

**QUARTER OF A CENTURY PROMOTING MARKET-ORIENTED
COOPERATIVE SOCIAL ENTERPRISES AMONG INDIGENOUS
POOR PEOPLE**

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Presentation

The purpose of this presentation is to share some reflections on the praxis of sustainable development promotion achieved by the Civil Development Association named *Alternativas y Procesos de Participación Social* (Alternatives and Processes of Social Participation), over the past quarter century.

Alternatives and Processes of Social Participation, A.C., commonly known as ***Alternativas***, is a civil, non for-profit organization that promotes the sustainable development of families and villages in the poorest and most marginal regions of the country. Its headquarters is located in the city of Tehuacán, State of Puebla, in southern Mexico.

Alternativas works at two levels:

- 1) Hands – on work: collaborating directly with people living in the towns in the Mixteca Baja region in the states of Puebla and Oaxaca; and...
- 2) Training and education: offering training and formation to personnel from institutions that promote similar development processes in other regions of the country and abroad.

The leading perspective for Alternativas' actions is the repudiation of the gravely *inhumane conditions of poverty, marginalization and injustice* that prevail in Mexico, especially in the countryside and among the most disadvantaged groups: indigenous people, women, children and the elderly, in addition to those who suffer from limitations on their physical capacities.

In developing its programs, Alternativas pays special attention to the inclusion and participation of these *most vulnerable sectors* of the population, striving to generate novel bases for their development. In terms of culture, it has given priority to serve the indigenous towns and groups that make up some 13 millions out of 103 millions of total Mexican population, but which suffer the highest levels of poverty and marginalization.

In this way, from the very beginning, this process *adopted the perspective of the least-favored* –as demanded by the principles of political ethics– as the observation platform for the analysis of the grave and unjust privations of the region's peoples. The end result was a proposal for an *educational-kind initiative* guided by a methodology designed for *promoting and strengthening its capacities, both individual and collective*, with gender perspective, that would create the natural and social conditions to improve the income level and the quality of life of participant families.

The evolution of a model of sustainable regional development based on experience

The long social process began with the arrival of two individuals committed to transforming the immense injustices characteristic of late 20th-century Mexico. This initial act of *insertion* in local reality (day-to-day hands-on work in the region) has proved rich and fruitful, providing a permanent source of knowledge through the cycle of *experience – intellection – judgement and decision*, that eventually leads to a renovated experience.

Alternativas' long and fructiferous *experience began in 1980*, and since then it has evolved through several stages until it culminated with the consolidation of the methodologies that currently support its model of regional development, more than a quarter of a century later. In each of these stages, the organization has confronted multiple challenges and has had to adapt to changing conditions in the economic, social and institutional spheres that influence its decision-making processes and require adjustments in its strategies in order to optimize results.

This praxis, operated by an *interdisciplinary team* committed to constructing societal models based on a greater degree of *fairness*, lead into a combined process oriented to:

- a) *regenerate a region's natural resources* as a first step in the elaboration of
- b) an vertically integrated *agroindustrial chain of social enterprises* incorporated in a *regional cooperative group*.

Though each program could be divided into distinct, specific stages, the most transcendental characteristics of Alternativas' experience lead to a separation into three rather lengthy historical stages, from the moment of creation to the present:

- Stage 1: The creation of the model 1980-1994
- Stage 2: Strategic transformation 1994-1995
- Stage 3: Multiplying the impact 1996-2005

Water Forever Program

Ever since it began to carry out its promotional activities, Alternativas perceived clearly that *water scarcity is the main problem* in this region –as is the case in many other areas of Mexico and the rest of the world–. In recent years, the world's population has become increasingly aware of the growing severity of a series of water - related problems.

It was clear that any and all initiatives designed to foster rural development, whether they involve agriculture, livestock activities, ecotourism or other productive activities, share a common denominator: they require secure and reliable water supply. To put it very simply: without water development cannot occur.

In order to respond to these challenge, Alternativas *organized **grass roots groups** in each village* that would endeavor to promote the construction of waterworks and start income generation projects.

A *participatory research-action process* was started In order to analyze the problems faced and propose feasible solutions. Simultaneously, an important research project, entitled *Water as a Scarce Resource* was undertaken in 1985/86, which showed beyond question that ecological degradation was one of the main causes of the scarcity of water throughout the region. With this understanding, since **1988 indigenous technologies** were rescued and empowered with *modern technology* such as machinery and materials starting the watershed regeneration activities through the **Water Forever Program**.

The Water Forever Program has succeeded in slowing down the *rain water runoffs* in order to infiltrate it *recharging the aquifers*. This process alleviates the thirst during all the dry months. Permanent water flow can now be seen all around the year where dry canyons were only found before. Water wells and springs were thus recharged to provide *potable water* to the households and *water for drip irrigation* to the farming plots. Therefore, **hydric security** of the region's towns was strengthened by making new sources of water available by *regenerating tributary watersheds*, making them able to provide increasing quantities of this vital liquid.

The Quali amaranth program

Starting on **1982**, participatory research and experimentation was conducted to identify crops that could be developed in areas severely affected by water scarcity and droughts. Being native from the **Tehuacan** region – the same as corn as beans - amaranth was selected due to its higher drought resistance, as well as by its nutritional content and potential economic value.

This gave rise to the **Quali amaranth Program** that uses labor-intensive technologies to cultivate *organic amaranth* as a means of providing inhabitants with greater **alimentary and economic security**.

The axis of this project was to take advantage of amaranth's nutrition values (namely high-quality protein, iron and vitamins contents) with great potential for mitigating – and even inverting– the effects of the severe malnutrition that affects the poorest sectors of the region's population.

After twelve annual cycles of agricultural improvement in amaranth planting for self- consumption at family level, the successful refinement of this amaranth-producing technology led Alternativas to

decide - in **1994** - to bring the amaranth program to a higher level. This new stage was *market-oriented*, incorporating value added in a *vertically integrated agroindustrial chain* that would raise amaranth, produce/process nutritious organic foods based on high protein content from amaranth grain, and commercialize them through the common cooperative structure. The families were incorporated in *social enterprise cooperative* entities, and together, all grass-roots cooperative groups formed the *second-level organization* named the **Quali cooperative group**.

The organizational model of the Quali cooperative group brings together specialized cooperative units as *links in a productive chain*: first, the peasant families plant and harvest organic amaranth grain; second, a union of cooperatives that operates the agroindustrial processing plant that receives the seeds and transforms them into nutritional foods, thus imbuing them with aggregate value; and third, a cooperative unit that is responsible for marketing and distributing Quali's finished products.

This integrated model allows to guarantee a *fair price* for harvests from peasant members (more than doubling the price offered in the open markets) and creates sources of *formal employment* for many inhabitants of the region. All three of the links in the Quali agroindustrial chain receive support from specialized cooperatives incorporated into the Alternativas' promoted group in such areas as financial services, technological development, education and human development, quality of life improvement and management and administration, among others.

The Technology Center

Addressing the problems that the people in this indigenous, marginalized and dry region, requires the coordinated efforts of the towns themselves, of civil society and of government agencies in initiatives designed to provide solutions suitable to the region's culture and potential and to develop them in a sustainable way. Therefore, Alternativas has set itself the task of designing and validating a development model that is *economically, socially and ecologically sustainable* being then *viable, equitable and ecologically sound*.

In order to support the technological participatory research activities both for water and amaranth programs, the Alternativas' **Technology Center** was created oriented to *solve all practical challenges* faced in each cycle and field of intervention, including farming activities, manufacturing machinery to help in the processing activities, and also marketing equipment.

Cooperative Social Enterprises Development

In order to succeed as an economical unit as well as a social entity, Alternativas provides methodology and training to manage the production factors as well as entrepreneurial capacities.

All **production factors** have to be considered, namely: *people, technology, finance, natural and material resources, within a social environment*. At the same time, all **entrepreneurial abilities** have to be put adequately in place, such as: *marketing, management, accounting, legal framework, tax framework and equitable capitalization model*. Failing any of these eleven fields would cause sooner or later the failure of the whole cooperative group, so specific systems had to be implemented to properly develop each one of these areas.

From the outset, Alternativas has paid special attention to drafting monthly *narrative and financial reports* that are reviewed in the *Directorship's monthly meetings*. Later in the process it was also incorporated a monthly *personnel report* that would allow the follow-up of individual progress inscribed in the operational unit- team development process. Methodology published by Alternativas as **Accounting is a kid's game** has been translated into English and French and distributed also through Asia and Africa as well as the original in Spanish for Latin America.

From their *humanistic origin, cooperative – oriented social enterprises* have to pay especial attention to the *welfare of its members*, while from its *entrepreneurial nature*, also especial attention has to be paid to *economic management to preserve and increase available capital to create employment*.

In addition, special reports on individual projects have been prepared to provide detailed information on a certain period or a particular set of actions, all of which has created a shared managerial vision among the group members.

The integration of a cooperative group that covers all the links of the agro-industrial chain has allowed to generate employment and justly remunerate peasants' work. At the outset of the *second semester of 2005*, Alternativas had generated permanent, formal employment for **190 people** in the group, in addition to maintaining 60 occasional workers. Moreover, no fewer than **1,100 peasant families** participate in the cooperative group in the Mixteca region of Puebla and Oaxaca, organized in cooperative cultivation units. This job-creating capacity has benefited mostly women who were previously denied the possibility to hold gainful employment, and young people who were normally forced to migrate due to the lack of opportunities in their home region. More than **1,500 waterworks** have been constructed, for the benefit of **176,000 people** in **172 villages**.

Preparation for Export Markets

The Quali Cooperative Group has become a *model of sustainable regional development* with capacity to change the prevailing poverty conditions through production and marketing of high-quality nutritious food for the Mexican market. During the last years it has devoted significant number of personnel and resources to *prepare towards export markets*.

Quali's early attempts to address the export markets focused through participation in *commercial missions to the US* border in order to understand the customs procedures and legislation. Contacts with US- based Mexican residents associations were also initiated in three major US cities with large Mexican population, to test the market. These preparations were abruptly stopped when *bio-terrorism law* was declared, posing high risks and increase in administrative cost.

The group then *reoriented its attention to European Union market*.

Enterprise export clustering: The Quali Group has been actively involved in two government-sponsored initiatives to establish enterprises' export clusters, investing time and resources to conform it. In both attempts, this kind of scheme has proved not successful, but the *experience gained* by the Quali personnel has allowed to understand the set of conditions to successfully export to Europe.

Exploration – market test activities: In recent years Quali has participated in Food Fairs and Exhibitions such as *SIAL- Paris*, *Beverage Fair* in Germany, *Salone del Gusto* in Italy and *Foodex* in Tokyo and recently in the *World Food Market - Paris*. Contacts have been explored with *cooperative food chains* in Spain, *fair trade organizations* in Holland and *special food niches* in Italy and Spain.

Export operations. The first export operation was successfully destined to Italy as a market test during the **2004 Salone del Gusto**, which proved a very positive acceptance of the taste of the diverse line of *organic - amaranth Quali food products*.

Shelf life research. Notwithstanding the success achieved in commercial approaches, during negotiations it became clear that *shelf life had to be extended* in order to allow *maritime transportation in optimal conditions*. This knowledge lead the group to start a sophisticated *biochemical research* with support from partner universities, with very promising results, to be presented in the 2006 Salone del Gusto.

Labeling. At the same time, *new labels* to fulfil legal requirements have been designed to test specific European markets.

Language and communications skill development. Over the last two years, Quali's personnel has participated in *English proficiency courses* in order to be able to fully communicate with potential partners. Four members have recently reached the advanced level, for a total number of seven fully capable of speaking and writing, while other six are now in intermediate level.

Organic Certification. In 2003, Quali started the long process to certify organic production procedures. Initial support was provided by government agencies such as Bancomext and Pymexporta. It was selected a seal that would have validity in Europe. Certification was finalized in **2005** and certificate has been delivered.

Quality certification. In 2003, Quali started a *top quality certification process* in order to be able to offer confidence to potential clients. This activity involved all operation units and led to receive the *Puebla State Quality Award (2003)*, the *National Agrifood Award (2005)* and the *Mexico Supreme Quality Award (2005)*.

Key Methodological Outputs and lessons learned

Through the implementation activities from this perspective, Alternativas has developed a *strategy of regional sustainable development* designed to resolve the many problems that poor people confront.

The process has provided key lessons to be shared:

Local Agency and promotion team

- *Insertion* of the team of promoters in the region. This methodological principle distinguishes *Alternativas* from other institutions, which assume that development can be generated at a distance from some far-away, centrally-located seat.
- Taking the perspective of *disadvantaged groups*.
- Gradually *incorporate local talent*. Through the years, outstanding people have been invited to join as members of the development promotion team. Today over 95% are local people.
- Adopt an *anthropocentric approach* that leads to the elaboration of an *educational focus* as the *methodological axis of social promotion*.
- Analyzing performance from a gender perspective.
- *Political neutrality* has been essential to maintain continuity through changes in government.
- *Human development, training and technical assistance*. A local agency such as Alternativas and the regional Quali group of cooperative social enterprises have created a real capacity to provide training, technical assistance and a broader formation capacity, in order to develop the necessary *knowledge, abilities, attitudes and values* for their organized participation in this agroindustrial chain.
- Interdisciplinary team support. Being a complex process, an interdisciplinary team collaboration was needed to address the multifactorial causality. The implementation of this model requires the operative coordination and integration of different areas of human knowledge and ability in a *socially-committed interdisciplinary team* with solid professional training that will devote its energies to attaining the constant improvement of peasant families' living standards. Among the areas of knowledge included are understanding the *dynamics of nature, social organization and culture*, the application of science –in the form of *appropriate technologies*– to project goals, *efficient business management techniques*, and mechanisms of exchange with the society.
- Ongoing educational interaction. The complexity of the problems that this development model confronts requires the ongoing training in many fields of an interdisciplinary team of professionals. This training continues throughout the process, and is tailored to the precise *necessities that emerge from the team's everyday activities*, and not from curricula design. This focus on education is considered a specific modality of development actions: that is, education is not seen as a separate area of operation, but as an overarching dimension that derives from, and is made explicit in, action. *It is education in the action of transforming reality.*

Natural resource base enrichment for production increase.

- Identifying *water as the "axis" problem*.
- Understanding *territory as a series of tributary watersheds* to manage and enrich natural resources.
- Progressive *enrichment of nature's potential*. The approach addressed the need to *regenerating watersheds ecology* in order to secure water supplies year-round. This methodology allows to attend the need to supply water for domestic use, agricultural production and the agroindustrial activities of towns that participate in the Water Forever Program. This has allowed to break - across and invert the vicious circle of "poverty→ environmental degradation→ deeper poverty," caused by the overexploitation of natural resources.
- Soil retention and fertility enrichment was also successfully addressed to *increase production and productivity*.

Development of Social Enterprises

- A model has been developed that *incorporates family production at plot level, small cooperative groups at village level and a large cooperative group at regional level*. This model generates income to the families and creates formal employment.
- The creation of thematically - specialized *Operating Units*. Each of the units is managed as *autonomous cost-control centers* in order to permanently survey and improve its economic viability.
- Integrating social enterprises in a *fertile cooperative milieu*. The integration of a chain of production –with agricultural, industrial and commercial phases– and its incorporation into a cooperative group that provides educational, organizational, financial, juridical, administrative and technical services, among others, *strengthens the survival capacity of each unit, as well as that of the entire set of social enterprises* that are guided by the *philosophy of cooperation* in a context of *economic solidarity*.
- The development of *instruments for management and entrepreneurial training* designed to assure efficient and efficacious administration and transparent reporting.
- Appropriate technology development. The development of these two programs demanded a *Technology Center devoted to producing, adopting and adapting technologies* that their advancement came to require. It has been a crucial factor to face and solve the challenges in the productive process. It is essential to develop a culture of permanent participatory -applied research. Designing and manufacturing of appropriate technologies has become a core activity in all developmental processes, where *innovation* has played an important role.
- Development finance. In order to fund these programs, several systems and instruments have been generated that are specially adapted to the specific economic conditions of the poorest families and cooperatives. Alternativas development finance expertise allowed to create this chain of value that would never have been financed through conventional institutions. Long - term return perspective, risk minimization for the families, lack of collaterals, flexibility to address changing conditions, etc. are critical factors to allow the development of such a model that demands *innovation on instruments of development finance*.
- Programatic Synergetics: Although the Water Forever and Quali Programs were developed independently and parallel to each other, they have since *intersected and become synergistically related* in their ongoing efforts to improve the living conditions of the poorest and most marginalized peoples of the Mixteca region. Every improvement in each one of the programs positively contributes to the development of the other.
- Security levels of poor people. These interventions have succeeded in increasing related levels of security: *hydric security, alimentary security, economic security and ecologic security* of the less-favored population in one of the poorest areas in Mexico: the semi-arid Mixteca region.

- Exploration and definition of *equitable models for generating value and then distributing it*, which make increasingly *explicit the criteria, norms and procedures of economic fairness* designed to govern the productive process on the basis of *equality*.

Conclusions

Alternativas' Created Vision

With this learnings, Alternativas set itself the task of designing a methodological model to propel a process of sustainable regional development that will allow disadvantaged groups in society to overcome their situation of poverty by involving their members in a dynamic of human development. In order to be sustainable, this process of regional development must serve to regenerate the ecology of the region and must also be *socially equitable, economically viable and culturally sensitive* and stimulating.

As a result Alternativas works on a truly multi-dimensional process that includes:

- Increasing the *potentialities of nature* by regenerating soil, water and vegetable resources;
- Developing *individual and social capacities* among participants by aiding them to acquire knowledge, develop abilities, appropriate technologies and structure means of channeling cooperative work;
- Generating a fertile social milieu in which these initiatives can prosper and fructify.

The regional perspective incorporates, articulates and elevates small communitarian projects to a higher level by creating a surrounding *enabling environment* that augments their viability. This vision seeks to avoid the failures that many most valuable initiatives undertaken by many civil development organizations have suffered, often due to the fact that their limited visions prevented them from attaining the desired results in the isolated, hostile environments in which they operated.

Constructed values

During the search for this model, practices that contribute to its genuine sustainability are generated and validated: technologies applied that contribute to regenerating the ecology; modalities of human interaction that propitiate greater social equality; financial outflows that propitiate economic viability; and instruments of communication that foster the cultural development of participating towns and people.

Among the values that guide Alternativas' social work and constitute the axes of its labors the following stand out:

- *Social justice*: This value implies adopting the perspective of the most disadvantaged people, sectors and towns to challenge the wider society that affects them.
- *Personal commitment*: Alternativas fosters and articulates a strong commitment with the towns and their inhabitants, both at the level of the individuals that participate and at the level of the operations of institutional programs.
- *Service – oriented attitude*. The magnitude of the problems that the towns involved confront demands that the team have a strong social commitment that generates a mystique of sustained labor carried out with a high level of professionalism.
- *Efficient resource management*: To assure the sustainability of the process and of the people and institutions that drive it, special attention is devoted to the *efficient and efficacious management of available resources –human, material, financial–* through the design and implementation of suitable administrative and accounting controls that by generating transparent routines for reports and auditing.
- Strengthening local capacities.

Awards bestowed upon this model of regional development

Through its programs, Alternativas has reached outstanding level of success in many fields of these water, food, ecology, finance and indigenous issues bringing through these regeneration activities, Alternativas was awarded – among others - with:

- Latin American and Caribbean Water Award,
- Agro-industrial National Award,
- Mexico Supreme Quality Award
- Mexican National Ecology Merit Award,
- Slow Food International Award
- Puebla State Quality Award
- National Solidarity Award.