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# Socio-economic impacts of micro-credit: the case of rural Mexico

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# The Socio-Economic Impacts of Micro-Credit: The Case of Rural Mexico

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# Abstract

The idea of lending money to the poor via microfinance is a poverty reduction method that is used. It gives people the necessary tools to help themselves out of the vicious cycle of poverty. This paper discusses micro-credit as an alternative method for poverty reduction in rural Mexico, in particular Chiapas. Based on a historical, economical, and a cultural review of the region, it argues that microfinance is an attractive solution to alleviating poverty without sacrificing indigenous culture or loosing control of their local economies.

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## Introduction

"The poor do not need charity they need the tools necessary to help them out of poverty."

-Dr. Mohammed Yunus

Micro-financing is the tool Dr. Yunus refers to in the quote above. It is a catalyst for economic growth and social change, in particular for developing countries. Micro-financing is a growing method for alleviating poverty. The benefits for this methodology are many. It creates self-employment opportunities for thousands of unemployed people, by making capital tangible as an aid to start and/or sustain a small business and acquire a fixed income. These programs are empowering people that would otherwise never be given the opportunity to move up the social ladder, especially women. In general, micro-financing is "reversing the age-old vicious cycle of "low income, low saving & low investment", into the virtuous cycle of "low income, injection of credit, investment, more income, more savings, more investment, more income"."[1] The World Bank has classified Mexico as a "middle-income country." It has the second highest gross domestic production (GDP) in Latin America, second to Brazil. However, it is also a country that suffers periods of sever economic stagnation, political corruption, and social instability and inequality. The gap among the rich and the poor, as well as the one between urban and rural is still very large. According to the World Bank statistics from 2002, 53 percent of the population lived on less that $2 per day and 24 percent lived in extreme poverty

[1] www.grameen.org

defined as less than $1 a day.[2] Mexico also accounts for the second largest indigenous population in Latin America. Even though this is a sterling fact, this population tends to be the most marginalized in the modern society. It is a continuous struggle that the indigenous people are facing, as they try to balance their assimilation into the rapid globalizing economy and preserving their culture identity.

The focus of this paper will be rural Mexico, more precisely the state of Chiapas. This state was chosen because it is has a significantly population and diversity of indigenous cultures. Chiapas is one of the richest states in natural resources, yet it has a surprisingly high poverty rate. The uniqueness of its political history with the revolution movement of the Zapatistas was another reason to focus on Chiapas. This peasant revolt was focused on fighting against the vicious effects of globalization, for example, the displacement of land by foreign companies. Micro-financing is a positive alternative for socio-economic change in Mexico and its rural regions, because it is allowing more people to be in control of their local economies while preserving their languages, and cultural identity.

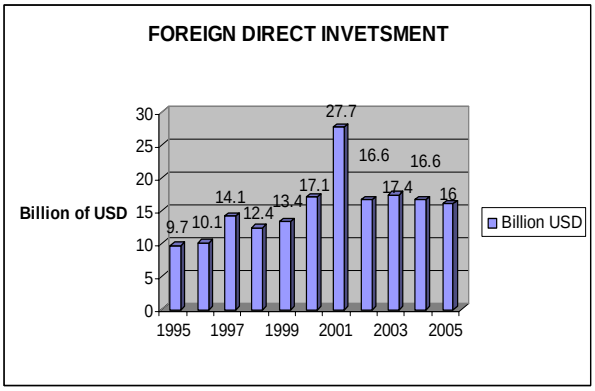
Today, there are hundreds of micro-financing institutions (MFI) operating in Mexico and over 474,385 people registered as active participates in MFIs.[3] In the last four years 5,600,000 people left poverty in Mexico. "As soon as they had the opportunity, they just did it; they just overcame the situation of poverty." – President Fox

[2] Country Brief: Mexico. www.worldbank.org
[3] www.mixmarkets.org

## History of Mexico

Mexico has followed a pattern of political, social, and economic instability which has caused the economy to lag behind its potential. The country has had very prosperous economic stages such as the 'Porfiriato', under the quasi-dictatorship of Profirio Diaz, and it has seen massive economic instability as in the crisis of the 1990's.

Porfirio Diaz was in office for over 34 years, from 1876- 1911, with a pause from 1880-1884. Although the 'Porfiriato' was an undemocratic government as Diaz kept changing the constitution to extend his presidential term, it was also a flourishing economic era. Mexico moved towards a 'modern economy' as finances, trade, industry, and the mining sectors were modernized. Foreign direct investment flowed in the country allowing for the development of the oil industry and the railroad system, opening the markets of Mexico for years to come.




Source: Camara de Diputados: Centro de Estudios de las Finanzas Publicas

By 1910 approximately 90 percent of the rural habitants were landless, after Diaz implemented a communal land policy granting rich estate owners lands that formally belonged to the "Amerindian".[4] Porfirio Diaz's dictatorship defined a two-tier class

[4] www.latin-focus.com

structure and brought a long period of hostility in the country highlighting the prevalent gap between the rich and the poor.

A revolutionary army headed by Emiliano Zapata and Francisco Madero was created to overthrow Diaz's government, leading to the era of the Mexican Revolution (1910-1920). The revolt called for structural change in the government and society. The leaders wanted more rights for the working and peasant class, including giving them their land back and the ability to choose their political leaders. This bloody period brought a great loss of human life and created political instability and stagnation in economic growth, since much of the work force was sacrificed. In 1911, Diaz resigned leaving Madero to the presidency.

In 1913 however, another political up head led to the coup d'etat overthrowing Madero, later followed his assassination. This unstable political pattern did not allow for further economic growth as roots of corruption were beginning to grow, and constant revolutions were costing hundreds of lives.

Following the Mexican Revolution era, in the late 1930s, the 'Partido de la Revolucion Mexicana' (PRM: Mexican Revolution Party) was officially formed, later becoming the infamous 'Parido Revolucionario Institucional' (PRI: Institutional Revolutionary Party), which governed for over 71 years.

The later period of 1958-64, under Adolfo Lopez Mateos, cultivated an economic spurt. The process of land redistribution took place, increasing agricultural production and foreign investment. At this same time however, the control of Mexico's economy by foreigners, in particular the United States began. The following *sexenio* (1970-76), under the presidency of Luis Echevarria Alvarez, was known for his strong stances against

imperialism and foreign control. His leftist perspectives were demonstrated thru his efforts to redistribute power and wealth between developed and developing countries. His government increased social welfare programs, increasing rural development by increasing the number of schools and health centers in rural areas. "Echevarria became a champion in Leftist causes in Latin America." (Mex US congress) During this time frame, though, foreign and domestic investment was deterred because of Echevarrias "anti-business" views. Public revenues then decreased, increasing deficit spending and foreign debt.

Coincidentally, the oil boom in Chiapas took place in the mid 70's, making Mexico the fourth largest producer of oil in the world by the early 80's. In contrast with the discovery of Mexico's endowment of natural resources, the irony of an economic downfall ensued.

Oil assured a secure investment in the country and foreign banks and international lending agencies (i.e. IMF) boosted the country with loans, keeping the peso overvalued. However, oil exports became the only good Mexico was exporting, crowding out other exports. In 1979, petroleum accounted for 45 percent of total exports.[5] Nonetheless, the sudden growth of Mexico's GDP, encouraged by the massive demand for oil, caused disequilibrium. The demand for Mexican currency massively increased and the lack of fiscal restraint caused an overproduction of the currency and depreciated the value of the Mexican peso. This only fed inflation which reached 100 percent annually, and dramatically increased Mexico's foreign debt.[6]

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[5] US Library of Congress. "To the Brink and Back 1982-1988." <http://countrystudies.us/mexico/42.htm>
[6] Ibid

When Miguel de la Madrid took office in 1982, he called for severe economic reforms, which in the long run had a negative impact on the already poor populace. His extreme approach to fixing the economy consisted of federal budget cuts, new taxes, an increase in interest rates and prices, relaxation of foreign exchange, and reducing subsidies and government expenditures.[7] The aim for this economic reform was to restore the faith of the people in the PRI. Promising a mere glimpse of economic prosperity would promote a positive view on the leadership keeping them in control for longer. The International Monetary Fund played a large role in the assessment of Mexico's economy. That is, they encouraged international monetary cooperation, facilitated international trade, and promoted the elimination of exchange rate restriction among other actions in order to help strengthen the confidence in the citizens.

Since the 1980's Mexico has followed a neo-liberal or laissez-fair oriented trade policy, encouraging open markets and integrating into the international economy. As President Salinas de Gortari (1988-1994) followed de la Madrid's structure of "political, economical, and cultural modernization." At the same, time though, oil prices continued to fall from the previous *sexenio* and Mexico's dependency on this natural resource led to a weaker economy.

The ties between Mexico and the U.S. increased as the U.S. provided a US$3.5 billion loan, increasing Mexico's dependency. This *sexenio*, nonetheless, marked the continuous downfall of Mexico's economy: unemployment ski-rocketed, real income decreased by 40 percent, and inflation increased by over 160 percent annually. The

[7] US Library of Congress. "To the Brink and Back 1982-1988." <http://countrystudies.us/mexico/42.htm>

social, economic, and political modernization efforts only caused further stagnation and social turmoil.

The drawbacks to opening the Mexican market and encouraging foreign ownership left thousands of people jobless. Since many major local companies were forced to shut down because of the stronger foreign competition. The implementation of the North American Free Trade Agreement (NAFTA) on January 1st of 1994, eliminating tariffs and quotas on goods between the United States, Canada, and Mexico, was intended to increase foreign investment and promote economic growth for the country, as well as to maintain good relations with its neighbor. Some scholars have argued that the effects of NAFTA have had both positive and negative connotations. For example, while it has secured free trade and foreign investment, helping the economic development; it has also left many people in the small or private sector out of business or unemployed.

The negative social effects of the liberal economic policies in Mexico, including NAFTA, were demonstrated by an uprising in Chiapas on January 1, 1994 by agrarian rebels, the majority being of indigenous heritage. The motivation of the Ejercito Zapatista de Liberacion Nacional (EZLN: Zapatista Army of National Liberation) was to call attention to the economic lag of the South. The EZLN was created to promote social, political, and economical change for the indigenous people in the state of Chiapas. On the day of the up rise, 'Subcomandante Marcos,' leader of the movement stated:

> "Today the North American Free Trade Agreement begins, which is nothing more than a death certificate for the indigenous ethnicities of Mexico, who are perfectly dispensable in the modernization programs of Salinas de Gortari. Thus the 'compañeros decided to rise up on this same day to respond to the decree of death that the Free Trade Agreement gives them, with the decree of life that is given by rising up in arms to demand liberty and democracy, which will provide them with the solution to their problems. This is the reason we have risen up

today. Don't forget, this is an ethnic movement."[8]

The EZLN was supported by the cultural and ethnic background that prevails in the region, articulating the resentment of the causes of neo-liberalism in Mexico. According to this movement global capitalism, accentuated by agreements such as NAFTA, only increase the marginalization of the indigenous people by exploiting their lands and workers and allowing them to lag economically. This type of movement has been referred by scholars as an "agenda of resistance to global capitalism and neo-liberalism".[9] Scholars such as Alex Callinicos have also stated that these movements which are aiming to reform the injustice and inequality generated by capitalism will only continue to proliferate until capitalism ceases to cause these issues.[10] Luis Donaldo Colosio, the leading PRI presidential candidate at the time, and the former secretary of the PRI were assassinated that same year. These events only took attention away from the sluggish economy.

Even though there was a positive increase in exports during this period, most of these were coming from the newly established *maquiladoras* (export assemblies owned by foreign companies established after NAFTA agreements and located on the U.S.-Mexican border) not having a direct impact on the economy. On December 20, 1994, the massive devaluation of the peso was announced. This event generated sever chaos in they system. Interest rates swelled, causing a significant decrease in investment. With the increase of deficit in current accounts and the extraction of capital, Mexico's foreign debt amplified. This economic recession was far-fetched from the 'democratization and

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[8] Iain Watson "An Examination of the Zapatista Army of National Liberation (EZLN) and New Political Participation."
[9] Ibid
[10]Ibid

modernization' process in Mexico. The Salinas *sexenio* cultivated one of the most devastating social, political, and economic disasters that left the country unstable up to current date.

The following presidential period of Ernesto Zedillo Ponce de Leon, was yet another term under the rule of the PRI. The economic situation continued to worsen this period later become known as the "Tequila Crisis." Only massive international intervention rescued the country. The country received approximately $40 billion of medium-term financing from the International Monetary Fund and the U.S. government.[11] However, at this point the Mexican people lost all confidence on the PRI whose political supremacy was soon to be over.

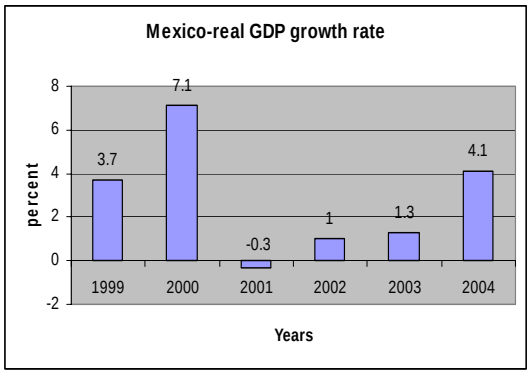
December 1, 2000 marked the dramatic historical change for the Mexican populace. Vicente Fox Quesada, from the National Action Party (PAN: Partido de Action Nacional), became the first president from the opposition to take office. President Fox's envisioned transforming Mexico's corrupt politics and failing economy into a transparent and democratic system, with social equality.

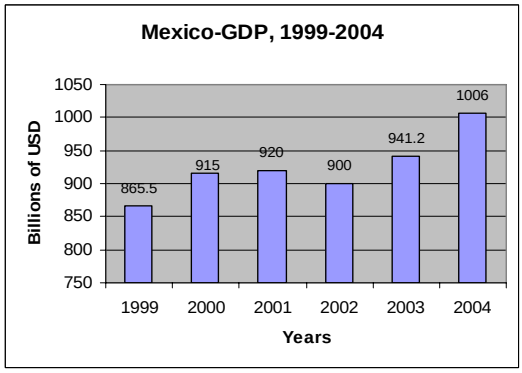
At the start of his presidential term President Fox promised to expand expenditures in education, social spending, and infrastructure. As he concludes his seventh presidential year his ability to keep these "promises" is at stake if another party is elected. In an interview with Fox, provided by The Foreign Affairs Council, he said:

> "It's not been an easy path. I think Mexicans were well aware of this. It's been hard this five years—difficult years. What we inherited then and what became our government program in the beginning of this new vision and the construction of

[11] International Monetary Fund. "The Role of the IMF: Financing and Its Interactions with Adjustment and Surveillance."

this new architecture on this nation was based upon first the need to have democracy as a way of life, but not only for electing the leaders and governments in the country, but democracy as a practical, efficient tool to development, to the better being of people, to quality of life, to eradicate poverty, to distribute income." these three points: transition to democracy as a way of life, economic stability, a solid economy to make sure that we protect people and families' patrimony first and above all, and number three, human development—opportunities for a better life to each Mexican."[12]




(Source: INEGI) These graphs illustrate the economic development Mexico has followed since President Fox.

He has paid particular attention to the indigenous population, creating many programs to help the preservation of the culture while increasing education. Under the department of social development, (SEDESOL: Secretaria de Desarrollo Social) programs such as 'Oportunidades' have granted help to millions of people in extreme poverty. It is a program helps poor families in rural and urban areas, invest in human

[12] Peterson, Peter G. "A Conversation with Vicente Fox Quesada [Rush transcript; Federal News Service, Inc.]." September 15, 2005. Council of Foreign Relations. New York, NY http://www.cfr.org/publication/8884/conversation_with_vicente_fox_quesada_rush_transcript_federal_news_service_inc.html

capital. It provides educational grants so families may afford to send their children to school giving them greater long-term opportunities. Also, it provides basic health care to all the family members.[13] In the year 2000 24.2 percent of the population lived in extreme poverty, while in 2004, the number decreased to 17.3 percent.[14] This program aims to guarantee the poorest families the right to access education, adequate health services, and proper nutrition.[15] Today, in rural areas 27 percent of the population lives in extreme poverty, compared to 42.4 percent in 1994.[16]

Along with these programs, President Fox also proposed and created a government-led micro-financing institution, following the pattern of the Grameen bank in Bangladesh, India. The reason for this was to increase the small-medium business sector, which according to Fox, is a strong component for the national economic growth generating more job opportunities, and increasing competitiveness. Furthermore, the poorest people in country would have access to capital potentially increasing national savings.

Six years following his election, the Mexican people are now preparing for the next presidential election which will take place in June 2006. This upcoming presidential election is crucial because it will either bring a continuation of the social, political, and economical changes brought about by President Fox, or massive socio-political instability with a possible concurrent economic crisis under the rule of another political party.

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[13] Shanghai Poverty Conference: Case study/ World Bank http://info.worldbank.org/etools/reducingpoverty/casestudy.asp?type=case

[14] "Reduce pobreza extrema en sexenio de Fox," El Universal- México http://www.el-universal.com.mx/notas/319121.html

[15] SEDESOL: Oportunidades http://www.progresa.gob.mx/htmls/quienes_somos.html

[16] "Las buenas noticias también son noticias." Presidencia de la Republica Mexicana http://www.presidencia.gob.mx/buenasnoticias/?contenido=22279

Mexico is growing more integrated with the international economy; conducting the majority of trade thru free-trade agreements and opening their markets to the world. There are tradeoffs involved with this economic development. For instance, the preservation of cultural identity among the indigenous population is at stake. As demonstrated by the EZLN, the people want to preserve their cultural identity, but not remain poor and marginalized. The focus of this paper is on the socio-economic impacts of micro-financing in Mexico, given its cyclic and structural political and economic problems. Micro-financing has demonstrated the potential to advance education and increase the standards of living of people while preserving their language and traditions. This paper explores whether or not micro-financing is an appropriate method to further the economic growth of Mexico, in particular that of the rural areas, which are typically the most backwards.

## Micro financing

The idea of micro financing has evolved over the past decades as a method to alleviate global poverty. Micro financing provides services such as small loans to finance self-employment (micro loans), micro credit, savings, payment transfers, micro insurance, and other financial services. These are focused on helping people who traditionally do not have access to such capital or services, making possible investments in small businesses that will generate income and make the populace self-sufficient.[17] Micro-financing is considered a development tool because it helps people at the bottom of the economic ladder to have more control over their local economy. Also, it provides a long-term solution to some harsh characteristics of poverty, such as malnutrition,

[17] Ledgerwood, Joanna pg 1

illiteracy, and inadequate housing. . It is geared, but not limited to women in the poorest areas of the world. One reason for this is that women constitute of the largest share of the population (along with infants) suffering from poverty. It was calculated by the United Nations Fund for Women (UNIFEM) that absolute poverty among women in the developing world, has grown by 50 percent in the past two decades.[18] Granting micro-loans is a source of empowerment that gives women an opportunity to be active outside traditional household obligations. For example being more involved in economically productive activities and the political process of society.[19] Not to mention the fact that generally women tend to be responsible for the family's well-being including their education, health, and nutrition. Women typically have fewer economic opportunities and little or no access to collateral hindering their participation to traditional loans by commercial banks. Furthermore, according to studies conducted by the World Bank, many projects monitoring repayment data, reported a higher rate of repayment of loans in projects that focus on women rather than on men. Many scholars have argued that an increase in women's income is more beneficial to the household and community, compared to proportionate increase in men's income.[20] It is disputed that women tend to weigh household maintenance and risk reduction more heavily in business strategy, creating a tendency to use family labor and locate their business in the household.[21] Studies conducted by the U.S. Agency for International Development indicated that many MFIs share the belief that women are good credit risks as they tend to have a higher

[18] www.unifem.org, 2001
[19] UN-report of the Secretary-General. "Role of Microcredit in the eradication of poverty."www.grameen.org/mcredit/unreport.html
[20] Ledgerwood, Joanna P38
[21] Ibid

repayment performance.[22] However, it is only realistic to take into account that often they also fail to repay loans considering them charity and not business.

***Methodology of MFI***

Each MFI has a different methodology of providing micro financing. There are several methods that have evolved including: The Grameen Bank and communal/village banks. However, they all have the same goal of helping the poor out of the vicious cycle of poverty.

Some general characteristics of micro-financing are as follows:

1) Small amounts of money
2) Short-term repayment cycles
3) Structured according to earnings and capital of people
4) Simple application procedure
5) Small interest rates to serve as incentives for repayment
6) No or little collateral needed
7) Individual or group-based

The loans are designed to accommodate the loanee's needs specifically. In doing so, it is important to understand the cash pattern (cash inflows and outflows) of the loanee before issuing the loan. In many cases small loans are given in order to assure the borrowers have sufficient cash inflow to cover the repayment without hardship. Following this guideline MFIs are less susceptible to financial loss and borrowers are encouraged to manage their loans carefully and build up an asset base.[23] In general the higher the capacity if MFIs to assume risks, the greater the credit limits offered. Furthermore, assessing an adequate loan term, or repayment period, is considered one of the most important factors in microfinance.[24] Loan repayments may be made in weekly, biweekly, monthly installments, or in a lump sum depending on the cash pattern of the borrowers.

[22] Ledger, Joanna P38
[23] Ibid P134
[24] Ledgerwood, Joanna. P134

Modeling a time frame according to the borrower will enable them to invest the capital and generate income efficiently, allowing for a greater guarantee of a full and on time repayment. Requiring little or no collateral is a factor that also helps encourage a lager and more diverse applicant pool. Since the goal of MFIs is to reach those with the least amount of financial resources many times traditional collateral such as property, land, machinery, and other capital assets are not available.[25] Lenders, however, become skeptical about repayment without collateral and assume higher risks. In order to reduce such risks collateral substitutes have been formulated; for instance using peer/social pressure in form of group guarantees and character-based lending.[26] Group-based loans are very common in MFIs, this method allows for the members to guarantee each other's loans. The pressure of repayment is greater because each loan disbursement is dependent on each of member's ability to pay back. If one person fails to follow the loan terms all of the members suffer the consequences. Character-based lending uses the applicant's social reputation considering their character and behavior.

The developing world suffers from a lack of wage-paying jobs making self-employment in the informal sector the main source of employment. *The Economist* and the *International Labor Office* estimate that approximately 60 percent of Latin America's and two-thirds of Africa's nonagricultural employment is in the informal sector.[27] This data implies that there is a large population in the world, in particular among the poor, which would greatly benefit from the kind of financial support provided by micro financing. John Hatch once stated that the problem is, "lack of opportunity not lack of desire to work." There is still a large portion of the poor population in the world that

[25] Ibid P317
[26] Ibid P137
[27] www.finca.org

does not have access to such services; according to prominent MFIs such as ACCION and the Grameen Bank, only approximately four percent of that population is being reached.

*Grameen Bank*

Dr. Muhammed Yunus, other wise know as 'the banker to the poor,' is the creator and Managing Director of the Grameen Bank, one of the first and most prominent micro-finance institutes. This initiative began in rural Bangladesh in the mid 1970s and has impacted the lives of over five million impoverished people. Bangladesh is one of the most populated countries in the world, the population growth rate is approximately 2.1 percent and only 24 percent of the population is classified as 'urban,' and a there is a significant amount of indigenous groups.[28] The economy is based around traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services.[29] The government has strong control and serious restrictions on the economy. International trade and foreign direct investment are also limited due to high interest and tariff rates. In 2005, India experienced a 7.6 percent GDP growth, and poverty reduction of 10 percentage points.[30] Dr. Yunus wanted to create a program that would give the poor access to resources and make them self-sufficient. He believes poverty is created by the institutions and policies surrounding them and not by the poor.[31] Numerous banks in Bangladesh advised Dr. Yunus that lending to the poor was dangerous because he would never see financial recuperation of his loans. Even after this advice, Dr. Yunus decided to start lending money out of his own pocket. His micro-

[28] www.encarta.com
[29] CIA-world factbook, India
[30] CIA-world factbook, India
[31] Yunus, Muhammed. Expanding Microcredit outreach to reach the Millenium Development Goal- some issues for attention. http://grameen.org/bank/ExpandingMicrocredit.html.

credit lending program was based on trust not financial status of the person. Therefore, potential borrowers are not required to have collateral. Eventually the bank grew and other banks and institutions contributed to lending money.

According to Dr. Yunus, "these millions of small people with their millions of small pursuits can add up to create the biggest development wonder".[32] In the recent update of February 2000, there were an estimated 5.77 million borrowers, where women accounted for 96 percent. Today, there are over 1,861 branches providing service in more than 62 thousand villages in Bangladesh.[33] The repayment of micro-loans in the GBP is approximately 98.45 per cent.[34] This low income loan does not accrue interest rates for profit but rather to subsidized administrative costs keeping the interest rates as close as possible to the market rates. Ninety percent of the Grameen Bank is owned by the rural poor and the other ten percent is owned by the government.

In order to assure that the needs of people who had been neglected by other development projects, the GBP created certain criteria for the prospective borrowers. The potential loanees can not own more than half of an acre of cultivable land, nor can the family assets exceed the market value of one acre of medium quality. Once the individual has met this requirement, they must be part of a group, usually made of five people, from similar socio-economical backgrounds.

Once they have been approved to receive the loan the group must attend intensive training for a period of 1-2 weeks, regarding rules and the terms of the GBP. The average loan amount is $60 per group. The groups must also attend weekly loan

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[32] www.grameenbank.org
[33] Grameen Bank-info
http://www.grameen-info.org/bank/index.html
[34] Ibid

supervisions at local offices. These supervisions are headed by former borrowers and they oversee the development of the micro enterprise (small business) entailing the costs and revenues to further monitor the assurance of the repayment. If the repayment is successful, people are allowed to apply for a second loan. Repayment starts one week after the first disbursement. This serves as an incentive to accelerate the growth of their income. Initially the loans are given to only two members of the group as a way to test the repayment capacity of the group. If successful, the rest of the loan is distributed.

The growth of the Grameen Bank has been impressive. According to the historical statistics of the bank, by the end of 2005 5.77 million men and women participated in GBP. The chart below illustrates a short summary of the Grameen Bank for six years.

| Amount in million of US$ | 1995 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|---|
| Total Disbursement for the year | 333.17 | 286.96 | 271.99 | 369.32 | 435.1 | 610.52 |
| Cumulative Disbursement | 1404.6 | 3393.45 | 3667.52 | 4180.21 | 4615.31 | 5225.83 |
| Members (Million) | 2.07 | 2.38 | 2.48 | 3.12 | 4.06 | 5.58 |
| No. of Villages covered | 35,533 | 40,477 | 41,636 | 43,681 | 48,472 | 59,806 |
| Employees | 12,420 | 11,841 | 11,709 | 11,855 | 13,049 | 16,200 |
| No. of Branches | 1055 | 1173 | 1178 | 1195 | 1358 | 1740 |

Source: Grameen-Key information

Since the creation of the Grameen Bank there have been a number of other loans created within the GBP. These include housing loans, life insurance, loan insurance, higher education loan, and most recently the beggar program. All these have different rules, regulations, and qualifications. The phenomenon of the GBP has sparked great economical and social changes in rural Bangladesh. According to relevant research conducted by the World Bank in 1998, approximately five percent of Grameen borrowers

move out of poverty each year. A study by Shahid Khondkar in 2003, (from the World Bank) concluded that long-term micro credit programs in Bangladesh have generated significant impact on extreme poverty.[35] Today, the GBP has not only set a model for other NGOs to create similar programs, it has also spread to other developing countries.

Dr. Yunus' idea has spread and is now a major tool used to fight global poverty. Today there are thousands of micro-financing institutions (MFI), providing loans to thousands of people in the world. MFIs may include non-governmental organizations (NGOs), savings and loan cooperatives, credit unions, government banks, commercial banks, and non-bank institutions.[36]

*Communal/Village Banking*

The model of communal banks, or village banking, was first developed in Bolivia in the 1980s by John Hatch.[37] This method is similar to the Grameen Bank as it provides small loans to low-income families and does not require collateral. However, it is unique because it gives a greater responsibility and autonomy to the borrowers in running their banks while stressing the importance of community and individual development.
In 1985, John Hatch officially established what today is known as FINCA (Fundacion para la Asistencia Internacional Comunitaria), the first institution of its kind.

Hatch states that the idea of FINCA and thus village banking is to "give poor communities the opportunity and then get out of the way!"[38] Members have the unique opportunity of forming groups that manage and collect repayments on the loans, they

[35] Yunus, Muhammed. Expanding Microcredit outreach to reach the Millenium Development Goal- some issues for attention. http://grameen.org/bank/ExpandingMicrocredit.html.
[36] Ledgerwood, Joanna Pg1
[37] García de Leon Campero, Salvador. "La microempresa y los servicios financieros de las entidades de ahorro y credito populares."
[38] FINCA

save and decide ways to invest that capital, and they form networks as a source of moral support for start-up enterprises. Cooperation is more important than competition.

Currently FINCA has expanded into many countries around the world, perhaps covering a larger geographical area than any MFI. There are around 23 programs running in Latin America (México, Honduras, Guatemala, Haiti, El Salvador, Nicaragua, and Ecuador), Africa (Democratic Republic of Congo, Uganda, Tanzania, Zambia, Malawi, and South Africa) and Eurasia (Kosovo, Georgia, Armenia, Azerbaijan, Kyrgyzstan, Afghanistan, Tajikistan, Uzbekistan, and Russia). Although poverty is expressed differently among these countries, it always means deterioration of the standard of living for many. The average loan size is $50-$500, targeting the poorest population. Although different barriers have been encountered in the different countries, MF has brought greater economic opportunities. Village banking demonstrates that it can be successful in many different cultural and economic backgrounds.

Today three of FINCA's most successful programs, Ecuador, Uganda and Kyrgyzstan, have evolved into microfinance deposit-taking institutions (MDIs). These allow people to deposit their savings, which is then loaned out and keeps local wealth circulating.

## ***Micro financing in Mexico***

There are hundreds of active MFIs in Mexico varying from Non-governmental organizations (NGOs) to governmental programs to non-bank financial institutions. Some of the most not prominent MFIs only in Mexico but Latin America are; Accion International, FINCA, Compartamos, FMDR (Fudacion Mexico), PRONAFIM (National Finance Program for the micro entrepreneur), and PROMUJER.

These programs focus on the population living in extreme poverty providing services such as group loans, life insurance, education (literacy programs), grants, administrative and technical services. Interest rates are generally very low to cover basic administrative cost of the MFI. The loans vary from as low as US$30 to US$1,500. It is important to make these programs available to the widest population possible, to maximize the benefits. (See Appendix 1, for details of MFIs)

**Summary of MFI in Mexico:**

| MFI | Gross Loan in US$ | Number of Active Members |
|---|---|---|
| **Compartamos** | 101,023,790 | 309,637 |
| **FINCOMUN** | 15,102,965 | 25,300 |
| **Independencia** | 12,533,501 | 95,000 |
| **FMDR** | 5,827,633 | 3,377 |
| **FINCAMEX** | 5,394,215 | 22,374 |
| **ADMIC** | 3,100,221 | 6,630 |
| **Prosperidad** | 426,074 | 1,478 |
| **ProMujuer** | 225,903 | 5,862 |
| **Emprendamos Juntos** | n/a | 4,727 |

Source: mixmarkets.org

## Chiapas

In rural Mexico there has been uneven economic development creating a larger gap among the rich and the poor. The traditional ways of life have been challenged as Mexico is increasing its participation in the global economy. Chiapas, for example, was harshly hit by the oil boom in the 70s which restructured the economy from barter to a cash economic system. The region was not prepared for such a rapid change and as a consequence, poverty and marginalization of the indigenous population escalated. This

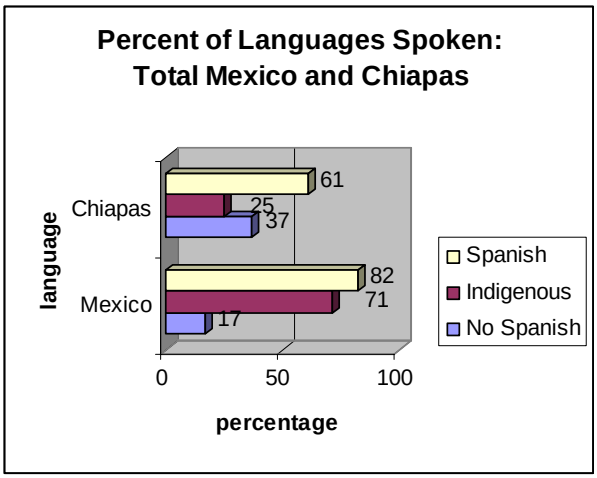
section will provide a brief background in order to understand why micro financing is a positive alternative to alleviating poverty in rural Chiapas while preserving traditional life.

***General Background***

Chiapas is a unique entity which is composed of a large indigenous population, is one of the richest states in terms of natural resources, has an extremely high poverty rate, and is it has faced a strong grassroots political unrest (EZLN). A trend of unequal development and distribution of wealth in Mexico, have left the indigenous population in Chiapas extremely marginalized over decades. Bishop Samuel Ruiz, (former president of the National Commission for Intervention) once stated, "Poverty is not a problem that is reproduced by the will or laziness of the indigenous people but rather the social structure."[39] This may be a very controversial topic, however, it can be said that the indigenous people are amongst the hardest workers. In the diverse municipalities or cities, it is rare to see beggars, and very common to see venders. Mexico is developing, yet it is doing so while leaving certain regions behind.

The state of Chiapas lags behind the rest of Mexico in household income, education, basic standards of living, and infant mortality. Many 'Chiapanecos' are illiterate and only about half of the men and a small percentage of women speak Spanish.

[39] " Politics of Marginalization Poverty and the Rights of the Indigenous People in Mexico." Journal of International Affairs




Source: INEGI

From the chart above, we can see how a relatively large percentage of the population in Chiapas does not speak Spanish. This has been a major obstacle for many who try to seek jobs outside their regions. The ideal situation would be for the population to assimilate into the modernized world, increasing the number of people who speak Spanish, while managing to retain their native language.

***Geography***

Chiapas is geographically located in the southern region of Mexico; its bordering states are Oaxaca, Tabasco, and Veracruz. On the south it also borders the Central American country of Guatemala. The capital is Tuxla Gutierrez. This state is divided into 119 municipalities, which are locally governed. A brief list includes: Comitán, Huixtla, Huixtla Estación, Pijijiapan, Tapachula Centro, Tapachula San José, Tapachula

San Juan, Tapachula Tacaná, Tuxtla Colón, Tuxtla Grijalva, Tuxtla Oriente, Villaflores, Ocozocuautla, Arriaga, Tuxtla Mercado.

The population in 2000 was reported to be 3,920,892, where 1,218,598 were economically active (employed) and only 44 percent of the population over the age of 15 was literate. Leaving a larger percentage of the population (55 percent) to be illeterate, which is significant in demonstrating how far behind the society, has lagged.[40] A reason for this shocking statistic is that in many cases, families are not able to send their children to school because they need them to work instead due to the economic hardship they face.

History of Population in Chiapas

| Total Population: divided by sex, 1930-2000 | | | | |
|---|---|---|---|---|
| | | | | |
| Year | Total | portion of national population | Men (%) | Women (%) |
| | | | | |
| 1930 | 529,983 | 3.2 | 49.9 | 50.1 |
| 1940 | 679,885 | 3.5 | 50.2 | 49.8 |
| 1950 | 907,026 | 3.5 | 50.5 | 49.5 |
| 1960 | 1,210,870 | 3.5 | 50.7 | 49.3 |
| 1970 | 1,569,053 | 3.3 | 50.6 | 49.4 |
| 1980 | 2,084,717 | 3.1 | 50.5 | 49.5 |
| 1990 | 3,210,496 | 4 | 50 | 50 |
| 1995 | 3,584,786 | 3.9 | 49.9 | 50.1 |
| 2000 | 3,920,892 | 4 | 49.5 | 50.5 |

Source: INEGI

***Historical background***

The state of Chiapas gained independence from Guatemala in 1824, shortly after Mexico's independence from Spain. The colonial rule created harsh and oppressive

[40] INEGI

situations for the indigenous population, for example, they did not even have control over the 'Indian Republics' which were endowed with communal land, a town center and churches.[41]

During the economic development of the 1890s, the 'Porfiriato,' the Mexican government built a railway along the Pacific coast for ranchers in northwestern and central Chiapas to ship their goods into the interior of country, in attempt to fully integrate the region into the Mexican economy. However, this link left Eastern Chiapas disconnected culturally and politically, as well as economically underdeveloped until present day.[42]

Chiapas has always been an agrarian based economy, focusing on certain base goods such as timber, corn, coffee, and cattle. Regional economic development initiated through coffee plantations, proved to be a very profitable industry. In the 1890s coffee production spread throughout the entire state, taking place in nearly all municipalities.[43] With the railroad system transportation costs decreased and Chiapas was able to open its markets. The 1900s was an era of modernization for Chiapas as seen in the spread of market forces, foreign investment, and entrepreneurs.[44] In 1909, U.S. capital summed to nearly three million pesos, while German investment totaled 1.8 million pesos.[45]

As previously mentioned in the historical section of Mexico, there was a peasant rebellion in the state of Chiapas by the EZLN. The revolt against the government began on the inauguration of the North American Free Trade Agreement in January 1994, demonstrating their opposition to the liberalization of the economy which had caused

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[41] Collier, George A., "Basta! Land & The Zapatista Rebellion in Chiapas." P21.
[42] Ibid P9
[43] Benjamin, Thomas. "A rich land a poor people. "P39
[44] Ibid P75
[45] Ibid P83

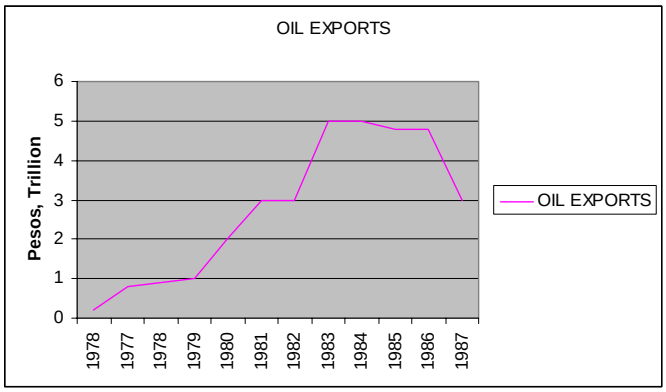
severe social inequality for the indigenous people. The reason for their uprising has been speculated by many scholars. Some believe it's due to the hardships peasants have had to endure during the economic restructuring and also the 'broken promises' from the government, no land reform, subsidies taken away. The land reform done under the Presidency of Salinas had a negative effect on the peasants. It further deprived them from obtaining a better standard of living and made their constituency power ineffective.

***<u>Oil boom transforms Chiapas</u>***

The oil boom that took place in Chiapas in the 1970s radically changed the lives of many from a political, economical, and social standpoint. The increased growth of the nonagricultural sector integrated the peasant economies into the national and international markets. This triggered the change in the traditional indigenous life and economy.

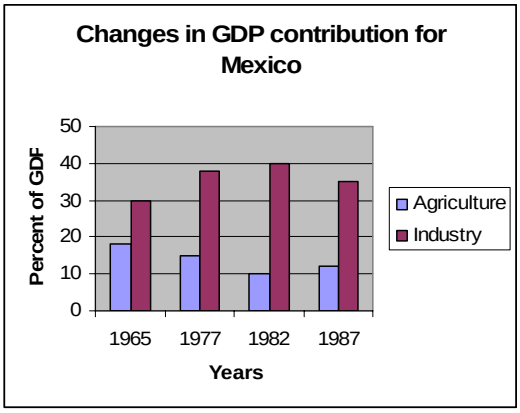
***From traditional labor to no labor***

This energy development threw the agrarian sector into a massive crisis because the focus on the industrial sector crowed out the agriculture sector. In other words, Mexico channeled all the growth through exporting oil in greater quantities than agricultural products.




Source: Collier P94

This 'Dutch disease', a term used by economists, has allowed for the industry sector to increase its contribution to the GDP from 27 percent in 1965 to 38 percent in 1982, while cutting agriculture's contribution by half, from 14 percent to only seven percent.[46]




Source: Basta! P94

Given this reorganization of production, traditional crops were devalued as its demand for production decreased. The indigenous peasants suffered most from this change. Labor shifted into the production of oil, construction, and infrastructure, and traditional labor (agricultural), was no longer in demand. Even though some peasants attempted to diversify farming activities, extending their production to flowers, or starting a transportation business; many were at a disadvantage. The negative impacts of unemployment forced many poor peasants to seek employment away from home. Many migrated to the city of Mexico and others to the United States. The gap between the rich and poor in peasant communities was accentuated as it created advantages to certain members of the society, in particular young men and small business owners. On the

[46] Collier P93

other hand, women and uneducated men with no property (which accounted for the majority of the population) were at a disadvantage.[47]

Wage-labor became prevalent, making money a key player and the main medium of exchange in the indigenous hamlets of Chiapas. The previous barter economy was modified in to a cash-based market economy and the traditional gift-economy was transformed into a commodity-based economy.

***From a gift to a commodity economy***

The effects of globalization are revolutionizing the social, economic, and political structures in rural Mexico. The introduction of wage labor and thus a monetary system in Chiapas have commodified relationships in the community, creating further challenges for retaining a cultural identity while prospering economically. The transition into a commodity economy in Chiapas is altering the traditional social relations including the means of exchanging goods and services.

The indigenous communities are built on the principles of faith, hope, honor and personal attributes, shaping the way they govern and economically sustain their communities. The traditional transactions for exchanging goods and services have been structured in a form of "hierarchically structured cooperative groups," based on kinship and feudalism.[48] This type of economy reflects a gift economy, which is based on reciprocity and an ongoing relationship among the parties involved. A gift is given to demonstrate appreciation, respect and love. The value of such demonstration is indicated by the reciprocal response by the initial receiver. Therefore, the labor involved in the production of such gift carries an emotional and personal value.

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[47]Collier chapter 5

[48] Bell, Duran. "Modes of Exchange." The Journal ofSocio-Economics Vol. 20, No. 2, P155-167. http://www.economics.uci.edu/~dbell/Modes.pdf

In the society of the Chamulas (from San Juan de Chamula) the price of a good is based on the amount of work they placed. There is much consideration given on the amount of time and effort it took the person to create the good, making a numeric value difficult to place.

Along with a gift economy, a barter economy also has taken place in Chiapas. Barter economies are a subtype of a gift economy, which mostly exchange subsistence goods.[49] For example traditional work, where peasants traded work for food and shelter, assured the workers of having at least the minimum to survive. The main difference among a gift and a barter economy is that in a barter economy an agreement regarding the ratio of the exchange is set before the transaction takes place.[50] In a gift economy there are no preset conditions, as people expect reciprocity of equal value.

The introduction of wage labor, however, has commodified the idea of labor and production making transactions less personal. With a monetary system, people expect goods and services to be paid in cash and a relationship among the buyer and a seller is no longer needed. The social relation that was once required for a transaction in a gift economy, was replaced by a monetary value.

Young men in Zinacantan (municipality in Chiapas), have increasingly challenged the value traditional villagers have placed on the production and consumption of goods by exploring/purchasing different foods and goods other than the traditional. In many cases it has challenged the household relations, as these young men decide to purchase "nonessential" goods rather than corn and beans for the family.

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[49] Ibid
[50] Ibid

Gender roles were also impacted by this new phenomenon of money. The result of scarce wage-work forced women to seek a job outside their traditional domestic roles, creating a double-burden. With this new challenge women now have the domestic and partial financial responsibility of the household.

***After the oil boom***

Although Chiapas was responsible for supplying Mexico with a large portion of its oil for export it did not share the economic prosperity, as more and more peasants were impoverished.[51] Dependency on the oil markets created weakness in the economy, leading to Mexico's debt crisis when the world price of oil plummeted in 1982. Peasants in particular, experienced significant income reduction and the increase of debt. Many peasants lost their land and cattle to banks from whom they had taken loans out for the investment in the coffee industry.[52]

Scarce job opportunities and a lack of cash caused many of the poorest peasants to become even poorer. Every transaction thereafter needed cash which was scarce; therefore, lending and borrowing money became a more common activity. People borrow money from banks, government agencies, and from each other. However, the bureaucracy of banks and government agencies has deterred many from asking for start-up capital. Therefore, many seek help from other members of the community, who often charge a significantly higher interest rate.

## ***Micro finance fits the case of Chiapas***

Given the pattern followed in Chiapas of slow economic growth, further marginalization of the indigenous populace, the new trend of a cash-based economy, a

[51] Collier P92
[52] Ibid P106

commodity market, and the increased presence of unemployment; micro financing is an attractive solution to the problem of alleviating poverty without sacrificing indigenous culture.

Microfinance has the opportunity to help preserve social and cultural traditions by linking the social relations of a gift economy with the much needed wages of a commodity economy. Several1 methodologies of microfinance that are used in lieu of collateral such as, group and character based lending, reinforce typical characteristics in local societies.

Group-based lending for instance creates a sense of interdependence, trust, and kinship. In order for the loan to continue the members of the group must help, encourage, and rely on each other. Even though people are in a joint effort to earn money and be profitable, working together helps preserve loyalty and respect over competition. Character-based lending uses the reputation and personal attributes, (which are essential in a gift economy) of the person in the community. Therefore, maintaining a normative relation within the community is enforced in order to receive a micro loan. Furthermore, village banking, also builds a sense of community, as the members the local village are in charge of the lending institutions. Making their own decisions and having "hierarchically structured cooperative groups" gives them a greater sense of comfort, as the future of their local economies is in their hands. Keeping the decisions within the cooperative group creates a unique bond with the members of the village bank and the rest of the community.

As previously mentioned, many people have been deterred from applying for loans from the government and local banks. Government applications have a history of

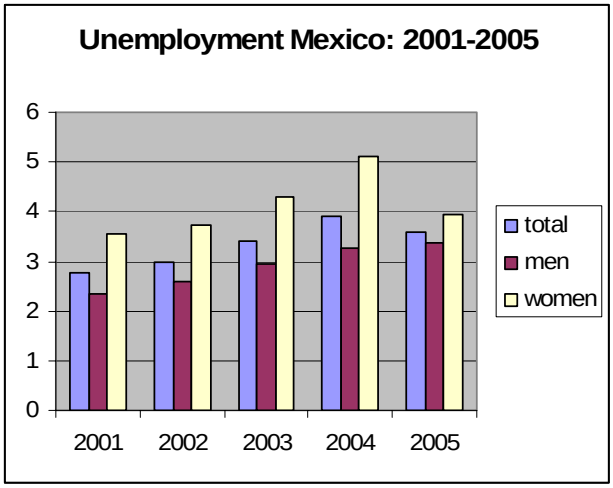
being long and complicated and many people do not have access or are unaware of the process. Many local banks have extremely high interest rates and require a form of collateral. Although these two options are available to help the people, they seem to deter them from seeking financial help. Micro-financing can provide people with financial support without collateral, at a low interest, and support throughout the application process.

Other financial help available to the rural poor such as donations and government subsidies are short-term solutions, which only address the problem temporarily. Micro finance gives the people the tools necessary to help themselves with a long-term impact. The service granted by many MFI of preparing the borrower to manage and use credit, and training them in areas related to production are of extensive help to poor micro entrepreneurs. However, in order to maximize the benefits, microfinance needs to integrate well into the mainstream financial system.

***The socio-economic impact of micro-financing in Mexico***

Approximately ten million Mexicans living in rural areas live in extreme poverty, living on less than $1 a day and the high unemployment rate stagnates the economy.[53]

[53] FINCA website




Source: INEGI

The table above demonstrates that unemployment is a constant problem in Mexico. Furthermore, the unemployment rate for women is notably higher compared to men. As mentioned, the most evident impact of micro-financing is that it is generates self-employment through micro enterprises. Micro enterprises are small, often unlicensed businesses with 5 or fewer employees, most of whom are family members. They range from fruit stands to shoe repair shops, from bakeries to sewing businesses, and employ more than half of the workers in developing countries.[54]

Therefore, MFIs are of vital importance to help generate self-employment opportunities and circulate wealth better in the local economy. As President Fox stated,

> "Growth is not at the turn of the corner; growth comes from investment, investment promotes entrepreneurship, the creation of jobs. Creation of jobs should generate savings, and savings should be recycled through the circle again."

The idea of microfinance is an important link in the chain of events required, if Fox's solution is to work. Although external investment is and will always be a vital aspect of economic development, it is important to recognize that the solution to the problem should be endogenous to the country and region.

[54]Accion

From the historical perspective of Chiapas, we see a pattern that has left the populace economically destitute and extremely dependent on outside economic sources, all of which have failed them. If they have control of their local economies, more of the money would stay within their local sector, and create a sort of local economic self-help network. In Mexico, the liberalization of economic policy has caused spurts of growth, causing the typical cycle boom and bust. It could be argued from a neo-classic view that it is only a normal pattern for growth, but Chiapas' history has not been "normal." Up until the present they have lacked locally based economic institutions that might help their national and international economic status. In other words, local MFI's offer the hopes of steadier and improved economic conditions without abandoning the rich, local culture.

## ***Further thoughts***

Among Mexico's greatest challenges, the wide disparities in income distribution (including the high unemployment rates), education, and political power are main factors impeding equal economic and social prosperity. Stability however, is an important factor for development. According to Fox, "In Latin America: inconsistency, changing from one alternative to the other...is hindering stability and thus development. In three years, we want results or else we need a new economic model-or new something. Public policy needs to stay for a sufficient time to be able to derive the benefits…"

## Appendix 1

## MFI in Mexico

### FINCA

FINCA Mexico has existed since 1989, helping millions of the rural poor. Currently there are programs such as the Solidarity Group loans, life insurance, and seasonal loans, and a literacy program which is helping women already part of village banking groups to acquire basic literacy skills. Most of the clients are women that live on less than US$2 per day. The loans range from US$50-$1,500.

| | |
|---|---|
| **Village Banking Groups** | 1,900 |
| **Total Clients** | 33,989 |
| **Percentage Women Clients** | 94% |
| **Average Loan Size** | $375 |
| **Total Loans Outstanding** | $7.949,466 |
| **Total Client Savings** | $1,530,240 |
| **On-Time Repayment** | 98.9% |

Source: FINCA website: Current Oct 31, 2005

**PRONAFIM** ('Programa Nacional de Financiamiento al Microempresario' Nacional program for financing the micro-entrepreneur)

This program was started by President Vicente Fox within the Ministry of the Economy in Mexico to act as a link between the government and the people via micro financing institutions. The government gives money to MFIs so they may facilitate these sums to the loanees. http://207.248.177.15/?P=714&NLang=en#microfinazas
(It is a method the government has to support MFI, it not only gives them money it also encourages and supports a micro-financing system)

### Accion International

Accion is also one of the first and largest MFIs recognized in Mexico. It was established in the 1960 by a law student by the name of Joseph Blatchord. This program started in Caracas, Venezuela as a way to help the people combat poverty. It was not until the 1970's that this program launched the micro lending portion of the initiative. The uniqueness of Accion compared to other MFIs, is its ability to cover its own costs. In other words, the small percentage of interest acquired by the loan is used to feed into the system allowing for an increase in the money supply. Today it has partnerships with non-bank financial institution, and other NGOs.

**ADMIC**: Asesoria Dinamica a Microempresas (partnership with Acción Internacional)

This MFI is a non-bank financial institution that was established in Monterrey Mexico in 1980 in order to help micro-entrepreneurs increase their income. This MFI has focused its outreach to the poorest population in the country typically the urban self-employed in particular women. It is a group-based lending program, although it also gives individual loans, and it does not require collateral. Loan periods are generally short-term (from 3-6 months) and the amounts vary from US$50-US$500 at a 5 percent interest rate. The borrowers are mostly very poor women, artisans, seamstresses, and agricultural workers.

| DATE | Active Borrowers |
|---|---|
| 12/31/1998 | 360 |
| 12/31/1999 | 2,825 |
| 12/31/2000 | 4,425 |
| 12/31/2001 | 5,111 |
| 12/31/2002 | 6,630 |

Source: mixmarket.org

**Compartamos**

Compartamos is a non-bank financial institution created in 1990 as a pioneer project from the NGO 'Gente Nueva'. Today this MFI is considered among the most successful in Latin America. It is focused on providing financial aid, loans, to rural and urban people in approximately 26 states of Mexico. Initially this institution used the village-banking methodology in rural areas of the states of Chiapas and Oaxaca, now it has expanded to over 400,000 people throughout the republic. The majority of the clients are rural women entrepreneurs with little or no access to education and financial services. This commercial funded MFI, facilitates loans to mostly with people in the food-trade and crafts industry.

"Compartamos offers 4 products to its clients
1. Income Generator (IG), for women in groups of 15 or more, with a solidarity guarantee.
2. Solidarity Group, for men and women, in groups of 3 to 8 persons, with a solidarity guarantee.
3. Individual Credit, for men and women, with a pledge and personal guarantee.
4. Parallel Credit, for women with current credit in IG, endorsement with a current credit in the same IG is required.
Loans"

| Key Statistics | |
|---|---|
| Gross loan portfolio | US$175 m |
| Portfolio at risk (>30 days) | 1.26% |
| Number of clients | 453,131 |
| women clients | 98% |
| Number of Employees | 2,295 |

**Emprendamos Juntos**

This non-governmental organization started in 1998 to provide micro-loans, grants, training, and shareholder capital in rural and poor areas of Mexico.

**FINCOMUN**

Established in 1994, FINCOMUN is a non-bank financial institution that provides financial help to micro entrepreneurs. The 24,500+ clients are mostly low to middle income, more than half are women. The services provided are loans and voluntary savings.

**FMDR** (Fundacion Mexicana)

Mexican Foundation started in 1969, this NGO embarks 21 states in Mexico mostly attending to peasant groups by assisting them with loans, training, education, technical, and administrative services.

**INDEPENDENCIA**

This non-bank financial started in 1993 facilitating financial services to micro entrepreneurs that do not earn more than seven times the minimum wage in a month and whom have at least one year working experience, and own property (business or a house). These loans are larger and for a longer term (US$166-US$800 for a period of 2-24 months).

**PROMUJUER**

ProMujer is an NGO that started actively giving loans in 2002. This program was created with the incentive to help empower women and give them the means to lift them and their families out of poverty. Services are loans, voluntary savings, training and consulting.

## Appendix 2

## MFI's in the world

| MFI | Country | Type |
|---|---|---|
| FMFB | Afghanistan | Bank |
| MAFF | Albania | Non-bank financial institution |
| PAPME | Benin | NGO |
| BACOSOL | Bolivia | Bank |
| CEAPE-MA | Brazil | NGO |
| AMRET | Cambodia | Non-bank financial institution |
| Pharma-credit | Congo | Non-bank financial institution |
| ADOPEM | Dominican Republic | NGO |
| Meklit | Ethiopia | Non-bank financial institution |
| Swayamkrushi | India | Credit Union |
| EBS | Kenya | Non-bank financial institution |
| NWTF | Philippines | NGO |
| FOR A | Russia | NGO |

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