

Entrepreneurship and Ethnography in the Andes: The Chijnaya Experience

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Introduction

Unlike most participants in this conference, I am not an expert on entrepreneurship, business or management. I do claim to be an ethnographer and I have been labelled a social entrepreneur. Coming from an entrepreneurial family background, I also have experience in commercial entrepreneurship as a once-upon-a-time co-owner of a small business, which I do not have time to discuss here, except to confess that I have been more successful as a social entrepreneur than I ever was as a for-profit entrepreneur.

My understanding of entrepreneurship, whether social or commercial, is no doubt simplistic and naïve. It entails someone, an entrepreneur, who has a vision or an idea that he or she would like to see become a reality and who then proceeds to marshal the resources necessary to achieve this goal. This involves bringing together the personal determination, personnel, finances and knowledge needed for success, most likely defined primarily as profit for the commercial or business entrepreneur and as some type of benefit to society for the social entrepreneur. In both instances, knowledge is a critical component in this resource mix. And this is where ethnography comes in because at its core, ethnography is about generating knowledge.

Since the outset of my career, I have self-identified as an Applied Anthropologist, as someone who believes in the importance of using the scientific knowledge of culture and human behavior acquired through ethnography to improve the human condition. Specifically, in my case, my lifelong concern and persistent preoccupation has been to find solutions for the extreme poverty of native peoples in rural Andean communities. To this end, I have spent five plus years residing in Altiplano communities, engaged in

participant observation seeking to understand the local cultures, a *sine qua non* for effective action to improve the quality of life for people dominated or neglected for centuries by the outside world.

My work as an ethnographer began when I was a Peace Corps volunteer in Peru, 1962-65 (Bolton 2014). Given the title of “Anthropologist” (based on two undergraduate courses in anthropology and graduate work in other social sciences), I was assigned to a Peruvian government agency, Corpuno, to work on a project to relocate people from villages devastated by floods in the Lake Titicaca basin. Half a century later, my designation as a “social entrepreneur” by the Skoll Foundation, among others, is the result of work I am doing in the same region through a 501(c)3 nonprofit I created with the help of colleagues, friends and family members, The Chijnaya Foundation, some of them also former Peace Corps volunteers.

Founding a New Town: The Taraco-Chijnaya Project

As is so often the case, the impetus for innovation and entrepreneurship came in response to disaster, namely flooding around Lake Titicaca. The project was the idea of a Peruvian agronomist, Hugo Contreras, who had been involved in the 1950s with several American and Peruvian anthropologists elsewhere in Peru, pioneers in the nascent field of applied anthropology designing and implementing programs to help rural communities. Placed in charge of a land reform program at Corpuno, he was, ironically, prevented by law from actually engaging in land reform in the region. Responding to the flood, he cleverly labeled the Taraco-Chijnaya Project as an emergency relief program rather than land reform, and he brought together the resources to accomplish the goal of relocating the affected people and creating a new town (Bolton 2010).

As an anthropologist, I was brought on to recruit participants for the project and to design the organizational structure for the envisioned new community. I became the field director, living intimately with the members of the project when we moved to the hacienda that was purchased for the flood victims. Contreras and other Corpuno personnel would make visits to the site, but they never lived there. As a result, to the

villagers, I was considered the “founding father” of the community. During the two years in which I was resident in Chijnaya, I was in charge of working on a daily basis with members of the community to define the organizational structure, to construct housing for 72 families, to build a school (the first in the region to require all children, boys and girls, to attend), to design the economic basis of the community (involving agriculture and artisan activities). Our model was that of a production and consumer cooperative, something between a kibbutz and a Scandinavian rural coop, building on but modernizing traditional patterns of mutual aid in Andean communities (the concept of ayni). It was an intense democratic and educational process.

At the end of my three years in the Peace Corps, I returned to the States to pursue my doctorate at Cornell University. My return to Chijnaya came almost four decades later in response to an email invitation to visit. My absence from the Andes was the result of the Shining Path civil war in the region making it too dangerous to be there and also a change in my career focus with the emergence of the HIV/AIDS epidemic. In 20014, along with my partner and my younger son, I returned for a visit and was given a surprise homecoming fit for a prodigal “father” (a fiesta involving several bands and dance troupes, a communal meal, poetry recitations, a tour of the community, a welcoming floral arch and reception line, and many speeches, hugs and tears from the surviving founders of the community).

Eventually they got around to asking that we help them once more with projects they wanted to carry out. We promised to assist with some relatively minor projects (computers for the school, for example), but they had in mind something on a much grander scale. They had learned to dream big. They spurred us into action as well. We returned home and following conversations with some other returned Peace Corps volunteers and friends, we decided to create a foundation to raise funds to assist Chijnaya with their projects. We were not prepared for the agricultural development proposal they submitted some months later. Included in the \$500,000 budget were funds to purchase top quality milk cows, animal shelters, feeding troughs, tractors and other implements, veterinary services and artificial insemination equipment. To say the least, we did not anticipate raising anywhere near that amount of money, about \$5,000

per Chijnaya family. We studied the proposal and concluded that we could begin to tackle some of the small segments of the overall plan, and thus was born the Chijnaya microcredit model.

A Microcredit Program: The Chijnaya Model

The animal sheds seemed to be a project that would not cost too much and one that would bring excellent financial returns. The sheds protect the animals from freezing weather, winds, hail, and rain. As a consequence, they produce more milk. The Chijnayans sell their milk to the communal cheese factory for cash income. Under the existing conditions, cows may produce as few as 2-3 liters per day, but under improved conditions they could produce 8-10 liters. We offered to provide enough money for 50 sheds, half of the number needed to give everyone in the community their own shed. It occurred to us that if income were increased by the sheds, then the farmers could pay for the shed after a year. We decided to create a rotating loan fund for Chijnaya. In the first round, 50 families would borrow from the fund; they would repay the loan after a year and then the other 50 families would receive loans.

After every family wanting a shed had one, then the rotating fund would support the next round of projects. Feeding troughs were next on the list. In essence, the Foundation provided seed capital for the community to use for projects that would improve the family economies of the farmers. These funds are administered by the communities themselves with advice and oversight by Foundation personnel. An interest rate determined by the community is levied, usually on the order of 2-5% (in contrast to commercial loans of 30% or more when available). The loans are provided in materials rather than cash, and the materials are purchased in common and then distributed to the new borrowers.

Following the successful implementation of this program in Chijnaya, many other communities have approached the Foundation asking us to establish similar projects in their communities. We now have 24 rotating funds in operation. We begin in a community with a small project to test the community's understanding of our protocol and compliance with it. Over the years we may increase the fund based on new proposals. Our smallest funds have about \$5,000 and the largest now is almost

\$30,000. With a total investment to date of approximately \$180,000, the communities have carried out approximately 1500 projects that increase family incomes.

Although initially the rotating funds were devoted to agricultural production, we now have such funds with associations engaged in other kinds of work. For example, in the community of Ccotos, we support two tourism associations. Their funds allow them to improve their tourist facilities, offering more attractive conditions for tourists who come for homestays. In Jose Domingo Choquehuanca, we support two associations engaged in ceramic production. Their funds allow them to improve their production techniques, not only to increase production but also to make their work safer and healthier. In some cases, the rotating funds have been used for larger community projects, such as the building of a cheese factory---entrepreneurship at the community level.

After a couple of decades of being the rage in development circles, following the well-known Grameen beginnings, the microfinance industry has come in for severe criticisms in the past few years (Bolton, Aguirre and Stromberg 2015), accused of fostering indebtedness, dependency and consumerism. We believe that many criticisms are warranted, including the claim that such programs generally do not reach rural populations in extreme poverty. But it is important to note that microfinance institutions and practices vary tremendously, and it is not appropriate to condemn the entire phenomenon because in some cases the impact is negative. We believe that our model is not only well-adapted to the local context but also that our emphasis on loans made for productive purposes rather than for consumption or commercialization activities means that capital is being used to enhance incomes for poor families by “growing the pie”, at least to the extent that the model is followed.

Problems Encountered with Continuing Engagement

I would be remiss, however, if I were to leave you with the impression that this microcredit model works flawlessly without problems. Through ongoing participant observation in the communities, we learn new things all the time. Ethnography doesn't stop when the project starts. Some examples of “problems” we have encountered which

have shown that there is a continuing need to refine the model, learning from experience.

Given the prevalence of corruption in Peru at all levels from small communities to the national scene, there is always a fear of financial malfeasance. This has not happened. But failure to follow the protocols can emerge as a problem, and there is a need for vigilance on this to prevent a wholesale breakdown of the model throughout the network.

- The Chijnaya tractor case: After several rounds of loans in which every member of the community who wanted an animal shed and feeding trough, Chijnaya had the opportunity to get a \$50,000 loan to purchase a John Deere tractor which they desperately needed. The cost was \$72,000. The community members contributed \$10,000 toward the purchase and after consultations it was decided to roll the rotating fund into the tractor purchase on condition that it would be re-established after the tractor loan was paid off. The five-year loan has been paid off, but Chijnaya still has not come up with a plan to re-constitute the rotating fund.
- The case of Tuni Requena: This community has a history of not complying with the protocols established for the rotating funds by the Foundation. Specifically, instead they have been giving out individual loans in money rather than following the rules involving group projects and cooperative purchase of materials. In part, this stems from the community having had its own fund independent of the one established by the Foundation, and that's how that fund worked. This community has also manifested fear of the foundation coming and demanding the money back. From this we learned the importance of legally documenting the transfer of funds from the Foundation to the community, to allay such fears.
- The case of an Adventist community: Chillin is a community in which Seventh Day Adventists predominate. Given the stereotype of members of this faith as honest, hardworking, and sober, we were excited about working in this community. In fact, however, the rotating fund here after several iterations was lent in its entirety to one person, the community president, to invest in his private cheese factory. The community is now in the process of trying to recover the money from this individual. Also, in this community we encountered opposition from some members based on their belief that the world is coming to an end and therefore investing in the future is meaningless. Plus, some community members have expressed opposition to borrowing from outsiders because of Biblical

passages condemning such actions. They believe this is a ruse for foreigners to steal their lands and freedom.

In the Absence of Solid Ethnography: White Elephants Everywhere

It should be rather obvious that successful entrepreneurial activity depends on accurate knowledge about the culture and conditions of the population that is the target of the activity. This is where the understandings produced by ethnography come into play. Unfortunately, I think this basic fact is honored more in the breach than in reality at least in my experience with respect to NGOs and many government agencies working on the Altiplano. This region is littered with what have been called NGO “ruins”, the physical remains of failed projects. Mostly these are top-down projects, good ideas in the abstract, implemented quickly and without sufficient knowledge of local desires, realities, and possibilities. Let me give a few examples.

- *Greenhouses*: The diet on the altiplano is based largely on potatoes and other tubers. Malnutrition is a pervasive problem throughout the region, and for more than fifty years efforts have been made to diversify the diet through the addition of vegetables and fruit. In pursuit of this goal, projects involving the construction of small greenhouses have been tried over and over again, almost invariably with the same result. The greenhouses are built and within a year or two they have deteriorated and are abandoned, a waste of time, financial resources and hope. Although the causes of this situation are multiple, the bottom line is a failure to understand local conditions (social, economic and environmental), a failure to engage in participatory ethnography with the targeted communities.
- *Heated Houses*: Currently, a popular program involves modifying traditional adobe houses in high-altitude communities to provide protection against the extremely cold weather conditions that exist at elevations about 12,000 feet. The idea is simple: have the sun heat during the day an enclosed space attached to the adobe hut, and then through holes in the walls, have that heat transfer inside during the night. Thousands of these “warm house” contraptions have been built, but we have yet to find that they actually work as planned. In Chijnaya alone, dozens were installed; not one is functioning. The glass or plastic materials get broken or torn and not replaced. Perhaps not enough care is invested in directional placement. This project is jokingly referred to by the local people as “chirifacción” (Quechua, “chiri” = cold) instead of “calefacción” (Spanish), for cooling rather than heating.

- *Wells:* Access to clean potable water as well as water for irrigation is a problem in most Andean communities, and installing wells is a common project for government agencies and NGOs on the Altiplano. But everywhere one turns in these communities one encounters nonfunctioning wells or wells that do not function properly. For example, if a part breaks on the handpump that brings water to the surface, it may not get fixed. So, people simply lower buckets into the well on a rope after they have been setting on ground contaminated by dirt that may include animal feces. The drinking water thus becomes contaminated, and the goal of providing safe drinking water is not met. To be sure, other factors may be involved in well failures, such as a lowering of the water table.

In all of these examples of failure, ethnographic research is needed to determine the root causes of the failure, but more importantly, serious ethnography is needed prior to implementation of projects to prevent failure. Through adequate follow up and attention to problems, potential failures can be prevented. In this case, I would mention our experience with smoke-free stoves. Worldwide it is recognized that traditional cooking methods in which people are exposed to high levels of smoke are dangerous to health. We had a project to construct improved ecological stoves in village homes using what we thought was the best design available. Unfortunately, the metal chimneys quickly deteriorated in this climate and stoves fell into disuse. We took up the challenge of finding a solution to the chimney problem, which involved substituting brick or cement chimneys for the metal ones. At Foundation expense, we replaced the chimneys and learned to improve the design for future stove construction. Thanks to our practice of sustained involvement in communities and regular assessment of project outcomes, we avoided the creation of another white elephant.

A Philosophy of Sustainable Integrated Development

The Chijnaya Foundation's approach to development involves some fundamental assumptions or principles, including the following:

- The focus of the work must be on individuals as members of communities, and that the promotion of an entrepreneurial spirit and capacity must function both at the individual level and the social level.

- The solutions must come from the communities involved rather than from outside, with proposed solutions submitted to evaluations related both to community conditions and technical requirements.
- Knowledge of the local context is critical. Such knowledge should be based on ethnographic work done in connection with the program and on knowledge of the ethnographic literature for the area and ongoing participant observation by staff and community members.
- Working with communities is not a one-shot endeavor; instead there must be continuous involvement with the communities on a regular basis. This means getting to know people in the communities as persons, friends and partners in the work, rather than as clients.
- That we are promoting a strategy of development that involves launching communities on a path of culture change based on their own expressed desires for the future. This implies tackling multiple problems simultaneously within each community in recognition of the basic anthropological principle of the interconnectedness among cultural domains.
- The integrated development strategy is the opposite of the strategy used by many NGOs and government agencies which focus on the implementation of one specific type of project and on rapid implementation without adequate prior engagement with the community and without sustained follow up after the completion of the project. All in all, a formula for failure.
- A major task in the Andean context is to change a culture of dependency, *asistencialismo* – handouts, to a culture in which the entrepreneurial spirit and the initiative of individuals and communities can flourish in an atmosphere of empowerment, self-sufficiency and independence.

This approach to development is based not only on our own experiences but also on the Vicos Project (Peru) model developed by Allan Holmberg, the most famous of all projects in applied anthropology. And it incorporates theoretical insights from the literatures on culture change and the diffusion of innovations.

Final Observations

The Altiplano is one of the most difficult regions in the world to bring about successful change, despite well-intentioned efforts. Our experience is that the ingredients for success include knowledge, persistence, continuity, intimate engagement. One must counter engrained suspicion based on rational experience of domination and oppression, not only of outsiders but of other people within the community. It requires an integrated approach to development and culture change. It involves working to change a mentality of dependence and asistencialismo. It requires heeding the fact that every community is different.

While traditional societies are often depicted as resistant to change, and entrepreneurship is all about change, there is some truth to this. Change is fraught with unknown risks, and people living on the edge are rightfully fearful.

There is an entrepreneurial spirit that is present in the culture of the people of the Altiplano, stereotypically especially the Aymara. For perhaps thousands of years people have acted to make a living by being adventurous in a harsh environment. Trading expeditions; controlling resources in diverse ecological zones, vertical ecology. Whether their activity is labeled penny capitalism (Sol Tax 1953) or petty capitalism. Much of this involves commerce rather than production. But this spirit needs nurturing and support and it needs to be directed more toward production.

Some of the children of the original flood victims who participated in the Chijnaya project have moved to Lima where they have become highly successful entrepreneurs in their own right. A group of related sons of Chijnaya, cooperating with each other, have established highly successful businesses as furniture manufacturers; in another case, one man created not only a modern dairy farm in a coastal area outside Lima but a major leather production business. I like to think that part of their entrepreneurial success comes from their family experiences with new ways of thinking instilled during the creation of their birth community of Chijnaya.

Ethnography can help us to determine what are the obstacles to change. And what works in favor of entrepreneurial endeavors. The objective is not to change communities except to the extent that such changes are understood to be part of the process of achieving the goals set by communities themselves.

I have repeatedly emphasized the notion of “serious” ethnography. I contrast this with other methodologies such as surveys, rapid assessment techniques, and other data collection methodologies which may have their place at some stage in some projects. But when confronting some of the most recalcitrant problems, they are inadequate. I recognize that most entrepreneurs are in a hurry to implement their vision. And good ethnography is a time-consuming, slow process. Like peeling an onion, one pulls back layer after layer before arriving at the core and sufficient knowledge to enhance the probability of success. Entrepreneurship involves winning and losing. Good ethnography can help to increase the odds of success, providing the essential knowledge base for appropriate action.

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