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Building assets to reduce vulnerability: microfinance provision by a rural working people’s union in Mexico

Ben Rogaly, Alfonso Castillo, and Martha Romero Serrano

Proyecto Tequisquiapan (PT) provides protective microfinance services in a small region of rural Mexico, including, importantly, open access to deposit facilities. The authors report on new research which examined PT’s record in enabling people with different degrees of vulnerability to build assets and protect themselves from both sudden shocks and more predictable demands for lump sums of cash. Proyecto Tequisquiapan was found to be relatively more useful for the most vulnerable households. Its successes rely on its small scale and on the commitment of its staff, whose salaries are subsidised, to innovation and experimentation in order to remain relevant to members’ changing and differentiated financial lifeworlds. This stands in contrast to the current trend towards large-scale commercialised microfinance. The World Bank, the authors argue, should take note.

Introduction

In July 2002, the World Bank approved a massive US$64.6 million loan to Mexico with the aim of ‘improv[ing] the financial stability and outreach of savings and credit institutions, and expand[ing] their services in under-served rural areas to help integrate low-income people into the national economy’.1 In the Project Information Document leading up to the approval of the loan, the Bank appeared to dismiss much of the experience of microfinance practitioners in Mexico. Referring to one well-known microfinance institution, it described it as ‘perhaps the only “success story” in microfinance in Mexico’ (World Bank 2002:11). Among the work brushed aside by this statement was that of Proyecto Tequisquiapan (PT),2 a rural workers’ union which had succeeded in continuing to provide credit and improve and expand its provision, even during the 1994/95 peso crisis, when many banks collapsed. The present article attempts to put the record straight.

Proyecto Tequisquiapan does not fit within the current trend in microfinance towards large-scale commercialised organisations (see, for example, Robinson 2001) operating without subsidy. It provides an example of an alternative approach to increasing access to deposit services and loans which does not, like Marguerite Robinson, rule out ‘very poor’ people.3 In
fact, PT is, in relative terms, most useful to its most vulnerable members. Moreover, it has survived and thrived for almost 20 years without needing to become large scale. Subsidies, in the form of grants to pay development workers’ (promotores) salaries, are essential to PT’s work. Further, its internal structure makes for open flows of information between members and staff, through meetings, representative committees, and regular interaction.

In the next section, we describe Proyecto Tequisquiapan, its microfinance services, and the methods and scope of the present study. Rapidly changing livelihoods in rural Mexico and in the study communities, differentiation between rural working-class households, and the way money is managed within them, are all summarised in the third section. In the fourth section, we present our findings on how and for whom PT, seen as part of a dynamic financial landscape, enables asset building and vulnerability reduction. This section includes analysis of PT’s influence on changing social relations and the accumulation of social assets. The concluding section notes the context specificity of what PT has achieved, its engagement with the gendered financial lifeworlds of its mainly women members, its deliberate and successful efforts to avoid capture by elites, and why it continues to be relatively more important to its most vulnerable and economically insecure members than to others.

Building a membership-based organisation of the rural working class

Proyecto Tequisquiapan

Proyecto Tequisquiapan was begun in 1983 in the Tequisquiapan region of the state of Querétaro in central Mexico by four colleagues from Mexico City. Its aims are to build a membership-based organisation (Unión Regional de Apoyo Campesino—URAC), and to strengthen members’ individual and collective capability to cope with insecure livelihoods and rapid change. Members are mainly women and belong to Mexico’s large rural working class. As a means towards these ends, URAC has, among other activities, a savings and loans programme. This part of PT’s work covers its own operational costs. However, promotores, or community development specialists (belonging to Unión de Esfuerzos para el Campo—UDEC) have been, and continue to be, required to work alongside URAC, which inevitably means a continuing subsidy element for PT as a whole. From the beginning, the UDEC promotores have stressed the importance of research into the livelihoods of the members but also of continuous reflection on the internal workings of the organisation (Castillo 2002). These processes have enabled URAC to keep adapting its services, which have savings as their backbone but go well beyond microfinance, as the needs of its members change. It has also meant vigilance against elite capture and misappropriation of funds by staff or volunteers.

Proyecto Tequisquiapan’s approach emphasises protection and asset building rather than income promotion. It ensures a large degree of voice for members in how savings are managed and made available for loans. Information flows openly through regular meetings of representative committees, a monthly publication distributed to all members (Cosechando), and the routine work of the UDEC promotores in 49 communities. Savings are accepted neither from the public nor from institutions, although members with larger sums to invest can obtain slightly higher interest rates through fixed deposit accounts. Income is received on loans and from returns on the investment of the aggregate savings balance. In this way, the saving and credit programme covers its financial and administrative costs; however, the salaries of the promotores have so far been met through grants from external organisations and from individuals. These diverse organisations are kept at arm’s length from the governance of PT.
The design of PT’s microfinance services

Proyecto Tequisquiapan members belong to groups; savings can be deposited with the voluntary cashier of the group, who notes the deposits in the individual saver’s passbook and takes them to one of PT’s branches weekly on behalf of the members. The level and regularity of deposits are chosen by the member but there are awards for those who save every week of the year. Withdrawals must be made in person. Proyecto Tequisquiapan has two mobile branches situated in the municipalities furthest from Tequisquiapan, which were designed to save members’ travel costs.

Apart from the regular, open access savings accounts, members can also save in schooling, ‘events’, and fixed deposit accounts. Savings in schooling accounts may be withdrawn only in June, when high costs are associated with the celebrations at the end of the school year in August, when parents have to pay for the equipment and uniform needed for the new year, or in November, when sports uniforms are required for the 20 November parade celebrating the anniversary of the Mexican revolution. Delivery of a child was found to be one of the main reasons why people kept money at home and the new birth account, developed in 1987 from an earlier emergency loan facility, allowed withdrawals close to the time the child is born. This expanded into an ‘events’ account because of the limited take-up. For the events account, individual savers decide the month in which they are going to be allowed to withdraw money. Withdrawals may be used for any purpose, for example to help people to save for their contributions to community festivities. Fixed deposit accounts were started in 1994 for terms of four, eight, or 12 weeks and a minimum deposit of 1000 pesos (approximately US$100 in August 2002).

Loans are available only to regular savers, using the borrowers’ deposits as collateral. Would-be borrowers also have to attend monthly meetings in their community for at least the three preceding months, and social collateral is used to enforce repayment. There is no expectation that the ordinary loans will be used for mini-businesses, including agriculture, though they might be.

The study: savings and non-directed credit for building assets and reducing vulnerability

We set out to investigate the hypothesis that the provision of flexible open access savings facilities and non-directed loans by PT had enabled members to protect themselves from vulnerability to crises and, in some cases, to build assets. We wanted to consider the building of assets by individuals and households, including the social and human forms of those assets as well as their financial and physical aspects. We also make reference to community assets.

Assets in this study are defined as wealth in the broad sense. If microfinance can build wealth it can be called protective. People with wealth are better able to protect themselves from sudden shocks as well as from more predictable dips in income. This wealth may include education, self-esteem and good physical health—which together we might call human capital (or human assets).

Social assets refer here to the contacts and networks available to a person and, by extension, to the household to which they belong.

Vulnerability takes account of the risks people face from unforeseen circumstances, including macro-economic crises, such as the Mexican peso crisis of the mid–1990s. In this case, the rapid outflow of financial capital had direct effects on employment and prices. Vulnerability also takes us away from the habit of annualising and makes us look at the different requirements of particular months and seasons. These may be relatively predictable—
or not. People are also more and less vulnerable at different points in the life cycle. Having a particular income means very different things if you are the young single parent of several infants than if you are an established middle-aged married couple with several earning children contributing to household expenses. The costs of raising children are particularly significant in rural Mexico—including the costs of schooling—and these are high on the priority lists of the members of PT. Hence the special schooling accounts referred to above.

Life-cycle events, especially sickness and death, incur sudden costs—these may be predicted to occur at some point but when they will occur is highly uncertain. Financial and social wealth reduces the vulnerability of household members faced with the sickness or death of an earner.

**Data, scope, and methods**

Proyecto Tequisquiapan has continued to grow since its inception in terms both of amount deposited and the number of members. In 2001, its 13,000 members from 49 communities held accumulated savings of 8.5 million pesos (US$850,000). Because we wanted to understand people’s financial lifeworlds, we carried out a qualitative study in two communities where PT had been working since 1986. The communities were selected to contrast one, El Ciervo, with ejido land tenure (legally communal until a new law allowed the sale of ejido lands from 1993), and the other, San José La Laja, with small private holdings. Proyecto Tequisquiapan had been working in both communities for over ten years and there was a significant and relatively stable number of members of PT in each. According to census data, San José had a population of 1703 and El Ciervo of 1114 in 2000.

Research methods involved long-term engagement by Romero Serrano from January to December 2000. This included taking part in local celebrations, including fiestas (feast-days) in both communities, and attending meetings, among them those organised by PT. Romero Serrano also carried out and coded 22 life history interviews and 34 semi-structured interviews, which together form the main body of the data set.

Through careful rapport building and repeated interaction, Romero Serrano drew out respondents’ aspirations and fears, enabling us to understand how and why people managed money in the ways they did and how this contributed to their vulnerability/security. All respondents were asked about PT, whether they had ever been members or not.

In order to achieve the depth required, it was not possible to work in a representative sample of communities, nor to interview a representative sample of members. Instead, this study attempted to illustrate processes of change in livelihoods and in financial management and thereby to deepen our understanding of asset building in the communities where PT works. We also needed the perspectives of women and men. Both younger and older respondents were sought as well. The current nature of, and recent changes in, gender relations and gender ideologies were seen as fundamental parts of our overall understanding of social relations and livelihoods.

In the following sections we report for whom and in what ways vulnerability was reduced by PT. We set these findings within analyses of changing livelihoods in rural Mexico and in the study communities, and of a dynamic financial landscape.

**Changing rural livelihoods in Mexico and in the study communities**

**A changing occupational structure**

During the 1990s, rural Mexico was undergoing rapid change. With liberalisation, small-scale agriculture has shrunk in importance with most rural people now relying at least in part on wage
Building assets to reduce vulnerability

...income (de Janvry and Sadoulet 2001; Wiggins et al. 2002). In the middle of the decade there had been a currency crisis following the sudden flight of foreign capital. This peso crisis period, which lasted for over a year, saw inflation of 52 per cent (Andalon and López-Calva 2002) and very high interest rates. There was mass default at Mexico’s main banks and a crisis in the entire financial sector. People working in factories were laid off or required to work on reduced wages; small rural businesses suffered a dramatic decline in demand (Wiggins et al. 2002).

Part of the region where PT works (around the town of San Juan del Río) had experienced something of an industrial boom in the early 1990s. Indeed, after the peso crisis this resumed, and agriculture in Querétaro state represented only 3.1 per cent of GDP in 2000 compared to 18 per cent in 1970. However, the new vacancies in San Juan del Río had not, in the main, been filled by people living in the communities where PT worked. The state as a whole had been a net recipient of immigrants from the mid–1970s and this immigration has been concentrated in San Juan del Río and the state capital, Querétaro. The population of the region’s rural communities continued to grow and there was thus no evidence of permanent flight to urban areas (Muñoz 2002). Proyecto Tequisquiapan members, particularly young, unmarried women, did find work in the maquilas (assembly plants), which were located near their communities, and which experienced a minor boom following the crisis. In Querétaro state, and in parallel with the rest of the country, the rate of increase of women in employment was an average of 8.9 per cent per year between 1990 and 2000, in contrast to the male rate of 3.8 per cent (Muñoz 2002).

Thus, even though they did not have access to the bulk of the growing opportunities in the new factories of San Juan del Río and Querétaro, the populations of the rural communities in the region where PT worked had, in de Janvry and Sadoulet’s terms, a regional advantage. The regional advantage refers to the supply of all kinds of wage work in relation to other parts of the country—for example, the south. Moreover, some people, including (at different points in time) residents of the two case study communities, also had a locational advantage within the region. Locational advantage was another indicator designed by de Janvry and Sadoulet measuring the number of urban centres within one hour of travel by public transport.

Infrastructural improvements were significant in both study communities in the 1990s. They had been connected to the region’s main highway by stone road in the early 1990s, and by the end of the decade both had regular bus services to municipal headquarters with journey times of under an hour. At the national level, such ease of access was found in de Janvry and Sadoulet’s study to be an advantage for women (de Janvry and Sadoulet 2001:475). Both women and men resident in the study communities worked in domestic service in municipal headquarters, as maids and gardeners, respectively. In San José, married women have increased their petty trading activity within the region selling sweets, clothes, footwear, kitchen utensils, cosmetics, and fake jewellery. Much of this is done house to house, travelling between communities as well as to the nearby commercial farms, which are also employers of both women and men.

Any advantages which the workers in the case study communities had did not prevent the predominant experience of flux in livelihoods. An important illustration of this comes from our conversations with respondent households about the peso crisis. Those with the clearest memories of hardship were the then relatively secure households, who had lost their jobs; builders and other construction workers without demand for their labour; and shopkeepers, who saw their custom decline.

While the men and women of San José la Laja had frequently migrated to Mexico City in the 1950s and 1960s, international migration to the USA from both communities became more widespread from the 1980s. The process was started by middle-aged married men without land to cultivate. Midway through that decade, some men with land felt forced to leave too as they...
found that production did not cover all the requirements of their families. Among them were some young men. In the mid–1990s, many men responded to the effects of the peso crisis by migrating. By the time of the fieldwork, half of the households interviewed in El Ciervo had at least one undocumented migrant somewhere in the USA.6

Table 1: Household classification based on socio-economic differentiation and vulnerability categories

| Secure households | Have at least two incomes of which one is high, for example, a regular income from an established business or a migrant worker in the USA who is contributing remittances regularly. The household may also receive income from agricultural enterprise and from livestock production. There is likely to be a house with several rooms and consumer durables such as a fridge and gas cooker. The ratio of dependants to earners is such that it allows the relatively high income to be invested in goods like education or home improvements |
| Regular households | Have regular income from skilled work, for example, in the case of a man, as a qualified builder (albañil). There is likely to be more than one income with both husband and wife working where both are alive and able-bodied. Such households (depending on life-cycle stage) usually have houses with two bedrooms, a kitchen, and a latrine. They have a low enough ratio of dependants to earners to enable self-provisioning through agriculture and perhaps homestead rearing of small animals |
| Insecure households | Have no more than one regular income (low), perhaps as a labourer on a ranch. If involved in construction work, a man from an insecure household would be likely to be a chalán (builder’s assistant) rather than an albañil. The house might have one bedroom and a kitchen. Insecure households have a relatively high ratio of dependants to earners but may possess some homestead land |
| Most vulnerable households | Have no regular income (they may work as casual day labourers) and in times of high employment this may be caused by ill-health as well as a lack of qualifications. Such vulnerability may also be associated with age and with living alone. Most vulnerable households have houses made of stone or plastic and are not likely to have land of their own, even for homestead production |

Socio-economic differentiation and vulnerability categories

As already discussed, households have many different kinds of assets, including their own skills. At the start of the study, we realised that it would not be possible to know all the dynamic interactions among these different kinds of assets. However, it was important to avoid the social homogeneity assumed, implicitly at least, by studies which merely talk of listening to ‘the people’ and do not confront the reality of social differentiation between households. We thus came up with the simple household classification shown in Table 1, which is based mainly on occupation and regularity of income.
These vulnerability categories are dynamic. They leave open possibilities for change between categories as the household life cycle changes. Moreover, migration to the USA provides an opportunity to remit dollars back home—an opportunity not every migrant takes, but which can make a difference to the relative security of a working-class household.

The categories refer to households as the unit of analysis. This is appropriate to the extent that the dominant form of social and economic organisation is the household. However, in the following section we also explicitly examine the tensions and contradictions inside households and how intra-household relations have changed over the 1990s.

**Money management and other intra-household dynamics**

Women’s and men’s expectations and perceptions of each other’s roles have changed with the shifts in occupational structure during the 1980s and 1990s. The changes have also involved the need to manage the greater amount of cash now available to the household. For some households, there were new possibilities for consumption and for investment in income-generating assets. Nevertheless, an inequitable distribution of work remained within the household. For example, single women were involved in cleaning, washing clothes, fetching firewood, and taking care of children for their mothers on their days off. Men were not. Men did not generally go to school meetings, nor did they prepare food or do the washing. Men continued to see themselves as breadwinners even though they were not able to earn enough to cover all the household’s costs. Women, whose income was now relied upon more than ever, often had to negotiate working outside the home.

Regardless of age, occupation, and vulnerability category, married women and female heads of household managed money. Most married men handed at least a portion of their income to their wives. Women kept the household budget and had to allocate it between costs, including food, educational expenses, healthcare expenses, bus fares for children, and even sometimes for their husbands. Since more money has been flowing into the household, to a large extent because of much greater employment of women, they have also had to cover the costs of housing improvements, investing in new businesses, and have taken decisions about savings.

The data we report do not suggest uniformity in intra-household relations. In some households men and women cooperate well in terms of the division of labour, including money management. In others, these have been the source of great conflict. As we shall see, PT has had a role to play. What is important is that, despite changing intra-household relations, women are the main managers of money and it is no coincidence, therefore, that the vast majority of active adult PT savers are women.

**Dealing with vulnerability in a changing financial landscape**

In order to understand whether, how, and for whom PT’s microfinance services were protective and enabled people to build assets, we needed to study the financial landscape and how it was changing. Where did people raise relatively large lump sums of money from? How were people able to purchase goods which were much more expensive than weekly income seemed to allow for? How much and in what ways did this vary across vulnerability categories?

As elsewhere in Mexico, by the late 1990s very few campesinos (subsistence farmers) in the region used commercial banks either to deposit savings or to take loans. Cajas Populares were a different matter. With a presence in the region going back almost half a century, these were popular locations for savings deposits for many of those interviewed. Often the intention of such savings was to qualify for loans, which were granted in proportion to the amount saved.
Ben Rogaly et al.

Like the Cajas Populares, PT uses deposits as its sole source of loan capital. During the 1994/95 peso crisis and afterwards it continued its growth both in the number of savings accounts and the amount saved (see Figures 1 and 2). However, it operates very differently from the Cajas Populares in the region. First, it is not primarily a savings and loans institution, but one which sees such services as part of its educational work. Second, PT collects savings in the community through the voluntary work of local cashiers. In contrast to the Cajas Populares, this enables PT to be of use to all the vulnerability categories of household among the rural working class, not just those who can afford to travel to the municipal headquarters.

As already discussed, most saving activities, and most household money management in general, were done by women. Households of all vulnerability categories continued to save at home, both in cash and in kind. These means of savings have become relatively less significant over time, however. Meanwhile, the number of different ways in which people in the two communities can save and borrow informally has expanded. For the most vulnerable, insecure, and regular households, grocery credit (fiado), historically provided in El Ciervo at least by the hacienda (commercial farm), has continued to be crucial for basic provisions. Some of the secure households interviewed, both members and non-members of PT, were grocery shopkeepers.

Informal cash loans from relatives, friends, and neighbours also continue to be important. Such loans were taken reluctantly, especially by insecure and most vulnerable households, because the social asset of creditworthiness was hard to build and taking loans from neighbours, friends, and relatives drew down on it. One household in the most vulnerable category had not been able to maintain the necessary social assets:
Sometimes I used to ask a neighbour [for money] but the truth is that later on I delayed repaying because my husband didn’t always get work. Well they don’t want to lend to me any more . . . I didn’t ask for much, sometimes just 10 or 20 Pesos. Moreover, it was when my son was sick.

Women in insecure and regular households found small informal cash loans important to help tide them over when they had gone over budget. Larger loans taken from employers were used for household improvements or educational expenses. Whereas loans from friends, relatives, and neighbours were paid back within two weeks, loans from the employer could be repaid over longer periods. Secure households worried least about taking informal loans from others—they had several possibilities for getting hold of cash and did not rely exclusively on one or two particular social ties. Indeed, secure households were just as likely to be lending as to be borrowing, especially those with remittances from migrants. An important purpose of money borrowed by one secure household from another was to cover a tanda (rotating savings and credit association) instalment.

Instalments in general were an important part of the financial landscape and PT fitted into that well with its system of regular savings, and loan repayments divided into monthly amounts. Regular and secure households, in particular, were adept at combining different sources of credit and locations of savings, including those provided by PT. Instalments, or abonos, had been tied to the purchase of particular goods for at least 30 years. The system began through travelling salespeople, aboneros, who would provide simple items such as buckets, and then collect instalments through regular visits—a form of hire purchase. Aboneros have increased their range of goods as there is now more money in circulation. Most vulnerable and insecure households rely on them as the only way of purchasing basic household goods, such as kitchen utensils or bedding. Young girls from all but the most vulnerable households, who only relatively recently began to work in maquilas, have acquired jewellery and perfume through catalogues. Secure households used pre-purchase instalments arranged with shops in Ezequiel Montes and Tequisquiapan for electrical appliances such as TVs, videos, fridges, and even washing machines.

Instalments were also central to the system of tandas, which came to San José during the 1970s, and probably later to El Ciervo. They were engaged in almost entirely by women. Tandas require a degree of mutuality (see Johnson 2002). They work only if those participating can make the fixed instalment regularly. The alternative to paying the instalment from income was to borrow informally to bridge the obligation. Because of this, and because only they had reliable sources of income, tandas were frequently used by secure households and, in San José, regular households. For those regular households involved, tandas typically required pay-ins of 100 pesos per week. They not only involved juggling between sources of cash, but also careful negotiation for support from other family members in making sure the necessary cash was available at the right time. Pay-outs were used for school expenses, construction materials, and for obligations to community fiestas and family celebrations. Among secure households in San José, instalment requirements could be as high as 1000 pesos. For women involved in these large tandas, the lump sum acquired would often be used for investment in their own business.

Overall, secure and regular households had access to more (and different) sources of loans and locations of savings than insecure and most vulnerable households. Secure households were lenders as well as borrowers. Where households of all categories used the same source of loan, or saved in the same way, they used the money for different purposes. Inequality in terms of the kinds of goods consumed was increasing. Maintaining creditworthiness with shopkeepers, and the social assets required for informal loans, was hardest for the most
vulnerable households. In this context, PT’s savings and credit facilities were used by all categories. It should not be a surprise, however, that they were used differently by households in different situations, nor that most of those involved were women. For example, Ofelia (most vulnerable) used PT deposits and loans to build a living unit separate from her mother-in-law, who had advised Ofelia to accept violence at home; for Doña María (insecure), saving in PT was a way of avoiding the temptation to spend loose change and preparing for emergencies. In both these cases, PT did not only have a financial function. For Ofelia it had ‘opened her eyes’ to the injustice of the violence she experienced, while for Doña María the savings were important in educating her widowed daughter about budgeting with scarce resources.

For regular households using both PT savings and PT loans, important uses included educational expenses and preparation for social events (family, school and community celebrations), the delivery of babies, and the costs of treatment in the case of illness. Some use was made of the higher interest fixed rate accounts by those with a flow of remittances from the USA. Cash and kind loans from PT were used by regular households in San José for schooling needs, seeds, and sowing machines. Again, in the process, there were reports of personal and social change, as in the case of Liliana, who, after a period of saving secretly, eventually gained her husband’s support for her involvement in PT. He had initially been opposed to her membership. Secure households, in particular, made use of fixed deposit accounts in PT and loans for many purposes, including house improvements and agriculture.

PT’s financial services, including its kind loans and its delivery of groceries on credit, would not be continuing to attract new members if it did not design these services around the financial lifeworlds of working-class people in the region. Moreover, the case studies of El Ciervo and San José show that PT’s financial services are very useful for people of different vulnerability categories within the working class. People’s overriding concerns with the education of their children and the building and improvement of their houses are well responded to by PT’s specially customised savings and loan facilities. Some proceeded with much caution. Romero Serrano overheard a conversation at the PT community meeting in El Ciervo in October 2000. ‘How would you feel’, said one member, ‘if they ran off with your money one day?’ A woman sitting next to her replied that she deliberately saved very little because of this possibility and asked for loans one after the other in case they [PT] went off with the money—at least, she said, she would be left with something (her investments/purchases from the loans). Others, for example a shopkeeper in San José who feared being blackmailed by her customers demanding grocery credit from her and threatening to withhold their approval of any loans she might have requested from PT, have particular reasons why they do not want to join PT at all. These issues illustrate two ways in which social relations are experienced by people living in El Ciervo and San José. In the following subsection we analyse some of the ways in which PT’s work in the two communities may have brought about changes in social relations.

Changing social relations in the study communities

As we explained above, we were interested in asset building and our definition of assets included social assets. In thinking through associational activity in the village, changes in individual social assets, and the relation of both of these to PT, we have tried to maintain a structural perspective, which does not see collective action per se as necessarily progressive or worthy, but as embedded in processes of social and economic differentiation and livelihood flux (see Rankin 2000).

During the 1990s, PT has worked in the context of a changing relationship between capital and labour. It has helped some people to cope better with vulnerability but it has not radically changed the environment in which people put together their livelihoods. Inside households,
women have continued to be the managers of day-to-day spending. However, other gender roles have been changing with the dramatic increase in the number of women taking paid work outside the home in business and petty trade, as well as employment. For some individual women, for whom this has meant growing tensions with their husbands, involvement with PT has been a source of personal development, including increased confidence, and has helped them to overcome certain aspects of oppressive gender relations. Others reported relatively good understandings inside the household and felt respected by their husbands. Involvement in PT has brought new possibilities for managing money through saving and borrowing, and has thereby been important in reducing stress, especially for women from economically insecure and most vulnerable households.

Relations between neighbours have often been supportive in the two study communities, for example regarding childcare, or the exchange of information. But they can also be experienced by some as exclusive. People fear gossip and try to protect their reputations, and this has affected the degree to which they are willing to be part of PT activities. Moreover, as we have seen, women’s capacity to offer mutual support is related to their relative vulnerability or security, including how much time and money they have available. Yet through PT the range of possible people to call on may have expanded through interactions at meetings in the communities and, with members from other communities, at the PT office in Tequisquiapan. There have been other important causes of increased social connections, including government programmes, such as DIF. DIF involves, among other things, some women cooking together to provide children with free meals.

Financial contributions to community efforts, such as the fiesta patronal in both communities, or the building and repair of the church in El Ciervo, are also related to relative vulnerability or security, being seen as an obligation they cannot afford to refuse by some and an opportunity to demonstrate largesse towards the community by others. A respondent from an insecure household in El Ciervo remarked:

I hardly have time to talk to my neighbours. When I see them in the streets I say hello to them. They cooperate over the church and drainage for the community. It is becoming very expensive . . . we are told what has been decided and we collaborate, but we didn’t go to most of the meetings.

Another respondent, from one of the most vulnerable households, told us that neither she nor her husband talked to anybody.

One impact of PT on collective action in San José was the formation of the ‘tractor group’. This sprang from the Peor Es Nada (which translates as ‘Better Than Nothing’) group of male PT members which began as a cattle-rearing collective. Members of that group, along with some others, 30 in all, formed the tractor group in the early 1990s. Ironically, because this new group included non-members of PT, it was denied a PT loan. This was contested unsuccessfully by the articulate leader of the group. However, the group succeeded in its application for a loan through the government scheme, Crédito a la Palabra. The same group was central to the rapid improvement in public bus transport between San José and Tequisquiapan. Most recently it organised political resistance by residents of San José to the use by a local commercial grape producer of a ray-gun to disperse clouds it saw as threatening its vineyards with hailstones. The collective action in this case was at the suggestion of PT. However, it has developed its own dynamic and PT, which was later asked to back the San José leaders’ attempts to persuade the Governor of Querétaro to intervene, may have become a political resource.

In El Ciervo, the organisation has built on existing networks—people related by marriage, by godparent-hood, and the catequistas, a church group also connected through the secondary
school. These existing connections initially supported the development of PT rather than vice versa. There is a group of households, largely the women of those households, which has a shared collective memory of how they started the production cooperatives and worked together in them. In that sense, PT has contributed to a further enhancement of collective identities. Nevertheless, such networks may reflect pre-existing hierarchies, for example collective action by people with irrigated land, or with land per se, the *ejidatarios*. An example of negative collective action in both communities, but particularly in San José, has been the formation of gangs of teenage men, and fights between them over territory.

From the study of just two of the 49 communities where PT works, conclusions regarding the influence of PT on the building of social assets, and on social relations more generally, are inevitably tentative. Membership of PT and involvement in its meetings are likely to have increased women’s (and some men’s) circles of supportive acquaintances and their access to information. The findings are inconclusive in relation to community assets. We found one case where PT had built on existing social networks, and another where it catalysed collective action based around a strong individual leader. However, it is clear that social relations in the region, including gender ideologies and roles, were changing rapidly during the 1990s in ways which had more to do with changes in occupational structure and educational levels, than with the activities of PT. At the same time, involvement in PT was important in terms of building up women’s self-esteem and confidence (which we have referred to as human assets), and enabling them to negotiate better with others, including their husbands. Becoming regular savers also reduced the stress of money management, particularly for economically insecure households.

Conclusion

Proyecto Tequisquiapan’s successes have undoubtedly been context specific. But they hold important lessons for other microfinance institutions (MFIs) and for students of microfinance. In contrast to the large-scale commercially viable MFIs advocated by Robinson, PT is small scale and of much value to the most vulnerable and economically insecure of its users, who are all members. Since the inception of PT in 1983, PT’s group of development workers (UDEC) have regularly interacted with members through community meetings and the building of a rural working people’s union (URAC). This has enabled careful and continuous innovation, experimentation, and change. It has also required subsidy.

In particular times and places there are good reasons for public and private support for organisations which use microfinance to enable insecure manual workers to protect themselves from illness, job loss, crop failure, and dramatic macro-level crises. Proyecto Tequisquiapan is one such case worthy of note due to its constant, but self-restrained, growth over almost 20 years.

During this period there has been a growing inequality among *campesinos* in Mexico and concomitant contrasts in financial lifeworlds. For some, the most vulnerable households, time and money are extremely scarce and their reliance on grocery credit and odd bits of saving at home in cash and kind was modified only by the existence of travelling salespeople (*aboneros*) willing to sell on hire purchase. At the other end of the scale, those we labelled secure households often juggled involvement in mutual financial arrangements (*tandas*) with pre-purchase instalments to shops for fridges and cookers, and loans from Cajas Populares.

Households in both these categories and groups in between found they could make use of PT, albeit in different ways and with different meanings and purposes. For insecure and most vulnerable households PT was a relatively more important financial service provider than for others. Not only did they have fewer options, but calling on their much scarcer social connections for informal loans cost them more than it did their more secure neighbours.
Overlaying these differences in vulnerability and wealth was the gendered character of financial lifeworlds. Most financial management for household expenses, including fares to school and school uniforms and books, groceries, construction and improvement of housing, and the costs of illness, was carried out by women. Proyecto Tequisquiapan did not set out to be a women’s organisation. It is still mixed. However, the overwhelming majority of members are women and children. The financial services part of its work, which encourages people to save and enables people to borrow, is most relevant to women, who, more than men, are juggling the available cash. Active involvement with PT helped women to gain in confidence and negotiating skills. For some married women, there was an improvement in relations with their husbands.

By providing deposit facilities in the communities through the voluntary work of the cashiers, PT operates almost without competition in relation to its insecure and most vulnerable members. These households could afford neither the bus fares to town nor the higher minimum deposit required for saving in the Cajas Populares. The latter could only attract the savings of secure (and some regular) households and make loans available to them. Some such households use both, finding the savings system of PT convenient, but, for various reasons, preferring the access to loans without having to attend meetings, which is available at the Caja. This has meant that there has continued to be a broad base in PT’s membership—that the project is in fact relevant to and used by the most vulnerable, insecure, regular, and secure households.

The amount saved (in current prices) and the number of savings accounts in PT has continued to grow steadily year on year for 16 years, through dramatically changing circumstances. The strength of the organisation was demonstrated by the continued growth in membership and in the total volume of savings even during the peso crisis years of the mid–1990s. Basing loan capital on accumulated savings enabled it to thrive at a time when commercial banks were being devastated by widespread default following market interest rate hikes. Its existence provided some protection to people suffering as a result of the crisis through job losses, enforced wage cuts, or, in the case of shopkeepers, a decline in demand for their goods.

But PT is not only about the provision of savings and loans. It has a much more transformatory vision, not based on banking, but rather on organisation building and education among campesinos. Keeping these goals at the forefront, PT’s professional staff have been committed to maintaining close contact with members and to continuing research into and understanding of members’ lifeworlds. This has enabled them to work alongside the membership organisation and ensure it is not taken over by the interests of economically more secure members. The World Bank should take note.

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Notes

In fact there have been previous studies of PT (e.g. Johnson and Rogaly 1997) but these also appear to have escaped the attention of the author of the World Bank document.

Despite claims about the ‘democratisation of capital’, Robinson (2001) rules ‘very poor people’ out of the ‘clientele’ of the new institutions she envisages, because she sees them as having more urgent needs (food and employment) before they can make use of financial services.

Proyecto Tequisquiapan works across the five municipalities of Cadereyta, Colón, Ezequiel Montes, San Juan del Río, and Tequisquiapan.

They include a combination of foreign and domestic, public and private sources, such as the Ford Foundation, the Mexican government’s SAGARPA and SEDESOL programmes, and Evangelische Zentrale für Entwicklungshilfe (EZE).

There is variation in both communities in the extent to which contact is kept with home and remittances are sent.

Issues of organisational design and management are discussed in detail in Castillo (2002).

Proyecto Tequisquiapan’s combination of continuous self-critical assessment with ongoing attempts to understand members’ lifeworlds is close to the kind of impact monitoring system advocated by Simanovitz based on ongoing research under the Ford Foundation’s Imp-act programme (Simanovitz 2003:8).

References


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