



From Crisis to Partnership: The Case of Fundación FECHAC

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“There is no single organization nor sector able to solve by itself the social problem derived from marginalization and poverty. Complementariness is required; we are all in a process of encounter to solve the problem of marginalization and extreme poverty.”

Samuel Kalisch

Marginalization and social exclusion are global problems that must not be ignored. During recent years, some leaders and organizations have become conscious of serious inequalities. They have chosen to leave behind traditional leadership styles and philanthropy theories to create new collaboration models that create bridges between different sectors. Many examples of this type of bridging can be found in Mexico. This study will analyze one particular example, the Trustaci3n del Empresariado Chihuahuense, also known as FECHAC.

FECHAC is an organization that unites the private sector, civil society and the government of Chihuahua to develop social programs aimed at reducing marginalization and social exclusion. To gain a better understanding of the emergence and evolution of FECHAC, one has to look into the context in which it emerged at the local and national level.

Mexico: Almost a century and still the same problems

In Mexico, poverty and the poverty-related phenomena of social exclusion have a long history. Although welfare is part of the constitutional and operational obligations undertaken by the regime that stemmed from the 1917 Revolution, and although all the country's political powers have agreed on the need for a productive economic system capable of providing employment, education and health care to the whole population, it has not proved possible to build a stable economic model capable of attenuating poverty, extending equality of opportunity and generating a minimum of well-being for the population as a whole. The policies of assistance and distribution that have been implemented by the State and by certain social actors have proved to be inefficient in alleviating poverty, and in reducing inequalities, as a result of which exclusion has increased.

This inability to solve problems, mentioned by Sara Gordon, is due to many complex issues but can be summarized as follows:

- A non-democratic regime from 1929-2000, with only one party the PRI (Partido Revolucionario Institucional), controlling the country
- A government that is jealous of social programs and exchanged political help for votes
- Corruption and incorrect use of funds
- A weak civil society
- Lack of coordination
- Recurrent economic crisis and structural adjustment processes

During the last two decades, these issues have begun to evolve. These were years of recurrent economic crisis and structural adjustment. Though poverty and exclusion were accentuated, a more conscious civil society also emerged.

A need for political and social change became a goal for many different groups. During these years, a wave of democratization in the northern states allowed the opposition parties, especially PAN (Partido Acción Nacional), whose members came from the private sector, to win state elections. Chihuahua was one of the states in which this phenomenon occurred.

Chihuahua: harsh realities being addressed positively

Chihuahua is located in northern México, near the border with the United States. According to the INEGI, Chihuahua has a population of approximately three million people. Almost 80% of its inhabitants are concentrated in two cities: Chihuahua, the capital city and Ciudad Juárez, a border city.

According to official data, Chihuahua is the sixth greatest contributor to Mexico's GDP. But high GCP does not ensure equity or poverty alleviation; a deep disparity between Chihuahua's regions persists, and the social sectors require urgent attention.

For example, the region of the Sierra Tarahumara, home to approximately 300,000 indigenous people, lacks basic infrastructure and services and has very low-income levels. The same is true of Chihuahua's desert region where around 60,000 people live. Though living conditions are not quite as bad as in the capital city, conditions are not ideal, and geography and environmental conditions place limits on development opportunities.

As it has already been mentioned, Chihuahua was one of the first states where elections were won by the opposition party. Since 1983, PAN has held a majority in the government of the two main cities. In 1986, there was a very close election between Francisco Barrio from the PAN and Fernando Baeza from the PRI. Though the PRI won this election, the final result was questionable. It was not until October 1992 that the PAN was able to win the state election. Francisco Barrio was named the first opposition governor in Chihuahua's history.

Chihuahua's civil society should be acknowledged as one of the most active in Mexico, in part due to the process of democratization that began to take place when the opposition party won. At the beginning of the 1990's, there were already 43 civil organizations dealing with, hunger, poverty, and lack of education. These organizations included Mano Amiga, Trustación José Llaguno, Lions Club Chihuahua and Rotary Club Chihuahua. According to Jenny Zapata, certain organizations had good ideas but they lacked the resources they needed to execute them. Other organizations were very efficient and professional but were working in isolation without coordinating with other groups.

The private sector was organized into chambers and associations. There were more cases of philanthropy than social responsibility, though there were a few attempts to collaborate

with the government on programs targeting poverty and social exclusion, they were not constant.

Why did the problems continue to increase if people and organizations were working on solutions? So many different organizations and efforts were working to solve an extremely complex problem. They had all the same concerns but they were not working together. A bridge needed to be built, one that would create ties among apparently irreconcilable sectors: the government, the private sector and civil society. Was it possible? Of course it was.

A storm strikes the city and the consciences of many

In 1991, a severe storm struck the city of Chihuahua, causing significant physical damage as well as something more important; it awakened social consciousness in people. In that moment, a group of men and women from the private sector emerged who were willing to help the government with reconstruction. There was a meeting among the entrepreneurial associations to discuss how they could collaborate with the government. They concluded that businesses and enterprises would donate an extra 10% of the total amount paid on the ISN (a tax paid by business in Mexico). The Trusts raised by this mechanism were to be administered by a committee of businessman.

The proposal was made to Governor Fernando Baeza (PRI) and he took it to the congress. The proposal was accepted and turned into a decree. A trust was established as was a technical committee made of businessmen. Samuel Kalisch, President of the Economic Development Association, a private sector organization, was named president on the committee.

Collaboration among multiple sectors was achieved in that moment for these reasons:

- The collaborative efforts between the private sector and government on economic development projects.
- The leadership of the entrepreneurial organizations managed to create a consensus and was able to deal with the government. It is important to point out that Samuel Kalisch played a crucial role in the lobbying and negotiation process.
- The governor understood that the reconstruction process would be easier if the government cooperated with the private sector.

The proposal was so successful that the amount of Trusts collected was more than enough to complete the reconstruction work. The technical committee then looked for other social projects towards which the remaining Trusts could be directed. They collaborated with shelters for senior citizens and impoverished children held by organizations from the civil society. Two years after the disaster, the technical committee ended its reconstruction task and was dissolved.

The need to get together again

In 1994, the indigenous uprising in Chiapas created concern in Chihuahua because the indigenous people living in the Sierra Tarahumara were targeted as another possible problem. At the same time, research was published revealing two serious issues in Chihuahua: the marginalization of the indigenous Tarahumaran, an indigenous population, and the lack of resources at the civil society organizations aiming to reduce social inequality. At that moment, the nature of the crises that the Chihuahua people were facing was not as obvious as the one that occurred two years before. Only the businessmen realized the seriousness of the present problem: social inequality and lack of opportunities could lead to the instability of marginalized sectors.

The “maquiladora boom” experienced in Chihuahua from the 1980’s through the 1990’s, was caused by the establishment of a great number of foreign enterprises. It brought economic resources to the region, but unfortunately, also caused problems such as delinquency and familiar disintegration. Rural migration towards the cities, especially Chihuahua and Ciudad Juárez, rose sharply. Even though the maquiladoras generated employment, the situation of marginalized people did not get better. According to Victor Orozco,

“According to official data between 1980 and 1990, analysis reveals an increasing number of people earning less money at Chihuahua.”

The severe drought suffered since 1991 aggravated the situation even further. Crops and cattle, two major sectors of Chihuahua’s economy, were devastated. People at the Sierra Tarahumara were particularly affected. Marginalization manifested itself in both rural and urban areas. Rural areas lacked the infrastructure and income alternatives to retain populations, thus causing migration flows towards cities. Meanwhile, in urban areas, high growth rate caused social demands to surpass government action, generating further marginalization and poverty zones.

The desire for the private sector to take a more active role in finding solutions to Chihuahua’s problems emerged once again. This time, there was an important factor that cannot be ignored. As Victor Orozco said,

“the victory of the PAN constitutes a great step forward for a future of better conditions for civil action....this victory broke the political monopoly that tampered many pores of society.”

The Creation of FIDEICOMISO DEL EMPRESARIADO CHIHUAHUENSE

Samuel Kalisch, who was still President of Economic Development, made lobbying efforts chamber by chamber and association by association, in order to get the support needed to again make a proposal to the governor. He used a similar mechanism as he used two years before. Since the problem that now needed to be solved was not a crisis, but a structural problem, Kalisch’s efforts had to be all the more powerful.

It is important to mention that Kalisch did not see himself as a leader of the proposal, but as a facilitator. He doesn't talk about leadership, but instead he uses the terms detonator and collective conscience:

“When there is a collective problem and we have not realized it, somebody has to detonate it. A group of people gets together to discuss it and suddenly there is a detonator, someone who says, what if we do this? And the others agree. Perhaps many had already thought of it but someone detonates it. While discussing, “it” comes out and they begin to work toward the solution.”

Kalisch's consensus capacity was such that he obtained support from 34 out of 43 private sector organizations. By this point, Francisco Barrio of the PAN had replaced Fernando Baeza of the PRI as governor. Francisco Barrio represented the first opposition government in 70 years. Barrio came from the private sector and was a very important leader of Chihuahua's democratization process. He took Kalisch's initiative to the congress and it was accepted. The decree would last for six years and the Fideicomiso del Empresariado Chihuahuense was established.

One of the main risks perceived at that time was the incorrect use of Trusts due to corruption and old practices, but once again, the government accepted the administration of the money by businessmen. Because the current governor and congress approved this collaboration, there was a fear that subsequent governments might not accept sharing a part of what was traditionally public sector domain. Finally, there was the risk was that renewal of the decree that provided the Trusts was tied to political approval.

Once the mechanism for collecting Trusts was approved, more difficult questions arose: How were the Trusts to be distributed? And who would be the beneficiaries? It was decided that the Trust would be a banca de segundo piso ; the Board would evaluate requests from civil society organizations and upon acceptance of their projects, the Board would grant them Trusts. The idea was to “help the ones already helping”. So there we have another bridge: businessmen and civil society organizations working together.

The table below shows the situation in which the Fideicomiso del Empresariado Chihuahuense (the Trust) was created in 1994.

Resource type	Resources	Limitants
Human	Businessmen willing to work toward solutions and participate in civil society.	Not many people are dedicated to social development and working on behalf of marginalized people.
Financial	Private sector agrees to donate an extra 10% of the ISN.	The decree is attached to political approval.
Knowledge	Businessmen know-how in management and project evaluation.	People in the private sector are not aware of the problems of the organizations from the civil society.
Institutional Framework	Government has control of the legal framework and tax collection.	The decree would only last 6 years.
Organizations	Businessmen organized in chambers and other private sector organizations. There were some	An opposition to the tax increase could arise among some of the chambers. Many of these

The Trust decided to focus on four areas: education, health, sustainable economic development and the promotion of philanthropy. An important premise was also set: the Trust would be an apolitical, ecumenical and plural organization. Another premise was that when sharing projects with the public sector, the Trust would seek to complement, not substitute, government action. For this reason, the Trust only gives a maximum of 33% of the total amount spent on the project, disbursed only after the government has used its own resources. This practice was adopted after projects in which public Trusts were promised but never granted.

A structure of nine local boards was designed in order to administer the resources for each city. A board of directors at state level was also created. The rural area is covered by the board of directors at state level and is based in the city of Chihuahua.

As mentioned, the rural area of Chihuahua has severe problems causing increasing numbers of people to migrate. The Trust has a policy of directing 50% of the total amount of resources collected towards rural areas, especially the Tarahumara region, in order to improve the peasant and indigenous people's conditions. The remaining 50% is distributed proportionally among the nine cities, according to the amount that each city provided.

In 1996, the Trust realized that, as a trust, it had limited capacities and decided to evolve into a foundation, which would allow ownership over certain assets and the responsibility of managing the Trust, as well as other projects. Thus the Trustaci3n del Empresariado Chihuahuense (FECHAC) was launched. The consolidation of this organization had begun.

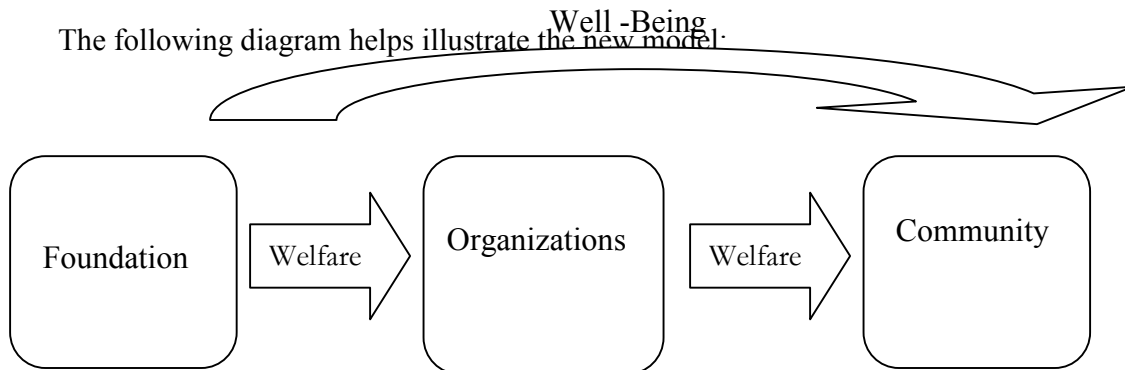
Nevertheless, most of the efforts and resources were directed towards infrastructure projects and as time went on FECHAC realized it was not enough. Adri3n Aguirre, manager of infrastructure projects provided an example of this. A shelter was built in the Sierra Tarahumara. When it was finished, it was very pretty. Six months later we visited the shelter and all the windows were broken. We realized that there are some communities where giving money was not enough. Another type of help had to be given in the form of education and promoting the desire for self-realization.

Another important factor influencing the need for FECHAC'S evolution were the lessons learned from the collaboration with diverse organizations from the civil society. Though there were successful experiences, there were also failings and unfinished projects. FECHAC concluded that what was needed was a civil sector with more professionalism. It began to give assessments and courses in collaboration with other institutions, such as universities, in order to accomplish a certain level of professionalism in the sector. In the next section, FECHAC's evolution is traced in more detail.

FECHAC evolution: “A friend repairs a bird’s broken wing and shows it how to fly again.”

1998 was very important in the consolidation and further development of FECHAC. They had supported over 500 projects in partnership with civil society and the government. People from FECHAC were giving Trusts to infrastructure projects such as shelters, school buildings, and promoting welfare, but they realized they needed to promote well-being through more direct action. The organization asked itself, how can one get to the root of the problems of marginalization and exclusion? FECHAC decided to shift their attention from the welfare to well-being.

The following diagram helps illustrate the new model:



Source: Schema used by Adrián Aguirre in an Interview made by the author. Chihuahua, Chihuahua. March 14 2002.

Foundation: is for FECHAC

Organizations: are Civil Society Organizations and Government Institutions who ask for the Trusts.

Community: means state of Chihuahua citizens benefited.

Welfare, FECHAC’s preliminary philosophy, was to act through organizations that were already established by providing them with money and assessment tools in order to complete their infrastructure projects.

Well-Being is a more complex concept. It goes to the root of individual values and educational needs; it is about self-realization. FECHAC interprets it as direct action in the community through seminars, lectures, and other programs that aim to encourage attitude changes such as adopting the notion of social responsibility.

With the idea of promoting deep attitude change, and keeping in mind that “social problems are complex and involve economic, cultural and political aspects, as well as what institutions do or do not do, influences the social dynamic.” Two research projects

were conducted. The first focused on the living conditions of the indigenous people, and the second on those Chihuahua's senior citizens.

The research made headway into the definition of three main focus areas:

- Only through education and a new value system can poverty and social problems be abated.
- The indigenous question remained unsolved because FECHAC poured a large portion of its resources to projects related this issue and yet migration to the cities continued.
- Problems plaguing senior citizens were also a priority because many requests came from shelters.

Since FECHAC did not have the capacity to get to the root of the problems in an autonomous way, its members decided to gather all the stakeholders: business, government institutions and civil society organizations, around a roundtable. They were invited to coordinate their efforts around the issues they cared about. Thelma Manzano, manager of these programs, explains, "FECHAC'S attribute is its great summoning capacity. Partly because of its leader but also because of the confidence and recognition FECHAC as an organization has achieved...we can tell that in this process there was a combination of leadership."

Two "Triple I" (Interinstitutional, Intersectorial and Integral) programs were created. PRODIA responded to the problems plaguing the indigenous people and PIAI responded to the problems of senior citizens. Together, they have both promoted dialogue between institutions that usually find themselves in conflict. Sometimes dealing as PIAI or PRODIA can be a way to deal with governmental institutions that otherwise would show a negative attitude. Joint efforts have also been possible over the years. One of the program's participants, Dra. Patricia Berlanga, appreciates the great impact that FECHAC was having by enabling this type of dialogue.

Programs such as ECCA, a school for parents, were created to complement private and public schools in order to reach marginalized groups. FECHAC also began to coordinate the Development Program for Civil Society Organizations and the Micro-credit Entrepreneurial Groups. These programs are based on joint ventures and alliances made with other national and international institutions.

The latent risk arises

FECHAC has not been isolated from political developments in Chihuahua. When it was first established, Francisco Barrio on the PAN party served as state governor. But with the 1998 elections came a new governor, Patricio Martínez, of the PRI. At this time, FECHAC was seen as pro-PAN, because of its private sector origins

The change of government, once seen as a latent risk, became a reality in 2000, when the renewal of the decree became political. Kalisch lobbied to get the support of the private sector. This time he got the support of 41 of 43 organizations and chambers.

Nonetheless, the new governor and his party, the PRI, refused to tell whether or not he was going to take the proposal to congress. A dialogue was held with the other two main parties, the PRD and the PAN. A very important point here is that a representative of the PRD declared that the state governor ought to present the proposal to the congress, “but that if he doesn’t do it, the PRD will do it.” Traditionally the PAN and the PRD, because of their political tendencies, have been opposed in the congress; the PAN tends towards the right with a more conservative position, and the PRD towards the left. So even if FECHAC is considered as “panista”, the fact that the PRD supports it is an indirect recognition of the success achieved by the foundation.

A week before the congressional session period ended, an initiative from the state governor arrived in which he accepted the decree but with one condition: FECHAC would be under the public-held institutions act (Ley de paraestatales). The Consejo Coordinador Empresarial joined FECHAC to pressure the government. There was a confrontation but at the end FECHAC was able to reach an agreement with the governor and was kept out of the Act. The decree was renewed for three years and FECHAC committed to presenting an official report to the government, outlining how the resources had been administered. The great accomplishment here was that the organization kept its autonomy using the same mechanism it had been using for five years.

The fact that the decree was renewed for only three years implies FECHAC will not be able to avoid the electoral period. From this experience it learned that it had to look for other financial sources and Trustraising practices. By the year 2002, FECHAC had already created a patrimonial Trust and had been using a social SWAP.

New challenges: the role of the leader

FECHAC has had to evolve, solving problems and overcoming obstacles as an institution in all its operating life, and in this process one can not ignore the excellent management performance of Samuel Kalisch. He has managed to accomplish this first objective by creating administrative and operative rules through consensus. The leadership of Kalisch and the humbleness he has always shown created confidence in the Trust. He does not like to be a protagonist and take advantage of the Trust; he likes to give other people the principal role in opening ceremonies. But, who is Samuel Kalisch? What is his trajectory? What are his guiding principles and ideas?

An unusual leader: Samuel Kalisch

He was born May 23rd in 1942 in Chihuahua, Chihuahua. He is son of Margarita Valdéz and José Gustavo Kalisch. He is the owner and has been CEO of 4 commercial, industrial and transport companies in the steel sector and metal’s recycling. His life of social service and leadership began in 1960 when he enrolled in the Agronomy Engineering and Veterinary Bachelor in ITESM, Monterrey Campus. During that time he was president of one of Chihuahua’s student group and also supervised in student halls.

People close to Kalisch remark he has a strong commitment to his state and therefore he was a leader of some industrial and business organizations. That is why he also gained the confidence of Chihuahuas industry leaders. In fact, a few years after he got back to Chihuahua and after participating in family businesses he became president of CANACO (National Chamber of Commerce, Services and Tourism of Chihuahua) from 1976 to 1977. After that, he became Treasurer of Chihuahua City from 1983 to 1985. After being in the public sector for some years he returns to the private sector and from 1990 to 1992 he became president of a Business Center of Chihuahua, COPARMEX. This process made him sensible to the social context by traveling across Chihuahua five times. He met Chihuahua's people and saw their reality. "One can not rest undaunted in front of reality." Samuel Kalisch decided to commit in a more profound and formal way to the states people and their social development to reduce inequality.

As it has been mentioned, after the natural disaster occurred in Chihuahua he promoted and became Secretary of a Reconstruction Fiduciary Trust to help damaged zones. From 1992 to 1995 he was director of Economic Development of Chihuahua. By this time his business leadership became moral leadership. In 1994 he lobbied in the business chambers for the initiative to create the Fideicomiso del Empresariado Chihuahuense, and today this initiative is a reality. He has been the president of the Trust for almost nine years.

Today he is a counselor of institutions like ITESM Campus Chihuahua, Management Council of the National Park Cumbres Majalca and a member of the Principals Committee of Centro Mexicano para la Filantropia (CEMEFI).

When he is questioned about his vision of a just society he answers with another question,

"What is just? We need to fix parameters. Everyone must be able to fulfill his or her own basic needs of food, housing and work."

His theory of social change can be synthesized in this sentence:

"Human security incorporates the right everyone has to a complete development with food, health, a house to live, education and a peaceful environment. This humanist thinking is a reflection of the growing concern about the increasing number of people being marginalized or excluded by development."

He emphasizes the need for collaboration. He overcomes difficulties by sharing his problems.

"I do not know how to work alone, I talk about them (his problems) with close people like my employees, and that helps to see things with a different view. Also I have a very nice family supporting me."

What has motivated his persistence and his perseverance to address the diversity of the stakeholders?

The “deep conviction that the reason is with me, that we have to do something to abate inequality. And one by itself cannot do it”

Bringing so many different groups to work together was possible because he knew people from the public and private sector, he was in a favorable situation and he had a great ability to achieve consensus.

His experience in FECHAC has let Samuel Kalisch have a better understanding of social problems.

“I have had the opportunity of increasing the sensibility of other people and convincing them that we need to do something.” He says that more than a role model he talks about the importance of sharing dialogues and ideas with other people in the quest for solutions to common problems.”

The leader seen by other people

After having many conversations and interviews with close collaborators of Samuel Kalisch a profile of how other people perceive him can be done. The following phrases summarize the image they have.

- He is an entrepreneur and he is constantly generating ideas. This was a very important factor in the making of concrete solutions for a complex problem.
- He always respects the agreements
- He delegates and is a team player. He trusts his people. He listens and considers the opinions of others.
- He is exigent.

They also emphasized that he is a very democratic and conciliating person, allowing him to match the interests of many groups such as government, entrepreneurs and civil society. One of the most important illustrations of this was his ability to renew the decree.

Does FECHAC= Kalisch?

After analyzing the evolution of FECHAC and the role of Samuel Kalisch, there is a logical question: is FECHAC the same as Kalisch? Is his leadership indispensable to the organization? The answer is no.

While talking about his role in FECHAC and the eight years he has spent as its leader he makes a joke. “They call me Fidel Kalisch”. But after observing what this leader has done, one can ask himself this question: what is going to happen when Kalisch retires from FECHAC? The answer is quite simple. If FECHAC’s structure and performance is considered, everyone in the organization will miss him but FECHAC will continue its evolution.

The transitional phase at FECHAC

During the annual meeting of May 2001, Samuel Kalisch announced to the business community that 2001-2002 would be his last period as head of the Board and a new president would be elected in May 2002. To make the transition an easier process, in October 2001 it was established that the president of the board will only be re-elected two times. The ex-presidents will be able to attend the meetings but only with voice, not with a vote.

Through series of interviews, it was possible to see how the members of the board had preferred to choose a new leader through consensus, rather than making it an electoral race that would have damaged the internal unity of FECHAC. The new president took office in May 2002.

The future

Asked about what will happen after the presidential change, Kalisch mentions that

“For two years, the organization has experienced a period of ‘despresidencialización,’ and the local boards are strengthening. The most difficult part was establishing principles and guidelines. But if the next president dedicates 5% of his time to the organization it will not affect its functioning...the contact will be with the foundation and not with a private sector representative.”

In fact, people working at FECHAC gave some examples of how each city is being influenced by its own needs and local leaders.

“Many times Kalisch does not go to the important events so that local leaders have the opportunity to get stronger.”

There is also a possibility that the projects will be centralized and according to FECHAC, many projects did not emerge in FECHAC’s headquarters, but from local initiatives.

The long run impact of the Trust deserves consideration. Its members, collaborators and people from other institutions, think the organization is still young. The real impact should be noticeable in the long run. Overall there will be a change in culture and attitude. They mentioned that people of Chihuahua are adopting a more social and civic-minded conscious as they realize that it their responsibility to help disadvantaged people.

In a study of civil society organizations, Rubén Aguilar describes that many Mexican civil society organizations that focus on development emerged because of a charismatic leader. As the institutionalization process went on, it became clear that without the leader, his experience and contacts, the organization would not be able to function. This case study has detailed the context in which FECHAC emerged and its evolution and why Samuel Kalisch is a bridging leader. What makes FECHAC an exceptional organization and Samuel Kalisch an unusual leader is that both the organization and the leader have managed to grow together without creating an interdependent and limiting relationship. Through collaboration, FECHAC and Kalisch have been able to contribute effectively to solving a complex problem such as marginalization and social exclusion.

