand, there has been an impulse on the part of the tax authorities to preclude abuse and tax evasion, to limit tax expenditures, and – at least in the eyes of the nonprofit sector – to exert control over the sector via the Income Tax Law. On the other, there is a broad policy mandate to encourage the activities of nonprofits, as established by a Federal Promotion Law and embraced by the Social Development Ministry. Thus, during the last decade there have been two simultaneous and conflicting crosscurrents of nonprofit regulation emanating from different ministries within the same government.

⁵⁴ Layton and Moreno, n.9; Michael D. Layton and Alejandro Moreno, “Key Factors in Individual Philanthropy: National Survey in Philanthropy and Civil Society (ENAFI) 2013” (paper presented at the XIII Third Sector Research Congress, UVM Campus Querétaro, September 9-10, 2013).

⁵⁵ Moreno and Mendez, n.9.

⁵⁶ Morris, n.27.

Nonprofits have attempted to use governmental regulation to address a generalized distrust of the sector on the part of the public, but with little success, thus setting the stage for efforts at self-regulation.

VIII. Nascent Self-Regulatory Initiatives: A Cure for What Ails Mexico's Nonprofit Sector?

Increasingly, in Mexico as well as elsewhere, the generation of greater public trust via stronger mechanisms of accountability and transparency has become an important element of recommendations for strengthening the nonprofit sector in terms of greater public support, especially donations.⁵⁷ The scandals during the Fox administration and the fiscal reform debate in 2007 accentuated the urgency of these issues for advocates and the importance of the sector putting its own house in order. This movement toward greater disclosure on the part of nonprofits has occurred in two moments: the first two efforts occurred in 2005 and were due to the larger shift in Mexico's political culture toward a demand for greater transparency; the last three were due to a recognition that the governmental disclosure requirements from the Promotion Law of 2003 and the fiscal reform of 2007 had not improved the public perception of the sector.

⁵⁷ Charities Aid Foundation, *Future World Giving: Building Trust in Charitable Giving* (West Malling: CAF, 2014), accessed December 17, 2015, <https://www.cafonline.org/docs/default-source/about-us-publications/future-world-giving1.pdf>; Mary Kay Gugerty and Aseem Prakash, ed., *Nonprofit Accountability Clubs: Voluntary Regulation of Nonprofit and Governmental Organizations* (New York: Cambridge University Press, 2010).

At the same time, a host of serious challenges confronting the Mexican nonprofit sector have also contributed to the rise of self-regulation. These include: weak financial support for the sector, including a heavy dependence on fees for service and limited public and philanthropic support;⁵⁸ the withdrawal of international public and private support for the Mexican sector, as it has become a middle income nation;⁵⁹ and lack of trust and the perception of corruption and ineffectiveness in the nonprofit sector.⁶⁰ As discussed above, even with greater access to financial data of nonprofits, polling data from 2005 to 2013 show no meaningful change in the level of public (dis)trust in the nonprofit sector.⁶¹

In addition, the Mexican nonprofit sector is highly fragmented. It lacks a strong, organized representative body that is recognized as being legitimate by its diverse, and at times conflicting, elements. One principal dividing line among Mexican third sector organizations is between more conservative elements (including traditional charities and some of the largest fundraising efforts) and its more progressive actors (which often take on a more antagonistic

⁵⁸ Sergio Garcia et al. *Donativos privados 2006. Una aproximación a la contribución ciudadana para las causas sociales* (Mexico: Incide Social/ITAM, 2009); Michael D. Layton, “Focos rojos en las cifras sobre sociedad civil organizada,” *Este País: Tendencias y Opiniones* 247 (2011 November): 9-13.

⁵⁹ Siân Herbert, “Reassessing aid to middle-income countries: the implications of the European Commission’s policy of differentiation for developing countries,” *Working Paper 349* (London: Overseas Development Institute, 2012), accessed December 17, 2015, <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7710.pdf>.

⁶⁰ Layton and Moreno, n.9, Michael D. Layton and Alejandro Moreno, “Philanthropy and Social Capital in Mexico,” *International Journal of Nonprofit and Voluntary Sector Marketing* 19(3) (2014): 209-219; Mexican Center for Philanthropy et al., *A Snapshot of Civil Society in Mexico: Analytical Report on the CIVICUS Civil Society Index* (2011), accessed December 17, 2015, http://civicus.org/images/stories/csi/csi_phase2/mexico%20acr.pdf.

⁶¹ Layton and Moreno, n.54.

role vis-à-vis the government). As one longtime nonprofit advocate recently wrote, “Civil society [is] very weak, very scattered, [and] poorly organized.”⁶²

The lack of coordinating bodies for the sector has had important implications for self-regulation. It has proven difficult to arrive at a single set of standards for a diverse and divided sector, much less put into place significant enforcement mechanisms. No fewer than five nongovernmental, self-regulatory initiatives have emerged over the last decade, all of them emphasizing public disclosure of organizational and financial information and three of them involving some level of certification. Participation in four of the five initiatives is voluntary, and the fifth relies on publicly available data provided by the government. Each of these initiatives is outlined below, in chronological order.

A. Pronouncement of CSOs on Internal Transparency and Accountability (2005)

The first step toward nonprofit self-regulation occurred in 2005, three years after the Access to Public Information Law was passed. A collective of twenty-three nonprofits and one labor union issued the one page *Pronouncement of Civil Society Organizations on Internal Transparency and Accountability: Congruence between Values and Actions*.⁶³ Many of these

⁶² Jusidman, n.22, 117.

⁶³ “Pronunciamiento de las organizaciones de la sociedad civil en torno a la transparencia interna y la rendición de cuentas: congruencia entre valores y acciones” (Mexico, 2005), accessed December 17, 2015, <http://alternativasycapacidades.org/sites/default/files/adjuntos/Pronunciamiento%20Transparencia%202005.pdf>; Fundar, “Sobre el origen de la transparencia y la rendición de cuentas, así como su fuente legal,” *Cultura de la Legalidad: Blog Oficial* (December 6, 2013), accessed December 17, 2015, <http://culturadelalegalidad.org.mx/blog/sobre-el-origen-de-la-transparencia-y-la-rendicion-de-cuentas-asi-como-su-fuente-legal/>.

groups were leaders in the field of governmental transparency, having both led the drive to pass the Public Information Law and subsequently using the law to evaluate governmental spending and programs.

The statement emphasized the importance of ethical consistency on the part of organizations and that their transparency would lend greater legitimacy to their standing as public actors. The organizations committed to disclose a wide range of organizational information as well as programmatic reports, tax declarations, and other information on sources of funding, and called upon other organizations to follow their example. A year later researchers conducted an independent review of compliance with these voluntary standards and found that while half of the signatories divulged their organizational information, more than ninety percent failed to disclose their financial data.⁶⁴

The effort lacked further institutionalization or follow up. Perhaps its most lasting impact was that two of the signatories, the Cemefi and Alternativas y Capacidades, subsequently sponsored other self-regulatory initiatives.

B. Indicators of Institutionalization and Transparency (2005)

The same year that the Pronouncement was issued, one of the participating umbrella organizations, Cemefi, launched a sector led certification initiative, the Indicators of

⁶⁴ Angel Kuri, Michael Layton and César Reyes, “Transparencia y rendición de cuentas al interior de las OSC: una evaluación preliminar” (paper presented at the VI Third Sector Research Seminar, Mexico City, September 12-13, 2006).

Accreditation of Institutionalidad and Transparency.⁶⁵ The stated goal for the Indicators was to “increase the transparency and accountability of civil society organizations in order to increase the confidence of donors (corporations, foundations and individuals) and, thus, increase donations and partnerships.”⁶⁶

The first eight indicators are basic elements of institutionalidad, and the last two relate to transparency:

1. Legal incorporation
2. Tax exemption
3. Verifiable telephone and address
4. Three years in operation
5. Three sources of revenue
6. Use of volunteers
7. Distinction between board and paid staff
8. Payment of payroll taxes
9. Publication of an annual programmatic and financial reports
10. Publication of vision, mission, and objectives.⁶⁷

The process of accreditation consists of a self-diagnostic followed by a review of documentation by Cemefi and the determination of a score based on compliance (basic five,

⁶⁵ “*Antecedentes*,” Cemefi, accessed December 17, 2015, <http://www.cemefi.org/programas/indicadores-institucionalidad-y-transparencia/antecedentes.html>.

⁶⁶ “*Indicadores de Institucionalidad y Transparencia*,” Cemefi, accessed December 17, 2015, <http://www.cemefi.org/programas/indicadores-institucionalidad-y-transparencia.html>.

⁶⁷ “*Los 10 indicadores*,” Cemefi, accessed December 17, 2015, <http://www.cemefi.org/programas/indicadores-institucionalidad-y-transparencia/los-10-indicadores.html>.

medium six to eight, optimum nine to ten). Those that reach the optimum level are recognized at a public ceremony and have permission to publish a special logo on their materials and website. From 2014 to 2015 the number of organizations achieving an optimal level of compliance has held steady at about 700.⁶⁸

Given the relatively lenient requirements and the lack of sanctions, it is not clear what impact the indicators have had, as Cemefi does not offer systematic evidence of the benefits to the participants. Consistent with the experience in other countries, it is difficult for an accreditation scheme sponsored by such a membership organization to be effective in enforcing standards of behavior.⁶⁹ On the other hand, the initiative may well have helped create a higher level of consciousness about these issues.

C. Filantrofilia (2009)

The next major self-regulatory and accountability initiative was launched in 2009 by a newly created organization that was not an umbrella organization nor was it a tax exempt nonprofit, but might best be described as a self-regulatory entrepreneur.⁷⁰ Filantrofilia offers a holistic evaluation that covers five areas: internal governance and strategy; economic sustainability; communications; management and operations; and, social return on investment (SROI).⁷¹ In a newspaper interview in 2012, its director described the effort as the pioneer of the SROI

⁶⁸ "Directorio," Cemefi, accessed December 17, 2015, <http://www.cemefi.org/images/stories/directorios/projet/Directorio-de-Organizaciones-Acreditadas-2015.pdf>.

⁶⁹ Dennis Young, "Nonprofit Infrastructure Associations as Reluctant Clubs," in Gugerty and Prakash, n.57.

⁷⁰ Mark Sidel, "Guardians Guarding Themselves: A Comparative Perspective on Nonprofit Self-Regulation," *Chicago-Kent Law Review* 80 (2005): 803-835.

⁷¹ "Metodología," *Filantrofilia*, accessed December 17, 2015, http://www.filantrofilia.org/metodologia_s4.html.

methodology in Latin America and stated their intention to rate 2,000 organizations in two years.⁷²

Although the breadth of the evaluation criteria exceeds that of Cemefi, an assessment of its rigor is impossible as further details of the criteria are not made public. This perhaps reflects the fact that Filantrofilia seems to operate as a for-profit enterprise, thus regarding its methodology as proprietary and its confidentiality as key to its own financial sustainability. (Since 2012 a related nonprofit, Friends of Filantrofilia, has offered scholarships for smaller organizations to participate in the certification process.) The evaluation is done onsite, and includes interviews with staff and board, as well as a survey of beneficiaries. The result is a letter grade, similar to bond ratings, from a top score of AA down to F. Two characteristics are unique to this effort among the five initiatives: the calculation of the SROI as a metric of the effectiveness of programs, and the direct facilitation of donations.

Like Cemefi, Filantrofilia charges for its services and gives organizations the right to prohibit the publication of their results: this option of deciding whether or not to publish results is attractive to organizations who are fearful of a poor review, but its consequence in terms of generating public trust is unclear. As of the fall of 2015 there were fewer than 250 organizations listed on its website: 184 with expired ratings; thirty-four with no public information available; six in process of being rated; and, only one with a rating of B.⁷³ The

⁷² Karla Rodriguez, “Califica Filantrofilia a 200 empresas,” *Reforma*, May 28, 2012, accessed December 17, 2015,

<http://www.reforma.com/aplicacioneslibre/articulo/default.aspx?id=66881&md5=84e9cd27648c62f248c66ba6a62c6f02&ta=0dfdbac11765226904c16cb9ad1b2efe&po=4>.

⁷³ “Organizaciones,” *Filantrofilia*, accessed December 17, 2015, http://www.filantrofilia.org/organizaciones_s3.html.

website provided an option to donate, but only to the one rated organization. (Ironically, the website does not provide any financial information about Filantrofilia as an institution, nor annual reports). It would seem that the rigor of the evaluation and its financial cost prohibit greater participation. This initiative is a voluntary scheme that is aimed at using membership as an indicator of an organization's performance and trustworthiness.

D. "I trust" (2011)

In 2011, a fourth self-regulatory initiative was launched, called Building Transparent Civil Organizations and nicknamed *Confio* ("I trust"). A number of elements set this effort set it apart from the preceding two accreditation processes. Developed in the northern city of Chihuahua rather than Mexico City, Confio has emerged from a partnership between Mexico's strongest community foundation (Chihuahua Business Foundation), its largest private university (Monterrey Technological), and a corporate foundation (Fundación Telefonica). It is an initiative of the state's Center for Strengthening of Civil Society Organizations and is based on a methodology developed by Fundación Lealtad of Spain. Given the origin of its methodology and its membership in the International Committee of Fundraising Organizations (ICFO), Confio has much stronger links to international standards than any of its predecessors.

Like Filantrofilia, Confio provides a rigorous review of an organization's management, governance, and transparency practices, and its report states the organization's compliance with nine principles divided into 36 criteria. These principles are:

1. Good governance
2. Clarity of mission

3. Program planning and follow-up
4. Integrity in communication
5. Financial transparency
6. Diversity in funding sources
7. Adequate financial controls
8. Presentation of financial statements and legal compliance
9. Promotion of volunteering.

The evaluation is valid for two years, and then the organization must be reviewed again. Unlike Filantrofilia and Cemefi, Confio offers not only an overall grade but also a detailed report on its website of the evaluated organizations' compliance with each sub principle. Evaluated organizations can place a seal on their website and promotional materials.

Confio bases its analysis on a review of documentation (like Cemefi), rather than interviews (like Filantrofilia). Unlike the other accreditations, it provides its service free of charge to participating organizations, but it requires that the results be published on Confio's website regardless of the outcome. Organizations may provide written objections to issues raised in their evaluation that are included in the report. The requirement to publish the results of a formal review goes a long way in explaining why, although it has facilitated self-assessments for nearly a thousand organizations in workshops nationwide, only about fifty associations are currently listed as "Analyzed CSOs" on Confio's website as of May 2015. Many organizations discover in their self-assessment that they are deficient in terms of financial transparency or governance practices, and fear that publishing their results will diminish

rather than enhance their standing with the public.⁷⁴ This confirms the typical inverse relationship between the stringency of evaluation criteria and lower rates of participation.

E. Funds in Plain Sight (2013)

The most recently launched initiative is not an accreditation process but is best described as an “information gateway,”⁷⁵ along the lines of GuideStar combined with the Foundation Center. It is the only one of these self-regulatory initiatives that relies upon information made publicly available by law. Funds in Plain Sight (FALV) was launched in January 2013 as a partnership between a Mexican nonprofit (Alternativas y Capacidades), a university research project (Project on Philanthropy and Civil Society/ITAM),⁷⁶ and the U.S. based Foundation Center, in addition to a coalition of six founding donors from both the U.S. and Mexico. The starting point for this effort was the difficulty of accessing and searching the financial data that was made publicly available as a result of the 2007 Income Tax Reform: this effort is therefore the most direct response to a failure of governmental regulation to achieve its stated aim of facilitating access to nonprofit financial data and thereby increasing the possibility of building trust in the nonprofit sector.⁷⁷

⁷⁴ Alberto Hernandez Baqueiro et al. *Transparencia en organizaciones sin fines de lucro: Chihuahua, Distrito Federal, Guadalajara, Monterrey y Puebla* (Mexico: Indesol and Confio, 2012), accessed December 17, 2015, <http://confio.org.mx/inicio/wp-content/uploads/2014/03/Transparencia-en-OSFL-2012-Edici%C3%B3n-1.pdf>.

⁷⁵ Ebrahim, n.40, 203; Fondos a la Vista, accessed December 17, 2015, <http://www.fondosalavista.mx/>.

⁷⁶ The author is one of the founders of this effort and continues to serve as an advisor.

⁷⁷ Michael D. Layton, “Website Aims to Offer Trustworthy Data on Mexico’s Civil Sector,” *Hispanics in Philanthropy Blog* (2013), accessed December 17, 2015, <http://www.hiponline.org/resources/hip-blog/blog/417>.

The website provides a user friendly search engine for a database of information on more than 20,000 nonprofits, which includes not only the universe of active tax exempt nonprofits but also the organizations in the Federal Promotion Law's registry. Thus while the scale of the coverage and the detail on financial data are unparalleled among the self-regulatory efforts, it does not review documentation of governance practices or programs. It is especially important that Mexico's biggest donor institutions are tax exempt organizations and this website provides detailed information about their grantmaking to the public for the first time. Unlike the other initiatives, since FALV uses publicly available data it does not require membership or approval from participating organizations, although organizations do have the opportunity to provide additional information by registering on the site. More than 500 organizations have done so, and they have the right to display a seal on their website and promotional material.

F. Analysis of Self-Regulatory Initiatives in Mexico

This review of self-regulatory initiatives identifies a number of triggers for their creation over the last decade. First, the larger societal trend toward the expectation of greater transparency challenged organizations to be ethically consistent in providing financial information, just as they expected the government to do so. Second, as nonprofits began seeking funding from domestic philanthropy, the lack of public trust in the sector became a major stumbling block. Pragmatically, it was seen as imperative that the sector strengthen its transparency. Third, although the Promotion Law and the fiscal reform both required financial disclosure by nonprofits, these regulations had not proven sufficient to address the crisis of public confidence in the sector.

It is possible to distinguish two waves of self-regulatory initiatives, the first two projects in 2005 and the subsequent efforts in 2009, 2011, and 2013. What distinguishes the first two efforts in 2005 is their limited nature, the Pronouncement in terms of the number of participants and its lack of institutionality, and the Cemefi Indicators in terms of the rudimentary nature of the review. The significant regulatory wave in between the two sets of initiatives was the fiscal reform of 2007, which put in evidence the degree of distrust that policymakers, opinion leaders and the general public had toward the nonprofit sector. The self-regulatory initiatives in the second wave seemed to aim at addressing that distrust and were much more ambitious, with Filantrofilia and Confio offering a systematic review of operations and accreditation, and Funds in Plain Sight offering detailed financial data on a significant swath of the nonprofit sector. Unfortunately neither of these two accreditation processes has gained much traction, neither among nonprofits nor the public, and distrust of the sector remains pronounced.

Although the two most ambitious accreditation efforts (Filantrofilia and Confio) are of recent origin, all three (including Cemefi's Indicators) have achieved only a limited reach: out of a universe of 40,000 legally incorporated nonprofits, of which there are about 7,000 registered tax exempt charitable organizations,⁷⁸ fewer than 800 or less than two percent are currently participating in these efforts. This low participation rate may be attributed to a rather lopsided cost/benefit analysis on the part of organizations: the costs – in terms of time, money, and reputational risk – are immediate and high, while the benefits are uncertain, at best. If any of the four currently operating self-regulatory initiatives are to move the needle and create momentum toward more trust and support for the nonprofit sector, it seems that change will

⁷⁸ Layton, n.58.

only come gradually and in the long run, unless some combination of tastier carrots and bigger sticks can be devised.

An additional consideration is that access to information technology remains relatively weak in Mexico,⁷⁹ and so reliance on the Internet as the means of disseminating information about the sector is a significant limitation: online methods of accountability and transparency may not work as well in Mexico as they might elsewhere.

IX. Conclusion

The recent rounds of regulatory reform and the launching of self-regulatory initiatives in Mexico take place against a difficult backdrop. Historically there had been wave after wave of repressive regulations, often followed by armed conflict. As the country progresses through its democratic transition, the government is only slowly shedding the attitudes and behavior of a historically contentious relationship. Punitive fiscal reforms, in 1989 and then in 2007, were not met with armed revolt but with legislative advocacy and with the beginnings of self-regulatory initiatives.

The election of an opposition president in 2000 and subsequent governmental transparency reform, combined with political scandals involving nonprofits, changed the context, undermining the moral authority of the sector and prompting nonprofits to undertake the first wave of self-regulatory initiatives in 2005. The 2007 fiscal reform represented a serious

⁷⁹ Beñat Bilbao-Osorio, Soumitra Dutta and Bruno Lanvin, eds., *The Global Information Technology Report 2014: Rewards and Risks of Big Data*, (Geneva: World Economic Forum, 2014), accessed December 17, 2015, http://www3.weforum.org/docs/WEF_GlobalInformationTechnology_Report_2014.pdf.

threat to key fiscal incentives and prompted a strenuous and ultimately successful campaign by a broad coalition of nonprofits. Their agenda included the issue of enhanced transparency, and the reform ultimately enacted by the national legislature mandated significant public disclosure of financial data.

It quickly became apparent that this heightened transparency was not adequate to improve the level of public trust and hence public support for the sector. The second, post-2007 wave of self-regulatory initiatives was more ambitious, with two of the three projects offering a detailed process of accreditation well beyond financial transparency, and a third seeking to significantly facilitate access to financial data of a great number of nonprofits.

Thus far, the self-regulatory initiatives have been launched have not incorporated a critical mass of organizations, perhaps because the direct costs of participation are not offset by immediate, concrete benefits – just an uncertain promise that more disclosure will engender trust and bring in more donations. Unfortunately there is reason to be pessimistic. Based on self-regulation initiatives in Asia, which have a longer track record than Mexico's, Sidel observes that when such mechanisms do not provide access to fiscal incentives or access to funding, they are “unlikely to be able to force compliance with norms or to discipline those who violate standards.”⁸⁰ Somewhat similarly in Mexico, after concluding a review of transparency practices of a sample of Mexican organizations, a researcher questioned whether self-regulation can be effective, given the level of distrust in Mexico toward the nonprofit sector.⁸¹

⁸⁰ Sidel, n.70, 804.

⁸¹ Sara Gordon Rapoport, “Transparencia y rendición de cuentas de organizaciones civiles en México,” *Revista Mexicana de Sociología* 73(2) (2011): 199-229, 226.

Given the relatively recent creation of these self-regulatory initiatives, it is too early to assess their impact. This exploration of the interaction of self-regulation and governmental regulation in Mexico thus highlights the challenge of building up an underdeveloped sector in a nation still undergoing its democratic transition, where regulation has only recently and haltingly begun to create a more favorable environment and public skepticism toward both the nonprofit sector and government run high.

Given this thorny thicket of problems in Mexico, it might be that both regulation and self-regulation, understood as mechanisms of accountability and transparency, will be insufficient to address the crisis of confidence in the sector and the lack of philanthropic support. Beyond these two factors, there are other elements of an enabling environment for civil society that can be points of intervention, including broadening the availability of funding, multiplying opportunities for training and capacity building, and generating a more vibrant civic culture.⁸² Given the depth and breadth of challenges confronting Mexico's nonprofits, a multi faceted strategy is the best option for strengthening an underdeveloped sector.

⁸² Layton, n.8.