THE RECIPROCITY FUND

RENACIMIENTO MIXE

MEXICO

Unión de Cooperativas Renacimiento Mixe was founded in 2011 by 39 small cooperatives that group over 840 cattle raisers, 89% recognized as Indigenous and 56% women. It was the first financial intermediary organization in the Oaxaca region in Mexico. Renacimiento Mixe (RM) promotes financial inclusion for indigenous communities. Due to its remote location and flexible financing options, Renacimiento Mixe is the only financial entity Indigenous people can access in the region. In nearly 13 years of operation, the organization has provided almost USD 6M in financing productive loans for cattle raising (60% of the disbursed amount) and microloans in high migration municipalities, tackling poverty reduction and economic development.

Renacimiento supports ten Indigenous peoples in the region (Mixes, Mixtecos, Chinantecos, Ojitecos, Mazatecos, Zapotecos, Chontales, Yalaltecos, Náhuatls, and Wixarikas).

IMPACT OVERVIEW

Description	
Financing services for indigenous communities (cattle raising, crops, and microloans).	
No. of beneficiaries	846 families
% Women	56

COMMUNITY

Country: Mexico

Municipalities: Oaxaca

Communities: Mixes, Mixtecos, Chinantecos, Ojitecos, Mazatecos, Zapotecos, Chontales, Yalaltecos, Náhuatls, and Wixarikas.

Since its inception, the cattle portfolio has had a 0% loan default rate and has payment arrears only up to 8 days. The organization has an internal scoring mechanism to qualify its borrowers based on payment performance (see Figure 1). Renacimiento Mixe provisions accordingly based on the arrears in each loan. Renacimiento Mixe has a portfolio rating of B1 under the Mexican financial standards, which translates into good payment performance with zero payment arrears in contracted loans with financial institutions in the country.

In 2014, RM became dispersers of the now-defunct "Financiera Nacional de Desarrollo Agropecuario" (FND), a development banking institution of the Mexican government. The FND started its dissolution in April 2023 due to a high default in their portfolio and high administrative expenses. The FND still operates to recover as much as possible from its portfolio. Renacimiento Mixe is paying back the remaining USD 176,000 of a USD 1.7M line they maintained before FND was liquidated. The organization had this credit line amount for several years. Because FND could not supply the needs of RM, the association is seeking mission-aligned, affordable capital that could support its members' needs.

The cooperative has six committees that oversee the general management of the portfolio and administrative tasks. It has a credit committee, portfolio monitoring and insurance teams, an accounting office, and general management and administration groups.

Impact Background

Today, the livestock sector represents one of the fastest-growing components of the agricultural industry worldwide. Beef is the second most consumed livestock product, surpassed only by poultry. Mexico is the world's seventh-largest animal protein producer, demonstrating its high development potential.

In Mexico, agriculture and livestock account for 14% of greenhouse gas emissions and represent one of the leading causes of deforestation. In turn, these activities are vital to the food security and livelihoods of millions who face increasing challenges due to the climate crisis and lack of market access. Several organizations, such as WWF and USAID, are supporting and developing regenerative agriculture and cattle-raising projects in the southern region of Mexico.

Impact Delivery

Renacimiento Mixe has been helping to preserve the culture and traditions of the native peoples by granting low-interest loans to members of ethnic groups. These loans allow them to increase their livestock or agricultural production and thus support economic well-being. Loans also contribute to maintaining the roots of their members who are heads of household, preserving family unity, and tackling migration.

Cattle loans

Renacimiento Mixe's beneficiaries own nearly 5,500 cows, half of which are destined for dairy production and the other half for cattle raising. The cows are fed on a 3.560-ha land extension (on average, a farmer owns four hectares and seven cows). 70% of the farmers are raising cattle under regenerative practices. The remaining farmers are transitioning to this scheme, and 100% are expected to implement regenerative cattle raising within the next three years. Farmers who request financing must present evidence of their sustainable practices, and on-field staff must visit the farms to confirm the claims. Financing is only granted if the evidence matches the field visit results.

Farmers borrow, on average, every two years to purchase cattle with an average weight of 200 kg (around USD 5,200) for the first calving. These cows are expected to breed a calf that weighs around 120 kg every year, which will be raised for sale. Typically, the fattening period ranges from seven to nine months until the cows reach an average weight of 400 kg and are deemed ready for sale (nearly USD 1,500 per cow).

The farmers sell cattle for meat production to regional buyers and collectors, such as Sukarne and Comercializadora de Ganado Camino Nuevo. Sukarne is a multinational company operating in 13 countries, whereas Comercializadora is a Mexican company. These buyers consistently demand cattle for slaughter. The collection centers or intermediaries pay in cash upon delivery of the animal. The maximum time a farmer waits for payment is 15 days. With the proceeds from this sale, the farmer pays Renacimiento Mixe and invests earnings in lemon production and savings to purchase more cattle.

Farmers also collect milk from the mother cow for sale during the fattening period to support household expenses. One cow produces 1,200 liters of milk annually and is productive for up to five years. Generally, a farmer will have five 120 kg calves within five years. After this period, the cow is considered a cull animal and sold for slaughter, with an average price of USD 660. Farmers also use the fattening period to cultivate other crops such as lemon and corn.

Renacimiento Mixe's financing options represent economic autonomy and sustainable income generation for its beneficiaries. Cattle raising generates rural job opportunities as it is an intensive labor activity. Renacimiento Mixe's loans for cattle raising indirectly promote and support over 280 families that work for cattle owners.

The 846 families own over 3,500 hectares of land on which they grow corn and lemons, produce honey, and raise cattle. 28% of this land is for conservation purposes to protect fauna and flora. Also, since 2019, Renacimiento Mixe has stopped financing glyphosate-based and residual insecticides and started promoting selective and low-residue insecticides. The cooperative aims to fund sustainable and profitable agricultural activities that avoid environmental impact.

Cattle are raised through silvopastoral[1] and regenerative agriculture systems with local forage species, securing a diversified supply (guaje, guacimo, cocuite, tepeguaje, button of gold, and yucca, among others). Diversity in forage species enhances soil decompaction and CO2 sequestration. Due to species diversity, the plants have a complex root system that sequesters carbon in the soil. In other words, they create a carbon sink in the production system.

Regenerative cattle raising seeks to recover soil fertility and restore nutrient and water cycles, increasing biodiversity, all while improving the livelihoods of local communities. It is based on planned rotational grazing practices, locally adapted livestock genetics, wildlife habitat restoration, and erosion prevention. Together, these practices result in resilient and productive ecosystems capable of sustaining their use and conserving their biodiversity while operating as carbon sinks.

[1] Silvopasture integrates trees, crops, forage, and the grazing of domesticated animals in a beneficial way. It can increase overall productivity and long-term income due to the simultaneous production of tree crops, forage, and livestock. It can also provide environmental benefits. Trees in silvopasture systems provide livestock protection from sun and wind, increasing animal comfort by moderating their temperature and improving production. Heat stress in livestock has been associated with decreased feed intake, increased water intake, and adverse effects on production, reproductive health, milk yields, fitness, and longevity.

Dedicated to indigenous communities

The cooperative promotes teachings for new generations regarding their native language, customs, and traditions, such as the celebrations of festivities, handicrafts (clothing), gastronomy, and traditional medicines. It also contributes to teaching children to preserve the link with nature, emphasizing that native communities do not conceive the world without considering the Earth, for which they feel reverence and respect since it is the source of natural resources. Also, in political life, they participate and appoint their authorities through their customs.

Indigenous peoples organize yearly festivities centered on their culture, customs, and belief systems. Renacimiento Mixe provides funding for these events, and they are always open to financing and supporting any activity regarding cultural preservation.

Renacimiento Mixe supports Indigenous women by offering them dairy production workshops. The workshops allow them to learn how to generate additional income from their farming activities, as some farmers also own milk cows. On average, a farmer produces 100 liters of milk monthly and sells it to regional cheese producers and Liconsa. Liconsa is a government initiative that purchases milk nationwide directly from small farmers and sells it under its brand. This organization has hundreds of milk storage facilities to collect milk and transport it to its facilities for further processing. Renacimiento Mixe's cheese producers earn around USD 350 yearly. The organization has also given Indigenous women workshops on preserved fruits.

We spoke with three beneficiaries, who concur on the cooperative's positive impact on the region and Indigenous peoples. They mentioned the importance of having reliable and easy access to financial services that support productive activities. Renacimiento Mixe has positively impacted the farmers' livelihoods by improving their income and economic development, especially for women who have been able to grow their cattle-raising businesses to support their families. Without the organization, they would be struggling.

Outcome	
Improvement of livelihood	• Supports income generation and promotes sustainability in agricultural and livestock activities. • Indirectly generates rural job opportunities for individuals working in cattle raising.
Culture preservation	• Provides financing to maintain activities like festivities and protect Indigenous cultures. • Coordinates workshops to teach Indigenous women how to generate additional income streams and support their economic autonomy. • Promotes educational processes regarding Indigenous customs for the new generations.
Environmental preservation	• Conserves 363 hectares dedicated to fauna and flora protection. • Promotes cattle raising under regenerative and silvopasture agriculture. • Promotes environmentally friendly inputs to reduce ecosystem degradation. • CO2 sequestration thanks to a complex root system due to forage diversity (carbon sink).

Company overview

As of September 2024, Renacimiento Mixe has disbursed nearly 200 loans for regenerative cattle raising (44%), lemon (16%), beekeeping and forestry (1.5%), and microloans (39%). The organization provides loans monthly, depending on demand, and since FND closed, it has not been able to fulfill the demand. Without FND's funding, Renacimiento

Mixe only provides loans using its capital. The peak demand goes from June to August due to the rainy season, which promotes grassland and crop growth.

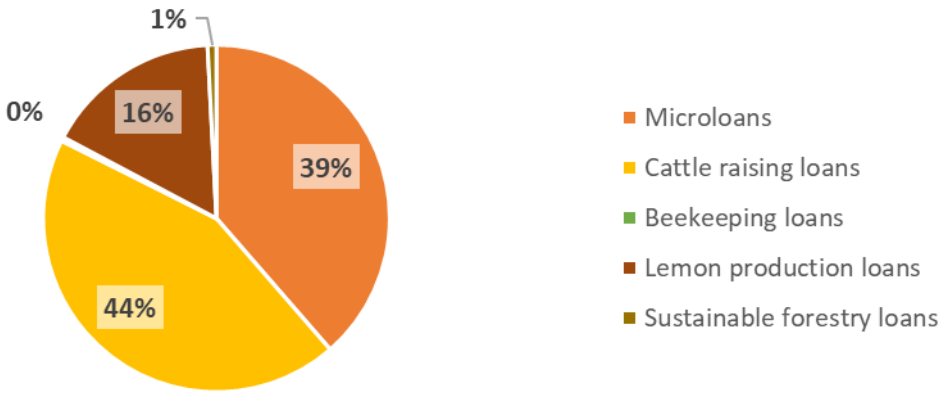

Figure 2 Renacimiento Mixe portfolio as of September 2024

Renacimiento Mixe has identified Caja Solidaria San Dionisio Ocotepec as the main competitor in the region. Caja Solidaria provides productive loans and microloans but at higher interest rates, 27% and 39%, respectively, versus Renacimiento Mixe's 15% and 36%. Caja Solidaria also charges a disbursement fee that ranges from 1 to 2% of the loan amount, while Renacimiento Mixe does not. In addition, every loan is secured (insured) if the borrower can't make the payments.

The proposed loan will be used exclusively for the cattle-raising portfolio. Renacimiento Mixe structures these loans according to the business cycle. Generally, it takes one year to feed a calf to be sold for meat production. Loans have a tenure of up to five years, but most farmers pay one balloon payment for the total outstanding plus accrued interest 12 months after disbursement. Payments are structured according to the productive activity's cycle. This is a general policy for all types of loans.

The portfolio's default rate is 0%, and in over 13 years of operation, it hasn't written off a loan. Only a few borrowers are delayed in their payments, but arrear days don't exceed eight days. Renacimiento Mixe ticket sizes range from USD 620 to USD 15,500 for individuals and up to USD 46,000 for partner cooperatives.

Insurance is essential, especially for agriculture (climate change) and cattle raising (cattle mortality or illness), as several external factors can affect the farmers' activities. Insurance lasts based on the loan term. For livestock disease or death insurance, the insurer assesses the causes of the loss, such as whether the animal complied with the vaccination schedule or died by accident, falling, or a snake. Based on the valuation of the loss, the insurance payment is determined, which covers 90% of the insured value. The insurance beneficiary is the cooperative.

Renacimiento Mixe has a very robust debt-collection system that has different steps. As mentioned, the cooperative has never written off a loan, and arrears are at most eight days. The system is described in detail in the Annex.

As a prudent mechanism from Renacimiento Mixe, an additional three-month grace period is added to the expected fattening period to ensure the farmers can sell and collect the calves they sell and pay the loan on time. Therefore, the loan is extended to 12 months. No penalties are charged if the loan is paid before the due date (the same applies to future interest payments). Also, the insurance policy only covers the calf for twelve months.