

April 10, 2024 Virtual Learning Hour

Responses to Questions Raised During and Following the Session:

Fostering Economic and Social Inclusion through Cooperatives

Q1. Raj mentioned that they needed to rebuild the trust with the community because of previous experiences between the members and the government. Here in Ecuador, we are starting a project on solid waste management, and we are facing the same problem. Could the panelists share with us more details on how they did that. Thank you very much.

[Raj Vable, Founder, Young Mountain Tea] I think the two things that we focused on in that initial window was, first, differentiating what we were doing from the government work. At that point the government was the only actor doing anything with tea and they were actually doing, in many ways, very impressive and forward-thinking work. The teas were certified organic conforming from the beginning to international norms, so they had some of the pieces in place. So, I do want to give a lot of credit for their work.

We were doing something new and different and because there was overlap in the form of this one partner on the ground who previously worked with the government and left the government to help launch our project, it took quite a while just to differentiate that we were not talking about the government, we're not talking about the same thing. This is a new venture that you have ownership of and so a big part was taking the time to make sure it was clear that what we were doing was separate. The other part was just being consistent, and kind of persistent, in coming back again, and again, and again, and especially, you know, for the Earthcraft team being 4 hours away, that was a role that they held with tremendous sort of responsibility because this is the heartbeat of the whole project.

[Rashmi Bharti, Co-Founder, Avani Society and Chairperson, Kumaon Earthcraft Self-Reliant Cooperative] What we found was that the quality of the relationship with the community depended upon the approach one took. In a top-down approach where the government is the benefactor and the people are paid wages, there is an assurance and dependence on an outside agency. When you segue this into an ownership model, the first reaction is: "How will we function on our own despite the trust issues before that have happened before?" Mostly these are communities who do not have access to so many resources. Therefore, it takes a while to build trust where the community is also testing you and gauging your commitment, whether you are serious, are you vested in the area etc. We felt like we were under the microscope for the first three years. Our every action was evaluated, but the day the community sent their daughters for training to our campus, it was a mark of their acceptance towards us. So, both patience and regular dialogue are necessary for this process to come to fruition. In some areas, it took us three years to even begin that dialogue. But again, it's a friendship. It's not a beneficiary to a funder relationship. We are not just bringing funding and then distributing wages to the village. We found that having a strong dialogue and continuous presence in the community helped us to reach the level of trust that we required. It's a very human relationship. We have to get out of the NGO mode or a factory mode or whatever we want to be as an institution. When it's one to one, it changes. That's what I believe.

Q2. Around the private sector engagement piece: the private sector that's involved maybe is not a typical private sector actor that we tend to work with. You are talking about it taking eight months to even start training activities with the communities. In the beginning, you were talking about not wanting to disturb the pace of life that these mountain communities are used to, and you know clearly that goes outside of what we're used to, with expectations from private sector about how quickly things should move. How did you handle those relationships and help the private sector understand why those pieces are important and you know from a quality perspective why you need that time?

[Rashmi] On one hand, we have an intense dialogue with the community, but a similar dialogue is required with the private sector because the whole model-- it is a little bit of a generalized statement --but the profit driven model is clearly not working. And this is why we are all looking to change. But that change begins with the pace, first. The private sector or the private entity that would like to be part of that change has to first bring that change within their own structure and their way of working.

Let's say we make a product. It's a textile. Now if we look at a partner who is a wholesaler and they want tens of thousands of products in four months, that's not our person, right? Because one, we cannot keep up with it. Second, it's not what we want. We don't want to create a sweatshop in the name of livelihood. So, it's a thoughtful intervention and dialogue that both have to enter into. The private sector has to agree to change and work in tandem with wherever the work is, wherever the community that is contributing to that production or manufacturing, it has to be a decision that's made together. So, it won't happen if the private sector feels that the same rules have to apply, and it still has to be sustainable and circular. It won't work. It has not worked. So, we waited to find partners who agreed with this reality of life, who went to the villages, saw the amount of logistical time it took and then agreed to give the order one year in advance. Which means you are catering to the cycle of the village lifestyle. They are agrarian: when it is agriculture season, they are not going to work for weaving or spinning, which means we can only produce when the artisans are free. It requires a lot of explaining and continuous dialogue with the customer. But if they're not willing to change, then nothing can be done.

Q3. How cooperatives finance themselves and how members participate? Could you both briefly comment on this?

[Rashmi] So, with Earthcraft, there were two cooperative structures we could have opted for, one is the normal cooperative structure, the other is a self-reliant cooperative. We opted for the latter which means we don't have a government official sitting on the board of the cooperative. It's entirely owned by artisans and farmers. Earthcraft was established in 2005 and this cooperative has been operationally self-sufficient for the last 14 years. It works on its sales and has employed 14 managers to do all the managerial activities. The managers and producers are paid salaries and wages respectively, from the sales that come directly to the cooperative. The cooperative does not yet generate enough surplus for investing in infrastructure, machinery or for hiring expensive professional resources. There is a small shareholder capital from the 510 members, but that's very small at the moment. All profits are recycled back to expand the business. It took us also some time

to get here. And initially we had to subsidize the cooperative, but slowly, slowly, as the sales picked up, we have reached a stage where it is operationally self-sufficient.

Q4. I am impressed that the Cooperative has more than 75% women. How do we get this huge number of women?

[Rashmi] Right from the beginning, we treated the entire community as a whole. We started working with the men. They requested us to work with the women in their village to form Self Help Groups. Initially these SHGs were just set up as a platform for savings and credit to allow inter-lending amongst the members. Slowly as the savings grew, these SHGs have become like rural banks. Additionally, this gave us an opportunity to introduce and discuss the different programs that were being initiated as per the needs of the village. Slowly the participation of women increased, and economic empowerment also gave a voice to the women within the decision making of the family leading to social change.

Q5. Are the dye planters members of EarthCraft too? Do they commercialize them to non-members as well?

[Rashmi] Yes, the dye planters are also members of the cooperative and their only buyer is the cooperative. We work in an area where there is no such initiative. We have set up all the supply chain systems including cultivation, processing, storage, record keeping etc.

Earthcraft has 510 members who have shareholding capital in the cooperative and one vote each. However, the program has reached up to 2200 artisans and farmers pre COVID. Currently it is reaching about 1500 producers, not all of which are members of the cooperative.

Q6. What is the attractiveness of co-op model for youth? We heard that there were young men who participated and then dropped out of program – what was their reasoning and how could this issue be addressed?

[Rashmi] In an area where there is no tradition of collective enterprise, it was a difficult task to talk of collective action and ownership. However, due to the remoteness of the area the setting up of systems was a very intensive task. The young men and boys were mostly school dropouts or unemployable by conventional sectors. The idea was to create an opportunity where there were none. But wanderlust and new aspirations are what drew them and took them out of the area. However, there were many women and young girls who did not have the means to migrate and still needed a source of income in villages where they were located. Socially they were not encouraged to go too far from their homes. Improving the quality of life of people who were left behind then became our task. So, our work became a very effective opportunity for the women and young girls to become financially independent and drive social change.

We gave up on trying to include the boys for now.

[Raj] Our approach has been to think of a mix of income and aspirational opportunities. Youth are being drawn to urban centers by the idea of earning more and being connected to the modern world. If co-ops can create well-paying jobs and the chance to feel connected to the outside world, they'll be able to better attract the next generation. For us, that looks like five times commodity

rates for tea harvests, and the chance to own a portion of an international joint venture where American and other foreign partners are regularly visiting.

Q7. During the session you mentioned “men were not doing the work.” Could you give a little more context on this?

[Rashmi] In the Kumaon region, by virtue of it being a money order economy where men migrate to cities to earn income to send money orders home so the family can purchase rations, is a long-standing way of life. There are still many men who continue to live in the village but somehow add very little to the daily life of a household. They may earn part time income locally, but it does not always go for family welfare. Alcoholism is a big social issue in our region. The younger generation of men also learn not to contribute to the farming and household chores except for tilling the fields. This means the entire workload of sowing, weeding, harvesting, and processing of grains comes on the women. In addition, they fetch water, firewood, fodder from the forest, cook, clean, and look after children. They do not have access to even small amounts of cash after all this work. This is most families but not all. There are some who are supportive and do contribute but they are fewer than we would imagine.

Q8. Rural versus urban settings are obviously different; Does Earthcraft have experience to share about how their approaches work in more urban environments?

[Rashmi] It is true that rural and urban settings are quite different and that the mindsets are also diverse. However, we feel that a human approach would work anywhere as it is a matter of relating to the people. The conversations might be different, and the time taken may be more, but eventually it drills down to trust and dialogue. The path of getting there and the tools used might be different, but the goal would be the same. So, I think a similar approach would work.

People who need support have all gone through societal imbalance and most are migrants to cities from villages. Craving their roots but unable to stay in their village. India is 90% rural and so are many other countries.

So, I don't think it will require too much of a shift in approach.

Q9. Could you share more about replicability?

[Rashmi] What we are proposing to replicate is the design thinking process, problem solving and an integrated approach to life. The model that is contextual but adheres to the principles of fairness, inclusiveness and eco consciousness is the essence of what we are trying to replicate.

It does not matter what is the means of livelihood, it can be addressed with the same humanity, kindness and integrity that allows everyone to benefit. In today's global need to change, we feel this model can be replicated in different geographies.