

## New social investment fund for Mexico City

Marcela O de Rovzar and Almudena Ocejo

The *Fondo de Estrategia Social* (FES) was launched in Mexico City this summer. It has two key aims: to tackle social problems with an effectiveness often lacking in Mexican philanthropy, which is more concerned with traditional almsgiving than with social change and social development, and to help develop a culture of giving.

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Most 'professional' philanthropy in Mexico is still in the hands of a few business leaders (no more than 50 people in a country of 100 million), but despite their efforts no structured philanthropic culture has developed and there is still very limited private sector involvement in community and local issues. The founders realized, therefore, that as well as establishing a grantmaking foundation to strengthen the non-profit sector, they needed to build a culture of giving, both among people who already give (mostly wealthy people) and among those who do not but who want to be involved in the well-being of their local community.

The best solution, it was decided, was a mix between a community foundation and a social venture programme. FES was therefore established as a community social investment fund in Mexico City to address issues exclusively within the metropolitan community.

FES resources come mainly from its partners, either institutional or individual. Contribution levels vary, the annual minimum being 6,000 pesos (about US\$540). The low annual threshold was set to enable people who could not otherwise afford to participate in a structured philanthropic effort to be involved. We see this as one of the most attractive components of the FES model.

Partners are asked for a minimum three-year commitment. They can choose whether to invest their money in social projects, with funds allocated to NGOs working on the issues they select, or in productive projects, where the funds are used to support for-profit projects with a social component. Eighty-five per cent of their contributions will go to support projects.

FES is now in the process of deciding on three investment areas to focus on. The process has included a series of workshops with people from different sectors. Topics have included water, women, civic participation, urban migration, urban management, and poverty measurement. Once the investment areas are decided, we will identify non-profits and productive projects working on related issues. An investment committee comprising investment teams and external advisers (grantmaking and non-profit evaluation experts) will be established for each area. The teams will evaluate proposals and organizations and present them to the Board for a final decision.

From 2006, we will focus on recruiting partners with a view to engaging at least 40 partners with a target of 1.5 million pesos (\$150,000) of which we will distribute 1.3 million pesos. FES is a giving tool that can have a great impact on social development issues as well as enabling community participation. We are convinced that it is a valuable addition to Mexican philanthropy.

### LETTER

#### Too narrow view of rights-based approach

The article written by Diana Mitlin and Sheela Patel about their successful experiences at SDI (September 2005 issue of *Alliance*, p27) is interesting but fails adequately to understand the breadth and flexibility of a rights-based approach to development. A rights-based approach does try to achieve good housing, good healthcare, etc. There is nothing necessarily confrontational about such an approach, however, nor does it rely solely on the assertion of legal rights. Contrary to the

implication of the Mitlin and Patel article, a well-conceived rights-based approach very explicitly seeks to treat recipients not as passive receivers but as full and active participants. More importantly, this approach would always seek the most effective way to get results. If that involves negotiating agreed positions with the government, including positions not explicitly within the bounds of justiciable human rights, that would be entirely consistent with a rights-based

approach. Indeed, at the heart of a rights-based approach is the concept that a donor should work collaboratively with the government and the poor to create better protections and better results for the poor.

I think Mitlin and Patel are writing too much out of their very particular SDI experiences, and have not analysed the question in sufficient depth.

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