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Building Querétaro's competitiveness

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Building Querétaro's competitiveness

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The 'Exitos' program in Querétaro, Mexico, is building links between buyers and local entrepreneurs to increase production, employment and investment in the city and reduce dependency on welfare. A commercially focused approach to counter the poverty that faces almost 40 per cent of this growing Mexican state capital, the collaboratively managed program enables micro-businesses to become professional suppliers, creating stable household incomes for thousands.

Established in June 2013, Exitos is an income generating program implemented by the Municipal Government of Querétaro. Exitos identifies and provides business opportunities by discovering market demand and satisfying it with local supply, aiming to create more sales for local companies. The result is an increase in local production, generating more employment and investment. Ultimately, Exitos generates economic development and improves people's quality of life.

Querétaro is one of 18 municipalities in the State of Querétaro. It shares a metropolitan area with three neighbouring municipalities that includes 1.1 million people and between 30 and 40 new resident families arriving daily. The state is rich in history and traditions, and is among the fastest growing economies in the country with air space, automotive, IT and health clusters characterized by large international investments and the constant establishment of new corporations. The municipality of Querétaro is composed of seven delegations, 841,282 inhabitants and poverty pockets affecting close to 40 per cent of its people.

Identifying issues

Economic growth is the focus of public policy for Querétaro's municipal and state governments. Successful policies enable the business environment and it is crucial for local businesses and entrepreneurs, particularly micro and small businesses, to fit within the city's growth dynamics and reap opportunities that arise as new companies arrive and as the main sectors of the economy grow.

Economically vulnerable women and men, characterized by low income and limited education or training, are target groups for government support and assistance. A large number of entrepreneurs (SMEs) continually

request assistance from the municipal government. In most cases requests are for economic support, but such aid deepens their dependency on government handouts.

A solution to improve capacities for SMEs that would enhance their income-generating capacity within the scope of their businesses was needed. On the other hand, medium and large corporations (manufacturing firms, retail stores, hotels, etc.) constantly require and purchase specific goods and services. A deliberate effort to establish links between these two groups by satisfying local demand with local suppliers made sense.

Exitos: training, formalizing and linking buyers and suppliers

Exitos is based on a market access/business methodology that incorporates public and private actors to generate economic growth and improve the lives of those who need it most. Strategic partners from government, seven industry organizations and six universities collaborate in providing training and technical assistance to beneficiaries.

The program's four-step replicable methodology:

1. identifies business opportunities
2. organizes supply
3. provides advice and assistance to SMEs
4. closes sales, monitors results and identifies new business opportunities.

Exitos operates under three main pillars; where program beneficiaries receive **training** aimed at securing business opportunities, assistance to **formalize** their businesses to incorporate them successfully as legally established entities, and hands-on support to **link** them with buyers.

The program's principles are to:

- start with real buyers who are ready and willing to buy – a real purchase order from a real buyer
- think about commercial transactions from the market's perspective. Although goods flow from supplier to buyer, the starting point of any transaction is the buyer not the seller
- recognize that true demand originates from a specific buyer with a name and address.
- create trust one transaction at a time – success grows from trust established between buyers and suppliers
- solve one problem at a time, not a collection of problems. Solving a specific problem in a concrete situation generates steady progress and market players learn by doing
- promote the involvement of buyers and provide technical assistance and support since they know their specific requirements and the needs that are to be met.

Solutions and outcomes

In a challenging urban setting comprised of multiple sectors and an array of SMEs at different stages of development who all require assistance to succeed in their enterprises, Exitos has provided successful solutions for male and female entrepreneurs. Collaboration between public, private and academic actors who are actively engaged in the program has been central to the program's development and success. In addition, the program builds the capacities of beneficiaries – college seniors who volunteer in the program – as well as for the

team of local professionals who implement and supervise program activities.

Business know-how and technologies are being transferred and SMEs are included in the formal economy and linked into mainstream markets through Exitos. The program is creating conditions of competitiveness so that entrepreneurs and companies secure their business, thereby ensuring better incomes for their families.

From the outset, Exitos activities make business sense, engage beneficiaries and provide tools for continuous income generation. The program prepares micro and small business owners to respond successfully to pre-identified market demand. Its core team of local professionals accompany beneficiaries throughout the process and ensures sustainable business practices are in place to generate ongoing sales maintenance and growth. The most common outcome experienced by entrepreneurs working with Exitos varies between business growth of 50 per cent and 100 per cent over approximately six months.

In addition to technical assistance and training, the program includes a financial component; where the municipality creates a strategic alliance with a financial institution to provide financing for capital and infrastructure investments. A grant from the municipality covers interest costs for 300 groups of beneficiaries enabling market-readiness for over 4,000 women micro-entrepreneurs.

The municipality of Querétaro became a participant of the United Nations Global Compact in 2013. The state of Querétaro is also a signatory to the Compact, making the commitment in the same year.



In addition to technical assistance and training from numerous partners, the Éxitos program provides a grant to cover the interest on loans to over 4,000 women micro-entrepreneurs. Image: Municipal Government of Querétaro.