



PLCs Internationalisation policie

Title: Building capacities not cooperatives: an inward approach for the internationalisation of social economy policies in Mexico

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1. Background: Social and Solidarity Economy sector, institutions and policy in region/State/country

Article 25th of the Mexican Constitution recognises the social sector of the economy (SSE), along with the public and private sector, as one of the drivers of national economic development. The Law of Social and Solidarity Economy (La Ley), enacted in 2012, is the legal instrument that establishes the mechanisms to promote, strengthen and give visibility to the economic activity of the SSE. The Law defines the rules to facilitate the organisation and expansion of the economic activity of the social sector, so that it contributes to social and economic development through the generation of decent employment, the strengthening of democratic practices, a more equitable distribution of income and the increased generation of social capital. The Law governs the Organisms of the Social Sector of the Economy (OSSE), including *nucleos agrarios* (ejidos and communities), workers' organisations, cooperatives, enterprises wholly or mainly owned by workers, and in general, all forms of social organisation for the production, distribution and consumption of goods and services necessary for society.

According to the Law, the National Institute of Social Economy (INAES) is the administrative body with technical, operational and managerial autonomy, in charge of implementing public policies for the promotion and development of the social sector of the economy. Some of the functions of INAES include: overseeing compliance with the Law, formulating and implementing programmes and projects, participating in the elaboration, follow-up and verification of the National Development Plan as it relates to SSE activities, being the consultative body of the State in the formulation of policies related to the sector, carrying out relevant studies and research, promoting business consolidation and organisational development of the OSSE, develop and implement training and capacity building programmes, and promote educational public policies, sign coordination and collaboration agreements with other governmental agencies, universities, research institutes, and international organisations, promote local, regional, national and global value chains for the progressive scaling up of the OSSEs, among others.

This public policy framework is a reflection of the historical importance of the Social Economy in Mexico. For example, ejidos and agrarian communities are a form of social land ownership. Together, they cover more than half of the national territory. Ejidos were created by the Mexican State with the agrarian reform in 1934. The communities, which have existed since colonial times, are made up of native people, and are legally recognised by the government.

The cooperative movement started around 1870¹ and, since then, strong, competitive and efficient cooperatives have developed throughout the country. It is estimated that there are approximately 61,000 OSSEs with 12 million members². The SSE in Mexico generates around 4.1 million jobs and its productive activity represents approximately 1.2% of the GDP³.

¹ Rojas, I. (2008). Rosendo Rojas Coria: una vida dedicada al engrandecimiento del cooperativismo mexicano. México

² Estudio diagnóstico del Programa de Fomento a la Economía Social 2013

³ INEGI. Sistema de Cuentas Nacionales de México. Cuenta satélite de la economía social de México. Año base 2013-2018.

2. Summary of main characteristics of good practice approach

There are approximately 29.4 million workers employed in the informal sector in Mexico. In 2021, the rate of labour informality was about 55.5%⁴. Informal sector workers face a range of labour vulnerabilities, including low wages, precarious working conditions, lack of social security, and increased occupational risks⁵. These vulnerabilities were exacerbated by the COVID-19 pandemic.

In this context, the promotion of the SSE is of great relevance, as evidence shows that in Mexico, cooperative members are among the occupational groups without formal social protection that have the least deprivations⁶. In order to respond in a transformative way to the enormous challenges faced by informal workers, INAES has implemented various policies to support the internationalisation of OSSEs. These internationalisation policies have been based on inward internationalisation strategies, including the importation and adaptation of organisational business models, the adoption of new technologies, and, above all, the promotion of knowledge and know-how transfer through collaboration via international multilateral networks for capacity building on issues related to cooperatives and SSE.

The policy framework under which these strategies are framed is the Programme for the Promotion of the Social Economy. This programme is updated periodically, but, in general, it has five main objectives: 1) To advance in the visibility of the Social Sector of the Economy, as a key factor in the economic development of the country; 2) To develop the entrepreneurial capacities of the OSSE; 3) To promote investment projects that increase the opportunities for productive and labour inclusion of the SSE; 4) To contribute to strengthening the operational capacities of social banking and to promote its financing activities; and 5) To promote the adaptation of the legal and regulatory framework that favours the development of the SSE. To meet these objectives, INAES's General Coordination of Business Promotion and Development has four directorates: 1) Projects and Schemes for Productive and Commercial Integration; 2) Commercial Development; 3) Business Development; and 4) Operational Monitoring and Institutional Programmes.

The INAES Business Development Directorate has implemented actions to strengthen, link and generate social and solidarity economy enterprises through inward internationalisation strategies, with the aim of collectively transforming the problems detected jointly with the OSSEs in Mexico in support of independent workers and the informal sector. In this context INAES has applied an inward internationalization policy based on flows of intangible assets: foreign direct investment (IDB), franchising and licensing (coopcycle), collaboration via multinational networks (international federation of bike delivery co-ops), research and innovation (IMPULSA), knowledge and best practice dissemination and managerial education (both projects). Two of the most relevant initiatives are described below: a) IMPULSA and b) Rodando Juntas.

IMPULSA is a project that seeks to create the first business impulse cooperative (CIE from its name in Spanish) in Mexico. This type of cooperative, based on a Belgian model, and already implemented in at least 9

⁴ Proporción de la población ocupada que comprende a las personas laboralmente vulnerables por la naturaleza de la unidad económica para la que trabajan, así como a aquellos cuyo vínculo o dependencia laboral no es reconocido por su fuente de trabajo.

⁵ Garzón-Duque, María Osley et al., 2021. Informality and employment vulnerability: application in sellers with subsistence work. *Revista de Saúde Pública*.

⁶ Teruel, G., Reyes, M., Minor, E., & López, M. (2018). México: país de pobres, no de clases medias. Un análisis de las clases medias entre 2000 y 2014. *El trimestre económico*, 85(339), 447-480.



European countries, provides professional support and management services for the mutualisation of business services for micro-businesses, entrepreneurs and self-employed workers in order to reduce costs by taking advantage of economies of scale and synergies. For example, the cooperative is in charge of managing invoices and all the legal documentation of the productive activity of the members, including tax services, among others. In this type of cooperative, there are two types of members: on the one hand, the worker-members who provide the services and, on the other hand, those who consume these services. The profits generated by their activity are reinvested in the organisation in order to offer more and better services to cooperative members.

One of the internationalisation strategies applied by INAES in the IMPULSA project is research and innovation to import the know-how of the legal, business and organisational model of a CIE adapted to Mexico. It was adopted in Andalusia through legal reforms in 2011 to support entrepreneurs or self-employed workers, although its creation in France began since 1989. Since this type of cooperative is not covered by the Mexican law, there is currently a legal vacuum that makes it difficult to set it up. However, INAES has managed the transfer of Andalusian know-how, through the collaboration and mentoring of the cooperatives Avante Coop and Crea Cultura Lab, whose experience began with workers in the cultural sector, helping them to fill gaps related to entrepreneurial knowledge. This pilot project is expected to result in a modification of the Mexican law to facilitate the formation of CEI and define their own regulatory mechanisms, given their relevance for independent and informal sector workers in Mexico.

The second initiative in support of self-employed and informal sector workers, and where other internationalisation strategies are implemented is Rodando Juntas. This is another pilot project that is carried out jointly with the Institute for Transportation and Development Policy (ITDP) as manager and investor (50%), the Inter-American Development Bank (IDB) (50%), the Ministry of Labour and Employment Promotion (STyFE) of Mexico City, and CoopCycle, an international federation of bicycle delivery cooperatives. The objectives of the project are: 1) to promote sustainable urban deliveries by means of bicycles, whether electric or self-powered; 2) to improve the working conditions of delivery workers through the democratisation of technological tools to carry out their activities; 3) to strengthen couriers through the professionalisation of their services and members; 4) to cooperativise the services provided by couriers in order to promote decent work; and 5) to promote cooperative education within the organisations. To meet objectives 1 and 2, Rodando Juntas applies two internationalisation strategies: an agreement for the dissemination and transfer of knowledge and best practices and an international licensing agreement that allows bike messenger collectives to make use of CoopCycle's digital platform. This cycle-logistics tool⁷ allows Mexican bike messaging collectives to deliver more efficiently and competitively. Since the software is protected by a reciprocity licence, which reserves its use to cooperatives, the requirement established by CoopCycle to license the platform was the commitment of the bike messaging collectives to form a cooperative and become legally constituted within a period of no more than two years⁸.

⁷ La ciclo-logística se refiere a la entrega con bicicletas con o sin remolque o asistencia eléctrica, permite un reparto eficaz y ágil con un vehículo de cero emisiones adaptado a las nuevas restricciones en el centro de las ciudades

⁸ Más información sobre el proyecto Rodando Juntas en el caso de estudio Rodando Juntas: Addressing the internationally shared precariousness of local delivery workers



Both pilot projects described here are materialised thanks to INAES's policy of support and internationalisation for the dissemination of knowledge and best practices. In order to a) consolidate the IMPULSA business promotion cooperative and b) train the cooperative capacities of the bicycle messaging collectives of Rodando Juntas so that they can access the CoopCycle digital platform, INAES has developed the Socio-Entrepreneurial Training Methodology, made up of various strategies that enable its operation. The first is the creation of cooperation networks with experts from national and international institutions to provide the necessary tools and knowledge to the collectives already formed. The second is the strategic training cycle, with the participation of 7 collectives from Rodando Juntas and 6 from IMPULSA, which lasts 6 months (May-October 2021). It is made up of six modules with a total of 130 teaching hours and sessions delivered at least three times a week (6 hours per week) through a virtual classroom. Some of the main topics addressed by experts from more than 15 organisations are: fundamentals and principles of SSE, teamwork and team building, legal and fiscal issues, transformation from innovation, entrepreneurial drive, and communication and marketing. The evaluation strategy is based on an integrative project at the end of each module, in which the groups integrate the new knowledge and skills in their productive activity, so that, at the end of the training, the sum of each of the projects could be considered as the social business plan.

The methodology described above has been jointly created by INAES staff and training partners. It took months of articulation between actors, and the incorporation of previous knowledge and experiences. In order to achieve maximum quality standards in the accompaniment, synergies and solidarity (non-monetary) contributions have been created by training partners/accompaniers who have committed themselves to the process. These partners come from academic institutions such as the Instituto Tecnológico y de Estudios Superiores de Occidente (ITESO), the Universidad Iberoamericana Puebla and its Laboratory of Social and Economic Innovation (LAINES), the University of Mondragón México, the National Polytechnical Institute, through UPIICSA and GICOOPS. There are also members of cooperatives such as COMUNICOOP and Cooperativa Iniciativa Social; they come from the strategic territorial alliances of the National Network of Nodes for the Promotion of the Social and Solidarity Economy (NODESS), as well as from other international organisations such as CoopCycle, Avante Coop and Crea CultuLab, among others.

The project has been built, above all, thanks to the voluntary contribution of all the participating institutions. The economic value of such contributions, including the methodology developed and its operation, is estimated in US\$62,200 approximately. Such methodology is developed under an online modality through three key phases: design and planning (US\$24,500, duration 4 months), operation and follow-up (US\$16,000, duration 6 months), and closure and evaluation (US\$21,700, duration 3 months). This value includes the salaries of INAES operational staff who work in coordination with the liaisons and representatives of each of the partner organisations and manage and coordinate the participation of all the actors involved, as well as the value of the participation of the thematic specialists who provide accompaniment and advice to carry out the 130 hours of programme training and management, manage the development and integration of the corresponding technological platforms, and learning management systems.

3. Evidence/Justification for Good Practice



Soft evidence: For example, qualitative or indirect elements which demonstrate its impact, relevance, efficiency, etc.

As indicated before, both pilot projects are in their initial stage. Therefore, monitoring and verification of outcome/impact indicators has not yet been carried out. For both projects, measurements are expected to be carried out at the end of the projects between the end of 2021 and the beginning of 2022. However, some indicators need baseline estimates to be carried out by project mid-term.

So far, both projects have managed to conclude their call for proposals process, and both had an enthusiastic response. Both carried out separate processes where 13 collectives were selected (7 from Rodando Juntas and 6 from IMPULSA). Three Rodando Juntas collectives have been legally constituted as cooperatives. In the 7 bicimensajerías there are 88 participants, of which 23% are women, as well as the programmer in charge of adapting the platform to the Mexican context. In the 6 impulsa collectives there are 27 participants, 64% of whom are women. All of them are already participating in the training and using the adapted platform.

In relation to the strategic training cycle, 22 sessions have been held so far, covering the topics of teamwork and team building, social and solidarity economy, four CoopCycle presentations for bike messengers, and three keynote presentations with international partners.

Hard evidence: For example data from evaluations or relevant quantitative indicators. Each of the partners has its own indicators that form part of its results framework. Below are some examples of short- and medium-term (mp) indicators agreed with various relevant actors.

INAES (for both projects)

- Number of trainings delivered (teaching hours)
- Number of networks and alliances created
- Increase in cooperative income

Rolling Together ITDP:

- Number of bike messengers established as cooperatives
- Number of bike messengers that continue to use CoopCycle after the end of the project;
- A governance body created and functioning;
- Number of organisations joining the CoopCycle Federation; Number of organizations joining the CoopCycle Federation
- Changes in risk perception of bike couriers;
-
- A successfully functioning platform
- Number of visits to the CoopCycle pages of each courier



- Tons of CO2 avoided
- Increase in the number of deliveries using the platform(mp)
- Increase in income of delivery drivers (mp)
- Social security for delivery drivers (mp)

IMPULSA, INAES:

- A formally constituted business impulse cooperative (mp)
- Number of entrepreneurs or micro-businesses joining business promotion cooperatives (mp)

4. Context and history of how it developed

Describe the origins of the good practice, and its evolution to current praxis; with reference to the scoping document discuss the problems/challenges it addresses; and how it fits within a broader spectrum of activities (conceptual/thematic framework).

(Max 0.5 page)

The INAES team identified the need to have mechanisms that would support the development of entrepreneurs, microenterprises and workers in the informal sector, through the mutualisation of business services. Through the good practice of identifying similar models and existing international experiences that could be replicated in Mexico, they found the SMART business development cooperative. It was with this Andalusian cooperative that it began a process of building international cooperation networks for the transfer of knowledge and know-how with the sole interest of achieving social benefits for the most vulnerable workers by fostering solidarity and consolidating the business model in Mexico. Subsequently, a multi-actor platform was co-constructed in Mexico to develop and deliver the modules of a socio-entrepreneurial accompaniment strategy. Through the launch of calls for proposals, a significant number of collectives that were willing to be trained and participate in a model to strengthen their capacities were identified.

At the same time, ITDP, manager of the Rodando Juntas initiative, approached INAES to ask for its support in the internationalisation of a digital platform with bike messengers through the development of an accompaniment programme to build the cooperative capacities of the collectives. Synergies were found and the Socio-Entrepreneurial Training Methodology was implemented for both pilot projects simultaneously.

In order to understand the internationalisation process of the Mexican bike messengers, it is important to understand the origins of the Rodando Juntas pilot. This is the continuation of the Rodando Ayuda project, which emerged as part of the Ideamos programme. This programme, also managed by ITDP with the support of the IDB and IDB Lab, seeks to "promote a sustainable and



inclusive mobility ecosystem, focused on people and their right to move safely. To this end, it generates innovative pilots in collaboration with Transport Network Companies (TNCs), government, private initiative and civil society organisations" ⁹.

5. Outcomes (for different stakeholders)

Describe its achievements (intended and unintended); and how it is seen by different stakeholders involved including government policy bodies, and social enterprise stakeholders (user organizations and representative bodies);

(Max 0.5 page)

In order to capture the perception of all stakeholders regarding the most important achievements of the projects, a digital questionnaire was developed and sent to government officials, members of beneficiary collectives, training partners, and international managers. Some of the achievements reported so far are:

- The consolidation of alliances and links between national and international organisations that allowed the development and implementation of high quality accompaniment with limited financial resources.
- Greater integration of the teams and cohesion in the internal organisation of the collectives.
- The clear definition of the collectives' common objective and the reaffirmation of their commitment.
- The definition of work plans for the collectives.
- The identification of weaknesses and corrective actions for the collectives.

6. Strengths and Weaknesses

Briefly summarise its strengths and weaknesses from the perspective of different stakeholders involved including government, and social enterprise stakeholders.

(Max 0.5 page)

Strengths	Weaknesses
Willingness, experience and enthusiasm of training partners	Logistical, technical and organisational problems due to interaction via the virtual classroom.

⁹ <https://ideamos.mx/el-programa/>



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Perseverance of the participating collectives	Uncertainty about the resources needed for the sustainability and expansion of the projects in the medium and long term.
Democratic participation	Difficulty in reaching agreements
Assertive communication skills and effective communication channels	Concern about the lack of continuity and follow-up of the projects at the end of the pilot.
Inter- and multidisciplinary	Lack of familiarity with SSE and related complex issues
Consolidation of partnerships with national and international actors	Low visibility of the collectives' ventures
Quality of training materials	Time-consuming training process

7. Comparisons with other experiences (alternatives or complementary - in same territory or elsewhere)

If it exists, identify and briefly describe any alternative or complementary exemplary experiences that you think are worthy of further consideration in this cluster theme.

(Max 0.5 page)

None that we are aware of

8. Overall assessment

Summarise, in your views, its utility, and its value as a learning case study for other regions/states/countries.

(Max 0.5 page)

This strategy of internationalisation of the SSE in Mexico (inward based on flows of intangible goods), shows a viable alternative of entrepreneurial impulse to cooperatives in various sectors in contexts of austerity through the support of multiple international and national OSSEs, who, driven by non-monetary motivations, play a key role in institutional action for transformation.

Without additional allocations of financial resources, it has been possible to provide the grassroots collectives previously formed with a strategy of training and socio-entrepreneurial advice of the



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highest quality. Moreover, the contents generated by INAES can be adapted and replicated by other organisations in the region.

The identification of local needs and problems and the search for knowledge, best practices, existing models and the application of internationalisation strategies (inwards) has proven to be a cost-effective approach, compared to the alternative of creating everything from scratch. It is also more cost-effective to focus efforts on strengthening the cooperative capacities of naturally formed groups, which already have a common objective, than to seek the formation of cooperatives per se.