

A Shared Social Responsibility Model

FECHAC
2015

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2015

Rodrigo de Leon Gonzalez

Hector Jurado Sanchez
Prologue



Second edition: Fechac, 2015

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Prolongación Teoilo Borunda #10820, Col. Labor de Terrazas Chihuahua,
Chih. Mexico. C.P.31223

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ISBN: 978-607-8237-18-0

Printed en Mexico

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Introduction



Rodrigo de Leon Gonzalez

Director & Professor for Political and Social
Environment Academic Dept IPADE.

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This book describes the way Chihuahuan businessmen gave life to a new model of social responsibility, a model that has built a success story based on one social initiative, with an impact that perhaps was not measured to its extent at the beginning, but now, 20 years later, is an undeniable legacy.

Some of these businessmen graduated from the first IPADE programs in Chihuahua. It is at that time when social awareness would grow or strengthen, and later helped unify the sector, due to a natural disaster at the beginning, and afterwards by facing the usual needs of their state.

The correlation between alumni that are also part of Fechac, allowed us to follow up on the organization's evolution, having in our programs with different stakeholders a case study that today is turning into a book; a case being taught for more than a decade at all IPADE programs in the country, generating admiration, but above all, inspiring businessmen from other regions to fund their own social organizations, intertwined by their common goal to have a positive impact in society.

My appreciation goes to these Chihuahuan businessmen, which are a model to the Mexican private sector.

Prologue



Hector Jurado Sanchez

Chairman of the Board
Fechac (2014-2016).

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Those of us born in the big state of Mexico, live to the limit in many ways. Chihuahua is located in the extreme north of the country, and accounts for a vast territory, a climate that struggles between the summer heat and bitter cold winter, with a large diversity of ecosystems covering deserts, forest and mountains.

We are neighbors to one of the most developed countries in the world, closer to their customs and habits than to those of our countrymen in the center and south of the country, with their rich heritage full of color, flavors and traditions. Within the aridity of our land, it is only possible to go forward through arduous and consistent efforts. Our environment forces us to wake up our creativity and make this land thrive and manage with restraint the outcome of our tenacity.

According to information from the United Nations Development Program, Chihuahua has the highest and lowest growth rates in some cities, which places us as one of the states with more inequality in Mexico.

That is the way Chihuahua and its people are: committed, hard working, innovative, with a forced vision for the future, it is the only way a region can prosper when it goes through periods of drought, followed by intense crisis caused by heavy rains.

Chihuahuans have worked in scarcity and have reached a certain level of prosperity. This, in perspective of Mexico as a whole, makes us look like a region that does not require urgent solidarity or the support from institutions working to promote development, even though that is the case.

Programs to fight poverty and marginalization are often privileged in the middle and south part of the country; that is why we had to look for options that allowed us to self-generate resources and get better life opportunities.

A crisis caused by a storm in 1990 gave life to such an initiative, conceived by businessmen and supported by the State Government, as well as the local Congress.

Facing great material losses and human lives endured by hundreds of families in the state capital, businessmen from the state requested a “self-imposed” special contribution, collected through the government system, which was later deposited into a Trust Fund account, led by the heads of the state businessmen organizations.

Yes, we, the businessmen, requested to pay an additional tax, and we also asked to do volunteer work, without receiving any payment managing the funds and helping the most vulnerable. Without knowledge, or perhaps with some notion, we started to apply a social responsibility strategy, being aware that self-wellness is tied to the wellness of everyone.

This initiative took form and consolidated into what today is the Foundation of Chihuahuan Businessmen, (Fundacion del Empresariado Chihuahuense, Asociacion Civil) (Fechac, Spanish acronym). Through it, we have accomplished many victories and some failures. We have learned through time how to generate collaborative actions, joining

efforts with many, to create comprehensive solutions for complex and vast social problems, overwhelming the capacity of any institution by itself, but possible to solve when resources and wills are put together.

Although I have the fortune of being at the forefront of this great institution, hundreds of men and women before me have contributed with their ideas, talent and work in shaping a better community, transcending in the more than 3 700 developed projects to this day. This is the story of each one of them, as well as a humble acknowledgement to the legacy of the last 25 years for future generations.

This story of passion for the common good and universal unity of efforts is worth telling. That is why I am very grateful to IPADE; and specially Rodrigo De Leon, for his great interest and hard work put into this book, hoping the story of Fechac echoes and drives other businessmen, public officials, politicians and citizens toward ideas, courage and energy to work in making this world a better place to live.

Introduction

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The difference between politics and being political is often confused as well as public space with public sector. Therefore, it is assumed only political parties and government officials do politics in those spaces.

Nevertheless, sometimes we have the fortune of finding organizations to prove that all of us are political and the environment we live in is a public space, generally. They remind us that public space is where we have the right to be and it is also inviting us to participate, and sometimes it holds us accountable to do so. As explained by a sociologist, Jurgen Habermas, citizens perform in the public arena when topics of general interest are at stake. In this book we will talk about an organization that not only reminds us about a social dynamic, but that through these actions from engaged people, it has been showing for 20 years, the difference between being citizens or inhabitants of a city. This institution is the Foundation of Chihuahuan Businessmen (Fechac).

First, we can't overlook these organizations, born from the heart of a very successful and dynamic business sector, within a state with one of the most important borders in the country and paradigmatic capitals in the history of Mexico. A Foundation, that before becoming a nonprofit, through an agreement of the businessmen of Chihuahua, dared to request a new tax to support the most defenseless sectors. A Foundation that to this day, practically impacts and helps the professionalization of all Civil Society Organizations (OSC in Spanish), and is recognized nationally and internationally because of its operation model, programs, professionalism and achievements; an institution that could possibly be the most successful foundation in the entire country.

We will analyze in this book “Fechac’s Shared Social Responsibility Model”, which sets and innovative and promising association between government, business people and the organized civil society. Additionally, it shows the context behind the social initiative led by Chihuahuan citizens from 1990, as well as the complete process experienced to attain institutionalization and strengthening of the organization. On another perspective, we will look at the transition towards a strategic philanthropy and the promotion of corporate social responsibility that allows this organization to generate thousands of projects with added value, in which we can also go further. Finally, we will have the opportunity to evaluate the outcomes of this organization as well as future challenges it will face in order to keep transforming lives.

In summary, we will be able to study the philosophy, goals and evolution of a foundation that should be considered a paradigm or inspiring icon in the organized civil society, always showing humbleness in its leaders and representatives, and receiving formal and informal acknowledgements from its own society. In an environment where many CSO’s have gone into great efforts to benefit the Mexican community, and yet have lacked the appropriate professionalization, falling short in their social objectives, Fechac comes as a successful case that becomes a mandatory reading to anybody interested in the sector.



Fechac Chihuahua

Fechac's Headquarters in the city of Chihuahua, LEED certification as a green building.

Chihuahua in context



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Fechac's Model for Cross-sector Cooperation has been analyzed as a case study at many business schools, forums and conferences; however, more than two decades after the first fundraising promoted by Chihuahuan businessmen, it has not been possible to reproduce the model in its entirety; there have been attempts by different states, there were even similar organizations created in Sonora, Jalisco, Yucatan and the State of Mexico. This model's reproduction complexity is due to a simple theory but complex negotiation, which turns the Foundation into a model that can only be explained by the conjunction of various elements that have not been put together in other regions.

It is very likely that the unique geography, demographics and socio-economic characteristics of the state have been some differential elements, reason why we will start sharing data to understand the context in which Fechac was born. First, it is important to note Chihuahua is the largest state in Mexico, with 247,45 Km², that is 12% of the national territory.¹

¹ Ministry of Foreign Affairs, available at: www.sre.gob.mx/coordinacionpolitica

Its territory is as big as the former Federal German Republic, which entails a natural complexity in respect to population distribution. In this sense, the state has more than 3.4 million inhabitants, from which 84.5% live in urban cities. More than half of that population live either in Ciudad Juarez or Chihuahua. A very small percentage of the population live in small towns, villages and rural communities.

Chihuahua has two cities among the fifteen most populated cities in the country: Juarez is ranked sixth with 1.3 million people, only behind metro areas like Mexico City, Guadalajara, Monterey, Puebla and Tijuana. The City of Chihuahua is at the twelfth position with 819,500 inhabitants. The state is at the eleventh place in the country.²

The state has a gross domestic product (GDP) of \$388 421 million pesos (2008), equal to countries like Paraguay³, and it contributes with almost 3% of the national GDP, placing the state as the twelfth economy⁴, ranked in the first places, Distrito Federal with 16.7%, State of Mexico with 9.4%, Nuevo León 7.1%, and Jalisco with 6.4%⁵.

The state's third quarter of 2014 is included in Table 1, with a comparison with the rest of the country, showing distribution by sector.

The state holds nineteenth position in the 2014 State Competitiveness Index⁶, one position down from the 2012 publication; however, in some categories it is still above the country's average ranking. For example, it is the best

² Economic and Social Information Center (CIES) and the Statistics, Geography and Information Technology National Institute (INEGI), 2010 Population and housing general census, available at: www.inegi.gob.mx.

³ Secretariat of Economy and the Economy and Social Information Center (CIES), Statistic record, March 2015, available at: www.chihuahua.gob.mx/cies.

⁴ Ibid.

⁵ INEGI, Gross Domestic Product by State, 2013, available at: <http://www.inegi.org.mx/inegi/contenidos/espanol/prensa/Boletines/Boletin/Comunicados/Especiales/2014/diciembre/comunica2.pdf>.

⁶ Mexican Institute for Competitiveness, 2014 State Competitiveness Index, November, 2014, available at: http://imco.org.mx/indices/documentos/2014_ICE_Libro_Las_reformas_y_los_estados.pdf.

Table 1: 2014 Gross Domestic Product by main activity sector.
(Million pesos, 2008).

Sector	National	Proportion	Chihuahua	Proportion	Share	I/ rank
Manufacturing Industry	\$ 2 319 522	17.3 %	\$ 82 590	21.3 %	3.6 %	9°
Trade	\$ 2 139 017	16.0 %	\$ 58 605	15.1 %	2.7 %	13°
Agriculture, livestock, Forest, fishing and hunting	\$ 357 477	2.7 %	\$ 28 307	7.3 %	7.9 %	5°
Construction	\$ 1 024 846	7.7 %	\$ 30 595	7.9 %	3.0 %	11°
Hospitality and Food and Beverage	\$ 288 287	2.2 %	\$ 5 562	1.4 %	1.9 %	16°
Electricity, water, natural gas distribution	\$ 317 148	2.4 %	\$ 13 793	3.6 %	4.3 %	7°
Mining	\$ 1 006 730	7.5 %	\$ 10 494	2.7 %	1.0 %	10°
Other sectors*	\$ 5 919 699	44.3 %	\$ 158 476	40.8 %	2.7 %	-
Total million pesos at 2003 prices	\$ 13 372 727	100.0 %	\$ 388 421	100 %	2.9 %	12°
Total GDP at current pesos	\$ 16 197 806		\$ 449 364		2.80 %	13°

* Includes financial services, health, education, real estate, business services, government, transportation and Media communications.

Figures in million pesos from 2003 = current pesos.

b/ estimated figures based on 2014 State Economic Activity quarterly indicators (ITAE).

Source: CIES base don IMSS data

state in Mexico within the “Benefiting from International Relations” concept. As for the “Efficient and effective governments” category, Chihuahua takes 7th place, and “Stable and functional political system,” 11th place. The \$122 174 GDP per capita stands out as the 137% value of exports over GDP, the highest level in the country, compared to 29% national average.⁷ The only other state with exports above its GDP is Baja California, with 101%.

Likewise, it keeps being one of four states with higher direct foreign investment (DFI) received in the last 12 years. By 2014, it accumulated investments of 1,151.7 million dollars, accounting for 5.1% of the total invested in Mexico.⁸ The main source of funds is from foreign countries, being the United States the most important, although there are investments from Germany, Argentina, Australia, Barbados, Canada, China, Costa Rica, France, Honduras, Hong Kong, Virgin Islands, Italy, Japan, Luxembourg, Netherlands, Panama, United Kingdom, South Korea, Samoa, Singapore, Sweden, Taiwan, Uruguay and Zaire.⁹ Table 2 shows in detail how DFI has behaved in the last years.

Looking at those numbers we become aware Chihuahua has an important land, economic, and demographic leadership that ranks the state as one of the most dynamic leaders in the country. However, it holds a reality with great contrast. According to the Human Development Index, in Mexico 2015, with data from 2012, published by the United Nations Development Program, during 2008, Chihuahua went from 15th place to 25th, even though it climbed to number 19th in 2012. This is linked in great extent to the insecurity crisis that

⁷ Mexican Institute for Competitiveness (IMCO), 2012 Competitiveness analysis

⁸ ProMéxico, Chihuahua: Investment Map of Mexico, 2015, available at: http://mim.promexico.gob.mx/Documentos/PDF/mim/FE_CHIHUAHUA_vf.pdf.

⁹ Alfredo Mena, State keeps attracting foreign investment, Norte Digital, available at: <http://www.nortedigital.mx/article.php?id=16112>.

**Table 2 Direct Foreign Investment by activity sector
in the State of Chihuahua.**

2011-2014 Comparison (figures in million dollars).

Sectors	2011	2012	2013	2014
Agriculture, Cattle, Forest products, Fishing and Hunting	0.44	0.72	0.21	0.11
Mining	152.68	-152.53	55.80	89.25
Construction	0.0	0.0	0.0	0.0
Manufacturing Industries	794.67	894.82	1590.55	1007.78
Trade	5.31	-5.99	14.61	6.56
Transportation, mail and storage	0.00	0.00	271.31	5.72
Media information	21.50	5.61	5.07	1.16
Financial and insurance Services	0.00	0.00	0.00	27.58
Real Estate and rental services and intangibles	-8.98	0.52	7.48	5.10
Professional, scientific and technical services	11.21	0.07	0.70	-5.07
Business support services and Waste Management and Mitigation services	0.01	0.98	1.24	12.21
Hospitality and Food and Beverage services	0.00	1.00	0.03	0.25
Other services, except Government activities	0.02	0.08	0.98	1.01
Total	976.86	745.27	1948.35	1151.66

Source: Secretariat of Economy, Official statistic of Direct Foreign Investment flow to Mexico, recovered from: <http://www.economia.gob.mx/comunidad-negocios/competitividad-normatividad/inversion-extranjera-directa/estadistica-oficial-de-ied-en-mexico>.

caused businesses to close and employers to decrease from 38 thousand to 29 thousand in one year (2008), showing a slow recovery and merely surpassing 31 thousand by 2012.¹⁰

Table 3 shows ranking position of each state and relative changes during the 2008-2012 periods. It is worth mentioning Chihuahua was the state with more changes during this cycle while Mexico City kept the first position and Chiapas the last position.

A closer look to economic development

As mentioned earlier, Chihuahua is ranked as one of the most prosperous states in the nation. Looking at a detailed economic analysis, we can see it has more than 12 315 km of roads connecting the majority of the cities, 2 654 km of railroads, two international airports in Juarez and Chihuahua, as well as many landing strips, most of them located in the Sierra Tarahumara, with international and domestic traffic, allowing inflows of foreign investments in tourism.

Regarding energy services, there are nine plants to generate electricity and an oil and gas pipeline network; to date, labor sectors that stand out are the manufacturing industry, employing 28% of the workforce, services, with 25%, commerce 17% and farming/agriculture 10%¹¹.

Chihuahua's economy is supported in different sectors. Its extension and topography fosters many micro climates and a wide and diversified array of vegetation.

¹⁰ PNUD, Human Development Index by State, México 2015, available at: http://www.mx.undp.org/content/dam/mexico/docs/Publicaciones/PublicacionesReduccionPobreza/InformesDesarrolloHumano/PNUD_boletiniIDH.pdf.

¹¹ Secretariat of Labor and Social Welfare (STPS) and sub-secretariat of Employment and Productivity, Chihuahua, employment information: April, 2015, available at: http://www.stps.gob.mx/bp/secciones/conoce/areas_atencion/areas_atencion/web/pdf/perfiles/perfil%20chihuahua.pdf.

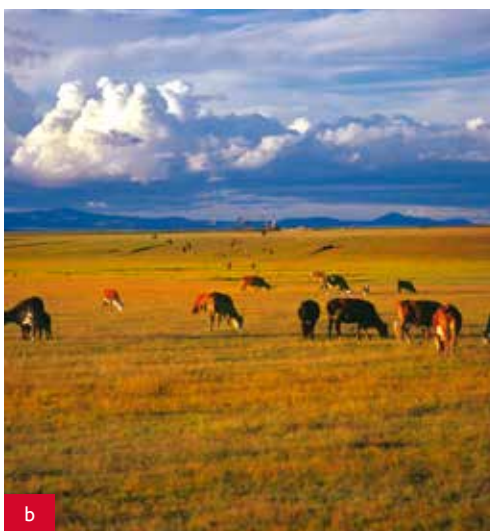
Table 3: Ranking position by state in the Human Development Index, Mexico 2015.

State	Human Development Index (HDI)			Change in rank (2008-2012)
	2008	2009	2009	
Aguascalientes	10	8	9	1
Baja California	8	7	8	0
Baja California Sur	2	3	4	-2
Campeche	18	17	15	3
Coahuila	6	5	5	1
Colima	5	6	6	-1
Chiapas	32	32	32	0
Chihuahua	15	25	19	-4
Distrito Federal	1	1	1	0
Durango	21	20	21	0
Guanajuato	26	24	26	0
Guerrero	31	30	31	0
Hidalgo	24	21	24	0
Jalisco	14	13	13	1
Estado de Mexico	16	16	16	0
Michoacan	29	29	29	0
Morelos	13	14	14	-1
Nayarit	17	15	20	-3
Nuevo Leon	3	2	2	1
Oaxaca	30	31	30	0
Puebla	28	26	27	1
Queretaro	11	11	7	4
Quintana Roo	12	12	12	0
San Luis Potosi	23	23	23	0
Sinaloa	7	9	11	-4
Sonora	4	4	3	1
Tabasco	19	18	17	2
Tamaulipas	9	10	10	-1
Tlaxcala	22	22	22	0
Veracruz	27	28	28	-1
Yucatan	20	19	18	2
Zacatecas	25	27	25	0

Source: United Nations Development Program, Human Development Index by State, Mexico 2015.



a



b

Agriculture & livestock

Chihuahuan agriculture stands out in the production of oats, potatoes and wheat. Among the most important irrigation crops are wheat, cotton, corn, sorghum, peanuts, soy, green pepper, and oats. It holds first place in the production of walnuts, apples -more than 30 varieties-, feed oats and onions¹². Watermelon and cantaloupe also represent a significant part of agriculture production.

Also, Chihuahuan beef is famous in the whole country. This fame has been accomplished thanks to the grasslands used to feed the cattle. Dairy production is important in making several types of cheese. There is also pork, goat and sheep breeding; all the main production is cattle.

a. More than 30 varieties of apples are produced in Chihuahua, one of state's most important crops.

b. The state has big areas of grasslands to feed cattle, world-famous beef.

¹² INEGI, Chihuahua 2010 economic indicators.

¹³ Mexican Geological System (SGM), Statistic Annual Mexican Mining Report 2010, available at: <http://www.sgm.gob.mx/pdfs/CHIHUAHUA.pdf>; Servicio Geológico Mexicano (SGM), Statistical Yearbook of Mexican Mining 2013, Available at http://www.sgm.gob.mx/productos/pdf/ChapterI_2013.pdf.

Mining is also an important source; Chihuahua contributes with 13.2% of the national production¹³. There are more than 60 Canadian mining companies creating jobs and attracting investment in the region at the same time. During 2010-2012, production value increased from 23 thousand million pesos to 34 thousand million pesos.

Historically, mining has been an economic pillar for the state, and a founding activity for important development areas: There is now a driving force supporting industrial activities. Changes in international value of metals is a fundamental reason for the increase or decrease of mining activities. Currently, important mines are located in Guadalupe y Calvo, Santa Eulalia, Naica, Santa Barbara, Bismark, Cusihuirachi, Chinipas, Guazapares, Villa Matamoros, Parral, La Perla, Urique, Ocampo, Plomosas, San Francisco del Oro, Moris, Sabinal and Dolores mining districts¹⁴. To date, Concheño mines and oxides zone in San Francisco del Oro are being prepared.

For minerals without metal there are important zones distributed at the mid-east and north of the state, with operations to extract quartz, perlite, gypsum, clay, limestone, kaolin, salt, marble and related petroleum materials; these have been promoted by the construction, cement and ceramics industries.

For example, the Dolores Mining Company is a division of Minefinders, a Canadian company that has invested nearly 250 million dollars in the municipality of Madera, with plans to extract gold and silver for 15 years. Under this mining umbrella, new local businesses have been created to provide various services. Thanks to these investments, Chihuahua consolidates as the third gold producer in the country, contributing

¹⁴ Mexican Geological Service (SGM) data from the 2010 Mexican Mining Statistics Annual Report, available at: <http://www.sgm.gob.mx/pdfs/CHIHUAHUA.pdf>



Mining has been an economic pillar in Chihuahua's economy, as founding activity of important population areas.

with 17.4% of national production¹⁵; additionally, it holds second place in the production of silver and lead with 17% & 25.3% of country's total, respectively; Industrial development is based on six groups that create more than 300 thousand jobs in 406 plants established throughout the state. In the same vein, the manufacturing industry stands out, reporting 8 817 economic units in the state, among them:

mechanical structures, tanks and boiler manufacturing; machinery, electrical equipment and accessories manufacturing, repair or assembly, as well as tortilla factories, blacksmiths and printing companies, scattered throughout neighborhoods and cities¹⁶.

Just the maquiladora -or in bond- industry reports a total of 477 plants, which represents 10% of total in Mexico, providing jobs for 316 633 people. This figure

¹⁵ INEGI, Mining and metallurgical Industry Statistics: Figures during December 2014, http://www.inegi.org.mx/inegi/contenidos/notasinformativas/ind_miner/ni-im.pdf

¹⁶ INEGI, National Statistical Directory for Economic Units <http://www3.inegi.org.mx/sistemas/mapa/denue/default.aspx>

represents 14% of the jobs created by maquiladoras in the entire country¹⁷.

Below, in Table 4 there is a summary of economic indicators showing the state from a global perspective¹⁸.

Finally, it is important to emphasize that, according to INEGI, 32.8% of the state GDP corresponds to the commercial or trade sector, restaurants and hotels; this

is partly because of an 84% of the population living in urban areas, and the state capital city and Juarez are the ones concentrating most of the tourism businesses. It also highlights economic revenue from business tourism at approximately 9 265 million pesos in 2014, because of the aerospace, automotive, commercial and information technology, agriculture and biotechnology



Chihuahua has consolidated as the most important development area in the country's aerospace industry providing 20% of available jobs in this sector.

¹⁷ Statistic record.

¹⁸ Amounts can have small variation, resulting from the use of different sources and measurement date, even though these are imperceptible and do not entail important changes.

development industries¹⁹. The state has 724 hotels with 21 652 rooms, 2 036 restaurants, providing local and international cuisine, 244 travel agencies, 174 movie theaters, 49 sports centers, and several malls, among other tourism activities²⁰. Graphic 1 shows economic revenue from the tourism sector.

Population and Employment

The first inhabitants of Chihuahua were part of different indigenous nomad and semi-nomad groups like Tepehuanes, Tarahumaras, Guarijios, Tobosos, Pimas, Jumiles, Salineros, Conchos, Sumasjumanos, Chinarras, Chisos, Tapacolmes, among other, whom, unlike the settlers from the south of New Spain, showed violent resistance to European advances, looking to occupy these lands to obtain wealth, stripping them also of their organization, culture and religion customs.

In the northwest area, now municipality of Casas Grandes, there are the Paquime ruins; Madera houses several places, among them Cuarenta Casas, in the Garabato cave. This archeological site, covers over 50 hectares, and it is considered the most important discovery in the north of the country. Approximately two thirds have been explored, finding remains of residential buildings that could have had several stories and other ceremony sites, similar to the ones from desert cultures like Anasazi, Hohokam and Mogollon, in the United States Southwest. It seems like one of the purposes of founding Cuarenta Casas was to protect Paquime's commercial routes from hostile neighbors. There are several theories about the identity of Paquime's first residents; one of them points out this place as an Aztec settlement in their pilgrimage to the South, suggesting that Piedras Verdes Valley, close

¹⁹ Statistics record.

²⁰ DATATUR, 2013 Tourism Inventory, Statistic record, available at: <http://www.datatur.beta.sectur.gob.mx/SitePages/InventarioTuristico.aspx>.

Table 4 General data and position of the State of Chihuahua.

Indicator	Period	Units	National place	Chihuahua	National percentage	National	First places
Macroeconomic Indicators	3rd qtr. 2014						
Gross Domestic		Million Pesos (2008)	\$ 13,372,727	\$ 388,421	3 %	12°	D.F., Mexico & N.L.
Gross Domestic		Million Pesos (Current)	\$ 16,197,806	\$ 449,364	3 %	13°	D.F., Mexico & N.L.
GDP per capita		Pesos (Current)	\$ 135,063	\$ 122,174	n.a.	15°	Campeche, D.F. & N.L.
GDP per capita		Dollars	\$ 10,294	\$ 9,312	n.a.	15°	Campeche, D.F. & N.L.
Population (ENOE)	4th Qtr. 2014	People	120,205,174	3,687,366	3 %	11°	Mexico, D.F. & Veracruz
Economically active population		People	52,108,400	1,593,911	3 %	13°	Mexico, D.F. & Jalisco
Total Jobs INEGI		Employed staff	49,823,798	1,526,039	3%	11°	Mexico, D.F. & Jalisco
Jobs IMSS	Feb 2015	Insured	17,221,321	763,243	4 %	6°	D.F., N.L. Mex. Gto. & Jalisco
International Trade	Jun 2014						
Exports		Million dollars	\$ 169,693	\$ 25,117	15 %	1°	Chihuahua., B.C. & Coah.
Imports		Million dollars	\$ 192,928	\$ 19,860	10 %	n.d.	D.F., Chihuahua & Jalisco
Investment	4th Qt 2014						
IED		Million dollars	\$ 22,568	\$ 1,152	5 %	4°	D.F., N.L. & Dgo.
IED Manufacturing		Million dollars	\$ 12,870	\$ 1,008	8 %		
Industry	Oct 2014						
Manufacturing Production		Million dollars	\$ 415,678	\$ 5,751	1 %	18°	Mexico, N.L. & Coah.
Immex	Dec 2014						
Jobs		Jobs	2,242,865	316,633	14 %	1°	Chihuahua, N.L. & B.C.
Establishments		Establishments	5020	477	10 %	3°	B.C., N.L. & Chihuahua
Added value*		Million dollars	\$ 120,255	\$ 7,215	6 %	5°	N.L., Mex. & Coah.
Revenue from the maquila		Million dollars	\$ 28,455	\$ 6,531	23 %	1°	Chihuahua, Tamaulipas & B.C.

Indicator	Period	Units	National place	Chihuahua	National percentage	National	First places
Mining	Nov 2014						
Gold		Kilograms	118,206	22,503	19.0 %	3°	Zacatecas, Chih. & Sonora.
Silver		Kilograms	5,731,224	1,002,747	17.5 %	2°	Zacatecas, Chih. & Dgo.
Lead		Tons	249,164	59,844	24.0 %	2°	Zacatecas, Chih. & Dgo.
Copper		Tons	514,186	16,430	3.2 %	4°	Son., Zacatecas, SLP & Chih.
Zinc		Tons	674,747	137,596	20.4 %	2°	Zacatecas Chih., & Dgo.
Agriculture	2013						
Cherries		Tons	62	62	100 %	1°	Chihuahua,
Potatoes (Seed)		Tons	14,527	13,280	91 %	1°	Chihuahua, Sonora & Mex.
Apple		Tons	858,608	684,670	80 %	1°	Chihuahua, Dgo. & Coah.
Upland cotton		Tons	587,337	418,660	71 %	1°	Chihuahua, BC & Coah.
Forage wheat green		Tons	88,175	57,678	65 %	1°	Chihuahua, BC & Coah.
Grain Oats		Tons	91,049	57,228	63 %	1°	Mexico, Chih., & Zacatecas
Walnut		Tons	106,945	64,207	60 %	1°	Son, Chihuahua, & Coahuila
Yellow corn		Tons	2,230,190	1,192,896	53 %	1°	
Forage oats		Tons	11,167,979	4,001,931	36 %	1°	Chihuahua, Dgo. & Mex.
Peanuts		Tons	99,849	23,256	23 %	2°	Sin., Chih. & Chiapas
Green Chile		Tons	2,294,400	529,052	23 %	2°	Sin., Chih. & Zacatecas
Green Alfalfa		Tons	31,270,060	6,397,195	20 %	1°	Chih., Hidalgo & Gto.
Onion		Tons	1,270,060	237,403	19 %	1°	Chih., Zacatecas & BC
Forage Sorghum green		Tons	4,785,67	637,393	13 %	3°	Coah, Dgo., & Chihuahua
Peach		Tons	161,268	19,317	12 %	3°	Michoacan, Mex. & Chih.
Livestock (Production)	2013						
Cattle beef		Tons	1,806,758	74,908	4 %	9°	Ver., Jalisco & Chiapas
Head of cattle		Tons	3,405,841	144,803	4 %	7°	Ver., Jalisco & Chiapas
Milk Production		Thousand lts	10,965,632	980,757	9 %	4°	Jalisco, Coah. & Dgo.

*Value added accounts for paid salaries, domestic consumables and consumption of goods and services.

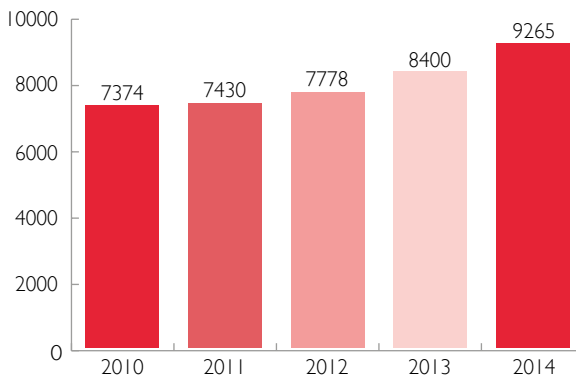
1/Estimated GDP per capita in dollars, exchange rate as of 2012, at 13.123

Source: CIES based on data from Sagarpa, INEGI and IMSS



Aerial view Ciudad Juarez, Chihuahua.

Graphic I Economic Revenue from Tourism in the State. 2010-2014 (amounts in million pesos.)



Source: National Statistic System for the Mexican Tourism Sector (Datatur in Spanish), based on information generated through the Guest Occupancy Monitoring Program; Secretariat of Economy, Department of Tourism.

to Casas Grandes, is the famous Aztlan Valley. There were findings of metal objects like charms that are also bells, crafted very similar to those discovered in the Mesoamerican region and chronologically, during the Toltec period, which had the most metallurgical development at that time. On March 5, 1999, UNESCO declared

Paquime “World Heritage Site” as part of the “Camino Real” project presented by the Chihuahua State Government.

The most vulnerable population in the state are the more than 90 thousand indigenous citizens, the majority of them from small communities in the Sierra Tarahumara, in the west



Population & jobs

Tarahumaras live in the west Sierra Madre that crosses the state of Chihuahua and southwest of Durango and Sonora. They share this territory with Tepehuanes, Pimas, Guarojios and Mestizos.



Within the original groups in the region, the Tarahumara is the largest group, taking a much wider space, reason why their territory is named Sierra Tarahumara.

side of the State. Some of them migrate with their families to the cities where they struggle with urban issues. Often, they only stay enough time to gather some goods to take home, but in some cases, they settle permanently, living crammed and without basic services.

The indigenous population represents 4.4% of total population, living mainly in the municipalities of Guachochi, Guadalupe y Calvo, Jimenez, Chihuahua,

Urique, Buenaventura, Balleza and Batopilas.²¹ Almost 70% of indigenous people do not have access to healthcare services and only between 30 to 50% have basic services (electricity, water, sewage.)²² 80.2% of indigenous population older than 5 years speak Spanish and 16.7% do not. Predominant language is Tarahumara with 84.2%, followed by Tepehuan with 7.3%, and Nahuatl with 1.2%. There is 35.4% illiteracy in total²³.

²¹ PNUD, Human Development Report for Indigenous groups in Mexico, 2010, available at: http://www.cdi.gob.mx/index.php?option=com_docman&task=doc_details&gid=161&Itemid=200019.

²² www.cdi.gob.mx/index.php?option=com_docman&task=doc_details&gid=161&Itemid=200019. ²² National Commission for Indigenous Group Development (CDI), Indicators and statistics 2005, available at: www.cdi.gob.mx.

²³ Ibid.

Other segments of the most disadvantaged population are the inhabitants in the most marginalized zones in Juarez, where they lack resources to fight drug addiction, violence, prostitution, and other problems; as well as those rural municipalities located in the state's southwest showing less development.

There are 910 198 individual households state wide, from which 94.3% have interior and exterior water piping; 92.8% have sewage and 96.3% electricity. Homes are formed of people that may or may not be related, sharing their space and earnings. 24 percent of families are headed by a woman and 76% by a man²⁴. 76% of Chihuahua's population is Catholic.

Currently, 72.7% of total population is of working age (older than 15 years old), of which 59.5% (65% men and 35% women) are economically active within the formal and informal economy. Seventy-six percent have a job, 16% are self-employed, 4.2% are employers and 2.3% don't receive pay (internships).²⁵ It should be noted in this context that Chihuahua leads with the highest number of jobs covered by IMSS in the last decade, with more than 770 thousand people²⁶.

In the last four years, more than 120 thousand jobs were created, the highest figure in fifteen years, reducing unemployment rates from 8.7% in 2010, to 4.3% on the last quarter of 2014²⁷

Based on data published by IMSS, until February 2015, 40 817 jobs were created in one year, reaching 9 914 new jobs during the two first months of 2015 and a 2.6% growth, positioning the state at the seventh place in this category²⁸. Below are additional graphics about job creation and informal-jobs ratings.

Looking at this, we can see the reality of an economically thriving state, used to live socially and economically polarized within its communities, as well as the usual cultural differences from places of origin, language and customs.

²⁴ INEGI, women and men in Mexico 2011.

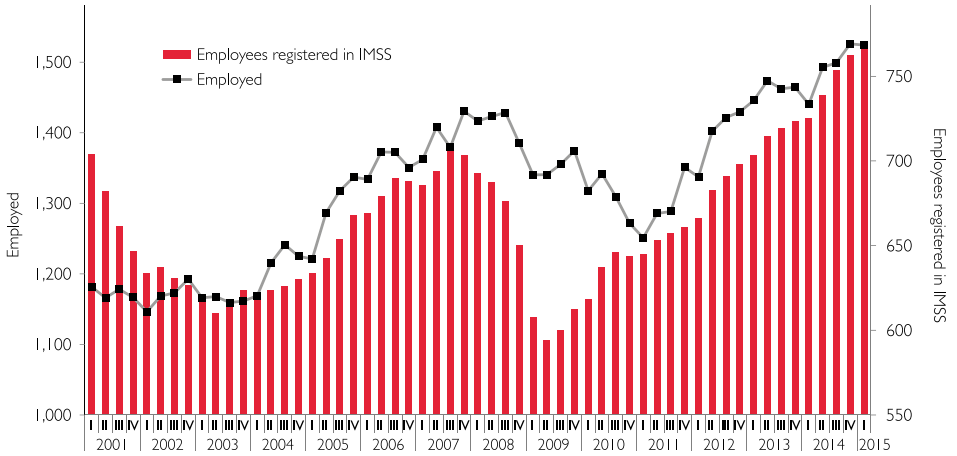
²⁵ Secretariat of Labor and Social Welfare (STPS) and sub-secretariat of Employment and Labor productivity Chihuahua, Employment information: April, 2015, available at: http://www.stps.gob.mx/bp/secciones/conoce/areas_atencion/areas_atencion/web/pdf/perfiles/perfil%20chihuahua.pdf

²⁶ *Ibid.*

²⁷ Statistic record.

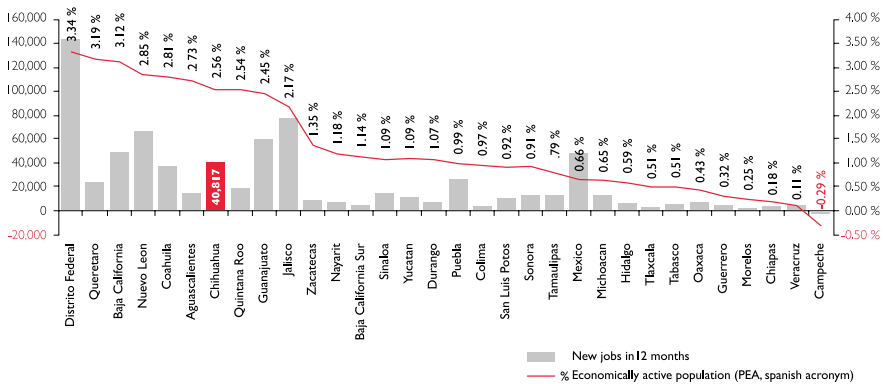
²⁸ *Ibid.*

Graphic 2 Employment evolution and employees registered in IMSS.
(Thousands of people).



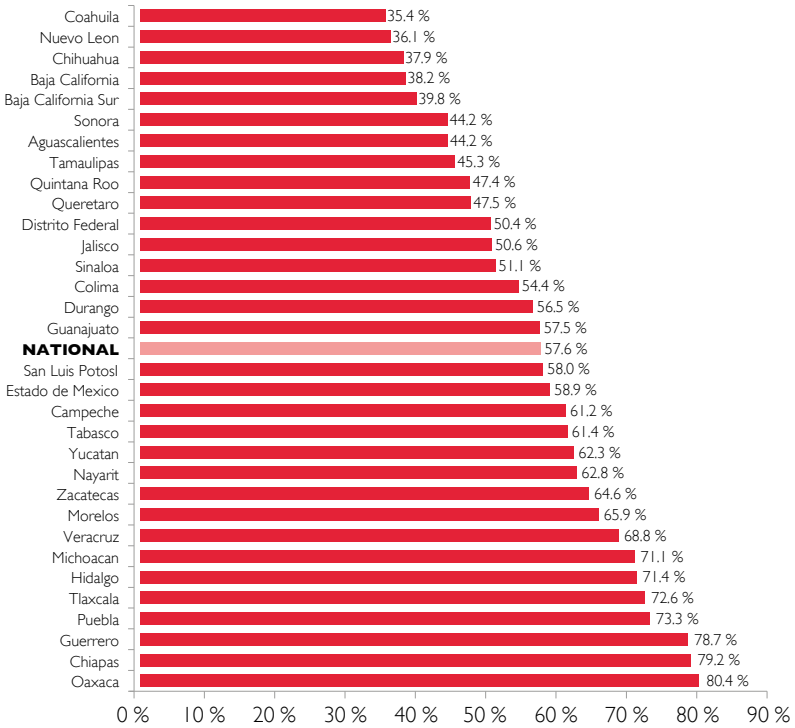
Source: IMSS.

Graphic 3 Formal jobs per state accrued during the year.
(April 2014).



Source: CIES based on data from IMSS.

Graphic 4 Rate of Informal jobs.
(First quarter, 2015).



Source: Secretariat of Labor and Social Welfare (STPS) and sub-secretariat of Employment and Labor productivity Chihuahua, Labor information: June, 2015.

Insecurity

The state of Chihuahua has been living in a climate of insecurity, becoming one of the states with the highest crime rates. This is in part as a result of its geographic strategic position for several crime groups: drug dealers and the infamous “coyotes” –criminals that are dedicated to “facilitate” the crossing to scores of undocumented people into the United States– and consequently bringing illegal activities (organized



"La Sinforosa" Canyon in Guachochi municipality.

crime, violence, prostitution, among others).

However, according to the Citizen Council for Public Safety and Criminal Justice, the most relevant case in reducing homicides in 50 of the most violent cities, is the case of Juarez, in Chihuahua, metro area that for three consecutive years (2008, 2009 and 2010) occupied the first place in the world for homicides; but in 2011 it went to second place; in 2012, number 19 and by 2014 it was positioned at 13th²⁹. According to this source, while Juarez reached a rate of 229 homicides per 100 thousand inhabitants, by 2014 the rate was 28.9; almost an 88% decrease. Unfortunately for our country, Acapulco would come to take the first place in this study with a rate of 69.6 per 100,000 inhabitants³⁰.

A slight decrease in homicides was registered at state level.

In 2014, Chihuahua had the third highest rate, with 30.67 deaths per 100 thousand inhabitants; nevertheless, between 2011 and 2014, there was a 56% decrease³¹, because during 2011 there were 3085 homicides in the state but by the end of 2014, 1 087 were registered. Ciudad Juarez in particular, reported 389 homicides in 2014 and the state capital, 184 events. According to this source, the annual rate of Juarez would be smaller, reporting 28.9 and Chihuahua 21.2, per 100 thousand inhabitants³².

Certainly, this data shows improvement, but insecurity is still a big concern. Another problem in recent years has been the mysterious killings of young women with Latino features (named “Muertas de Juarez”). The estimated number of women killed between 2001 and 2010 was 1,415, with a concentration of 57% in Ciudad Juarez³³.

²⁹ Violence in municipalities and states in Mexico (2014), Citizen Council for Public Safety and Criminal Justice, available at: <http://www.seguridadjusticiaypaz.org.mx/biblioteca/prensa/summary/5-prensa/205-la-violencia-en-los-municipios-y-en-las-entidades-federativas-de-mexico-2014>.

³⁰ Ibid.

³¹ Marguerite Cawley, “Guerrero and Chihuahua are ‘Hot zones’ for homicides in Mexico in 2012,” InSight Crime, August 1, 2013, <http://es.insightcrime.org/noticias-del-dia/guerrero-y-chihuahua-son-puntos-calientes-de-mexico-en-2012>

³² Citizen observatory, Crime Incidence Executive Report.

³³ Congress, “Press release N 3304: Urgent to classify femicide as crime in Chihuahua: Commission for Gender Equality”, April 1, 2014, available at: <http://www5.diputados.gob.mx/index.php/esl/Comunicacion/Boletines/2014/Abril/01/3304-Urge-tipificar-el-delito-de-feminicidio-en-Chihuahua-Comision-de-Igualdad-de-Genero>.

There have been several international resolutions against Mexico because of its inadequate response to the growing violence against women. In 1998, the Human Rights National Commission issued a report holding Mexico responsible for serious irregularities and negligence regarding state investigations in general, including the wrong identification of bodies, an inability to obtain forensic evidence, failure in conducting autopsies or semen analysis, as well as mistakes in filing written reports and incompetence to carry out records of the increasing wave of woman assassinations.

During April 27-30, 2009, for example, a trial took place at the Human Rights Inter American Court, with Mexico seating at the defendant's seat.³⁴ The sentence held Mexico responsible for the death of eight women due to the lack of an adequate investigation. Both the police as well as government officials have been accused of responding with indifference to women serial murders, and also showing high tolerance to these crimes, conducting inadequate and negligent investigations, providing inefficient responses and not preventing nor protecting women from violence³⁵.

Therefore, it is reaffirmed that safety progress was possible with the collaboration of all three government levels and society participation, positively impacting various sectors, but with much more to do. There is an essential aspect linked to geo-economic characteristics, that are commonly placing the state close to "God and Evil" at the same time, which is another particular element of Chihuahua, no doubt about it.

³⁴ Silvia Taúles, The Mexican government, convicted of 'femicide' in Ciudad Juárez, *El Mundo*.

³⁵ Marta Arroyo, The Mexican State, in the dock for the killings in Ciudad Juárez, en *El Mundo*.

Health and Education

FECHAC

2015

2 489 301 people have access to healthcare in the State, while 798 970 lack healthcare services, representing 23.5% of the entire population³⁶. Publications from 2004 informed that Chihuahua had 98 doctors and 46 doctor's offices per each 100 thousand inhabitants, which places the state at 24th nationally. By 2009 it already had 113 doctors and 54 offices by 100 thousands inhabitants³⁷; although not a comparable category, in 2010, the number of public medical units jumped to 553, with 5 949 physicians, and 95 private clinics with 769 doctors. Finally, during 2013 there were 579 public medical units with 5 444 doctors and 74 private units with 902 physicians³⁸.

Regarding education, from the 2 million inhabitants 15 years and older, approximately 22% (515 thousand) have completed their basic education, 3.66% are illiterate and at least 17% are enrolled in some level of post-secondary education³⁹.

The average education level of population 15+ years old is ninth grade, equivalent to almost finishing middle school. National average of same age rank population has completed middle school with an average of 8.9⁴⁰. As per infrastructure and human capital, there is a total of 6 661 schools with 39 684 professors and 164 public libraries⁴¹.

³⁶ System for Census Data Consulting (Scince), available at: www.gaia.inegi.org.mx.

³⁷ INEGI, State Statistic Annual Report 2011 (AEPEF), available at: http://www.inegi.org.mx/prod_serv/contenidos/espanol/bvinegi/productos/integracion/pais/aepef/2010/Aepef2011.pdf.

³⁸ State Statistic Annual Report 2014 (AEPEF), available at: http://www.inegi.org.mx/prod_serv/contenidos/espanol/bvinegi/productos/integracion/pais/aepef/2014/70282506398_6.pdf.

³⁹ Census Data Consulting system (Scince).

⁴⁰ 2014 Statistics by State Annual Report (AEPEF)

⁴¹ Ibid.

Drought



Natural attractions and droughts

With a large extension of land, an eighth of national land, Chihuahua has cities and many small towns with diverse tourism attractions. There are natural elements and all types of recreation sites, from highlands with wooded areas, warm prairies, to the tropical climate flora in the canyons. There are places to visit for all tastes, with the advantage of having quality tourism services nearby these natural wonders.

Some of the natural beauties to visit in Chihuahua are the famous “Copper Canyons”, a group of canyons consisting of six distinctive locations in the Sierra Tarahumara, on the northeast of the state, larger and deeper than the Colorado Grand Canyon in the United States. This place is the traditional home of the Tarahumara (Raramuri) and owns

A severe drought started in 2010 has generated an intense food crisis in the state

its name to a famous canyon with cooper mines, even though there are many of them throughout 600 kilometers.

The Chihuahua-Pacific Train Route (Chepe) goes through the canyon. On the Divisadero-Los Mochis stretch, the train goes through rough topography, passes by steep cliffs, crosses short and long tunnels, and bridges over large rivers. This is an important transportation system and tourist attraction.

Some of the most important canyons are: Urique, the deepest in Mexico (1.879 m); La Sinforosa, whose slopes include the Rosalinda and San Ignacio waterfalls; Batopilas, home of some traditional Tarahumara groups; Candameña, with the highest waterfalls in Mexico: Piedra Volada and Baseaseachi; El Gigante rock with 885 m of altitude; Huapoca, housing archeological sites of the Paquime culture, and Chinipas, less known, but holding the oldest mission in the Sierra Tarahumara.

Nevertheless, together with natural beauties and tourist attractions, Chihuahua has experienced severe droughts that have devastated crops and livestock, pillars of the

economy. Indigenous communities were particularly affected and the results can be seen in the form of malnutrition and other social pathologies.

The most acute drought endured on national territory started in 2010, given its persistence; repercussions have turned into social disasters. Chihuahua was the most affected state, the first signs came with the loss of 100 thousand hectares of crops and the death of livestock (around 200 thousand cows). It is estimated that 500 thousand people were affected by the drought, from which 125 thousand are indigenous.

In subsequent years, due to the lack of winter rains of which corn crops depend, only 45 thousand hectares were established, from the 120 thousand initially scheduled; almost everything was lost, with losses of 3 thousand million pesos, and even worse, causing a severe shortage of grains, basic food in high and very high marginalized regions in the Sierra Tarahumara. As for beans, sowing decreased from 145 747 hectares to 38 400, resulting in approximately 20 thousand tons, insufficient to cover domestic demand that varies



View of the city of Chihuahua from El Palomar Central Park

between 40 and 45 thousand tons per year⁴². There was some recovery by 2013; for example, 196 334 hectares of corn were planted as well as 115 305 hectares of beans.⁴³

Without doubt, the troubles caused by the drought can be equal or worse than insecurity itself, a reality that can only be understood by living in Chihuahua; the social and economic effects caused by this climate change can't be measured from other cities' point of view.

Into the Future

Everything indicates Chihuahua will continue to be one of the states with the highest productivity in Mexico, and insecurity will not stop new investments. It is a state with strong structural advantages that turn

⁴² Enrique Lomas, 500 thousand affected by drought in Chihuahua, Reforma for Terra, available at: <http://noticias.terra.com.mx/mexico/estados/afecta-a-500-mil-se- quia-en- chihuahua,aafc314f29135310VgnVCM3000009af154d0RCRD.html>.

⁴³ State Statistics Annual Report 2014 (AEPEF).

it into a land of many opportunities, where Maquila exports contribute with added value to the GDP and it also holds second position in revenue from tourism in the same proportion⁴⁴.

The state capital is one of the “Best cities to live 2014”, according to the Strategic Communication Cabinet survey (GCE). Other cities in first places are Colima, Merida, and Queretaro; followed by Aguascalientes, Monterrey, Mazatlan, Saltillo, Chihuahua and Nuevo Laredo, Durango is in tenth place⁴⁵.

⁴⁴ S/A, “Chihuahua: a competitive economy”, on CNN Expansión.

⁴⁵ Gabinete de Comunicación Estratégica (GCE), “Best cities to live 2014”, on City survey 2014, available on: http://www.gabinete.mx/descargas/encuesta_nacional/dossier2014/dossier_ciudades_mas-habitables-2014.pdf.



The Storm in Chihuahua during “black September” in 1990 caused severe human and material losses.



Perhaps these hard conditions have turned Chihuahuan society into an open, innovative and leader community, with strategic association projects across the business, social and government sectors; with maquiladoras and a dynamic private sector it is one of the most thriving states in the country. It had the wisdom to take advantage of opportunities and leave behind the stigma of violence; people show their abilities and competitiveness to the world.



Generations have left a legacy of strength, overcoming several crises through a cross-sector agreement, with a result reflected in various successful organizations; especially one, to which this book is dedicated.



Trust official formation

Business people and public officers negotiating funds with the Federal Government to promote social development through Fechac.

Letters from business requesting to the State Government the creation of the Chihuahuan Businessman Social Fund Trust.



The Trust

The Mirror Effect: The Trust Fund and the Foundation



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As mentioned earlier, Fechac is the result of multiple factors coming together at the right time, regardless of a natural event as the reason behind the first agreement: a severe storm in 1990 at the state capital that destroyed and affected multiple homes, schools, clinics, putting a sector of the community in a desperate situation of need.

This may look paradoxical, since we just mentioned in the previous chapter the damages caused by droughts in the last years, but it only proves how Chihuahua's reality is full of contrasts.

From the moment the storm arrived, an initiative by Chihuahuan businessmen emerged, focusing on reconstructing the city. At that time neither the Foundation nor the Trust Fund existed, only a joint effort with many intentions that at some moment would become the base of the institution, reason of this book.

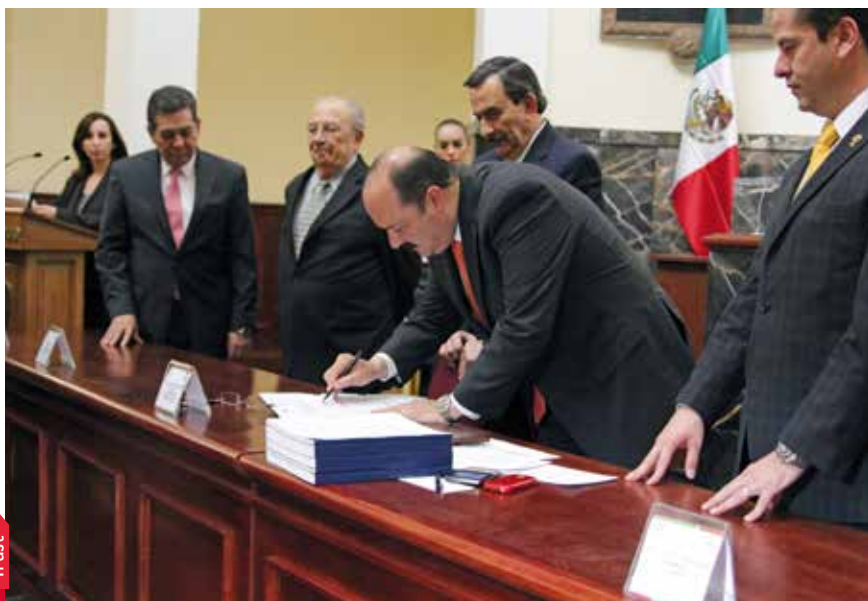
In the beginning, the big question was about what could be the best instrument to collect enough funds and make a significant impact. The businessmen knew there was a great social consciousness about the natural disaster that just happened, as well as its consequences; they had the support from businessmen from several cities, and therefore the objective was to join all businesses and not only those more committed or representing a larger economic impact.

In this context businessmen found out that the State Government was the only entity with ability to collect funds from all businesses, and through the Secretariat of Finance (now the Secretariat of Treasury) they could gather the funds. The monies would have to enter as a special tax under the Revenue Law (*Ley de Ingresos*), because, if it was set as a voluntary contribution, it wasn't going to reach the goal of incorporating every business into this initiative. This is how the businessmen, in an unheard action in this country, submitted a request to the State Government to charge a special tax to those subject to the Payroll Tax (*Impuesto Sobre Nomina*, ISN). This request was endorsed by 24 business chambers in Chihuahua (now 52), representing all the businesses in the state.

The money collected in 1991 would be managed through a trust fund for the reconstruction of damaged areas by the storm, and would be invested between 1992 and 1993. At that time, businessmen proved the effectiveness of private philanthropy that gave life to the plan of forming a new trust fund to give continuity to the initiative, that based on a decree, would receive funds to benefit the Chihuahuan people.

The Trust

Both the State government and the Local Congress supported the 10% special tax on the Payroll Tax in 1991, but by the end of 1993, after learning the effectiveness of the model, and



Trust

Cesar Duarte Jaquez, State Governor, signs the initiative to reform the Chihuahuan Business men Social Trust Fund, with the presence of business men and government officials.

facing the impact of the drought throughout the state, an armed uprising in Chiapas and the general lack of resources, the business initiative to issue a new decree would be approved by the State Congress in 1994, creating the Trust Fund called “Chihuahuan Businessmen Social Fund”, that would be valid for a period of six years (until 2000.)

According to the Foundation’s past three chairs, the main key of success for this social project resides in its collecting model, since the majority of the revenue for the Foundation comes from the added percentage applied to the Payroll

Tax, paid by Chihuahuan businesses, and even though it does not represent the Foundation’s 100% income anymore, it still represents the majority of its resources. It also receives contributions from federal and local governments, national and international institutions, supporting a specific program. Since 1996, an average of 22% of additional contributions to the entrepreneurial funds has been collected through the Trust; it has surpassed 30% in the last six years.

The board members have added their voluntary contributions to other donations and



Businessmen and public officers from all regions in the state of Chihuahua, meet at the Technical Committee of the Social Fund Trust of Chihuahuan Businessmen.

increased their asset funds by 503%. By 2014 it obtained 20 790 793 pesos from additional funds, accounting for 9.53% of total contributions. All 130 advisors also participated with 17 965 hours of volunteer work, reducing administration and operation expenses by 8.66% from total revenue. The collecting model contributes to this success since it promotes a sense of responsibility. Samuel Kalisch, founding chairman of the Foundation, says that it is because of the roots of this system, that businessmen have given a value or sense to belong and transcend. “What would happen if all the money received would come from two or three sources only? It would probably not have the same social impact and this model would be very similar to other institutions.”

Also, this special contribution, that is not really a tax, is understood in a similar way, facilitating understanding of the collecting method to those not familiar with legal terminology, which is very positive and able to communicate the model to everyone.

The Trust Fund is an independent entity from Foundation of Chihuahuan Businessmen created later to constitute the channel through which businessmen contributing in the Payroll Tax send their special contribution to the community. The related capital to the additional tax is collected by the State Government, through the Secretariat of Treasury, which collects it and deposits monthly into the Trust Fund, that also deposits into the Foundation as projects are approved and operational costs are monitored. A graphic simulation of the collecting process can be seen in Graphic 4.

According to the Registry and Credit Operations Law “it is within the Trust that the grantor transmits

toward a fiduciary institution the ownership of one or more goods or rights, whatever the case, for those legal and determined purposes, assigning those to the fiduciary institution”.

In other words, a trust fund is a legal instrument that allows the transmission of one or more goods, money or asset and future rights, to a regular or legal entity, called fiduciary, to be managed or invested according to a contract, in favor of the own grantor or a third party called the beneficiary.

The Trust Fund does not have a structure or means of operation that can be used for its own purposes. In this sense, Fechac’s participation has been key to achieve the goals of the trust; this

Graphic 4 Simulation of Fechac’s collecting process.



Source: Fechac.

relationship is established through a collaboration between the Foundation, the fiduciary and the Trust Fund Technical Committee. In order to have the association and receive the funds, according to the agreement, they must be applied to the purposes indicated by the Trust Fund Technical Committee, therefore, assuming responsibility for the accountability of its application to the Committee.

In other words, the Foundation's relevant participation and its collaboration with the Trust Fund turns all its experience, infrastructure, technical, human and organizational capacity accepting applications from all civil organizations and public entities to support programs, actions, works and projects; after an institutional analysis and other procedures, its viability, affinity and financial structure is determined, then submitted for approval to the Trust Fund Technical Committee. Once approved, it will be implemented through Fechac, which delivers the funds and supervises the development and execution.

It can be said that this collaborative method is the link that completes this virtuous circle, in which all parts involved are fully convinced that the participation of everyone is indivisible; in other words, the framework of an institution like Fechac is what can make possible such a success.

Below is a sample of the way the special contribution is calculated:

Monthly Payroll of \$100000

ISN (payroll tax) to pay: \$1 116.71

+10% special contribution to Fechac \$111.67

Monthly Payroll \$1000000

ISN to pay: \$21 845.25

+10% special contribution to Fechac \$2 184.53

The decree is not permanent; Chihuahuan businessmen have lobbied and obtained a renewal four times since 2000. In the first two times, the effectiveness was extended for three years, the third one for six and the last one for ten. Each renewal was published at the Official Gazette of the State of Chihuahua, being the last one the Decree 1131 113/2012 I.P.O.

This promoted a dynamic participation. Thanks to its temporary nature, every decree renewal serves as a reminder to the more than 31 thousand businessmen of the impact of their contribution that started approximately 20 years ago, since many businessmen are not aware anymore of their reason and their impact in Chihuahuan society.

Certainly, the number of employers has had important variations transferring the impact towards the contributions by the Trust Fund, although not necessarily proportional. For example, by 2008 there were 38 thousand employers in the state and their contribution to the Trust Fund amounted to \$ 118 147 259; while in 2010, as a result of the global economic crisis and local insecurity, it decreased to 29 thousand employers contributing \$ 108 674 049, proving that fortunately that the impact was less than expected. In this sense, by the end of 2014, there were 33 thousand employers registered. There is a description of renewed decrees to date in Graphic 5.

Governance Structure

One of the main reasons proposed was the use of the legal entity of a Trust Fund to be the possibility of being ruled by a Technical Committee formed of a majority of businessmen, in a way that the amount collected upon their request to contribute voluntarily to the Payroll Tax, remains under the responsibility of the business sector, in collaboration with the State Government. Thus, the collecting box of the State Treasury would gather the funds like no other entity could do it, but it would be the businessmen holding majority in the governance

instrument of the Trust Fund, therefore, deciding the fate of funds, complying with the regulations of the legal entity.

In accordance to the paragraph in Article 80 of the Credit Institutions Law, the former Secretary of Finance and Administration of the State of Chihuahua, as grantor, formed a Technical Committee, responsible for authorizing and supervising investments made with funds from the Trust Fund (F/47611-9).

Currently, the Trust Fund Technical Committee is formed by 30 members: four representatives from the State Government (heads of the Secretariats of Education and Culture, Health, Finance and Social Development), three congressmen appointed by State legislature, two Mayors proposed by the State Congress, 20 members from the Business sector, elected by legally established organizations in the municipalities of Ciudad Juarez, Chihuahua, Nuevo Casas Grandes, Delicias, Parral, Ojinaga, Jimenez, Camargo, Guachochi and Cuauhtemoc; and a Technical Secretary (also a businessmen)

Graphic 5 Validity of Decrees established between Fechac and Chihuahuan businessmen.

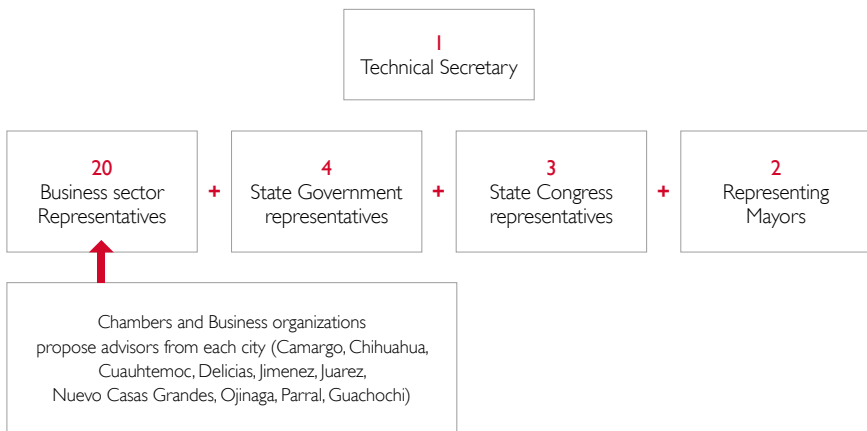
Type	Published in the Official Gazette	Term		
		Start	End	Duration
Original decree	April 30, 1994	May 1, 1994	December 31, 2000	6 years
First renewal	December 23, 2000	December 31, 2000	December 31, 2003	3 years
Second renewal	December 24, 2003	December 31, 2003	December 31, 2006	3 years
Third renewal	December 27, 2006	December 3, 2006	December 31, 2012	6 years
Fourth renewal	January 30, 2013	December 31, 2012	December 31, 2022	10 years

Source: Fechac.

appointed by the majority of the committee members, representing all regions in the state.

On the other hand, the Foundation’s governance body is based on the form of a Board of Directors, formed by the 20 businessmen and the technical secretary belonging to the Trust Committee (The Trust Fund technical secretary is the Chair of the Board in Fechac’s State Board of Directors). Also, 130 more businesspeople participate in the Foundation, as advisors and contributing with more than 19 thousand hours of volunteer work every year. These advisors are proposed by business organizations in each main city, state-wide, where local boards are formed with 12-22 employers participating, approximately. Each local board appoints two members to represent them before the Fechac’s State Board of Directors and the Trust Fund Technical Committee.

Graphic 5 Integration of the Technical Committee for the Chihuahuan Businessmen Social Fund Trust.



Source: Fechac.

Trust Objectives (Goals)

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2015

According to the established rules from Decree 1131/2012 I.P.O all contributions raised voluntarily by Chihuahuan businessmen, through the special contribution as an additional tax on the Payroll Tax, should be deposited in the Trust F/47611-9 (Chihuahuan Businessmen Social Fund) which, according to what was stipulated by the decree, currently has the following objectives:

1. Contribute to social and human development for the people of Chihuahua, through programs, actions, plans and projects that can help strengthen their ability to solve their needs and problems.
2. Contribute to the healthy development of groups and individuals in situations of risk due to their physical, mental, legal or social vulnerability, abandonment or defenselessness.
3. Promote actions and programs aimed to address people's needs as a result of natural disasters, emergencies or similar contingencies.
4. Strengthen the ability of groups or individuals in situation of situations of risk due to their physical, mental, legal or social vulnerability, abandonment or defenselessness, to solve their needs, exercise their rights and integrate harmonically into the social, labor and family environment.
5. Support programs, actions, plans and projects to address, promote, prevent, protect and rehabilitate health and wellness.
6. Contribute with training and educational processes for life and work.
7. Strengthen abilities and performance of civil society organizations, so that they can contribute to reach their goals and the ones indicated by the Trust, previously justified and assessed for their social impact.



a



b

a. Fechac Staff
Camargo, Chihuahua,
Cuahtemoc,
Delicias, Nuevo
Casas Grandes,
Ojinaga y Parral.

b. Fechac Staff en
Ciudad Juarez.

These objectives have historically established the guidelines for the actions of businessmen; however, there was one institution missing in order to allow the construction of an operational structure based on task groups that could increase the social impact attained already by the Trust Fund Technical Committee. A Foundation would be the ideal institution to operate current funds and create additional income, functioning as a mirror for the Trust Fund.

The Foundation

During the period covered by the first decree (1994-2000), Chihuahuan businessmen consolidated the plan to create a Foundation as a legal entity, which would allow a better interaction with other organizations, receive additional funds, a new operational ability and independence, to serve as an operator for the funds from the Trust Fund.

FECHAC is a vehicle used by more than 33 thousand businessmen to convey their support to the community. It is an independent, self-directed, not affiliated to any political party and nonprofit organization, dedicated to address critical needs from the community in comprehensive basic education,

preventative health and development of social capital, with the purpose of improving the quality of life in Chihuahua, fostering corporate social responsibility, public participation and competence building for organizations.

Fechac's Structure

Just like the Trust Fund, the Chihuahuan Businessmen Foundation has its own governance body leading all legal aspects, including management, administration and control of funds. It holds the Foundation's power and legal representation, and is able to decide its direction and destination. It is integrated by the General Associate Assembly, the Board of Directors and local advisory boards; it is overseen by the State chair, who also holds the Foundation's legal representation.

Different from the Trust Fund, there are no state representatives and its existence does not depend on a decree. The organization consists of distinguished citizens, standing out for their activities. The governance bodies are as follows:

- General Associate Assembly, the association's supreme authority and full representative for all its members.
- Board of Directors, formed by special committees, to whom the General Associate Assembly empowers to direct and manage its assets.
- Local Boards, empowered by the Board of Directors with specific tasks.

Additionally, in order to efficiently address the community's urgent needs across the state, Fechac employs 75 full-time employees, in nine cities. There is also a central office that provides support and coordinates state-wide efforts. Operative employees work under the leadership of 130 advisors, represented by the Board of Directors; all of them are appointed businessmen in collaboration with business associations in their city, who contribute voluntarily with their talent and

experience to assess projects. Also, each region is represented at the highest governance body, validating proposals and projects. The Board of Directors consists of:

- One chairperson.
- Two business representatives from Nuevo Casas Grandes, Ojinaga, Cuauhtemoc, Delicias, Camargo, Jimenez and Parral
- Three representatives from Chihuahua
- Three representatives from Ciudad Juarez
- One representative from the Sierra (rural) region
- One state general director, even though he/she does not have the right to vote because of his/her operational position.

Work is carried out through special committees where topics or projects are discussed; they are then submitted (after assessment) before the Board of Directors during their monthly session. An important part of this work has been defining guidelines for the institution: vision, policies and procedures.



Fechac Board of Directors.

There is a recurring program of visits to strategic projects and they receive administrative support when they face operational challenges. A wide database of donations has been established, providing information about geographic, demographic distribution and focus areas, among others.

The volume of applications within the ten main regions justifies establishing operational offices. In each of these cities there is a local board formed by businessmen, 12-22, who review the proposals for projects in their regions, conduct visits and assess each application.

Initially, local advisors were also the chairs of different business organizations in Chihuahua. With time, they were replaced in their organizations but remained in Fechac's local boards until completion of their term as advisors.

Participation from businessmen within the entire state is very important for the organization; in consequence, each of the major cities is represented by two advisors at the State Board of Directors, with a maximum term of six years.

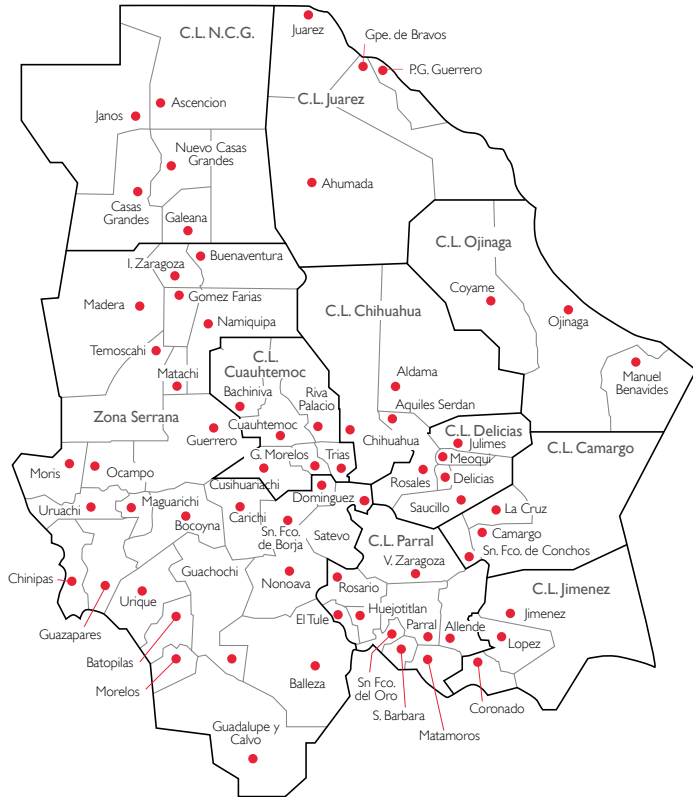
Figure 6 shows distribution by region of each local advisory board.

A cutting-edge community foundation

Fechac defines itself as a community foundation. Unlike a business foundation (created and operated under business-like criteria and resources), or a family foundation (also created and operated under a family or individual's criteria and resources), a community foundation is born and operates under the criteria and resources of people from various sectors and social activities, to contribute with their time, talent and resources in a specific geographical area for the benefit of the community in which they live and work. Its core activity is to raise funds and professional distribution for community development.

It is a community foundation that promotes citizen co-responsibility, is supportive and caring in the solution of

Figure 6 Regional distribution of local advisory boards.



social challenges in the community so that donors or social investors join through their donations.

It provides information, follow up and assessment of projects for social investment, directing resources for local development in a professional and efficient manner. It connects stakeholders, sectors and initiatives, creating a synergy to benefit the community. With time, Fechac has practically stopped operating projects, concentrating in supporting other organizations to directly carry out their projects. It is also an authorized entity to issue tax-deductible receipts.

Camargo	Chihuahua	Cuauhtemoc	Delicias	Jimenez	Juarez
Camargo La Cruz San Fco. de Conchos	Aldama Aguiles Serdan Chihuahua	Cuauhtemoc Bachiniva Cusihuiñachi Riva Palacio Triás	Delicias Julimes Meoqui Rosales Saucillo	Coronado Jimenez Lopez	Ahumada Gpe. de Bravos Juarez P. G. Guerrero

Nuevo Casas Grandes	Ojinaga	Parral	Sierra region		
Ascencion Buenaventura Casas Grandes Galeana Janos N.C.G.	Coyame Manuel Benavides Ojinaga	Allende El Tule Huejotitlan Matamoros Parral Rosario San Fco. del Oro Santa Barbara Valle de Zaragoza	Balleza Batopilas Belisario Dominguez Bocoyna Buenaventura Carichi Chinipas Gomez Farias Guachochi	Guadalupe y Calvo Guazapares Guerrero Ignacio Zaragoza Madera Maguarichi Matachi Morelos Moris	Namiquipa Nonoava Ocampo San Fco. de Boria Satevo Temoscahi Urique Uruachi

Source: Fechac.

Under this model, the Foundation is a community foundation that:

- Provides financing to improve the quality of life for people in a specific geographic region.
- Supports nonprofit groups to address different needs in the community (emerging and changing.)
- Seeks to build a permanent and long term resource for the community (endowment funds).
- Is under the direction of a business board.
- Is independent from the control of government, organizations and donors.
- Helps donors to meet their philanthropic goals.

To achieve this, it constantly seeks strategic alliances with governments, businesses, national and international agencies, and other foundations and institutions to contribute and strengthen its work. Systematically, it conducts research in order to determine the best models for social intervention and incubates social projects, later operated independently from the Foundation. Civil society organizations are considered Fechac's partners, because they collaborate in its work.



Fechac received the "Fray García de San Francisco" award, highest honor given by the council to institutions contributing to the benefit of the community.

The formula for a successful Shared Social Responsibility Model

The conditions that coincided so that Fechac could be born as we know it today were multiple and complex. This social project would not have been possible if the 1990 storm would not have happened. Frequently, crisis create urgent reactions, proportional to the cause. In Fechac's case, the reaction of businessmen did not have any precedent, the same way the storm was extraordinary.

Nevertheless, it is the Cross-Sector Cooperation Model what makes the Foundation an atypical successful case. As stated before, the participation of the state in the collecting framework, and the decree allowing the collection of a special contribution to all businesses were instrumental; there wasn't any other way to make small quantities of money, sometimes imperceptible for businesses, to become a significant contribution. Any other form of collection would have never accomplished integration from all businesses towards one sole purpose.

Another key element has been the leaderships directing the social initiative in different phases. To start, it is inevitable



a. Samuel Kalisch Valdez, Fechac's state chairman from 1996 to 2002.



b. Pablo Cuaron Galindo, Fechac's State chairman from 2002 to 2008.



c. Eduardo Touche Hernandez, Fechac's state chairman from 2008 to 2014.

to mention the leadership of those who started this initial effort so that all the chairpersons from business chambers and the State Government would participate in the success of this project; a crusade that would seem simple. But after 20 years of existence of this social initiative in Chihuahua, it has proven in other states to be an almost impossible task. It had to have the commitment, vision, prestige and the ability to call for action from businessmen like Samuel Kalisch, who dedicated almost his entire time to this project. It was by coincidence that the political environment in the state was favorable, because the Governor at that time, Fernando Baeza, was looking to establish contact with the business sector to strengthen his recognition within the population; therefore, the right conditions to have the project approved were there.

Afterwards, each one at his own time, both Pablo Cuaron and Eduardo Touche would continue the leadership of the already materialized project; Fechac, attained the renewal processes of the decree, as well as the institutionalization and consolidation processes for the Foundation. In the words of Eduardo Touche: "Samuel planted the tree, Pablo straightened the trunk and now the foliage is being re-directed." Of course, we could not leave out the work of the Foundation's Board and staff, led by Adrian Aguirre, who has participated since the beginning and together with Fechac's three past chairs has

accomplished a successful case that not only is crossing borders but it is also positively impacting thousands of lives.

Leaderships were diverse and not only from the formal leaders. For example, when the initiative was in the early stages, during a meeting held in Ciudad Juarez, each businessperson spoke: for some of them the argument was negative because they considered that the project had a purpose that was “the government’s job”, when one of the most important entrepreneurs in the city took his turn, he argued that “This is the most extraordinary project to do something for the community I have listened to in my life; we can help little by little”. As domino effect, consensus was reached after the second round. A strong influence changed the course and getting a consensus from all businessmen was a big challenge, as Pablo Cuaron mentioned.

Also, it is necessary to mention the irreplaceable participation from the advisors. In order to explain the model, we have to understand that part of the success is the money raised, but the other fundamental side is the human capital into the selection, direction, execution and follow up of the projects. The advisors are the cornerstone of this effort, their donated time to the Foundation is very valuable, both in an economic value and results: they contribute more than 17 thousand work hours of voluntary work annually.

Finally, we can’t forget that because of Fechac’s community nature, participation of first-level organizations is fundamental; they are the ones that directly execute the projects. On this basis, the Foundation affirms its commitment of establishing alliances, follow up and promoting their professionalization. Also, it is important to highlight the support to projects from public institutions serving disadvantaged people.

That shows we have a model of shared responsibility where the State Government, businessmen and civil society participate, with the Foundation of Chihuahuan Businessmen is the common ground.

The foundation has achieved the cooperation,

collaboration and ability to call for action that are needed to work in conjunction towards the same purpose: a common good. All the contributors are people with team loyalty always willing to work for social causes, with commitment to service.

As a result of the model, social works and aid achieved a multiplied effect of 3 to 1, since it has become common that those projects supported by Fechac usually obtain funds from the federal, state and local governments, as well as from other businesses, national and international organizations. For each peso invested by the Foundation in a project, it can obtain two more pesos from other entities.

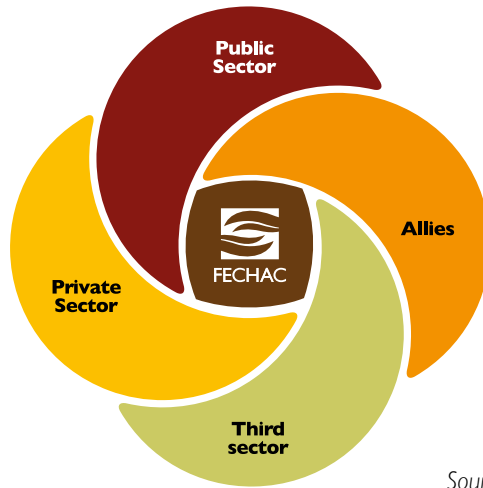
The society is intervened under a shared social responsibility model, together with the business sector, which provides the funds; the State Government, collecting them; and the civil society organizations, which directly contribute in the development of the beneficiaries.

A road with structural difficulties but transcendent victories

As it often happens with success stories, they rarely take place in ideal scenarios and usually transcend because of the obstacles they overcome; this is Fechac's case. In 2000, lawmakers renewed the decree established in 1994 in order to continue contributing with social funds through the Trust, however, some public officers would try to turn it into a semi-public entity, which would have had the organization to lose its essential characteristic of being an initiative with businessmen and volunteers.

This situation would be the first test for Chihuahuan businessmen and their will and conviction to defend their initiative from who was politically leading the decree renewal with the State Governor. At the end, social and business pressure created from various sectors had the renewal approved as it was expected by businessmen, but it would be valid for only

Figure 7 Shared social responsibility model by Fechac.



Source: Fechac.

three years; thus, another renewal before the end of governor’s term would have to be lobbied again.

By May of 2002, Samuel Kalisch, a businessmen from the state capital, would leave his legacy to Pablo Cuaron, a businessman from Ciudad Juarez, who would start the moment he got elected by the Board of Directors, becoming the new chairman of the Foundation and the one to get the endorsement from 38 thousand businessmen, to continue working in social development.

Based on results obtained through a framework of social responsibility, the government and lawmakers would renew the decree for the second time, letting the Foundation to enter into a phase of “consolidation and transcendence.”

But renewal was not going to be easy. By December 18, 2003, the issued decree established that the governance structure for the Trust Fund, previously consisting of 19 businessmen and four public officers, was being restructured with nine businessmen, nine public officers, from which a new technical secretary was going to be appointed (in dislike of the business



Fechac's advisors contribute approximately 17 thousand volunteer work hours throughout the state.

sector since the decree had been previously lobbied and it was not resembling the agreed version). This change within the governance body did not mean to lose the Trust Fund's power or course to decide over its fate or resources. From that date on, a new lobbying effort would start to try keeping the essence of the governance structure and the Trust Fund, and to guarantee the continuity of the social initiative as it had been in its origin. The viability of Fechac was at risk, because if the Trust Fund was not under the control of the businessmen, they could

not assure its resources would be transferred to the Foundation.

During a press conference a day after the decree was issued, both members and partners from all business organizations requested the State Congress to respect the initiative entirely, as it had been presented before the state Governor, and also requesting his support in order to, through his power, immediately stop the congressmen from the LX legislature and modify the initiative he had submitted previously.

Several business associations from Chihuahua and Juarez



published open letters expressing their disagreement and asking the Congress and the Governor to stop the changes to the Trust Fund. Even several business leaders peacefully protested outside the State Government offices.

By December 23, several meetings between businessmen and the Secretary General were held, lastly, with the Governor and the president of the Congress, to conclude that the Governor would not veto the Decree and it would post at the State Official Gazette, to allow the Trust Fund to keep receiving funds and in

full capacity. Because of this, the Business Coordinator Council and Fechac would begin actions to achieve the ammend of the article that modified the governance structure for the Trust Fund.

In January of 2004, business leaders began negotiations with the Chair of the Permanent Commission in the Congress and reached an agreement among all parties.

Under an environment of constant pressure and negotiation, they made it possible to have what was agreement back to the same structure that was reached. On a



Work tables

side note, during that time, the Social Development Secretary (Sedesol, in Spanish), Josefina Vazquez Mota, was in town presenting the book “Best Social Practices”, that included a chapter about the Foundation, considering it an example of social aid. Although circumstantial and unplanned, this fact would have a positive impact, in achieving the new decree, per comments from Pablo Cuaron.

The new agreement would be established based on a framework where the business sector would keep having majority at the governance body of the Trust Fund, as well as the review and amendment of other documents –for example, where it stipulated that Fechac would be the association operating the funds from the Trust Fund. Then, on February 12, the Governor would send to the Congress the initiative for the amendment (consensus among the business community, the executive power and legislative representatives.)

Public officers, congressman and business leaders coordinate within work roundtables to renew the decree for the Social Fund Trust of Chihuahuan Businessmen in 2003.

Finally, on February 24, 2004, the initiative was approved unanimously, with some specifications to legally protect the Trust Fund and setting a structure with a Technical Committee that was accepted by everyone.

The Decree was extended for three more years, until its renewal in 2006, which, with the experience of the previous two efforts and the right conditions, it was approved without any major issues. It would have a term of six years, which would expire in December of 2012, when a new endorsement would be sought, then under the leadership

of the current chairman, Eduardo Touché. In December of 2012 the businessmen confirmed their commitment with the community by unanimously requesting the government and the Congress to renew the decree that for more than two decades allowed an extraordinary contribution. The solidarity and maturity of the government approved the continuity of this alliance. Therefore, the flow of funds to invest by Fechac, under the supervision of the businessmen was secured for ten more years.

Nevertheless, months before the signing of the renewal,



Fechac: example institution

Presentation of the book "Best Social Practices," 2003 by the Social Development Secretariat, where Fechac is recognized as an exemplary institution.



complications and questions came up about some doubts regarding the activities and work of the Foundation.

In Touche's words, chairman in charge of the negotiation of the decree: "Fechac is an organization recognized to be a transparent and one of the most trusted Foundations." Doubts were about the operation of the Foundation: how funds were being raised, who was using them, how they were being distributed, etc.

Round tables were established, where it became clear that the Foundation was not asking for the special contribution, it was the more than 31 thousand businessmen. It was not a matter of personal or political interest, and eventually those questions were answered.

An opportunity was granted and some changes were made to the Trust Fund, after 18 years without any adjustments, some of which are listed and the complete decree is attached at the end of this book:

- Two more members were added to the Trust Fund Technical Committee: the Ministers of Health and Treasure. The inclusion of the Secretary of Health was requested since its one of the Foundation's focus areas and therefore important to learn what is happening on that matter; and the Secretary of Treasure, because being the trustee managing the funds it is important to have him closer and for him to learn the Foundation's system.

By 2006, the Technical Committee of the Social Fund Trust of Chihuahuan Businessmen visited Governor José Reyes Baeza Terrazas to propose renewing the decree.

- Two more business advisors joining from the mountain zone, not represented until then.
- One more Congressmen, for a total of three.
- Fechac follows a code of ethics under which all advisors and collaborators live by. Now, it is added to the Trust Fund, because the government thinks it is important to have it not only in the Foundation.
- Public information will be published every three months on the most important newspapers in Chihuahua and Juarez, with regards to the funds raised and investments by the Trust Fund. This information can be accessed on the web page, but it is important to have public access.
- A fund of 5 million pesos was raised for natural disasters or emergencies with the intention to increase it every year in the same amount. If the funds are not used in three years they will be invested for other purposes:



Signature ceremony

Signing ceremony for the 2012 decree Initiative of the Social Trust Fund of Chihuahuan Businessmen

Chart 6 Timeline of the social initiative carried out by the Chihuahuan business sector.

Date	Event	Chihuahua Governments
1990	Storm destroys Chihuahua's capital. Trust is created to rebuild damaged zones.	Fernando Baeza Melendez (1986-1992) PRI
1994	Decree for contributions and establishment of The Chihuahuan Businessmen Social Fund Trust for six years.	Francisco Barrio Terrazas (1992-1998) PAN
1996	The Chihuahuan Businessmen Foundation is established to operate the Trust.	
2000	First decree renewal (three years). Failed intent to turn the Trust into a semi-public organization.	Patricio Martinez Garcia (1998-2004) PRI
2002	Samuel Kalisch leaves the chair to Pablo Cuaron.	
2003	Second decree renewal (three years). Intent to modify the governance body of the Trust to level up government and business representation. Start of negotiations to observe original initiative for the decree.	
2004	Completion of negotiations and the governance body for the Trust is kept under business sector leadership.	
2006	Third decree renewal (another six years).	Jose Reyes Baeza Terrazas (2004-2010) PRI
2008	Pablo Cuaron leaves the chair to Eduardo Touche.	
2012	Fourth decree renewal (10 years).	Cesar Duarte Jaquez (2010-2016) PRI

Source: IPADE.



Fechac Meeting

A place for civil society organizations to share experiences, connect and expand their vision on the third sector:

these are controlled by the Trust Fund but distributed by Fechac.

- The Trust Fund social object was defined on six items that were very limited. Through time, it needed change, allowing for changes in items and expanding the ability to help.
- A seventh item was added for training and professionalization of the people doing the work to serve the beneficiaries; this and before it could not be addressed because it was not included and it was unable to receive any support.

As always, the dynamics for renewal of the decree was the pivotal point for Chihuahuan businessmen, because as we know, in order to continue this work, it is required to have political support, due to the natural uncertainty caused by changes in government, political party culture and personal style of each authority. In this context, the obvious question is: what would happen if the government does not renew the decree?

Fechac would not disappear, although the collection

model would have to change to subsist, at least during that government term. New negotiations with businessmen would have to be held, who, without the obligation to contribute, could abandon the initiative. However, it is clear that the original model in which the Foundation's existence is based would have to take a step further into a completely different model.

To this date, the social initiative by Chihuahuan businessmen, implemented with the Trust Fund and strengthened by the Foundation, has not only been a model of social effectiveness, but a model for political cooperation too; and not just because of the Shared Social Responsibility Model, but because this initiative achieves political participation from businessmen, understanding it as involvement in the matters of the city (not necessarily government). It accomplishes to have two sectors that are naturally competitive with each other, to find a common ground to close gaps and join efforts.

It had never been seen a business sector requesting a new tax, a model of cross-sector cooperation had never happened before, but also, it had never been seen in our country a business sector with the power to lobby with a government and defend what was their own right: the citizen right to participate in politics to resolve matters of society.

A strategic vision with social responsibility



FECHAC
2015

It is well known that one of the biggest weaknesses of most CSO's (civil society organizations) in Mexico is the lack of professionalization and planning. There are of course, organizations with a high level of institutionalization, but in reality, the sector is known for good intentions and less for structure and professionalism.

It is a sector with few statistical data about CSO's development and evolution, but according to the study "Assessment for the civil society organizations in the state of Jalisco"⁴⁶, these types of organizations are focused on the practical solutions for people's problems, that seek their support without going in depth about their own structure and planning::

- Organizations with operational planning: 49%.
- Organizations that conduct strategic planning: 28%.
- Organizations without procedure manuals: 53%.
- Organizations with a strategy to raise funds: 44%.

This indicates there is a big challenge to improve the efficiency of services, the possibility to grow in terms of users and even

⁴⁶ Human Development Secretariat and ITESO, 2007.



Fechac Strategic Planning, Study Center Ichimeame, Creel, Chihuahua, 2004.

to avoid closing of institutions providing services in urgent need.

As we can see in the data provided, the number of organizations with a strategy to raise funds does not reach 50% and less than 30% of them have a strategic planning. These are the basic reasons why CSO's are born with a low life expectancy rate.

Foundations usually focus on programs targeting social problems that justify their existence, perhaps in a similar way that a business which focus its sales based on a market; however, it is different from the private sector since companies look for profits, viability and a solid organizational structure; CSO's sometimes seem to think their nonprofit nature as the ability to sacrifice institutionalization.

A civil society organization should always remember its primary objective is to solve its focused social needs, but it can't forget sustainability is a key and necessary element to reach its goal. The Foundation clearly sees that sustainability depends on an institutionalization process to which it has been subjected since its creation.

In an ongoing improving institutionalization process, Fechac understood that aside of institutionalization it should also focus on planning and defining its goals, not only for the following years but the next quarter of a century. Social needs are not generally solved in the short term; there are deep problems that take decades to be resolved,

therefore, the Foundation strategy should be long term as well.

Vision 2020

A strategic focus and intervention areas for the Foundation were determined by the local advisors and board members in their roles as representatives of Chihuahuan businessmen, based on state studies and the life conditions of Chihuahuan families, the opinions of business leaders collected

through a state-wide survey, a panel of experts in social development and its own experience acquired through the Foundation; that would be captured in Vision 2020. Beyond giving donations, the vision would be to invest in strategic social projects that would create measurable outcomes. Thus, starting with the 2007 focus would be limited, reducing the areas for institutional intervention. Even though it implied giving up to valuable projects, focusing in less areas would generate a greater

A dream comes true.

A.C. provides jobs to people with disabilities in Cuauhtémoc, Chihuahua.



Vision 2020

impact in those selected projects.

Also, given that the community is constantly evolving, the advisors revise and adjust periodically their strategic focus, always based on results and the experience attained through driven projects.

Fechac's strategic approach is made of several regulatory and strategic elements providing sense to tasks. Institutional mission, vision, values and objectives form regulatory aspects dictate what should be done. Areas of intervention include strategic focus and determination as to where investments should go to accomplish the mission and objectives.

Mission and vision portray a clear and specific focus that helps the organization's philosophy, objectives, strategy and outcomes to keep being coherent and aligned.

- Mission: To create better opportunities for human and social development for Chihuahuan people.
- Vision: To be a sustainable, transparent and effective institution, leader in shared social responsibility with an impact in public policies.

Values not only define people, they also define organizations; therefore Fechac has established four fundamental values that supplement and nourish its mission and vision:

- Common good. Combinations of moral, cultural, legal, social and economic conditions that allow each member of the community to his/her own personal development and to reach his/her goals.
- Solidarity. Natural connection, fundamental for mutual support and social responsibility, from its compliance, a harmonious integration between person and society is born.
- Subsidiarity. In a society with unequal elements, the assets of some people compensate the needs and shortages of others.
- To give. Ability to share without expecting anything in



Alliance with Delicias City Council 2010- 2013 to strengthen elementary schools and social organizations.

return. Privilege to provide benefit to someone in need, without any reward other than the satisfaction to do it.

Finally, in order to create measurements that may ensure the accomplishment of the mission, it was required to strengthen the organizational structure and reinforce management ability, defining the following strategic institutional objectives:

- Achieve sustainability and permanence.
- Have committed socially responsible advisors.
- Have a competitive and engaged operational staff.
- Have systems, processes, plans and infrastructure that leading towards certification.
- Have standards, policies and relevant regulations.
- Position Fechac as a transparent, solid and trusted institution through outreach.
- Achieve a more tangible presence and effectiveness within local community boards.
- Promote social research within focus areas.
- Promote new projects in focus areas.
- Foster corporate social responsibility.
- Encourage public participation, community and volunteer development.



Fechac Building in Ciudad Juarez, a social and business icon in the community.

- Collaborate with governments and institutions to comprehensively solve social problems.
- Support and enrich CSOs.
- Invest in social programs with high impact in education, health and social capital project areas.

According to Kaplan & Norton theory, shown in the companies' balance scorecard, we have seen that what you can't measure, you can't manage; and if you can't manage an institution, you also can't improve it. This premise exactly applies to civil society organizations. Strategic objectives allow Fechac to monitor and improve its operations.

This vision for improvement, naturally embraces a commitment to innovate with more and better social projects, with higher levels of community intervention as well as processes, systems, regulations, infrastructure and equipment, what lead to a greater efficiency on investments and social impact.

Strategic Philanthropy

The challenge for Fechac, from its Vision 2020, is to get a different perspective of what a full charitable foundation means. In other words, it seeks to end the idea of "traditional philanthropy" that only addresses symptoms; pure relief aid, that roots for a paternalistic society and

leaves problems to be solved by someone else.

The Foundation is looking to stimulate a comprehensive development for the community by promoting a “results-oriented philanthropy”, focused in the causes, proactive and developing participation, the commitment, responsibility and promoting management creating social change to benefit all, so that everyone grows and develop.

That is why, since its inception until now, the Foundation works to expand its vision and objectives as a center for social help; and the reason why it is capable of transforming the ways to support communities, obtain funds and show new alternatives to reach a better quality of life for Chihuahuan. Evolution has become a frequent task through the years.

According to Eduardo Touche, the Foundation has significantly grown and although there is a long way to go, the current task is concentrating efforts into innovation, efficiency and a vision for a different philanthropy.

Philanthropy is not a matter of “relief aid”, as it was highlighted; it is to see beyond granting contributions. The mission is focused on investing towards strategic social projects with measurable results, ensuring that help provided is self-sustainable. Fechac’s work currently resides in efficiency and productivity because that is what makes projects shine, “to help with subsidies productive projects that support themselves”, as stated by Eduardo Touche.

About this, Pierre Omidyar, eBay founder, recently wrote an article in a prestigious publication⁴⁷ from a U.S. business school, about a thesis completely related to the Foundation’s approach: “many people do not differentiate between charity and philanthropy.”

Omidyar recalled the fast increase of eBay shares when it became public, and increasing his personal wealth. For him, this unexpected change in life implied the responsibility to ensure that part of that wealth was going to be used to do good.

As a result of this vision, he created a nonprofit organization led by a family friend that conducted typical Foundation actions: help and

⁴⁷ Pierre Omidyar, “How I did it: eBay’s Founder on Innovating the Business Model of Social Change”, in Harvard Business Review, pp. 41-44, Available at <http://hbr.org/2011/09/ebays-founder-on-innovating-the-business-model-of-social-change/ar/1>

be charitable; they would find people in need and provided money. After a couple of years of being created, he became aware of the need for professionalization; executives were recruited to help tropicalize eBay lessons and apply them to the institution, giving it a strategic objective.

For Omidyar charity and philanthropy are completely different concepts. Charity implies to alleviate an immediate suffering; generosity guided by compassion, and it always be needed, but in this field, help is never enough; charity does not generate self-sustainability, but there are problems in the world that require charity, like natural disasters.

Philanthropy is much more, it is the desire to improve the situation of humanity; it requires to build from the causes and problems, which once targeted, can prevent future suffering. It is about making a sustainable change that provides tools so that people can use them.

This differentiation seems fundamental for social actions carried out by businesses, CSOs or individuals. Strictly speaking, philanthropy professionalizes charity and embraces it as an essential part of its nature, but it takes a strategic connotation that connects it directly to the organization that has been professionalized and consolidated, not only with relief aid but with social responsibility.

When social action started in 1992, as result of the first collection, it was important to build with bricks where the storm had destroyed infrastructure, but also to show a tangible result of that agreement for the good of Chihuahua; during that time, philanthropy had charity characteristics before that natural disaster, but years after, circumstances would be different and promoting social responsibility started to become one of the Foundation's main challenges.

In 2011, Fechac started building its own building that was dedicated that same year in Ciudad Juarez; at the same time, a ground-breaking ceremony took place in what would later be Chihuahua's headquarters, a project consisting of building a LEED-certified "green" building. It is important



In Alliance with Cemefi, Fechac promotes the Corporate Social Responsibility designation to generate culture awareness among state businesses.

to note both constructions were financed with interests and earned income, as well as monetary and in-kind contributions, national and international; this was done without touching any income from the special contributions from ISN, which continued to be entirely dedicated to social projects. Both buildings have available space for civil society organizations and together, they are facilities of and for the community, and they are also an outline of a symbol of excellence for the business sector and the society.

These projects represent professionalism, efficiency and strength; they show a civil society organization capable or working with the same level of institutionalization and results-oriented as any successful companies, without forgetting its social, nonprofit nature and a sense of transcendence.

This shows how the Foundation of Chihuahuan Businessmen, devoted to its own Cross-sector Cooperation model, knows that institutional strength will allow to promote and capitalize strategic philanthropy, as wells as business social responsibility, raised during its present and future, as one of the great opportunities to maximize Fechac's social value. It

is how social responsibility turns into a key element in the operation and implementation of sustainability objectives, but also as the element to promote with businesses. It is completely immersed in the vision and strategic goals: therefore, it is critical to understand the concept of social responsibility, both in its CSO capacity, already addressed, but also in the promotion with businesses, as it is described below.

Corporate social responsibility

Fechac is an example of a foundation that has accomplished the contributions from all the businesses within the state through a Trust Fund; however, it was practically impossible to replicate for many years, since it was considered that the collection of funds had to be discretionary, instead of organized in a transparent and cross-sector model, in a way that we still see many social and responsibly structured organizations are still in their infancy.

The reality is that we are in a time when business was defined as a production method with exclusive responsibility to their shareholders, into a new era where it

is essentially a human community performing within a social environment and responsibility with all stake holders involved in interaction as well as all its members with social responsibility in the organization, business and the entire society.

A company would start accepting a social cell where all people would experience happiness and sadness, satisfaction from success and suffering from failure; where generosity and forgiveness are put to a test, without forgetting punishment; friendship relations are built at the same time as treasons. We are beginning to understand that what we live in the organizations is what we live in the communities, because an organization is a community of people with the same purpose

According to this, social responsibility would be an individual task, from the citizen within a democracy and the leader or associate in a company, and the responsibility would be equivalent to the ability to answer from each individual or organization.

Not a single association is obliged to give what it does not have and neither do individuals. In fact, a company's biggest responsibility is to create wealth and jobs,



2012 Corporate Social Responsibility Award Ceremony to 18 businesses in the state.

since its structure is the organization with more potential to do so; a physician has more responsibility to heal and a lawmaker to issue and pass laws.

However, there are times when organizations and individuals have transcending responsibilities, beyond their usual duties. Think about the case of a family where the head of a household unfortunately dies; in this case, the father and mother had their own responsibilities, but when one is missing, the other has to take both, otherwise, the children will not only suffer for the loss, but also for their basic needs.

In our context, that orphan child could be Mexico, Chihuahua or any small community that the majority of us could not point out on a map, and it requires our ability to respond; it demands from us to transcend as businesses, foundations and also as citizens.

CSOs emerge in this context; with circumstances in which the government actions are not enough to solve social needs; and it is the same setting where corporate social responsibility emerges, because even with the help of several foundations, social problems are too deep. Even by having the current cooperation of several sectors, the community needs more help than the one already being provided, reason why the effectiveness of the aid should be greater, which can only

be attained with the cross-sector cooperation of socially responsible companies, committed governments and civil society organizations with a high level of professionalism and institutionalization, like Fechac.

The role of social responsibility in the model of cross-sector cooperation

In a global world, where organizations have a power of undeniable influence, an infinite number of social problems prevail, and economic models disconnected to its solution, thus, the key to success is cross-sector cooperation.

Fechac conceptualizes a company as an economic cell, but also as a social cell made of individuals and for individuals; that aside of creating jobs and wealth; multiplies attitudes, habits and realities. Since it is immersed in the community, its performance depends on the health, stability and prosperity of its surroundings. If it becomes co-responsible of social and human development of its members, it promotes the continuity of their business in the long term. Its economic goals should not contravene or oppose its social role; the only way to make them meet each other is by behaving with social responsibility.

In the past, in order to generate credibility and loyalty in the markets it required from the companies to create a reputation for their productivity and quality of their products and services; nowadays it is even more important to build and maintain trust. Fechac is convinced that trust determines business' economic prosperity and its feasibility to develop its business plans. When members of a company are committed to their socially responsible actions, their ability to build and maintain trust within their company grows stronger. For this reason, the way a company acts upon its associates, shareholders, consumers, vendors, authorities, competitors and community is key to reach competitiveness.

In Mexico and the world a growing number of businesses start to integrate socially responsible practices into their institutional identity. They know that doing that will allow them to focus their employees' individual efforts to their common goals. As Chihuahuans adopt a culture of social responsibility, they will contribute to a better quality of life for everyone. This is why Fechac is devoted to the task of promoting Corporate Social Responsibility (CSR) within associations in the state.

At the Foundation, working with CSR means integrating institutional, political and practical identity and responding to social, ethical, economic and environmental expectations of its members and neighbors (associates, shareholders, consumers, vendors, authorities, competitors and the community). It also means to live with a proactive attitude and continuous improvement in four areas; quality of life at the company, commitment with the community, caring and preservation of the environment, and competitiveness within the organization.

A responsible business complies as a minimum with legal obligations and regulations; it considers that employees are the most valuable asset; it is formed of socially responsible individuals; it is sensitive to the community's social issues; it preserves the environment and competes in a loyal manner.

Acting with social responsibility is not a one-day task or one particular department's goal. It is not only an operator's, manager's or director's individual moral issue; it involves the company as a whole. It is a custom-made suit that each institution wears through its members' commitment. It is, after all, a reflection of the organization's ethical actions.

When companies develop responsible practices, they reinforces an external and institutional image, reaching larger levels of credibility, loyalty and recognition among clients, workers, vendors, shareholders, authorities and community in general. Evidently, it has a positive effect on its brand,

services and products, building an added value for the clients and increasing the company's ability to compete in the market.

Many organizations committed to social responsibility experience both quantitative and qualitative benefits in their general operations. It has been proved through the years that a socially responsible policy, aligned with strategic goals and internal culture within the company, results in an improved financial performance, a reduction in operational costs and a better image of its brand and reputation.

In the end, companies start to submerge in the world of social responsibility where the focus is not only in the business, but in building citizenship and becoming a citizen; therefore, that is the importance of promoting this culture and cross-sector work, making the most of sensitivity towards social issues and solution alternatives controlled by CSOs, with technical expertise and economic power that companies have.

Institutional Strength and transparency



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As it happens with companies, CSOs tend to institutionalize through time; however, this task can turn into a big challenge for any organization, because if unsuccessful, they won't normally endure through time, and during times of leadership and presidency, organizations tend to weaken and disappear.

Any organization, from any sector has its unique characteristics; for example, family businesses try to guarantee their survival and profitability through generations of governments, in a way where the property and leadership of the founder goes to his/her children and subsequent descendants do not put it at risk.

Institutional strength has the goal of having companies transcend individuals, so that through time, those individuals will build on top of the pillars of the organization, modifying, perfecting, with changes and mistakes perhaps, but they will not put at risk its survival.



The complexity of this strength is double for Fechac, and because of that reason, double the merit as well; since every six years, (maximum) it changes chairperson, advisors are replaced at other times, impacting the association's leadership. But at the same time, those same businessmen have to negotiate the renewal of the decree that provides financial life to the Foundation, normally before new authorities from different political parties; thus, its stability must be at such level, in order to prevail at the forefront of businessmen leading the Foundation and participating within the Trust Fund Technical Committee, possible changes in the association's management and staff, as well as changes within the government and lawmakers.

Transparency and professionalism are Fechac's guarantee allowing the renewal of decrees and the Trust Fund as a consequence, making institutionalism of associations its backbone and bringing sustainability in all aspects; this is what creates transparency not only within the organization, processes and policies but also with an efficiency level shown in the outcomes. As mentioned earlier, \$ 20 790 793 pesos were received as additional funds in 2014, representing 9.53% of the funds that add to those received via the Trust Fund. Additionally, an institutional savings plan was carried out, developing alliances

Parking meters in Camargo are an initiative to generate additional revenue for social projects. Replications of this model are expected in other state regions.

with all three levels of government and other companies.

Thanks to the combination of a low operational cost and an increase in management and movement of funds, additional to those collected through ISN, we accomplished to transform each peso contributed by businessmen leveraging to 1.15 pesos of direct investment in social projects, having deducted all administrative costs (5% payroll and acquisition of assets.) In summary: more than 100% of funds received through the Trust Fund are directly devoted to the community.

Typically, civil society organizations invest a large percentage of their operation in fundraising; Fechac, because of its model, can focus his operation in creating social values; businessmen, as Foundation representatives in their role as entrepreneurs, manage renewals to the Trust Fund Decree. Thanks to these funds collected through the State but coming from the business sector, according to SHCP, the Foundation ranked 14th place as recipient of cash in the country.

Also, all related information with operations, fundraising, trust, etc., is completely public and the base for transparency, fundamental goal for the institution, creating trust within the community as donors receive clear and timely information. Thus, the Foundation meets all the legal requirements in terms of transparency, but it also conducts other actions:

- First civil society organization registered in the Chihuahuan Institute for Transparency and Access to Public Information (Instituto Chihuahuense para la Transparencia y Acceso a la Información Pública) Ichitaip, complying with all regulations and with a website outstanding as one of the most transparent.
- It conducts an annual audit carried out by an external auditing firm (Currently, Deloitte) and another annual audit by the State Congress.
- It holds an annual report of activities in the nine main state regions, where approximately 1 200 people receive

first-hand information about investments made to date.

- Quarterly publication of financial statements in newspapers with wide circulation in the state and a monthly delivery to both Secretariat of State Treasury and State Congress.
- Monthly web page posting of projects approved by the Board of Directors (including benefited institution, objective, number of beneficiaries, and amount contributed by Fechac and other project partners).
- Publication of daily activities in social media. The Facebook page has more than 14 thousand views of content and tweets an average of 4 800 monthly readings.
- Daily press release to the state media, generating 2 500 news about the Foundation's work during 2014.

Additionally, it complies with established regulations by the Accountability Index by the State Auditing Office; as a result of these activities, the audit conducted in 2014 by Deloitte was approved without any observations.

Cornerstones for institutionalism

Of course, institutional strength and transparency do not come only from words; they are based on results, policies, processes, manuals, systems, codes, etc., bringing professionalism to the organization; these tools help with reasoning wisdom to chairpersons, directors and employees, so that decisions are focused and limited by these documents in order to reach the objectives shown on Fechac's mission and vision.

A foundation is certainly an organization, different from profit entities, where clients, vendors, employees, shareholders and other stakeholders are clearly identified by management theories that can be reached in related literature; however, with regards to Mexico's social sector, there are almost no models to follow.

Fechac makes a commendable effort and an extraordinary job in organizing processes and develop directions and reference documents to work with professionalism and efficiency in execution.

In the case of the Foundation, external clients are the beneficiaries and the donors are the internal clients; nevertheless, there are several

stakeholders that are also important, such as employees, advisors and vendors, among others. In order for all participants to perform their job with effectiveness, Fechac must function with a high level of accuracy, which comes with very defined processes and according to the needs of the beneficiaries, followed by a management system that ensures processes meet the objectives.

Figure 8 shows the interaction between the processes and how focused they are in reaching maximum customer satisfaction.

To make the system work, the State General Office has the task of ensuring availability of monetary, technological, human and material resources to support the operation and follow up of these processes, developing an annual budget and making sure of having the necessary information to support the operation and follow up, with the use of procedures, policies, manuals, specifications and records.

Leading a Foundation that manages around 150 million pesos per year in projects implemented in several cities across the state brings a complexity that can only be capitalized for the benefit of Chihuahuan citizens, through

administrative efficiency.

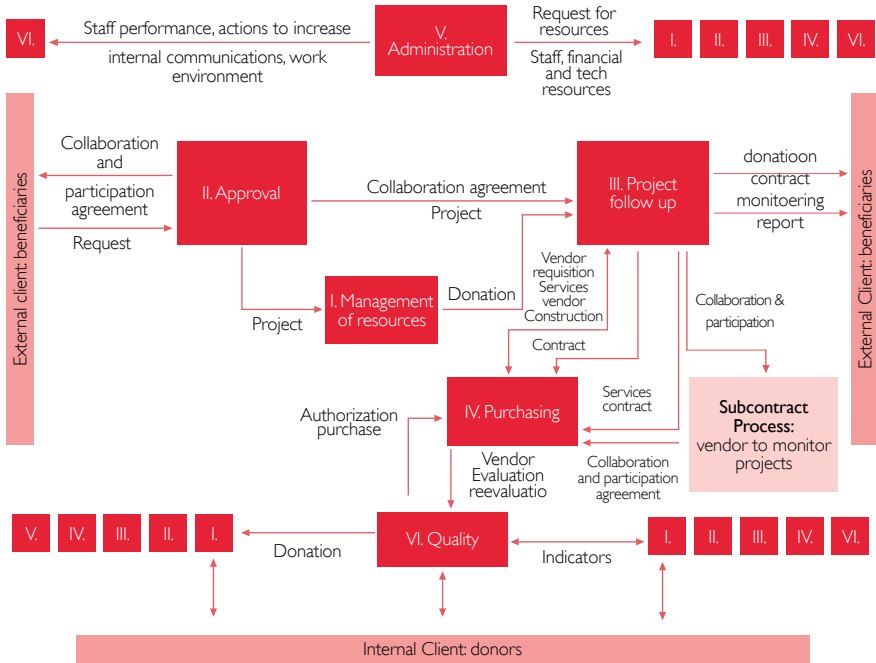
Quality management system (SGC in Spanish)

Having a quality management system certificate is something usual and wanted by a commercial entity. Nevertheless, for social organizations dedicating their efforts to reach common good, it is an undeveloped tool.

However, it was a challenge Fechac looked at for many years and finally it became a reality in 2013. Everyone at the Foundation is convinced that their responsibility is not only to do good, but it is also a commitment to do it well, that is, in the best professional possible way. To achieve this it definitely requires implementing systems that allow measuring performance, in order to improve it. The premise is that as institutions working for the society, with a commitment to excellence and quality, their result will be more concrete and will bring a better service to the community.

A Quality Management System has the purpose of setting standards in the efficiency of services, oriented to obtain a continuous improvement in external (beneficiaries) and internal

Figure 8 Fechac Process Map.



Source: Fechac.

(donors) client satisfaction. To reach optimum functionality, key processes inside the Foundation are identified and managed.

FECHAC has a full quality policy established that seeks “to promote human and social development for the people in Chihuahua by financing social projects in education, health and social capital projects.” It also expects to “reach sustainability and institutionalism, as well as the satisfaction of donors and beneficiaries, by ensuring the attainment of objectives through continuous improvement.”

The Foundation’s specific quality objectives are:

- To have competent collaborators.
- To improve satisfaction for beneficiaries and donors.
- To implement and evaluate the QMS.

The quality system launched in July 2011 was established,

documented and implemented under a framework with focus on the process and continuous improvement, in accordance with the requirements of the ISO 9001:2008 Standard. In fact, by May 2013, this certification was granted after two years of having initiated the process. The Foundation also received the LEED Silver Certification, for its facilities in Chihuahua City, within a sustainable infrastructure framework.

In accordance to the QMS, the Foundation takes the following steps:

1. Required processes for the Quality Management System are identified and applied through:
 - Movement of funds.
 - Purchases.
 - Approval of applications.
 - Project follow-up.
 - Administration.
 - Quality.
2. It defines sequence and interaction of processes through a process map.
3. Criteria and methodology to carry out each process is defined, documenting them in procedures and quality plans to ensure that the operation and control will be effective, upon implementation. This documentation is detailed in the list of documents controlled by the Quality Management System.
4. The State General Administration ensures the availability of financial, technological, human capital and material resources needed to support the operation and follow up of these processes, developing an annual budget and making sure it has all the required information to support the operation and follow up by using procedures, policies, manuals, specifications and records that allow having objective evidence.
5. Follow up, measuring and analysis of processes is carried out through the evaluation of objectives and by establishing goals in the table of indicators, where

these are established for each process, and they are analyzed at quality meetings and reviews by management, with a general minute as proof of the review.

All necessary actions are implemented in order to reach planned results and continuous improvement through the quality process; to do so, the following processes are established: an internal audit, for non compliant services or products, corrective and preventive actions.

It is important to note that 99% of Fechac's operation processes are documented and certified in ISO 9001:2008.

ISO Certification

By mid July 2011, the Foundation started a certification process for an ISO 9001:2008 Quality Management System. In October of 2012 a pre audit was conducted; and as it was mentioned earlier, by 2013 the certification had been granted, representing a big success for the Foundation.

There are many benefits that come with the certification; for an organization such as Fechac it is very important to get this recognition, since it is a guarantee that it will always work under the same operational standards when providing services; additionally:

- There is a base to work with in any type of improvements and to evaluate obtained profits due to quality management and establishment of goals to comply and deliver outcomes. Areas or opportunity for improvement are detected to be competitive in the processes and with people.
- Also, ISO establishes that staff, as part of the organization should be highly competent in their performance, reason why a job description analysis was carried out, in order to train and have staff oriented to continuous improvement and comply with high quality standards.
- Being a certified organization also guarantees that

collaborators will be trained in Quality Management System, which provides an added value to his/her work experience.

- It improves the efficiency of the Foundation by having a better organization and control of its activities, by having them in writing and facilitating the identification of those without added value.
- And above all, the quality image improves for being endorsed by an international independent entity, because it guarantees the work of the organization under quality standards and it gains an increase in the trust of beneficiaries and donors.



Projects

Transforming lives



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One of the biggest questions about foundations is about their ability to maximize social value. In general, nobody doubts that the majority of civil sector societies have a noble purpose; however, unlike result-oriented businesses, foundations sometimes are not capable of implementing their projects with a high level of impact. While businesses measure their effectiveness in their profits, the third sector must be measured based on generated social impact.

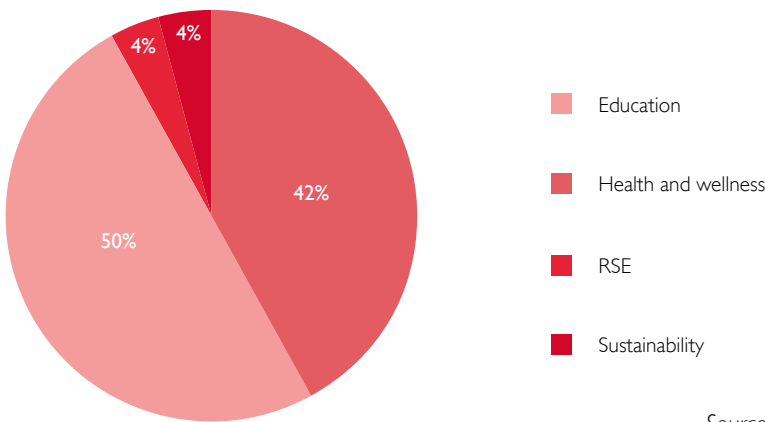
One of the elements that set Fechac apart is not only the large number of programs being supported and their effectiveness, in proportion to its resources, but the transcendence of those projects funded and operated, as well as the greater social impact achieved by them.

Through its years of existence, the Foundation has made a great effort to reduce operational costs, proportional to its total revenue; with more money translated into projects and social wellness. At the end of 2014, 417 projects from 258 institutions and social groups were funded, with a total investment of 162 912 378 pesos. This amount only represents Fechac's investment; each project adds contributions from allies and beneficiaries, multiplying those

investments into approximately 600 million pesos; as always, the support from the State Government, businessmen and scores of local, national and international institutions are fundamental in the accomplishment of the Foundation's goals.

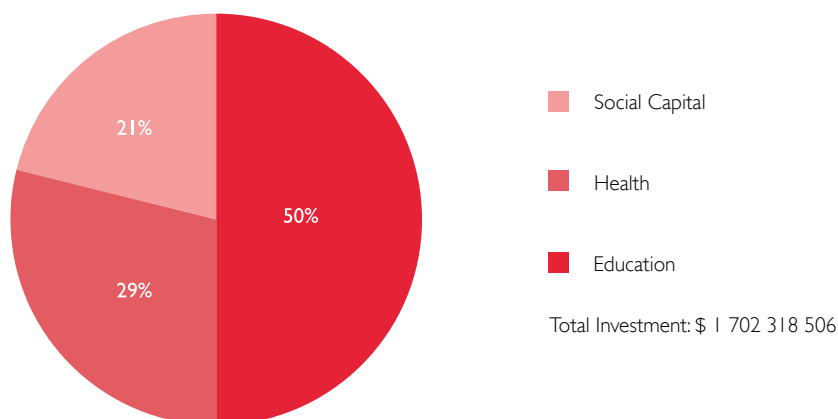
The assistance provided by Fechac dates back to 1996, although funds from the Trust Fund were received and distributed earlier on. For ten years (1996-2006) the areas to support were divided in: Health and wellness, Education, Corporate Social Responsibility and Sustainability. Starting in 2007, a change was made to cover these activities in three main areas: Health, Education and Social Capital. Currently, as we can see in graphic 9 and 10, there was a change in the focus of areas of impact, transitioning from being a three-way distribution where the social capital area shares importance with education and health, the traditional focus for the Foundation. With this new distribution, the challenge is strengthened towards sustainability of the society.

Figure 9 Areas of impact 1996-2006.



Source: Fechac.

Figure 10 Areas of impact 2007-2014.



Source: Fechac.

Projects by sector

As result from the new distribution of funds and a decision to invest in a strategic and social responsibility manner, in order to promote sustainable development in the community, Chihuahuan businessmen invest in projects focused on the above mentioned areas, with the following contents:

- Comprehensive basic education: infrastructure and promotion of quality and human development with values.
- Health: focused on illness prevention.
- Social Capital Development: community development, CSO strengthening, public participation and corporate social responsibility.

By going into detail about its operation, the Foundation has two big lines of action to support projects; first, infrastructure projects, which are related to the application of contributions to acquire assets (transportation, materials, equipment) and the actual completion of the project (constructions, re-constructions, equipment); the another aspect, social projects consisting in implementing social intervention methodology,

to improve some aspect of the social wellness and cooperate in the human development of beneficiaries.

Fechac is essentially focused on cooperating with other CSOs, with projects operated by them. However, it is not only about making contributions to the organizations as long as the funds are available. The Foundation's objective is to participate in truly promising projects with social impact. That is why there are two essential conditions before collaborating in any project:

1) it is viable and suitable
and

2) the organization in charge of operations holds a structure solid enough to support it and take it to completion. This way it maximizes the social value of the projects where the Foundation is involved.

It also establishes that organizations and institutions legally registered must have a record of work with the community and public participation, as well as operational funding from other sources, since they do not participate in operation and maintenance. In this sense, it stands out that even though Fechac provides funds to public schools and other institutions funded by

the state, its purpose is to supplement and not substitute state subsidies.

Disbursements destined to several projects approved during 2014 were distributed in the following manner: 34% to generate Social Capital, 54% to Comprehensive Basic Education, and 12% to Preventive Health.

In-house Programs

Keeping in mind that the majority of funds are allocated to fund projects carried out by other organizations and funded by Fechac, with regards to topics considered strategic, it also directly operates the development of infrastructure projects as well as the implementation of social programs. We will focus on in-house programs under the direct responsibility of the Foundation.

Based on its own experience and many social projects, both from the public sector and other organizations, the Foundation knows there isn't an institution capable of solving any social program on its own; therefore, its work essence is based in joined collaboration, promotion and strengthening alliances and

networks through cross-sector and inter-agency correlation that strengthens those same institutions by recovering experiences and optimizing resources.

Since its beginnings, Fechac directly operates programs to cover areas that at some time were not assisted by other organizations. Here are some of them: 1) Comprehensive Development Program for the Elderly (PRODIA), 2) Education for HIV/AIDS Prevention (PEEPSIDA) and 3) Inter-agency Assistant to Indigenous People (PIAI); as well as 4) Centers for Civil Society Strengthening (CFOSC), 5) State CSO Conference (Encuentro Estatal de las OSC), 6) ONEAMI, Parenting School, 7) Bartering centers, 8) Corporate Social Responsibility (CSR) and 9) Productive Development Programs.

In general, these projects are characterized by: 1) an inter-agency approach, since they seek to take advantage of all concurrence among institutions and their share of objectives, successes and failures; 2) be comprehensive and proactive, it intends to respond to problems from different angles and with several preventive actions; 3) be nonpartisan and ecumenical, the most important thing is to join efforts, regardless of the institution's political or religious views, or from those representatives whose alliances are established to transcend government periods.

With these programs, many community benefits were accomplished, such as improving school buildings, adult education, access to new technologies in education, development of new production projects, prevention and assistance in domestic violence, second-tier medical service for low income individuals, shelters for orphan children and dysfunctional families, establishment of networks against drugs, and training indigenous communities in health and education, among other areas.

The essence of this strategy is to start, incubate and strengthen social programs to later on reassign them to be managed by an CSO, a goal that has been achieved in the majority of the cases; El Encuentro (CSO conference) and the CSR program are currently being directly managed.

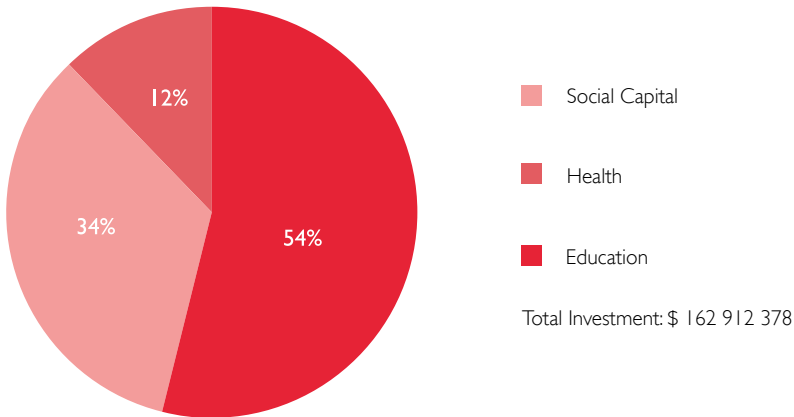
Finally, it is worth mentioning that Fechac is seeking to work within a plan and project model named “Triple I” for its characteristics (in Spanish) Comprehensive, inter-agency and cross-sector, where all government levels, civil society and the private sector participate, to reach more and better goals by complementing one another.

Education

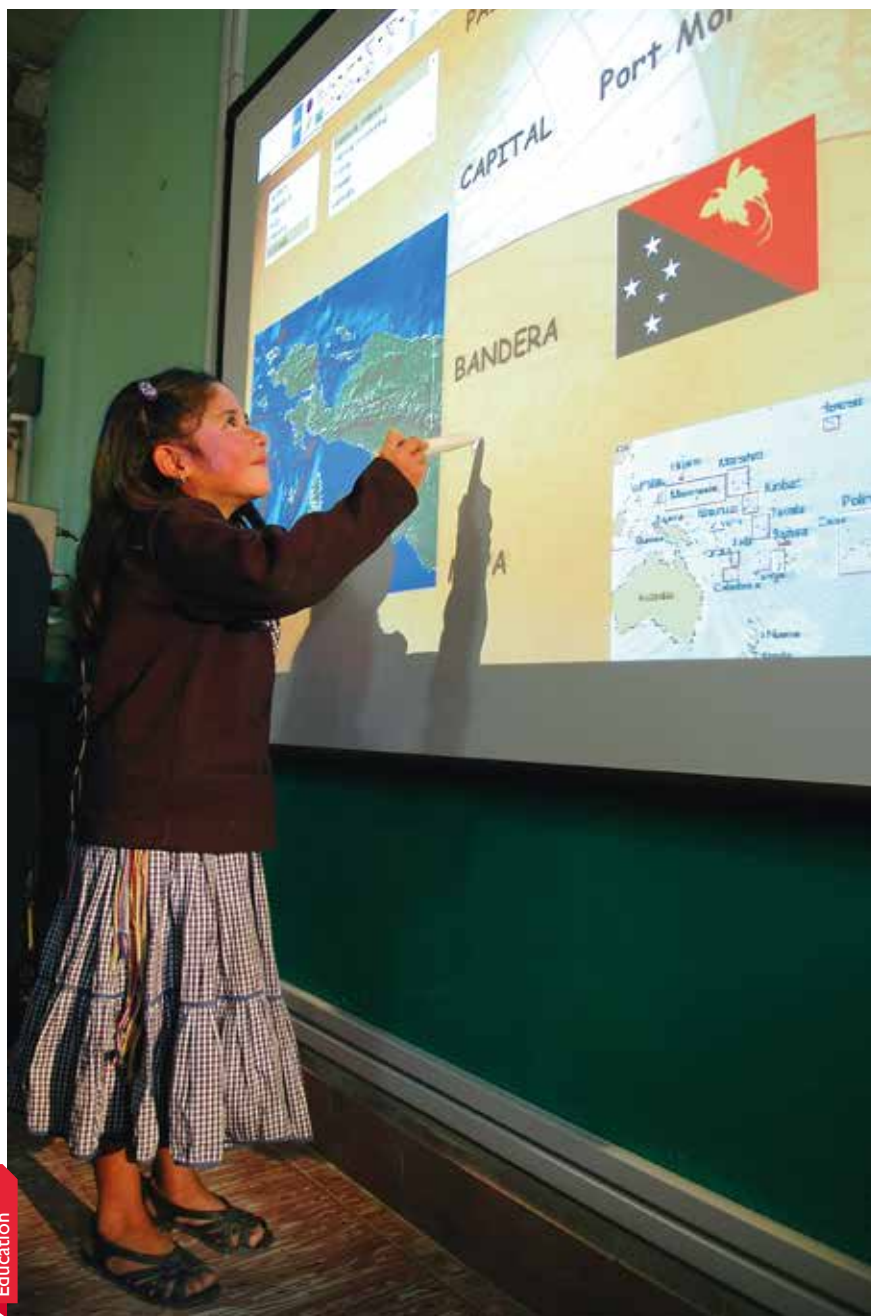
Given the proportion dedicated to education, we will start by analyzing the type of projects funded to promote an improvement to quality of elementary education.

1. Construction. It includes expansion, rebuilding, remodeling and creation of new and better educational facilities.

Figure 11 Investment by segment 2014.



Source: Annual Report 2014 Fechac.



Education

Sacred Heart of Jesus Indigenous Boarding School in Sisoguichi, Bocoyna.

2. Equipment and facility refurbishment. Facilities are refurbished and equipped with tools and necessary materials to have students develop within an ideal learning environment.
3. Programs to promote quality of education. Initiatives focused on training and professionalization for teachers, providing them with tools and techniques to facilitate lesson plans and class development. The same happens with those programs focused on awareness for parents regarding the importance of their participation in their children's education, looking to motivate parent's involvement in the learning process.

An outstanding project supporting this area is the implementation of an extended schedule in more than 61 schools of 11 municipalities in the state, through the model "Expanding Children's Development" (ADN, Spanish acronym), a model developed and patented by Fechac, recognized by Iniciativa México and Cumbre de Líderes en Acción por la Educación 2012 ("Leaders in Action for Education" Summit) as one of the best educational plans in the country. Thanks to its success, the methodology of this program is being reproduced in some schools in the state of Yucatan. Here are its characteristics and objectives, together with the Oneami, a Parenting school program.

Expanding children development

This model was implemented in 2007 in Ciudad Juarez with the goal to contribute improving educational opportunities for elementary school students, providing complementary programs with extended hours. It seeks to promote the development of cognitive and physical abilities in students,

through four action pillars: homework center, diet program (a full meal is provided), sport activities and play-and-learn activities.

Because of the success of the program, several companies and organizations joined the project to expand the coverage and benefit more Chihuahuan children. Institutions like Project Paz, MetLife Foundation and Iniciativa Mexico are currently investing in the program, as well as the United States Agency for International Development (USAID), providing a \$1.16 million dollar grant to ensure the program duration of three years for 960 students at ten educational centers in Juarez.

61 schools in the state benefited more than 6 250 children through this program.



Children development

Fechac's Beneficiaries (children and youth) form orchestras to strengthen discipline and cognitive abilities through music.

Onéami, Parenting School

It was born in Juarez in 1996, as part of an initiative from a small group of individuals socially responsible that after looking at the reality and problems lived back then decided to do something to help families. Subsequently, they joined the Spanish methodology named Continuous and Shared Education for Adults (ECCA, its Spanish acronym), which proposes to hold workshops, from which stands out one designed in Mexico called “Control optimism” under the Kubli methodology that addresses personal development treating aspects like self esteem and to confront domestic violence. To date, there are eight different workshops available for parents, benefiting more than 70 thousand families.



Onéami Parenting School

Onéami, Parenting School workshop at Kindergarden “Paquime” in Nuevo Casas Grandes, Chih.

Main activities are:

Establishment of self-help groups. Families graduating from the following workshops:

- ECCA methodology.
- Addiction prevention.
- Violence prevention.
- Optimism.
- Individual Development.

Outreach events about family and values. Attention and family-strengthening activities (therapies, counseling and channeling, among other instruments.)

Positioning concepts and values around family

Health

This area is the second most important investment, primarily oriented to promote programs to educate about prevention; that is, dedicated to consolidate a self-care culture that promotes healthy life styles and early detection of illnesses.

Funds are concentrated in clinics and hospitals, shelters, infirmaries and care centers for elders, orphanages and day-care centers, physical rehabilitation, addiction and community centers.

Among the most relevant projects are the construction of the largest and more comprehensive Red Cross facility in the country, in Chihuahua City; and the implementation of the State Educational Program to prevent AIDS (PEEPSIDA), promoted since 1999, in coordination with the Fatima Organization, I.B.P. and the Ministry of Education, having as main activity to promote values like respect, responsibility, no discrimination and self care so that young people avoid risk situations against AIDS and Sexually Transmitted Diseases. In the next paragraphs we will go into further detail about other projects related to health.



Salud

Healthcare clinic in Cañada Ancha, one of four assisted centers in Ojinaga, Chih. serving people without access to other healthcare services.

Nakúropo Campaign

Committed to the wellness of Chihuahua people and in coordination with the authorities, the businessmen responded to the needed support of thousands of families in the Raramuri communities, affected by food shortage, consequence of an intense drought that pounded the state during 2011; this is considered the worst one recorded in the last 70 years. This way, the Board of Directors authorized an investment of 60 million pesos and it contributes to fight this food crisis.

In order to multiply resources, Fechac summoned national and regional companies to the Nakuroppo Feeding Hope campaign, with the goal to raise funds and coordinate efforts in fighting this food emergency. During a first phase in 2011, it had the participation of Fomento Social Banamex, Walmart Foundation, El Heraldo de Chihuahua, Alsuper, Grupo

Gruma, International Community Foundation, Televisa Chihuahua, Grupo Radio Lobo and many individuals that joined the cause.

For the second phase of the campaign it is expected to have an investment of at least 15 million pesos in sustainable and water harvest projects to provide a lasting solution to these problems for indigenous communities, providing families with necessary resources to implement self consumption practices.

State Education Program to prevent HIV/Sida (Peepsida)

Aware of the need for transforming actions to transition towards new paradigms of sexual behavior that can only be facilitated through authentic training processes based on formal



Through the "Nakuropo" campaign, more than 168000 people were benefited with distribution of 1224 tons of food in 114 communities within eight municipalities in the state.

education principles with a human development perspective, the PEEPSIDA program was born, seeking to foster appropriate processes to reach relevant learning objectives to face risk situations for HIV infections and to get significant learning in sexual behavior.

There are more than 85 thousand students benefited through 13 years, covering 60% of middle schools, in 47 of 67 state municipalities.

According to results from an impact study carried out by Bismark, a 12% of kids in schools intervened by the program reported being sexually active and decided to stop their sexual relationships, while 40% decided to continue with their practice using protection measures.

Main activities:

- Training teachers to address HIV / Aids contents.
- Human development workshops for teachers in middle and high school.
- Awareness events for prevention aimed to young people, their parents and teachers.
- Youth events.
- Development of youth promoter teams.

Social capital development

Finally, investments in the social capital arena are towards projects that facilitate team work and building of trust bonds between individuals and institutions, as well as public participation, volunteer work, social responsibility and professionalization of civil society organizations. Here are some of the most important programs:

Inter-agency Program for Assisting Indigenous Communities (PIAI)

This is an inter-agency and cross sector coordination program that contributes to improve the quality of life for indigenous communities. Some of the main objectives are to obtain their recognition and acceptance as authors of their own well-being and strengthening indigenous self-sufficiency.

There have been important efforts and investments in the past to address the needs of indigenous communities, regardless of their nomadic nature, fragmented organization, a non-pyramid government system, geographical dispersion, lack of infrastructure and difficult access to a large part of the communities in the mountain region, which limits support



85 000 students have been benefited from Peepsida in 13 years, covering 60% middle schools.



29 community groups were benefited in Ciudad Juarez through the Fourth Base Development Call for Action.

actions and involves additional costs. For that reason, a joint and coordinated framework was convened through the creation of discussion groups as a space to recover experiences and optimization of funds.

Main activities:

- Correlation of 58 institutions from the three sectors.
- Trainings and workshops for indigenous and public officers.
- For Rule of Law and Hope Campaigns, as well as civil registry.
- Inter-cultural education model.
- Works for the Declaration of Natural Protected Area of the Pino Gordo region, and the Indigenous

Informational Forum about natural protected areas.

- Establishment and outreach of the criteria for in-kind donations to indigenous communities.
- Research methodology for indigenous populations.
- Production and distribution of the interactive compact disk “Sierra Tarahumara Indigenous Cultures”.

Organizations from different sectors work in coordination at PIAI to benefit State's indigenous population.

Alternative Development Indigenous Center (Cedain)

It emerges from an interest to start actions to counteract poverty and lack of opportunities for survival in indigenous communities. To do this, work is being done at 13 “bartering



centers” within the Sierra Tarahumara, with art crafts for food exchanges, promoting the creation of vegetable gardens, community development, and providing nutrition and diet services for children with size and weight programs. 7 050 indigenous were benefited, only in 2013.

Main activities:

- Food distribution.
- Establishment of bartering centers in nine indigenous communities.
- Promote handcrafts.
- Support the development of agreed community



Alternative Development Indigenous

Bartering centers located in 13 Raramuri communities, Tarahumara people find work and food for their families.

works.

- Training to improve the quality of the production of indigenous handcrafts.
- Indigenous handcraft commercialization.

EZER The Volunteer House

It has the purpose of training volunteers to participate in specific programs of social benefit, and it works as a link between individuals that want to serve their community and social organizations in a professional, permanent way with a systematic and community vision.

EZER has a state wide registry of 2 285 volunteers and interns, 306 affiliated institutions with 1 339 related developed specific projects. As for professionalization of the volunteer group, to date, there are 2 009 individuals trained in human development areas.

Corporate social responsibility

This program looks for businesses to develop a socially responsible culture; thus, it provides the necessary elements to incorporate it. In alliance with the Mexican Philanthropy Center (Cemefi), it promotes assessments of social responsibility to have Chihuahuan businesses learning about the benefits of the Socially Responsible Company designation and they prepare to obtain it.

There is a lack of clear and long term vision in many companies, as well as solid methods or policies to assimilate the topic of social responsibility into their general business strategy. They do not have, in their opinion, tools for implementation and they carry out unorganized and dispersed actions that, despite having generated short-term results, do not lead to a lasting and long term impact.

Main activities:

- Lectures to increase awareness.



- Roundtables with businessmen in Chihuahua and Juarez.
- Dissemination of CSR topics in the media
- CSR knowledge recognition (positioning of concept.)

17 Chihuahuan businesses receiving the Corporate Social Responsible Business Designation 2013, by seeking social, environmental and economic development in their communities.

Centers for Civil Society Strengthening

With the goal to promote a stronger, organized and correlated civil society, the Chihuahuan Businessmen Foundation, A.C. and ITESM Campus Chihuahua founded the first two centers for civil society strengthening, as pilot projects of an innovative model that can be replicated by Tecnológico de Monterrey; they work to strengthen the third sector through several strategies.

To this date, trainings, consultations and other services are provided to various social organizations. After ten years of work, CFOSC has reached important achievements, such as:

- According to a 2012 study by the Social Development National Institute, it is the only strengthening organization with an Evaluation and Follow-up System for Institutional Strength (SESFI), used to annually

measure the impact of the strengthening process in organizations.

- The intervention model is evident through SESFI, consisting in a training process with companion, and it has high effectiveness (95% of intervened organizations due to their comprehensive model reach a high level of transformation, which means a high impact.)
- A network of strengthening organizations are developed through CFOSC, like the Volunteer House (EZER) and Building Transparent Organizations (Confio), and together we increase the trust, professionalization, impact and sustainability of those intervened civil organizations.
- Social capital is created by promoting CSOs' development, companionship and strengthening, addressing topics related to the communities they serve (Handicap



The Center for Civil Society Strengthening

The Center for Civil Society Strengthening serves a 1200 population from more than 280 organizations.

Network, Orphanage Network, Cuauhtémoc Network, Nuevo Casas Grandes Network, Delicias Network, Camargo Network, Land Protection Network, and Serrana Network, among other. Additionally, links between OSCs within the State are strengthened through the “Connecting Experiences” Forum, where national and international organizations interact to nourish their causes.

- A population of approximately 1 200 people is served annually, coming from more than 280 organizations working in different locations in the State of Chihuahua.

It is important to mention the cross-sector connection and other important alliances with different organizations as it can be seen in Attachment IV.

“El Encuentro” a Civil Society Organization Conference

Since 1996, Fechac promotes various projects to strengthen the third sector. One of them is the CSO Conference “El Encuentro”, an annual event that provides participants with opportunities to not only expand their vision by meeting national and international initiatives, but also to coincide in one space for connections and lessons learned. Starting in 2010, the recognition named “Fechac Award” is given to celebrate and incentivize organizations and encourage participation of social entrepreneurs.

At “El Encuentro” Conference, more than 800 representatives participate annually with presentations from excellent speakers. The main topic in 2012 was Building Citizenship as a Key Instrument to Influence Public Policies; in 2014, participants discussed and learned about the new trends in social development.

As it can be seen, the Foundation programs respond to the social needs of Chihuahua, even though there are other external situations that remain without attention.

Unfortunately, social problems exceed the capacity to respond, not only in the organized social sector, but the government and private sector as well, reason why it is fundamental to choose those challenges that can be successfully resolved, as we are already doing.

Support in emergency situations

In 2013, Chihuahua people dealt with the sequel of intense rains that destroyed the assets of hundreds of families. Chihuahuan businessmen intervened decisively and joined the works of the State Government and each municipality, to alleviate the effects of this crisis. The Foundation devoted \$ 4 539 774.45 to this item, and helped 861 families to recover their property in communities located in Camargo, Chihuahua, Cuauhtemoc, Delicias, Jimenez, Juarez, Nuevo



El Encuentro (Conference) gathers more than 700 third sector representatives annually in one place for reflection, connection and share of lessons learned.

Summary of Results

Fechac has presented very positive results, and an example of that are the 3 729 projects from 1994 to 2014 that have been completed, representing an investment of over 1 700 million pesos. The projects distributed in larger percentage are for Education in first place; followed by preventive health, and social capital development in third place. On another aspect, management of additional funds coming from the special Payroll tax represented 9.53% of the budget in 2014, as mentioned earlier.

Also, there were more than 50 alliances with other organizations to share responsibilities in improving the state, which, aside of generating a more effective effort, it also creates a culture of unity.

By 2014, more than 250 people and institutions have deposited their funds with Fechac to have their contributions invested in high-impact projects that are helping the common good.

The Foundation not only participates in the construction of schools, it also sets a baseline so that children can study, learn and improve; therefore, it works both in meeting primary needs as in other areas, like promoting culture. With this, it promotes cross-sector cooperation, subsidized aid and creates awareness of Chihuahuan people working for the same purpose and common good.

Chart 7 shows the total investment in detail, from 1994 to 2014, as well as the number of projects allocated to each region. It is important to note that programs were focused on education, health and social capital. They are the fundamental areas for the Foundation, because it considers that in them

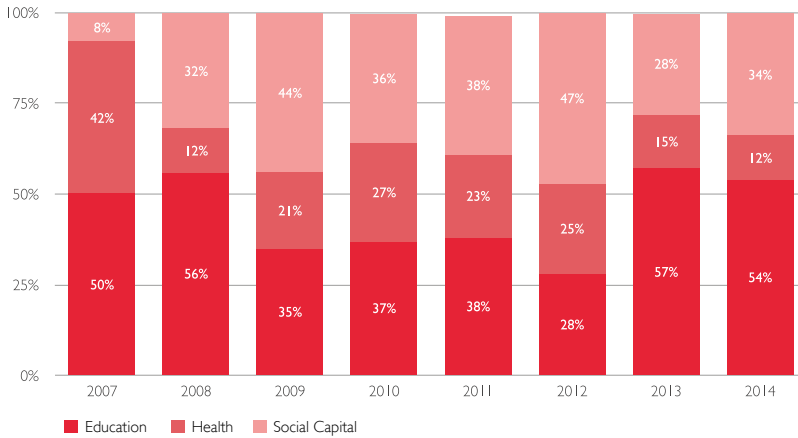
Chart 7 Total Investments 1994-2014.

Investment and projects endorsed by region 1994 – 2014					
Zone	Education	Health	Social Capital	# Projects	Investment
Camargo	106	36	33	175	29,818,519
Chihuahua	332	365	180	877	390,862,343
Cuahtemoc	178	81	39	298	46,823,092
Delicias	249	73	37	359	51,714,451
Jimenez	55	41	20	116	21,235,171
Juarez	308	120	222	650	530,147,635
Nuevo Casas Grandes	90	22	22	134	17,571,562
Ojinaga	47	22	11	80	16,152,588
Parral	121	38	22	181	35447653
Mountain Zone	381	295	183	859	562,545,492
Total	1,867	1,093	769	3,729	1,702,318,506

Chart 8 Investment and projects by area of intervention, 2014.

Investment by region and area of intervention in 2014					
Zone	Comprehensive elementary education	Preventative health	Social capital developm	Total projects by region	Total investment by region
Camargo	6	0	7	13	2,403,385
Chihuahua	50	21	24	95	55,262,000
Cuahtemoc	34	7	4	45	6,678,070
Delicias	25	4	11	40	7,226,794
Jimenez	9	2	5	16	2,585,558
Juarez	64	8	50	122	50,128,126
Nuevo Casas Grandes	9	2	4	15	2,407,870
Ojinaga	13	0	1	14	1,374,501
Parral	6	1	5	12	1,786,880
Mountain Zone	11	4	11	26	27,353,665
Proyectos de cobertura estatal	0	1	18	19	5,705,530
Totales	213	55	179	447	\$144,754,397

Graphic 13 Projects by area of intervention, 2007-2014.



Source: IPADE con base en Informes Anuales de Fechac 2007-2014.

other aspects are covered, such as wellness, sustainability and social responsibility, that were addressed before.

We can also see the detail of the investments by city and area of intervention in 2014 (chart 8).

Finally, it is important to remember that investments from 1994 to 2014 have been divided: 50% for education, 29% for health and 21% under social capital. However, this last category has grown a lot, especially due to contingencies like the drought, reason why we can see in Graphic 12 the re-distribution of revenue in the last years.

For every recognition, a new challenge



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Because of its efficient and transparent use of resources, Fechac has been honored by receiving important recognitions from institutions recognized worldwide. To start, according to the Business Guide to Partnering with NGOs and the United Nations, it is one of 79 most trusted non government organizations in the world. The Foundation of Chihuahuan Businessmen has received the following awards and acknowledgements:

Acknowledgements

- Eugenio Garza Sada (Instituto Tecnológico y de Estudios Superiores de Monterrey and Grupo FEMSA) 1999
- Txemi Cantera (Labor Societies Group, Euskadi, España) 2001
- Razón de Ser (Fundación Merced, México) 2004
- Foundation of the year (Association of Fundraising Professionals, México Chapter)2004
- Honor mention in the “Alcan Prize for Sustainability” and a scholarship to attend graduate studies in international alliances at the University of Cambridge (2006)

- We are included among the 79 organizations in the “Business Guide to Partnering with NGOs” (published by the United Nations and Dalberg Global Development Advisor) 2007
- Honor Mention in the Volunteer National Award for the commitment and humanitarian work in favor of our community, by the Chihuahuan Businessmen (Sedesol).
- Special Mention for its Institutional Social Career (Iniciativa México 2011).
- Recognition to Fechac’s model “Expanding Children’s Development” as one of the best educational projects in Mexico (Leadership Summit in Actions for Education class 2012).
- Award to Citizen Merit 2013 (City Council of Camargo, Chihuahua).
- 2013 recognition as one of the best companies to work in Mexico (Great Place to Work Institute).
- 2013 Clares Award in the category of Social Foundation (Anáhuac University).
- First place among 19 decentralized organizations with 100% transparency in the Accountability Audit State Office 2012 (Auditoría Superior del Estado de Chihuahua).
- ISO 9001:2008 Certification processes
- Publication of the book “Fechac: Model of Shared Social Responsibility” (Ipade Business School) 2013
- Fray García de San Francisco 2014 Award (City Council of Ciudad Juarez, Chihuahua)
- Best company to work in Mexico 2007, 2013 and 2014 (Great Place to Work Institute)
- LEED Silver Certification 2014 in energy efficiency (Green Buildings Council, United States)

Also, Fechac has been a case study for distinguished entities like IPADE Business School, Synergos Institute, Interamerican Foundation and prestigious universities like Harvard y Cambridge.

It is clear that all those official recognitions have nourished a sense of achievement in all the members of the institution; however, we cannot neglect the gratitude of all the people that have been supported day after day, both by their own programs as by those funded by Fechac and operated by other organizations. It is a unique motivation for all collaborators, because it is then, when people interacting in generating social values become aware that their work is not only valuable but transcendent. As Eduardo Touche mentions: “Just by watching the change in their faces, in the spirit of the person you support, you understand the importance of your help and are able to change your attitude.”

The Down Education , Integration and Development Center in Parral, Chihuahua has provided options to its beneficiaries for more than ten years to develop, integrate and live.



Down, Integration and Development Educational Center,

This is how each formal or informal recognition we receive becomes a new challenge. Social adversities keep coming and although the work of the Foundation significantly improves, the living conditions in many areas of need demand more help; also, there will always be other unattended regions in Mexico's largest state.

Past and future for Fechac: upcoming challenges

Perhaps like all other foundations, it should hope to disappear, as mentioned by Adrian Aguirre, because, if some day the society would not need the support of civil society organizations, they would have fulfilled their ultimate goal. Unfortunately, this aspiration in Mexico's case is not viable in the short term, as the same need for solidarity and subsidies promotes social organization, which results in the improvement of life for those who receive the help and for those who grant it.

There is certainly much more to do and there will always be. However, it is clear that the existence of Fechac has left an important legacy, not just in some people or regions, but in all of Chihuahuan society. Nowadays, we can speak of a State of Chihuahua with more social maturity in three aspects.

1. The change from a paternalist culture in a society that opened its eyes and understood that not everything should be solved by the government. Institutions became aware of the advantages provided by a Foundation to turn into to fund their projects, so that they were no longer depending on the possible help from the government. With this new light of hope, CSO's managed to become formal and focus their efforts in the quality and development of their projects. A different way to give donations was conceived, through the so called "donor foundations": there are more than ten donor institutions in

Juarez.

2. More awareness about social problems and the need to co-participate. Fechac is a fundamental trigger to motivate the population, since it has been able to develop projects that had no future before, due in part to the trust it inspires in other organizations. Also, it is a guarantee for participation knowing that a foundation is supporting a project; its endorsement ensures that CSOs will get other donations. As mentioned by Samuel Kalisch: perhaps Chihuahua has just reached 2% participation, versus countries with 10%, measured with funds managed as part of GDP, but Chihuahua started at -1% (metaphorically), so it is a significant increase.
3. A greater level of professionalization for CSOs in Chihuahua. Fechac's goal is not only to make contributions to associations that require them, but also to participate in promising proposals that have a real social impact; and to accomplish that, it analyzes viability, structure and strength of both the organization and project. During this process CSOs become professional to receive their funds, a fact that brings several benefits, like attracting other contributions and the consolidation of a better capacity that allows them to take their project to its expected goal.

Inspire and transcend

Since funds and areas of action are determined by Fechac's analysis process and approval from the Trust, one goal is to go beyond the field of action, promoting and inspiring new initiatives that impact areas not covered by the Foundation but by the State of Chihuahua. There are important achievements; one example starts in February 2012, when the model was replicated with a focus on security.



Logos of social organizations, donor institutions, governments and businesses that were allies of FECHAC's in 2012 projects.

This started with the creation of the Competitiveness and Citizen Security Public Trust, which has the purpose of managing a 5% special contribution of the Payroll Tax –approved in December – allocated to citizen observatories and security strategies. This brings the possibility to conduct studies with a focus on the improvement of social and economic conditions that will also strongly influence public security matters. The 5% special contribution of the Payroll Tax is expected to last for three years, bringing legal certainty and continuity to those projects that will be implemented.

Fechac promotes the social sector itself and public participation in general. At the core of the Board, there is respect for political preferences staying outside the work, even in the case of public officials who participate.

All the former chairs agree that being part of this project also brings a learning process and a reference about social dynamics and management of funds; because, if an organization like this, with limited resources, under a small structure, managed to contribute so much benefit to the society, then, those same principles followed by the right individuals within a government could create an enormous positive effect.

Fechac has the ability to inspire individuals and institutions, not only inside the organization but in other fields and other goals; therefore, one of the biggest challenges is to transcend in the fundamental activities and goals, to inspire citizens into participating in building a better society. To date, more than 250 business leaders from all the communities within the state are part of Fechac, investing their time, talent, and resources in building a fairer and more just society. By doing so, they have acquired a new vision of their role as citizens, as well as information and tools for social intervention. Perhaps they are no longer an active part of the Foundation, but many of them keep leading projects and encouraging others to benefit their communities.

Evolve and take a step forward

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Aware that society is in a constant evolution, with a vision of maturity, modernization and continuous growth, Fechac's challenges in areas of opportunity to grow are:

- Proactive instead of reactive. Not wait for things to happen, but anticipate facts. This change is in process in the project, but it can always be perfected.
- Innovation. This is a constant for the Foundation, since there are always things to improve in every process, not only focusing in methods that have worked through the years, but to look for something different and do it differently. Have a culture open to change, both in procedures and approach.
- Focus. Always consider flexibility, but sometimes with the aim to support various projects, other projects with more impact are neglected.

Historically, Fechac has focused on three areas: Comprehensive elementary education, preventative health and social capital development, since they are considered pillars of progress. However, Eduardo Touche considers that this is a topic that could have more impact in the future, starting with public in participation promotion, so that the population can take an active role in changing and being convinced to participate in the solution for their problems.

Without the goals of having citizens understand their responsibility to the environment and their community, there will not be participation. Eduardo is convinced that the greater changes are accomplished when the general conscience gets together to achieve it.

Even so, Samuel Kalisch and Pablo Cuaron concur that citizen responsibility comes from one of Fechac's initial focuses: education. As we know, since its origins, tangible projects were validated and started with an approximate investment of resources in works, but through the years, it became



Evolve and take a step forward

The project "Jimenez Educational City" has the goal of preparing young people to become responsible citizens of their communities in the future.

clear that the existing infrastructure was not suitable and there was a need to change into a more strategic focus.

Pablo Cuaron reflects about a study on the academic level in elementary education, finding that the best school did not have classrooms; students took classes inside a bus, while those assisted with infrastructure remained at the same low educational level. He came to the conclusion that the teacher was the difference. This way Fechac became aware that many programs related to health or sustainability are strongly related to education and they must be reinforced with programs like Parenting School, aids prevention programs, training for fund management, center for education strengthening center, etc. so this strategy becomes real in a generation of awareness and social responsibility.

The Foundation knows that the challenge is not only the professionalization of the organization, which was accomplished significantly, but also the professionalization of the

sector in general as well as other foundations in the state; it is because of this that the population will embrace a sense of social participation that can positively change the reality of the population in greater need.

Many of these challenges would be under the leadership of Hector Jurado Sanchez, Chairman of the Board of Directors of the Foundation of Chihuahuan Businessmen in March 12, 2014, replacing Eduardo E. Touche, who headed the association for six years.

Prevent and never forget risks

As mentioned, the unique element in the Fechac model is the mirror effect it has with the Trust Fund that provides most of the funds. Clearly, the major risk for the Foundation could be that at some point, within a change in government administration, new political cultures and new styles or ideology may come, causing the Decree that gives life to the Trust Fund not to get renewed.

This cross-sector collaboration model is virtually perfect and it generates many benefits

for the community. However, there are situations that some individuals in the government can see in an organized civil society as a threat, instead as a collaboration, and they could try to restrict the funds received, as it has happened to Fechac twice. This happens not only in the State of Chihuahua; it can also be seen in other states that have tried to replicate the model, without much success because of the lack of support from the government support. It is also important to highlight that in other circumstances, because of the political willingness and social awareness of some authorities, great alliances are made.

Fechac supplements the government work, although this is not correctly understood; it can be more effective but it never tries to substitute the actions of the government. There is effectiveness in the organization and transparency of funds, but it will never aspire to replace the government in their role for social assistance because the magnitude of resources is incomparable.

There will always be risk in the Foundation to admit people in the boards, who are not completely sensitive in their social vision and may have a personal interest,

Prevent and never forget the risks



Businesses, State Congress and State Government are pillars of the collection model that allows contributions from employers to invest in social development projects.

different from the goals of the organization. Thus, a wrong selection of advisors could result in decisions that may affect the organization’s philosophy, processes and outcomes. The challenge is to maintain it free of political or religious bias and continue with the most important interest, which is philanthropy and social responsibility.

Fortunately, facing the two biggest challenges about the potential loss of political will to renew the government and a wrong election of advisors, Fechac has proven through the years to have more reasons to feel confident about the future than to foresee a possible break.

In the last years, Chihuahuan businessmen and the organized civil society have sent an exemplary message to the Mexican society. This initiative, materialized in the creation of Fechac has many resources to support it, but above all, many individuals; just remember the role of Samuel Kalisch during the origin and the 2000 conflict, when Chihuahuan businessmen, led by Samuel, proved that the business sector can lobby with great strength with the government and when businessmen are capable of putting aside the natural competition environment of the private sector and remember their social

purposes, they become a great force of cohesion. What to say about Pablo, who did a great job to negotiate with the government in 2003 as chairman of the Foundation; or Eduardo, who, for the first time got the decree to be extended for ten years at the end of 2012.

The Foundation is a success story, but also a story of great personal and group deeds. It would be impossible to mention all the people who have participated in the construction of Fechac, both as advisors or collaborators, who under the leadership of Adrian Aguirre for more than a decade have set the operational bases of the organization. This Foundation is an model of businessmen, like Hector Jurado, the current chairman, dedicating time and effort to reach agreements, defining a philosophy, developing a strategy and getting valuable results. Hopefully this will inspire new generations in Chihuahua and their future success, with all the businessmen, government and civil society in Mexico.

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Appendix I

FECHAC
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Decree 1131/2012

DECREE 1131/2012 SIXTY-THIRD LEGISLATURE OF THE HONORABLE CONGRESS OF THE STATE OF CHIHUAHUA, AT THE FIRST REGULAR SESSION, IN THE THIRD CONSTITUTIONAL YEAR, THAT REFORMS AND MODIFIES THE DECREE 266/94 XII, P.E. TO STATE AS FOLLOWS:

FIRST ARTICLE.- A special contribution is established to the Payroll tax in articles 166 to 172 of the Fiscal Code of the State.

SECOND ARTICLE.- For the determination of the basis of this contribution it will be considered the total made or that must be made by the subject of the payroll tax.

THIRD ARTICLE.-The tax shall be paid applying the base established in the preceding article, the rate of 10%.

FOURTH ARTICLE.- The tax shall be calculated monthly and the payment must be made in the collection offices when the entire Payroll tax is made, with the same official formats approved by the Finance Department of the State Government for the payment of the tax.

FIFTH ARTICLE.- The Executive of the State through the Ministry of Finance will constitute a public trust to which it will receive the extraordinary income referred in this decree, to be assigned for support programs, actions, plans or projects that the public agencies or organizations create and whose purpose is to raise the quality of life of the people of Chihuahua, with preference of those for the care of vulnerable groups and individuals.

SIXTH ARTICLE.- The special contribution established in this decree shall be valid on December thirty one, two thousand twenty two.

SEVENTH ARTICLE.- This contribution will not be considered for the cases considered free from taxation established in accordance with article 171 of the Fiscal Code of the State.

EIGHTH ARTICLE.- All the matters not covered by this decree shall be regulated by what is contained in the Fiscal Code of the State.

DECREE 1131/2012I. P.O. OF THE SIXTY-THIRD LEGISLATURE OF THE HONORABLE CONGRESS OF THE STATE OF CHIHUAHUA, IN THE FIRST ORDINARY SESSION PERIOD DURING THE THIRD YEAR OF THE CONSTITUTIONAL TERM, THAT AMMENDS AND

MODIFIES THE DECREE 985/04 XII P.E. TO STATE THE FOLLOWING:

FIRST ARTICLE.- The second paragraph of the fifth article disappears, also articles second, third and fourth transitory of the decree 266/94 XI P.E. and the first paragraph of the same article fifth is modified to stay as it follows:

FIFTH ARTICLE.- The Executive of the State, through the Ministry of Finance will constitute a public trust to which will receive the special income referred in this decree, to be assigned for support programs, actions, plans or projects that the public entities or organizations create and which purpose is to raise the quality of life of the people of Chihuahua, with preference for those for the care of vulnerable groups and individuals.

SECOND ARTICLE.- It is authorized to the Executive through the finance department to enter into a trust contract to fulfill the purpose referred in this decree.

THIRD ARTICLE.- The contract may freely agree all conditions permitted or required by the applicable law by the authorities and the trust institutions, according to the Trust's uses and other necessary to fulfill the purposes of the trust but observing the following guidelines:

- I. The parties in the trust will be the Grantor: the Free and Sovereign State of Chihuahua, through the Finance Department. Beneficiary: the groups or persons of the State of Chihuahua who through the Technical Committee of the trust are agreed to grant support in the terms and purposes set forth in this decree.

Trustee: The institution with the authority under the law to act as such.

- II. Grantor will provide the Trust the income from the special contribution established by the H. Congress of the State through the decree 266/94 XI P.E. published in the official gazette of the State on April 30 1994.

- III. The trust assets will be integrated fundamentally by the assets described:
 - a) The contributions made in their favor by the Grantor.

 - b) The in come from the amounts managed by the trust.

 - c) The securities that are invested with the liquid assets that are part of the trust assets and the profits.

 - d) The amounts that constitute income to the Trust from the sale of assets that are part of the Trust.

 - e) The real and personal property that are provided to the trust or acquired by any other legal means.

- IV.- Fundamentally the purposes of the trust will be the following:
 - a) That the Trust receives, administers and transfers the funds received by the Grantor or that are acquired in some other way, following the instructions given by the Technical Committee of the Trust

 - b) Administer the resources of the Trust, destined to support programs, actions, plans and projects

that public entities or organizations from society propose directly or indirectly and contribute to raise the quality of life of the persons or groups in the State of Chihuahua, that are assisted by them.

The Technical Committee of the Trust in the process of selection and approval to conduct or support programs, actions, plans and projects that in the terms of the previous paragraph are presented and will have preference those whose purpose is the care of vulnerable groups and individuals in the State of Chihuahua.

For the purpose of what is stated in the previous paragraph, the meaning of vulnerable groups or persons are those who for various reasons are exposed or unable to cope with the effects caused by bio psychological, natural events, economical, cultural, social, legal, ethnic or gender related factors in accordance with what is stated in article 3, fraction V and 4 of the Public and Private Welfare Law of the State of Chihuahua.

It is strictly forbidden to provide support to programs, actions, plans and projects that directly or indirectly benefit persons or institutions with political or religious purposes regardless of their nature.

- c) Grant in accordance with the instructions given by the Technical Committee and in accordance with the guidelines of the previous subsection the support in compliance of the purpose of the trust and that allow:

1. Contribute to the social and humane development of the people of Chihuahua, through programs, actions, plans and projects that help to strengthen their capabilities and solve their deficiencies and problems.
2. Help to the healthy development of individuals and vulnerable groups at risk by their disadvantaged status, abandonment to physical vulnerability, mental, legal to social.
3. Promote activities and programs to meet the needs resulted from emergencies, natural disasters or similar contingencies.

The Technical Committee shall allocate five million pesos of the annual income of the trust, for the integration of a fund for the purposes indicated. Every three years the balance of this fund will be reviewed, and if the resources are not used, the resources will be released for the purposes of the trust, always keeping in the fund five million.

The Technical Committee may authorize the transfer to this fund a larger amount of financial resources if necessary.

4. Strengthen the ability of vulnerable individuals or groups at risk for their disadvantaged status, abandonment or physical, mental, legal or social to meet their needs, exercise their rights and to harmoniously integrate them into their social, family and labor environment.

5. Support programs, actions, plans and projects that care, promote, prevent, protect and rehabilitate in the health and wellness areas.
 6. Contribute with the training and educational processes for life and work.
 7. Strengthen the capabilities and performance of organizations, in order to attain the goals and objectives and those identified by this trust, prior justification and evaluation of their impact on their social benefit.
- d) Other that in accordance with the previous ones, are entered into the trust contract.
- V. In order too carry out the purposes of the Trust, the Trustee will have the following powers:
- a) Receive and administrate the resources provided by the Grantor, and the others that are part of the trust estate, following the instructions of the Technical Committee.
 - b) Apply the resources of the trust in accordance with the instructions received by the Technical Committee.
 - c) Enter into upon approval of the Technical Committee into any act, agreement or contract that is necessary to comply with the purpose of the trust.
 - d) Issue all kinds of documents for any transaction or arrangement with authorities and public or private institutions, as necessary, to protect the trust assets and fulfill the purposes of the trust.

- e) Grant or revoke general or special powers of attorney with sufficient authority to act on their behalf as required to achieve the purposes of the trust or for the defense of the trust estate, in accordance with the instructions and in favor of the persons that the Technical Committee appoints for such purpose.
- f) Perform any other act necessary or convenient to comply with the purpose of the trust, limited to the instructions of the Technical Committee in the case of ownership regarding real estate, and
- g) Las demás que se pacten en el contrato de Fideicomiso, que no contravengan las anteriores ni sean contrarias a los fines del mismo.

VI.- The Technical Committee of the Trust will be integrated by twenty-five members, as follows:

- a) Representing the State Government:
 - 1. The Secretary of Social Development
 - 2. The Health Secretary
 - 3. The Secretary of Education, Culture and Sports
 - 4. The Secretary of the Treasury
- b) Three representatives from the Local Legislature.
- c) Two mayors designated by the State Congress.

- d) Twenty-one members of the business sector of the state, appointed and removed by the representatives of the business organizations legally constituted and whose members are subject to the special contribution mentioned in fraction II of this article. For this purpose the representatives of those bodies in the municipalities of Juarez, Chihuahua, Nuevo Casas Grandes, Delicias, Hidalgo del Parral, Ojinaga, Jimenez, Camargo, Cuauhtemoc and Guachochi will designate two members for each municipality and such members will designate by majority one member that represents all the regions of the state.

The Technical Committee will be chaired by one of its members appointed by the majority and will serve for a period of two years and he may be reelected for two more periods. The members of the business sector will last two years in office and may be reelected for two more additional periods.

Each member of the committee will be covered in his/her absence by a person appointed by the member.

The members of the Technical Committee will have voice and vote in the deliberations of such organization and the alternates will only replace in their absence of the members that designated them. In case of a tie, the chairman shall have the casting vote.

The holding of the position of a member of the Technical Committee will be honorary; therefore the members will not receive any payment.

The trust contract must provide the functions of the Executive Secretary of the Committee, the rules for

the sessions and the rules and the form on how the agreements will be validated.

For each session of the Technical Committee a signed record must be issued by the members who attended the session, and signed by the Chairman and the Secretary.

The Technical Committee will notify its decisions to the Trustee through signed document by the Chairman, the Secretary or any special designated delegate for that effect, with a copy of the corresponding record.

A representative of the Trustee without voting right may be invited to Technical Committee sessions.

The Technical Committee will be considered legally in session when in the sessions the majority of the members are present and among them is present the Chairman or the alternate.

The Committee may set up subcommittees in the terms and conditions established by the same and in accordance with the purpose of the trust.

VII.- The Technical Committee will have the following attributions:

- a) Directing the Trustee regarding the implementation of the resources of the trust estate.
- b) Directing the Trustee regarding the actions necessary to grant the support approved by the committee. The committee may approve the

application when the social impact and benefit of the program, action, plan or project is justified.

- c) Authorize the signing of agreements and contracts regarding the trust.
- d) Authorize powers of attorney for the representation of the trust, in trial or outside trial, and ratify the ones granted by the Trustee in the exercise of its powers when it is not possible to obtain prior authorization of the Technical Committee for the damages that the delay may cause.
- e) Designate an Executive Secretary to follow and comply with the resolutions and giving the necessary powers for the efficient performance of such duty.
- f) Directing the Trustee regarding the matters of the administration and protection of the trust estate.
- g) Directing the Trustee for the hiring of service providers and advisors that the Technical Committee estimates necessary and designate subcommittees of the technical committee as aids.
- h) Publish quarterly transaction operations report, income and expenses in at least two daily newspapers in the State.
- i) Other powers under the provisions of the trust contract, in accordance with the above and necessary for the compliance of the purpose.

- IX. The Trust may execute an agreement with the Trustee the payment of his salary and other expenses.
- X. The Trustee will have the obligation to designate the person that instructs the Technical Committee to exercise the rights derived or defends them, the Trustee will not be responsible for the performance of the proxy's nor for the payment of fees or the costs generated which will be covered by the trust estate.
- XI. In the Trust contract the conditions may be agreed regarding the responsibility of the Grantor for the damages that the Trustee suffers while performing his/her duties without being responsible for the ones caused by fraud or bad faith
- XII.- The Trust will have the term necessary to comply with the purpose and will end for any of the reasons established in article 392 of the General Law of Securities and Credit Operations, that are compatible with the nature of the contract entered into, reversing the trust assets to the Grantor.

FOURTH ARTICLE.- It is authorized to the Treasury Department to convene with the Trustee all the circumstances and conditions necessary that must be agreed upon in order to enter into the trust contract, the ones for the best performance of the same, and the ones convenient to perform the purpose of the Trust.

At any time it can be modified or make additions to the guidelines stated in the previous article, provided that they do not contravene the sense or the original text of such guidelines.

FIFTH ARTICLE.- for the execution of the programs and actions in the terms of the trust, they may include financial

structures that include federal contributions, normal state investment, municipal or private.

SIXTH ARTICLE.- the Executive of the State must submit the financial statements to the annual public account report for review without prejudice to the audit review made by the Office of the Comptroller of the State Executive.

SEVENTH ARTICLE.- the Technical Committee of the trust must issue a Code of Ethics that regulates the conduct of its members.

TRANSITORY:

FIRST ARTICLE.- The present decree will be valid on the next day of its publication in the Official Gazette of the State.

SECOND ARTICLE.- The Congress of the State will have a term of 60 natural days, starting from the start of the validity of the present Decree, to designate the representatives from the Local Legislature referred to in the Third Article, fraction VI, section b), contained in the Second Article of the present Decree.

THIRD ARTICLE.- the Chairman of the Technical Committee that is performing duties upon the start of the validity of the present Decree will continue in the position until February 28 2014.

FOURTH ARTICLE.- within a term not longer than 180 natural days to the start of the validity of the present Decree, the Technical Committee of the Trust must approve and issue the Code of Ethics.

At the Chamber of the Legislature, in the city of Chihuahua,
Chih., December twentieth, the year two thousand twelve.

CHAIRMAN REO. JORGE ABRAHAM RAMIREZ
ALVIDREZ Signature SECRETARY REP. INES AURORA
MARTINEZ BERNAL. Signature SECRETARY REP. ALVA
MELANIA ALMAZAN NEGRETE. Signature.

Appendix II

FECHAC
2015

Operation Manuals

Project management systems and manuals

Management System for Documents,Agreements and Projects (SADAP)

Fechac has a Management System for Documents, Agreements and Projects (SADAP), an available software through the Internet where all projects are organized for control, follow-up and monitoring. The purpose of this program is to have a system to manage all important documents, agreements and projects related to Fechac in tasks, and keep the quality standards required by the organization and the Quality Management System. This software was designed to provide resources to civil society organizations, to verify, supervise and monitor the correct administration and appropriation of funds.

A civil society organization starts with an application through SADAP, requesting financial or equipment support. This software application controls and documents the different steps where a financial application is reviewed for approval or rejection.

All projects are constantly identified and filed in electronic copies; each online application is coded with a number and identified with it through the analysis and approval process, allowing to constantly maintain a status and being able to make changes requested by the client (beneficiary).

Records referring to the activities are available in the software, in the project's history. When an online application is received, it gets a number assigned (ID) for each project providing traceable tools from the time when an application is filled and becomes a project, until the approval process.

Given the nature of its essential operations ruling Fechac, the appropriate characteristics were determined in the software's specifications:

- a) Systematization of OSC's application process for financial resources, organized by using and implementing the software.
- b) Organized and friendly software that allows obtaining information of the requirements to request financial support to Fechac, in a quick, timely and quality manner.
- c) Electronic records of each phase in the application process for approval or rejection.
- d) Organized access via Internet.
- e) Administrative controls in the administrative and financial areas, derived from information generated by SADAP that allows visualizing approved amount when the application becomes a project.

- f) Able to any time show all different stages in the process of an application for review and approval of financial support by Fechac and providing easy and timely access for visualization and follow up of each application that becomes a project.
- g) Prompt interactive processing.

Operational Manual

In its role as second tier Foundation, Fechac supports civil society organizations and community groups with contributions, that have worked one or more years in the State of Chihuahua submitting projects to assist vulnerable groups with focus on at least one of its support areas: comprehensive elementary education, preventive health and social capital development. Resources are donated and tagged for infrastructure, equipment or project implementation, depending on the characteristics of the project and type of institution.

Conditions for an eligible project:

1. Institution.
 - Legally established organizations operating in the state of Chihuahua and authorized by the Revenue Administration System (Sistema de Administración Tributaria.)
 - Public Institutions dedicated to elementary education and health protection.
2. Purpose of support.

Quality Comprehensive Elementary Education

- Planning projects for continuous improvement, where school stakeholders participate, allowing improvement of efficiency and quality of education.
- Projects with impact in comprehensive education that help to improve quality of education, civil and ethical instruction for students and parents.
- Projects that promote the participation of parents in school boards, school activities and their children's activities.

Health

- Projects to prevent main diseases.
- Projects that promote a self-care culture.
- Projects to prevent, consult, heal and rehabilitate in all 23 mountain municipalities.
- Projects providing support in one or more of the following aspects: shelter, food supply, health and rehabilitation.
- Projects that promote the participation of parents in school boards, school activities and their children's activities.

Social Capital Development

- Projects that encourage sustainable social development, ground roots development, public participation and volunteerism; or to improve the social basic structure, grassroot group development through common good alliances.
- To promote grassroots groups development processes.
- Projects that encourage corporate social Responsibility.

- Projects that encourage corporate social responsibility.
- Training projects for CSO professionalization and social entrepreneurs.

Cross curricular activities.

- Social Research in Fechac's focus areas.
- Participation in public policy: promote projects that sponsor the creation or modification of laws, regulations and standards to boost the activities of civil society organizations activities, access to more federal, state and local resources, involvement in decisions affecting the sector and incentives for development of those organizations.
- Promotion for collective impact through consolidation of alliances, networks and participation at inter-agency roundtables for social development.

3. Application.

Before filling the online application, it is recommended to have an outline of the project, that is, to have defined objectives, timeline, milestones, indicators, scope, strategies, activities, budget, financials, amount and type of beneficiaries, etc. Fechac has a specialized document that details how to develop these concepts. Once the project is outlined through the online application (www.fechac.org/solicitud), applying institution, additionally to the self-assessment exercise and talking briefly about its organization; describes the project. Fechac informs requisites that must be submitted to have the project reviewed and potentially approved; assigning an executive (local director or connector) that will accompany them throughout the process.

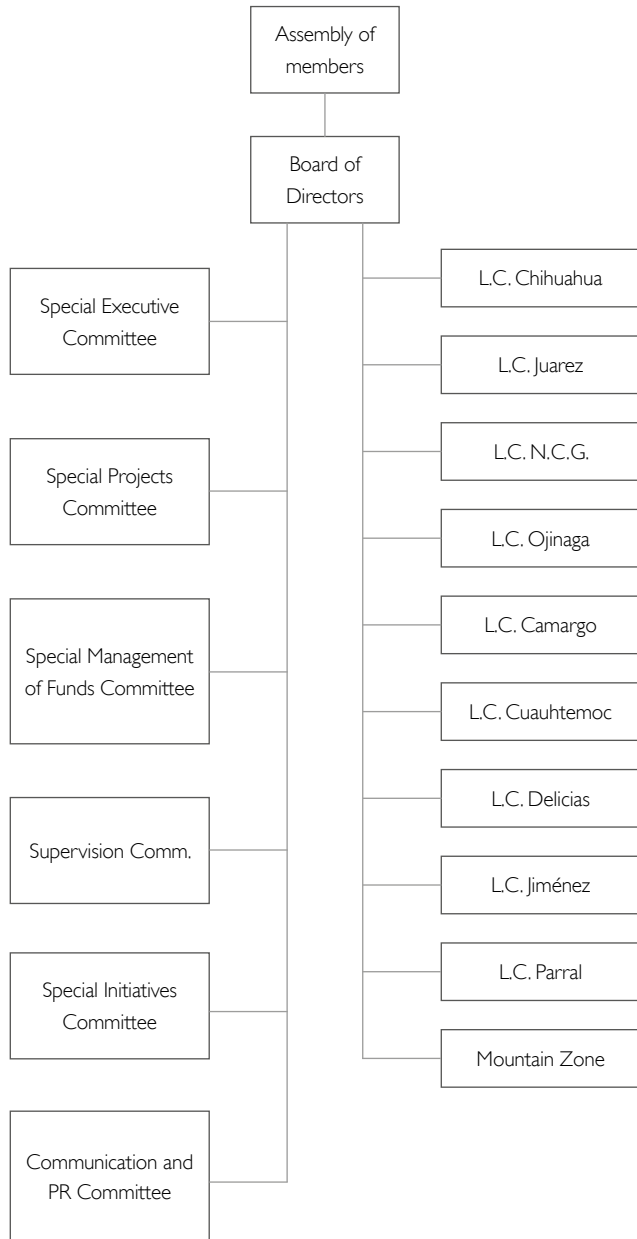
During the approval process, Fechac conducts executive on-site visits and requests information and documentation, needed to build the project.

4. Fechac requires participation from several stakeholders at each project since it never provides 100% of total cost of projects nor related operational costs.
5. It accepts application throughout the year. In special cases it opens public invitations with a limited time to accept applications. There is a plan to change into a system where applications will only be received at the beginning of the year.
6. Depending on each municipality in the state of Chihuahua where the project is developed, it is submitted for consideration before a local businessmen advisory council, named local council. Each one has an executive who will accompany the client throughout review and approval of the application
7. A series of policies, procedures and requirements are in place to ensure impartiality in delivery of resources. Reasons to reject a project are generally: a) when the project is not outlined correctly, b) when a project does not meet the established policies, timeline and procedures, c) when the applying institution does not meet the requirements, d) when the local council does not have resources available.

Governing Bodies manuals

Since Fechac groups several governing bodies at state level and there is a greater participation of advisors, constantly renewed, the existence of manuals to guide individuals is fundamental. As shown in Figure 14, there is an important number of committees that must work with a high level of cohesion.

Figure 14 Governance body.



Source: Manual Fechac.

Fechac has several manuals at hand, which are tools to have an appropriate control of each activity by the members of the organization. These are important because they establish rights and obligations that members should be ready to observe, as well as guidelines to determine the organization's procedures.

In Fechac's structure, we find several manuals guiding the governing body of the organization. Among them, we highlight:

- Assembly of Associates' Manual. The Assembly of Associates is Fechac's maximum authority, consisting of all the associates, board members, and the rules specified in the bylaws. This document describes what the Assembly of Associates is, as well as: 1) its integration, 2) Meetings, frequency and validity of agreements, 3) topics under responsibility of the General Ordinary Assemblies, y 4) topics under responsibility of the Extraordinary General Assemblies.
- Board of Directors Manual. This document shows the structure of the Board of Directors, as well as its goals, rights and obligations. It also includes goals, rights and obligations of the associate directors and state chairman. It consists of Fechac's clauses and bylaws in reference to the above mentioned topics, as well as those expanded by agreement of the Board of Directors. It also includes the procedure to elect the Chairman of the Board of Directors, either by reelection of the current chairman, or another associate director aspiring to the position. The same steps in case the state chairman wants to resign.
- Board of Directors Special Committees Manual. This document includes standards applicable to all the special committees of the Board of Directors: aspects related to all rights and obligations of their members; special committee coordinator and state associate.

It also regulates goals, integration, rights and sessions of executive special committees, projects and use of resources.

It includes the special integration of advisors in the Local Council of Ciudad Juarez, for specific matters at the model “Expanding Children’s Development (ADN)” in the Special Projects Committee.

- Local Councils Manual. It describes the location of local councils, maximum and minimum number of members required for a council to have representation, as well as goals and rights of local councils and items for discussion. It also includes the procedure for election and reelection of the local chairman and associate directors; policy to accept local associates (advisors), under which circumstances membership can be lost and confirmation term.
- Manual for the Advisor for the strengthening of the Governing Body. Document describing the strengthening cycle for the governing body and its main processes. This manual has the ultimate goal of establishing strategies and actions so that the Foundation has trained and committed members that promote Fechac towards a successful accomplishment of its goals, under eight main processes:
 1. Identify advisory needs.
 2. Cultivate new members.
 3. Recruit and confirm new members.
 4. Advisory training.
 5. Advisory involvement.

6. Effective communication of plans, achievements and news.
7. Rotate, renew and nourish boards.
8. Appreciate performance.

The integration of the manuals, policies, processes and systems above mentioned allow a day-by-day professional action by Fechac, independent from any changes in membership. Also, communication and certification processes that include the Foundation as part of the operation ensure not only the existence of these guidelines, but their daily implementation.

Appendix III

Policies and procedures

1. General policies for approval of applications.
 - 1.1. All projects promoted and financed through Fechac must be aligned to its strategic approach 2020 where the focus areas and lines of action are considered, and policies, institutional processes and procedures approved by the board.
 - 1.2. They can support:
 - 1.2.1. Legally constituted organizations of society, operating in the State of Chihuahua and that are authorized to receive donations by the Tax Administration System..
 - 1.2.2. Public institutions authorized to receive donations by the Tax Administration System
 - 1.2.3. Community groups for base development through a special request or through a OSC.
 - 1.3. Access to the financing of projects is made by the reception of the applications directly or by public notice, or by strategic alliances or initiative of Fechac.
 - 1.4. Civil society organizations may be supported up to 70% of the total project cost and those operating in municipalities up to 80% of the total project cost.

- 1.5. The public institutions may be supported up to 30% of the total project cost.
- 1.6. In applications including request for support for the purchase of real estate, each local council or committee area should consider the advisability of lending them on loan or donating them definitively before approval.
- 1.7. For the applications including current costs or operation costs, the local council or zone committee or project committee must analyze the convenience of approval, with the exception of wages and salaries of employees not directly involved in the project.
- 1.8. In the case of applications including payment of taxes, it will only support:
 - 1.8.1. Employees hired for project implementation, the gross salary will be paid and it will be the obligation of the institution to withhold and inform of the obligations stated in fiscal laws.
 - 1.8.2. The contributions by the employer for concept of IMSS, Infonavit and I.S.N. regarding payment of employees directly involved in project implementation.
 - 1.8.3. The cases of hiring an independent service provider (those who are hired to implement the program) the fee will be paid including tax, and it is the obligation of the institution to withhold and inform the obligations established by the fiscal authorities.
2. Policies for applications involving equipment.
 - 2.1. The applications to purchase vehicles should include the payment of vehicle plates, the obligations stated by the law and extended coverage insurance for a year and they may be approved for a maximum of 60% of the total cost.
 - 2.2. Applications to purchase computer equipment and furniture must comply with the general policies of application approval, submitting two current quotes issued by different commercial establishments

- 2.3. Applications to purchase medical equipment with a value of more than \$200,000.00 (Two Hundred Thousand Pesos 00/ 100 Mexican currency) will also need to consider insurance with full coverage for one year considering this as part of the project.
3. Policies for applications involving construction or remodeling:
 - 3.1. The applications for construction or remodeling of public educational institutions must have the endorsement of the Instituto Chihuahuense de Infraestructura Fisica Educativa (ICHIFE).
 - 3.2. The applying institution must also comply with legal requirements and demonstrate legal possession of the building or property.
 - 3.3. Applications requiring new buildings must comply with safety standards in accordance with the requirements of the Civil Protection Department.
 - 3.4. In case of applications exceeding the amount of \$300,000.00 as a total project cost, the applying institutions must submit the final design of the building.
 - 3.5. The applying institution must obtain a liability insurance to waive Fechac of any legal actions in case of accidents or labor lawsuits.
 - 3.6. Before the approval of the applications, it must be verified that the construction has not started. On the other hand, they will only be considered as viable concepts if not executed or executed with a maximum of two months of the date of approval by the council.
4. Policies for the request of implementation of methodology of social intervention.
 - 4.1. The applying institution must file no later than the month of August in the corresponding Local Council or Committee of the Zone, the application for funds for the development of the project for the following calendar year.
 - 4.2. The applying institution developing a project in schools must schedule its operation, administration and development of the project by school year cycle, covering the months of August to July of the next school year cycle and submitting the application

- in the corresponding Local Council or Zone Committee no later than April.
- 4.3. In the areas corresponding to salaries and wages it may obtain support up to a maximum of 70%.
 - 4.4. The application must include activities, mechanisms and strategies for fundraising to ensure the sustainability of the project and the institution itself.
 - 4.5. Applications that include developing the same methodology of social intervention in two or more local councils (including rural zones) must be analyzed together by the project manager in the corresponding table, for approval by each local council or zone committee.
5. Policies for special requests.
- 5.1. All special requests must comply with the process for the approval of applications.
 - 5.2. By the authority
 - 5.2.1. In urgent cases, the chairs of local councils may approve requests for up to a maximum amount of \$30,000, not exceeding two applications per month and these can be exercised immediately, and they may be out of the focus area.
 - 5.2.2. The chairman of the council may approve requests for up to a maximum amount of \$40,000 pesos.
 - 5.2.3. In any of the two previous cases, applications must be submitted by the chairman of the local council or chairman of the council as appropriate.
 - 5.3. 5 % Funds
 - 5.3.1. They may approve applications outside of the focus areas for up to a maximum of 5% of the resources of the Local Council, rural zone and State Level, corresponding to their annual budget considering projects exercised with resources of the 5% observing the figure.
 - 5.4. Operated by Fechac
 - 5.4.1. It may approve interest projects operated by Fechac observing the figure.

6. Exclusions

- 6.1. No similar projects may be financed of institutions similar to Fechac (second tier) for the development of the institution's own projects.
- 6.2. The following will not be subject to financing the , and therefore they will not be considered in the total amount of the request:
 - 6.2.1. Conducting religious activities, religious and partisan proselytizing.
 - 6.2.2. Medication and medical treatments, as a direct benefit to individuals, scholarships, trips, food, clothes, shoes that are not part of a program.
 - 6.2.3. Payment of employees of the institutions not directly involved in the project.
 - 6.2.4. Isolated events (courses, workshops, conferences and congresses) that are not part of a program.
 - 6.2.5. The promotion and equipment for sport events that are not part of a project.
 - 6.2.6. The corresponding tax obligations of the applying institution such as income tax.
 - 6.2.7. Payment of fines incurred for not complying with the appropriate laws.

Appendix IV

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Cross-sector Relation

In an effort for coordination and cross-sector work, Fechac actively participates in other public and private organizations such as:

Camargo

- Environment Committee
- Municipal Development Planning Committee
- Parking meters Camargo Municipal Council
- Municipal Alliance Committee Fechac 2013
- Municipal DIF Council
- Municipal Health Council

Chihuahua

- Alliance for Corporate Social Responsibility Chihuahua Chapter
- Environmental Committee, Municipality of Chihuahua
- Municipal Development Planning Committee of Chihuahua
- Self-regulation Council for the Radio and TV Industry Chamber
- Municipal Economic Development Council
- Regional Development Council– Central Zone (Coder)
- State of Chihuahua Social Development Council (Codeso)
- Council for a Culture of Legality
- State of Chihuahua Economic Development Council (Codech)
- Consejo por el Compromiso Social para la Calidad de la Educación Capítulo Chihuahua
- Polytechnic University of Chihuahua Social Council
- State Economic Development
- Roundtable for the National Crusade against Hunger
- Assistant Advisory Organization for the municipality of Chihuahua

Cuahtemoc

- Regional Development Council
- Roundtable for the National Crusade against Hunger

Juarez

- Patronato La Rodadora
- Fortalessa
- Juarez Strategic Plan

Jimenez

- Council for a Culture of Rule of Law
- Coplademun Municipal Council
- Health Municipal Committee of Jimenez
- Correlation Council with Technological Institute of Jimenez
- Citizen Council in the Crusade for Quality in the Health Center

Nuevo Casas Grandes

- Technological Institute of Nuevo Casas Grandes Advisory Board
- Advisory Board of Ezer
- Northwest Economic Development Council
- Council for Highways in Casas Grandes and Nuevo Casas Grandes
- Municipal-Fechac Alliance Council 2010, 2011 and 2012

National

- Alliance of Community Foundations for Mexico (Comunalia)
- Board of Directors of the Mexican Philanthropy Center (Cemefi)
- Advisory Technical Board for the Federal Law to promote Social Society Organizations activities
- Nodo Mexicano de Red EAmérica

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A Shared Social Responsibility Model

FECHAC
2015

Printed in September 2015

Families Dante and Gillsans participated in its
completion.