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**RURAL MICROENTERPRISE DEVELOPMENT IN AN
ERA OF AGRICULTURAL RESTRUCTURING:
A STUDY OF MEXICAN PEASANT COMMUNITIES**

by

HEATHER J. RAWLINSON

BA (Honours) St. Thomas University

A Thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfillment of
the requirements for the degree of

**MASTER OF ARTS - INTERNATIONAL AFFAIRS
DEVELOPMENT STUDIES**

The Norman Paterson School of International Affairs

Carleton University
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The undersigned hereby recommend to the Faculty of
Graduate Studies and Research acceptance of this thesis
submitted by Heather J. Rawlinson as partial fulfilment
of the requirements for the degree of Master of Arts.

Maureen Appel Molot, Director
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Professor Edward Jackson, Supervisor

ABSTRACT

This thesis explores the appropriateness of rural microenterprise development as a means of mitigating the negative effects of agricultural restructuring on Mexican peasants. The analysis is based on field-research in several rural communities in Yucatán and Campeche, involving 75 household interviews and case studies of three local NGOs. The research reveals that microenterprise is a preferred strategy for rural households in coping with a declining standard of living. Findings indicate that microenterprise is most effective as a complement, rather than an alternative, to farming activities. Microenterprises in the communities studied are generally operating below potential, due to lack of working and investment capital, marketing difficulties, and lack of business management skills. NGOs have a valuable role to play in enabling rural micro-entrepreneurs to overcome these barriers. The research highlights the importance of understanding the relationship between rural microenterprise and peasant agriculture in designing development interventions for such settings.

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GLOSSARY OF ACRONYMS

BDS – business development services

CAIPARU – Centro de Asesoría Interdisciplinario Para el Apoyo Rural y Urbano (Center for Interdisciplinary Consultancy for Rural and Urban Assistance) (a Mexican NGO)

HST – El Hombre Sobre La Tierra (Humankind Upon the Earth) (a Mexican NGO)

IDB – Inter American Development Bank

ILO – International Labour Organisation

INEGI – Instituto Nacional de Estadística Geografía e Informática (The National Institute of Geographic and Information Statistics)

MED – microenterprise development

NGO – non governmental organisation

SSS – Sociedad de Solidaridad Social (Social Solidarity Society)

UNIFEM – United Nations Development Fund for Women

GLOSSARY OF SPANISH AND MAYAN WORDS

Atole – porridge-like breakfast food made from milk and ground corn or rice

Borrego – sheep or goat

Campesino – peasant; often used in southeastern Mexico to refer to indigenous persons

Ejido – a parcel of land made available to small-scale farmers as part of constitutional land reform policy

Huipil – traditional dress worn by Mayan women

Maiz – corn

Masa – ground corn

Milpa – small plot of land primarily cultivated in corn

Molino – corn mill

Tortillaria – a shop devoted to mechanized production of tortillas

Pazole – dough made from finely ground corn

CHAPTER ONE

INTRODUCTION

The Context of the Thesis

Mexico has a long history of peasant agriculture. For centuries, this sector has been a major contributor to the country's food supply, and it continues to dominate the rural landscape in most parts of the country. The Mexican government has traditionally played a supportive role in the country's small-scale agriculture sector. However, towards the end of the 1980's, this began to change. The government implemented a series of agricultural restructuring policies, including embracing free trade with its rich neighbours to the north. The government intends to transform Mexican agriculture into a more efficient operation, supporting – instead of peasant agriculture – the development of large-scale, commercial and internationally competitive agribusiness.

Where does this leave the millions of Mexican peasants? Studies have emerged strongly criticising the shift in policy and warning of its dire consequences for the welfare of the rural population. Many experts are calling this a rural crisis. Rural Mexico, which is poor to begin with, urgently requires fresh forms of rural development that will help peasants as they face a very difficult macro-economic context.

At the same time that neo-liberal economic policy has taken hold at the macro level, micro-level economic development has embraced the market-oriented private sector. Small and microenterprise development has become an important development strategy, and is proving in many areas of the world to be effective in improving the incomes and welfare of the poor. It has been remarkably successful in helping to reduce

poverty among the poorest in the informal sector, and in very poor countries such as Bangladesh and Bolivia.

The lack of literature investigating microenterprise development in the context of rural Mexico suggests there is room for research into its potential role in alleviating rural poverty in the context of Mexican agricultural restructuring. However, there is a strong urban bias in the literature. Peasant or agriculture-based societies and economies pose a reality quite different from that found in urban centres. The experience of development projects has demonstrated the dangers of assuming that an approach which is successful in one context is universally applicable. Careful research which is context-specific must be undertaken to assess the effectiveness of specific development strategies in particular settings.

Thesis Focus

This thesis presents a case study of microenterprise development in rural Mexico. Its focal question is: how well can microenterprise development serve to mitigate the negative effects of agricultural restructuring on Mexican peasants? Answering this question involves studying how well microenterprise is integrated with the peasant society and economy, and how microenterprises affect the welfare of rural households. By identifying specific local barriers that impede greater success and growth of microenterprises, the thesis investigates whether there is untapped potential for their further development, and if so, how it can be realised. The study aims to be practical, presenting analysis directly relevant to rural development program-design in Mexico and in other similar contexts.

The research involved a three-part investigation, as depicted in Figure 1.1. The purpose of Part I was to establish the validity of the underlying assumption. That is, are peasant households, in fact, suffering from agricultural restructuring policies? In Part II, the research sought to determine if rural microenterprise is an appropriate option for peasant households trying to cope. In Part III, the research sought to assess rural microenterprise needs in order to determine appropriate development program interventions.

Figure 1.1
The Three Part Investigation

In examining the relationship between macro-level policies of agricultural restructuring, and micro-level dynamics of rural household economic strategies, the thesis seeks to draw together fields of study which are typically kept separate. The thesis identified a rarely studied link between rural microenterprise and traditional peasant agriculture, and seeks to understand the dynamics of the relationship.

Field Research Overview

Assembling an accurate response to the research question necessitated a period of field research. Southeastern Mexico was selected in light of the dominance of peasant agriculture in its rural areas, and the widespread poverty of the largely indigenous peasant communities there.

The field research employed rapid rural appraisal (RRA) techniques in several communities in the states of Yucatán and Campeche. The experiences, views and ideas of over one hundred rural households were incorporated in the study, through household interviews, focus groups, key informant interviews, and participant observation. Case studies of NGOs active in microenterprise development in the local rural context were also carried out to provide further insight.

The field research approach involved conceptually dividing the rural population into three broad categories, according to the household-level economic activities:

1) those households pursuing full-time farming; 2) those households that have abandoned farming activities to operate a microenterprise full time; and 3) those households engaged in agriculture and microenterprise concurrently. Further subgroups were added to each category to account for the significant numbers of households depending on income from migrant or temporary labour, in addition to other activities.

Chapter Breakdown

The thesis begins with a conceptual framework, derived from and grounded in the relevant literature, and which provides an analytical tool for the information gathered in the field. The conceptual framework draws not only on microenterprise literature, but

also on the literature on peasant economy. The framework thus brings two bodies of literature – theories of peasant economy and microenterprise development – which usually remain separate from one another. Theories of peasant economy are reviewed in the first part of the conceptual framework, Chapter Two. This chapter looks at definitions of the peasantry, and then examines theories of micro-level peasant decision-making, including the theory of the rational peasant, neo-classical theory, and the theory of the risk-averse peasant, amongst others. The peasantry is also examined within its macro context, including theories related to the peasantry as a transitory phenomenon, as well as theories addressing the persistence of the peasantry.

Chapter Three, which presents the second part of the conceptual framework, reviews the literature on microenterprise development, examining the benefits of microenterprise development, as well as the typical problems and barriers faced by small-scale entrepreneurs. The chapter examines the role of NGOs in microenterprise development and devotes attention to important issues relating to women microentrepreneurs. Four approaches that are currently being debated in microenterprise development are reviewed, including: the minimalist approach, the integrated approach, the holistic approach, and the business development services approach. The chapter examines the changing structure and goals of NGOs in the field. Towards the end of the chapter, the third part of the conceptual framework is presented. It seeks to integrate microenterprise development into the context of a peasant economy, inter-relating the approaches and assumptions of microenterprise development with the contextual insights of the peasant theories discussed in the previous chapter.

Further background and contextual information is necessary for the reader not well acquainted with Mexican agricultural policy or the way of life in rural Mexico. Accordingly, Chapter Four, “An Overview of Mexican Agricultural Restructuring”, briefly examines the policy changes of the past two decades, including changes to agricultural investment, changes to Article 27 of the Constitution and the Ejido system, the National Plan for Modernisation of the Countryside, and the agricultural implications of NAFTA. Chapter Five, “Life in Rural Southeastern Mexico: a Descriptive and Statistical Overview”, presents background information which includes a portrait of community and household conditions, a description of the household division of labour, and a description of land tenure and agricultural practices. The chapter also makes use of United Nations and Mexican government statistics to present a variety of socio-economic indicators on rural life in the region.

The Field Research Methodology, Chapter Six, summarises the approach employed in undertaking the field research. Various research methodologies are discussed, including participatory rural appraisal (PRA) and rapid rural appraisal (RRA). The reasoning behind the selection of RRA for the present study is discussed. The limitations of the methodology are also addressed. The chapter includes a description of the specific data-collection techniques employed. A chronology of the field research process provides more detailed information on the implementation of the techniques. Descriptions of the research-site communities chosen, and the approach to sample stratification used, are also provided in Chapter Six.

The findings from the field research are divided into three chapters, following the three-part model of investigation presented in Figure 1.1. Chapter Seven details the

findings related to peasant economic strategies in the context of agricultural restructuring. This chapter assesses standards of living and household economic strategies. It then examines household views of agricultural restructuring and perceived impacts. Chapter Eight presents the findings on peasant agriculture and microenterprise as complements within the household. The chapter examines household division of labour, and the experiences and perceptions of households with regard to the three main economic strategy possibilities: agriculture-only, microenterprise-only, or both. Various forms of data are presented in support of the finding that microenterprise and peasant agriculture in combination result in optimum levels of household welfare. The third set of the field-research findings, presented in Chapter Nine, address the nature of demand for microenterprise assistance programs in peasant communities. This chapter identifies the barriers to microenterprise success in the local context, looks at the potential for further business development, and presents findings on the demand for various types of microenterprise development services including credit, technical training, management training and marketing assistance. Expected participation rates in such assistance programs are also discussed.

Case studies of three Mexican NGOs working in rural microenterprise development in the research region are presented in Chapter Ten. The first case study is of *Gente Nueva*, an NGO which has adopted a minimalist approach to microenterprise development, offering microcredit to solidarity groups of women. The second case study is of *El Hombre Sobre La Tierra*, which takes an integrated approach to microenterprise development, providing comprehensive training and also obtaining resources for microenterprise investment. The final case study is of the Chac Lol Peasant Co-operative

and the local NGO that assists them, CAIPARU, providing an example of a co-operative and holistic approach to microenterprise. The case studies offer insights into how different microenterprise development approaches function as they encounter the complex realities of rural southeastern Mexico. Lessons are drawn from the strengths and weaknesses, and successes and failures, of the three programs.

The field research findings and case study analyses, in turn, lead to a set of practical implications and recommendations for program design and management, which are presented in Chapter Eleven.

Finally, Chapter Twelve draws the thesis to a close, by summarising the response that the research has succeeding in providing to the question of the role of microenterprise in mitigating the effects of agricultural restructuring. The limitations of the research are discussed. Its broader implications for the field of development are highlighted, and suggestions are presented for further research.

CHAPTER TWO

CONCEPTUAL FRAMEWORK PART A

THE PEASANT ECONOMY

Introduction

The goal of this portion of the conceptual framework, which reviews micro-level models of individual peasant decision-making and examines the role of the peasantry in its macro context, is to better understand the context in which the research project is carried out. By dispelling myths about peasants and gaining understanding of the mechanisms at work within the peasant economy, we will be better able to understand the realities and dynamics of small and microenterprise as found in the peasant communities of southeastern Mexico. The second part of the conceptual framework, looking at small and microenterprise development, is dealt with in the next chapter, which will also tie the two parts of the framework together.

There are probably over one billion peasants in the world today, with the vast majority living in developing countries. Many of the poorest people in the world belong to this group. For many years the peasantry has posed difficult questions and challenges to those in the field of development. There have been a variety of theories and ideas concerning the peasantry raised over the past several decades. This first part of Conceptual Framework Chapter examines the phenomena of the peasantry. What is the peasantry? How do peasants make their productive decisions? Is the peasant sector a transitory phenomenon? Why does the peasantry remain so large today?

This chapter begins by examining the issues surrounding the definition of “peasant”. A generally acceptable definition is provided. Three opposing micro theories

of peasant decision-making are presented. Models assuming an 'irrational peasant', and others assuming a "rational" profit maximising peasant are each examined in a critical light. Instead, it is argued that peasants are indeed rational, but on the basis of a distinct logic, different from that of neo-classical economic analysis. The theory of the risk-averse peasant provides a valuable explanation, along with models of peasant behaviour.

The paper then moves on to examine the peasantry in its macro framework. Classical theories of agrarian transition are reviewed, drawing on Marxist and modernisation theory. The current persistence of the peasantry provides a critique of such transition theories. The position of dependency theory is briefly examined. Some ideas put forth by Alexander Schejtman on the forces acting in favour of the persistence of the peasantry are investigated, as well as a discussion of options taken by Mexican peasants that contribute to their persistence. A concluding section brings together the contributions of the various theories and models, and a comment of the implications for the field of development.

Defining Peasant

"Peasant populations occupy the margins of the modern world economy. With one foot in the market and the other in subsistence they are neither fully integrated into that economy, nor wholly insulated from its pressures. Peasant populations are rarely prosperous and often precarious." (Ellis 1993: 3)

But what exactly is a peasant? Various definitions and terms have been used to describe the peasantry over the years. Some early notions of peasant were voiced in the field of anthropology by E.R. Wolf. Wolf described peasants as "rural cultivators whose surpluses are transferred to a dominant group of rulers" (Wolf 1966:3-4). Wolf also states

that "it is only when ... the cultivator becomes subject to the demands and sanctions of power-holders outside his social stratum - that we can appropriately speak of peasantry" (Wolf 1966: 11). Peasants "stand midway between the primitive tribe and industrial society" (Wolf 1966: vii).

Definitions of peasant have evolved and become more rigorous since the 1960s. Several terms that have been commonly used in defining the term "peasant" in the past are not appropriate. One of these is "traditional". In using this term, one is making inferences about the production technique of the peasant, as well as the psychological factors (Ellis 1993: 13). These type of assumptions are not necessarily true of peasants. The term "backward" can be dropped for similar reasons. "Subsistence" is another term that has been commonly used in defining peasant. However, this term is only partially true of the peasant existence, and can bring focus to an aspect of the peasantry that may not be most significant for its analysis (Ellis 1993: 13). "Small farmer" is a term that has extensively been associated with peasant. Yet, it too should be avoided. It is not possible to accurately define peasants by the size of their plots.

An accurate definition of peasant is as follows:

Peasants are households, which derive their livelihoods mainly from agriculture, utilise mainly family labour in farm production, and are characterised by partial engagement in input and output markets which are often imperfect or incomplete. (Ellis 1993: 13)

Micro Peasant Decision-Making

Early writing on peasants' decision-making often perpetuated the views that peasants were lazy, perverse, lacking motivation, and overall, irrational (Ellis 1993:76). This led academics and policy makers to merely dismiss the peasantry as "backward" and not

deserving of rigorous study or assistance, unless it was to discourage their negatively perceived behaviours. However, peasants have a remarkable record of surviving and persisting through time. Therefore, there must be some form of rational decision-making within peasant households. So, how do peasants make their productive decisions?

In the 1960s, T.W. Schultz formed a hypothesis about peasant decision-making that changed the way that peasants were viewed. Schultz argued that peasants were efficient but poor. In his book, *Transforming Traditional Agriculture*, Schultz recognises that peasants "continue year after year to cultivate the same type of land, sow the same crops, use the same techniques of production and bring the same skills to bear". Schultz argues that the unchanging productive allocation of peasants over the centuries, persisting through droughts and floods, has resulted in peasant families inheriting farming methods that are almost totally efficient. "There are comparatively few significant inefficiencies in traditional agriculture" (Schultz 1964: 37-38).

In presenting peasants as efficient, Schultz opened up a whole new realm of study on peasants as profit maximisers. The neo-classical theory of farm production came to be applied to peasants, and is sometimes referred to as the theory of the "rational peasant". This theory begins by viewing the peasant as an individual decision-maker who faces decisions about how much labour to use in production, about whether or not to buy inputs and how much of which ones, and of what combination and quality of crops to produce (Ellis 1993:17). The peasant must make decisions within the context of the goals of the household and the constraints faced.

The neo-classical theory makes several assumptions: 1) there is competition in the input and output markets, 2) non-farm activities of household members do not exist or are

ignored, and 3) the peasant has access to unlimited working capital to purchase variable inputs (Ellis 1993:18). The most important assumption of the neo-classical theory is that the primary goal of the peasant household is short-term profit-maximisation. The peasant farmer has a production function, an economic equation that describes the technical and physical relationship between the farm output and the variable inputs. The profit-maximising peasant will undertake a rational economic decision-making process to determine what to produce and how to produce it.

To achieve profit maximisation, the peasant strives for two types of efficiency. The peasant achieves technical efficiency by choosing the largest possible crop output, given the resources he/she has available for inputs. The farmer surveys the available input technologies and chooses an optimising combination. Having chosen his productive inputs, the peasant then achieves allocative efficiency by monitoring the prices of inputs and outputs and adjusting their levels accordingly. The simultaneous achievement of both technical and allocative efficiency provides the necessary conditions for economic efficiency, or profit maximisation (Ellis 1993:68). In order for production to continue, the rational peasant must make a profit, or at least break even. The value of the output (or its price) must meet or exceed the cost of the variable inputs.

The theory of the rational or profit-maximising peasant leads to a number of logical policy options. If peasants respond in a predictable manner to changes in the prices of their inputs and outputs, then policies can seek to influence the output of the peasant sector by manipulating prices. Changing prices can encourage peasants to adopt new technologies and be more innovative. One of the constraints within which the profit-maximising peasant operates is a technology constraint. Policies that provide peasants with better access to

improved technologies would thus be seen as a way of greatly increasing agricultural output and peasant welfare. Rural development programs of the 1960s and 70s gave considerable emphasis to providing technically advanced seeds, fertilisers, insecticides, etc. Neo-classical theory takes the position that the efficiency of peasants is limited only by market failure and imperfect availability of information and knowledge. The policy response to this idea is to work towards a market more free of interventions and regulation, and to disseminate information on prices and technologies more widely (Ellis 1993: 77).

Robert Bates has done extensive research on the African peasantry, and strongly argues in favour of the theory of the rational profit-maximising peasant. Bates highlights that the post-independence interventions of African governments in their agricultural sectors, in the form of state-controlled marketing boards and government monopsonies, have resulted in huge disasters. Asserting that the rational peasant makes efficient decisions in free market conditions, Bates argues that governments should avoid intervening in the agriculture sector, and confine their efforts to providing infrastructure and improving the market mechanism (Bates 1991 and 1993).

The profit-maximising peasant approach can be critiqued on several grounds. The economic results being achieved by peasant units brings into question the validity of neo-classical theory for peasants. In the vast majority of cases, peasant units systematically experience losses (Schejtman 1992: 278). Market prices can be used to impute the peasant's costs in the areas of land rent, family labour, and non-purchased inputs. These imputed values can then be added to total monetary costs incurred, to determine total costs. This figure must then be compared to the value of the total product, which can be calculated by revenues received, added to the market price for the output consumed by the family.

Schejtman argues that if this calculation is repeatedly carried out, subtracting cost from the value of the product, the result is very often negative (Schejtman 1992:279). Neo-classical theory states that a rational producer will only produce when he/she at least breaks even. Does this mean that peasants are irrational? No, rather is "an instructive example not of the stupidity or philanthropy of peasants, but of the mistakenness of the belief that there is only one economic rationality in all places and at all times" (Tepicht 1973: 36).

A number of common peasant actions signal that they are not rational in the neo-classical sense of the term. Peasants often sell livestock at prices that would indicate a loss. Peasants demonstrate a readiness to pay rent (in cash or kind) higher than prevailing capitalist forms of rent. In some areas, peasants with very similar endowments of productive resources cultivate their land with varying degrees of intensity (Schejtman 1992: 279).

James Scott's famous book, *The Moral Economy of the Peasant* was published in 1976. Scott's work marked the beginning of a new shift in theories of peasant decision making. Instead of looking to neo-classical microeconomic theory for explanation of peasant logic, Scott turned to game theory (also a field of microeconomics). The key assumption that provides the starting point for an analysis of this sort is: that because peasants live on the margin of subsistence, they are primarily risk averse. Scott uses a risk aversion model to explain why peasants decide in favour of economic, social, and political arrangements that provide them with a relatively low, but certain, return, instead of options that would have a higher average return, but have a greater chance of letting the household fall below subsistence level (Scott 1976).

Michael Lipton also takes the perspective of a risk averse peasant. A humorous quote from Lipton demonstrates his views on theories of peasant decision-making: "people jump out of the colonialist fire into the neo-classical frying pan; if the farmer isn't an unresponsive dud, it does not follow that he is maximising profit" (Lipton 1992: 264). Lipton uses game theory to build his model of peasant against nature. Given a fifty-fifty chance of getting one of a thousand dollars or five hundred dollars, or the certainty of getting 750 dollars, the poorer gambler, like the peasant, will put more worth in certainty (Lipton 1992: 264). Peasant decision-making is therefore mini-maxing: minimising maximum loss or maximising minimum profit, thus making the most unfavourable outcome as acceptable as possible (Lipton 1992: 265). The peasant chooses a combination of crops that will maximise his minimum returns.

The decision of many peasants in favour of high rent, in the form of a large share of the crop, can be explained in the context of the risk averse model. Although the rent cuts the peasant's profits very significantly, the share-rent acts as a form of insurance against bad harvests. If output is low, or prices are poor, the peasant is not forced to sell an excessive portion of the crop to pay rent (Lipton 1992: 266).

Over the years, peasants establish a set of production rules that they know will ensure their family's survival. Lipton calls this a survival algorithm. It allows the peasant household tolerable levels of profit, security and status, and enables them to get by in both good and bad years (Lipton 1992: 266). It is natural for peasants to be very reluctant about changing their survival algorithm. This explains why peasants are often unwilling to adopt new farming innovations, and typically maintain long-trusted older practices (Lipton 1992: 267).

Scott's book identifies a list of characteristics of peasant societies that are explained well by the risk averse model:

In the economic realm:

The conservative commitment to traditional crops that, while low yielding on average, yield reliably in good years and bad.

The preference for the growing of food crops as opposed to cash crops.

The failure to specialise in production.

In the social realm:

The preference for incorporative institutions, such as extended kinship and common property.

The preference for redistributive institutions.

In the political realm:

Patron-client relations, in which low wages are exchanged for certainty of employment.

The preference for proportional as opposed to fixed rate taxes. (Scott 1976, quoted in Bates 1991: 36-37)

Clearly, a major policy implication that follows from the model of the risk-averse peasant is to provide peasants with effective external forms of crop insurance. Although this would not eliminate the many risks that contribute to the peasant's risk averting rationale, it could contribute significantly to enabling peasants to explore higher-return options.

For his part, Alexander Schejtman argues productive decision-making by peasants can not be explained by neo-classical microeconomic theory, nor can it be completely explained by risk averse game theory. Schejtman takes the view that peasant micro-behaviour demands special theoretical consideration, beyond the application of existing economic theory. Many other scholars of peasant economy, like the field's pioneer A.V. Chayanov, would share Schejtman's perspective. Much of what is distinct in the peasant economy can be explained by the fact that the peasant unit is both a unit of production and a unit of consumption; household activity is inseparable from productive activity (Schejtman

1992:279). T. Shanin, a classical rural sociologist, also describes the peasant unit as being "characterised by a nearly total integration of the peasant family's life and its farming enterprise. The family provides the work team for the farm, while the farm's activities are geared mainly to production of the basic consumption needs of the family" (Shanin 1971: 30).

One of the implications of the integrated, producer-consumer peasant unit is the peasant's necessary commitment to making use of the family labour force. The available family labour force is a starting point for making decisions about productive employment. Dismissing or not using the labour of family members would be irrational for the peasant, since family members share in the ownership of the means of production and must share in its output. The peasant will therefore maximise labour input. As the number of members in the peasant family increases, there is a tendency to increase the number of working days per hectare of land, over a range of farm sizes (Schejtman 1992: 281). Chayanov puts forth the idea that the dominant form of substitution in the case of the peasant producer is not between labour and capital as in normal production units, but between labour and land. Members of peasant households are generally willing to contribute additional labour if it will result in an overall increase in family income, regardless of whether it results in a lower average return (Schejtman 1992: 284).

The distinctive peasant unit of production and consumption also has implications for the nature of the peasants' integration into the market. Although peasant households are primarily subsistence-oriented, it is common for them to require material inputs, and consumer goods that require money, therefore forcing them into the market. Peasants are involved in the market. However, their choice of what to produce is not based on the

marketability of crops, but rather on the subsistence needs of the family (Schejtman 1992: 284). Peasants typically sell small portions of their harvest as their cash needs arise.

The peasant family unit is also characterised by its ability to make use of marginal labour. There are several forms of labour used in peasant production that would typically not be able to earn money in other forms of production; the work of children, the elderly, and women is utilised, often along with the spare time of the head of the household and their adult children. This helps explain why peasant production units can offer their produces for sale at market for prices much lower than those that would be necessary to stimulate commercial production (Schejtman 1992: 286). In the same way that peasants make use of marginal labour, they often also make use of marginal land. Land that has very low agricultural potential, and would not be used by commercial farmers, may be used by peasant producers if they recognise it as having the potential to add to the family income (Schejtman 1992: 286).

The Peasantry in its Macro Context

What role does the peasantry play in its larger economic and social context, and what external forces act upon the peasantry? A number of theoretical approaches have attempted to deal with these questions. Classical approaches that theorise on the macro context of the peasantry take the perspective that the peasantry is a transitory phenomenon, which will disappear with the full development of capitalism. Classical capitalist-transition theory describes the role that agriculture must play in bringing about a transition into a capitalist economy. The traditional agricultural system (which is typically peasant agriculture) must generate a surplus, in sufficient quantity and at low prices, to enable industrial growth to occur outside of agriculture. Abundant, cheap food allows newly

developing industries to keep their wage costs down, which in turn brings about further capitalist growth through the higher rates of profit, and availability of additional capital for reinvestment. In addition, the traditional agricultural sector must contribute to the creation of a home market, generating demand for the capitalist-produced consumer goods. Once these conditions have been met, and the forces of capitalist industrialisation have taken hold, then traditional agricultural systems, like peasant agriculture, will make a transition to capitalist forms of agriculture (Byres 1992: 82-83). A class of capitalist farmers will develop, dominating over smaller farmers; agricultural wage labourers will emerge, along with a flow of former peasants into the urban labour market.

A Marxist perspective of the agrarian transition can be described as follows: "the concentration of production brought about by capital would launch a revolution in the forces of production, epitomised by the application of science in the process of production, which would force the peasants out of production, and convert them into landless wage-labourers" (Djurfeldt 1992: 141). And furthermore, "the sturdiness of the peasants can at most delay large-scale production and cannot prevent it" (Djurfeldt 1992: 141). Marx's own words serve to describe the mechanism of a Marxist agrarian transition well:

The form of landed property with which the incipient capitalist mode of production is confronted does not suit it. It first creates for itself the form required by subordinating agriculture to capital. It thus transforms feudal landed property, clan property, small peasant property in marked communes - no matter how divergent their juristic forms may be - into the economic form corresponding to the requirements of this mode of production.

(Marx, 1894: 617, quoted in Djurfeldt 1992: 144)

Lenin provides a (bi)lineal model of capitalist agrarian transition, which is outlined in Figure 2.1.

Figure 2.1**The Capitalist Agrarian Transition**

(source: Djurfeldt 1992:149)

The Marxist analysis of the role of the peasantry concludes that the dissolution of the peasantry is an inevitable outcome of capitalist development.

Modernisation theory also attempts to contribute to an understanding of the macro role of the peasantry. It takes a similar view of the peasantry as does the classical theory and Marxist approaches discussed above. Modernisation theory developed on the basis of an assumption of there being two broad classifications within the world: rural, agrarian societies considered to be "traditional", and urban, industrial societies considered to be "modern". The rural dwellers making up the membership of traditional societies were

assumed to be poorly informed, conservative, and politically passive. Through a process of development, or modernisation, these rural people would become educated, urbanised, and would become well informed and innovative. This modernisation of those living in rural societies was equated with a process of capitalist development (Bates 1991: 34).

W.W. Rostow's "Stages of Economic Growth" is an influential model within the modernisation paradigm. Rostow's model specifically deals with the role of the peasantry, and therefore is worth examining briefly. According to Rostow, countries can be divided into five stages of development, through which all nations must pass if they are to achieve a level of development satisfying to their inhabitants. The first stage is called the traditional stage. Here the economy is stagnant and is characterised by at least 75 percent of the population being engaged in food production, in the form of peasant agriculture. The second stage is the precondition stage. Infrastructure develops and an agricultural revolution takes place. Rostow's third stage is take-off; at this time there is an increase in the amount of economic investment in the country, rising to ten percent of national income. A leading sector develops. During the fourth stage, the drive to maturity, economic investment further increases to twenty percent of national income. Modern technology takes on widespread use. During this stage peasant agriculture has declined to the point that only twenty percent of the labour force is involved in agriculture. Rostow's final stage, and the ultimate goal of development, is mature, high mass consumption (Rostow 1971). This model of modernisation theory clearly views the peasantry as merely a transitory phase in the development process.

If classical capitalist theory, Marxist theory, and modernisation theory all describe the peasantry as a transitory entity, then what accounts for its persistence within countries

that are progressing in their development and significantly industrialised? Mexico is an example of a country that has achieved significant economic growth in recent decades, to the point where some consider it no longer a developing nation. However, the Mexican peasantry persists as a significant sector of the economy, and dominates the country's rural areas. The Mexican peasantry, like many others around the world, has largely defied the predictions of transitory theories.

Dependency theory provides an alternative outlook on the role of the peasantry in the capitalist world, and, as such, is worthy of brief examination. Dependency theorists Baran, Frank and Wallerstein reject the progressive nature of capitalist development, and argue that it will not operate to bring capitalist development to the periphery, which includes the peasantry. Frank recognises that agrarian transition occurred in some countries, which are not advanced industrialised countries, but argues that the same situation does not arise in developing countries because they have taken a different path towards capitalism. A single economic structure and process of capitalism brings about very different outcomes in different countries, depending on whether they become part of the metropolis or satellites (Goodman and Redclift 1981: 32). The less-developed countries, which form the satellites, are in a subordinated position to the metropolis. In satellites, less industrially advanced modes of production are perpetuated. Frank argues that "the peripheral satellite economies are locked into a structurally exploitative relationship with the metropolis. Their 'development' is dictated and distorted by the transfer of surplus to the metropolis, which inhibits industrialisation and maintains their subordinate position as primary-product export economies" (Goodman and Redclift 1981: 34). Thus, dependency theory takes the position

that capitalist development does not bring about dissolution of the peasantry in periphery countries, but rather works to preserve it.

We now explore some specific forces that work in favour of the persistence of the peasantry. Even if the peasantry does represent a transitory phase, it should be recognised that the transition is at least a very lengthy one, and does not show signs of achieving an elimination of the peasantry in the foreseeable future.

Schejtman provides a description of some forces working in favour of peasant persistence. Actions taken by the state are one set of such forces. Many governments have policies that provide supportive subsidies to the peasant sector. Policies of this type of are usually put in place by states for a combination of reasons including the political desire for the support of, as well as power over, the peasant masses. The need to maintain social peace, and to avoid further impoverishment are further motivating factors behind states' choices of policies that actively support the peasant sector. Some examples of these policies are credit at preferential rates, support prices, and the establishment of minimum wages (particularly if monitored). These state actions tend to make possible better terms of trade for peasants than they could achieve in free market conditions (Schejtman 1992: 296). State actions in the area of agrarian reform and new settlement are further forces encouraging the persistence of the peasantry. These types of policies make possible larger agricultural plots, and with complementary legislation, peasant units of land can be protected (Schejtman 1992: 296-97).

A second category of forces supporting a persistent peasantry is identified by Schejtman as actions by intermediary elements. Intermediaries refer to various types of mechanisms that link the peasantry to the rest of the economy, enabling peasants to enter

into relations of distribution and exchange (Schejtman 1992: 297). Enterprises processing peasant output, those involved in transporting peasant goods, and financial enterprises catering to peasants are all examples of intermediaries which assist the peasantry in persisting, to the extent that it is dependent on market interactions (Schejtman 1992: 297-98).

Gustavo Esteva sheds some further light on the persistence of the peasantry, in describing options to which Mexican peasants commonly turned in the past when their survival has been challenged. These factors do not appear to be unique to Mexican peasants. The peasants' ties to the land place them within a socio-economic structure, the rural community. The rural community provides some stability to what can otherwise be a fleeting and highly insecure subsistence. Rural communities in Mexico have guaranteed that the peasant way of life is lasting and stable. The rural community has survived throughout Mexican history, and the supportive and co-operative environment it provides its members has enabled peasants to resist the passage of time, natural disasters and economic and political hardships (Esteva 1983: 154).

While maintaining a predominantly traditional peasant lifestyle, peasants can also take part in a number of activities outside their traditional sphere which help them to persist. In times of financial difficulty, significant numbers of Mexican peasants hire themselves out regularly for temporary work on other farms, or for work in cities. The wage labour provided and the resulting income is part of the reality of rural communities. While this income is only intended to cover part of the peasant's costs, it also safeguards the production and reproduction of their subsistence based agricultural activities (Esteva 1983: 168).

Many peasant households in Mexico have alternatively turned to craft or commercial activities to help supplement crop production activity. If market conditions are particularly favourable for commercial activities or craft skills, the peasant may rent or abandon his land for a time. For the most part, the craftwork is a method of complementing subsistence farming. Some other examples of similar, complementary activities include forest exploitation, mining, and cattle raising (Esteva 1983: 169).

Another option that should not be overlooked is underscored by the huge number of Mexican peasants who choose to travel to the southern United States to hire themselves out temporarily (although usually done illegally, this is very common). Despite the high cost of maltreatment, danger and humiliation, this migration is frequently deemed worthwhile because of the opportunities the cash income creates at home (Esteva 1983: 169).

A final factor contributing to the persistence of the peasantry, particularly in the case of Mexico, has been the ability of many peasants to organise themselves collectively in response to challenges to their economic situation. There was a move towards collectivisation in Mexico in the 1970s, promoted to some extent by government and some private companies. The peasant co-operative movement has been strong in Mexico, both at the local level, as well as the national level. Individual co-operatives working the land collectively at the community level have been extremely common. Mexico has also seen large scale organised co-operatives of peasant groups from all around the country, working to forward their common interests at the national level. In some cases, the collective organisation of peasant production has succeeded in strengthening their capacity for retaining their economic surplus (Esteva 1983: 171).

Conclusion

It is important for people working in the area of development policy, and in the planning of programs and projects affecting rural areas of developing countries, to gain an understanding of the peasant economy. Peasants make up a large portion of the rural population in developing countries, and their level of poverty demands attention. It is vital that inaccurate and harmful stereotypes of the peasantry are overcome, so that appropriate action can be taken to assist this sector and the people it represents.

There are important lessons that can be drawn from the variety of theories and models found in the literature. Peasant decision-making cannot be completely divorced from the neo-classical notion of profit maximisation. However, this does not appear to be a dominating form of logic within the peasant household and therefore provides insufficient, and even inaccurate, predictions about peasant behaviour. The theory of the risk averse peasant makes a considerable contribution to an understanding of peasant productive decision-making. Its conclusions have intellectually satisfying explanatory capabilities, and valuable policy recommendations are implied. Schejtman contributes a model of distinct peasant decision making which is complementary to the risk-averse model. The more peculiar mechanisms of the peasant household unit are given solid rational explanation by this model. The theories supporting the idea of a natural transition from peasant agriculture to capitalist agriculture have some value in provoking thought on what is the role of the peasantry in a macro context. Given the persistence of the peasantry, I am not convinced of their universal validity, and neither do I believe they should hold great value for developing policies and programs targeted at peasants. The examination of distinct peasant logic, and

the discussion of the persistence of the peasantry demonstrated that it is in the very nature of peasants to survive and persist in the face of difficulty and challenge.

There is an overarching question as to whether societies and development agencies should support the persistence of the peasantry. I tend to say that yes, in order to avoid the great human suffering that is likely to result if peasants are pushed out of their successful subsistence methods without adequate demand for their labour elsewhere (as would be typical in most developing countries). If we do not choose to support the persistence of the peasantry, and even work towards its break-up, then we should at least develop acceptable alternatives for these large numbers of people. In this research project, rural microenterprise development is assessed as a possibility for the peasants of southeastern Mexico as their life becomes increasingly difficult. Let us now move to the second part of the Conceptual Framework, the review of literature on small and microenterprise development.

CHAPTER THREE

CONCEPTUAL FRAMEWORK PART B:

SMALL AND MICROENTERPRISE DEVELOPMENT

Introduction

This second part of the Conceptual Framework for this study reviews the literature on small and microenterprise development. Economists and development analysts have begun to recognise the importance of small-scale entrepreneurship for improving the livelihoods of individuals and generating economic growth. Small and microenterprises account for a large percentage of employment in developing countries, with estimates ranging from thirty to sixty percent of all jobs attributed to this sector (Evers and Mehmet 1994; ACCION 1988; Diaz-Briquets and Wientraub 1991). This percentage is growing, as these enterprises absorb much of the increase in the labour force in developing countries (Mead 1994). Small and microenterprises provide many social and economic benefits. However, they are constrained by barriers that prevent them from exerting a greater development impact. Academics and practitioners have developed strategies to assist small-scale entrepreneurs to overcome the constraints they face. A variety of types of non-governmental organisations work in this area, utilising a range of program methodologies to achieve their goals of economic growth, poverty alleviation and empowerment, through the growth of successful small and microenterprises.

This chapter defines the relevant terms, examines the benefits of microenterprise development, and then discusses the problems and barriers faced by small and microentrepreneurs in developing countries. Special attention is devoted to women microentrepreneurs, taking note of their heightened challenges and needs. The framework

of NGO intervention in microenterprise development is then examined, including the various program objectives and the types of NGOs involved, as well as an examination of the specific methods employed in this work. The issue of demand for microenterprise services is addressed, followed by a discussion of the changing structure and goals of NGOs in the field. This second part of the Conceptual Framework wraps up with a conclusion, before moving on to the final part of the Conceptual Framework – Tying the Two Together: Microenterprise Development in a Peasant Economy.

Definition of Terms and Related Issues

Small enterprise refers to all enterprises with fewer than twenty-five permanent workers (Mann, Grindle, and Shipton 1989:9). The term microenterprise is used to more specifically identify businesses with fewer than ten permanent works (Mann, Grindle and Shipton 1989:10). Microenterprises are frequently run by members of one nuclear or extended family, or even by a single entrepreneur. Though the focus of this thesis is on microenterprises, the term small enterprise is often also used, reflecting its prevalence in both scholarly literature and development programming (even when referring primarily to enterprises at the “micro” end of the scale). Small and microenterprises are usually characterised by labour-intensive technologies, artisanal techniques, low capitalisation, low or subsistence wages and high job insecurity. They tend to operate under highly competitive conditions in sectors of production characterised by ease of entry and exit (Halvorson-Quevedo 1992:8). A wide variety of products are produced by small and microenterprises, ranging from glass wear, clothing and pottery to wheelchairs and stoves.

The term entrepreneur is often used to refer to a very broad range of people, sometimes including beggars and migrant labour, and certainly not limited to small and

micro sized businesses; there is no agreed upon definition (ILO 1986; Mann, Grindle and Shipton 1989; Nelson and Nguiru 198). For the purposes of this study, a narrower definition of entrepreneur is used, with specific reference to the small and microentrepreneur involved in creating local employment where it did not exist before, as opposed to contracting out one's services for an existing position. In this context, an entrepreneur is someone who is an innovator and willing to take risks to bring about self and/or community improvement through the formation and development of small and microenterprises (Mann, Grindle and Shipton 1989).

Benefits of Microenterprise Development

Entrepreneurship and the microenterprise sector have great potential for improving the livelihoods of individuals and for advancing the economy. Microenterprise development (MED) achieves the two major goals of development: both growth and equity. Other current aid priorities are also compatible with MED, including the development of the private sector, alleviation of poverty, encouraging women's role in development, and promoting participatory development approaches and models which stress individual action and collective initiatives (OECD 1993:7).

The specific benefits of MED can be divided into two categories: social welfare benefits and economic benefits. MED has many valuable social benefits, which are summarised in Table 3.1. It can be an important source of employment, currently providing the majority of new jobs in developing countries. Small and microenterprises can particularly help poor and disadvantaged groups. Newly established enterprises, and improvement of existing enterprises, can result in larger incomes, improvement of living standards of the poor, and contribute to equalisation income distribution. Finally, small and

microenterprises can also be effective in integrating marginal segments the population into the economy. Small-scale entrepreneurship promotes income generating and empowering opportunities for women (Halvarson-Quevedo 1991/92:8).

MED also has many economic benefits, which are listed in Table 3.2. It generates income and output in the economy. Jobs can be created with little capital investment. An important economic role of the small and microenterprise sector, which is often overlooked, is its production of low-priced goods for poorer segments of society. A large portion of citizens in developing nations depends on these sources of cheap food and other commodities for survival. Furthermore, the microenterprise sector provides crucial vertical and horizontal linkages between traditional and modern systems and between rural and urban areas, thus creating a more integrated and stable economy that can serve as a base for long-term economic growth (Halvorson-Quevedo 1991/92:8,9). The promotion of MED should not be seen as the only solution to, or as a panacea for, the development problems of the developing world. However, it certainly is one useful and important way of working towards goals of economic and social development.

Table 3.1:
Contributions of Small and Microenterprises to Social and Economic Development

Personal Empowerment	Household Poverty Alleviation	Socio-Political Empowerment	Local Community Development	National Economic Development
<ul style="list-style-type: none"> • Increased self confidence • Greater control over one's circumstances • Skills development 	<ul style="list-style-type: none"> • Increased disposable income • Ability to access education, health care, housing • Improvement in standard of living 	<ul style="list-style-type: none"> • Organisation to increase negotiating power vis-à-vis banks, local government, suppliers • Increased assets and resources controlled by women 	<ul style="list-style-type: none"> • Economic multiplier effect • Creation of local jobs and goods 	<ul style="list-style-type: none"> • Employment generation • Less import-dependent production • Industrial restructuring

Source: Sahley, *Strengthening the Capacity of NGOs: Cases of Small Enterprise Development Agencies in Africa*, 1995

Table 3.2
Economic Benefits of Small and Microenterprise

- Use scarce resources effectively
- Are highly labour intensive
- Create jobs at low cost
- Use appropriate locally available technology and inputs
- Reduce power of oligopolies by increasing competition
- Have low entry level investment requirements
- Contribute to a more equitable distribution of property and wealth
- Decentralise production
- Produce goods to meet basic needs for low income market
- Increase the circulation of money within a community

Source: Sahley, *Strengthening the Capacity of NGOs: Cases of Small Enterprise Development Agencies in Africa*, 1995

Problems and Barriers

Although the small and microenterprise sector in developing countries is very large, it is characterised by high failure rates and generally poor income levels, notwithstanding the benefits it generates. There are many problems and barriers that entrepreneurs in developing countries commonly face when seeking to start microenterprises. These barriers can broadly be divided into environmental problems and internal problems.

Environmental problems are barriers the entrepreneur faces apart from his or her personal qualities. Lack of investment capital, closely linked to shortage of credit, usually tops the list. However, lack of credit is only one of the many problems that keep microentrepreneurs from developing successful businesses. Marketing problems – including market identification, problems in accessing markets, and weak markets – are major hindrances to success, as well. Transportation problems are also common. Traditional obligations can also limit the level of success and growth amongst small businesses in developing countries; microentrepreneurs are often expected to share profits with family members rather than reinvesting in their businesses. These entrepreneurs are also often obliged to hire relatives when need for labour arises, even if such relatives are not appropriately qualified. Lack of information regarding current trade and market trends, and lack of information on relevant subsidies and concessions, can also act as barriers for the establishment or improvement of small and microenterprises (Biscoe, Nair and Sibbald 1990:4,5).

There are also several internal factors that constitute very significant barriers to successful small businesses. Small and microentrepreneurs are often faced with a lack of previous business experience, along with a lack of training in business skills. Some

commentators note that education systems of many developing countries typically do not prepare young people to be active decision-makers, but rather teach them to be passive and dependent. Entrepreneurs frequently feel a lack of confidence when dealing with financial and other institutions. Without proper education, they can fail to understand market forces, leading to inappropriate pricing, stock levels and credit policies (Briscoe, Nair and Sibbald 1990:6). A lack of understanding of business management often leads to such problems as confusing the meanings of revenue and profit, or not understanding the implications of credit as distinct from a grant; both such problems can have dire consequences for a business. Overall, many existing and prospective microentrepreneurs also have a fear of failure, which can be a formidable challenge in itself.

A study of challenges and barriers faced by small-scale entrepreneurs in Jamaica was carried out in 1993. Three hundred small businesses were surveyed, distinguishing between start-up problems, and ongoing difficulties. For start-up small and microenterprises, capital and credit¹ clearly stood out as an immediate problem. Difficulty with location was another commonly reported challenge. Relatively few entrepreneurs identified insufficient demand as a problem in the start-up phase.

Importantly, the study found that the types of problems experienced by small businesses shifted as they became established. Insufficient demand took on much more of a challenging role for entrepreneurs. The high cost of raw materials was deemed a major problem for the majority of small businesses, as were high utility and fuel costs. Capital and credit shortages remained a difficulty for many, but, generally, this was not as critical an issue as in the start-up phase (Klein and Tokman 1993:52,54). It is important to keep in

¹ Lack of credit is not identical to lack of capital. Many businesses may lack capital, but may not believe that credit is the desirable or appropriate means to gaining it.

mind that the factors that come into play in MED vary in nature and combination across different regions, with different social, cultural, and economic conditions.

Characteristics and Challenges of Women's Microenterprises

The percentage of the self-employed persons who are women has grown dramatically in the past few decades. It is now accurate to say that in most developing countries, the majority of small and microenterprises are owned and operated by women (Mead and Liedholm 1998:64). Not surprisingly then, most of the businesses represented in this study were operated by women. It is important to understand the unique characteristics of women-run microenterprises, as well the heightened difficulties faced by women entrepreneurs.

Women generally engage in microenterprise as part of the household production system. In female-headed households this work often provides the main source of income. In other households, women balance participation in household-based microenterprises, with wage work and reproductive work. Women may select microenterprise activities that generate continuous earnings to make up for the seasonal nature of men's farm income, even though the chosen microenterprise may not be the most profitable (Hilhorst and Oppenoorth 1992: 27). Women's microenterprise activities are usually low risk, but carry low return. They typically act to guarantee the households' basic consumption, allowing other household members to invest in ventures that are riskier but have greater potential for profit (Downing 1991; Grown and Sebstad 1989). Enterprises run by women also tend to be very small, even by the standards of the small and microenterprise sector. Women microentrepreneurs can rarely afford to

contract extra labour and may depend heavily on the unpaid labour of children (Hilhorst and Oppenoorth 1992: 29).

Women-run microenterprises are considerably more disadvantaged and have lower incomes than male-run enterprises (Mayoux 1995: 22). Though gender inequality varies greatly across cultures, there are common features that contribute to compounded difficulties for women microentrepreneurs in developing countries. In those settings, women generally have less access to productive resources and often have little control over the use of household income. Women have lower levels of literacy and formal education, frequently limited mobility, and tend to have difficulty accessing lucrative markets (Mayoux 1995: 20).

In general, women microentrepreneurs experience strong and conflicting pressures. Their enterprises are often essential to the basic survival of the household, and a significant amount of time and energy must be invested in them in order for the enterprises to be successful and profitable. At the same time, husbands, children and homes require a large amount of time and energy to maintain and nurture. In the setting of developing countries, most, if not all, of these domestic duties are typically the responsibility of women. Under these conflicting pressures on a woman's time, the enterprise can often be neglected, severely curtailing its success.

NGOs and Microenterprise Development

A large number of NGOs, both Northern and Southern, have recognised the potential of the small and microenterprise sector to act as an engine for economic growth, and as a tool for improving the standards of living of the poor. The NGOs that have become involved in MED do so in order to help enable small scale entrepreneurs to overcome the

challenges and barriers to success, thereby releasing the potential for social and economic development. NGOs involved in MED often focus on the poor and marginalised.

There are generally two different, but related, sets of objectives of NGOs involved in microenterprise development. Some NGO programs, which are often called income generation programs, aim for immediate poverty alleviation and improved standards of living through enhancement of household income of the poor. Income-generation programs make use of the economic activity of microenterprise in order to achieve social development goals.

A somewhat different set of objectives characterises what are often called “small enterprise development programs”, which aim to strengthen small businesses with good potential for growth, thereby stimulating local economic development and helping to generate local jobs. Because these programs target small businesses with the greatest growth potential, rather than the poorest business owners, direct poverty alleviation is not the primary goal (Sahley, 1995, p. 26-27). There is, however, overlap between the two approaches, and some programs work to address both sets of objectives. Table 3.3 highlights some of the key elements of each of these two approaches to MED.

NGO programming in the area of MED can also be distinguished by the type of NGO involved. There are generally four different types: community-based organisations, which are often co-operatives; local generalist NGOs, which usually situate MED work as one component of a broader program; more specialised, local credit-oriented NGOs, or specialist small enterprise development NGOs; and Northern NGOs involved in direct delivery of MED programs in the South. Each of the four types of NGOs working in this field have their own inherent strengths and weaknesses in delivering microenterprise

Table 3.3
Characteristics of Income Generation and Small Enterprise Development Programs

	Income Generation	Small Enterprise Development
Program Objectives	<ol style="list-style-type: none"> 1. Enhance household income for immediate poverty alleviation 2. Provide supplementary income or consolidate existing precarious economic activities 3. Achieve social objectives, such as group formation 	<ol style="list-style-type: none"> 1. Encourage accumulation 2. Generate employment 3. Stimulate local economic development 4. Deliver services on a cost-recovery basis
Target Enterprise Characteristics	<ol style="list-style-type: none"> 1. Part-time, often intermittent 2. Profits consumed immediately 3. Semi-subsistence levels of production 4. No distinction between enterprise and family income 5. Not sole source of family income 	<ol style="list-style-type: none"> 1. Usually an entrepreneur's primary source of income 2. Full time or nearly full time activity 3. Profits reinvested in business 4. Stable demand, sufficient working capital to maintain levels of production 5. Accumulating or potential for accumulation 6. Off-farm, with value added
Target Groups	<ol style="list-style-type: none"> 1. Chronically underemployed or unemployed in urban areas 2. Subsistence farmers of landless in rural areas 3. Priority given to women 	<ol style="list-style-type: none"> 1. Usually targets existing microentrepreneurs 2. Slightly better off poor
Assistance Methodology	<ol style="list-style-type: none"> 1. Provide grants or micro loans 2. Often encourage rotating savings and credit schemes 3. Often provide training 4. Often support co-operatives 5. Intensively monitor beneficiaries' enterprises 6. Supply-led 	<ol style="list-style-type: none"> 1. Require larger loans for working capital and capital investments 2. Focus on microenterprises, rather than co-operatives 3. Target enterprises with potential for growth 4. Assume a relatively dynamic local economy 5. Market-driven

Source: Sahley, 1995, p. 28

Table 3.4
Types of NGOs Working in Small Enterprise Development:
Some Advantages and Disadvantages

NGO	Advantages	Disadvantages
Community-Based Organisations	<ol style="list-style-type: none"> 1. Transfers skills to the poor 2. Empowers grassroots organisations 3. Can mobilise savings 4. Derives efficiency from rapidly rotating funds 5. Entails simple financial management systems 6. Uses peer pressure for repayment 7. Requires only small amounts of capital 8. Reaches the very poor 	<ol style="list-style-type: none"> 1. Capacity limited to micro-loans and income generation rather than small enterprise development 2. Weak financial management skills 3. Unable to manage surplus savings 4. Can be distracted from their original purpose and objectives 5. May require top-up grants for long term financial sustainability
Local Generalist NGO	<ol style="list-style-type: none"> 1. Able to target vulnerable sectors of community 2. Can develop strategic alliances with other service providers 3. May have long standing relationship with communities 	<ol style="list-style-type: none"> 1. Local NGOs have variable capacities and may lack financial skills 2. May be perceived by community as a 'soft touch' 3. Credit activities may be donor driven
Local Credit NGO	<ol style="list-style-type: none"> 1. Clear focus and mission 2. Likely to recruit skilled financial managers 3. Efficiency derived from scale 4. Cost-effective and potentially financially stable 5. Builds local institutional capacity for credit distribution 6. Better prospects of client graduation to banks (via loan guarantees or letters of recommendation) 	<ol style="list-style-type: none"> 1. May not reach poorest 2. Usually legally prohibited from holding savings 3. Entails complex financial management 4. Requires considerable human and capital investment
Direct Delivery by Northern NGO	<ol style="list-style-type: none"> 1. Clear option in places where local structures are lacking 2. Full accountable staff and procedures 3. Easier to monitor and adapt program if necessary 	<ol style="list-style-type: none"> 1. Long-term sustainability questionable 2. Bypasses local NGOs and may inadvertently limit local capacity to implement credit schemes 3. Not integrated with local community

Source: Sahley, 1995, p. 38

Table 3.4 summarises the typical advantages and disadvantages associated with each type of NGO involved in the delivery of programs for small and microenterprise development

Programming for Women's Microenterprise Development

NGOs and governments have recognised that increasing the incomes of women benefits the entire household. "Boosting women's incomes not only benefits them, but often also raises the nutritional and educational status of their families" (Premchander 1994: 14). MED for women has thus emerged as an important strategy for overall poverty reduction and improvement of child welfare. By the early 1990s, microenterprise assistance programs for women were being promoted by a wide range of development agencies (Mayoux 1995: 4).

There are generally two different approaches to women-oriented microenterprise programming. The market approach focuses on issues of accessibility of services for women. It aims to provide women access to microenterprise assistance and thereby help women to increase their incomes. The empowerment approach focuses more on the underlying causes of gender inequality, and involves empowering women to increase their microenterprise incomes and their bargaining power (Mayoux 1995: 4). Major donors have predominantly utilised the market approach in women's microenterprise programming. However, there is a strong argument being made for the need to do more than provide women with access to services (Mayoux 1995: 4). "Training micro- and small-scale women entrepreneurs will neither be complete nor successful if it does not include an awareness, value-oriented, empowerment component" (Awori 1995: 242).

Empowerment-oriented women's microenterprise programs tend to work through the formation of women's groups, as a means of empowering them to pressure for change

in structural inequalities and the wider development agenda. Participation of women at all stages of projects is an integral part of the model (Mayoux 1995: 6, 12). Such programs generate awareness amongst women and communities about gender inequalities, as they relate to women's entrepreneurship and broader gender issues. The group setting provides women with a forum to express opinions, ideas, and develop strategies to address the root causes of constraints to women's income generating activities. Empowerment-oriented approaches generally succeed in instilling women with confidence, developing leadership skills and enhancing group strength, as well as improving women's microenterprise incomes (Premchander 1994: 18).

Some women's MED programs have been criticised for encouraging women to be involved in traditional women's enterprises which by nature have low returns. Such traditional enterprises for women involve "feminine skills" like handicrafts and food processing (Mayoux 1995: 2). Women-owned microenterprises are disproportionately concentrated in these low-return activities where prospects for greater economic success are bleak (Mead and Liedholm 1998: 71; Berger 1995:209-210). Programs need to train women to move into enterprises with better prospects.

Due to their time constraints, women's availability to participate in microenterprise training workshops is often restricted, as is their ability to fully implement the lessons and skills learned in training. Women can often mistakenly be viewed as "reluctant" or "slow" with their efforts to improve their businesses (Awori 1995: 239). Many microenterprise projects have been, and continue to be, based on unrealistic assessments of women's time availability and often lead to increasing work burdens and pressures on women (Mayoux 1995: 14).

Women-operated microenterprises are more likely than their male-run counterparts to be operated inside households, thus rendering many women entrepreneurs “invisible entrepreneurs”. MED programs must be aggressive in seeking them out, and in exploring ways to help women address their particular needs (Mead and Liedholm 1998: 71).

An important issue in women’s microenterprise development is the question of whether programs should be either women-specific or integrated (i.e. open to both women and men). Though certainly not the rule, the tendency among assistance organisations is to opt for integrated microenterprise programming. In many cases, this is due to the lack of expertise in economic projects among traditional women’s organisations, and similarly a lack of expertise on women in development among traditional micro economic development organisations, (Berger 1995: 207). One argument used in favour of gender-integrated projects is that, by their participation in an integrated project, women will be better prepared for participation in formal institutions upon graduation from the assistance program. Another argument for gender-integrated projects is that women can actually be made worse-off by women-only projects. For example, when men do not have access to credit or training, husbands sometimes force their wives to take loans or participate in training, but for use in the husband’s activities. In the case of a loan, women can be left with a debt and no means to repay it (Berger 1995:207). In general, many MED organisations simply prefer not to exclude men from the benefits of accessing microenterprise development assistance.

However, women-specific projects can be very useful in situations where women’s contact with men is severely limited by custom, or where there is an education

gap sufficiently large to necessitate separate programming to ensure women's access to resources. Women-specific projects can also help to ensure women's control of their additional income, by providing them with a place to save that is inaccessible to male household members (Berger 1995: 207).

Small and Microenterprise Development Program Methodology

There are generally four different program methodologies that NGOs employ in seeking to improve entrepreneurs' capacity for successful small and microenterprises. Two models of support have dominated assistance to small businesses.

The first has a clear focus on credit, and is often referred to as the **minimalist approach**. This approach has been embraced by many donor-financed projects supporting microenterprises. Minimalist MED programs provide small loans (microcredit) for investment in microenterprise activities. Additional services are limited to educating clients on becoming good credit risks (Halvorson-Quevedo 1992:10). Minimalist MED programs are characterised by short-term unsecured loans, rapid disbursement, convenient location, accessibility to illiterates, and flexible collection procedures. Initial loans are kept very small, averaging only one hundred dollars each in developing countries, thus keeping the organisation's initial risk at a minimum, and allowing microentrepreneurs the opportunity to learn credit management skills with small amounts of funds (ACCION 1999). Once initial loans are repaid, entrepreneurs are eligible to borrow slightly larger amounts of money with each progressive loan.

Although loan repayment rates are typically used to measure the success of projects within this approach, several studies indicate that family income increases an average of thirty percent after a few small loans (ACCION 1999).

Both the minimalist type of model, and the integrated approach (discussed below) to microenterprise development seek to minimise risk by using **solidarity group lending** as pressure for loan repayment. Before being eligible to receive a loan, interested candidates must form a group. Numbers vary by lending organisation, ranging from four to upwards of twenty members per group. Instead of requiring collateral from these poor borrowers who would usually be unable to provide it, the solidarity group provides the guarantee for the loans to each of its members; each member is responsible for the repayment of the group's loans in total. Typically, members receive their loan only after those borrowing before them repay all outstanding loans.

The second is the **integrated approach**. In addition to providing credit, the integrated approach provides more specialised training and more extensive technical assistance. A variety of activities are attended to including record-keeping, inventory control, pricing, credit-management, vocational training, technological adaptation and business advisory services (Halvorson-Quevedo 1992:11). Marketing difficulties are also commonly addressed by training entrepreneurs in improved marketing strategies, providing market information, or by directly offering a marketing service. These mutually reinforcing actions provide prospective entrepreneurs with capital along with the skills and tools they need to start or improve their microenterprises (OECD 1993:21).

A less well-known approach in the field, oriented toward demand-side interventions, is called **the holistic approach**. The holistic approach is used primarily to start new small businesses. This approach addresses many important challenges and fears faced by small-scale entrepreneurs in developing countries. Small and microenterprise programs typically support the production activities of small-scale entrepreneurs, but assume that demand for

their products will work itself out. Unfortunately, problems securing markets, and weak demand, are inescapable features of developing economies. The holistic approach addresses issues of demand before small business products are ready for sale.

The first step in the holistic approach to small enterprise development is the identification of a market niche responding to an unmet need in the local area (Wilde, Schreurs and Richman 1991:25-44). An investigation is then carried out of exactly what consumers are looking for in the product. Holistic programs typically also work to gather and develop the most appropriate technology for production. The program can thus provide entrepreneurs with valuable knowledge and appropriate technology for a line of production with a high potential for success. The programs work to ensure that the entrepreneurs have access to the required inputs (Wilde, Schreurs and Richman 1991:8).

A final method of small business assistance involves programs that specialise in forms of assistance that do not include credit. These programs fall under the title of **business development services** (BDS). BDS is the term given to any non-financial service offered to small and microenterprises in order to directly improve their management, production, or marketing functions (Goldmark 1999:1). A business development services program may include one or several of a variety of forms of non-financial services, including those already mentioned in this chapter, as well as other services such as: business-specific consulting, business centres or business-incubators, and technology access services. The BDS approach can also include a host of marketing-related services such as packaging, product development and design, quality control, market information, transportation, and paper work/legal assistance (Mikkelsen 1999:3).

In the field of NGO assistance to small and microenterprise development, there is no consensus as to which of the four program methodologies discussed here produces the best results. Each model has different strengths. NGOs continue to employ each of these methodologies, and various hybrid methods that blend elements of the different models.

Demand for Microenterprise Development Services

A discussion on the nature of demand for MED programs is often missing from the literature on microenterprise development. However, this issue is very closely related to the barriers and problems facing microentrepreneurs that were discussed earlier in the chapter. In developing countries, there is often a lack of formal institutions to meet the needs of microentrepreneurs. It is safe to suggest that where poor microentrepreneurs are, so too will there be unmet demand for microenterprise assistance.

The Microcredit Summit, held Washington D.C. in early 1997, brought the issue of demand for microcredit to the attention of the global community. Concurring with earlier studies, the Microcredit Summit pegged the demand for microcredit at approximately 100 to 200 million families worldwide (Christen, Rhyne, Vogel and McKean 1995; Microcredit Summit 1999). Although the Microcredit Summit is currently engaged in a massive nine-year campaign to reach 100 million of the world's poorest families with credit for self-employment, there remains a vast unmet demand (Microcredit Summit 1999).

In addition to estimating the volume of demand for microcredit, it is also important to understand the specific nature of this demand. Elements usually demanded by the small and microenterprise market are: credit for the purposes of liquidity and working capital, loan terms of one year or less, autonomy of the borrower over investment decisions, and low

transaction costs for borrowers (calling for local lending outlets, simple application procedures, quick loan disbursement) (Otero and Rhyne, 1994, p. 15).

International attention to the issue of demand for microcredit has largely overshadowed the issue of demand for non-financial microenterprise services. Most of the limited information on demand for other types of microenterprise assistance is buried in the internal studies of NGOs, which have taken the initiative to investigate demand for the purposes of their own programming.

A World Bank sponsored study of the Grameen Bank (a well-known Bangladeshi NGO) links the demand for microcredit to the need for product marketing and technology promotion. Addressing this issue purely from the standpoint of the financial sustainability of the Grameen Bank, the study suggests that unless microentrepreneurs are provided with assistance beyond microcredit, the microenterprise sector will remain stagnant, and continue in poverty (and therefore the microcredit provider will continue to find lending to this sector a costly endeavour). The study argues that microcredit may help address the short-term needs of the microenterprise, but to deal with the longer-term need for larger steps in the growth and success of microenterprises, other types of assistance are required. If microenterprises are to thrive in the long run, they need to become more efficient and capable of diversifying as the economy grows, the study concludes. "This is unlikely to occur unless Grameen Bank promotes borrowers' entrepreneurial development with skills training and technology and market promotion" (Khandker 1996:122).

Recent international conferences, sponsored by the World Bank, the International Labour Organisation (ILO), and the Inter-American Development Bank (IDB), on the

subject of BDS, have emphasised the need to offer BDS in a demand-led manner.² Non-financial microenterprise services, or BDS, are usually offered in conjunction with a credit program. These BDS services are often tailored to the needs of the credit program rather than the needs of the client, meaning that they are designed to help microentrepreneurs improve their accounting records and management for the purposes of good credit management. While the microenterprise services closely linked to credit – including training in credit management, accounting and business plan preparation – do, in fact, enjoy strong demand when offered in conjunction with credit, the finding is quite different for other types of microenterprise assistance services (Goldmark 1999:2).

Research has found that non-credit related services offered in conjunction with credit face relatively low demand. BDS that is offered independently of microcredit, and is better able to cater more to the specific demands of the client, often in a sector-specific manner, has shown to attract higher demand from microentrepreneurs (Goldmark 1999:2). Furthermore, research has also shown that although the client market for microcredit and the client market for non-financial microenterprise services overlap, they are not the same. There are considerable numbers of microentrepreneurs who are not in the market for credit (either not wishing to use credit at all, or already receiving credit from an existing source), but who would make use of non-credit-linked microenterprise services, if such services as were to be made available (Goldmark 1999:2).

² The conferences referred to here include two conferences held in Brazil in March of 1999, *Building a Modern and Effective Business Development Services Industry for Small Enterprises*, sponsored by the World Bank and International Labour Organization, and *Building a Modern and Effective Business Development Services Industry in Latin America and the Caribbean*, sponsored by the Inter American Development Bank.

Development professionals at the recent BDS conferences were in consensus in concluding that the market demand for non-financial small business services is largely an underdeveloped market. Small and microentrepreneurs often lack knowledge of the possible payoffs of investing in BDS. The market for these services needs to be strengthened by educating small and microentrepreneurs on the potential benefits of BDS, particularly by making use of the success stories of fellow microentrepreneurs who have used these services (Gibson 1999:2).

Overall, however, in examining the nature of demand for microenterprise assistance, there is no substitute for taking the time to listen to the microentrepreneurs on the ground in their particular geographic settings. Though microentrepreneurs in developing countries share some important characteristics and challenges, there are many other factors and needs that vary across cultures and regions. “Trainers train best when they have first stopped to listen; lenders lend best when some of their methods are borrowed from local populations. Taking more time to listen and observe may slow the pace of development planning, but in the long run it may enable agencies to accelerate development” (Mann, Grindle and Shipton 1989:26).

The Changing Goals and Structures of Microenterprise Development NGOs

There has recently been a widespread shift in the sustainability goals of many of microenterprise development NGOs. In the early years of MED programs, most NGOs and donors were satisfied with achieving a level of sustainability which involved the creation of enterprises that were capable of becoming self-sustaining after the NGO assistance was no longer a part of their operations. The generally acceptable level of sustainability is moving beyond that of creating sustainable microenterprises, to creating NGO programs or agencies

that are themselves sustainable. Many organisations are seeking to recover part or all of the costs of their programs from the program participants/clients themselves. This new perspective on sustainability means that more NGOs now seek to achieve internal financial viability, with the goal of continuing programs over the long run without dependence on external sources of funding (apart from borrowing money at commercial interest rates).

One of the reasons for the global shift from grants to loans is the widespread phenomenon of shrinking aid budgets. Another reason is the movement that began to take hold in the 1980s, with development planning and aid programming turning to private-sector style thinking and market-based solutions.

In order to achieve internal financial sustainability, many NGOs are moving to adopt techniques that have been shown to contribute to improved cost effectiveness and cost recovery. To date, the bulk of the research and development in this area has dealt specifically with microcredit. There are three common techniques or factors that are growing in popularity among MED NGOs. The first of these is an acceptance of the concept that the poor are willing to pay for access and convenience. A second is the increasing use of special techniques to slash administrative costs. These include simple procedures for small loans, short loan-application forms, as well as pre-set eligibility criteria (rather than business appraisal) which can be implemented by decentralised personnel. In addition, borrower groups can carry out much of the loan processing themselves, such as taking responsibility for assessing the character and credit worthiness of each other (Otero and Rhyne, 1994, p. 15).

The third factor contributing to increased cost effectiveness and cost recovery in MED NGOs is the use of special techniques to motivate repayments. One aspect of this is

the group guarantee system, implemented through the solidarity-group. This can also involve making use of pressure from social networks, and having repeat loans depend on repayment and savings (Otero and Rhyne 1994, p. 15-16).

There is also a move towards a new role for Northern NGOs. There is now less aid money going to Northern NGOs, and instead more is being provided to the Southern NGOs. Rather than providing their own direct delivery of MED programs, many Northern NGOs are beginning to seek partnerships with local NGOs which share the same objectives. In this way, Northern NGOs seek to complement the abilities of local NGOs, and, importantly, work to enhance the capacity-building and organisational development of their Southern partners (Sahley, 1995, p. 158).

There is some cause for concern with the recently changing goals and structures of NGOs involved in small and microenterprise development activities. In striving for program-level or organisation-level financial sustainability, the results of a given program in terms of actual impact on the participants or clients can diminish in importance, be subordinated, or be made invisible by the goal of organisational sustainability. When measuring the success of a microenterprise development program comes to be equated with the sustainability of the organisation providing the assistance, and in the number of loans disbursed, there is a serious risk of overlooking the actual program impact (or even modifying the target group in order to produce better financial results for the organisation). There is not necessarily a link between NGO financial sustainability or loan disbursement on the one hand, and poverty alleviation among the participants/clients, on the other hand. Research has shown that, in general, credit enables household incomes to rise. However, a number of recent studies have also indicated that it is the poorest borrowers who have the

worst chance of success with credit. The poorest are less able to take risks or use credit to increase their income, and if failure does result from the credit, this presents a worse crisis for the poorest (Johnson and Rogaly, 1997:11).

There is a similar consensus in the area of the non-financial microenterprise services. BDS programs that have made achievements in the area of internal financial sustainability have frequently done so by serving larger and less-poor small enterprises (Gibson 1999; Goldmark 1999). There is clearly a danger that the growing focus on institutional cost-effectiveness (and cost recovery) could lead to neglecting the needs of the poorest microentrepreneurs. It is, therefore, of utmost importance in that MED programs keep the goals of poverty alleviation for the participants as their central purpose. Program sustainability is important, of course, but should not be the primary goal.

Conclusion

Small-scale entrepreneurship offers many potential benefits to developing countries, both economic and social. Small and microenterprises already account for a large percentage of employment in developing economies. Nevertheless, there are many challenges and barriers that prevent numerous potential and existing entrepreneurs from more successfully participating in the market place. This is particularly the case for women microentrepreneurs who face compounded difficulties. Much of the development potential of the sector is unrealised. To overcome the key challenges and barriers, there is an important role for NGOs. NGOs are well-equipped to deliver programs at the local level that assist individual entrepreneurs. There are various approaches to NGO assistance programs, each with particular strengths, which can be applied to different circumstances. It is vitally important for organisations and professionals working in the field of small and

microenterprise development to listen to the entrepreneurs themselves; seeking to carefully understand the needs of the local people leads to better programs.

CONCEPTUAL FRAMEWORK PART C:

TYING THE TWO TOGETHER: MICROENTERPRISE DEVELOPMENT IN A PEASANT ECONOMY

In a research project such as the present study, dealing with microenterprise development in households in peasant communities, it is important to achieve some integration of the well-established literature on peasant economies with the newer, often urban-oriented literature on small and microenterprise development. Few, if any, scholars have made any serious attempt at linking these streams of the literature. I will make a very brief and humble attempt at this point in the Conceptual Framework, and will try to offer more substantial insights as the results of the research are reported in the chapters ahead.

In general, I believe that there are a number of very important insights about micro-level peasant decision-making which are particularly relevant to the application of microenterprise development in a peasant economy. One of these is the concept of the risk-averse peasant. It would be reasonable to expect that peasants extend their rationality of maximising minimum returns, rather than profit, beyond the realm of agriculture, into their small-business activities as well. Another aspect of micro-peasant theory relevant to the present study is the notion that peasants have a long-established survival algorithm which, year in and year out, provides the household with tolerable levels of profit, security and status. It is probable that, even in the situation of new or

growing family-based microenterprises, peasant families seek to continue their agricultural production according to their proven survival algorithm. In this context, microenterprises are likely to work best as complements to the family system of security and survival, rather than as substitutes. In this sense, given the uncertain nature of small and microenterprises and their high rates of failure, it would seem prudent for microenterprise development programs not to encourage peasants to abandon their traditional survival algorithms.

Another lesson that can be drawn from the review of literature on micro-level peasant decision-making that is likely to impact upon microenterprise in peasant households is the concept that the peasant unit is both a unit of production and a unit of consumption, the two being inseparable functions. This has several implications. One implication is that small-scale entrepreneurs who are also peasant, can be expected to have a commitment to making use of family labour. Peasant microentrepreneurs are likely to take the available family labour as a starting point for their decisions relating to labour in the microenterprise. Larger families are likely to create more labour-intensive microenterprises. As in the case of peasant agriculture, peasants are not likely to make their decision about whether or not to engage more labour in the microenterprise based on average return on labour. If family labour is being utilised, this labour source is likely to be increasingly utilised as long as it is available, regardless of whether a lower average return results, as long as the overall return is increased by the extra labour. Moreover, peasant households engaging in microenterprise may choose microenterprise activities that are related to their subsistence activities, or that contribute further to household subsistence by producing a good needed by the family, such as chicken or clothing. In

this way, the choice of product for the microenterprise operated by a peasant household may not be based on the marketability of the product, but rather on an expansion of an existing subsistence production within peasant household. Furthermore, peasant-operated microenterprises are likely to make use of marginal labour, and perhaps marginal land. Because peasant households are unlikely to include the use of marginal labour and land as a cost of production, they are likely to sell their products at prices lower than normally commercially desirable prices.

The benefits of microenterprise development would appear to have much to offer rural peasant regions. As in the case of the urban areas, rural areas can benefit from the growth and strengthening of microenterprises, as they in turn contribute to the growth of the rural economy, as well as to the reduction of rural poverty as incomes increase. A further contribution is made by these enterprises to improving the standard of living of peasant households, since new products are made available locally at lower prices. Local outlets for marginal and unemployed rural labour are needed, and rural microenterprise has the potential to help integrate such groups into the economy. Microenterprise development in rural areas can also encourage participatory attitudes towards development, and can promote the importance of women's participation, in particular. In addition, rural microenterprise development can foster linkages between rural and urban areas, and between the traditional and modern elements of the economy.

While the benefits that a strong rural microenterprise sector can offer to rural development are significant, the barriers to microenterprise development and growth are also often severe in rural areas. Typically, the rural population has lower average incomes than urban dwellers, and also has a lower average level of educational

attainment. Access is a key problem in rural areas. Problems of capital for microenterprise development are aggravated by rural location and status. Established financial or other institutions important to microenterprise are often unfamiliar, far away, and intimidating for rural peasants. Transportation is more of a problem for this group of entrepreneurs, and they face a more difficult situation in marketing their end products. Local markets in rural areas tend to be small and weak; identifying and accessing markets outside the village are major challenges, as well. If outside markets cannot be accessed by rural microenterprises, then rural entrepreneurs face extremely competitive, and perhaps prohibitive, conditions. Often, the only source of outside market-information for the rural microenterprise operator comes from the intermediaries, which are also the buyers of the product. This leads to exploitative, below-market prices.

At the same time, traditional obligations are very strong in peasant communities, and undoubtedly impact on peasant-operated microenterprises. It is usually culturally unacceptable for peasants to reinvest business profits when the immediate or extended family is in need. The practices of peasant entrepreneurs are also influenced by traditional community values that require surpluses to be shared with the community, usually in the form of celebrations.

All of these barriers to successful microenterprise development in rural areas certainly do not mean that developing strong small businesses in rural areas is impossible. Rather, recognition of these barriers underscores the fact that where there is great need, there also are great challenges to overcome. In the area of small and microenterprise development, peasant communities demand special consideration. The opportunities and development are great, but risks must not be ignored. Nor should the unique functioning

of the peasant economy. In the present study, I aim to identify the particular factors which require consideration in order to achieve a stronger microenterprise sector in the peasant economy, in light of its distinctive cultural, historical, social and economic reality. Before moving on to the core findings of this research project, more detailed contextual information is provided in the following two chapters, dealing first with the recent agricultural restructuring process in Mexico, followed by a more detailed assessment of peasant livelihoods in rural southeastern Mexico.

CHAPTER FOUR

OVERVIEW OF MEXICAN AGRICULTURAL RESTRUCTURING: IMPLICATIONS FOR PEASANTS

Introduction

This chapter presents an overview of the emerging challenges facing Mexican peasants resulting from the recent shift in government policy on agriculture. The Mexican government has undertaken a liberalisation of the country's agricultural sector, aimed at transforming it into an efficient and internationally competitive industry. The peasants of southeastern Mexico have been thrust into a new agricultural policy context that has already had a dramatic impact on the structure and economy within which they carry out their productive activities. The effects of these policy changes are cumulative and dramatic.

The chapter provides an overview of the agricultural reform policies that occurred in the decade preceding NAFTA, followed by a discussion of the agricultural implications of NAFTA itself.

Liberalisation Policy Prior to NAFTA

In 1985, it became evident that the Mexican government's economic stabilisation program, the direct consequence of the International Monetary Fund's "solution" to the debt crisis, included the restructuring of the agricultural sector. The agricultural budget, as well as spending on rural infrastructure projects, was significantly reduced. Between 1980 and 1989, public investment in agriculture dropped by four-fifths (*Globe and Mail*, 1991). In the past, the government had played a prominent regulatory role in the

agriculture sector, including direct financial involvement. But, in the 1980's, the government began to greatly reduce its active role in the sector (Barry 1992).

Mexico joined the General Agreement on Tariffs and Trade (GATT) in 1986. One of the most important implications of joining GATT was the substantial reduction of import license requirements, including most agricultural ones. Consequently, since 1989, the Mexican government has no longer regulated imports of rice, sorghum, oats, soybeans, and other oilseeds. Beans, maize, wheat, barley, malt and sugar cane continued to require permits (Bonilla and Viatte 1995: 24).

In the late 1980's, the government announced that the country's ejido system of guaranteed land for the peasants would no longer distribute additional plots to peasant farmers. It was also announced that the government's system of offering relatively high guaranteed prices for the crops of the Mexican agricultural producers was ended for all but a small number of basic foods, including corn and dry beans (Barry 1992: 157). At the same time, foreign lenders, including the World Bank and the United States government, began putting more pressure on Mexico to carry out further restructuring of the agricultural sector. *The Agriculture Sector Report on Mexico* (1989), issued by the World Bank, called for the Mexican government to "liberalise agriculture and... produce products of commercial value instead of basic food crops" (Barry, p. 157).

Shortly after, in 1990, President Salinas released the government's plan for agriculture, the "National Program of Modernisation of the Countryside, 1990-94". The plan made clear the new private sector focus of Mexican agricultural policy. The restructuring of CONASUPO (National Commission for Distribution of Basic Food) had already begun, and further privatisation was scheduled. CONASUPO's original mandate

was to buy basic food-crops from Mexican farmers at guaranteed prices, which were often above market prices, thus helping provide Mexican farmers with an acceptable and generally stable income. In turn, CONASUPO then sold the basic food produce to Mexican consumers at low prices, in order to subsidise food consumption for the country's poor. Changes to CONASUPO have meant that it is now phasing out its subsidy on both ends, buying less produce at less-subsidised rates, and selling its produce at prices that increasingly resemble market prices.

Other changes that came with the government's rural modernisation program included the privatisation of state agricultural enterprises, including the National Fertiliser Company, FERTIMEX. Generalised subsidies were replaced with specific subsidies targeting particular producers and regions. Tariffs on agricultural inputs were reduced. Overall, subsidies on agricultural inputs such as fertiliser were reduced. The modernisation plan also stated that credit from the National Rural Credit Bank (Banrural), which formerly financed small-scale agricultural producers, would only be provided to producers capable of primarily producing commercially. The government committed itself to building "agroindustrial corridors" which would link cropland, processing plants and transportation infrastructure (Barry 1992: 158).

A massive restructuring of land holdings was also begun. The Mexican Constitution, written in 1917 after the Mexican Revolution, established new forms of land ownership in Article 27. The constitution put in place the ejido system to promote equality in the distribution of land. Small plots of land, called ejidos, were provided to peasants. The system was criticised for having poorly defined property rights and being overly restrictive on land mobility and the establishment of contracts. The ejido could

not be rented, sold or mortgaged, this being part of the rules which ensured the land stayed in the hands of the peasants. Ejido land is officially state-owned, which has resulted in limiting farmers' access to credit since the land can not be used as collateral. As the rural population grew, these plots of land were subdivided. By the 1980's, the decreasing size of the ejidos had become very inefficient (Bonilla and Viatte 1995: 23). Nevertheless, despite the problems of the ejido system, it has been vital in preventing these lands from falling out of the hands of the peasants and into the hands of elites and corporations.

Rather than completely eliminating the ejido in its agrarian reform process, the Mexican government chose to transform and modernise the ejido, encouraging partnerships between the peasant sector and the private agro-industrial sector. The Agrarian Reform Law was modified in 1981 to permit this association of ejidos, with private interests. These regulations were further broadened in 1990 (Barry 1992: 159). In early 1992, a constitutional reform of Article 27 took place. The new Article 27 permits ejidal title-holders to participate in a wide range of commercial contracts. The way is now open for corporate capital to finance land improvements and cultivation (Barkin 1994: 29). However, through direct contracts with agribusiness, the new ejido laws could lead to peasants losing their peasant communal lands to industry as a consequence of debt-bondage.

In the late 1990s, the government has been providing titles to ejido lands to those campesinos who wish to have titles. Once the peasants obtain titles to their land, it may be sold, or can be lost to those to whom they are indebted. It is generally agreed that this

titling of ejido lands will lead to a gradual shift in land ownership away from the peasants and towards large business.

Thus, before the free trade negotiations had even begun, Mexico was well on its way to liberalising its agricultural sector, trade included. The changes in Mexican agricultural policy have occurred more rapidly than the changes that are demanded by NAFTA (Josling and Barichello 1993: 147).

Implications of NAFTA for Mexican Agriculture

A comprehensive North American Free Trade Agreement (NAFTA), which aimed at reducing and ultimately eliminating a majority of remaining barriers to trade and investment between Canada, Mexico and the United States took effect on January 1, 1994. Immediately upon implementation of NAFTA, the United States and Mexico eliminated all non-tariff barriers associated with their agricultural trade, along with tariff barriers on a wide range of agricultural products. About one-half of U.S.-Mexican agricultural trade was made duty-free on January 1, 1994. The remaining tariff barriers between the two countries are to be completely eliminated within ten years, with a few exceptions for highly sensitive products. In the case of Mexico, these include corn and dry beans. The tariffs on corn and dry beans will be fully phased out after an additional five years (fifteen years in total) (Canadian Department of External Affairs 1992: 6). With respect to Canada-Mexico agricultural trade, all tariff and non-tariff barriers are eliminated, with the exception of the sugar, dairy, poultry and egg sectors (Canadian Department of External Affairs 1992: 6).

NAFTA recognises the importance of domestic support measures in each country's agricultural sectors, and the potential effect of these supports on trade is also

recognised. Each of the NAFTA countries has agreed to move toward domestic support policies that are not trade-distorting. This includes a commitment to work towards the elimination of the use of export subsidies in North American agricultural trade (Canadian Department of External Affairs 1992: 6).

The United States represents a very important trading partner for Mexico, accounting for over two-thirds of Mexico's imports. Mexico is the second largest supplier of agricultural products to the United States (Economic Research Service 1992: 2). Canada is also a significant trading partner for Mexico, but not nearly to the extent that the United States is. The most important Mexican agricultural exports to the United States in 1990 were fresh vegetables, live cattle, coffee, fresh non-citrus fruits and fresh melons (Economic Research Service 1992: 2-3). Mexico's major agricultural imports from the United States in 1990 were corn, grain sorghum, soybeans and products, sugar, dry beans, seeds, beef and veal, animal fats and oils, cattle hides, dairy products, poultry meat, live cattle and wheat. Grains have typically been the most important items (Economic Research Service 1992: 3).

According to the U.S. Department of Agriculture, as levels of protection are removed, Mexico can be expected to expand its imports from the United States by about one-third, and to increase its exports to the United States by about one-fifth by the end of the NAFTA transition periods. Grains, particularly corn, and oilseeds are expected to account for the majority of the increase in Mexican imports of United States agricultural products (Economic Research Service 1992: 8).

The production adjustments in the Mexican agricultural sector are expected to be much larger than the adjustments that the Agreement imposes on U.S. agriculture. This

is due to the large difference in the relative importance of these trading partners to each other, as well as the additional challenges that the Mexican agriculture sector faces.

These challenges include constraints on land and water resources, low labour productivity, and a relatively inefficient transportation and marketing system (Economic Research Service 1992: 9).

Conclusion

Over the past fifteen years, the Mexican government has undertaken a wide range of policies that are dramatically restructuring the Mexican agricultural sector. Domestic policies have included privatisation of government agricultural enterprises, reduction of subsidies and agricultural credit, and changes to land tenure. These have occurred along with massive liberalisation of trade policies with GATT and, most importantly, NAFTA. As a party to NAFTA, Mexico will work towards the elimination of domestic support prices, which will mean that peasants will receive a lower price for their marketable output. As tariffs on United States agricultural imports are phased out, United States agricultural produce will flood into Mexico. Peasants, particularly those who are more market-oriented, will find their marketable grain undercut by imported American grain.

Changes of such a magnitude and variety can be expected to have significant impacts on Mexico's large peasant population. We now turn our attention to an examination of the context of rural southeastern Mexico, and the peasants there who face the challenges of a restructuring sector.

CHAPTER FIVE

LIFE IN RURAL SOUTHEASTERN MEXICO:

A DESCRIPTIVE AND STATISTICAL OVERVIEW

Introduction

This chapter provides an introduction to the way of life in rural southeastern Mexico. An overview is presented of the rural population of the region, how households and communities are structured, the nature of poverty, education and literacy, nutrition and health, housing, and migration trends. In addition, a brief description is provided of how local peasants carry out their primary activity, agriculture. This includes information on the units of production, land tenure, systems of production used, crops, and crop destination. The profile of life in rural southeastern Mexico has been constructed on the basis of my experience living in, and regularly visiting, a number of villages in the states of Yucatán and Campeche, as well as numerous interviews with local peasants. This information is complemented by state-level statistics produced by Mexico's government agency for statistics, the Instituto Nacional de Estadística Geografía e Informática (INEGI).

Most foreigners visiting the Yucatán Peninsula arrive in either Mérida or Cancun, and there are treated to a picture of the industrialised and developed Mexico. These cities are attractive, clean, have dependable infrastructure, and have every amenity available. A strong middle class dominates these localities. Spending time in these cities could easily lead to the mistaken conclusion that poverty is not a significant problem in the region. However, beyond the city centres and surrounding middle class neighbourhoods, one enters a different sort of world. As one ventures out into the dense, green tropical

lowlands of the Yucatán Peninsula, one encounters peasant communities, each surrounded by scattered patches of corn. In these villages, away from the hustle of the cities and towns, life is simpler and more peaceful. However, for most residents, life is also a daily struggle against harsh realities.

Most of the rural residents of southeastern Mexico are indigenous Mayans, though they usually prefer to be called “campesino” (the Spanish term for peasant), rather than indigenous. These campesinos are descendants of the ancient Mayans who built the magnificent pyramids and temples that dot the region. Most rural people speak the Mayan language, though many now also speak Spanish as a second language.

Household Conditions

Houses in the villages of the Yucatán tend to be clustered closely together, with cultivated land lying outside the village. Most houses are made with an oblong wood frame, packed with mud, often a foot thick, and with a palm roof. Cooking is usually carried out in a simple stick shelter built in the yard. Depending on the degree of isolation of the village, most homes do have electricity. Indoor plumbing is very rare. Many have no sanitation facilities at all.

The peasant families of the Yucatán are generally large, averaging about five to six persons per household (this average number is low due to migration of family members, and the young age of teenage children leaving home to begin their own families). Most families have between three and six children (though one family I met had eighteen children). Often, extended family members live together as one household unit. Family members share the one or two rooms of the home, hanging up hammocks for sleeping at night.

The Mexican government provides elementary education for children. The majority of children attend school until grade six (as required by law), which is a significant improvement on the level of education received by the adult generation, most of whom achieved only a grade three education or less. This means that a large portion of the adult rural population is illiterate, and lacking in basic mathematics skills. Though schooling is free, it nevertheless presents a major challenge to many families, which find the cost of school uniforms, supplies and costumes for special events to be nearly impossible. For this reason, many children do not continue their schooling beyond grade six.

Minimal healthcare facilities are available in many rural communities. Small clinics are serviced by a doctor visiting perhaps one day per week, and supported by a locally trained semi-volunteer. Medical supplies are often lacking, and line-ups can be very long. This health care is provided at no cost, or minimal cost, by the government.

Nevertheless, the peasant communities of southeastern Mexico suffer from problems of malnutrition, which is particularly evident amongst the children. Some children must live for several days at a time with only tortillas to eat. The problem also is evident in the distant look in the eyes of many children, and their stunted growth. Occasionally, children die for lack of adequate nutrition (there was one such case during my four months in one village).

Division of Labour by Gender

The rural Mayan communities of southeastern Mexico follow a tradition of division of household labour by gender. The peasant woman is traditionally responsible for all the work around the house and yard. This usually involves looking after yard

animals, including chickens, turkeys, hens, and pigs, which provide for family subsistence. Most yards have fruit trees, including many varieties of citrus fruit; some have bananas, coconuts and papayas. Women take corn to the mill to be ground and make tortillas, which are the staple of the diet. They wash clothes by hand, and most rural women still cook over wood fires. All this, along with caring for the children and perhaps a part-time microenterprise, make for long days of hard work for the campesina (peasant) women of the Yucatán.

Campesino men of the Yucatán Peninsula traditionally work in the fields, growing mostly corn, as well as pumpkins, squash, and beans. Some of the more cash-oriented campesinos grow watermelons and hot chili peppers. The average peasant household cultivates between one and five hectares of land. Very few peasants in southeastern Mexico have access to irrigation for their crops. The agricultural tradition of the region is one of slash-and-burn. Each year, the peasants clear away a new section of the forest, pile the debris, and burn it. Soil in the region has poor fertility, limiting the crops that can be grown and forcing the peasants to cut new land each season. With the exception of the occasional co-operatively owned tractor, the majority of the campesinos work the land without mechanised equipment. The portion of crops sold varies by household, but for the most part the campesinos of southeastern Mexico grow crops primarily for family consumption, and sell what extra they have, or as cash needs arise.

Land Tenure and Agricultural Practices

Land tenure in rural southeastern Mexico falls into three categories: ejido lands, privately owned land, and communal lands. The ejido system of land tenure is the most common in the region. An ejido is a fairly large piece of land granted to a community of

campesinos by the Mexican government as part of the major land reform process that began following the Mexican Revolution in 1917. Ejido land is intended for the use of the campesinos to whom it has been granted, but the campesinos may not sell the land or transfer its ownership outside the group (these rules are changing now, as the ejido system is itself undergoing major reforms). Ejidos are usually organised along the lines of Figure 5.1 below, with the population living in the centre, and rotating crops around the surrounding ejido owned lands. An area surrounding the village is left for population growth needs and community facilities, such as schools and libraries.

Figure 5.1

Land Usage of an Ejido

Source: Gonzalez 1997

Within an ejido, there are three different models of production used by peasants. One method involves each peasant working completely independently, with his individual plot of land within the ejido lands. Others choose to work in groups to clear the land, but each member works his own corner of the group land. The final type of

production is collective farming, which involves a group of campesinos cultivating a common piece of land, and equally dividing the crops and/or revenues between them.

The agricultural practices of southeastern Mexico have undergone significant change over the past decade. For many years, the state of Yucatán was a major producer of henequen (known as sisal in English), a plant whose fibrous leaves are used to make rope. Much of the production, which took place on ejidos, was financially supported by the government. Peasants were given a regular paycheck for their labour. The government halted its support of the henequen production in the early 1990s. Thus, henequen-producing communities were forced to switch to other crops, and no longer had the security of the regular subsidised income. Poverty grew and migration increased.

Migration

Migration is a phenomenon that has exerted a major impact on the peasant communities of southeastern Mexico. Over the past ten years, as agricultural activities have provided less adequately for family needs, campesino families have been turning to the option of migration. There are a number of peasant communities in the Yucatán in which migration to the United States by one or more family members has become a strong trend. However, for most peasant communities in the region, the middle class city of Mérida and the booming tourist resorts of Cancun, Cozumel and other nearby sites, have offered the lure of jobs with good cash incomes. Currently, in some villages, fully half of all families have chosen migration as a survival strategy. It is rare that an entire family migrates; instead, one or two family members leave home to work in these areas, returning regularly with money and groceries for their families. At the same time,

though, some families have found it impossible to continue traditional crop activities with the migratory lifestyle of the male family member(s), and have had to abandon farming.

Socio-Economic Indicators

How does southeastern Mexico, particularly the states of Yucatán and Campeche, fit into the context of Mexico as a whole? Despite the booming tourism of the region, and a significant urban middle class, the states of Yucatán and Campeche are among the poorer states in Mexico. This reflects the rural poverty of the region.

There are 32 states in Mexico. According to Mexico's government statistics, the state of Yucatán ranks first in the country for the percentage of people speaking an indigenous language, and Campeche ranks sixth. Mexico has a long history of harsh racism against the indigenous population, which has resulted in even greater poverty among this segment of the population. Relative to other parts of Mexico, they have received fewer government programs, and poorer economic opportunities.

Government statistics show that, in terms of literacy, the state of Campeche ranks 22nd out of 32, and Yucatán ranks 24th. In terms of the percentage of the population that has gained education beyond the primary level, Campeche ranks 20th, with 37 percent of the state's population achieving post-primary education, and Yucatán ranks 22nd, with 36 percent of the population reporting post-primary education.

The agricultural-production performance of the southeastern states also underscores the poverty of the region. Both Yucatán and Campeche rank very poorly in terms of the percentage of cultivated land under irrigation. The states rank 27th and 28th respectively, with only three percent of their agricultural lands being irrigated (Secretaria de Educacion Publica de Mexico 1994).

The United Nations' *Human Development Report* provides an initial indication of the disparity between urban and rural conditions in Mexico. The percentage of the population with access to safe water, healthcare and sanitation is much lower in rural areas than urban ones, as shown in Table 5.1.

Table 5.1
Urban-Rural Gaps in Services in Mexico

% Access	Urban	Rural
Safe Water	91	62
Health Care	80	60
Sanitation	70	17

Source: *Human Development Report 1996*

Mexico has a reasonably broad database of government-produced socio-economic data on the population and conditions of the country.¹ However, national statistics are not available for all relevant indicators; information is lacking, for example, on such issues as nutrition and child health. The poverty of rural Mexico is not strongly evident in national statistics. However, some official data provide insights into life and conditions in rural Campeche and Yucatán.

Table 5.2, presenting government data on literacy and education, highlights differences in urban and rural welfare. State averages on these indicators are shown for Yucatán and Campeche, followed by urban and rural data at the state level, for major cities, and for the villages involved in the present study.

¹ Statistics on based on Mexico's most recent national population census, gathered in 1990.

Table 5.2
Literacy and Education in Yucatán and Campeche States

Municipality	Popula- tion	% literacy in over 15 population	% over 15 pop. with no education	% over 15 pop. with less than primary education	% over 15 pop. with only completed primary ed.	% over 15 pop. with post- primary education
State of Yucatán						
State of Yucatán Average	1 362 940	84.0	15.7	32.2	15.6	36.5
Major Urban Centres						
City of Mérida	523 422	94.8	6.4	20.4	17.0	56.2
City of Valladolid	29 279	83.4	16.1	28.8	17.1	38.0
Rural Communities						
Calcehtok	996	79.8	17.1	54.8	12.7	15.3
Opichen	3 300	80.6	10.8	58.1	18.9	12.2
Tekanto	3 300	75.3	26.8	35.7	17.5	24.9
Carolina	70	40.9	56.8	20.5	20.5	2.3
Mahas	267	66.0	23.4	44.8	22.1	9.6
X-tohbil	188	54.2	43.6	35.1	19.1	2.1
State of Campeche						
State of Campeche Average	535 185	84.6	16.6	28.3	17.9	37.3
Major Urban Centres						
City of Campeche	150 518	92.4	9.1	19.1	18.5	53.2
City of Carmen	83 806	92.6	9.6	20.0	19.9	50.6
Rural Communities						
Xpujil	1 200	80.3	22.3	38.8	14.7	24.3
Zoa Laguna	1 098	72.8	25.7	44.2	17.7	12.4
Los Angeles	311	67.1	23.7	57.9	15.8	2.6
La Lucha	180	75.9	37.9	47.1	9.2	5.7
Nueva Campanario	189	45.2	53.0	39.8	3.6	3.6
Manuel Castilla Brito	255	63.9	37.1	47.7	10.6	4.5
Unidad y Trabajo	61	56.5	39.1	47.8	4.3	8.7

Source: INEGI, *Yucatán: Resultados Definitivos Datos por Localidad, XI Censo General de Poblacion y Vivienda 1990*, and *Campeche 1990*.

While the two states, overall, report about 30 percent of their working-age population as having less than a primary education, the rural communities report percentages two to three times higher than the state average. Likewise, while about 36 percent of the labour force has achieved an education beyond primary level, the rate for post-primary education in rural communities of the two states is never reported as higher than 25 percent, with most of the villages sampled here reporting rates between two percent and twelve percent. The table also shows that the literacy levels for working-age residents of seven of the thirteen rural communities sampled here are below seventy percent.

Table 5.3 examines the materials used in local dwellings, and whether or not homes have any form of drainage. Again, data are summarised for each state as a whole, the major cities, and the sample of villages involved in the present research.

Table 5.3 shows that most homes in the villages studied here do not have drainage, while almost half of all homes in both states do, in fact, have drainage. For the states as a whole, only 13 percent to 19 percent of dwellings have just one room. However, in rural communities, this percentage generally ranges from 15 percent to upwards of fifty percent. In the state of Yucatán, rural communities have two to four times the percentage of dwellings with dirt floors than are found in state-wide rates. In the state of Campeche, most of the researched villages reported that almost all of the homes there have dirt floors.

Table 5.4 presents data on the relative importance of the various sectors in providing employment, illustrating in particular the vital role of the agricultural sector in providing livelihood for rural communities.

Table 5.3
Materials Used in Dwellings in Yucatán and Campeche

Municipality	% dwellings with walls of waste materials or tar paper	% dwellings with roofs of waste materials or tar paper	% dwellings with dirt floors	% dwellings with only one room	% dwellings with drainage
<i>State of Yucatán</i>					
State of Yucatán Average	2.7	16.2	18.1	12.8	46.0
Major Urban Centres					
City of Mérida	2.4	9.2	3.1	6.2	76.0
City of Valladolid	1.9	14.6	16.7	15.3	43.7
Rural Communities					
Opichen	4.6	13.0	40.8	24.5	3.3
Calcehtok	0.0	3.2	58.1	14.0	1.1
Tekanto	3.5	27.1	25.1	16.6	7.8
Carolina	0.0	0.0	31.4	42.9	0.0
Mahas	0.0	0.0	67.4	13.0	0.0
Poop	0.0	7.2	27.3	30.9	0.0
Xtobil	0.0	0.0	31.4	42.9	0.0
<i>State of Campeche</i>					
State of Campeche Average	4.3	26.5	25.0	18.8	46.1
Major Urban Centres					
City of Campeche	2.9	20.6	9.0	14.4	74.0
City of Carmen	12.8	22.6	13.3	23.0	74.7
Rural Communities					
Xpujil	1.0	83.3	65.6	15.6	3.8
Zoa Laguna	1.8	80.5	22.1	3.1	5.8
Los Angeles	0.0	1.9	96.2	7.5	0.0
La Lucha	0.0	100.0	100.0	25.8	0.0
Manuel Castillo Brito	0.0	91.4	100.0	51.4	0.0
Nueva Campanario	0.0	91.4	100.0	51.4	0.0
Unidad y Trabajo	0.0	0.0	100.0	50.0	0.0

Source: INEGI, *Yucatán: Resultados Definitivos Datos por Localidad, XI Censo General de Población y Vivienda 1990*, and *Campeche 1990*.

Table 5.4
Sources of Employment by Sector in Yucatán and Campeche

Municipality	% employment in primary sector	% employment in secondary sector	% employment in tertiary sector
<i>State of Yucatán</i>			
State of Yucatán Average	27.6	25.0	47.4
Major Urban Centres			
City of Mérida	1.5	27.5	71.0
City of Valladolid	8.2	29.4	62.4
Rural Communities			
Carolina	100.0	0.0	0.0
Mahas	86.6	1.2	12.2
Poop	96.1	0.0	3.8
Xtohbil	87.5	1.8	10.7
Opichen	67.3	19.5	13.2
Calcehtok	81.7	13.5	4.8
<i>State of Campeche</i>			
State of Campeche Average	35.7	20.3	44.0
Major Urban Centres			
City of Campeche	6.5	23.6	69.9
City of Carmen	10.8	31.1	58.2
Rural Communities			
Xpujil	32.0	11.9	56.1
Zoh Laguna	38.9	38.3	22.8
Unidad y Trabajo	91.7	0.0	8.3
Nuevo Campanario	97.5	0.0	2.5
Manuel Castilla Brito	93.8	0.0	6.2
La Lucha	100.0	0.0	0.0
Los Angeles	97.6	0.0	2.4

Source: INEGI, *Yucatán: Resultados Definitivos Datos por Localidad, XI Censo General de Población y Vivienda 1990*, and *Campeche 1990*.

Primary sector employment – overwhelmingly agriculture – accounts for almost all of the employment of the rural communities studied here, while it only accounts for 28 percent to 36 percent of all employment in the two states. In contrast, tertiary sector jobs account for about sixty to seventy percent of the jobs in the major cities of the two states.

Conclusion

The Yucatán Peninsula, in Southeastern Mexico, is characterised by a relatively large rural population comprising indigenous Mayan peasants. Women in these communities typically carry out a wide range of responsibilities in and around their homes, while men work the small plots of ejido land lying just outside the villages. In their semi-subsistence production, peasants utilise the slash-and-burn technique as they struggle to cope with the poor soil fertility of the region. Primary crops are corn and dry beans. For the majority of peasants, farming techniques remain unmechanised and without irrigation. Rural households are, increasingly, adding other economic activities to the traditional occupation of agriculture. Temporary migration has rapidly become a major feature of the rural lifestyle, as a form of coping with falling crop prices and falling land productivity. In spite of the harsh realities they face, most peasants of southeastern Mexico remain deeply committed to their centuries-old tradition of working the land.

Despite its categorisation by the United Nations as an upper middle income country, Mexico has a large segment of its population living in poverty, with much of this group concentrated in rural areas. Official data on population and welfare confirm the significantly disadvantaged position of rural residents of southeastern Mexico compared to their urban counterparts. Along with enduring poorer access to healthcare and safe drinking water, rural residents have low levels of education, and frequently live in sub-standard housing, evidenced by dirt floors and lack of sanitation facilities.

This introduction to the traditions and challenges of life in rural southeastern Mexico sets the context for the Methodology and Field Research Findings chapters to follow.

CHAPTER SIX

FIELD RESEARCH METHODOLOGY

Introduction

The following chapter is a summary of my approach to field research. In many ways, the manner in which the information for the study was gathered and analysed is as important as the findings themselves. Methodology determines the degree of accuracy, thoroughness, and the overall quality and relevance of the research. This chapter reviews the original research question posed, the goals of the study, and examines how the methodology was selected. The various methodological options are discussed, highlighting the strengths and weaknesses of each approach. The approach chosen for this study can be summed up by the term Rapid Rural Appraisal (RRA), with participant observation, using a mix of qualitative and quantitative research.

Rapid Rural Appraisal utilises a variety of specific research techniques. This chapter identifies and describes the techniques used, the purpose in using each, and their individual strengths and limitations.

Later in the chapter a chronology of the field research process is presented. Along with describing how techniques were applied, the chronology explains how host institutions were identified, how research sites were chosen, and the role played by research assistants. It also highlights the steps taken to ensure accuracy, overcome foreigner bias, and ensure ethically sound procedures with research participants. The chapter closes with some general conclusions on the research conducted, including its strengths, weaknesses, limitations, and successes.

Revisiting the Research Question – Why Field Research?

The basic question that forms the focus of this research project is: How well can rural microenterprise development serve to alleviate the negative effects of agricultural restructuring on Mexican peasants? To answer the question in any way other than through direct interaction with Mexican peasants themselves would not be feasible or professionally responsible. I am a strong believer in taking development questions to the people who live in the local context where the development is to occur. The set of research methods was chosen to give Mexican peasants the opportunity to speak on the topics at hand. Techniques were chosen to enable them to show us the reality of their life through their eyes, to express their opinions, their ideas, their visions, and to provide their insight and feedback on external development concepts, policies and programs.

Choosing a Methodological Approach

Choosing the appropriate research methodology involved gaining an understanding of the various methodologies available, the philosophies behind them, their specific methods, and the type of work they best support. The approaches were then examined in the context of the goals and ideals of the present research project, keeping in mind the constraints of time and cost.

Rural development research has traditionally fallen to one of two extremes, each having negative implications. One extreme involves rural research done by an urban-based professional making a quick visit to a given village, gleaning information where it is most easily accessible (Chambers 1983:10). This leads to many biases in the findings. The other extreme involves long, costly investigations collecting massive volumes of data, and leading to an overwhelming and long analytical process (Chambers 1983:10-

26). It is important to find a rural development research methodology that falls between these two extremes.

The Evolution of Participatory Research Approaches

The past few decades have seen a shift in development thinking. Emphasis has been placed on bridging the gap between development professionals and resource-poor rural residents, and on finding new ways to understand local knowledge, strengthen local capacities and meet local needs (Scoones and Thompson 1994:2). Researchers and development practitioners have realised that in order to make rural development more effective, it is necessary to involve the local residents to a much greater degree in the entire development process (Okali, Sumberg and Farrington: 1994:1). Participatory research and development methods, particularly rapid rural appraisal and participatory rural appraisal, have arisen and achieved a position of prominence in the wake of this thinking.

The Development of RRA

Surfacing in the late 1970s, Rapid Rural Appraisal (RRA) was the first of the two approaches to emerge. RRA seeks to “enable outsiders to gain information and insight from rural people about rural conditions, and to do this in a more cost-effective and timely manner” (Chambers 1997: 112-113). Key to RRA is that it draws its inferences, conclusions and assessments from the rural residents themselves – from the poorest, most marginalised people to whom the resulting projects and programs will be directed, thus informing decision making to respond to ideas from below (Wright and Nelson 1995: 57). RRA “can be applied to generating social information on various variables, whether

visible, such as housing, physical assets, and some services, or invisible, such as social organisation, power structure, and social institutions” (Chambers 1987: 33).

By the mid 1980s, RRA had been proven to be more cost-effective, and provide more valid and reliable results than more conventional methods, assuming that it was not rushed or “unself-critical” (Chambers 1997:112). As researchers utilised the RRA approach, it proved capable of achieving more complete information and deeper insights not accessible by conventional approaches. RRA took hold not as a “second best” approach, but as a “best” approach (Chambers 1997:112). The use of RRA spread rapidly through the late 1980s.

The Development of PRA

As RRA became widely used in development research, another approach was being developed by NGOs in the South. Participatory Rural Appraisal has much of its origin in RRA, but has moved beyond RRA to encompass new objectives and to develop new methods to meet them (Okali, Sumberg and Farrington 1994: 104). Key to PRA is that its process and results should be empowering for the participants. Its purpose is not merely to facilitate people’s learning, but also their empowerment and mobilisation in making change (Chambers 1997: 103). PRA has come to be defined as “a growing family of approaches and methods to enable local people to share, enhance and analyse their knowledge of life and conditions, and to plan, act, monitor and evaluate” (Chamber 1997: 102). In theory, PRA stresses an attitude rather than a set of methods – a reversal of roles such that the urban or foreign development professional takes on a position of learner and facilitator.

PRA rapidly gained popularity in the development community, first spreading South-South through sharing of field experiences and training in NGOs, many in South Asia and Africa. PRA then spread from South to North, gaining widespread acceptance and recognition as a highly effective development tool. Government departments, training institutions and universities embraced PRA, and by 1996 the approach was being practised in 100 countries (Chambers 1997: 114).

Comparing RRA and PRA

Robert Chambers provides a clearly outlined comparison of RRA and PRA approaches, provided below in Table 6.1.

Table 6.1
RRA and PRA Compared

	RRA	PRA
Major development	Late 1970s, 1980s	Late 1980s, 1990s
Major innovators in	Universities	NGOs
Main Users	Aid agencies, Universities	NGOs, Government field organisations
Key resource earlier overlooked	Local people's knowledge	Local people's capabilities
Main innovation	Methods	Behaviour
Outsiders' mode	Eliciting	Facilitating
Objectives	Data collection	Empowerment
Main actors	Outsiders	Local people
Longer-term outcomes	Plans, projects, publications	Sustainable local action and institutions

Source: Chambers 1997: 115

RRA and PRA can be compared on a variety of grounds. It is important to recognise that the objectives of the two approaches are different – RRA seeks to collect data, while PRA seeks to go further and actually empower the participants. It thus logically follows that primary innovators and users of the approaches would fall into categories accordingly. Universities have been the primary innovators and users of RRA, while NGOs have been most involved in PRA. In order to collect data, RRA focuses on the knowledge of local people. As PRA seeks the empowerment of people, the focus is on the capabilities of local people. One obvious area for comparing the two approaches to rural appraisal is in the actual research techniques that are typical to each approach. RRA stresses the use of observation and verbal interaction, as well as secondary sources. Semi-structured interviews and focus groups are central methods to RRA. PRA tends to use a different set of techniques focusing on the visual – visual representations and analysis, area mapping, various types of diagramming, listing and sequences.¹

Both RRA and PRA have proven to be powerful approaches for focusing on local realities and understanding the complexities of such issues as resource management, livelihood strategies, and household and community coping mechanisms (Schoonmaker Freudenberger 1994: 125). RRA and PRA embody characteristics that enable effectiveness in generating this kind of information. Among the strengths of these approaches are the combination of research structure and flexibility, and the direct interaction with local populations (Schoonmaker Freudenberger 1994: 125). The diversity of methods used to collect the information is another great strength of these approaches, allowing the cross-checking of information (or “triangulation”).

¹ These are by no means comprehensive lists of research techniques. It is simply a list of several typical techniques associated with each approach.

It is important to recognise that RRA is not a second-best alternative to PRA. The two approaches have at their core two differing purposes. RRA is used for data-collection activities, while PRA should be reserved for an on-going empowerment process (Chambers 1997:115). Within each of their realms of purpose, both RRA and PRA can be considered a best approach, with one large provision – that they are carried out correctly.

Problems with RRA and PRA

Because participatory approaches to research have great strengths, it can easily lead to the mistaken idea that following these approaches automatically or easily generates good information (Schoonmaker Freudenberger 1994: 128). The effectiveness of participatory research depends a great deal on the level of competence with which it is implemented. It probably requires much more expertise than is commonly acknowledged (Okali, Sumberg and Farrington 1994: 117). Communication skills are a critical part of participatory activities. Yet, the focus in PRA literature is on the use of particular techniques, not giving nearly sufficient attention (or even mention) to the communication, language, or organisational skills necessary to make it effective (Okali, Sumberg and Farrington 1994: 107).

Participatory approaches have a tendency to stop at describing activities and physical surroundings in a community without digging deeper. The challenge for participatory researchers in successfully creating good information is to let go of preconceptions and exercise much perceptiveness in order to gain understanding into how and why local strategies developed and evolved. The challenge is to go beyond the “snapshot” view (Schoonmaker Freudenberger 1995: 128).

As participatory methods are embraced on a large-scale, their quality has been diminished. The focus has been on the set of techniques, and the need for a changed attitude on the part of the researcher has not been emphasised as it should. If the researcher is unwilling (or unable) to adopt the role reversals, then the techniques themselves will certainly not produce participatory work. Some organisations feel that participation simply means that local people are doing what planners want (Pretty and Scoones 1995: 159). Unfortunately the label “participatory” is being used in growing numbers of these cases, and so the quality of participatory research as a whole is declining (Jiggins 1994: 140). There is the assumption among many in the field of development that any form of “participation” is good, but recently developed approaches and discussion that has ensued suggest that great care must be taken over both using and interpreting the term participation (Pretty and Scoones 1995: 159).

The Reasoning Behind the Choice of RRA

The objectives of this research were clearly more in line with the data collection objective of RRA, rather than the local empowerment objective of PRA. Realistically, empowering and mobilising were beyond the scope and possibility of the study.

I therefore turned to Rapid Rural Appraisal as a possible field research approach, and in RRA found the most appropriate approach and set of tools. In his comprehensive book *Rapid Rural Appraisal Methods*, Krishna Kumar emphasises that RRA provides a set of methods particularly well suited to discovering the “indigenous knowledge” on the issue of concern, that being the knowledge of small farmers, women, the landless, and deprived groups (Kumar 1993: 8).

Kumar provides further guidelines on determining whether or not RRA is an appropriate methodology for a given project. He suggests looking at the purpose of the study and the type of information needed. In terms of the purpose of the study, if widely generalisable results are necessary, targeting major policy choices, RRA is probably not appropriate. On the other hand, in other cases where a simpler, more localised assessment is called for, RRA may be the best approach. The present project fits in well with the latter category. In terms of the type of information needed, RRA is appropriate when:

- 1) descriptive information is desired;
- 2) understanding the motivations and attitudes behind people's behaviour is important;
- 3) answering "how" and "why" questions;
- 4) the primary purpose is to generate suggestions and recommendations;

Again, overall, the present study met these tests.

As a set of techniques to collect indigenous knowledge on a research question, and designed to do so in a "rapid", cost-effective way, RRA was found to be an appropriate fit with the goals and constraints of this present research project. Furthermore, as will be discussed in more detail below, Rapid Rural Appraisal offers an excellent menu of research techniques, well suited to the type of information sought here, including key-informant interviewing, household interviewing, and focus groups, amongst others.

Limitations of RRA and Steps to Overcome Them

Though it does provide a useful balance between quick-visit "rural development tourism," and slow and costly massive data collection, Rapid Rural Appraisal can pose

some problems of its own. With an emphasis on being rapid and cost-effective, RRA clearly carries the danger of producing information that is highly biased, and of questionable validity and reliability. Potential biases include biases of place (where to go), biases of person (who to meet, including elite and gender biases), and biases of season and time of day (when to go) (Chambers 1997:116).

Kumar suggests that the weaknesses of RRA can be overcome with several steps on the part of the researcher:

- preparation of a well-articulated conceptual framework (to look at external validity);
- working to minimise bias in data collection and analysis of data;
- using several RRA techniques so that data generated can be compared and cross-checked;
- the researcher critically scrutinising his/her own procedures (Kumar 1993: 16-18).

The present study has diligently adhered to each of these. In following these steps, appropriately applied RRA can only be expected to “give a relatively accurate picture of the prevalence of a phenomenon, attitude, perception or behaviour pattern” (Kumar 1993: 18).

The issue of qualitative versus quantitative data collection deserves comment. Clearly, qualitative data collection is well suited to the type of indigenous knowledge this thesis seeks to uncover. At the same time, RRA does facilitate the collection of quantitative data, which can be used to show the local prevalence of physical variables like housing, amenities, diet, and crop information, as well as details of economic activities engaged in, education levels and school enrolments, and similar indicators. Certainly, this type of quantitative data could make an important contribution to the

research. Therefore a mix of qualitative and quantitative data is gathered to examine the role of microenterprise development in Mexican peasant livelihoods.

Data Collection Techniques Employed

A valuable research technique utilised was **participant observation**, facilitated by the researcher's decision to reside in the setting of the research sites. This was intended to provide more insight into life in the community, help build stronger relationships of trust with the local people, and give me better opportunity to recognise the accuracy of the information collected.

One of the most important research techniques selected was **household interviewing**. Interviews guided by simple and open-ended questions provided a broad qualitative survey of local needs and perspectives, along with quantifiable data on welfare indicators. A stratified random sampling method was used. The three broad subgroups interviewed were: households with peasant farming as the sole economic activity, households with a microenterprise as the sole economic activity, and a third group of households active in both sectors. A two-stage interviewing process was carried out. The first set of interviews was relatively short, designed to rapidly gather demographic information and a general profile of the households including their economic activities. A target of sixty first-round household interviews was set; 75 were actually completed. The second round of interviews sought to delve more deeply into the major issues. A sub-sample was randomly selected from the first-round participants, with a balance in representation achieved among the three subgroups.

Appendix A presents the interview protocol utilised in round one of the household interviews. Appendix B presents the protocol for round two interviews.

Key informant interviewing was another important tool used in gathering information for the thesis. Two general types of interviewees were engaged for this purpose: community key-informants, and organisation key-informants. Community key informant interviews were carried out with local leaders – political leaders, development leaders, and church leaders – in order to gain insight into the community's overall welfare, and how it relates to recent policy and microenterprise projects, as well as the economic and social changes experienced by the locality in recent years. Organisation key informant interviews were carried out with leaders of the three NGOs being studied in order to gain an understanding of the design and operation of their microenterprise projects in the region.

Focus groups were another RRA technique employed in the fieldwork for the thesis. As a complement to the second round of household interviews, the focus groups were used to achieve a more in-depth understanding of the local concerns and priorities for development and microenterprise. They also served as a forum for cross-checking some of the researcher's conclusions from the household interviews. This approach made use of existing groups in the communities – some co-operatives, others solidarity groups – with their respective members being invited to participate in a small group discussion on microenterprise development. Six focus group discussions were conducted. Eight participants per group was the target for these sessions, although, in several cases, twice as many as expected participated. Women's participation was highly encouraged, and five of the six groups consisted solely of women.

Conducting **case studies of local NGOs** with microenterprise projects in the rural communities of the region was another technique employed. Three NGO case studies

were carried out in order to understand the particular challenges of operating such programs in the region, as well as to tap into information on their most important lessons, good and bad, on doing microenterprise development in rural southeastern Mexico. The case studies were constructed through a series of interviews with project staff and participants, as well as reviewing written records and project documents.

Still another technique of data collection used in the present study involved the gathering of **personal case histories**. Personal case histories are a very valuable tool for making the end product – the written thesis – more interesting and vivid to the reader. Two individuals were selected from the villages to share their life experiences in farming and/or microenterprise and the challenges of their life in rural Mexico, of which one has been chosen for inclusion in the thesis. It can be found in Appendix C.

Finally, **informal interviews** were carried out wherever possible with people I met in the vicinity of the villages – taxi drivers (mostly bicycle taxis), vendors, people waiting for transportation on the road side, and others. Whenever the opportunity arose, I would invite people to discuss with me the subjects of agricultural restructuring, community development, and microenterprise.

Chronology of the Research Process

Pre-Departure Work

The field research was to be carried out over a four-month period, from late August until the end of December 1997. Months of preparation were necessary before the departure date arrived. Along with planning the methodology of the fieldwork and developing a detailed work plan, language was a critical issue. With no Spanish language skills whatsoever, I needed to develop proficiency in the language before beginning

fieldwork. I spent three months in Guatemala to undertake intensive language study, prior to beginning research.

Funding was clearly another critical issue. Four months of field-research would cost in the order of \$13,000, in addition to language training costs of \$5000. Early in 1997, I had submitted funding proposals to a variety of institutions. I received offers of funding from all of the institutions. Taken together, the funds raised proved to be more than required, so two offers were turned down (an OAS Fellowship as well as a CAMUS scholarship). The language study and field research were carried out with funding from the CIDA Award for Canadians, and a Celanese Internationalist Fellowship.

The pre-departure phase also required the development of a formal link to the research area. Specifically, I needed to find an organisation willing to assist me in making the initial connections that would enable me to settle into a Mexican village in the study area. With the assistance of a contact at the Mexico division of the Canadian Department of Foreign Affairs, it was recommended that I contact a Mexican NGO carrying out small-business development in conjunction with peasant co-operatives in the Yucatán Peninsula. The Centre for Interdisciplinary Urban and Rural Assistance (CAIPARU) communicated a keen interest in forming a partnership with me. CAIPARU agreed to introduce me to the communities where it worked, made its project information available to me, and generally assisted me in getting established in Mexico.

The nature of the fieldwork necessitated its compliance with ethical standards for research with human subjects set by Carleton University. I outlined a set of procedures I would follow with all those approached with an invitation to participate in the research. Steps would be taken to ensure that they were properly informed of the study, their role

in it, the protection of their identity and confidentiality of all information shared, and the voluntary nature of their participation, as well as their freedom to stop participating at any point. The ethics procedures were carefully designed to be appropriate in the local cultural context, meaning that they would utilise a minimum level of formality, and be communicated and accepted orally. The proposed ethics procedures were granted the approval of the Carleton University Ethics Committee.

Arriving the Field

I arrived in Mexico on September 3, 1997. During the first two weeks, CAIPARU introduced me to their development approach and projects. I attended a number of their meetings, carried out key informant interviews with several of the organisation leaders, and reviewed many of their project documents. I also took made use of every possible opportunity to travel with CAIPARU practitioners to rural project sites, where I met many local co-operative members, and conducted some fifteen informal interviews.

Identifying Research Sites

One of the first tasks for me upon arriving in the Yucatán Peninsula, was to chose the communities that would serve as the research sites – one primary site where I would live the majority of my time, and two secondary sites for regular visits. My travels with CAIPARU enabled me to assess six rural communities as potential research sites.

The village of Calcehtok was chosen as the primary research site. Residents were friendly and seemed open to the presence of a foreigner in their community². With a population of 1,000, Calcehtok was an appropriate size to represent a truly rural setting, while supporting the needs of the sample size. It also had the advantage of being relatively close to the city of Mérida – a drive of less than two hours, with collective taxis running the route almost daily. It was later determined that Calcehtok had very few households solely dependent on farming. This led to several visits to the neighbouring village of Opichen to complete the household interview sample.

The community of Xpujil, in the state of Campeche, was chosen as a secondary site. Xpujil had a population of 1,200 and was surrounded by many very small, ejido-based communities in the outlying jungle. It is a growing frontier town, with the surrounding area being used by the government to resettle indigenous campesinos from neighbouring Chiapas. I visited Xpujil and several of its surrounding ejido communities once a month for approximately four to five days at a time.

I quickly developed contacts with two other local microenterprise development NGOs. To facilitate study of their projects³, additional research sites (communities where these NGOs worked) were added to the list of communities I regularly visited. The communities and their populations are listed in Table 6.2 below. I visited Tekanto one day each week, and made several trips to the municipality of Tixcacalcupul, where I visited the villages of Mahas, Carolina, Poop and Xtohbil.

² The village of Calcehtok had a recent positive experience with two Dutch travelers who spent several months in the village to learn the Mayan language. Following such a positive exchange, the villagers were enthusiastic at the possibility of having another foreign visitor.

³ More detailed information of this aspect of the field-research is discussed further along in the chronology.

Table 6.2
Communities Included in the Field-Research

State	Municipality	Community	Population	Research designation ⁴
Yucatán	Opichen	Calcehtok	996	Primary Site
		Opichen	3300	Secondary Site
	Tekanto	Tekanto	3300	Secondary Site
	Tixcacalcupul	Mahas	267	Tertiary Sites
		Carolina	70	
		Poop	309	
Campeche	Hopelchen	Xpujil	1200	Secondary Site
		Manual Castilla Brito	255	Tertiary Site
		Nuevo Campanario	189	Tertiary Site
		Los Angeles	311	Tertiary Site

Once research sites were chosen, I began residing primarily in Calcehtok, where I rented a small house. During my visits to Xpujil I stayed with a local family. In the case of trips to Tixcacalcupul, I stayed with NGO practitioners in the village of Mahas. I invested time building relationships with the people in the villages (particularly Calcehtok and Xpujil) and explaining my purposes and research to as many people as possible.

In September I carried out village-specific key informant interviews with local residents in positions of community leadership. These interviews provided me with a range of contextual information on the villages.

Finding Research Assistants

The search for a research assistant in Calcehtok proved to be difficult, due in part my desire to find an individual with strong reading, writing, and communication skills from within a small and generally uneducated population. The challenge was heightened

⁴ Primary Site – community of residence
Secondary Site – community visited on a regular basis

by my demands for someone who could work irregular and long hours, and preferably be a female who could be my housemate. Unable to find a suitable research assistant in Calcehtok itself, CAIPARU recommended a qualified candidate, Lilia, from a small town not far from Calcehtok. Lilia served as a cultural guide (being of a Mayan peasant family herself), interpreted between Spanish and Mayan, and assisted in the many administrative tasks of the research. She also resided with me in Calcehtok, which offered the added benefit of overcoming the negative perceptions local residents tend to have of a woman living alone.

I hired another assistant for work in Calcehtok; Manuela knew everyone in the village and was highly regarded by all. She worked part time, serving as a bridge to local families and encouraging their openness to participate in interviews. Similarly qualified assistants were hired to assist in the interviewing process in Opichen and Xpujil.

At the end of September I was forced to put my work on hold for two weeks when I became very ill. Once I had recovered to a satisfactory level, I revised the work schedule to accommodate the research targets in the remaining weeks. The flexibility of the original work plan proved to be indispensable during such times.

Working with NGOs

In planning my activities with CAIPARU, we decided upon something that would mutually beneficial. I would write a case study of the organisation's experience in rural small enterprise development. This would enable them to see their work through the eyes of an informed and educated outsider, while enabling me to strengthen my study by drawing upon their proven strengths as well as their challenges and lessons learned.

As I became more familiar with CAIPARU's co-operative-oriented approach to small enterprise development, I decided that the research could be further strengthened by including one or two additional case studies, highlighting NGOs with different MED approaches. CAIPARU put me in touch with Gente Nueva, a Mexican NGO providing microcredit to groups of poor women. Gente Nueva was very helpful and welcomed me to prepare a case study of their program. I conducted key-informant interviews with NGO leaders and studied in detail the experience of one participating solidarity group, in the village of Tekanto. I travelled one day each week with Gente Nueva's microcredit program promoter, to meet with the solidarity group of Tekanto.

In mid-October I had the opportunity to attend a UNIFEM conference on Mayan Women, held in Mérida. The conference focused on women's microenterprise development, and was a rich source of information and contacts. Numerous women's groups presented their experiences and ideas for MED. I collected project documents for each of more than thirty proposed rural microenterprise projects for the Yucatán Peninsula.

At the UNIFEM conference, I developed my third and final NGO contact, with El Hombre Sobre La Tierra (HST), a small Mexican NGO employing the integrated approach to MED in several very poor rural communities of Yucatán. Inclusion of the HST program in the NGO case studies would enable the thesis to draw from insights and lessons of other common elements of microenterprise development not found in CAIPARU's co-operative-based program, or in Gente Nueva's minimalist microcredit program. HST leaders welcomed me to carry out a case study of their program. I

proceeded to undertake key informant interviews with the NGO leaders, and periodic weekend trips to the villages.

Further information for the NGO case studies was collected through focus groups, interviews with project participants, direct observation of meetings, and reviewing existing documents and written materials of the NGOs.

Sample Selection and Household Interviewing

Manuela assisted in the sample selection process for Calcehtok. Households were randomly selected, attempting to include a balanced representation from the three key sub-groups for the study: 1) households depending solely on peasant agriculture, 2) households depending solely on microenterprise, and 3) those with both activities. Lilia and I designed the first household interview (another one would later follow). It was a standard protocol interview, designed to collect data for a general profile of the members of the household, and their activities; the protocol included a list of introductory questions about respondents' farming and microenterprise activities. It was designed to take about 30 minutes to complete. The protocol is provided in Appendix A.

We began the first round of household interviewing in Calcehtok in the third week of October. Interviews went well, with Lilia interpreting between Mayan and Spanish, as required. One purpose of the first round of interviews was to determine, for each household, in which of the three activity categories I could place them. After a few days of interviewing, I realised I would have to modify the categories. I found that as much as half the village households depended financially on family members who were away working in the cities or tourist resorts, or working as temporary local labour. I could not ignore such an important reality of rural life in Mexico. I therefore expanded

my three categories into six (the same three, but each with two subdivisions). Table 6.3 shows the breakdown of categories utilised in the household interviews, and summarises the stratified sample numbers for the first-round interviews.

Table 6.3
First-Round Interviews

Category of Household Economic Activities	Number of Households Interviewed
Group A	
1. Peasant agriculture-only	9
2. Peasant agriculture with one or more family members migrating or in temporary local labour	18
Group B	
1. Microenterprise-only	11
2. Microenterprise with temporary/migrant labour	10
Group C	
1. Agriculture and microenterprise	10
2. Agriculture and microenterprise with temporary/migrant labour	14
Group D	
Households solely dependent on migrant or temporary labour	3
TOTAL	75

The first round of interviewing went so well, in fact, that I decided to increase my original target from sixty interviews to 75. About half of the first-round household interviews were in Calcehtok (39); eleven were carried out with participants in the Gente Nueva solidarity group in Tekanto; fourteen were carried out in Xpujil and its surrounding ejidos. In the 39 first-round interviews I completed in Calcehtok, I found only one household that was solely reliant on peasant agriculture. Local people informed me that I would find more of such households in the neighbouring village of Opichen. I

undertook a further eleven interviews in Opichen, thus meeting my targets for the farming-only sample category. The 75 first-round interviews were completed in early November.

In the second week of November, Lilia and I designed the protocol for the second round of household interviews. The interviews were tailored to the activity category, meaning that there were six different interview guides. The questions were very open-ended, encouraging the participants to share their experiences, ideas and opinions. The second-round interview consisted of approximately twenty questions regarding the economic activity of the household and their welfare. It was designed to take a maximum of one hour to complete. Participants were chosen randomly from within the six categories. The protocol is provided in Appendix B.

The second-round household interviews began in mid November. Based on the early success, I decided to increase my target beyond the originally proposed 30 to 40 second-round interviews. I believed I could do sixty, with approximately ten participants in each of the six categories. As it turned out, I was again hampered by health problems and was forced to reduce my target to something more manageable. I was able to complete 46 second-round interviews, with the stratified sample presented in Table 6.4.

Table 6.4
Second Round of Household Interviews:
Sample Stratification

Activity Category of Household	Calcehtok and Opichen	Xpujil	Tekanto	Totals
Group A				
1. Peasant agriculture-only	4	4	-	8
2. Peasant agriculture with migrant/temporary labour	7	-	-	7
Group B				
1. Microenterprise-only	4	2	2	8
2. Microenterprise with migrant/temporary labour	7	-	1	8
Group C				
1. Agriculture-microenterprise combination	4	2	1	7
2. Agriculture and microenterprise with migrant/temporary labour	4	-	4	8
Totals	30	8	8	46

Personal Case History Collection

As the second round of interviews was coming to a close in early December, I worked to carry out the remaining two research techniques that had been planned. One of these was the collection of personal case histories. Given time constraints, I decided to collect only two, both of women based in Calcehtok. One of the women chosen is heavily involved in microenterprise and her life experiences serve as an excellent example of the realities and challenges of rural women microentrepreneur. Her story is provided in Appendix C. The second woman was chosen for a case history because she

and her family represent well a typical local peasant household with little involvement in microenterprise. Her life provided a vivid expression of the struggles of rural life in the Yucatán.

Carrying out the Focus Group Discussions

Six focus groups were chosen; each was an already-existing co-operative or solidarity group involved in microenterprise. Three of the focus groups were groups participating in the microenterprise programs of the local NGOs chosen for case study, providing me with feedback on programs, and participant ideas for possible improvements. Two other focus groups were existing solidarity groups that had organised themselves in order to solicit assistance for their artisan activities. The remaining focus group was a group of campesinos collectively growing vegetables. Due to the nature of such groups in the Yucatán, all focus group participants were women, with the exception of the vegetable farmers. I played the role of facilitator, encouraging the people to participate in discussion about how and why they had come together, their plans and ideas for moving ahead, their challenges and needs, and their vision for their futures. I believe the focus group discussions were a mutually beneficial experience, shedding considerable light for all of us on the importance of such groups and their many unmet needs. During the focus group meetings, one research assistant was assigned to note taking. The proceedings were also audio-recorded and later transcribed.

Additional Field Research Work

Photography was another element of the fieldwork. Photographs were taken of rural families, microenterprise solidarity groups, village scenes, and people at work in the

microenterprises and in the fields. Copies were given to research participants as a token of thanks. Some of the photographs have been converted into colour transparencies for use in presentations.

Official statistics were collected, some of which were presented in the previous chapter. I made several visits to the Mérida office of the Instituto Nacional de Estadística Geografía e Informática (INEGI), Mexico's federal department responsible for creating and publishing statistics. There I gathered many population and agricultural statistics, particularly for the states of Yucatán and Campeche, which provided contextual information for the research project. Additionally, I made use of the Universidad Autónoma de Yucatán, which had published relevant research on the current crisis in the Yucatán countryside.

As was expected, participant observation and informal interviewing were both important parts of the research throughout the four months. Living in the villages, and developing friendships with local people, provided me with a great deal of additional understanding and insight into the realities of rural life in southeastern Mexico.

Analysing the Mountain of Data

Upon returning from the field at the end of December 1997, the information from the 75 first-round interviews and 46 second-round interviews was transcribed into a spreadsheet. Once in this form, the data was easily analysed. Findings were obtained for the sample as a whole as well as for sub-groups within the sample – groups defined by economic activity, by gender, education level, and business types, amongst others. Relevant quotations of interviewees were also transcribed, by theme, to facilitate giving further voice to the villagers.

Conclusion

The research methodology, from the consideration of various approaches, to its implementation in field were the subject of many months of careful and diligent attention, an effort which paid off with an exceptionally successful field-research process. Gaining a solid knowledge of not only the research subject itself, but also the methodology of rural development research, enabled the design of well planned and solid funding proposals, which were recognised and rewarded with offers of funding from several key development institutions. The detailed study of research approaches, particularly RRA and PRA, led to an informed choice of the approach which was all-round best suited to the project. RRA proved not only in theory, but also in practice, to be an ideal research approach in achieving the objectives of the present study. My knowledge of the potential biases and pitfalls of conducting RRA research before entering the field motivated me to adopt the self-critical awareness that is an integral part of successful RRA. Deliberately seeking out the most marginalised, employing triangulation, and continually re-evaluating the research process to make appropriate changes to techniques and schedules, all contributed to the success of the work. The utilisation of participant observation in provided deepened insight and enabled me to uncover essential pieces of information that would otherwise have been hidden from an outside researcher. The weaknesses typically attributable to the relatively small sample size obtained by the present study were, to a large extent, overcome by the steps taken to minimise bias in the research. The targets set prior to entering the field, regarding numbers of households interviewed and number of communities represented, were met and exceeded in the field. The following four

chapters attest to the success of the field research, in presenting the interesting and consequential findings that emerged from the data collected in the field.

CHAPTER SEVEN
FINDINGS FROM THE FIELD (PART I)
Peasant Economic Strategies in the Context of Agricultural
Restructuring in Southeastern Mexico

Introduction

This chapter, along with Chapters Eight and Nine, summarises key findings from the field research for the present study. This chapter reviews the economic activities of peasant households in the study area, discusses the impacts of agricultural restructuring and compares the effectiveness of the different economic strategies employed by local households.

Profile of the Household Interview Sample

Table 7.1 presents basic data on the 75 randomly selected household interview participants. In general, the profile suggested by the data conforms to the profile of the population as a whole in the study area.

Table 7.1
Profile of the Household Interview Sample

Gender	48% women, 52% men
Average Age	41.4
Age Range	16 to 73
Average education level	Grade 3.85
Average education level of women	Grade 3.9
Average education level of men	Grade 3.8
School age children under 14 attending school	96%
Children aged 14 to 18 attending school	39%
Households engaged in migrant labour	41%
Average household size	5.3 persons
Range of household size	1 to 11
Average number of children present per household	3.2
Households with campesino ancestors	100%

Basic Household Economic Activities

Interviewees were asked what they considered to be their primary activity. For women, domestic work in the home was the most common response, with 57 percent of women considering this to be their main activity. Thirty-seven percent of women stated their primary activity as a microenterprise. The remaining six percent of women said that domestic work and a microenterprise share the position of their primary activity. In the case of men, 84 percent responded that their primary activity was peasant farming. Eight percent of men reported that they were primarily involved in temporary work, such as road construction and bricklaying, and eight percent said that operating a store was their main activity (see Figures 7.1 and 7.2).

Figure 7.1

Figure 7.2

Peasant Farming Activities

All of the randomly selected rural households reported ancestral roots in peasant agriculture. Although there has been a trend toward economic diversification and migration, a large majority of the rural population was still continuing the centuries old tradition of working the land. Small-scale, semi-subsistence farming was still the mainstay of rural southeastern Mexico. As the Mayan people say, "the corn is our blood". Of the 51 households interviewed that were growing crops at the time of the study, about three-quarters of them stated that agriculture is the most important economic activity contributing to family welfare. Although 42 of these households engaged in other economic activities that contribute to household income, ninety percent of them considered that crops were their most vital economic activity. Figure 7.3 shows the relative importance placed on economic activities by peasant households active in farming.

Figure 7.3

Figure 7.4, showing principal crops, and Figure 7.5, showing crop disposition, give an indication of the nature of the farming in the region.

Figure 7.4

Figure 7.5**Crop Disposition**

For many actively farming peasant households, it is not only the planted crops that enable them to subsist, but also the tradition of raising a few animals in the yard of the home. In fact, three-quarters of the farming households interviewed here were raising animals for eggs and meat. These important sources of food were most commonly hens, pigs, chickens and turkeys. Cattle and sheep were less common and tended to be seen more as a business endeavour, and separate from the standard peasant tradition of the region.

Peasant farming households were asked why their agricultural activities are important to them. All of them stated that it is important as a source of food for the household. A large majority, 78 percent, also stated that agriculture is important to them for reasons of family and cultural tradition. For approximately half of peasant farming households, their agricultural activities are important as a source of cash income.

Figure 7.6

Microenterprise Activities

Microenterprises have become very common in the peasant communities in the study area. Some 64 businesses were represented in the 75 households interviewed (some households had more than one business activity at the time of the study). It is important to note that these enterprises are very small-scale in nature. The vast majority, 86 percent, of the microenterprises were run by one or two persons within the same household. Some 57 percent of all businesses were run by only one person. In fact, only one enterprise of the 64 businesses had an employee outside the household. There were several co-operatively run businesses associated with the sampled households.

Table 7.2 shows the type of businesses operated by the sample of 75 households, and the incidence of each type.

Table 7.2
Type of Businesses Operated

Type of Business	Number of businesses	Percent of total
Sewing/embroidery	12	19%
Food (sweets, snacks etc)	12	19%
Convenience stores	11	17%
Retailing (modern clothes, cosmetics etc.)	6	9%
Hammock making	5	8%
Pozole/masa ¹	4	6%
Corn mills	3	5%
Washing service	3	5%
Bee keeping	2	3%
Artisans	2	3%
Transportation services	2	3%
Repair services	1	2%
Traditional medicine	1	2%
Total	64	100%

Sewing and embroidery work, together with food preparation and operating a small neighbourhood store, stood out as being the most popular types of business in the peasant communities researched here.

These microenterprise activities were predominantly run by women (seventy percent). This confirms the expectations based on existing literature that women in fact make up a majority of microenterprise operators, as was discussed in Chapter Three. A further eleven percent of microenterprises were run jointly by men and women. It is interesting to note that there were certain types of businesses that were more typically run by men. These included the corner stores, beekeeping, and offering transportation services. Overwhelmingly, women operated the sewing, food preparation, and clothes washing businesses.

¹ Pozole and masa are the local names given to ground corn made into a dough suitable for making tortillas or other corn-based foods.

With the one exception of convenience store businesses, the microenterprises in the peasant communities generally involved part-time work, averaging about four hours of work per day. The stores, on the other hand, were often run by men who had completely given up farming to devote full-time work to the businesses. Store work averaged approximately twelve hours per day.

Agricultural Restructuring and Rural Poverty

As we discussed in Chapter Four, Mexico has undergone dramatic agricultural restructuring over the past fifteen years. Long supported by the state, the peasant-agriculture sector lost subsidies, trade protection, land ownership protection, and many other supportive measures it had enjoyed in past decades. Many commentators and development workers sympathetic to the plight of Mexican peasants have called this a time of rural crisis in Mexico.

Rural Welfare Trends in Research Communities

Rather than trusting completely in secondary sources, I wanted to assess the situation directly, to explore whether the reality in the villages where I was working actually matched the assertions made in these articles and books. Casual observation of the villages made immediately evident the great contrast between modern development of the cities and the poverty of rural areas. Evident in the rural communities were many homes in poor repair, the complete lack of sanitation facilities, poorly dressed children, obvious and widespread problems associated with alcoholism, unpaved roads, clear cases of malnutrition, and often schools in poor condition.

I wanted to take the question of the rural standard of living beyond my personal observations. I considered trying to gather income information, but decided against this for a number of reasons. Household income is highly sensitive information, which when requested understandably arouses much suspicion among local residents. Not only may they not give an accurate response (or any response at all), but it is probable that for many villagers I would be crossing a boundary of sorts, and would no longer be respected or trusted as a non-threatening independent foreign researcher. A further argument against the collection and use of rural household income information is the questionable relevance of the information. Where subsistence agriculture is a key part of many households' welfare, to varying degrees, the money income of households is unlikely to be an accurate reflection of their standard of living, and its variation among groups.

In lieu of income, therefore, I selected other methods for ascertaining standards of living. One was to ask interviewees to rate their own standard of living. The second involved the development of a list of indicators that would reflect a household's standard of living, such as housing materials, ownership of refrigerators, type of cooking medium, and sanitation facilities. During interviews, homes were spot-checked for the welfare indicators; when these indicators were not apparent, interviewees were asked about them directly.

The 46 second-round interview participants were asked to rate their household's standard of living on a scale of one to five. Respondents' ratings of their standard of living are set out in Table 7.3.

Table 7.3
Self-Perceived Standard of Living

Perceived Standard of Living	Percentage of Households
1. Have completely inadequate resources to live on (ie very poor)	4%
2. Have less than adequate to live on	63%
3. Have more or less enough to get by adequately	33%
4. Have enough to enable a comfortable life	0%
5. Have a very good standard of living	0%

Approximately two thirds of the participating households felt they are living less than adequately; that is, that they live in poverty. Most respondents, however, did not feel they are at the most extreme end of poverty. Interviewees tended to be grateful for what they have, and aware that their condition could be worse. The other one third of the households stated that they more or less get by adequately. Many of them would still describe themselves as poor, but they reported that they generally do not go without life's basic necessities.

Turning to an overview of the standard of living in the peasant communities, Table 7.4 shows the incidence of the various indicators, based on observation of the households of the 46 second-round interview participants.

Incidence of dirt floors within the sample is perhaps slightly less frequent than the percentages reflected in government statistics reviewed in Chapter Five, in Table 5.3, where the incidence of dirt floors in rural communities was stated as ranging from twenty to one hundred percent. This is probably a reflection of changes since the 1990 census, and the existence of some assistance that has been available for rural residents wishing to upgrade their homes. The information collected on sanitation fairly closely matches with that suggested in government statistics. There appears to be some divergence between

the government statistics and the statistics generated by this study in the area of housing space. The government statistics present a more positive picture. This could be the result of government census takers counting the traditional kitchen structure as an additional room in the house, whereas I did not consider a separate semi-open kitchen structure as living quarters.

Table 7.4
Household Welfare Indicators

Welfare Indicators		Percent of Households
Floor material	Dirt only	9%
	Mixture of dirt and cement	35%
	Bare cement	49%
	Tiled cement	7%
Sanitation	No form of latrine	48%
	Pit latrine	45%
	Flush toilet	7%
Cooking medium	Firewood	62%
	Gas stove	38%
Other possessions	Have refrigerator	27%
	Have television	64%
Housing space	Average number of people per room	3.5%

Based on these household welfare indicators, the self-perception of household standard of living, and average education levels of between grades three and four, it is reasonable to conclude that the residents of the rural communities in the study area have a low standard of living.

To find out whether standard of living in the rural communities was actually declining, the villagers were again asked directly. After asking interviewees to rate their current standard of living, I asked them also to think five years back, and then ten years

back, to rate their standard of living at those points in time according to the same system. If they reported that there had been any change, they were further asked for concrete examples of what they saw to be important differences between their standard of living now and in the two earlier periods. In analysing the data, I noted for each household whether they said they were better-off, worse-off, or at the same standard of living at the time of the interviews as they were five years, and ten years ago. The results, shown in Figures 7.7 and 7.8, run contrary to the expectation in a healthy economy that people's standard of living would gradually increase over time.

Figure 7.7

Figure 7.8

The responses show that approximately half of the participating households believe that they are worse-off today than they were ten years ago. Only one third reported an actual improvement in their standard of living. These findings provide considerable support to the view that households in the study area have been facing increasing poverty over the past decade. However, the picture is omplex.

Household Strategies and Standard of Living

Some very interesting trends emerge when perceived changes in standard of living are examined in relation to the different economic strategies of households.

Table 7.5
Current Welfare Compared with Ten Years Ago, by Economic Activity

Peasants with No Business (N=14)		Business with No Crops (N=16)		Crops and Business (N=15)	
worse-off now	50%	worse-off now	47%	Worse-off now	33%
36% better-off		33% better-off		40% better-off	
14% same	50%	20% same	53%	27% same	67%

Households involved in either farming or business, but not both, show similar response trends in terms of reporting a declining standard of living over the past ten years. In both groups, half of households reported becoming worse-off. However, only one third of the households combining both activities reported a decline in their welfare. Farming households with businesses reported experiencing more stability over the past ten years, though they did not fare any better than the others in actually improving their condition.

What accounts for the changes, positive or negative, in the standards of living of households in the rural communities of southeastern Mexico? The 46 households participating in second-round interviews were asked what factors they would attribute to the improvement or decline they have experienced in their standard of living over the past ten years. Their responses, categorised by economic activities, are presented in Figures 7.9 and 7.10.

For many households, having their children grow up (and presumably providing labour and income to the household) is an important contributing factor to achieving an improved standard of living. A significant number of households stated that starting a business helped them to improve their standard of living, and others stated that gaining business experience and skills helped improve welfare. An additional number of

Figure 7.9

**Factors Attributed by Households
To Their Improvements in Welfare**

Households Engaged in Farming Only:

- better rains
- better harvests and grown children leaving home
- more modern farming - access to a cooperative tractor

Farming Households with Other Work:

- getting a job outside of agriculture

Households Engaged in Business Only:

- starting a business
- children growing older
- leaving a lazy husband
- daughter now old enough to help in business
- starting business and its growth
- children grown up and moved out

Business Households with Other Work:

- children grown up
- getting a job
- started a business and got a job

Farming Households with Businesses:

- started a business
- learned to work the land better
- gaining more experience in business and so strengthening business
- gained better local infrastructure – roads, public water supply
- developed better business skills
- more modern farming – gained access to a cooperative tractor

Farming Households with Businesses and Other Work:

- daughter got a job
- children older and now helping out
- started a business and got another job
- spouse got a job

Figure 7.10

**Factors Attributed by Households
To Their Declines in Welfare**

Households Engaged in Farming Only:

- left behind better lands and harvests in Chiapas
- poorer rains and poorer harvests
- illness in the family
- personal illness preventing work
- loss of some land

Farming Households with Other Work:

- loss of credit for campesinos
- loss of work in henequen ejido
- falling crop income for campesinos
- overall increase in prices (except for crops)

Households Engaged in Business Only :

- overall increase in prices
- loss of local demand for products of business (village got poorer)
- loss of work in henequen ejido
- lost husband (and his work)
- children entered secondary school (is expensive)

Business Households with Other Work:

- had children
- lost a local job/lost fixed work
- overall increase in prices

Farming Households with Businesses:

- loss of work in henequen ejido

Farming Households with Businesses and Other Work:

- overall increase in prices
- loss of local job
- got married and had children
- more young children
- increased competition in business

respondents were able to improve their standard of living by obtaining a job outside of farming. A number of peasant farming respondents perceived improvements in their standards of living as a result of learning better farming practices (though this specifically involved campesinos who had migrated from Chiapas to Campeche), and mechanisation.

The most common response of households that reported a decline in their welfare in recent years was that it was due to increased numbers of children at home, and the young age of those children. An equally common response related to the overall increase in the prices of necessities, in relation to unchanged or declining incomes. Losing local or other salaried jobs was also reported as a significant factor causing welfare to decline among some rural households. Campesinos have also suffered for reasons that can be explained by recent policy changes in Mexico. They reported that their standards of living have fallen because of the declining value of their crops, loss of access to credit for campesinos, loss of land, and loss of the government-supported henequen ejidos (this affected the village of Calcehtok particularly dramatically).

Household Views of Agricultural Restructuring and Perceived Impact

The 46 participants in the second-round household interviews were asked a number of questions concerning each of the major areas of restructuring affecting the rural economy. Again, I was seeking to double-check the growing literature blaming agricultural restructuring for the intensifying problems of poverty in rural Mexico. Was this simply part of popular criticism against a government promoting liberalisation? Were the local people so far removed from this process that they were unaware of this, their supposed reality? Or, were the people at the grassroots level actually experiencing the effects of the restructuring?

NAFTA

A large percentage of the respondents reported having no knowledge of NAFTA; they were unaware of the existence of the Agreement and what it is. Of the 46 interviewees, 61 percent reported having no knowledge of NAFTA, 17 percent had very basic knowledge, and 22 percent demonstrated a good understanding of NAFTA. It should be noted that the majority of those who were unaware of NAFTA were women. Three quarters of the men interviewed had some knowledge of NAFTA, while only eight percent of women knew about the Agreement.

The eighteen respondents familiar with NAFTA were asked their opinion of it. Six (33 percent) had no opinion, six (33 percent) had a negative opinion of NAFTA, four (22 percent) were mildly hopeful concerning NAFTA, and two (11 percent) articulated a positive opinion of NAFTA. Government campaigns have probably influenced those with hopeful attitudes towards NAFTA. Several respondents explained to me that they had learned of NAFTA and its expected benefits through government advertising campaigns on television and radio.

There are also some interesting findings within each of the opinion categories. Both of the two respondents with a positive opinion of NAFTA were shopkeepers, whose households were solely involved in business. Five out of six of the respondents with positive or mildly hopeful views of NAFTA operated businesses. All six of those with negative opinions of NAFTA were growing crops. The three respondents who engaged solely in agriculture held similarly negative views of NAFTA.

Among “NAFTA-aware” respondents, the positive comments about NAFTA tended to be more vague, while negative comments tended to correspond to a better

understanding of the Agreement. Many of these latter respondents complained that NAFTA is causing their farm produce to lose its value. Only four respondents noted any impacts of NAFTA in their lives. All four were campesinos who said they had experienced negative impacts in the form of falling corn prices.

CONASUPO

Many households were unaware of the production-side assistance of CONASUPO, in its role of buying basic food crops at elevated prices. Most respondents who were aware of this role of CONASUPO stressed (somewhat bitterly) that it does not buy their crops. At the time of this study, CONASUPO was directly buying the crops of only one of the 29 active campesino households interviewed. Three respondents recognised that CONASUPO has decreased production-side assistance and stated that they were no longer able to sell crops to CONASUPO as they once did. The majority of peasant farming households stated that the production-side assistance of CONASUPO has never helped them. This supports the view that CONASUPO has not done much to directly help small- scale farmers; instead benefits seem to have gone to middlemen and larger farmers.

Most households were aware of the consumption-side assistance of CONASUPO, as there was a CONASUPO store in each rural community, providing basic foods at (supposedly) subsidised prices. The majority of respondents were disappointed with the changes they have seen in the consumption-side assistance of CONASUPO. Most complained that the consumption subsidy had declined to almost nil; CONASUPO food prices were perceived to be the same as elsewhere. The falling subsidy on consumer

food prices has been a contributing factor in the rising cost of necessities, which many villagers noted as a key factor in their declining standard of living.

Changes to Article 27 on Protection of Ejido Lands

The changes to Article 27 of the Mexican Constitution, which is now in the process of making the ejido private property, are well-known throughout the rural communities of the Yucatán. Approximately sixty percent of respondents knew about the changes. Again, most of those unfamiliar with the changes were women. In fact, only one man out of 21 did not know of the changes to Article 27.

The changes to Article 27 were also found to be widely disliked. About seventy percent (20 of the 28) of those who said they were aware of the changes to Article 27 believed that they were bad changes (most of these respondents felt quite strongly that they were very bad changes). Some 14 percent (four of 28) believed that the changes were good, eleven percent (three of 28) believed it was too early to tell yet whether the changes were good or bad, four percent (one of 28) believed the changes would be good for some and bad for others. The negative perceptions of the changes to Article 27 fell fairly evenly across the different categories of household activity.

The respondents gave a variety of reasons for thinking that the changes to Article 27 were negative:

- [the changes] limit the quantity of land for peasants – the quantity of titled land is sometimes less than the quantity that the peasant has been cultivating previously; excess land reverts to the government;
- the quantity is not sufficient for peasant needs;
- peasants can lose their land ;

- loss of peasant rights;
- peasants will have to start to pay taxes on the newly titled land (some view this as a government plot to collect taxes);
- loss of security for peasants; and
- [the changes] led to the liquidation of the henequen ejidos.

Those in favour of the changes to Article 27 also voiced their reasons. They observed that the changes are positive in that they make peasants landowners, give peasants more autonomy over their land and production, and can result in greater returns for hard working peasants.

BANRURAL and the Loss of Subsidised Farm Credit

Only 35 percent of the households interviewed knew of Banrural, and only five percent reported having had any experience with Banrural. It would seem that the government-provided rural credit through BANRURAL never did, in fact, provide a great deal of assistance in the communities studied here. Nine households expressed opinions of Banrural and/or the changes to it. Four of the nine indicated that Banrural never had been helpful to campesinos. One commented that “it has always been for the rich anyway.” Three respondents stated that Banrural used to be good when it existed for campesinos. One expressed, “its loss has been bad for campesinos”. Two stated that Banrural had actually been harmful to campesinos due to its high rates of interest. The last respondent complained that Banrural had only become worse in recent years.

Changes to Direct Farm Subsidy Programs

Part of the agricultural restructuring process in Mexico has involved a gradual scaling back of direct farm subsidies. Fifty-nine percent of the interviewee was knowledgeable about changes to campesino subsidies (though many of them only seemed to be aware of the changes affected this decade). The respondents holding opinions on these changes can be divided into several categories. The most marginalised peasants (particularly those who migrated to the Xpujil area from Chiapas) generally saw present programs in a positive light. They stressed that, previously, they received no assistance from the government; therefore, the small amount of assistance received currently is better than what they came from (ten of 26 opinions expressed fall into this category). Another group of households identified a negative trend in direct subsidy programs for campesinos. “The national-level change in subsidies has been very bad for us”, said one campesino who had hired himself out for temporary labour (nine of 26 opinions expressed virtually the same view). The remaining opinions expressed dissatisfaction with peasant subsidies, stating that they do very little or nothing to help campesinos. Two households also pointed to the political nature of the distribution of the subsidies.

Personal Impacts of Agricultural Policy Changes

Finally, second-round interviewees were asked to comment on whether or not they had experienced any personal impacts from the agricultural policy changes. Fully half of households said that they had experienced negative impacts in their lives. A further 39 percent reported that they were not aware of any personal impacts from the policy changes. Eight percent said that there had not yet been a personal impact, but

anticipated the possibility of negative impacts in the near future. One respondent said there had been a positive impact.

Figure 7.10 lists the comments (and their frequency) by respondents on the negative personal impacts of agricultural restructuring. In commenting on the overall impacts of agricultural restructuring on their lives, two respondents stated that they believed they have been spared from the negative impact they were seeing around them for two different reasons. One villager stated that he had not been negatively affected because he is not dependent only on cultivation, but also on his business. A traditional campesino, involved in farming only, stated that he has always avoided being overly dependent on the government and so now suffers less than many others.

The negative personal impacts of recent agricultural policy changes perceived by respondents were fairly evenly spread across the six categories of household economic activity. Interestingly, this trend is equally strong within the two groups *not* currently practising agriculture. Some of these households experienced such negative impacts that they had recently abandoned agriculture altogether. Others in the non-farming categories found their businesses negatively affected by the increased poverty in the village, which they saw as resulting from recent agricultural policy changes.

Figure 7.11

Respondent Comments on Negative Personal Impacts from Agricultural Restructuring:

- every year life is becoming more difficult (x4)
- liquidation of henequen ejidos is very hard (x4)
- loss of government assistance to campesinos (x3)
- loss of household economic security (x3)
- becoming limited in land and fear losing it (x3)
- increasing prices of necessities (x3)
- loss of access to credit (x2)
- had to start migrating out of village for work (x2)
- have become indebted to government
- fallen demand for business's products

Conclusion

Field research for the present study indicates that peasant households in the study area are poor, as defined by a variety of objective and subjective indicators. Moreover, most rural residents perceive that their standard of living has either fallen or remained the same over the past decade. Households that have engaged in both agriculture and microenterprise appear to have achieved more stability in their living standards than households with other economic strategies, especially “farming-only” households and “business-only” households. The field research also provides support for the view that peasant farming households generally perceive the impacts of national policy changes in the agriculture sector negatively, particularly impacts associated with NAFTA, the privatisation of ejido lands, and the reduced government support to crop prices and agricultural credit.

As we learned in Chapter Two, peasant households operate by a traditional survival algorithm, a set of productive activity decisions that have proven to ensure household survival over many years. The recent changes occurring in rural Mexico are meaning that this traditional survival algorithm is no longer effective for many households. Peasant households are being forced to modify, or at least add to, their survival algorithm. Micro-level household must adopt economic strategies to counter, or at least cope with, the macro-level changes.

CHAPTER 8
FINDINGS FROM THE FIELD (PART II)
Peasant Agriculture and Microenterprise as Complements
Within the Household

Introduction

This chapter presents additional findings from the field research conducted for the present study. The focus of this chapter is the role of microenterprise combined with agriculture as a household strategy.

One of the important questions examined by the present study is: if microenterprise is common in rural southeastern Mexico (which, indeed, it has shown itself to be), how well does it work together with traditional agricultural activities at the household level? In the fieldwork, I investigated this question in detail. Specifically, I examined the division of labour of households engaged in both of these activities, looked at the contributions that each of the two activities make to household welfare, the advantages and disadvantages of microenterprises to their owner-households, and evidence that the combination of agriculture and microenterprise offers the most effective economic strategy for rural households in the current macro-context.

Division of Labour in Agriculture-Microenterprise Households

In examining the household division of labour for those households with both agriculture and microenterprise activities, a clear pattern emerges. In almost all of the cases, the division of labour is the basically the same. As noted previously, microenterprise activities in the communities are predominantly carried out by women.

This holds true for the segment of microenterprise households that also engages in agriculture. Adult male members of the household usually work full-time tending to the crops. Adult female members of the household typically split their time between the household's domestic chores and running the microenterprise. These women average four hours of work per day on the microenterprise, with their remaining waking hours spent caring for children, cooking, cleaning and tending the patio garden and animals. In households which add migrant or temporary labour to the agriculture/microenterprise combination, it is most often an additional adult family member (often a grown child), male or female, who dedicates themselves full time to earning through this additional source of income for the household.

How Well the Combination Works

Obviously, the best way to find out how peasant agriculture and microenterprise work together within a household is to ask for the opinion and comments of those households engaged in both activities. Fifteen of the 46 households that participated in the second round of interviews were active in both peasant farming and microenterprise. These fifteen households were asked their opinion of this combination of activities within their households. All fifteen of them responded very positively regarding the farming-business combination, stating it to be "a good combination", "very good combination", "good complements", "very helpful combination", and other very positive characterisations.

These "combination households" were asked if they would ideally choose the combination over either farming or a microenterprise alone. All respondents judged this combination of activities as the ideal option.

Each household involved in the farming-business mix was asked to explain why they found the combination a good one. Their overall response was that each element provides for a different need: the crops provide the family's food and the business provides income for other necessities. The crops greatly reduce family expenses, as most households find buying food to be expensive. The business provides extra income which can be put towards household expenses, children's education, investing in a new crop season, and other important expenditure areas. Many respondents also observed that the two activities complement each other well with respect to the timing of benefits. Business earnings help families to live between harvest times and to deal with crises that occur outside of the harvest periods. Households involved in seasonal businesses, such as beekeeping, reported that having a different peak season for each activity is very helpful. Households stressed the benefit of being involved in more than one activity; when one of the activities experiences a poor season or lack of earnings, the other activity can carry the family through this lean period.

The fifteen households involved in the peasant agriculture-microenterprise combination were also asked if they found there to be any disadvantages to this combination of work in the household. Thirteen respondents said that there were no disadvantages or problems with the combination. One female participant explained that because her husband works away from the village six days a week, she sometimes has to do the work for both the business and the crops, and she found this very difficult. Another participant mentioned that the two activities together make for a very long workday.

The fifteen households were asked if they felt overburdened by the amount of work that comes with the farming-business combination. I am not sure that the responses to this question are specifically relevant to the combination of work. Family division of labour is almost always such that each family member is responsible for one of the two activities, with little cross over occurring. Therefore, I believe their responses do not refer to the combination of activities within the household, but solely to the interviewee's own activity. Nonetheless, nine of the interviewees stated that they do not feel the combination is overburdening. The remaining six said that the workload is overtaxing, or at least sometimes. Five of six of these were women found the work of a business, together with household work, to be a major burden. However, all respondents affirmed the necessity of this large workload, and indicated it is worth the effort.

How Effective the Combination Appears to Other Households

The sample of 46 households also included 31 households that do not utilise the combination of both agriculture and microenterprise. These 31 households from different activity categories were asked which of the following three situations they consider to be best for a household:

- 1) to depend on peasant farming only;
- 2) to not farm and instead depend on a business ;
- 3) to have both farming and a business;

Seventy-five percent of respondents not presently involved in the farming-business category chose it as the preferred option. As an aside, all of those households in the combination category chose their own category as the ideal over engaging in only one of the activities. The other 25 percent of respondents said that it is better not to have

someone working in cultivation. Further questioning revealed that most of these households responded in this way because they did not see it as being possible for them to be able to engage in both activities, usually because there was no adult-male family member or because the adult male was working away from the village. One respondent said that she believes it is better not to farm because it frees her husband to do other work.

Considering The Option of Not Farming: The Contribution of Crops to Welfare

The fifteen households that were, at the time of this fieldwork, farming and engaged in another activity, either a business or off-farm employment, were asked what it would be like for them if they did not have their crops. To a large number of families, the idea of not having crops was very strange and quite unthinkable. Many interviewees actually cringed when I posed this question. This is not a surprising response, given the framework of the peasant economy, in which peasants hold to the productive activity decisions that have ensured their family's survival over many years (the survival algorithm). All the respondents reacted strongly in the negative to the idea of not farming. Figure 8.1 lists some of their comments in this regard.

Figure 8.1**Comments on the Idea of Not Having Crops:**

- life would be worse (x4)
- we would not have enough to eat (x3)
- expenses would be much higher (x2)
- it would be very bad (x2)
- there would be problems
- life would be a lot harder
- "We would have to buy all of our food, but sometimes the business has no profits; what would we do?"
- another man speaks from experience having returned to peasant cultivation after being a migrant worker - "life would be very hard"

Clearly, peasant farming plays a vital role in the survival of rural households in southeastern Mexico. Peasant families should not be pushed or encouraged to abandon this critically important source of food and household welfare.

To gain further perspective on the option of rural living without cultivating the land, let us look at the households that have chosen to eliminate agricultural activities from the work of their household. The field-research sample included sixteen households that are not currently involved in peasant farming. These sixteen households were asked why they had chosen not to engage in farming. Five out of the sixteen were households with no adult male member; some respondents were widowed women, and others had been abandoned by their husbands. A further five were households in which the husband had chosen to migrate for work and no longer had time to carry on farming activities. Four households stated that the crops were no longer providing enough, and that they had to make better use of family labour through other activities. The remaining two respondents stated that they never had actually learned the work of cultivation (both were young men who grew up with businesses in their families).

The households without crops were also asked if they believed that the fact that they do not have crops has any impact on the household. Three-quarters responded that their households experienced a negative impact from not having crops. Many emphasised the high cost of buying all their food. The remaining one-quarter held that they were not badly affected by the lack of crops.

The sixteen households not farming were also asked how they would describe the level of nutrition in their households, especially among the children. Half responded that their children had a “good” level of nutrition, while the other half said their children’s nutrition was “not good” or was less than desirable. The non-agriculture households were then asked whether they thought the family’s nutrition would be any better if they had crops. Four-fifths believed that their families would have had better nutrition if they had crops. The remaining one-fifth indicated that this would not have made a difference.

The non-cultivating households were asked, further, if they ever considered going back to farming. Seven out of the sixteen said that they were considering this option (two specified it would be on a smaller scale) “Life was better when we had crops,” said one respondent. The remaining nine said they did not (or could not) consider the option of going back to crops. Among those who said they could not return to farming, their reasons included the following:

- three of the sixteen said it would not be possible because there is no male adult in the household;
- another three said that the husband cannot leave his present work, and does not have time to go back to crops;

- one of the sixteen said they might go back to crops after they have seen their children complete school; and
- one said the husband is no longer accustomed to working in the fields.

The Contribution of Microenterprises to Welfare

One way of finding out how valuable a role microenterprises play in the household is to ask the business owners where their life would be without the business. What, if anything, would they do instead? Do they believe that family welfare would be affected if they lost their businesses? Thirty-one business-owning households responded to the question of what they would do if they were without their business.

- 35 percent said that there is nothing else they could do;
- 29 percent said they would migrate to find work;
- 16 percent said they would look for a job, hopefully finding one in the village;
- ten percent said they would work more with their crops; and
- ten percent said they could not imagine life without a business, and so they would start some other business.

There are some important implications that can be drawn from these responses. The fact that 35 percent of respondents said that without their business there would be no alternative work for them indicates that microenterprise plays an important role in absorbing otherwise unemployed rural labour. This is consistent with the peasant tendency to make use of marginal labour. Many of these respondents were women, who indicated that their businesses fit in well with their domestic responsibilities, unlike other forms of work that would require them to leave the home. Without home businesses,

many women would simply be tied to their homes, with no means of earning money. Again, this is consistent with the ideas presented in the conceptual framework regarded women in microenterprise. There is typically a high incidence of women operating microenterprises when formal employment is not an option.

There is another important finding. Some 29 percent of respondents said that without their business they would most likely look to the alternative of migrating for work. This indicates another valuable role of microenterprise in curbing the perceived need for migration. Local residents identified migration as being undesirable (though often necessary).

The business-owning households were asked, as well, if and how their family welfare would be different if they were without their businesses. Almost all respondents said that they would be strongly negatively affected by not having a business. Figure 8.2 presents their comments. There were some exceptions to this reaction; a few households said that after a period of adjustment, and finding new forms of work, they believed they could achieve the same standard of living.

Figure 8.2

**Comments by Business Owners Envisioning
Life Without a Business**

- We would be much poorer (x8)
- we would not have enough to sustain us (x6)
- our family would be lacking things (x4)
- life would be very hard (x4)
- life would be more difficult (x2)
- it would not be good

In light of the strong negative reactions that microentrepreneur households expressed toward the hypothetical possibility of living without a microenterprise, one could reasonably assume that the rural businesses are making a significant contribution to the welfare of those households. In fact, virtually all (97 percent) of those in the interview sample with enterprises described their businesses as making a significant contribution to the welfare of their household.

Have their businesses enabled them to make any concrete improvements in their lives? Eighty-seven percent of the 31 business-owners indicated that they were, in fact, able make some concrete improvements. Their responses illustrate the undeniable value of the microenterprises:

- five families said that, with their businesses, they can buy what they need for inside their houses;
- four families said that they are now better clothed and eat better;
- three families were able to buy clothes and shoes for their children;
- three families now had sufficient income to live on (and before they did not);
- three families said they have a bit more of everything they need;
- two families reported they have been able to send their children to school;
- two families had started saving money;
- two families had fixed-up their houses; and
- one family reported they had been able to grow more corn.

One family summed up the benefits of their business succinctly by saying, “the business allows us to live a more peaceful life, free from so many economic problems”.

Figure 8.3**Comments from Business-Owning Households on the Benefits of Running a Business as their Chosen Work**

- It allows me to stay home with the children and also do some housework (x6)
- I don't have to leave the village to work (x3)
- It gives me something to do and enables me to earn a little (x3)
- It is my own (x2)
- I work for myself and no one tells me how to work (x2)
- I don't have to leave the house (x2)
- I chose my own hours
- I have close contact with the village
- It has better profits than the alternative salaried work would give me

One of the possible negative effects of microenterprise that I considered was that it could detract from children's schooling. This could occur, I had thought, either by children being required to work in the business rather than attend school regularly, or by costing large amounts of parents' time such that there is no time left to give attention to children's homework. I asked business-owning households if their business had any impact on their children's (or grandchildren's or siblings') schooling, good or bad. Twenty-six households were asked this question (i.e. those with children in the household). Nearly eighty percent of these households said that the business contributed positively towards the children's opportunities for education. Some 19 percent said that their business profits were not sufficient to improve their children's opportunities for school and therefore had no effect. Four percent reported that their children's education is negatively affected by the business because the adults do not always have time to help the children with their homework.

Figure 8.4

Comments of Business-Owning Households on How Their Businesses Improve Their Children's Education Opportunities

- eight households stated that the business profits were very important for buying school supplies and other school expenses (for some, the business earnings completely go towards this end).
- three business operators indicated that they assisted their grandchildren or siblings to continue in school when the children's parents could not do so.
- three households explained that the business enabled their children to study better and longer (thus enabling their transition to secondary school).
- two households specified that, without the business, their children would not be attending school.

The responses to questions about the effect of microenterprise on children's schooling show that the concern of a possible negative impact is not completely unfounded. However, the fact that only one household responded in this way, compared with twenty households that said their children's schooling was being improved by the business, indicate that overall, microenterprises do far more to promote child education than they do to hinder it.

What are the disadvantages of operating a small business in one of these peasant communities of the Yucatán? The 31 business households were asked, without any prompts, what they perceived to be the disadvantages of having a business, as opposed to some alternative form of work. Over half of them, 55 percent, stated that they do not believe there to be any disadvantages in running a business. The other 45 percent of business-owning households identified disadvantages which highlighted the demanding nature of running a small business. Their responses are listed in Figure 8.5 below.

Figure 8.5

45 % of Business Owners List Disadvantages to This Choice of Work

- very busy with a lot of work (x3)
- short of time for other responsibilities (x2)
- life is difficult during times of low demand for the business (x2)
- the work hours are long (x2)
- lack freedom (tied down to a store or other work) (x2)
- have to work Sundays
- can be tiring
- there is not always money to continue
- is hard to secure good markets and to collect the money

It appears from these responses that overburdening could be a relatively serious problem commonly facing those to choose to operate a microenterprise in the rural communities studied here. I decided to discuss the matter further with the 31 business households. Approximately 60 percent of them said that they do not feel overburdened by their work. Sixteen percent of business-owners said they felt only sometimes or slightly overworked by their business. Twenty-six percent felt definitely overburdened. Many of those feeling overburdened by the work of the business were women who found that the business work in addition to the household work and the children was a lot. However, most respondents emphasised that, despite the difficulty of the workload, it was both necessary and worthwhile. They would rather work extra hard than face the alternative.

Evidence that Microenterprise and Peasant Agriculture in Combination Provide the Best Household Welfare

The rural households participating in this study shared much information on the variety of benefits provided by both peasant agriculture and microenterprise, as we have just seen. They certainly expressed compelling reasons for their involvement, or desire to be involved, in both of these activities. A large majority of rural households, both with this combination of economic activities and without, identified it as an ideal situation to promote and enhance the welfare of a household.

Can the rural community members' perceptions be confirmed by evidence of a superior standard of living amongst those households working in both crop cultivation and microenterprise? An objective analysis of this type is essential in order to crosscheck results for the possibility of researcher and interviewee bias that could generate inaccurate information.

There were three different types of information gathered as tools to measure standard of living, and all can be employed here to obtain the most accurate picture possible of a comparison in the welfare of households of the different economic activity categories. One source of useful information for a comparison of welfare is the information on whether each household in the sample had seen their standard of living improve, decline, or remain the same over the past ten years. The results of the analysis of this information have already been presented in Chapter Seven. The "combination households" – that is, those engaged in peasant agriculture *and* microenterprise– stood out as the group that had fared the best. Fifty percent of all those involved in only one of the two activities reported that they are worse-off today than they were ten years ago.

In contrast, only one-third of those households with both activities reported that they are worse-off presently.

A second source of information from which a comparison can be made between the standard of living of households with different economic activities, is the interviewee responses in rating their own current standard of living. As mentioned earlier, the 46 households were asked to rate themselves on a scale of one to five, ranging from very poor to having a very good standard of living. Their responses were found to be as presented in Table 8.1.

Table 8.1
Respondent Self-Perception of Economic Standard of Living

Household Activity Category	Completely Inadequate Resources	Less than Adequate	More or less get by adequately	Comfortable	Very Good Standard of Living
Peasant Agriculture with No Businesses	7%	79%	14%	0	0
Business with No Agriculture	0%	71%	29%	0	0
Agriculture with Business	7%	40%	53%	0	0

Again, households engaging in both peasant agriculture and business were most likely to report that they were “more or less getting by adequately”. Responses for households engaged in only one of the activities were more heavily concentrated in the “less than adequate “ column. The information is further depicted in Figure 8.6, comparing the groups according to the total percentage of respondents perceiving themselves to live less than adequately

Figure 8.6

The idea that peasant agriculture and microenterprise are best combined within a single household rather than embracing one to the exclusion of the other, is again confirmed by these results. Those involved in peasant agriculture only were shown to have the worst record of achieving a minimally adequate standard of living. However, as was noted earlier, crops do, in fact, provide essential benefits to households, particularly in enabling better nutrition for children. In summary, agriculture alone is unsatisfactory for many, but abandoning it all together is not advisable.

The third form of household welfare information collected was the survey of selected physical welfare indicators (also referred to earlier in the chapter). Table 8.2 below summarises the incidence of the various indicators, showing the comparison between the six household economic activity categories.

Table 8.2
Household Welfare Indicators by Economic Activity
(Percent of Respondents)

Welfare indicators	Farming Only	Farming With Other Work	Business Only	Business With Other Work	Farming and Business	Farming and Business with Other Work
Tiled cement floor	0%	0%	0%	12.5%	0%	25%
Bare cement floor	57%	43%	87.5%	12.5%	57%	37.5%
Cement and dirt floors	29%	57%	12.5%	62.5%	14%	37.5%
Dirt only floors	14%	0%	0%	12.5%	29%	0%
Flush toilet	0%	0%	0%	12.5%	14%	12%
Pit latrine	29%	29%	71%	50%	57%	37.5%
No form of latrine	71%	71%	29%	37.5%	29%	50%
Gas Stove	14%	14%	62.5%	50%	29%	50%
Wood Fire	86%	86%	37.5%	50%	71%	50%
Have Refrigerator	0%	14%	50%	12.5%	57%	25%
Have Television	14%	57%	50%	100%	71%	87.5%
Average # in household	4.6%	6.9	4.5	4.1	5.4	6.5
Ratio of people:rooms	2.9:1	3.6:1	3.5:1	4.1:1	3.4:1	3.6:1

In order to help extrapolate the key information that can be drawn from this table, it is useful to examine each of the indicators in turn to determine which groups have achieved a higher standard of living according to each chosen point. Starting with the

floor material indicator, it is interesting in this case to note that the peasant agriculture with business group trailed the remainder of the sample, having the highest incidence of dirt-only floors. The best-off groups according to floor material were first, business-only households, then the peasant agriculture with business and other work households. As it stands on its own, there seems to be little explanation for this finding. How do other indicator results compare?

In terms of the groups most likely to have at least a pit latrine, they were the peasant agriculture with business group and the business-only group. Those worst-off in this regard were the peasant agriculture-only and the peasant agriculture with other work groups.

Cooking medium as a welfare indicator shows similar results to the sanitation figures. Two groups stood out as being most likely to be still collecting firewood for cooking: the peasant farming-only households and the farming with other work households. Business-only households were found to have the most gas stoves, followed by business with other work households, and then by peasant farming/business with other work households.

Refrigeration provides another indicator of household welfare. There was an overall low percentage of all households owning refrigerators – only 27%. The group with the highest number of households owning refrigerators is the agriculture/business group, followed by the purely business group. None of the peasant farming-only households had a refrigerator, and the agriculture/labour group also was found to have very low percentage with refrigeration.

I collected information on television ownership, although I have serious reservations about using it as a welfare indicator. Rather, it can serve to indicate the availability of cash for non-essential items (although many villagers would strongly argue that a television is an essential item for them). In the case of ownership of televisions, the two extreme cases on either end of the spectrum stood out – the peasant farming-only households had a very low percentage owning televisions, while the business with other work households all had televisions. The farming/business with other work group also reported a high rate of ownership.

Now turning to the average ratio of people to rooms in the household, a different result emerges. The middle four groups were all very close, with an average of approximately 3.5 persons per room. What stands out here is the particularly low ratio for the peasant farming-only households, meaning that the peasants had achieved the highest level of welfare in this area. This would appear to be due largely to the fact that for many of them housing materials are natural materials – palm roofs, and walls made from mud, grass and sticks. The small-scale farmers have best access to these materials and can more easily find materials and improve their homes during the course of their workday. The worst-off group in regard to the ratio of people to rooms, perhaps not surprisingly, a group without any agricultural activity: the business with other work households.

To help bring together the findings of the welfare indicators, the six economic activity groups are ranked for each of the indicators in Table 8.3, starting with the best-off group and carrying through to the worst-off group.

Table 8.3

**Selected Welfare Indicators by Type of Household Activities
(Ranked From Best-Off to Worst-Off)**

Floor Material 1. Farming/Business/Other Work Business-Only 2. Farming/Other Work 3. Business/Other Work 4. Farming-Only 5. Farming/Business	Sanitation 1. Business-Only Farming/Business 2. Business/Other Work 3. Farming/Business/ Other Work Farming/Other Work 4. Farming-Only
Cooking Medium 1. Business-Only 2. Farming/Business/Other Work Business/Other Work 3. Farming/Business 4. Farming/Other Work Farming-Only	Refrigeration 1. Farming/Business 2. Business-Only 3. Farming/Business/Other Work 4. Farming/Other Work 5. Business/Other Work 6. Farming-Only
People to Rooms 1. Farming-Only 2. Farming/Business 3. Business-Only 4. Farming/Other Work Farming/Business/Other Work 5. Business/Other Work	Televisions 1. Business/Other Work 2. Farming/Business/Other Work 3. Farming/Business 4. Farming/Other Work 5. Business-Only 6. Farming-Only

With the exception of the two indicators relating to housing, it can be concluded that households involved only in peasant farming activities ranked consistently at the bottom of the indicators lists. This demonstrates that of all sampled households, the farming-only households had most difficulty achieving adequate levels of sanitation, gas stove cooking, refrigeration, and extra cash for items like television sets. It is more difficult to identify a particular group of households that has generally fared better than

the others according to these indicators. While the particular group with the highest levels of welfare changes from case to case, the common thread is that, in all the non-housing indicators, the top three household groups are all groups that operate businesses.

Although a large majority of households in rural Yucatán now have **electricity** in their homes, thanks to electrification programs, there were six households surveyed that did not have electricity. It is, again, the peasant farming-only households that stood out as having the poorest welfare in this regard. Half of the non-electrified homes were found to be those of peasant farming-only families, while the remaining 50% were spread evenly across other groups.

Education is another very important area of welfare. Because it is now law in Mexico for children to attend school until the completion of their primary education, it is not particularly helpful to look at the school enrolment rates for these young children; almost without exception they are attending school. Where differences become apparent among households with different economic activities was in the 14 to 18 year olds school enrolment rates. A striking finding emerges when households with businesses are compared to households without businesses. Fifty-four percent of children aged 14 to 18 in households with businesses were attending school. Only 24 percent, less than half as many, of their counterparts in non-business owning households were attending school. Given that policy makers and development planners widely accept that improving education for the poor is a crucial part of a long-term poverty reduction strategy, this finding suggests that microenterprise development could be an effective strategy in not only short-term poverty reduction, but also long term poverty reduction.

Conclusion

This chapter examined in more detail the nature of the benefits (and costs) of the household strategy of engaging in the combination of peasant agriculture and microenterprise at the same time. Field research indicated that households benefited from the reduced costs of food and improved nutrition provided by agriculture, and from use of the year-round income generated by the enterprise for productive and non-productive investment. Businesses also give women more autonomy and mobility; women predominantly operate the microenterprises on a daily basis. Business income is also used to pay children's school costs. This combination of activities is even viewed as ideal by households *not* employing this strategy. The self-perceptions of households indicate that the farming-business combination generally enables these households to achieve an adequate standard of living. The same cannot be said of households engaged in farming only or business only; they perceive themselves to have a less than adequate living standard. In terms of objective indicators of socio-economic status, households engaged only in agriculture were found to have the lowest levels of indicators of material progress. Households whose strategy includes some form of business fared better on such indicators.

CHAPTER 9
FINDINGS FROM THE FIELD (PART III)
The Nature of Demand for Microenterprise Programs
in Peasant Communities

Introduction

This chapter reports on another set of field-research findings: those pertaining to the nature of the demand for microenterprise programs in rural communities of the study area. The chapter examines barriers to microenterprise success, as well as the potential for business development. Demand for credit, technical training, management training, and marketing assistance are explored, as well as expected participation rates if such services were delivered in the communities under study.

Microentrepreneurship in Southeastern Mexico

Starting and operating a microenterprise in one of the villages of southeastern Mexico is no easy task. The challenges that small businesses face in developed countries and in urban settings are compounded by the realities of the developing-country rural setting. Typically, rural entrepreneurs have poor educational backgrounds, no business training, extremely scarce resources, a poor local economy, isolation, and limited local markets, to name a few of the intense challenges they face.

In spite of these challenges, or perhaps *because* of them, microentrepreneurs in the study area demonstrate strong initiative, resourcefulness, and ingenuity in undertaking their business ideas and surviving in such a difficult context. A large majority of the businesses surveyed in the communities were started without the assistance of any

program; 58 percent of businesses were started with only the resources of the household. Some saved household money to provide the necessary start-up funds, while others [women] were able to make use of their husband's income or harvest (providing food ingredients for a product) to start their businesses. A further 16 percent of rural entrepreneurs started their businesses with assistance (financial, training, and/or equipment) from relatives. Thirteen percent of entrepreneurs went to private moneylenders to start their businesses. A final 13 percent started with the assistance of government or NGO microenterprise programs.

Keeping a business thriving, or even just surviving, is a constant challenge in rural southeastern Mexico. The business-owners must constantly innovate and strategize to stay in business. Figures 9.1 and 9.2 list some common strategies employed by local microentrepreneurs to obtain inputs and to sell goods and services.

Figure 9.1

**Common Strategies Used by Microentrepreneurs in
Obtaining Inputs**

- using profits from past sales to finance new inputs
- using home-grown inputs
- seller of inputs delays collection of payment until buyers' sales have been made
- using spouse's income to finance inputs
- having buyers provide their own input materials
- loaning money from family members, to be repaid at time of sales
- with credit
- inputs provided on credit by an NGO

Figure 9.2

Common Strategies Used by Microentrepreneurs to Sell Goods and Services	
-	house-to-house sale of final produce
-	house to house soliciting for pre-orders
-	selling from home by word of mouth
-	selling in village streets or central park area
-	selling in local schools
-	to middlemen
-	from a store
-	by pre-orders (some offer delivery)
-	travelling to the city to sell there
-	selling in neighbouring villages
-	via relatives who work in tourist resorts
-	selling through NGO assistance

Barriers to Greater Success of Rural Microenterprises

Interviews with a large number of microentrepreneurs revealed that they believe that their businesses are generally operating below potential. Many business owners were frustrated that they could not take steps towards realising greater business success. They faced severely limited resources and cash flow problems, which significantly inhibit the growth of healthy microenterprise. Thirty business-owning households were asked to name the greatest challenge or difficulty they face in their business, which prevents them from being successful or from becoming more successful. There are two related responses that strongly stood out as the greatest barriers perceived by microentrepreneurs. Two-thirds of the business-owners stated that their lack of resources prevented even small steps towards improving their businesses. Forty percent said that lack of money prevented them from increasing their production to the extent they would like. A further 27 percent of business-owners interviewed felt even more harshly constrained by their lack of resources, explaining that they often find themselves forced to spend all sales

revenue on immediate family necessities and therefore have insufficient to even pay for the operating expenses necessary to continue production. Overall, then, a combined total of 67 percent – or two-thirds – of entrepreneurs interviewed operate at what they perceive to be below their optimal output, and in many cases must frequently completely halt production. This is not for reasons of failure of the business itself; rather, it is primarily due to scarcity of household finances.

Amongst those business-owners *not* citing lack of resources as the main challenge they face in their businesses, the most common response involves problems related to marketing their products, and particularly in facing competition amongst similar local businesses. The local market is limited by a small population base and high levels of poverty. As more local residents have started microenterprises, a number of business-owners recognised that their own sales were falling, as the limited demand was spread among a larger number of similar businesses.

One business-owner identified the primary problem she faces in improving her enterprise as her own lack of knowledge about how to manage it better and how best to expand her operation. This entrepreneur was the only one who identified this as the key problem she faces in her business. However, further discussion revealed that many owners agreed that although it was not the largest problem, a lack of business - management knowledge was, in fact, limiting their business success. Uncertainties about how to make effective business decisions, how to evaluate new business opportunities, and when to access credit, are areas of difficulty identified by the microentrepreneurs surveyed.

Microentrepreneurs identified additional factors that constrain them in building more successful businesses. Poor technology and the need for innovative product ideas were other areas cited. Related to the already-identified need for better management skills is the more specific problem of poor management of accounts receivable. Many business-owners choose to sell their products with the assurance that the customer will pay when he/she has the money. There is usually little control over this, and often businesses become very strained because payment of owed money is much delayed, or it is never paid at all.

Hidden Microenterprise Potential: Business Ideas Among Non-Business Households

As was noted in Chapter Eight, even among those households not operating a business, there was a high level of understanding that adding a business to the traditional agricultural activities could make an ideal combination to further the welfare of the household. Accordingly, there was a high level of interest among non-business owning households in starting new businesses. Fourteen households without businesses were asked if they had considered starting a business. Three said they had not considered starting a business. Another three respondents reported that they had thought of the option, but not very seriously. The other eight (57 percent) of the non-business households reported that they have, indeed, seriously considered starting a business and have ideas and plans of what they would like to do. Some of their ideas would involve duplicates of other common businesses in the communities, while others were more innovative. Figure 9.3 lists reasons given by these households for wanting to start a business.

Figure 9.3

**Comments by Non-Business Households on
Reasons for Their Business Plans**

- looking for alternatives to improve our life
- would help the community and our family
- like the idea of having a business
- to help us continue living in the village
- to earn a bit and improve our life

What are the barriers to solid new business ideas becoming a reality? I asked those households that had considered starting a business what had prevented them from moving ahead with their plan. Most of these respondents reported the major barrier to be a lack of resources to invest in getting the business started. Others also expressed concerns about not knowing how to run a business, not possessing basic math skills, not wanting to risk possible loss, or a lack of support from other family members. There was generally a high fear of failure and its consequences for the household. There was also concern about the level of competition within the communities.

Overall, these findings on key problems faced by existing entrepreneurs and potential start-up entrepreneurs are consistent with expectations based on the literature reviewed in Chapter Three, on the subject of barriers to, and problems in, small and microenterprise development.

Possible Impacts of New Business Development

Non-business households that had considered the option of starting a business were also asked whether they saw the option of starting a business to require a trade-off in attention given to agricultural activities of the household. The clear response from ten

of the eleven households questioned on this matter was that having a business would not interfere with farming activities. They indicated that there would be no problem in rearranging family labour to support an additional activity. This is consistent with the ideas laid out in Chapter Two on micro-level peasant decision-making, which asserted that peasant households are skilled in making use of marginal household labour, and committed to employing such labour as productive possibilities arise. A respondent from one household, which had less excess labour available, thought that taking on a business could be detrimental to his most important activity – farming.

If non-business-owning households were able to start a business that provided them with some extra cash income, how would that income be used? In response to this question, most of those with family members involved in migration said they hoped that a successful business back home could provide alternate employment for those currently away from the community. Two-thirds of non-business household interviewees stated that their children's education was being negatively affected by a lack of resources. This two-thirds said that extra income would be used to improve educational opportunities for their children. A large majority of these respondents also stated that they would improve the nutrition level of their families if they had a higher income because of their new businesses.

The Nature of Demand for Microenterprise Development Programs

To gain insight into the nature of demand for microenterprise development programs in the communities chosen for study, I asked households if they would be interested in each item on a list of forms of assistance to help start or improve their businesses. In this case, demand for assistance for existing business is based on the

household interview sample of 30 households with businesses. Demand for assistance to start new businesses is based on the household interview sample of twelve non-business households that had an interest in starting a business.

Interest in Credit

Among those with existing businesses, 70 percent of respondents said that they would like to have access to a credit program. A further 17 percent said they were interested, but it would depend on the terms and conditions of the credit. The remaining 13 percent said they would not be interested in a credit program.¹

For those non-business households interested in starting a business, the expressed demand for a credit program was also found to be high, at three-quarters of this group. Again, the remaining one-quarter were not without interest in having access to a credit program, but emphasised that their serious involvement would be dependent on the terms and conditions of the credit. These respondents said the terms would have to be very sensitive to their situation of poverty.

Overall, the demand for small-business credit was found to be very high among the study sample, but with significant concern about the terms and conditions involved. I asked these households what they were looking for in a credit program. They highly value:

- low interest or interest-free credit;
- long repayment schedules; and
- small repayment instalments.

¹ Half of those not interested in a credit program already have access to other sources of credit.

The definition of a low interest rate must be seen in the context of the alternative of private moneylenders, who often charge upwards of 60 percent interest per month. Thus, rates of five-percent interest per month were considered fair by most respondents.

Interest in Business-Related Technical Training

Of the households interviewed that had businesses at the time of the field research, about three-quarters expressed an interest in having access to business-specific technical training in order to improve their businesses. This supports the findings of existing research, reviewed in the “Demand for Microenterprise Services” section of Chapter Three, the finding that in non-credit microenterprise services, there is high demand for sector-specific services, as opposed to more general services. The types of technical training requested by households in the present study varied. Sewing classes (making clothing and embroidery) were requested by ten business-owners. Most were concerned with improving their product design and quality, with some expressing interest in learning machine sewing. Cooking classes were the preferred form of technical assistance for seven business owners. Most sought to learn how to make new snacks or new cakes to improve their variety. One woman suggested a course in hygienic food preparation. Other interests were in training for beekeeping, how to make high quality bread of various types, and improving hammock quality. The households requesting technical training were interested in improving their current skills and product quality as well as learning new skills in their area of production or service. One of the households expressed a strong concern that such courses must be open to people with no education and the illiterate.

Of the twelve households interested in starting a new business, nine expressed a desire for access to some form of technical training for the purposes of starting the business. The forms of technical training they requested were, again, diverse: training in beekeeping, courses in sewing and making clothing, training in how to raise chickens, how to raise sheep, and how to bake bread. One interviewee wanted to obtain training in how to meet the needs of tourists.

Interest in Business Management Training

With only one exception among the thirty business-owners interviewed, there was widespread recognition of the potential benefits of gaining knowledge and skills in business management. Almost all (97 percent) of the business-owners said they would like to have access to business training in order to improve their businesses. A large number of them stressed the importance that such training would have for them. Said one microentrepreneur: “this is a very important interest we have – not to make mistakes in the finances of our business; in truth we don’t yet have this knowledge”. Another commented: “yes – to learn business skills and good investment. I lack this”. One beekeeper expressed his conviction that a good-sized group of beekeepers from his area would all want to participate in a course of this kind if they could. Several respondents made the comment that business management training would have to be delivered locally in order to be truly helpful.

Among households interested in starting businesses, this hypothetical possibility of business training also proved to be very popular. In fact, all of the interviewees in this category said that they would like to have access to training courses in business skills and

management. In their case as well, a number of prospective new entrepreneurs stressed the importance of such business training to their future success.

Interest in Marketing Training and Assistance

The fourth area in which the participating households were questioned related to the possibility of receiving training and/or assistance in marketing. This also was a business support product with a high level of interest amongst villagers interviewed. Ninety percent of households currently running businesses expressed an interest in gaining access to marketing training and/or assistance for improving their businesses. One household indicated that they want to learn how to avoid middlemen. Another household was particularly interested in dealing with the challenges of marketing sewing products, specifically. Again, this supports the findings of existing research, presented in Chapter Three, that microentrepreneurs are in need of sector-specific assistance services.

All twelve households interested in starting a business indicated that they would like to have access to marketing training or assistance in helping them start their businesses. Five of these respondents stressed the importance of this type of assistance; as one respondent commented, “now, I don’t know where or how to sell.”

Forms of Assistance Most Valued and Those in Highest Demand

Overall, existing business owners and potential new business owners did not demonstrate a preference for a particular form(s) of assistance, over others. There was generally a high level of interest in all four types business services: credit, technical assistance, business management training, and marketing support. This reflects the variety of constraints preventing rural businesses from achieving better success in the

study area. What can be noted from the findings is that potential new microentrepreneurs demand a full range of assistance in order to start a business. Business- management training attracts the interest of nearly all business-owners and potential owners. Marketing support also enjoys high level of demand among both groups.

It is worthwhile identifying which forms of assistance the business-owners and potential business owners would be most serious about making use of should they be available. Interviewees were thus asked to choose from among the various forms of assistance, the one that would be most important to them, and that they would select above other forms of assistance.

For owners of already existing businesses, responses to this question were as follows:

- 29 percent stated that credit would be the most important form of assistance for them;
- 19 percent stated that technical training would be the most important form of assistance;
- 6.5 percent stated that business training would be the most important type of support;
- 6.5 percent stated that marketing assistance would be the most important form of assistance.

A number of respondents were unable to identify a single most important form of assistance. Nineteen percent stated that all four forms of assistance would be vitally important in helping them improve their businesses. Although they would find it undesirable to be forced to choose only one, a number of these latter respondents indicated that credit would be their choice. Finally, 16 percent stated that some combination of the forms of assistance would be most important to them. The

combination of credit and marketing assistance was most popular among this group of respondents.

Among potential new business owners, there was a high incidence of respondents who felt very uncomfortable being forced to choose between the various options for assistance. In fact, about 40 percent said that all four forms of assistance would be vitally important to them. Another one-third chose a combination of assistance forms that they believed would be most important to them. Credit was a common element in all cases. After credit, marketing assistance was valued highly, followed by business training. A small number of potential new business owners were able to identify one element of assistance that would be most important to them – in every case, credit was identified as the most important element.

Expected Participation in Microenterprise Assistance Program

It was difficult to determine what the actual level of demand was for microenterprise assistance in the communities studied here. Were some interviewees merely responding in ways that they hoped would secure such a program for their community, but with little true interest in making use of it? The responses of those in the sample of households in this study indicated that demand for microenterprise programs in the region is extremely high. Possibly, this demand may not be quite as high as villagers led me to believe, but, nonetheless, there is undoubtedly a significant level of demand for microenterprise assistance programs in the communities studied.

The 45 households with and without businesses were asked whether they would participate in a small business assistance program offering a variety of forms of assistance, including courses or workshops that would be free, but unpaid (some

government training programs pay participants). Eighty-two percent stated that they would participate in such a program. “Yes, and many of my friends would be interested too. We lack money and skills but we want to learn and work,” said a campesino from an ejido near Xpujil. A further eleven-percent stated that they might participate in such a program:

- if an acceptably favourable credit structure was offered;
- if courses held at times that don't conflict with work ;
- “if we have time”;
- if the program was held locally;

Only seven percent stated that they would not participate in such a business assistance program.

Households in Calcehok, in particular, felt that it was important that any assistance program be offered on location in their village. It is difficult in Calcehtok to find transportation to and from neighbouring towns and villages in the same day. Many villagers are intimidated at the prospect of going to Merida (an hour and a half away by collective taxi). In the Xpujil area, there are many small ejido communities in the countryside surrounding Xpujil for distances up to 50 and 70 kilometres away; these communities depend on Xpujil as their centre for shopping needs, health services and assistance programs. All of the households interviewed from communities surrounding Xpujil indicated that they would be willing to travel to Xpujil to participate in a business assistance program.

Conclusions

Microentrepreneurs in rural southeastern Mexico face many challenges, which they address through resourcefulness, innovation, and hard work. Two-thirds of current business owners perceived the greatest barrier to their business success as lack of resources (in the form of credit and sales revenue). Lack of resources was the crucial factor preventing new businesses from starting up, as well. At the same time, local residents engaged in or interested in microentrepreneurship were aware they lack business management skills and knowledge that could help them successfully grow or start their enterprises. There was a strong and widespread interest in microenterprise assistance programs, especially those delivered locally. Among current business owners, the perceived prime area of support required was access to credit. Among prospective microentrepreneurs, the key needs were varied. Both groups indicated strong interest in support services that provide credit, marketing assistance, business management training, and technical training.

CHAPTER TEN

Case Studies of Three NGOs Delivering Small and Microenterprise Assistance in Southeastern Mexico

Introduction

Previous chapters outlined the important role small businesses play in the welfare of peasant households, and in their ability to cope with difficult economic times such as those brought about by the recent agricultural restructuring in Mexico. There was found to be a high level of demand for small business assistance programs in rural southeastern Mexico. This directed the research towards examining in some detail the issues and experiences of delivering small and microenterprise assistance programs in this context. The NGO case studies play an important role in learning how various small and microenterprise assistance approaches function as they encounter the complex realities of rural southeastern Mexico. The goal of the NGO case studies was to learn from the strengths and weaknesses of each of the three NGOs' approaches and experiences, and to gain insight into the challenges faced by microenterprise assistance programs in this region. The lessons of these case studies contribute to practical recommendations for design and delivery of locally appropriate and successful small business programs.

A number of NGOs are active in providing microenterprise assistance programs to rural areas of southeastern Mexico; however, the demand for these programs still vastly exceeds the supply. The review of literature on small and microenterprise development demonstrated several different approaches to MED. The varying approaches debated in the literature are all found among the NGOs working in southeastern Mexico. The three NGOs chosen for case studies represent each of the three

broad categories of approaches to microenterprise assistance. The minimalist approach is utilised by the Mexican NGO Gente Nueva, whose income generation program provides microcredit on a fairly large scale to women's solidarity groups. A more integrated approach is taken by El Hombre Sobre La Tierra, which helps microenterprise groups with a variety of forms of assistance, including organisational training, technical courses, business venture analysis and feasibility studies, and assistance in securing input grants and/or credit. Finally, CAIPARU and ChacLol represent a more holistic approach to small business development; one based in a strong co-operative tradition, which is common in rural Mexico. The ChacLol businesses are co-operatively owned and operated. They receive comprehensive support from the Co-operative from the initiation of the idea through to the marketing of the end products. This chapter does not aim to evaluate the NGOs or the models they employ, but seeks to examine the lessons-learned and best practices of each. The case studies will examine the NGOs' backgrounds, structures, goals, MED program design, and perspectives of their project participants.

Case Study of Gente Nueva

Gente Nueva Background and Structure

Gente Nueva's microenterprise assistance program is a fairly standard microcredit program, offering small loans for investment in microenterprises to groups of women, requiring no collateral.

Gente Nueva is a development assistance organisation based in Mexico City and operating throughout Mexico. The organisation was started in 1984 by a group of young Mexicans, to assist marginalised communities in dealing with their economic problems.

Gente Nueva began with a food program. The creation in 1991 of the “Programa Generadoras de Ingresos”, the Income Generation Program, grew out of a desire to do something more sustainable to help the poor.¹ This program operates on a national level, and is active in many parts of the country, with the aim of reaching all states within the next few years.

Gente Nueva began its Income Generation Program in the Yucatán in April of 1997. The program was also started in the neighbouring Campeche and Quintana Roo, but problems with local program management led to a quick disintegration of the program in those states. The information presented in the Yucatán case study was collected in a number of ways. The Gente Nueva office in Mérida, Yucatán provided documentation on the program. More detailed information was solicited through interviews with the Income Generation Program Promoter for Yucatán. The case study is also based on direct observation of one of the participating solidarity groups in the village of Tekanto, through visits to the weekly group meetings over a period of two months. Finally, interviews were carried out with eleven Tekanto solidarity group members.

Gente Nueva is somewhat different from the other two small NGOs considered in these case studies, due to its national scope. The Yucatán office of Gente Nueva, like the other state offices throughout Mexico, is considered to be a Gente Nueva “Delegation”. It is made up of a director, who oversees all of Gente Nueva’s work in the state, and three program promoters, one for each of Gente Nueva’s programs, including the income generation program. The Yucatán Delegation works to implement a program designed by the General Directors of Gente Nueva in Mexico City, and identical in all the states in

¹ In addition to their Income Generation Program, Gente Nueva operates two other programs, the “Programa de Alimentos” (The Food Program) and “Kilo de Ayudo” (Kilo of Help); neither deals with

which it operates. All decisions are made by the national General Directors. The state program promoters are taught about changes in a capacity building course that is held approximately twice a year.

Gente Nueva's Income Generation Program has a monthly magazine, which provides program participants a mechanism by which they can express ideas for future program changes. Each of the solidarity groups have the opportunity to write articles and letters for the magazine, which is shared among other solidarity groups. The information is sent to the head offices of Gente Nueva, where it is used to improve the program.

Gente Nueva Objectives and Goals

Gente Nueva's Income Generation Program is an example of a minimalist approach to MED. It provides microcredit to women's solidarity groups for investment in productive activities. The overall goal is to improve family incomes through microenterprise. Assistance is directed to women with low incomes. The Program has five objectives:

- 1) to reduce poverty;
- 2) to create employment;
- 3) to build the capacity of women;
- 4) to stimulate productive economic activities; and
- 5) to encourage savings.

Though the program is not specifically designed for rural areas, most of the beneficiaries in the Yucatán are peasant women in villages and small towns.

small business development and are therefore not considered relevant to the case study.

When this study of Gente Nueva began in October of 1997, the program was assisting five solidarity groups in five communities of the Yucatán. By December there were twelve solidarity groups in seven communities, and the program was continuing to grow rapidly as it faced a huge level of demand. The Yucatán office planned to hire more Program Promoters in 1998 and to manage the increasing funds available for investment, with the goal of least doubling the number of beneficiaries in the state of Yucatán. They were also aiming to start solidarity groups in all the municipalities of Yucatán. When this target is reached, the program plans to expand into the state of Campeche.

Gente Nueva Program Design and Operation

Gente Nueva works to develop contacts with existing community groups and organizations throughout the Yucatán. The Income Generation Program Promoter sets up a meeting in the community to present information on the program, upon invitation from a community group. Gente Nueva has seven requirements for participation in their Income Generation Program. The participants must be women having reached the age of majority and a permanent resident in the community where the solidarity group meets. Further, the participant must become a member of a solidarity group (or form one), and agree to be active in the group. She must agree to invest the credit in a productive activity and commit to making weekly repayment.

The women who have indicated interest and are eligible to join the program are first provided with a capacity building workshop, lead by the Program Promoter. It focuses on defining the concept of “credit”, and ensuring the women understand the repayment rules. According to the local Program Promoter, many of the women initially

do not understand the difference between credit and a non-repayable sum of money; careful explanation is needed to ensure understanding. They are taught how to manage credit, and how to keep records repayments and savings. The Promoter helps build the solidarity of the group, ensuring that they are aware of their collective responsibility to repay the credit. During capacitation, the Promoter tries to resolve any concerns the women have about the program. The capacity building workshop of the Gente Nueva program does not include the development of any business skills. The Program Promoter expressed his belief that “the women already have an idea of how to invest their money and run a small business”.

After the capacitation, the women who continue to want to participate in the Income Generation Program form a solidarity group of between twenty and thirty-five women. The group must assign a president, secretary and treasurer, and work together to write an internal constitution defining the rules for new memberships in their group. The solidarity group is required to set up a group bank account at Bank Bital (one of Mexico’s national banks). The group then enters into a four-week trial period during which, each week, each of the group members must put five pesos into the group savings account operated by the group. If at the end of the four weeks, each member has contributed twenty pesos in savings, everyone in the group is eligible to receive a first round of credit, which begins at a fixed 400 pesos. The credit is given on an individual basis for use in individual microenterprises. The solidarity group is collectively responsible to ensure that each member makes timely repayments of their credit. Repayment of the credit occurs in weekly payments that begin the week after the credit is given. The interest rate is five percent per month and is divided equally between the sixteen weeks

for repayment. For example, the 400 pesos is repaid at thirty pesos each week for sixteen weeks, for a total of 480 pesos repayable (five percent monthly interest, or twenty percent overall). The group members are encouraged, though not required, to continue making weekly contributions to their savings in the group account.

The solidarity groups meet on a weekly basis to make their repayments, to share their experiences, and to work together to resolve any concerns or problems. The Gente Nueva Program Promoter is present at each one of these meetings to monitor repayment and deal with questions and concerns of the group. When solidarity group members are late with their repayments, the Program Promoter reminds the group of their collective responsibility, urging them to try to help late members by encouragement. If late-paying members continue to be delinquent in their repayments, group members intensify pressure to produce the money. To be eligible for a second round of credit after the first sixteen-week loan cycle, all the members of the group must have made their repayments. Any further credit will be put on hold until all of the previous cycle's credit is repaid with the interest.

Further rounds of credit also depend on the level of savings that can be achieved by each group member. Forty pesos of savings entitles a member to 500 pesos of credit, sixty to 600, and so on, to a maximum credit of 5000 pesos, requiring savings of 1250 pesos.

The Tekanto solidarity group, observed for two months, was made up of 31 women in their first credit cycle. They were the first group involved in the Yucatán program. Some of the weekly meetings were poorly attended, and very often the women would come for only as long as they needed to make their payments and then leave. The

Tekanto group did encounter problems in the timely repayment of the credit with some group members. This led to difficulties for the member charged with the responsibility of group treasurer. Because of her position, the group treasurer felt especially responsible for the delinquent group-members' credit repayments. Each week she was required to make the deposit of the group's payments for that week. When she was unable to collect from everyone, she took money out of her own pocket in order to make the correct weekly deposit. She expressed that she felt highly burdened by this situation and was unhappy to be in a difficult position of being owed money by her peers. It was her personal decision to respond in this way – it was not required of her – but was quite likely brought on by the repeated pressure of Gente Nueva, telling the group each week, “The women need to pay,” and “You have to help each other; you are all members of the group”.

Gente Nueva stresses that an important element of the success of their Income Generation Program is developing a strong feeling of solidarity among the members of a group. The fact that each group designs and writes its own internal constitution helps in this regard. Group solidarity is further promoted through the program efforts to hold celebrations with groups in honour of their loan achievements, along with ceremonies such as tree plantings.

An important observation with the Tekanto solidarity group regarded the financial record booklet that each member receives when she takes part in Gente Nueva's Income Generation Program. The financial record booklet has three different charts designed to record the following information: 1) the member's savings contributions each week, 2) the weekly repayments owed, and the payments paid, and 3) the weekly business related

expenses, revenues, and resulting profit. All of the group members were diligent in filling out the first two sections on their savings and credit repayments. Each of the group members was asked if they were keeping the records in the third section to determine their business profit. Nobody filled in this section; many did not know how to fill it out, and others basically could not be bothered. The Program Promoter explained that the women had been taught how to keep the records of the first two sections in their booklets, but the third section was not taught, because he and the women had not considered it to be very important. He also thought that many of the women lacked the capacity to keep such records. Eight of the women were interviewed on their views and experience regarding the keeping of financial records for their businesses. Only one of the eight women kept any written records of her expenses and revenues. She found this information helpful in deciding what to charge for her products. Two had a good understanding of the meaning of costs, revenues and profit and assured that, although they did not keep written records of these figures, they had the details memorised. The remaining five out of the eight women did not have even a basic understanding of the meanings of expenses and revenues and did not know how to calculate profit. The women were asked if they were content with their knowledge on managing the finances of their businesses. Six out of eight said they were content. One gave a (doubtful sounding) “more or less content”, and the other woman said she was not confident with the finances of her business, but did not see that her lack of records as a problem.

By the end of the field-research period, the Tekanto solidarity group had reached the end of their first sixteen-week lending cycle. Four women did not finish making their payments on time, and at the sixteenth week they were three weeks late on their earlier

due payments. The group was again reminded of their collective responsibility. Within a few weeks, all of the final payments had been produced. The group decided to expel a few of its members who had not met their responsibilities. There was some animosity between the group and its expelled members, and resentment felt on the part of those alienated from the group (likely extending beyond the business realm, into the social realm). Despite these problems experienced in their first lending cycle, most of the members of the Tekanto solidarity group continued, along with some new members, into a second cycle of credit. This experience closely parallels the experiences of the other four of Gente Nueva's solidarity groups in Yucatán, which were also delayed up to four weeks in the final repayments of credit, but did successfully finish and move on to further rounds of credit.

Following the completion of the first cycles of credit with the original five groups in Yucatán, the Program Promoter was relieved that none of the women outright refused to repay their credit. However, he did anticipate the likelihood of encountering isolated cases on non-payment in the future. He decided to add more information to the capacity building workshops for the potential group members about possible repayment problems with some members. He planned to present the idea of a raffle as a method of resolving problems of credit that can not possibly be repaid. Each woman would make a craft or clothing, or do some baking, which would be pooled with everyone's homemade contributions. Each member would pay for a ticket to win all the goods, with the ticket money going to help cover non-paid credit.

Another lesson that the Yucatán Gente Nueva Income Generation Program learned after its first credit cycles was the importance of forming strong groups that

increase the likelihood in ability to repay their credit. The importance of a careful group self-selection process would be emphasised in future pre-credit workshops. They would also be told of the problems experienced in others groups, and the importance of eliminating potential members who could be conflictual or financially irresponsible.

The Yucatán Income Generation Program Promoter had found, along with other Gente Nueva staff, that the most serious business problem faced by the microentrepreneurs within the solidarity groups was marketing of their products. Despite the fact that they were investing their credit and working hard, many of the women had considerable difficulty in selling their products, meaning they were not able to generate income and had difficulty repaying credit. This is related to the problem discussed in Chapter Three of women tending to be narrowly concentrated in traditional activities with low return. Gente Nueva had begun the development of a marketing assistance component as an important step to improving their Income Generation Program.

Men were also quite interested in receiving microcredit. In 1998, Gente Nueva was hoping to expand the program to include men, and was also considering the possibility of offering individual loans.

Since Gente Nueva had such a highly developed credit structure, it is worthwhile to examine the experience and opinions of the Program Promoter and the clients in dealing with this structure and some ideas for its improvement. One of the important details of the credit structure was the interest rate, which was five percent monthly, for a total of twenty percent over four months. For Gente Nueva, this interest rate barely covered the costs of program administration. The program's expansion was made

possible by donations, not by the interest collected. I spoke with many program clients and potential clients about their assessment of the rate of interest. All of the women I spoke with believed the rate of interest to be a good and fair one. In the words of one participant, "The Gente Nueva credit helps us significantly in the problems we had. We have fewer problems now. Private credit was much more expensive at twenty five percent monthly interest." The Program Promoter noted that for the women who already have businesses, the interest rate is reasonable; however, some of the women who want to use the credit to start businesses find the interest rate to be a bit high. One observation I made in speaking to rural women was a serious lack of basic math skills, which prevented even some of the most competent women from grasping the concepts of interest rates. A five-percent monthly interest rate is easily confused with a five-percent annual interest rate, which is clearly vastly different.

A significant number of the participants considered the existing credit repayment structure was not ideal. Many of the women found that four months was not long enough to recover their invested credit, and would prefer an additional one or two months in which to repay. One participant indicated that she had to ask her husband to help in her weekly payments. There was particular concern that the program structure did not allow the repayment period to be lengthened as the amount of credit increases in future lending cycles. Another participant expressed that "for 400 pesos, the sixteen-week schedule was fine, but for 1000 pesos in sixteen weeks, it is too much. I need a bit more time with lower weekly payments than there would be with only sixteen weeks." Some said that they would be better able to make their payments if they were permitted to pay every second week instead of weekly. There was also some interest in having a grace period

after credit is given, rather than having to start repaying it the week after it is received; this would allow for some recovery of costs. Some women expressed to me that they found it time consuming to attend the weekly meetings. I asked eight women if they thought there were any other types of assistance that should be included in the Gente Nueva Program. Several did not seem to understand the business-oriented nature of the program, and requested the provision of business inputs, as well as food and plants to help provide for family consumption. One of the respondents indicated that she would like to see the program include some advice on how to best invest the credit and how to look after the finances of the business well. Other respondents seemed unsure of what to say. Echoing the circumstances of many of the women, one participant expressed, "I have not observed one of these programs before to know".

Overall, the Tekanto solidarity group was very pleased and grateful for the microenterprise assistance they received through the Gente Nueva Income Generation Program. Each of the eight women I interviewed from the group explained that the credit had been a significant help to them, and they all thought that the program was a good one. The Program Promoter shared their sentiments: "I feel very positive about the ideology of the program. It is a good labour that we are carrying out here. It really is helping the people who need it most".

Case Study of El Hombre Sobre La Tierra

The second case study is of El Hombre Sobre la Tierra (HST), a small Mexican NGO, based in the state of Yucatán. The organisation began in 1994, with the objective of working to promote sustainable development in marginalised rural areas of the state of Yucatán. HST began its work in agro-forestry and organic agriculture. It began assisting

groups of peasant farmers in poor communities, training them in agro-forestry and organic agriculture, and helping them secure financial assistance to carry out new agricultural methods. The goal of this program was to provide an ecologically and economically beneficial alternative to the region's traditional slash and burn style agriculture, which is becoming increasingly problematic in contributing to environmental degradation, declining availability of farm land, and falling crop yields.

HST, and the many peasant families they work with, decided that although this agricultural development is very important to improving the lives of poor peasants, other forms of development are also vital in bringing about a reduction in poverty. They decided to diversify and strengthen other non-agricultural production systems. This lead HST and its communities to broaden their sustainable development program to include a microenterprise development component. The microenterprise component of HST's Sustainable Development Program is the focus of this case study.

HST Background and Structure

HST is a non-profit civil association. It was started in 1994 when two Indigenous Mayans from rural Yucatán invited an Italian couple, with many years of development experience in central Mexico, to join with them and form a civil association that would work to promote sustainable rural development in the Yucatán. HST consists of a team of six people, including a president, treasurer, and secretary, along with team members who are specialised in community development, local culture and dynamics, and technical specialists. In keeping with their very grassroots approach, two of the six team members live in the villages in which HST works, two more Yucatecan team members

live in the nearest urban centre, Valladolid, and the remaining two live in the city of Mérida, making frequent trips to the communities.

HST does all of its development work with solidarity groups, officially established as independent entities. In Mexico, the government has legislated a formal model for solidarity groups, called Social Solidarity Societies (SSS), and a process which enables these development oriented groups to be legally recognised and eligible for a variety of forms of government assistance. In order to help facilitate more assistance to the communities in which it works, HST requires all people interested in participating in HST programs to form official SSSs; HST helps the groups with the entire bureaucratic process (which can be quite intimidating and even impossible for Mexican peasants). Each of the SSSs with which HST works makes all its own decisions including those over the allocation of funds which they receive. This structure helps HST establish autonomous groups that choose their own path and do not fall under the control and decision-making of HST. The funds for the projects promoted by HST come from a variety of sources including development funding organizations, private foundations and various programs of the Mexican government. Sometimes these funds go directly to the SSSs with which HST works. Often in these cases, the funding body forms a partnership relationship with HST, where HST monitors the implementation of the project and gives the participants the assistance needed to carry projects. Other organisations prefer to give funding assistance to HST, which then works with the SSSs to implement the project.

HST has focused its Sustainable Development Program on a micro-region in the southeast of the state of Yucatán, in the municipality of Tixcacalcupul, which encompasses some of the poorest and most marginalised communities in the state.

Because the focus of HST's work was agro-forestry and organic agriculture, it first began working with co-operatives of male peasants. The women in these communities soon showed a keen interest in participating in the development process, and so they also formed groups and began working with HST. These women's groups form the basis of the microenterprise work. As of December 1997, HST was working in nine rural communities in the region, four of which had groups working in the area of microenterprise. There were seven S.S.S.s involved with HST's microenterprise assistance with a total of 249 beneficiaries (almost all were women).

HST Program Design and Operation

Within this structure, HST offers a variety of forms of assistance to the SSSs in its partnership. We will examine the stages and elements of HST's work in the area of small enterprise development. All of HST's work is very participatory in nature. When villagers indicate their interest in working to develop or strengthen small enterprise activities, HST will begin to work with them to help them achieve their goals. HST begins by helping the people in one community who are interested in some type of microenterprise, such as poultry raising, for example, to organise themselves and to go through the bureaucratic processes involved in forming an official SSS. HST holds participatory workshops for the people to share their business ideas and develop them further as a group. These workshops help facilitate improvements in the existing microenterprises, and workshop participants work together with HST at problem solving, identifying needs, and analysing each project idea. Along with the work done by the participants in the workshops, HST further provides the groups with analysis and feasibility studies of their various small and microenterprise project ideas. These

participatory workshops, together with HST's feasibility studies, enable the local people to put together detailed project plans, including the specific needs they have in order to implement the projects.

When the SSSs have developed their microenterprise project plans and have identified their needs to implement those plans, HST continues in assisting the groups to realise their goals. At this point there are usually two primary forms of assistance that the microenterprise SSSs need: 1) financial assistance to start their projects, and 2) technical training to develop the specific skills and knowledge necessary for the type of enterprise involved. On its own, HST does not have funds for these needs. HST devotes its efforts to soliciting funding and technical assistance for the projects of their SSS.s.

At the time of this study, there were ten different microenterprise activities, around which the various groups are structured: 1) embroidery, 2) beekeeping, 3) poultry raising, 4) modern clothing seamstresses, 5) sheep raising, 6) corn mill, 7) bakery and bread shop, 8) ecotourism, 9) carpentry, and 10) leather work (the last four activities had higher numbers of male participants). In the majority of cases, the group members shared in developing their ideas, gaining assistance, and providing mutual support, but the businesses were run on an individual basis. Two of these activity groups are examined in turn as examples of the assistance HST provides.

The most popular type of enterprise is women's embroidery. These women began their embroidery work in the traditional activity of making the local traditional dress, the huipil, which is trimmed in a wide band of colourful embroidery. The women producers of huipiles had found that they do not make enough money off the huipiles and recognised the market is saturated. HST was working to educate their women's

embroidery groups on the value of diversifying their embroidery skills into the production of other items such as tablecloths, napkins, curtains, bags and purses. Marketing studies showed that these non-traditional embroidered items have good markets in the cities, tourist resorts and for export. Many of the women in the groups with which HST works were very hesitant to embrace the new idea and move to new areas of embroidery. They needed encouragement to undertake the risk of changing to a new product, and certainly needed technical training on how to design these new items (items such as curtains and tablecloths were completely foreign to the rural indigenous way of life). Along with obtaining training in how to diversify their embroidery activities, the women had a high level of interest in obtaining technical training on improving the quality of their embroidery work, which they knew would increase the marketability of their product. HST team members provided whatever encouragement and advice they could, and worked to secure the technical training for the groups. This was sometimes provided directly, in the case of a government program that paid a woman from a nearby area to come to the HST groups and conduct training classes in embroidery. In other cases, HST applied to an organisation for funds that it spends on technical training, as in the case of the UNDP small subsidies program. HST also helped the groups find new markets, particularly for the new embroidery items.

Poultry breeding is another activity that a group of women working with HST have developed into a small enterprise. The idea was based on a family tradition that they wanted to expand into a business. Some already had a few chickens and turkeys from which to begin. Other group members were able to buy a few birds from other villagers. To breed new birds, the women rented a rooster for a short time. The group

found that most of them lacked the resources to invest in a sufficient number of adult birds to get their businesses well underway. HST was working to obtain some funding which would help them to get started. In a group discussion I held with poultry breeding women, they indicated to me that their greatest barrier to success was the lack of knowledge in how to raise healthy birds. They had significant problems with sick and dying poultry. HST team members regularly visited the women to give what advice they could on how to improve the living conditions, health and chances of survival of the young birds. However, HST did not have the expertise to provide the thorough technical training that the women need. HST was working to obtain funding that would enable them to bring a veterinarian to the village to provide the women with a workshop on how to better care for their birds.

HST has a very different ideology than that of Gente Nueva on the subject of credit. HST found that the members of their groups involved in developing small enterprises generally did not have an accurate concept of the meaning of credit, and even less of a concept of the implications of repaying small business credit. HST found that many of the members of the microenterprise groups rushed to accept the idea of credit and tended to view it as an answer that could solve their business problems. HST is very cautious, viewing credit as something that often ends up hurting or destroying new businesses rather than assisting them. HST works to educate their groups on the dangers of credit and the difficulties that can result in trying to repay credit. The organisation is specifically against credit for only the most inexperienced businesses and those in their first year of existence. For those fledgling businesses, HST works to provide support by obtaining non-repayable donations. Once the groups have gained experience and

mastered the necessary skills, HST helps them obtain credit for their projects if the groups come to the conclusion that it is necessary for the improvement of the businesses. In the case of the groups working in beekeeping, many of the participants already had experience. This particular activity is one that is very quickly learned, and soon produces high quality honey. In this case, HST did not anticipate problems in repaying credit, and recognised its value early on in the group's development. Because HST does not have its own funds to offer credit, the credit which it does obtain for the groups is regulated by the rules of the individual lending bodies.

In the area of credit, HST was assisting the communities to establish and operate their own rotating loan fund. HST was working to get financial backing to start this fund, a very popular idea among the group members. HST planned to help the communities design the system for the management of such a fund. In this way the groups would have a source of productive credit with a structure that would meet their own needs, and all interest and benefits of the revolving credit system would accrue back to the villagers.

There is a basic business administration component within the capacity-building workshops that HST provides for its microenterprise groups. HST teaches the entrepreneurs how to record their expenses, sales, and profits, and also teaches them how to keep a bank account. HST has found that this is very important, because without it, many of the participants, who have little or no education, have no idea how to run their businesses. HST was continuing to look for more financial assistance that would permit them to offer the project participants more thorough courses on business administration.

Another element of assistance that HST provides for its participant groups is the option of organising gender workshops. HST has found that in working with so many

women's businesses, it is important to deal with gender issues. They have found that it is a very sensitive issue and must be dealt with slowly. Key issues addressed in gender workshops are the control over money and changing power relationships within the family as women earn more money. HST believes that the women must deal with these issues with their own ideas, and thus use the workshops as a means of facilitating the women's ideas.

The microenterprise groups also needed capacity building on how to run their groups. HST assisted them with a variety of their needs in this area – teaching them how to plan and hold their meetings, how to keep group records, and how to put ideas into action. HST also found that it is important for them to learn how to deal with the issue of dominating and power-hungry members (who can end up destroying a microenterprise group). The groups developed their own methods to protect themselves against internal corruption – how to take action when questionable things were happening in the group and how to respond sensitively but effectively.

There were several of other lessons that HST learned in their work that should be mentioned. Early on in their development work, members of HST tried to work through groups that fully operated as co-operatives. HST found that these types of productive groups could very easily be destroyed if only a few members were unmotivated or selfish. HST found it better to incorporate individual work into a group setting to encourage people to be more responsible, creating more self-sustainable groups. HST learned that the speed at which development and change can take place can not be forced. A quote from HST's president, Angela Petruso, explains it well: "things move very very slowly, and if you try to accelerate, you'll find yourself alone".

From my own observation of HST, they seem to face a significant problem in obtaining sufficient funding and assistance to carry out all of their ideas and the detailed proposals of their groups. This is not an argument against the organisation's methods of community development; it was very apparent that its services were in high demand as more communities continually approached HST to request its assistance. It must be stressed that there is a need for more resources to be devoted to community-based microenterprise initiatives. Participants of a focus group I held with one HST microenterprise group expressed eagerness to begin operationalising their business proposals. The women were tired of workshops and courses; their projects were on hold until HST could find them funding to make the initial investment in their businesses. Many of them were experiencing some frustration at their inability to move ahead with the project.

Overall, El Hombre Sobre la Tierra's microenterprise development work is highly participatory in nature. In all stages of the process, the villagers contribute meaningfully in the choice and design of the forms of assistance that they receive. HST attempts to create self-sustainable microenterprise groups that can be maintained by the villagers after HST has left the area. In terms of development, HST strives toward a socio-economic situation that enables the rural indigenous people to stay in their communities, rather than be forced to migrate.

Case Study of CAIPARU and its Partner Co-operative ChacLol

Rural Mexico has a long history of co-operative work structures, and co-operative peasant movements. Accordingly, it is appropriate to include a case study of an organisation taking a co-operative approach to small enterprise development. The third case study is of CAIPARU and its partner co-operative ChacLol, whose approach to small enterprise assistance is at the holistic end of the minimalist-holistic continuum.

Background and Structure

The structure of CAIPARU and ChacLol is somewhat complicated. CAIPARU, the Centre of Interdisciplinary Consultancy for Urban and Rural Assistance, works very closely with its partner co-operative, the Co-operative Society of Regional Consumption “ChacLol”. Those involved with the two organizations describe the relationship between them as a person – CAIPARU is described as being the head, or think tank and advice providing part of the overall body, whereas ChacLol forms the functional portions of the body, which carries out the projects.

ChacLol is a peasant co-operative that actually existed before CAIPARU. ChacLol had its origin approximately fifteen years ago in a collective peasant struggle for land in a Yucatán village called Opichen. The group of peasants involved was struggling with the local ejidal president for land on which they could set up an irrigation project. The group found that they had to organise into an independent peasant organisation in order to best fight for their goals. After two years, the group was granted the land and began their irrigation and cultivation project in Opichen. Their success won the attention and interest of many other peasant families in the area. These families brought with them

a diverse group of interests and needs. Together this group decided to form the co-operative ChacLol" (which means "Red Flower" in the Mayan language).

ChacLol was designed to be completely independent of any political structures or political control. The Co-operative formed an alternative solution for its peasant members to achieve their development goals, rather than having to depend on an often-corrupt government. Unfortunately, because of their underlying rejection of the existing local government power structures, there was significant animosity between the Co-op and the government, and as a result ChacLol has been plagued with numerous debilitating political problems. The formation of ChacLol was based on three goals for its existence: 1) to be independent of government, 2) to participate in activities of production 3) to search out ways of improving family welfare. ChacLol has a number of concrete objectives that form the basis of its activities. One of its objectives is to obtain common goods and services both for both household and productive activities of its members. The Co-operative works to establish a distribution infrastructure for goods and services important in helping reduce costs and counteract rising prices in the region. ChacLol built its own savings and loans organisation for use by its members, with a structure and regulations that meet the needs of the membership.

Chac Lol has a Board of Directors led by a president, all of whom are elected by the members. There is also a General Assembly, which meets once a month and is attended by representatives from each of the participating communities and their various projects. In the General Assembly, the participating communities each have the opportunity to share concerns and ideas. The Co-operative's future direction is decided collectively. Often the plans and decisions of ChacLol come from the top down to the

General Assembly, through the ChacLol Board of Directors and CAIPARU leaders.

These plans and decisions must go before the General Assembly to be critiqued before final decisions are made. Opportunities exist for bottom-up planning to come from the general membership of ChacLol. In each of the five communities involved in ChacLol there is a local administration, which includes a president, secretary and treasurer.

A very important part of ChacLol's work involves the development and operation of co-operative small enterprises, which are quite different from those developed through the programs of the Gente Nueva or HST. ChacLol has a very holistic vision of co-operative development for their region, and beyond. The Co-op does not see the small enterprises as a distinct element of their work, but views the variety of activities in which it works as a collective whole called a social enterprise. It is based on the firm belief that a strategy of community (and even region) wide co-operative effort in a variety of productive activities brings about the greatest possible collectively gain. For the purposes of this case study only, I will focus on the small enterprises of ChacLol, despite the fact that they are pieces of a larger approach that includes a variety of other productive activities.

Before moving on to examine in some detail the small enterprise projects of ChacLol, it is important to briefly explain the structure of CAIPARU and the role it plays in the work of ChacLol. CAIPARU is a development consultancy organisation. It was developed out of the needs and limitations that ChacLol discovered in trying to carry out its projects. Some of the initiators of ChacLol recognised the need within it and other grassroots development organizations, to gain access to the expertise of professionals and technical experts, who are rarely found among the rural peasant population that make up

the membership of these grassroots groups. CAIPARU was formed to meet these needs of ChacLol, as well as to offer its services to other organizations in the region.

CAIPARU, based in the city of Mérida in the state of Yucatán, is made up of a group of well-educated and experienced professionals and technical experts.

As of the end of 1997, CAIPARU had thirteen team members, representing the fields of engineering, law, accounting, anthropology, architecture, agriculture, agronomy, and others, headed by a President and Directive Council chosen from within the group. Together, the CAIPARU team members assist ChacLol in the following areas: 1) feasibility studies for new small enterprises, 2) analysis of existing enterprises, 3) technical assistance related to the construction of new enterprises and operation of existing ones, 4) assistance in dealing with legal matters, 5) assistance in developing financial structure and accounting systems, and 6) other needs as requested.

CAIPARU is based on five founding principles:

- 1) a belief in the capacity of the campesinos and indigenous of the region to bring about their own process of development, and a commitment to facilitating that;
- 2) a commitment to transfer practical technology and knowledge to rural communities;
- 3) a commitment to work towards strengthening of the domestic economy – high quality production, new jobs with dignified salaries, accessible social services, and fair trade;
- 4) a commitment to work towards an improvement in the nutrition of rural people, and
- 5) a commitment to a holistic vision of development, such that all projects are planned as a part of this vision to be complementary and contributing to the development of the region as a whole.

With these goals in mind, CAIPARU works closely with social and economic development organizations to build their capacity. When the economic activities that CAIPARU helps establish become profitable, CAIPARU takes a small portion of the profits to help cover their costs. In addition to ChacLol, CAIPARU works with two other co-operative grassroots organizations in the Yucatán Peninsula.

Establishing and Operating Small Enterprises

The ChacLol small enterprises are relatively few in number, so we will examine their experience in the development and ongoing work with two of their enterprises in order to understand their approach. As of the end of 1997, ChacLol had 309 active members, in five communities in the state of Yucatán: Maxcanu, Calcehtok, Opichen, Muna, and Ticul. Each of these communities had one or more of the small enterprises that the Co-op operates. These projects included five corn mills/tortillarias (tortilla making shops), two communities working on a sheep and goat raising project, a community ecotourism project, a shoe making workshop, a community store, and a group of artisans.

The Corn Mill/Tortillaria Enterprises

ChacLol's longest experience is with the corn mill/tortillaria businesses. In fact, ChacLol's first project was a co-operatively operated corn mill/tortillaria in the village of Opichen. With assistance from the Embassy of the Netherlands, the Co-operative opened its first business. Sadly, it was not long before the project ran into political problems. The members became divided, a situation that ChacLol blamed on government interference, and the corn mill and tortillaria project was brought to a halt. In each of the

other four communities, ChacLol went on to establish corn mill/tortillarias that had more success. The decision to start one of these enterprises in a particular community is made collectively by the existing membership of the Co-operative in that community. Once the decision is made, the local co-op members work to secure the necessary land, materials, and equipment for the corn mill/tortillaria. ChacLol obtains the resources it needs to cover all of the businesses' start-up costs from a wide variety of sources – from competitions for grants, donations, government programs, foundations, and donor governments' development programs (including Canada). All of the ChacLol members in the community are expected to volunteer their time to provide the necessary labour for the construction stage of the new project. Once the corn mill/tortillaria is ready to begin production, the local Co-op members chose willing members to provide the labour for the business. These members receive a modest salary from ChacLol for their labour, and a cut of the business profits. The communities have generally chosen a rotating system of workers for the corn mill/tortillarias, so that after a couple of years in operation, other members have the opportunity to take over. As a Co-operative organisation, ChacLol buys all of the corn that the five tortillarias need, so as to get a better price than each individual business would get on their own. The corn mill/tortillarias sell ready-made tortillas to villagers, and offer a service of corn-milling and tortilla-making to other villagers who wish to provide their own corn. In one of the communities, the tortillaria established a niche in providing a daily delivery service of fresh tortillas to its regular customers. Each tortillaria benefits from the experiences and lessons of the others, as the Co-op uses collective learning to make improvements in the businesses.

In a number of its projects, ChacLol encountered internal corruption; money was missing or undeclared and pocketed by those responsible for the project. To more effectively deal with the administration of the co-operative enterprises, the Co-operative responded by creating the “Centro de Acopio de Maiz” (the Centre for the Stock of Corn). It is a common administering body for the operations of all five of the corn mill/tortillarias. One of the workers in each of the enterprises is designated as the person responsible. This person handles the money taken in during the week and then deposits it with the Centro de Acopio at the end of the week. He or she then receives a regular salary back from the Centro de Acopio. The Centro de Acopio carries out all of the accounting measures for the enterprises, keeping financial records, determining profit and the amount to be redistributed to the workers and other Co-op members. The Centro de Acopio pays all of the tortillarias’ bills, including gas and electricity. It is also responsible for obtaining a supply of corn for the mills at a good price. Whenever there are problems at the tortillaria that require resources (such as repairs), the Centro de Acopio steps in. The Centro de Acopio also assists co-op members in other communities who want to start a tortillaria, through the provision of the initial investment, materials, and training. The Centro de Acopio then handles the administration of the business as in the case of the existing ones.

Throughout the establishment of new tortillarias, and the operation of existing ones through the Centro de Acopio, CAIPARU provides technical assistance, and advice on legal, financial and social issues related to the enterprises. CAIPARU played an important role in the expansion of the tortillarias to other communities, and in the development and growth of the Centro de Acopio.

Once a month, all the people with designated responsibility over each of the corn mill/tortillarias meet to discuss concerns and plan for improvements to their enterprises. The people who run the Centro de Acopio de Maiz are present at these meetings as well. Together, they identify barriers to the improvement of their enterprises, and ways of making better use of the resources they have. In the meeting I attended, the barriers identified were: problems in administration, the often poor quality corn provided by the Centro de Acopio, and competition with other similar businesses. The poor quality maize being used as an input for the tortillas had a negative impact on the competitiveness of the enterprises. This is one of the factors that contributed to a degree of tension between the corn mills and the Centro de Acopio. Those responsible for the tortillarias were obliged to use the corn provided by the Centro de Acopio. All of those designated responsible for the individual tortillarias agreed that the corn was often of poor quality and sometimes underweight. Some positive plans were made to overcome the problem. It did demonstrate the frustration that some of those responsible for the tortillarias experienced in their lack of autonomy over the enterprises in which they work. It appeared to be a constant struggle with the concept of co-operativism. There was some complaint among the membership of ChacLol that the Centro de Acopio had too much unchecked power and that its accounts and methods were not transparent. One of the ChacLol members (who shared the feeling of many others) commented to me: "It would function well if the members were more knowledgeable and active in its activities".

Another major challenge was the lack of profitability. Even the most economically viable of the tortillarias was unable to afford a third, and much-needed,

worker. The Centro de Acopio helped to reduce costs in the purchase of corn for all enterprises, but, in itself, the Centro also had significant overhead costs.

The Sheep and Goat-Raising Enterprises

Along with the corn mill/tortillaria enterprises of ChacLol, I would like to briefly present the sheep and goat-raising project to further demonstrate the small business development approach of ChacLol/CAIPARU. The sheep and goat-raising was a newer project, which began in 1996. ChacLol was able to obtain some financial assistance to get the sheep project started in two communities. The ChacLol membership in the villages of Calcehtok and Opichen showed interest in taking part in the new enterprise, and so plans were undertaken for these communities. The active Co-op members in each community volunteered their labour to help clear the land for the sheep. ChacLol and CAIPARU worked together to plan the project, and conducted capacity building workshops for the ChacLol members in the two communities, teaching them how to care for and raise sheep. ChacLol covered all the costs to start the project, and brought 30 sheep to each village. Because of the nature of raising sheep, financial returns were delayed until the end of the year, when the sheep were old enough to be sold. Originally, the active ChacLol members in each of the communities were expected to share the work of tending the sheep. But, because there would be no pay involved until the end of the year, interest in the project waned, leaving a small number of dedicated Co-op members to carry the burden of labour for the project. In Calcehtok, a few very hard workers spent a lot of time tending the sheep, and the number of sheep grew quickly. In the other village, Opichen, ChacLol continued to struggle with significant political problems as it clashed with local government. As people tried to distance themselves from these

problems, it became difficult to motivate the membership to care for the sheep. They faced problems with the sheep getting sick and some of them dying, which represented a considerable loss. Throughout the process, CAIPARU worked very hard to encourage members the people to take responsibility for the project, regularly visiting the project sites and talking with local members to provide them with advice and encouragement. ChacLol and CAIPARU hoped to establish a Centro de Acopio for the sheep projects, similar to the model they used for the tortillarias. However, some of the ChacLol members who had invested the most time into the work with the sheep fought this move, strongly opposing the idea of having all of the administrative work of the project controlled by such a body. ChacLol/CAIPARU hoped that eventually the members working with the sheep, and in the tortillarias, would be able to take over the Centros de Acopio.

The target market of the sheep project was primarily the restaurants in the tourist regions of the Yucatán Peninsula, which demand high quality meat. At the time of this research, it was still too early to say whether the project had achieved economic success. My impression was that Calcehtok, which had been able to keep the sheep healthy and steadily increasing in numbers, should not have any problem achieving profitability. The project's future in Opichen appeared to be more uncertain. Following their democratic tradition, ChacLol would determine as a group how the profits of the sheep project were to be divided up.

Key Issues Faced and Participant Perspectives

In their overall operations, there were three key issues on which ChacLol and CAIPARU are working together. These issues included: 1) working towards a resolution

of the political problems faced by the Co-operative, 2) working to strengthen the economic viability and sustainability of the enterprises and the Co-operative as a whole, and 3) working to strengthen a co-operative ethic amongst the members.

The third of these issues, the co-operative ethic, was a significant concern. ChacLol was in a constant struggle to rally the full support of its members in the various projects once the work was underway. When the co-operative spirit fell, the small enterprise projects suffered. Though most of the members were committed to the concept of co-operativism, to varying degrees, many (if not most) still also held to the easier-to-accept concept of individual work for individual gain. The leaders of ChacLol, along with its most committed members worked hard to motivate fellow members to more wholeheartedly put their work and time behind the ideology of working together for a collective gain. One of the ways that ChacLol works to cultivate the co-operative spirit among its members is to write and distribute a monthly newsletter on their activities and the Co-op, and educating the membership on its goals and ideology.

Despite the challenges of the co-operative approach to small enterprise, I heard clearly in my focus group discussion with ChacLol members that they highly valued their involvement with the Co-op. They valued the Co-operative for the communal spirit it generated among them and their ability to join together to tackle difficult problems, for practical lessons and knowledge they gain through the sharing of experiences throughout the ChacLol region, and for the economic opportunities it provided them.

Conclusions

The three case studies demonstrate the great diversity of approaches to small enterprise development in southeastern Mexico. Each approach has different strengths

and challenges. In the case of Gente Nueva, there seemed to be a great deal of strength in the simplicity of their program, which minimised the chance of the program confronting administrative and corruption difficulties. Gente Nueva was also able to provide small enterprise assistance on a large scale, and at a relatively low cost compared to other programs. Gente Nueva did not seem to be confronting any very debilitating problems. However, the impact they had upon their clients was limited to helping individual businesses overcome some of their immediate financial limitation in small increments. The strength of El Hombre Sobre La Tierra was in its highly participatory nature, enabling it to provide assistance to the small-scale entrepreneurs in exactly the areas that they required it. HST also empowered and built the capacity of microenterprise solidarity groups through a variety of workshops. Their methods led to particularly notable successes in local sustainability. The biggest challenge that faced HST in their microenterprise program was acquiring the money necessary for investment in the enterprises. ChacLol and CAIPARU found their strength in the communal spirit they brought about among the peasants, empowering people to participate in the overall development of their region. They faced many challenges in attaining their goals for the co-operative development of their region in the area of economic sustainability of the projects, and political conflicts. However, they developed a participatory and democratic structure, which enabled them to confront these tough issues very well. Each of the three organizations provides important insights into the practical application of small and microenterprise development in southeastern Mexico.

CHAPTER ELEVEN

IMPLICATIONS AND RECOMMENDATIONS

FOR PROGRAM DESIGN AND MANAGEMENT

Introduction

In the context of falling agricultural income and deepening poverty, rural development programs are in high demand in Mexico, as well as in many other developing countries. The present study has shown that microenterprise has been chosen by rural residents of southeastern Mexico as an effective means of coping with the declining agricultural incomes. In order for the rural sector to realise its full potential in this challenging context, development programs have an important role to play. Whether they are rural microenterprise programs run by NGOs or government, such interventions have great potential to help many poor rural entrepreneurs overcome the challenges and barriers they face to achieving business success and growth. However, microenterprise programs must be designed with great care. Unfortunately, many such programs end in failure.

The present research has highlighted important lessons from the experience of NGOs and community groups on how to (and how not to) design and operate rural microenterprise programs for southeastern Mexico. Many peasants and microentrepreneurs shared their suggestions for such programs, and the aggregate of experience of some 75 rural households provides direction for structuring and delivering rural business development programs. However, a cautionary note is necessary in relation to the relatively small-scale nature of the present research, which requires that the

information presented in this chapter be interpreted and applied with discretion.

Nonetheless, the implications and recommendations presented here are an important outcome of the findings of the present research, and are relevant to development agencies around the world. They are presented here, thematically, in the pages to follow.

The Gender Dimensions of Microenterprise Development

An important theme that surfaced throughout the Findings Chapters is the gender dimension that is so much a part of the microenterprise sector in rural southeastern Mexico. The present study found that seventy percent of businesses surveyed were run by women and a further ten percent are run jointly by women and men. It would seem that households have organised themselves in this way because this is what they find works best with the traditional division of labour. Men work in the fields and women work in the home. Women have found that home-based microenterprises can be integrated into their existing schedules.

The gender dimensions of rural microenterprise carry significant implications for the appropriate design and implementation of rural microenterprise programs for the region under study, as well as culturally similar rural settings throughout Latin America. The high representation of women in rural microenterprise means that programs promoting microenterprise development will necessarily find their point of contact with the sector to be primarily with women. There are two issues that will come into play as microenterprise development programs seek to work with rural women: first, the time and schedule limitations facing women, and second, the traditional gender roles that restrict women's participation in development.

The implications of the busy schedule of the rural Mexican woman are worth examining in some detail. Many of these women are significantly overburdened as they tend responsibilities of cooking (often with gathered firewood), child care, washing household clothing (by hand), cleaning, tending the patio vegetable garden, tending yard animals, as well as typically devoting four hours each day to a microenterprise. Women may not have time to participate in lengthy meetings associated with many microenterprise projects, or, if meetings or courses are scheduled inappropriately, women may not be able to participate at all. This does not necessarily mean that women are not interested. The findings of the present project have shown a very strong interest among women in access to microenterprise assistance.

A program that requires regular meetings to be attended by participants may pose a major challenge to already overburdened women. Women respondents in this study were very keen to participate in any project that could help them with their businesses. However, they were, indeed, concerned about the time factor. The conclusion of most women interviewed was that it would depend on the scheduling of meetings or classes to be attended. Women work their schedule around the fixed priorities of preparing meals at specified times, the school hours of children, and taking advantage of cool early morning hours for outside work. However, if important meeting times are scheduled so as not to conflict with other time-fixed responsibilities, then women indicated that they would make time to attend – for something they saw as potentially beneficial to their businesses, and therefore their families.

Fortunately, most women in a single community follow a similar daily schedule. Thus, when programs are scheduling introductory meetings in a community, as well as

continued solidarity-group meetings or training course times, it is vitally important that program workers learn about and consider fully local women's schedules (which vary by community) in order to plan the best possible meeting time for the women.

A related lesson is the need for sensitivity regarding the length of meetings. In a long meeting women may not show any indication that time is a concern for them; they may appear to be quite content to spend three hours in a meeting. However, it is likely that such long meetings will cause women to doubt their ability to participate in future meetings, ultimately prompting them to drop out of the program. This finding mirrors the warning found in the literature reviewed in Chapter Three, that care must be taken not to place excessive time burdens on women (Berger 1995).

Another issue is that most women in rural Mexico, and similarly other indigenous rural areas in Latin America, are not accustomed to being formally recognised as having a role in development. When community meetings are called, most women feel it is not their place to go; they believe rather that it is an event for their husbands. Community assemblies and development-oriented meetings are typically dominated by men, though not always because the women were not invited. When women do attend meetings of this type where there are significant numbers of men present, the women tend to voluntarily sit in silence. Community leaders may specifically invite the women's participation, but most often the women remain timid and quiet in such settings. There are deeply rooted and culturally defined roles for women. When these roles lead women to shy away from participating in economic-development programs, the issue must be dealt with seriously and carefully by program designers and managers.

While many women are unlikely to attend an open session on microenterprise development, they nevertheless may be willing to participate in something of this nature. Women require extra assurance and recognition in order to encourage them sufficiently to participate. When meetings are held specifically for women, then female attendance is strong. Women tend to identify more with a program that makes a point of targeting women – i.e. a project that is solely for women. Women tend to show more of a sense of pride and ownership of such programs. Unlike in the meetings attended by men, women do not feel they are going to an inappropriate event. The presence and participation of women is affirmed. Meetings attended by only women are just as vocal and active as the meetings dominated by men.

Is it not possible to bring both men and women together in a microenterprise program without jeopardising the participation of women? Yes, it is possible. Indeed great achievements have been made in Canada with both men and women participating together in community economic development, for example. However, ideas related to women's respected role in this arena have been prevalent for many years in Canada. In contrast, in rural indigenous Mexico, it is the development programs that are first introducing the concept that women can and should participate in the economic development of community and household. It takes much time, and small successive gains, in order to free women from the culturally prescribed chains that keep them absent from realms of economic development and silent and passive in the presence of men.

In the short term, it would seem that the most effective way to deal with traditional gender roles that could hinder women's participation is to create separate programmatic space for women: - a microenterprise program designed especially (and

perhaps exclusively) for them. In this setting, women can gain confidence as they put forth their ideas and actions in a non-intimidating atmosphere. This finding supports an even stronger argument in favour of women-specific programming than was reflected in the literature review on this issue in Chapter Three. There, it was suggested that women-specific programs may be called for when women's contact with men is "severely" limited by custom, or when the education gap between the sexes is great (Berger 1995). Compared with other cultural settings in some other parts of the world, the Mayan culture does not "severely" limit contact between men and women, and neither have the communities studied shown great gaps in education levels between women and men. However, this study has shown that there are additional strong arguments in favour of women-specific programming.

During the field research for the present study, it was found that in cases of microenterprise programs designed for women, there was a small but significant number of men expressing interest in the program and requesting to participate. At the time of the field research, both of the organisations involved were taking steps to open the doors to male participation in the microenterprise projects. Indeed, it would be unfortunate to cut off from assistance the approximately twenty percent of rural microenterprise operators who are men.

Programs that serve men and women as a group are not necessarily doomed to alienate women. However, they must take special measures to encourage women's participation. Repeated invitations for women to participate, formally stating the importance of women in the project, and working to ensure strong women's representation in leadership and project feedback are all important steps, amongst others,

that must be taken. And, it is important to continually evaluate and re-evaluate the effectiveness of such measures, and to constantly strive for new ways of improving women's participation.

To help programs realise their full benefit to women participant's households, it could be very valuable to invest in the provision of gender workshops to help women and their husbands to deal with the complex issues arising as the women assume greater roles as business-owners and providers of household income (CIDA 1999). Such a strategy would be very consistent with the "empowerment approach" to women's microenterprise programming which was suggested by literature reviewed in Chapter Three (Mayoux 1995; Awori 1995). Issues that can be addressed to improve women's prospects include division of labour, access to and control over allocation of resources, benefits and decision making (Hilhorst and Oppenoorth 1992: 91). Gender workshops can be offered on a wider scale (i.e. beyond the microenterprise project participants themselves) to help in the longer-term task of breaking down of gender barriers to development. Gender workshops can address specific issues, such as women's control of financial resources in the household, and the changing relationships within the family as women earn more money. Gender workshops can also work to more generally improve the openness on the part of both genders to women taking more active roles in community and household economic development. These are very sensitive issues, and external ideas and methods should not be forced upon the local residents. It is optimal if program staff work together with the local women and men, the issues they want to deal with, and collectively identify the best methods for dealing with these issues (Petruso 1997).

Promoting the Combination of Farming and Business

The present study began with an open question as to whether rural households are best-off dedicating their income-generating activities only to traditional agriculture, whether they are best-off opting to dedicate themselves solely to a small business, or whether they are best-off engaging in both activities without one household. Analysis of local experiences indicated a clear conclusion: it is best to diversify household income generating activities by practising both peasant agriculture and microenterprise. Households engaged in both activities demonstrated a relatively better standard of living. And there were regrets voiced by many of the households that had abandoned agriculture completely.

In general, households should be discouraged from totally abandoning their crops. Households that have abandoned their crops complain of poorer family nutrition. Many households find that the decision to abandon farming is that of a one way street; it is difficult, or even impossible, to return to agriculture after having left the sector.

Rural microenterprise programs (and other rural development programs, for that matter) should encourage citizens to use microenterprise as a complement to traditional farming activities. Diversification of income generation activities is an important strategy in times of economic difficulty or uncertainty. Diversification of economic activities should be encouraged, but maintaining the awareness that each activity needs to receive sufficient attention in order to prosper. Furthermore, while the diversification of economic activities of the household is a good strategy, households should at the same time be careful that their members do not become overburdened or family relationships unnecessarily put in jeopardy.

Clearly, there are some circumstances when particular households can not possibly practice agriculture - often because of the absence of male family members.¹ In addition, there are households that abandoned agriculture and subsequently lost title to the land. There are those families that lost the knowledge of the practice of agriculture (because such knowledge was not passed on from one generation to the next). These families need to be treated carefully in program meetings. They are often the most vulnerable and sensitive about their position (often they include widows and women abandoned by their husbands). That is to say, the combination of activities should not be flaunted as the only solution. It should also be affirmed that those who do not have the means can improve their standards of living too by strengthening their businesses.

One of the findings of the present research is the undesirable attitude that rural residents have towards being active in migrant labour; this is done out of necessity, not because it is desirable. Families seek ways to bring back those who are working away from the community. For migrants to return, they need economic opportunity in the village. A number of households participating in migrant labour interviewed for this study expressed their interest in microenterprise development (starting of new businesses, and expanding existing ones) as a possible strategy to enable migrating family members to return home. For many business owners, their enterprise provides a viable local source of income where migration would be the alternative.

Microenterprise programs thus have some potential to curb migration in rural Mexican communities. Special efforts need to be made on the part of microenterprise

¹ Because farm land is usually quite some distance from the community, involving a long walk to and from the plot each day, it is virtually impossible for a female head of household to tend to responsibilities on the home front as well as tending to the crops.

programs to offer services to those who require the business as an alternative to migration – the migrants themselves. This requires working in cities and towns as well as villages.

The Need for Empowerment and Participatory Development

Sustained development impacts are particularly difficult to achieve in the rural Yucatán context. Generally, many people in rural southeastern Mexico have a passive, disempowered attitude towards their situation of poverty. The passive mentality seems to be due in part to the degrading exploitation that masses of people suffered under the hacienda system that is part of their recent history. The culture of dependence on government to bring about change is also a part of the complex reasons behind this disempowered state of the rural poor.

What this reality means for development in the region is that empowerment of the people is essential to give them the confidence, motivation, and vision they require in order to be active in community development and to take on a sense of ownership of their own development process.

Participatory development techniques go a long way to improving the possibility of sustainable development. It is essential to utilise participatory methods at all stages of the process. Such conclusions of this study serve to support the same argument which has been made in much existing literature, some of which was reviewed in the discussion on participatory development research in Chapter 6 (Nelson and Wright 1995; Scoones and Thompson 1994). Adopting participatory approaches helps to develop a vital sense of ownership of a development program amongst people who would otherwise often feel as only passive recipients. Programs should be flexible and open to the input of local

people, beginning with community diagnosis, in which community members have the opportunity to identify their problems and come up with their own ideas for how to address them. Residents can participate in the feasibility study of their program ideas, in designing the program, and in evaluating its effectiveness (Chambers 1997:102). The resulting expression of local priorities, vision and ideas in economic development programs can have far reaching, and hopefully long-lasting development impacts.

However, existing studies also attest to the need to implement *genuine* participatory development. It is important to avoid the temptation many programs fall into; to follow the set of techniques and attach the label of participatory development to their work, when in fact there has not been the essential role reversal, transferring power and leadership to the participants (Jiggins 1994; Pretty and Scoones 1995).

A number of local participants of the present study expressed how much they valued the opportunity to participate in the design of programs with which they were involved. Several respondents observed that they identify closely with a particular project because of its formalised means of regular client feedback and input, and the actual use of their ideas in program decisions and design.

Constraints to Program Participation

Time limitations, fixed schedules, and cultural constraints on women taking an active role in economic development are constraints to program participation discussed earlier. There are several other constraints that should be taken into consideration in the planning of rural microenterprise programs.

First, it is important to note that the issues of time limitations and fixed schedules are not completely unique to women. Although in general, men's work in the fields enables them to be more flexible, there are, in fact, schedules that they follow that could interfere with their participation in microenterprise program meetings and in training sessions. Men work on a schedule that allows them to get their work done early in the day to avoid the heat and powerful sun. Perhaps even more important to consider in opening programs to the participation of farmers is an awareness of the crop season; there are several periods in the year that are critical times for farming: the season of clearing land, planting and harvesting. At some points during these periods, farmers may be completely unable to devote any time at all to microenterprise program meetings. At other times, in the farming cycle, though, farmers can be extremely flexible with their time.

Illiteracy and innumeracy constitute another participation constraint. To reach the poorest and most marginalised microentrepreneurs, programs need to be designed so as to be accessible to the uneducated. This may mean the need to teach simple math skills as a part of program training, or, more extremely, may mean the need to make provision for those who have never learned to sign their name.

As a complement to microenterprise development programs, adult literacy courses should be made available to the large numbers of illiterate adults in rural Mexico. Such courses may be provided by the microenterprise organisation, another NGO or the government.

Many of the people who could benefit from participating in some form of microenterprise assistance program are very poor. Their lack of resources to meet the

daily needs of their families make it difficult for them to invest in something where the payoff is delayed and uncertain. Detailed research thus needs to be conducted before microenterprise programs set fees for services such as business training, technical assistance and marketing assistance. Research into the participant/client ability and willingness to pay for such services in the specific geographic area being targeted is especially important. Models of non-credit-related businesses development services are far less developed and much less efficient than the microcredit methods. Most organisations working in this field have found it impossible to have client fees cover the full cost of offering the service (Goldmark 1999:4). Those programs that have made achievements in this regard have often done so to the exclusion of the smaller, poorer businesses (Goldmark 1999:4).

Not only is it advisable to be cautious in setting fees for non-credit business services, it is also advisable to consider in some detail the cost of materials necessary for program participation – workbooks, working materials for technical skill courses, and so on. Participants may not be able to afford these costs if they are set too high.

Field research also showed that many rural inhabitants find it extremely intimidating to travel to urban centres. A large majority has lived in the same village for their whole lives, and may never have ventured beyond a fifteen-mile radius of their homes. The prospect of travelling to an urban centre to participate in a microenterprise program, however important they may deem it, is daunting to many, and would seem to be a real barrier to the participation of many good candidates. This fear of travelling and of urban centres varies across communities and depends on each community's level of dependence on the urban centre in question. Additionally, in some cases women

microentrepreneurs have difficulty obtaining permission from their husbands or fathers to leave the local community. Microenterprise programs should therefore make every attempt to offer their services as locally as possible and also to minimise travel time of participants.

Identifying Viable Entrepreneurs and Businesses

Business failure can leave a family financially worse-off and feeling more defeated than ever before. Great care needs to be taken in the design of assistance programs not to encourage highly risky businesses. Many people lack the particular personal traits and skills that are necessary to be successful microentrepreneurs. In addition, many business plans are either not sufficiently developed or the venture itself, by its nature, may have extremely poor chances for success. For the welfare of those not suited to small business, as well as of those with poor business plans, programs should employ a screening process to direct such prospective participants out of the program before they invest their scarce resources in a venture with little hope of success. Applying a verbal test on business skills and the business proposal before extending credit is one possible measure to minimise failure rates.

Many professionals argue that if credit repayment rates are good, this indicates that the poor do indeed know how to invest their micro loans well, and, therefore, only self-screening of program clients is necessary. The findings of the present study suggest, in contrast, that repayment of credit does not necessarily mean the venture it funded was successful. Microcredit recipients, desperate to meet their obligation to fellow solidarity group members, will usually repay their loans even if their investments were lost. They

will go to relatives or even other moneylenders in order to obtain the cash to repay their credit – in order to “save face”. They thus become further indebted. This unintended result certainly runs contrary to the objectives of helping people improve their lives.

The challenge is to design programs that are very accessible to all candidates with good prospects of success, but at the same time screen out those who are not likely to benefit in the long run from the program.

Recommendations Regarding Credit and Credit Programs

Rural microcredit programs must also take the time necessary to ensure clients fully understand the meaning of credit and the details of their responsibilities in accepting the credit. For a surprising number of respondents in this study, the word “credit” meant “free money”. Obviously, in dealing with this misconception, microcredit programs need to provide potential clients with a very careful explanation of the meaning of the term credit. Not only that, but for citizens who may not be accustomed to working with numbers, it is important that the responsibilities for repayment be outlined in clear and simple terms. What does five percent interest mean? Exactly how much extra money will need to be paid back above the amount borrowed? The repayment schedule should be clear. An understanding of all these topics must be ensured before credit is extended to participants.

One neglected area of pre-loan information is in the consequences of participants not being able to repay their loans. This was especially evident in the early experiences of the Gente Nueva microcredit program. Microcredit programs working with groups should stress to potential group members the possibility of damaged social relationships if

one member lets the others down. The meaning of joint responsibility to pay should also be clear; this could mean group members having to pay extra money back should one member default. Programs should thus be very open about potential repayment problems, and stress it in the program orientation. In group formation, participants should be guided in the self-selection process by the presentation of examples of any bad experiences of previously known groups (as well as good experiences). Participants should be warned that not only financially irresponsible people can create problems, but also group members in conflict with one another and those known to be particularly prone to causing conflict.

Many poor rural entrepreneurs, and sometimes even development programs themselves, are guilty of making the automatic assumption that credit is a positive thing for business. It is important to remember that providing credit for the poor also means imposing more debt upon the poor. Credit can sometimes hurt or destroy a business that could otherwise have continued earning money for a poor family. For example, Magdalena is a woman with a sewing business who obtained credit to invest in a sewing machine. As principle repayments and interest were due, she realised that her profits were far less than sufficient to cover the amount she owed. As she tried to come up with enough money to make her loan payments, Magdalena started using up her supply inventory of fabric to make extra dresses. In an effort to sell the extra dresses quickly, to meet the weekly payments, she had to lower her price on the extra dresses. Magdalena even lost money on a number of her sales, in her effort to make her loan repayments. She used nearly all of her revenue to make the repayments, and gradually she found that she had no money left to buy more fabric. Magdalena's business operation was brought to a

halt. She even had to borrow money from relatives to meet the final repayments. Not only did her business profits get drained into the loan during the repayment period, but the end result was that she had no reinvestment money to continue production and her family would not have income from her business until she eventually obtained money to get started again.

Programs must keep this in mind as they promote credit, and be sure to make it clear to potential borrowers that credit may not always be an appropriate option for them. The potential of credit to harm a business rather than help it is particularly strong with new businesses. Microcredit programs could minimise their sometimes-destructive effects by helping potential clients evaluate the pros and cons of credit for their particular situation. It is useful to help potential clients to calculate their expected rate of profit with the extra investment, to determine if this revenue stream will be sufficient to repay the credit with interest in the specified time.

Written guides for solidarity group and village bank lending programs seem to recognise the importance of building the solidarity of groups (Women's Opportunity Fund 1997). Observations made during the present field research strongly confirm the importance of developing solidarity amongst members through team-building activities, the writing of the group's own constitution, and events celebrating group accomplishments.

Interviews in the field provided local feedback on interest rates and repayment schedules. Interest rates of five to seven percent per month seem to be viewed as fair by owners of existing businesses. Such rates may, however, be less viable for start-up businesses in the study area. Acceptable repayment schedules vary by the type of

production involved. Schedules are needed that suit the time needed to produce and sell; accordingly, some types of production may require a grace period.

Local Need is for Financial and Non-Financial Business Development Services

Field research highlighted rural citizens' expressed need for non-credit microenterprise development services. Marketing assistance is articulated as an area of particular need, recognised by both the entrepreneurs themselves, and by leaders of microenterprise programs in the region. There is also a need for training in business administration skills. The sector-specific nature of demand in the areas of technical and marketing assistance confirm the findings of existing studies on this issue (Goldmark 1999). Many of the rural poor recognise the potential benefits of learning how to calculate their costs, record revenues, calculate profit, set prices, and even managing a bank account. At the same time, other rural residents are not aware of the potential benefits of gaining new business skills. Again this findings is consistent with the growing consensus of BDS experts that the market for non-financial microenterprise services is a largely underdeveloped market (Gibson 1999). Microentrepreneurs may require concrete examples of people in similar circumstances who made use of such skills to improve their businesses.

Microenterprise programs that work with people starting new businesses should be aware of the broader needs of this clientele. These clients face generally higher risk than those with existing businesses do. Those starting businesses typically need a wide variety of forms of assistance beyond solely financial services.

Limited Local Market and In-Community Competition

A significant problem facing many rural entrepreneurs is the limited local market for their goods and services. Their operations are typically too underdeveloped to sell their products beyond their own communities. These rural communities are small and incomes are generally low across the population. A related issue is that of the lack of diversification among businesses. Many entrepreneurs in the same village naturally develop businesses based on traditional activities such as embroidery, hammock making, or preparing traditional snacks. This leads to intense competition among the several businesses offering the same products to their small community.

Microenterprise programs must to address the issues of limited local rural markets and of competition among too many similar enterprises. Programs can encourage entrepreneurs to develop unique products, perhaps applying traditional skills to some new product or design. Co-operative specialisation among businesses could also be encouraged, whereby entrepreneurs agree to each specialise in slightly different products, or perhaps in different stages of the production of a common finished product.

This issue also brings to light again the need for training women entrepreneurs in non-traditional sectors of enterprise, helping women to move into enterprises with better economic prospects than the traditional “feminine” skill areas of handicrafts and food processing (Mayoux 1995; Mead and Liedholm 1998).

In assisting new businesses to get started, microenterprise programs have an important role to play in discouraging people from starting businesses producing items for which the market is already saturated. A fourth person selling roast chicken in a community of eighty people is only going to hurt the other entrepreneurs and is not likely to succeed.

Marketing assistance is one type of microenterprise service for which respondents in the present study have identified a strong need. Marketing advice can make an important contribution toward overcoming the problems associated with limited local markets. Programs can help open the channels for marketing products outside the community, especially for collectively marketing a common product. A microenterprise program could also help with market analysis, product feasibility studies, and assisting producers to learn the specific characteristics that buyers are looking for in their product, in terms of design, quality and other features.

Cultural and Political Realities That Can Destroy Programs

There are specific cultural and social realities in rural southeastern Mexico that regularly undermine the efforts of development programs that have not taken these factors into account.

One of these factors is the deeply ingrained culture of corruption. Unfortunately, Mexico's reputation for corruption is not only a reality in the powerful realm of government bodies, but it also rampant at the local level in the smallest organizations. People in rural communities have spent their lives surrounded by corruption at the local level - in municipal government, in the local police, and in the implementation of assistance programs. Citizens have come to expect corruption; it is more or less tolerated by the society as "the way things work". When faced with the opportunity to pocket some money that is actually intended for some common good, many local residents will do so with the attitude that "this is my opportunity to do something to get me and my family ahead. Anyone else in this position would do the same thing."

Development efforts in southeastern Mexico, as well as in other areas of the country, are repeatedly sabotaged by the quiet disappearance of funds. This can happen at the organisation level among staff, or at the community level among participants or members given responsibility for administering funds. Strict monitoring of money is necessary, including extra efforts in double and triple checking cash flow and record keeping, requiring formal permission of several people to release funds, transparency of financial systems, and requiring regular financial reports by members of a solidarity group, co-operative, or other staff of the organisation.

Developing amongst program staff/participants/members a sense of ownership of the program, commitment to the program's vision of development, and commitment to the common good of participants, is fundamental in helping to fight the tendency toward corruption. However, this sense of ownership, pride and commitment is difficult to achieve and slow to develop; and alone it still does not provide protection from internal corruption.

It can be difficult for outsiders to anticipate or comprehend the strong political dimension of life in rural southeastern Mexico. Party ties are fiercely strong and play a major role in residents' lives, particularly in their relationships with other community members and in their relationships with local government representatives and assistance programs. Any non-government microenterprise development program that allows itself to be associated, even informally, with a particular political party is taking a serious risk of compromising its scope for impact. It also risks heightening division within a community. Even so much as expressing political view points or taking sides in local political disputes can cause the program to gain a reputation that would cause local

residents to distance themselves from the program. Any NGO microenterprise program that does not wish to invite serious public-relations difficulties on itself, must work diligently to maintain a completely neutral political stance in this regard.

A further word of warning must be offered to NGO microenterprise programs considering work in rural Mexico. Organisations that express dissatisfaction with Mexico's long standing ruling political party, the PRI, or if NGOs challenge existing PRI-dominated power structures, can face serious problems. If it is "blacklisted", so to speak, an organisation, its program's efforts, and even its local participants can face a constant battle with authorities in many forms and at many levels. What amounts to corruption and oppression targeted against some that take a stand against the government appears to be common and can be extremely destructive for the programs of the NGO involved.² Overall, then, unless an NGO finds it within its mandate to challenge the existing political structures, it should, for the sake of achieving its objectives, consider pointedly avoiding involvement in this realm.³

Rural communities in southeastern Mexico have their own local power structures that have implications for programs working in these areas. Most communities have a particular family that holds a position of power in the community. This may not be an official position of leadership, but nonetheless it is a reality experienced by all community members. These power-holding families, known as "casiques" do not necessarily stand

² I have not researched political oppression in Mexico. I have only noted problems in this area through observation of several NGOs and cooperatives (including several groups not featured in the case studies presented in this thesis). The government's apparent use of intimidation tactics, paying local people off to create division and sabotage community efforts, possible spying, and cutting residents off from government projects and assistance, appears to be at appallingly high levels.

³ I am not trying to suggest that such a challenge of the existing structures should not be a part of an NGOs mandate, for indeed there are clearly some issues in this area that need to be addressed. I am merely trying to note the implications and possible ramifications of entering this dimension.

out as being economically well off. What they do have is the respect of many community members (though it may be offered grudgingly), which enables them to sway the opinions, choices, and actions of the people. The casiques are often also the point of connection for government projects with the community; they are often chosen to implement projects at the local level. This gives them additional power, as they can allocate benefits according to their preferences toward local residents. Community members thus tend to be very concerned about staying “on side” with the casiques, while also being aware of these families’ corrupt behaviour. NGO programs working in this environment must develop ways of protecting themselves from becoming entwined in problems with local casiques – and understanding in detail the influence of the families. Measures need to be taken to ensure that the local implementation of the program does not become overly controlled and dominated by the locally dominant family. At the same time, NGOs need to avoid the appearance of being in opposition to the casiques in their locality, which could result in a community-relations disaster, among other things.

Another local cultural factor in rural southeastern Mexico that has implications for the design of microenterprise programs is the existence of a culture of dependence and entitlement, and a widespread expectation of free handouts. In order to boost its popularity amongst the rural population, and, many would say, to create a dependence on the ruling party, the government has provided many rural communities in Mexico with generous assistance of various types. This assistance is usually free, and sometimes comes with financial incentives for participation. For example, a government program was providing technical training classes teaching embroidery skills to women in a number of communities involved in the present study. The government program paid women to

attend the classes. Completely free handouts of cash with no conditions on its use are a common practice of government. People living in this context come to depend on, and demand, free benefits. Many feel it is their right. In this context, one can imagine the reaction of residents who were offered a business management course for which they would be required to pay a portion of the cost. Many would respond with great indignation.

Co-operatives and Solidarity Groups: Downfalls, Strengths and Needs

Although co-operatives have an impressive history in Mexico, attempting to operate small enterprise development through co-operatives can result in debilitating challenges. There are different levels of co-operativism. In some forms, it involves co-operative efforts in buying inputs and marketing outputs, while maintaining individual production and earning. More complete forms of co-operativism apply communal ideas to the full production process, which generates common earnings for the group. It is with the more complete form of co-operativism that serious difficulties are encountered. With full co-operativism, the ethic of individual work for individual gain is lost; it must be replaced by a strong commitment to the common good of the group. If only some of members value their own individual advancement more than common advancement, the co-operative is weakened. Co-operatives are easily destroyed by a few lazy or greedy people who take advantage of the others in the group. Collective responsibility (shared among many different households) for running a business easily can lead to a neglected business. Participants may assume others will do the needed work, and give priority to their individual responsibilities that more directly serve the needs of their own families.

Recalling the NGOs assessed for the present study, HST originally embraced the complete co-operative approach to business development. However, HST eventually abandoned this approach concluding that such an extreme form of co-operativism is simply not viable in the local context. The experience of ChacLol also illustrates the difficulties that can plague such an effort.

The experiences reviewed in this research were both cases of co-operatives being developed by people from outside the immediate geographic area. The idea for introducing co-operatively operated microenterprise projects also came from external leadership. The field research permitted observation of the tiring battle of visionary leaders from the outside trying to instil a co-operative ethic amongst the local membership. Even though residents may appreciate the vision and agree with the methods, if the initiative originates outside, there may not be the necessary depth of local commitment. It is likely that if a community were to form a co-operative on its own initiative and themselves develop the idea to co-operatively operate a small business, the commitment to this approach would be much higher than in these cases where the vision was driven by outsiders. An important element of a successful co-operative is complete transparency to all co-operative members – transparency of the planning, and management processes, especially financial aspects.

The more moderate form of co-operative approach, however, appears to create less difficulties and can play an important role in effective small and microenterprise development. As long as local residents maintain an individual work ethic, each being responsible for his or her own earnings, there are ways in which microentrepreneurs can benefit from forming a group and carrying out some endeavours co-operatively.

Organised entrepreneurs can buy common inputs to reduce costs, they can market products collectively, they can apply for group assistance/funding, they can create a common work space with shared equipment, or they can set up a rotating day-care or babysitting service to free more time for business-related work. There are many possibilities.

A number of solidarity groups and co-operatives that participated in focus groups for the present study voiced the need for capacity building of the groups themselves. Without training, most groups lack basic knowledge of how to hold meetings, develop a group constitution, keep records, carry out administration, apply for assistance, and put ideas into action. Solidarity groups and co-operatives active in microenterprise require training in these and other areas, such as dealing with internal conflicts and protecting themselves against corruption (both internal and external).

In Mexico, it may be wise to encourage (or even require) program participants working in solidarity groups to undertake the process of becoming legalised Social Solidarity Groups (SSS). Being a legalised SSS in Mexico entitles a group to certain government-sponsored privileges and qualifies it to apply for government assistance for group activities and development. The process of establishing an SSS is bureaucratic and rural people most often require some direction and assistance in this process. A microenterprise program that helps a group to establish itself as a SSS is assisting local people to lay a foundation that remains with them. This is a basis from which rural residents can continue to undertake development initiatives for themselves.

Learning from CAIPARU and ChacLol's valuable experience of sharing of lessons between projects and regions, it is highly advisable that microenterprise programs

be active in setting up networks among themselves and other similarly oriented organisations and initiatives. Doing so can have benefits at the organisational level, where NGOs can share their lessons on how to strengthen their programs, and at the community level, where individuals can learn and be encouraged from the experiences of other entrepreneurs elsewhere confronting similar struggles.

Conclusions

The present study's field research in southeastern Mexico at the household and community levels, and among NGO microenterprise programs, points to the importance of several factors related to rural microenterprise programming:

1. Understanding the gender dimensions of microenterprise development, particularly work and time constraints among, and cultural expectations of, women;
2. Recognising household income diversification strategies through the practice of peasant agriculture and microenterprise development;
3. Empowering and participatory programming processes;
4. Addressing the barriers to building assets;
5. Addressing the barriers to literacy and numeracy;
6. Ensuring that business ideas are feasible and that first-time entrepreneurs are prepared with the appropriate skills and knowledge;
7. Tailoring credit and non-credit assistance to local needs and conditions;
8. Confronting the limitations of local markets;
9. Understanding the dynamics of corruption and partisan politics;
10. Being cautious in mixing co-operative approaches with individual enterprise.

These lessons should be considered in microenterprise program design and implementation in rural Mexico, and across rural, indigenous areas elsewhere in the Americas. They may have application in rural areas of other parts of the world, as well.

CHAPTER TWELVE

CONCLUSIONS

This chapter draws together the findings of the field research, and the resulting recommendations for program design and management presented in Chapter Eleven, with a concluding discussion on the contributions of this thesis to the field of development. In concluding the study, this chapter returns to the original research question, articulating the response the research has succeeded in providing. The broader implications of the research are discussed, not only for the development programming level, but also for academic research in development studies. The chapter concludes by suggesting areas for future scholarly research, which could both verify and extend the work of the present study.

The Role of Microenterprise in Mitigating the Effects of Agricultural Restructuring

What now can be said about the central research question posed at the beginning of the thesis? As was discussed in the Chapter One, and also reflected in the findings chapters, the research into this question was subdivided into a three-part investigation:

- 1) Is agricultural restructuring being experienced in peasant communities and at rural household levels? If so, how? What are the trends in standard of living of rural households?
- 2) Is microenterprise an appropriate option for struggling rural households? How does it operate at the household level, and how does it fit in (or not fit in) with the traditional peasant agriculture activities of the household? What is the best economic strategy, in terms of choice of productive activities, for a rural household?

- 3) If rural microenterprise is an appropriate option for households, what barriers and difficulties are preventing them from having greater success? What types of assistance would be best-suited to helping rural microenterprises have a greater development impact?

To summarise the responses obtained to these questions, and presented in the preceding chapters, let us deal with each part in turn. The findings presented in Chapter Seven clearly indicate that macro-level agricultural restructuring policies have a strong effect on the lives and welfare of rural households. The package of policies that have drastically cut the government's support and protection of the peasant sector are being experienced in the form of falling prices for farm output, which, in turn, mean lower incomes for rural families. At the same time, farm inputs, and also household necessities including food, are increasing in price, further intensifying the squeeze on the already poor rural residents. The sense of vulnerability of many peasant families is heightened by the changes to land reform laws; now peasants' ownership of land is no longer protected and guaranteed.

Overall, peasant families are facing a bleak situation as they see declining farm incomes, the increasing price of necessities, a heightened vulnerability and uncertainty, and the widespread sense of fear of what the full extent of the agricultural restructuring policies will mean for peasant agriculture as the next few years unfold. Welfare indicators collected for this study paint a similar picture, as do official statistics. Rural Mexicans generally have a poor standard of living and most face the harsh reality of living in poverty. And rural residents do not have a particularly hopeful outlook. Life

has always been hard for them, but many have found that their standard of living has declined in the face of the effects of macro level policy changes.

The peasants' survival algorithm, described by peasant theorist Michael Lipton as the set of production rules they have set over many years that have shown to ensure their families' survival, is being challenged as no longer effective. However, as discussed in Chapter Two, "Theories of Peasant Economy", it is in the peasants' nature to persist in the face of adversity. Accordingly, this study found that peasant families rarely abandon their rural lifestyle. The peasants in the communities of southeastern Mexico have responded by modifying their survival algorithm – maintaining its proven elements and adding to it as necessary. As peasant economy theorist Gustavo Esteva predicted is often the case in time of economic difficulty, peasants diversify their economic activities, adding other sources of income including temporary and migrant labour, as well as rural microenterprise activities, while at the same time maintaining a predominantly traditional peasant lifestyle.

With respect to the second question, this study has found that rural microenterprise is a popular and effective strategy of rural households in dealing with recent economic challenges. The study found a very high incidence of microenterprise operation in the rural communities, even in areas where there has been an absence of external development assistance. Rural residents in the study area have demonstrated the strong ties that peasants have to the land, and their general unwillingness to cease an activity that has proven for many years to enable their survival. Most rural households have chosen to maintain their farming activities, and add new economic activities to them, rather than substitute new options for traditional agriculture.

In adding microenterprises to their survival strategy, peasant households have shown their disposition toward making use of marginal labour, by employing the labour of their female and older children family members in operating their microenterprises. The study found that households are able to integrate the two activities, farming and microenterprise, very efficiently within the household. With rare exceptions, the two activities do not detract from one another or cause conflict in the household, but rather act as effective complements in a variety of regards.

The two activities complement one another not only in the area of household division of labour, but also in the timing and nature of benefits from the activities. For the households involved in both activities, there are indispensable benefits associated with each. The farming provides a vital food source. The business provides a crucial source of cash for household necessities and children's education. The two activities help to provide a more stable flow of income to the family throughout the year.

In examining the standard of living of groups of households involved in the three different economic strategies found in the rural communities – 1) farming-only, 2) microenterprise-only and 3) both activities – the clear finding of this study is that the combination of farming and microenterprise is the most desirable and effective strategy. Some families add temporary or migrant labour to the equation, but in the case of the popular migrant-labour option, it comes at a cost to family relationships. As emphasised frequently here, a very important finding of this study is the vital role that traditional agriculture activities play in the wellbeing of families, providing nutrition levels that in many cases would be diminished if farming were to be terminated.

Another noteworthy finding of the present study relates to the impact of microenterprise on educational opportunities for children. Among the study sample, children in households involved in microenterprise are twice as likely as children in other households to attend secondary school. This relationship between microenterprise and improved educational opportunities is confirmed by the high number of business-operating households claiming to use business income for children's education costs. This finding has broader implications for the field of development. Poor families have been shown here to use microenterprise as one tool for helping to provide higher levels of education to their children. Development planners should recognise that microenterprise development can serve, potentially, as a development strategy in breaking the long-term cycle of poverty, a cycle in which low education levels are a key perpetuating factor.

With reference to part three of the investigation, the study has also found that, in many respects, households with microenterprises are not actually succeeding in improving the standard of living of their members, but rather are only succeeding in maintaining it. Non-business households are more likely to have experienced a decline in their standard of living. Even with the strategy of microenterprise added to the peasant survival algorithm, poverty persists among rural households.

The thesis examined the question of whether properly-targeted microenterprise development programs could help these microenterprises grow and become more successful, thereby helping rural families improve their standard of living. The first part of this question involved finding out whether rural microenterprise operators face debilitating difficulties in their businesses. This thesis concludes that, most certainly, these microentrepreneurs face serious business problems that prevent them from realising

their full potential. The most immediate and pressing problem is a lack of investment capital, and even in many cases, a lack of working capital, which prevents microenterprises from taking steps to a stronger business with better returns. Echoing the findings of earlier microenterprise studies and literature, the present research has found that the rural microentrepreneurs in the study region also suffer from significant marketing difficulties. Following capital shortages and marketing problems, microentrepreneurs cited a lack of business management skills and experience, as well as low levels of technology, as difficulties keeping them from greater success in their businesses.

Furthermore, the present research has found that untapped microenterprise potential is not limited to existing microenterprises that are operating below-potential. In the communities studied, there were also many new business ideas among households without businesses. However, the potential microentrepreneurs were prevented from putting into action because of the barriers facing them. Potential start-up enterprises were held back by similar barriers to those facing the existing businesses. Lack of investment resources was the most immediate limitation, with lack of business skills, fears of an already-flooded local market, and general fear of failure, all preventing prospective entrepreneurs from starting businesses.

Program interventions can assist microentrepreneurs to overcome these barriers. The findings of the present study indicate a high level of demand exists in peasant communities for microenterprise assistance programming that would provide credit, marketing assistance, business management training, and business-specific technical training.

Limitations of the Research

A word of caution is necessary regarding the broader interpretation and application of these findings. In particular, findings of the present study are clearly limited by the small-scale nature of the research sample. The first set of interviews involved 75 households; the second round involved 46 households. The sample did not permit statistically significant analysis. In addition, the study was undertaken in a small and very specific geographic area. While the findings of this study are generally consistent with previous research and analysis, they cannot be generalised more broadly. In this sense, further research – on a larger scale, in different geographic regions – is needed to verify the findings of the present study. Nonetheless, the findings herein offer a contribution to scholarly debates and subsequent research, as well as to development practice.

Broader Implications of the Research

One of the most potentially valuable contributions of this thesis to the field of development is the direct relevance of its findings for development interventions. The research has led to a very practical set of recommendations for designing and managing rural microenterprise programs in the study region, and beyond, which were presented in Chapter Eleven.

This research has also drawn together two fields that are usually kept very separate: the macro economic context, and the micro-economic functioning of the household. The study has shown that, in order to fully understand the dynamics of the household economy, it is necessary to understand the macro-economic context which

precipitates the economic realities within which the household operates and makes its productive decisions. In the microenterprise literature, the unbridged gap between the micro-level and the macro-level is demonstrated by the typically narrow focus on the microenterprise sector, and individual microenterprise operation. It is important to give serious attention to the macro economic forces and policies that continually shape the household's microenterprise activities and the overall development of the microenterprise sector.

There is also a serious lack of microenterprise literature with a specifically rural focus; much less does there exist literature examining the peasant agricultural framework of rural microenterprise development. This study has underscored the importance of understanding rural microenterprise within the context of an agriculture-based peasant economy. When peasant households incorporate microenterprise into their survival algorithm, they do so as an extension of their peasant decision-making process. Although they are important contributors to household welfare, rural microenterprises are widely considered by their owners to be secondary in importance to the traditional agricultural activities of the household. Rather than a separate endeavour, rural microenterprises are usually viewed by their household operators as elements of an overall strategy for survival as peasant farming households. Rural microenterprises should not be viewed in isolation from the peasant economy that has given rise to them, shaped their structure and operations, and framed the logic with which they operate.

This thesis has found that microenterprise together with agricultural activities, is generally the best strategy for rural peasant households coping with restructuring and globalisation. There is a need for more understanding of this as a combination strategy.

Literature and policy approach the two areas completely separately; development of the microenterprise sector is not seen as having any relationship to the development of peasant agriculture-based communities. The present study clearly shows that this should not be the case. Development literature, government policy makers, and rural development programmers need to recognise and understand the close link that has developed between peasant agriculture and microenterprise at the micro-level, working to complement and support the efforts of rural households in their fight against poverty. It is more analytically and programmatically powerful to understand how the economic strategies of agriculture and microenterprise are built together within households.

Directions for Future Research

This thesis highlights the need for further research in rural microenterprise development and its relationship to agricultural activities. The limitations of the small sample size and small geographic area represented in this study have already been noted. To verify whether the findings of the present study are statistically significant over a broad spectrum of communities, the study must be replicated on a larger scale.

The present study indicated a high level of demand for microenterprise assistance and has argued that well-targeted assistance should help microenterprises to overcome barriers and therefore make a greater contribution to improving rural family welfare. A longitudinal study, observing the development path of several hundred rural households that would have access to high-quality microenterprise assistance (as well as a control group of households lacking access to microenterprise assistance), could provide much-needed answers to remaining questions. In the long run, when provided with access to

such services, can rural microenterprises generate the success necessary to enable households to ultimately overcome poverty, or are they capable of being no more than a survival or coping strategy? A large-scale, longitudinal study could put this question to the test.

With such research questions addressed, it would be valuable to then broaden the scope of future research to include other rural areas of Mexico and Central America, as well as rural indigenous regions throughout Latin America. Such research would be necessary in order to verify whether the findings for the Mayan communities of the Yucatán Peninsula are generally true for other rural indigenous peasant communities throughout Latin America.

The combination strategy of agriculture and microenterprise employed by the rural residents of southeastern Mexico indicates substantial untapped potential in that area. The same strategy is likely being used by many rural populations around the world. In those other regions, this strategy could benefit from government and NGO assistance as well, and thus possibly make a greater impact on poverty. However, different macro-economic and cultural contexts would no doubt influence how the strategy is implemented. Further study should be undertaken into rural microenterprise in such other settings in Africa and Asia. With its large agriculturally-based population, Sub-Saharan Africa would be a particularly appropriate setting for further research on these issues.

There are several more specific issues that arose in this study which could benefit from further research. One such issue is the limitations that small and poor local markets place upon rural microentrepreneurs. Developing effective strategies, at various levels (individual, community, NGO, government, and private sector), that would enable rural

entrepreneurs to broaden their market access is probably key to achieving significant advancement in their generally low profit rates and very small size. It would also be useful to probe further on the extent to which minimalist microcredit programs can enable rural microentrepreneurs to overcome poverty, when other barriers to microenterprise growth, such as those related to marketing, are not addressed.

The present study has benefited from, and hopefully will contribute to, the fields of both development research and development practice. The activities proposed here for further research should, similarly, be undertaken by and for both engaged scholars and reflective practitioners.

Micro processes cannot be understood separately from their macro context. The agricultural policy environment exerts a profound impact on peasant households, and forms an important component of the decision-making process of the rural household with regard to its revenue-generating strategies. In rural areas, microenterprise and agriculture are two sides of the same coin. Development research, and development interventions, should treat them as such.

APPENDIX A

First Household Interview Protocol

Part A

Interviewee Profile:

Male or Female

Age

Education level

Principle economic activity

Other economic activities

Profile of the Household:

Number of people in the household

For each member of the household:

Position relative to the interviewee (husband, daughter, mother)

Age

For those under the age of 18: attend school?

For those not attending school: level of education attained

Principle economic activity

Other economic activities

1. How many years have you lived in this community?
2. What type of work did your grandparents do? Do your present economic activities differ from those of your grandparents?
3. (If so) Why have you chosen to change the economic activities of your family?

Part B

Farming Households

4. What quantity of land do you have under cultivation?
5. What types of crops do you cultivate? What types of animals do you raise?
6. What is your principle crop? Does any type of animal stand out as being most valuable to you?
7. What specifically is the most important crop or animal for your family?
8. Does your farming meet the subsistence needs of the household?
9. Approximately what portion of your harvest is sold?
10. What are the benefits that farming provides to your family?
11. Why do you value farming? For provision of food to the household, for cash income, or for reasons of culture and family tradition?

Part C

Microenterprise Households

12. Does your household have any business activities besides farming? What type of business?
13. How would you describe the work involved with your business?
How many hours are dedicated to the business?
How do you obtain your inputs?
How many people work in this business?
Do you have employees outside the household?
How do you sell your product?
14. When did you start this business?
15. Did you receive any support or assistance to start your business?
16. What benefits does the business provide to your household?

APPENDIX B

Second Household Interview Protocol

Part A

All Households

1. How would you classify the standard of living of your household:
 - a) Have completely inadequate resources to live on (very poor)
 - b) Have less than adequate resources to live on
 - c) Have more or less enough to get by adequately
 - d) Have sufficient resources to enable a comfortable life
 - e) Have a very good standard of living

Recalling the situation of your household five years ago: how did your standard of living then compare to what it is now? Are you presently living better-off, worse-off, or the same?

And, recalling the situation of your household ten years ago: now better-off, worse-off or same?
2. To what factors do you attribute any changes in your standard of living?
3. Do you know anything about the North American Free Trade Agreement? Please explain.

What is your opinion of NAFTA?

Does NAFTA have any implications for you personally?
4. Do you know anything about CONASUPO?

Are you aware of any recent changes in CONASUPO?

What is your opinion of these changes?
5. Do you know anything about Article 27 of the constitution, or about the rules governing ejidos?

Are you aware of any recent changes in Article 27 or the rules governing ejidos?

What is your opinion of these changes?
6. Do you know anything about Banrural?

Are you aware of any recent changes in Banrural?

What is your opinion of these changes?
7. Are you familiar with any forms of direct farm subsidies, present or past?

Have you noted any changes in direct farm subsidies in the last number of years?

What is your opinion of these changes?
8. Have any of the above changes had implications or impacts for you personally? In what form?

9. Given the following three options, which do you think would be the overall best strategy for a household:
 - a) to be involved only in farming, and depend completely on farm produce and income for household income.
 - b) To be involved only in a small business, and depend completely on a small business for household income.
 - c) To be involved in both farming and small business, and to depend on both activities for household income.
 Please explain your choice.
10. How important is it for your family to continue living in a rural setting, as opposed to moving to the city?

Part B

Category-Specific Questions

Households with Temporary/Migrant Labour

11. Why does one of the members of your household work outside of the community?
12. What benefits does this work provide to your household?
13. If there existed more economic opportunity in your community, do you believe this family member would still migrate for work?

All Farming Households

14. As farmers, do you receive any type of financial assistance from the government?
Please describe.
What is your opinion of this assistance?
How important is it to your farming operation? Please explain.
15. Try to picture yourself and your family in a situation in which it would not be possible for you to have crops. In what ways would the welfare of the family be different?
16. Do you believe the peasant way of life is changing?
17. Does your family plan to continue working the land in the future?

Households with Farming and Temporary/Migrant Labour

18. Is your non-farm income intended to help you continue farming, or does your family hope to eventually leave farming?

Farming-Microenterprise Combination Households

19. What are your views on the combination of farming and a business as the economic activities of your household?
Is this a good combination or not? Why or why not?
What are the advantages of being involved in both activities?
What are the disadvantages of being involved in both activities?

Do you and your household feel overburdened by the workload involved with these activities?

Non-Farming Households

20. Why is your family not involved in farming?
21. Is your family affected negatively by not growing crops?
Is there any effect on the level of nutrition in the household?
Do you think your level of nutrition would be better if your were farming?
22. Do you ever consider returning to farming? Why or why not? If yes, what prevents you from doing so?

All Microenterprise Households

23. Try to picture yourself and your family in a situation in which it would not be possible for you to have your business. Would you do some other activity instead? What?
24. If your family were to lose the business, how would your welfare be effected?
25. Has the income from your business enabled the members of your household to improve your lives? Please provide examples.
26. Does your business effect the education opportunities of your children (or siblings, grandchildren, etc.)? In what ways?
27. Recalling the time when your started your business, can you think of any types of assistance or support that would have helped you to start with fewer difficulties?
28. Now, what are the difficulties you face in your business that prevent it from becoming more successful?
29. Now that your business is in operation, can you think of any types of support or assistance that would help you to have more business success?
Would any of the following types of assistance be helpful for you in strengthening your business? Please explain how.
 - a) Credit
 - b) Technical training
 - c) Business management training and advice
 - d) Training in marketing and market information
 - e) Other ideas?

Which of these forms of assistance would be most important to you?

30. If a program offering such assistance were made available to you, would you participate?

Non-Microenterprise Households

31. Have you or anyone in your household thought about starting a small business? Why or why not?

Continue questions for those with a business idea.

32. What type of small business? What ideas do you have about how you would start and operate this business?
33. What has prevented you from moving ahead with your ideas?
34. If you had a small business, what would you use the income for?

35. Can you think of any types of support or assistance that would enable you to start and operate a business?

Would any of the following types of assistance be helpful for you in starting a business? Please explain how.

- f) Credit
- g) Technical training
- h) Business management training and advice
- i) Training in marketing and market information
- j) Other ideas?

Which of these forms of assistance would be most important to you?

36. If a program offering such assistance were made available to you, would you participate?

Part C

Welfare indicators for all households:

Floor material

Wall material

Roof material

General condition of the house

Sanitation facilities

Cooking medium

Refrigeration

Method of obtaining water

Television

Vehicle

APPENDIX C

PERSONAL CASE HISTORY

The Life of Cristobalina:

The Struggles of a Rural Woman Microentrepreneur

I had the privilege of getting to know Cristobalina while I was living in the village of Calcehtok. When we met, in 1997, she was a 29 year-old mother of three children. Cristobalina is a very hard working microentrepreneur, and is driven by a determination to provide a better future for her children. Her story illustrates the hardships involved in being both a peasant woman and rural microentrepreneur in Mexico.

Cristobalina's Childhood

Cristobalina was born and grew up in the state of Puebla, in central Mexico. In her family there were eight children, one of who died in infancy. Cristobalina has pleasant memories of her childhood, when both of her parents, her grandfather, and all her siblings lived together in a one-room house made of dried grass. As a child, she went to school, a two-kilometre walk from home.

When Cristobalina was ten years old, her mother fell seriously ill. She and her older brother took on many of their mother's responsibilities. The two children regularly carried the laundry six kilometres to the river where they did the washing. Cristobalina arose very early each morning to do chores before going to school. She washed the corn and took it to the mill, a kilometre away. Her father, Don Aron, helped her make the daily tortillas.

Cristobalina's father worked the land, growing corn, beans and pumpkins. It was a tradition passed on from the previous generation. Working the land was a family

endeavour; during important seasons in the farming year, the whole family went to the fields to help out. Because money was so scarce, Don Aron also regularly went to a nearby community to work in the rock quarries.

When Cristobalina completed grade four, at the age of eleven, her parents could no longer afford to send her to school. She then moved to the city where she worked in a private home, cleaning, cooking, and looking after the children. It was a major adjustment for an eleven year-old peasant girl, and she remembers it as a difficult and sad time.

Married Years

When Cristobalina was fourteen, she met her future husband. Celestino, who was ten years older than her, gave her a great deal of attention and was very kind to her. She felt she had finally found someone who would care for and look after her. The two quickly became a couple. In retrospect, Cristobalina sees that she was far too young to be in such a relationship, but no one had taught her about such matters. As was common with many poorer families, there was no official marriage ceremony, but Cristobalina and Celestino considered themselves a married couple.

According to tradition, Cristobalina moved into the home of her in-laws. However, intense problems with her mother-in-law drove her to separate from her husband within a few months. She returned to her parent's home, pregnant with her first child. At that time her own parents separated; her mother left while her father stayed home to care for the children. Alone and terrified, fifteen year-old Cristobalina gave birth to her daughter Clori. She and the baby stayed in her father's home while he worked to support them and her siblings.

Times were hard, and the family decided they needed to find better work. They made the difficult decision to leave their land, and move to a port town in the Yucatán. Cristobalina's father worked there in the rock quarries and also fished. Sadly, alcohol became a problem for him, and much of the family's income was spent on liquor. Cristobalina was able to find work in a shop where her employer allowed her to bring her baby to work.

When Clori was ten months old, Celestino came to the Yucatán. Don Aron refused to accept him into his home. He explained to his daughter that at some point she would need to build a life for herself, independent from her father and siblings. Cristobalina decided that she would try again to live with her husband.

She returned to the home of Celestino's parents in Puebla. Cristobalina continued to have relational difficulties with her mother-in-law. Worse still, Celestino began beating her, as is common in the machismo culture. Cristobalina was very angry at this treatment, and felt strongly that men should not be permitted to behave violently toward women.

In Puebla, Cristobalina became pregnant again and gave birth to her son Cristobel. Not long after, Cristobalina decided she could no longer endure her living arrangements. With her husband and young children, she went to live with her family in the Yucatán. A third child, a girl named Emelda, was born there. Again, the young family returned to Puebla, this time to the home of Celestino's brother. Cristobalina once more worked as a maid, taking her youngest child with her while she worked, and sending her other two children off to school. Times continued to be very difficult. Celestino drank heavily, spending most of his income on alcohol.

Cristobalina Becomes a Microentrepreneur

By this time Cristobalina's mother had returned to her hometown (though the remainder of her family was then living in the Yucatán), and had started a Social Solidarity Society (SSS). She invited Cristobalina to join the group. The ten SSS women put together a small business project plan. As an officially registered SSS, they were eligible to apply for government assistance to buy sewing machines. Cristobalina took on a very active role in leading the SSS. However, Celestino was against her involvement with the co-operative, and did not like the fact that she was earning money. Since he did not provide sufficiently for the family, Cristobalina felt she had no choice but to work. Furthermore, she enjoyed the co-operative work spirit she shared with the other women, and felt a sense of accomplishment from her work. She hid many of her activities and business trips from him.

The SSS women built a workshop, and taught themselves how to use their new sewing machines. They embroidered serviettes, tablecloths and sheets. Cristobalina took her youngest two children with her to the workshop, where she spent the mornings and afternoons working. Cristobalina was able to use the money she earned to clothe herself and her children. She also used the money to provide health care and medicine for the children when they were sick.

When a batch of embroidery was complete, the SSS women would travel to the city of Puebla for the day to sell their goods in the markets. These were long days, and Cristobalina would arrive home very late. This angered her husband and many fights ensued. It was a constant source of frustration for Cristobalina that he did not bring home

enough money for the family to live on, but still would not permit her to work.

Cristobalina decided it would be better for them to separate.

She returned to the Yucatán with her children, this time to stay. Her father had moved to the village of Calcehtok, along with her brothers and sisters. Cristobalina came also to Calcehtok, and again moved into her father's house. She saw that her younger siblings were suffering without a mother, so she took on the role of a mother for them.

In Calcehtok, Cristobalina started her own small business, selling sweet bread and orange juice at the local school. She spent the afternoons preparing the food and dedicated the mornings to selling.

Some time after the family had settled in Calcehtok, Celestino arrived with the promise that he had decided to change his ways. Though he did not have work, the family accepted him. By this time, Clori had finished primary school. If she were to continue her education beyond this point, the family would have to start paying for her schooling. Cristobalina was determined that Clori would go to secondary school, so she went to work in Mérida during the week in order to pay the schooling costs. The children stayed with their aunt while she was away. When Celestino found a job two months later, she was able to return to Calcehtok and be with her family. She returned to her microenterprise work.

After a year and a half of living with Cristobalina's father, the couple was able to build their own modest home. It was a typical local house, which they constructed with packed mud and grass, and a palm roof. There was an open kitchen structure in front of the house, where Cristobalina cooked over firewood. There was no latrine.

Cristobalina began considering of ways that she could better provide for her children. Along with selling sweet bread at the school, Cristobalina started hand-embroidering serviettes. She also made inexpensive shorts, which she could sell in the village. Cristobalina began decoratively painting serviettes as well, and soon gained such a reputation in the village that people often came directly to her home to request her painting services. Cristobalina's entrepreneurial spirit led her to identify a further opportunity in the lack of fresh vegetables available for sale in Calcehtok. She decided that a promising business endeavour would be to buy vegetables in the state vegetable market (two hours away), and sell them in Calcehtok. Celestino joined in this work. To start this initiative, they used the money from Cristobalina's handicraft sales to finance the trips to the vegetable market. They set up a vegetable stand in front of the village corn mill-tortillaria.

With all of her microenterprise activities, Cristobalina was running short on time. She found that her sweet-bread business was providing good returns, and decided to help her younger sisters take over and expand the business. She taught them how to make various sweets, pastries, and sandwiches, and arranged for them to sell their food during recess and lunch break at the school.

Joining the Co-operative

When the ChacLol Co-operative started in Calcehtok, Cristobalina joined the group enthusiastically. Her experience with the SSS in Puebla had been a positive one, and Cristobalina was pleased to see a co-operative development effort in her new village. One day the ChacLol leaders held an assembly in Calcehtok, and announced that they would be providing assistance to start a sheep and goat raising project, and were

particularly looking for women's participation. Cristobalina was very interested.

However, again, she found her husband did not like the idea. Nonetheless, she decided to go ahead with participating in the project. Whenever she went to Co-operative meetings, or was helping out with the Co-op's work, Celestino would angrily demand: "Where are you going?" "Where have you been?" Cristobalina was exasperated by these problems. She stood her ground and told her husband, "with your help or without it, I am going to continue to work for a better life for my family!"

Cristobalina began working with ChacLol to clear the land for the sheep. Six months later the sheep arrived – thirty of them. ChacLol provided courses to the co-op members on how to care for the sheep, and they started work. Twice daily, the sheep needed to be attended to, and taken to pasture. However, the other women in the group were not accustomed to the type of work involved in caring for sheep; for them, it was men's work. Motivation also dwindled as women found they did not want to work and have to wait until the end of the year, when the sheep could be sold, to earn any money. All of the other women stopped participating in the sheep project. In the end, all of the work in the co-operative's sheep project in Calcehtok was shared between Cristobalina and her father.

A problem developed between the Cristobalina and one of the men in the village who has some land bordering on the sheep pastures. He felt that because she was not originally from the village, she should not have the right to pasture sheep on the land surrounding the village. The matter was taken to the municipal commissioner, who decided that the land belonging to the sheep project should be fenced in. Cristobalina did not have the money necessary to buy materials for a fence, nor could the Co-operative

immediately fund it. She sadly recalls one day when the man who had made the complaint caught her by her arm and told her that if she would sleep with him, he would drop his complaints about the sheep. She adamantly refused his offer. Nonetheless, his request caused much grief to Cristobalina, as she felt the lack of respect she had as a woman, despite the fact that she was a hardworking member of the community. The situation caused her to be even more determined to provide a good education to her daughters, so that perhaps they could live with more dignity than she.

Cristobalina's Outlook

Cristobalina often wishes she could continue her studies. With only a grade four education, she is aware that her reading and writing skills are poor. She feels that as long as she has such a poor level of education, she is very limited in how much she can improve her life. Nevertheless, she sees that it is simply not possible for her to study. The money she earns must be put towards buying shoes and school supplies for her children. Sometimes she even has to go hungry to provide for them.

Some women in the village have expressed to Cristobalina that selling things in the village would cause them to feel a great deal of shame. Cristobalina sees things differently. "The sun rises on us all. We can all do something to improve our lives if we want to."

Cristobalina's Typical Day

At 5:30 in the morning Cristobalina rises, and lights a cooking fire. She puts on the coffee and makes the morning's atole (similar to porridge). She cleans the yard, irons the children's clothes and makes breakfast. At eight o'clock she sends the children off to

school – two to secondary school and one to primary school. Then it is time to tend to the sheep. Their pen is about one kilometre from her home, and then they must be led out to the green pasture, which is about another two kilometres beyond. At eleven o'clock Cristobalina returns from the sheep pasturing, and does housework. She washes dishes, washes clothes, fills the water containers, and makes lunch. After lunch, she continues washing and cleaning. If she can find time, Cristobalina likes to go to the church in the afternoon. At three o'clock it is time to tend to the sheep again. The time pasturing the sheep also gives her the opportunity to collect firewood.

At six o'clock, she returns from the pasture, bathes, and prepares supper. The early evening is spent with the children, helping them with homework and talking as a family. Cristobalina also makes use of this time to work on her embroidery. Several days during the week, Cristobalina makes extra time in her day to prepare sweet bread, and sells her products door to door. She also tries to find time to prepare a special meal for the family each week. The family goes to bed at nine or ten o'clock. There will be an early morning and another active day ahead.

This pattern is repeated, Monday through Sunday – the typical workweek for Cristobalina, and for many other poor, rural women like her in southeastern Mexico.

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